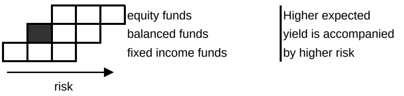
Swedbank Pension Fund K2 (Balanced Strategy)

November 30, 2011

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.

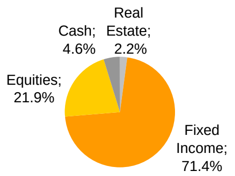
Risk level



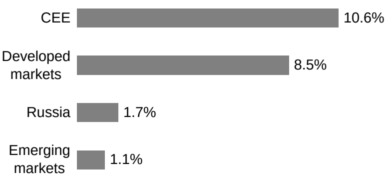
General information

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)	0.78855 EUR
Net Assets	127 827 461 EUR
Average management fee per annum**	1.46%
Subscription Fee	0.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	4.0%

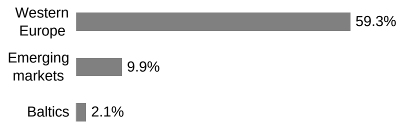
Portfolio by instruments



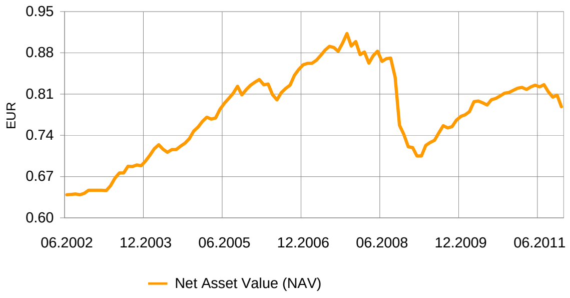
Equity portfolio by regions



Fixed Income portfolio by regiones



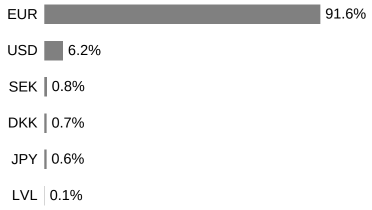
Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-3.4%	-2.5%	-3.1%	-3.0%	3.0%	6.3%	-7.4%	23.4%
Annualized				-3.0%	1.5%	2.1%	-1.5%	2.3%

	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%

Portfolio by currencies



Manager Commentary

Swedbank Pension Fund K2 returned -2.5% in November with YTD performance of -3.4%.
There was no lack of interesting events on the financial markets in November. In the beginning of the month the ECB lowered its base interest rates, which happened unexpectedly early for the market participants. The weak European economic indicators and political confusion contributed to the overall decrease in stock markets. The importance of the political situation is well illustrated by the fact that the resignation of the prime minister of Italy in the beginning of November reduced Italy's risk premium by 1% the next day. The financial markets were positively surprised in the end of November by the coordinated decision of central banks to lower the price of US dollar loans for banks. Eurozone banks in particular have been struggling with weak dollar liquidity in recent months.
The debt crisis of the eurozone officially reached the core countries in November – the auction of 10-year German bonds was unsuccessful. Market participants no longer see Germany as a safe haven and its bond markets were characterised by movements in different directions. There was still interest in buying short-term bonds (2-year interest rate -26 bp), but bonds with longer terms were sold (10-year interest rate +21 bp). The credit premiums of corporate bonds also moved back to the record levels of recent times.
The equity markets that demonstrated the best returns were Russia (+3.7% when measured in euros) and the US (+3.3%) whilst the markets with the lowest returns were CEE (-5.9%) and the Baltic States (-4.7%). European and Japanese equities ended the month at around -1%. Our tactical view to be underweight the equity markets whilst increasing the share of Russian equities and reducing that of Eastern European ones proved to be successful in the context of these movements. The euro weakened by 3%. The government bonds of the eurozone ended the month with -1.1% and investment grade corporate bonds with -2.4%. The problems in Hungary, Latvia and Lithuania also made the bond market of developed countries to fall (-3.3%).
Looking forward, we see that the potential of equity markets has improved somewhat due to the alleviation of the bad outlooks of global economic growth – the macro indicators of the US have offered some positive surprises. This is why we will continue with a neutral position in November. We are slightly overweight Russian equities. We remain cautious about the investment-grade corporate bonds of the eurozone: even though the interest margins are attractive, there is still not enough clarity.

Largest investments

Equities	Weight
Hansa CEE Fund of Funds	3.7%
SSGA USA Index Equity Fund	2.0%
Morgan Stanley Europe Equity Fund	1.8%
Swedbank Venemaa Aktsiafond	1.7%
Alpha CEE II	1.6%
Bonds	**Weight**
PIMCO Global Inv Grade Credit Fund	8.4%
Amundi Euro Corporates ETF	8.1%
Bluebay Inv Grade Bond Fund	7.6%
iShares iBoxx Euro Corporate Bond	7.5%
Lyxor ETF Euro Corp Bond Fund ex Financials	6.8%

* 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.