

Swedbank Pension Fund K3 (Growth Strategy)

October 31, 2011

Investment Principles

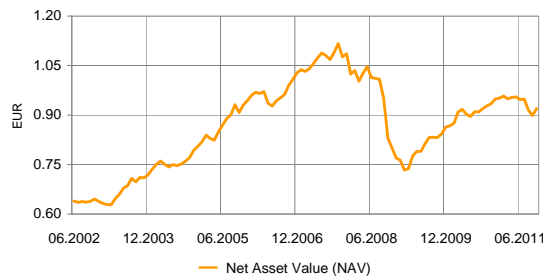
Swedbank Pension Fund K3 (Growth Strategy) is a contractual investment Fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve as long-term and stable growth of the capital gain as possible. The Fund's assets shall be invested in bonds, shares, 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)	0.91988 EUR
Net Assets	319 863 139 EUR
Average management fee per annum**	1.43%
Subscription Fee	0.0%
Redemption Fee	1.0%

Standard deviation (computed over 3 years) 7.0%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-3.1%	2.4%	-3.0%	-0.9%	10.6%	10.8%	-7.1%	43.9%
Annualized				-0.9%	5.2%	3.5%	-1.5%	4.0%

	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%

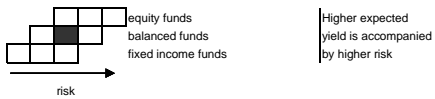
Manager Commentary

Swedbank Pension Fund K3 returned 2.4% in October with YTD performance of -3.1%. October was filled with expectations for the financial markets. The sell-off in equity markets had been long (3 months) and deep enough by the start of the month to make it likely that the probability of a relief rally would cross the critical line. The new eurozone crisis plan and the aid package for Greece were also eagerly awaited. Macro indicators in most regions were stronger than the analysts expected, which reduced the fear of a new global recession. Also, US companies demonstrated a strong increase in earnings that also exceeded expectations. The new crisis plan states that the financial leverage of the European Financial Stability Facility must be increased, and the share of the private sector in the aid package for Greece must also increase – creditors must accept repayments that are 50% reduced instead of the 21% stated in July. It was also decided that the capitalization of banks must be strengthened. The markets' reaction to the news was positive at first, but any optimism disappeared pretty quickly like in the case of the previous eurozone crisis plans and in a couple of days, the equity markets were back at the same level as before the publication of the plan.

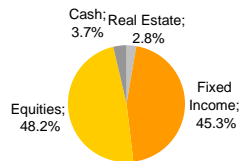
However, equities were still in positive territory by the end of the month, lead by Russia (+16.3% in euros) and Latin America (+13.3%). The cyclically sensitive Sweden (+10.6%) and Western Europe (+8.1%) also rose considerably. Gains were somewhat weaker in the Baltic States (+6.5%) and Eastern Europe (+6.6%). The only major regional market that was in negative territory was Japan (+3.8%). The euro strengthened by 3.5%. Risk premiums on the eurozone corporate bond markets decreased as a result of a broader increase in risk appetite and bonds ended the month with +1.6%. However, the dynamics of sovereign bonds were varied – whilst the pressure to sell German bonds wasn't heavy (2-year interest rate -1 bp and 10-year interest rate +14 bp), the risk premiums in France, Italy and Spain increased.

We reduced the previous underweight of equities in the fund portfolio at the start of October, but we are still cautious about the future of equity markets and keep the allocation of equities at a level that is slightly lower than neutral. Irrespective of the positive surprises in global macro indicators over recent weeks, it is still likely that a slowdown in growth will continue, especially in Europe. It is also likely that the eurozone crisis plan will be unable to calm down the markets for good, because the main problem – the low competitiveness of peripheral countries when compared to Germany – has still not been solved.

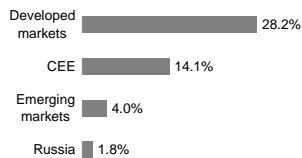
Risk level



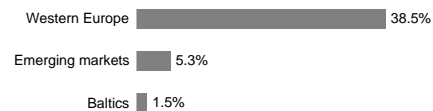
Portfolio by instruments



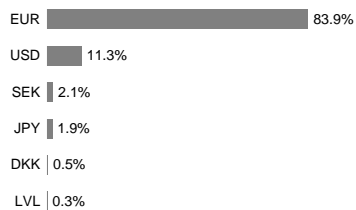
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

	Weight
Equities	
SSGA USA Index Equity Fund	6.3%
MSCI Europe Source ETF	4.6%
SSGA Tracks Pan Euro	4.0%
Lyxor ETF Eastern Europe Index	3.9%
Morgan Stanley Europe Equity Fund	3.2%
Bonds	
Bluebay Inv Grade Bond Fund	7.9%
PIMCO Global Inv Grade Credit Fund	7.4%
iShares iBoxx Euro Corporate Bond	3.9%
Lyxor ETF Euro Corp Bond Fund ex Financials	2.5%
Eesti Energia EUR 4.5% 18.11.2020	1.7%

* 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.