

Swedbank Pension Fund K4 (Equity Strategy)

August 31, 2011

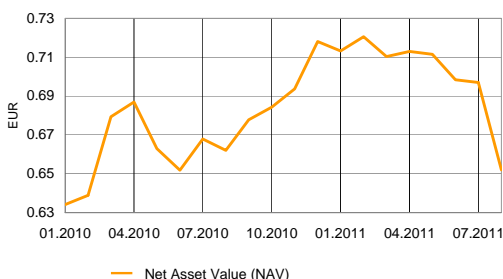
Investment Principles

Swedbank Pension Fund K4 (Equity 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 75% of the market value of the Fund's assets.

General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Contact	2010
Inception	
Net Asset Value (NAV)	0.65198 EUR
Net Assets	4 921 729 EUR
Management Fee per annum	1.59%
Subscription Fee	0.0%
Redemption Fee	1.0%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-9.2%	-6.5%	-8.4%	-1.5%				2.0%
Annualized				-1.5%				1.2%

	2010	2011	2012	2013	2014	2015	2016	2017
Performance*	12.3%							

Manager Commentary

Swedbank Pension Fund K4 returned -6.5% in August with YTD performance of -9.2%.

August was very eventful month on the financial markets, but it did not bring much good news to investors. The most significant notion in addition to the crisis in the euro area was the threat of a recession in developed economies. Expanding the mandate of the European Financial Stability Facility in the middle of July did not bring the expected relief in the markets and the ECB interfered strongly by making supportive purchases in euro periphery bond markets. Macro indicators also continued to weaken. While recession in the periphery of the euro area does not come as a surprise to anyone, the considerable weakening of growth in Germany and France is a much more serious problem. However, making budget cuts and taking measures to boost economic growth are rather contradictory goals. Although the situation in the US is looking better, the labour market report published in the beginning of September was weaker than expected and referred to the threat of long-term structural unemployment, which may leave the economy struggling for a long time.

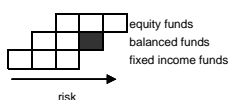
Almost all of the risky asset classes on the market fell in August as a result of the above reasons. Europe led the decrease in the equity markets – developed Europe lost 10.2% (measured in euros), Eastern Europe as much as 12.7%. Despite their stronger economic growth, the fall also affected emerging markets such as Russia (-13.7%) and emerging Asia (-9.8%), but also Latin America (-5.6%), which suffered somewhat less than the others. The equity markets of the US also ended the month with a fall in single figures (-5.8% in euros). The cash flow that was in search of safe haven assets once again made the month very positive for bond markets in the core euro area, primarily as regards shorter maturities (2-year interest in Germany -46bp and 10-year interest -35bp). Required credit premiums underwent a sudden increase for both investment grade and high-yield bonds. However, the overall decrease of the interest level meant that investment grade corporate bonds ended the month with only a small minus (-0.5%) and the sovereign bonds of emerging markets even managed to end up on the positive side (+0.3%).

Our fund portfolio was underweight in equity markets. We believe the prospects of equity markets are still weak, because the probability of a new recession is increasing. However, attractive valuations and possible political decisions mean that relief rallies are not impossible. In fixed income we still maintain a slightly more positive view about the credit asset class, because the risk margins are becoming rather attractive for investors.

* 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.

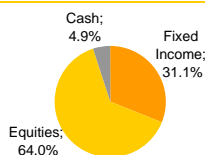
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

Risk level

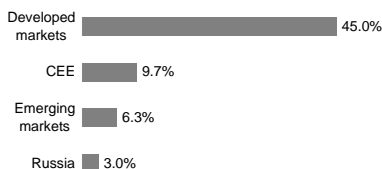


Higher expected yield is accompanied by higher risk

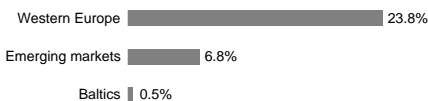
Portfolio by instruments



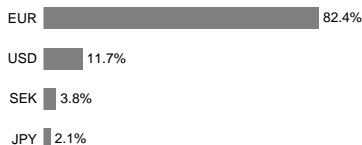
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

	Weight
Equities	
DB x-Trackers MSCI USA Index ETF	7.8%
SSGA USA Index Equity Fund	6.8%
Lyxor ETF Eastern Europe Index	6.4%
SSGA Tracks Pan Euro	5.2%
DB x-Trackers MSCI Europe Index ETF	4.8%
Bonds	
PIMCO Global Inv Grade Credit Fund	6.5%
iShares iBoxx Euro Corporate Bond	3.8%
DB x-Trackers iBoxx € Sov 3-5Y TR Index ETF	3.8%
Bluebay Inv Grade Bond Fund	3.4%
DB x-Trackers iBoxx € Sov 1-3Y Index ETF	2.5%