

Swedbank Pension Fund K4 (Equity Strategy)

June 30, 2012

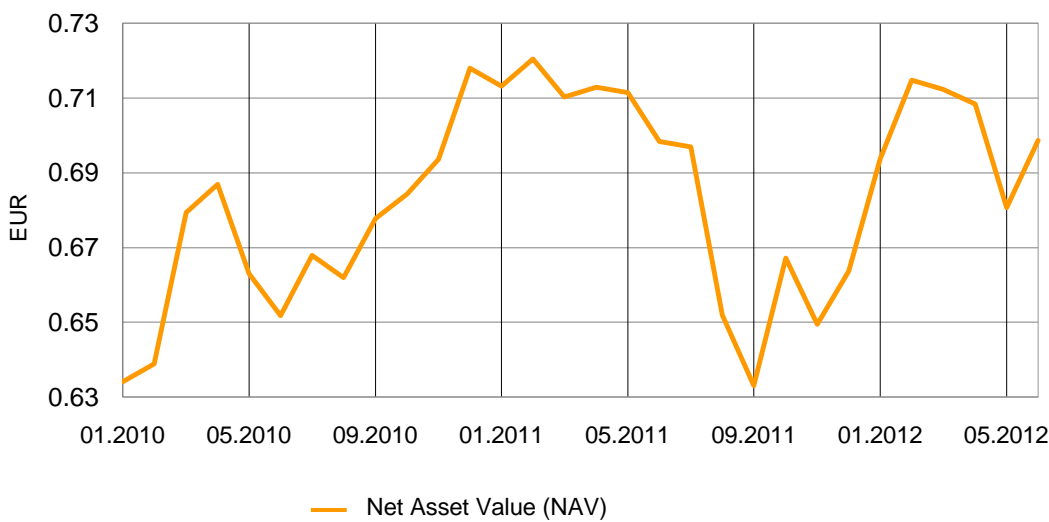
Investment Principles

Swedbank Pension Fund K4 (Equity Strategy) is a contractual investment Fund founded for providing mandatory funded pension. The objective of the Fund is a long-term growth of the value of the Fund's assets by means of investing up to 50% of the assets in equity-risk securities and altogether up to 75% in equity funds, equity and other instruments similar to equity and the remaining part of the assets in bonds, money market instruments, deposits, immovables and other 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	2010
Net Asset Value (NAV)	0.69869 EUR
Net Assets	17 349 927 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*	5.3%	2.6%	-1.9%	0.0%	7.2%			9.3%
Annualized				0.0%	3.5%			3.6%

	2010	2011	2012	2013	2014	2015	2016	2017
Performance*	12.3%	-7.6%						

Manager Commentary

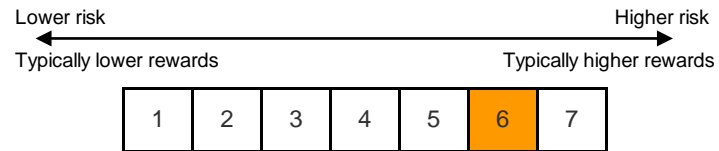
Swedbank's Pension Fund K4 returned 2.6% in June and 5.3% since the start of the year. June on the financial markets was anything but boring. The focus of the markets moved between the eurozone and the US. The eurozone was anxiously waiting for the results of the repeat Parliament elections in Greece on 17 June, and the mood that dominated the start of the month was low on optimism and predicted the possible breakdown of the eurozone within the same month. The relief from results that were slightly inclined towards the positive (i.e. that supported the preservation of the euro) proved to be short-lived, as it was quickly followed by concerns about the sustainability of the state and banking sector of Spain, and the pressure applied by the markets meant that the price at which the country can borrow money rose to its highest level since Spain joined the eurozone (the 10-year yield was 7.3%). The second half of June passed in expectation of the summit of eurozone leaders that was held in the end of the month, which everyone hoped would offer a solution to the region's torturous developments over a period of more than a year. As a brief summary of the meeting Italy and Spain were promised support measures to keep loan interest in check via a bond support programme without any additional budget discipline requirements (unlike Greece that was historically in the same position). In light of the deteriorated labour market news the US were expecting the Federal Reserve session to come out with a more aggressive message about the re-launch of the third round of quantitative easing. The market participants were in for a disappointment.

Similar to other risk assets the mood on the equity markets by the end of the month was characterised by a feeling of relief. The winners among developed regions were Western European equities (+5.2%, all returns are in euros), which had been under great pressure until then. Swedish equities did particularly well (+7.1%). The performance of US equities was only slightly positive (+1.5%) due to the strengthening of the euro over the month (+2.4%). The emerging regions whose equities rose the most are the ones that were the biggest losers in May: Eastern Europe (+12.7%) and Russia (+6.7%). Emerging Asia, however, ended the month with a meagre +0.28%. One of the factors was the global decrease in demand for the goods produced in the region.

On bond markets money moved out of risk-free asset classes – a trend that was led by longer terms (10-year yields +38 bp and 2-year yields +12 bp for German bonds). The risk premiums of both investment grade and lower quality bonds decreased. Only higher risk bonds, incl. the government bonds of emerging regions that are denominated in euros (+2.0%) managed to enter the positive territory due to the increase in risk-free interest rate.

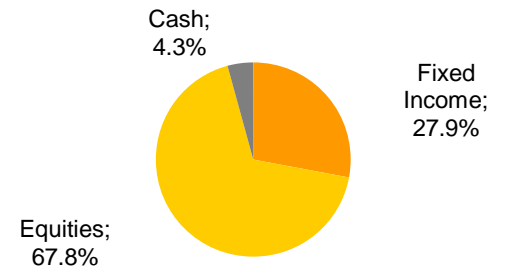
Our fund portfolio remains positive about equity markets in July, but we still regard them with some caution. The decrease in oil price supports the outlook of global economic growth whilst the possible worsening of the debt crisis is a clear risk factor. The starting earnings season of companies also doesn't look too rosy and our global liquidity model is flashing a warning light. However, the relative price level is considerably more positive for equities than bonds, and in terms of regions we prefer European equities.

Risk level

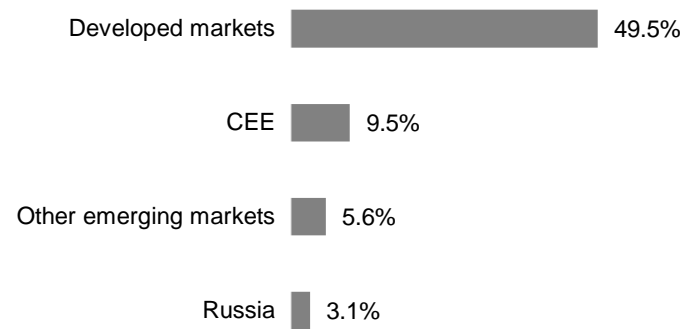


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

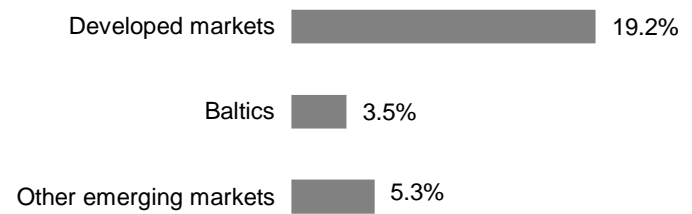
Portfolio by instruments



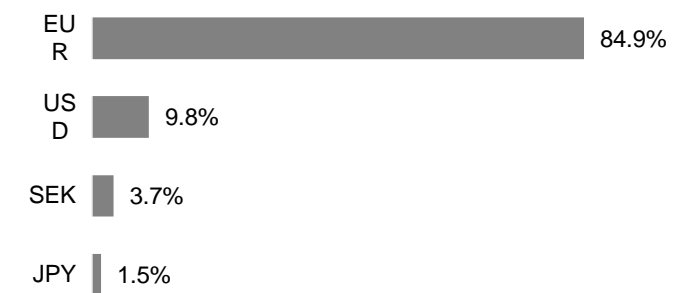
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

Equity portfolio	Weight
MSCI Europe Source ETF	7.4%
Morgan Stanley Europe Equity Alpha Fund	6.3%
Lyxor Eastern Europe Index ETF	6.2%
MSCI USA Source ETF	5.6%
GAM Star US All Cap Equity Fund	5.2%
Fixed Income portfolio	Weight
PIMCO Global Inv Grade Credit Fund	5.7%
Bluebay Inv Grade Bond Fund	5.7%
iShares € Corporate Bond Fund	2.2%
Blackrock Global High Yield Bond Fund	1.6%
Elering EUR 4.625% 12.07.2018	1.3%

* 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.