

Swedbank Pension Fund K2 (Balanced Strategy)

December 31, 2010

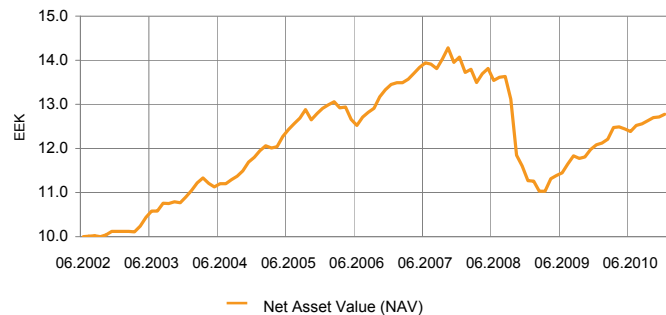
Investment Principles

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	Katrin Rahe
Contact	Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Inception	2002
Net Asset Value (NAV)	12.78 EEK
Net Assets	2 221 255 717 EEK
Average management fee per annum**	1.45%
Subscription Fee	0.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	7.5%

Fund performance*



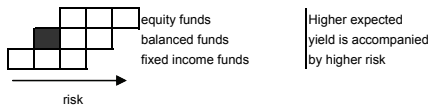
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	5.8%	0.5%	1.2%	5.8%	13.4%	-9.2%	-1.0%	27.6%
Annualized				5.8%	6.5%	-3.2%	-0.2%	2.9%

	2003	2004	2005	2006	2007	2008	2009	2010
Performance*	7.7%	8.3%	9.4%	4.2%	4.6%	-19.9%	7.2%	5.8%

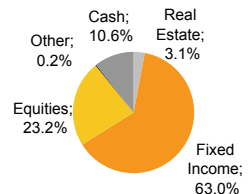
Manager Commentary

Swedbank Pension Fund K2 return in December was 0.5% with YTD performance of 5.8%. The international equity markets maintained positive sentiment in the last month of year 2010. The problems related to the fiscal sustainability in the European peripheral countries were out of the investors' focus. The equity market gains were primarily driven by positive data about the new speed of economic growth in the developed countries and the extension of the fiscal stimuli for US private consumers to year 2011. All the equity markets, where the fund invested, showed positive returns in the pension fund portfolio. The strongest growing equity markets were the CEE countries and Russia (over 7% on euro basis) and the weakest growth was shown by the Baltic equity markets (1% on euro basis). The steepening of the yield curve due to the rising longer-term yields that we have seen since the beginning of the fourth quarter continued in the fixed income markets of developed countries. Thus, the 10-year German government bond yield increased by 30bp over the month, while the 2-year bond yield remained practically unchanged. The improving business cycle of the developed countries is gradually reaching the labour markets of these countries as well. On the one hand the wider support to economic growth will probably cause the positive sentiment to continue in the equity markets in the beginning of 2011. On the other hand this should exert additional pressure on the longer-term government bonds. Therefore, we still prefer mainly short-term bonds. We see as a new opportunity the increasing of our positions in the euro denominated debt instruments of the CEE governments as some selling pressure was felt there due to the resurfacing of eurozone fiscal problems in the last months of 2010.

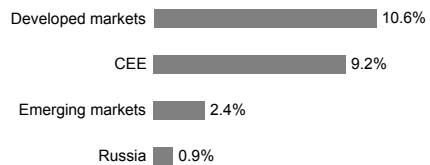
Risk level



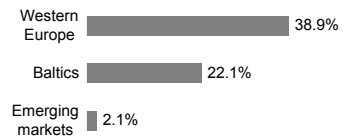
Portfolio by instruments



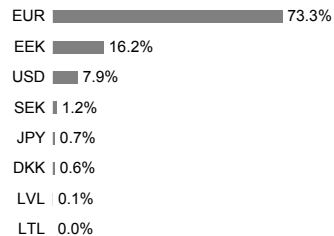
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

	Weight
Equities	
SSGA USA Index Equity Fund	3.8%
SSGA Tracks Pan Euro	3.5%
Hansa CEE Fund of Funds	3.0%
Lyxor Eastern Europe Index ETF	1.6%
SSGA Europe Index Equity Fund	1.4%
Bonds	
Depositiit - Sampo Pank (EEK)	9.4%
DB x-Trackers iBoxx € Sov 1-3Y Index ETF	8.1%
Lyxor EuroMTS 1-3Y Index ETF	8.0%
PIMCO Global Inv Grade Credit Fund	6.8%
SSGA Euro Corp. Bond Index Fund	5.0%

* 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.