

# Swedbank Pension Fund K3 (Growth Strategy)

September 30, 2011

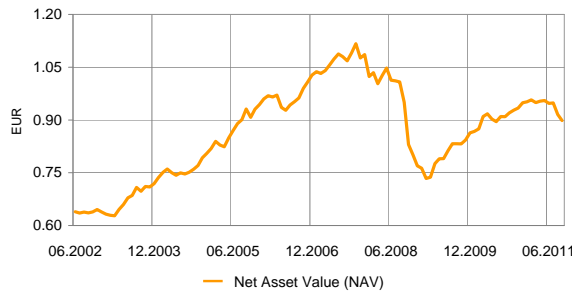
## Investment Principles

Swedbank Pension Fund K3 (Growth Strategy) is a contractual investment Fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve as long-term and stable growth of the capital gain as possible. The Fund's assets shall 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 50% 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)	0.89848 EUR
Net Assets	309 444 085 EUR
Average management fee per annum**	1.43%
Subscription Fee	0.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	10.1%

## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-5.3%	-1.9%	-5.1%	-2.3%	8.0%	-5.4%	-6.7%	40.6%
Annualized				-2.3%	3.9%	-1.8%	-1.4%	3.8%

	2003	2004	2005	2006	2007	2008	2009	2010
Performance*	12.7%	11.9%	17.2%	8.9%	5.7%	-29.1%	12.2%	9.9%

## Manager Commentary

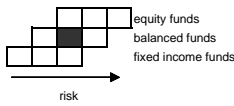
Swedbank Pension Fund K3 returned -1.9% in September with YTD performance of -5.3%. September did not bring much relief to the financial markets. The debt crisis of the eurozone and the threat of a recession in developed countries still weighed heavily on everyone's minds. Increasing the mandate of the European Financial Stability Facility (EFSF) had been ratified in the countries having a bigger say in politics by the end of September, but it does not seem to be enough to restore confidence and the leaders of the eurozone have not communicated any clear plans for further expansion of the financing capacity of the EFSF. Also, Greece has been unable to meet its obligations regarding the budget deficit, as the recession proved to be steeper than expected, and may become insolvent already in October. In light of these circumstances the euro weakened against the dollar by almost 7%.

The slowing global economic growth and the possible recession in the eurozone are hanging above the markets like a black cloud, keeping riskier asset classes under continued selling pressure. Among the equity markets, the emerging regions, especially Russia and CEE, lost the most (approx. -16% measured in euros). The markets of Japan (+5.4%) and the US (-0.6%) were the best, mainly due to the strengthening of the yen and the dollar. The decrease in developed Europe was -4.6%.

In the search for a safe haven, cash flows headed to the core countries of the eurozone preferring longer duration (Germany 2 yr interest -17 bp and 10 yr interest -33bp). The required credit premiums increased very sharply for bonds of both higher and lower quality, and have already reached a level comparable to that of the crisis of 2008. Due to the overall decrease in the interest rate levels investment grade corporate bonds ended the month with only a small minus (-0.2%) and the sovereign bonds of emerging markets only did slightly worse (-1.5%).

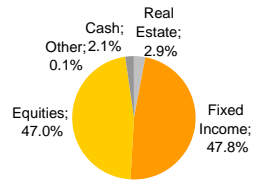
In our fund portfolio we were underweight in equities, but reduced the underweight in the end of the month and now prefer European equities as the valuations have become relatively more attractive. The decision is based on the high probability that the leaders of the eurozone will find a decisive solution to the crisis in October, which may lead risky asset classes to a relief rally.

## Risk level

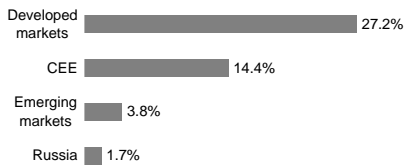


Higher expected yield is accompanied by higher risk

## Portfolio by instruments



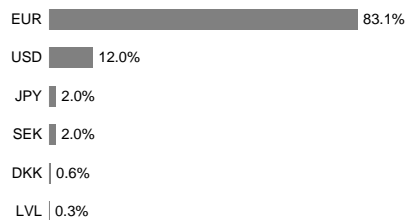
## Equity portfolio by regions



## Fixed Income portfolio by regions



## Portfolio by currencies



## Largest investments

Equities	Weight
SSGA USA Index Equity Fund	6.1%
MSCI Europe Source ETF	4.3%
SSGA Tracks Pan Euro	3.8%
Lyxor ETF Eastern Europe Index	3.8%
Morgan Stanley Europe Equity Fund	3.1%
Bonds	Weight
Bluebay Inv Grade Bond Fund	8.1%
PIMCO Global Inv Grade Credit Fund	7.5%
iShares iBoxx Euro Corporate Bond	4.0%
PIMCO Dist Sen Credit Opp Fund	3.0%
Lyxor ETF Euro Corp Bond Fund ex Financials	2.6%

\* 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.