

# Swedbank Pension Fund V2 (Growth Strategy)

October 31, 2011

## Investment Principles

The purpose of the fund is to provide investors with additional income for their retirement. The principal objective of the fund's investment strategy is to achieve stable capital appreciation over a long-term time horizon. The fund's assets are invested in both Estonian and foreign bonds, shares, money market instruments 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	2003
Net Asset Value (NAV)	0.80608 EUR
Net Assets	15 376 399 EUR
Management Fee per annum	1.3%
Subscription Fee	1.0%
Redemption Fee	1.0%

Standard deviation (computed over 3 years) 8.9%

## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-4.1%	3.6%	-3.5%	-0.9%	11.5%	11.3%	-17.1%	26.1%
Annualized				-0.9%	5.6%	3.6%	-3.7%	2.9%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	14.7%	22.5%	12.9%	6.1%	-39.0%	15.0%	10.5%	

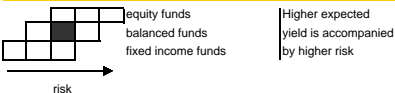
## Manager Commentary

Swedbank Pension Fund V2 returned 3.6% in October with YTD performance of -4.1%. 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.

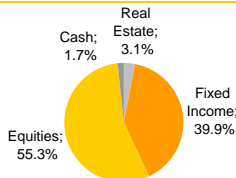
However, equities were still in positive territory by the end of the month, led by Russia (+16.3% in euros) and Latin America (+13.3%). The cyclically sensitive Sweden (+10.6%) and Western Europe (+8.1%) also rose considerably. Gains were somewhat weaker in the Baltic States (+6.5%) and Eastern Europe (+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.

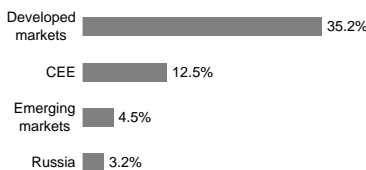
## Risk level



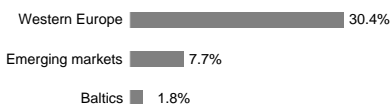
## Portfolio by instruments



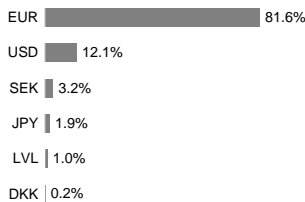
## Equity portfolio by regions



## Fixed Income portfolio by regions



## Portfolio by currencies



## Largest investments

Equities	Weight
SSGA USA Index Equity Fund	6.0%
Lyxor ETF Eastern Europe Index	5.2%
DB x-Trackers MSCI Europe Index ETF	5.0%
GAM Star US All Cap Fund	4.8%
SSGA Tracks Pan Euro	4.1%
Bonds	Weight
PIMCO Global Inv Grade Credit Fund	7.8%
Bluebay Inv Grade Bond Fund	5.2%
iShares iBoxx Euro Corporate Bond	5.0%
DB x-Trackers iBoxx € Sov 3-5Y TR Index ETF	4.2%
DB x-Trackers iBoxx € Sov 1-3Y Index ETF	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.

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.