

Swedbank Pension Fund K2 (Balanced Strategy)

September 30, 2010

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.

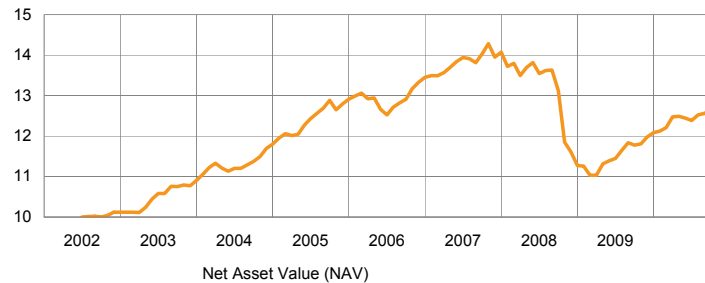
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Kristjan Tamla
Contact	Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Inception	2002
Net Asset Value (NAV)	12.63 EEK
Net Assets	2 179 221 903 EEK
Average management fee per annum**	1.45%
Subscription Fee	0.0%
Redemption Fee	1.0%

Statistics (computed over 3 years)

Standard Deviation 7.7%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	4.5%	0.5%	2.0%	7.2%	-3.8%	-10.0%	-2.0%	26.1%
Annualized				7.2%	-1.9%	-3.5%	-0.4%	2.9%

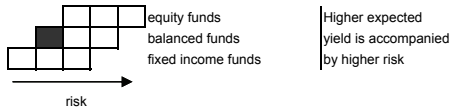
	2003	2004	2005	2006	2007	2008	2009
Performance*	7.7%	8.3%	9.4%	4.2%	4.6%	-19.9%	7.2%

Manager Commentary

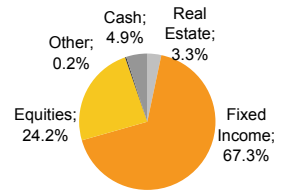
Historically, September has been one of the weakest months for equity markets. But the end of Q3 of this year turned out to be exceptional in the historical perspective – global equity markets showed the best performances in the past 18 months. This was partly a correction to the negative August. On the part of fundamentals, the markets were supported by a clear message sent by the major central banks about an extended period of low interest rate levels and at least temporary cessation of negative surprises in the global economic cycle. The largest growth in the fund's portfolio was shown by investments in the Swedish equity market, which, measured in Estonian kroons, gained almost 10% over the month. The performance of investments in the equity markets of the United States and Japan were weighed, however, by extensive weakening of the currencies of these regions against the euro.

Swedbank Pension Fund K2 performance in September was 0.5%, with YTD performance of 4.5%. During the last month we increased the allocation in the fund's portfolio to the euro zone and emerging markets corporate bonds. Developments in September confirmed our near-term outlook – although the economic growth in large economies is slowing down compared to the first half of the year, a new recession can be avoided. In the longer term we see the movement of massive cash flows to the equity markets of emerging economies as the largest source of risk in the historical perspective. We continue to watch these markets carefully, paying special attention to the formation of any potential financial bubbles.

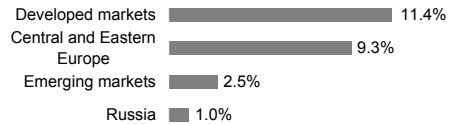
Risk level



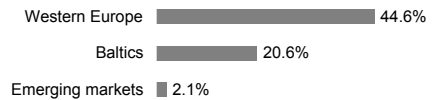
Portfolio by instruments



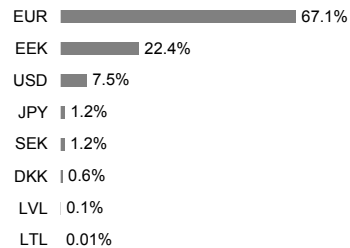
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

Stocks	Weight
SSGA Tracks Pan Euro	3.4%
SSGA USA Index Equity Fund	3.4%
Hansa CEE Fund of Funds	2.9%
SSGA Europe Index Equity Fund	1.8%
Lyxor Eastern Europe Index ETF	1.6%
Bonds	Weight
Lyxor EuroMTS 1-3Y Index ETF	8.4%
DB x-Trackers iBoxx € Gov 1-3Y Index ETF	8.3%
iShares Barclays € Gov Bond 1-3Y Index ETF	7.8%
SSGA Euro Corp. Bond Index Fund	5.2%
Lithuania EEK 07.07.2011	4.5%

* The value of fund units may rise or fall over time. The fund's historical performance does not promise or offer any indications regarding future performance. Investments in foreign markets are sensitive to changes in foreign currency exchange rates, which may cause a rise or a fall in the net value of the fund unit.

** Methodology of calculating fund's average management fee can be found in the prospectus of mandatory pension funds.

Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.