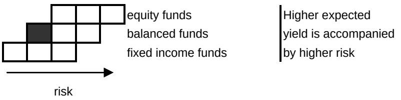
Swedbank Pension Fund K2 (Balanced Strategy)

March 31, 2012

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.

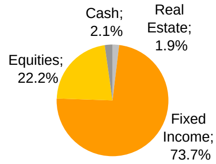
Risk level



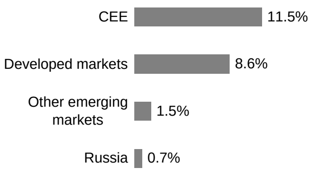
General information

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)	0.83941 EUR
Net Assets	136 928 336 EUR
Average management fee per annum**	1.45%
Subscription Fee	0.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	3.7%

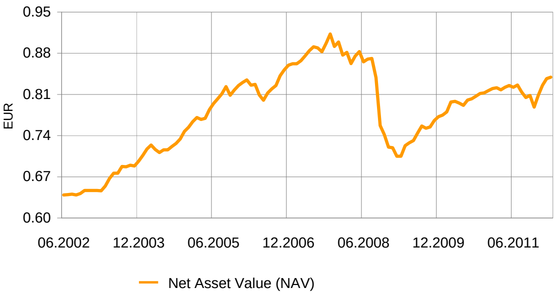
Portfolio by instruments



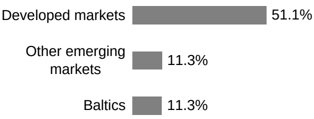
Equity portfolio by regions



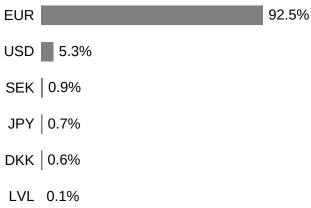
Fund performance*



Fixed Income portfolio by regiones



Portfolio by currencies



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	3.8%	0.3%	3.8%	2.6%	5.3%	19.1%	-3.2%	31.3%
Annualized				2.6%	2.6%	6.0%	-0.7%	2.8%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	8.3%	9.4%	4.2%	4.6%	-19.9%	7.2%	5.8%	-1.0%

Manager Commentary

Swedbank Pension Fund K2 returned 0.3% in March with YTD performance of 3.8%.

The mood on the financial markets changed a few times in March – the month started and ended negatively for risky assets, but the middle of the month was positive. The debt crisis in the eurozone, however, left the focus of the markets. The second injection of money by the ECB to European banks in the end of February certainly helped to dispel fears of the crisis expanding. The impact of the added liquidity can be seen directly in the dynamics of the 6 month Euribor. It moved from 1.28% to 1.08% in March, although the ECB did not change the level of base rates nor referred to possible reduction of those in the future. However, The markets were once again concerned about the slowing global economic developments and rather surprisingly, the country at the centre of these concerns was China after generating some negative news.

The equity market with the best performance in the month was the US (+3.4%, all returns in euro basis) and the worst was Russia (-6.5%), which had been outperforming in February. Latin America and CEE equity markets remained around -3%, but the Baltic region ended the month on +1.6%. Whilst Europe's gains remained around zero, Swedish equities ended in the negative territory (-2.7%) and Japanese equities remained at +1.5%.

Bond markets remained rather calm during the month and risk-free interest rates (Germany) remained almost unchanged across different maturities. The increase in the risk premium of Spain stood out the most in the interest rate dynamics of the eurozone – the country is moving into the centre of negative news with its extremely high unemployment rate (23%), a budget deficit that is bigger than expected, and the almost 6% long-term interest rate, which may become a big burden for the government. The prices of both investment grade corporate bonds and the emerging markets' sovereign eurobonds increased about 1% over the month. We added the newly issued 6-year bond of Eesti Energia to the fund's quality credit portfolio.

We reduced the portfolio's overweight of equities vs. bonds in April and will continue with the neutral position in the short-term view. Although we are expecting the performance of equities to become marginally better, global liquidity on the markets has deteriorated due to the tighter liquidity conditions on emerging markets. However, both liquidity and the attractive valuations support the continuation of the regional overweight of European equities.

Largest investments

Equity portfolio	**Weight**
Hansa CEE Fund of Funds	4.0%
SSGA USA Index Equity Fund	2.3%
Lyxor Eastern Europe Index ETF	2.2%
Morgan Stanley Europe Equity Alpha Fund	1.9%
MSCI Europe Source ETF	1.7%
Fixed Income portfolio	**Weight**
PIMCO Global Inv Grade Credit Fund	8.3%
Amundi Euro Corporates ETF	8.1%
iShares € Corporate Bond Fund	7.9%
Bluebay Inv Grade Bond Fund	7.7%
Lyxor ETF Euro Corp Bond Fund ex Financials	6.7%