Swedbank Pension Fund K4 (Equity Strategy)

November 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 alltogether 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.

Risk level

Lower risk — Higher risk
Typically lower rewards — Typically higher rewards

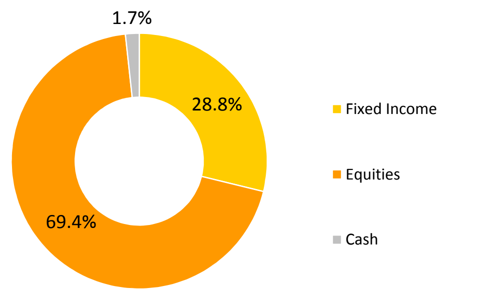
1	2	3	4	5	**6**	7

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.

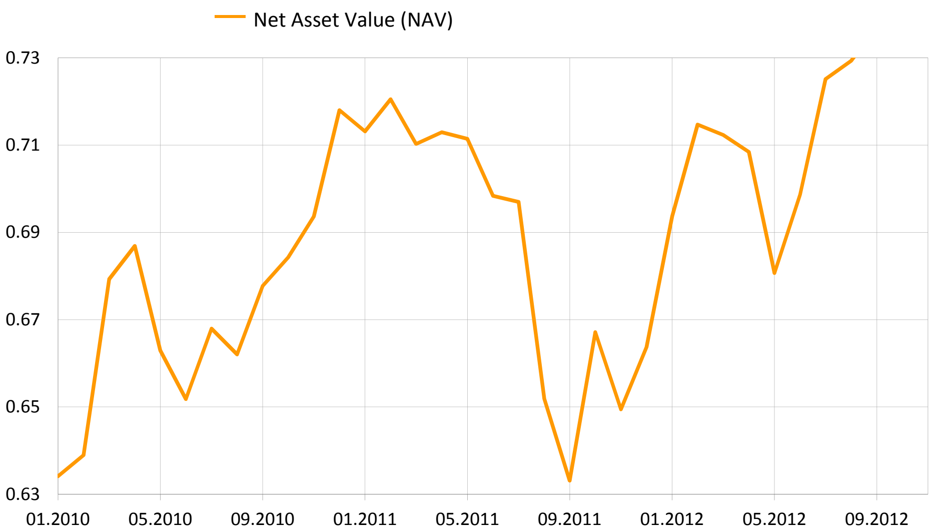
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2010
Net Asset Value (NAV)	0.73810 EUR
Net Assets	25 746 391 EUR
Management Fee per annum	1.59%
Subscription Fee	0.0%
Redemption Fee	1.0%

Portfolio by instruments



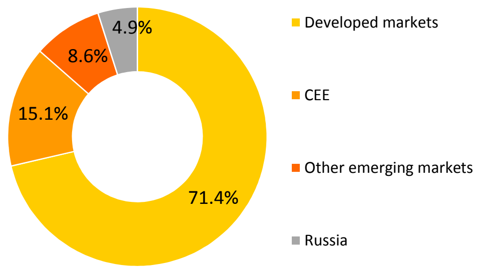
Fund performance*



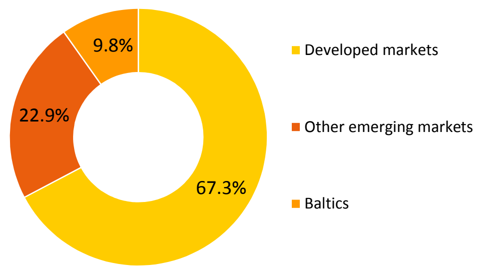
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	11.2%	0.9%	1.2%	13.6%	6.4%			15.5%
Annualized				13.6%	3.2%			5.1%

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

Equity portfolio by regions



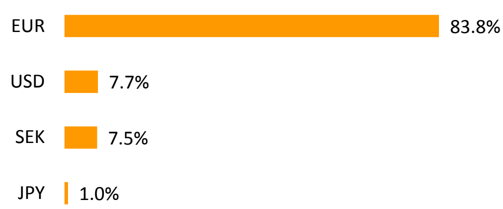
Fixed Income portfolio by regiones



Largest investments TOP 10

Equity portfolio	**Weight**
Lyxor Eastern Europe Index ETF	8.1%
MSCI USA Source ETF	6.2%
Morgan Stanley Europe Equity Alpha Fund	4.7%
MSCI Europe Source ETF	4.6%
iShares MSCI Europe ETF	4.5%
Fixed Income portfolio	**Weight**
iShares Markit iBoxx € Corporate Bond Fund	6.4%
Bluebay Inv Grade Bond Fund	4.1%
PIMCO Global Inv Grade Credit Fund	4.1%
Bluebay EM Corp Bond Fund	1.9%
Blackrock Global High Yield Bond Fund	1.8%

Portfolio by currencies



* 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 on phone number +372 613 1606.

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Manager Commentary

Swedbank's Pension Fund K4 returned 0.9% in November and 11.2% since the start of the year.
November was once again eventful on the financial markets. The most significant events were the presidential elections in the United States and the negotiations that followed to avoid the 'fiscal cliff'. Issues related to the Greek aid package also remained in the spotlight.

The presidential elections in the United States resulted in the victory of the incumbent Democrat President Barack Obama. Many analysts saw this as a relatively negative solution from the viewpoint of the financial markets – although Democrats have the majority in the Senate, the House of Representatives is controlled by the Republicans, which makes reaching agreements rather difficult. The first problem that the parties have to solve is the impact of the tax cuts, which will expire in the beginning of 2013, and other measures that reduce the budget deficit, or the so-called 'fiscal cliff', on the economy. The second half of November did indeed show that neither of the parties is willing to back down despite the initially positive rhetoric. The positive side of Obama's re-election is that the fiscal policy of the Federal Reserve is likely to remain lenient and favourable for economic growth for a long time to come.

Lending more money to Greece was on the agenda again in November. Without this, the country would have been facing bankruptcy, which would have had unpredictable consequences for financial markets and the economic environment. Heated negotiations were held at various levels like many times before, and the Greek parliament passed another austerity package. An agreement was reached in the end and the quick bankruptcy of Greece was once again avoided.

Global economy supported risky asset classes in November and demonstrated some signs of strengthening, but significant regional differences in economic growth prevailed – European economy is still at a low, but the important German IFO index did improve for the first time since March 2012. The statistics published in the United States mostly exceeded the expectations of markets, especially because of the improving situation in the real estate sector and growing car sales. However, economic activities in some regions were negatively affected by Hurricane Sandy in November. The economic data of China was also indicative of a stabilising economic environment and suggested that a 'soft landing' was likely.

The region with the strongest performance on the equity markets in November was Eastern Europe, which strengthened by 3.0% (all returns are given in euros). The equity indices of Sweden and Europe were not far behind and increased by 2.4% and 2.2%, respectively. However, Baltic equities weakened (0.9%) – the market was negatively affected by the Silvano Fashion Group, whose results in the third quarter were a disappointment for investors. The Emerging Asia index went up by 2.3%, the Japanese equity market grew by 2.1%, and the US equity index increased by 0.3%. Russian and Latin American indices remained in the negative territory in November and weakened by 0.9% and 1.9%, respectively. The euro ended the month at almost the same level where it started.

Risk-free interest rates decreased slightly – German 10-year bonds by 8 bp and 2-year bonds by 4 bp. Considering the generally low levels of interest rates, the performance of the JP Morgan AAA to A rated EMU Government Bond Index was remarkable in November (0.95%). Flows into asset classes of higher credit risk also continued – the high-yield bond funds and developed market corporate bond funds in our portfolio both found themselves in positive territory by the end of the month. Euro-denominated emerging market government bonds (1.0%) was the best performing asset class in our portfolios in November. The performance of investment grade euro zone corporate bonds was +0.6%.

Looking forward in the short term, we remain neutrally positioned in equities, because we find that there is a balance between positive and negative risks – technical indicators are predominantly negative from the viewpoint of the outlook of equities, but economic growth outlook and the price level of equities support equity markets. Inside equity markets we are positive about Europe, mainly due to the price level that is more favourable than on other markets.

In fixed income markets we continue with our overweight positions in credit risk – euro zone corporate bonds, high-yield bonds and emerging market corporate bonds. The low level of interest rates will continue forcing investors to move into assets that offer higher returns, and the solvency of companies remains at an acceptable level in the conditions of the continuing (albeit slow) economic growth. We are cautious about the outlook of long-term government bonds – these bonds have very little room for increase when compared to possible risks.