

Swedbank Pension Fund K2 (Balanced Strategy)

December 31, 2009

Investment Principles

Swedbank Pension Fund K2 (Balanced Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve long-term, stable capital growth. The Fund's assets will be invested in bonds, shares, money market instruments and other assets of either Estonian or foreign origin. The Fund's assets may be invested in shares or in the investment funds dealing with investments in shares to the extent of 25% of the market value of the Fund's assets.

General information

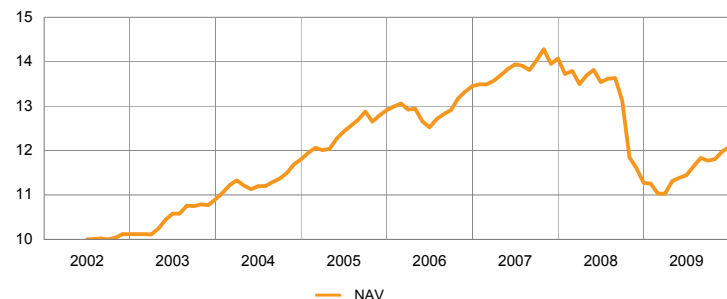
Fund Management Company: Swedbank Investeerimisfondid AS
 Fund Manager: Jelena Fedotova
 Inception: 2002
 Contact: Swedbank offices and tel. 6 310 310
 www.swedbank.ee/funds

Net Asset Value (NAV): 12.08 EEK
 Net Assets: 2 149 432 823 EEK
 Management Fee per annum: 1.49%
 Subscription Fee: 1.5%
 Redemption Fee: 1.0%
 Benchmark: EPI75

Statistics (computed over 3 years)

Standard Deviation: 7.7%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	7.2%	0.9%	2.6%	7.2%	-10.2%	2.4%	20.8%
Annualized				7.2%	-3.5%	0.5%	2.6%

	2003	2004	2005	2006	2007	2008	2009
Performance	7.7%	8.3%	9.4%	4.2%	4.6%	-19.9%	7.2%

Manager Commentary

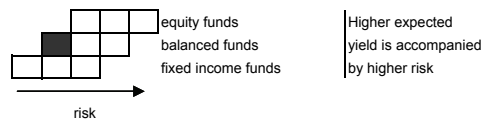
Equity markets finished 2009 with a strong performance. All markets where the fund invests in were up in December. Positive return was driven by the Emerging Asian markets (up by almost 10% in EUR terms) while Central and Eastern Europe lagged the global rally (up by 1% in EUR terms). In the fixed income space euro government bond yield increased and investment grade credit spreads narrowed on improving global business cycle outlook over the past weeks of the year.

In December we maintained the equity weighting close to legally allowed limits. At the end of the month we sold some positions in order free cash for annual client switches. As a result the equity weighting increased back close to legally allowed limits over the first business day of 2010. Strong global business cycle reports from the end of December (especially considering the first positive signs in the US labour market) coupled with favourable liquidity conditions and still low interest rates make us believe that equity markets will maintain the positive momentum also over January's reporting season. The biggest change in the portfolio was made at the regional level – we increased the positions Swedish equity markets and decreased in USA. We see two main positive drivers for Swedish market over 2010: (i) increased Baltic risk premium and (ii) country's openness to global trade, which is recovering at a fast pace.

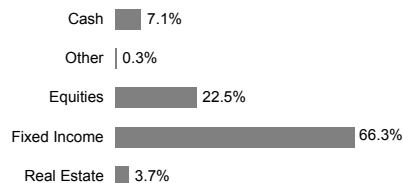
In fixed income part the fund took profit from a long position in 30 yr Italian government bond. Other well-performing positions were Lithuanian Bonds, denominated in EEK and in EUR, which outperformed in December. All long EEK positions outperformed in December, giving extra performance to the fund.

The value of the Fund's unit can either grow or decrease in time. The current return of the Fund shall not guarantee the same return in the future. Funds investing in foreign markets are vulnerable to monetary movements, which may lead to a growth or decrease of the net asset value of the Fund's unit. Pension Funds are founded on the basis of Funded Pensions Act. The following payment which conditionally consists of two parts - tax (4% portion of the social tax) and contribution (2% contribution of the state funded pension, withheld by the employer on the employee's gross wages) - shall be transferred to the mandatory funded pension account for a person who has joined the funded pension system.

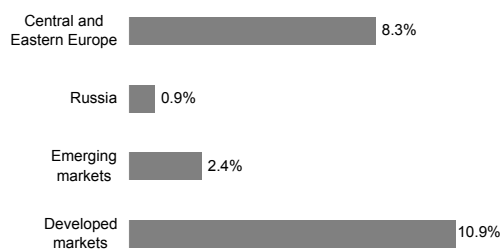
Risk level



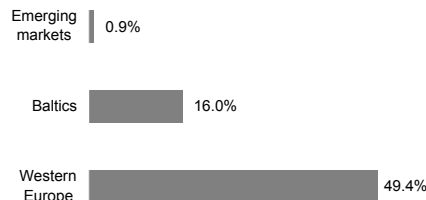
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Largest investments

Stocks	Weight
SSGA Tracks Pan Euro	3.4%
SSGA USA Index Equity Fund	3.2%
Hansa CEE Fund of Funds	2.5%
Luxor Eastern Europe Index Fund	2.1%
SSGA Europe Index Equity Fund	1.6%
Bonds	Weight
SSGA Euro Corp. Bond Index Fund	5.8%
Italy 3.75% 15.12.2013	3.9%
France 4.25% 25.04.2019	3.8%
Germany 4.75% 04.07.2040	3.4%
Spain 4.3% 31.10.2019	2.9%