

# Swedbank Pension Fund V2 (Growth Strategy)

December 31, 2011

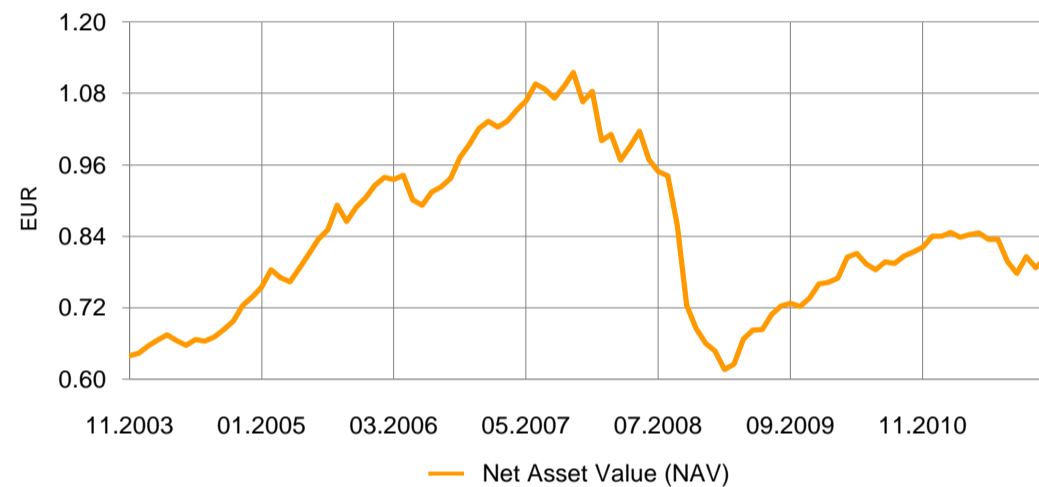
## Investment Principles

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)	0.80219 EUR
Net Assets	14 991 761 EUR
Management Fee per annum	1.3%
Subscription Fee	1.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	8.1%

## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-4.6%	1.9%	3.1%	-4.6%	5.5%	21.4%	-21.5%	25.5%
Annualized				-4.6%	2.7%	6.7%	-4.7%	2.8%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	14.7%	22.5%	12.9%	6.1%	-39.0%	15.0%	10.5%	-4.6%

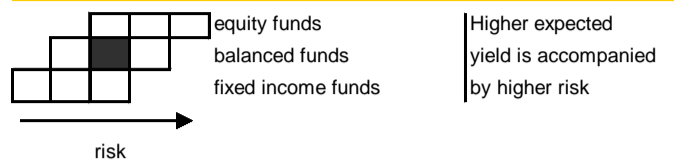
## Manager Commentary

Swedbank Pension Fund V2 returned 1.9% in December and -4.6% in 2011. The financial markets calmed somewhat before the year's end. The readiness of euro zone leaders to sign an intergovernmental agreement, which makes it easier to impose sanctions on states that breach budget discipline, added some positivity. The ECB also came up with a strong solution to the financing problems of euro zone banks by offering them low-interest three-year loans with milder collateral requirements. The banks used this opportunity much more actively than the markets had anticipated. Also, the "Save Italy" plan of Mario Monti and the long-term plan of Spain's new Prime Minister Mariano Rajoy, who was appointed before Christmas, to restore the state's AAA rating both demonstrated the clear intention of the struggling countries to resolve their budget deficit problems. The strong economic growth indicators of the US, which exceeded expectations, added another positive dimension. The improvement in labour market data continued and the confidence indicators in the industrial sector also offered some positive surprises.

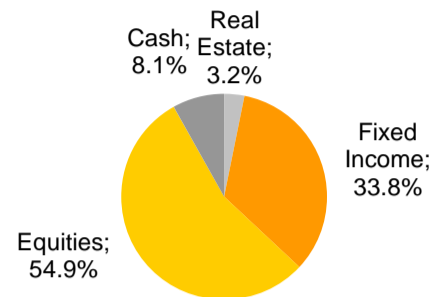
The strengthening of the main developed equity markets was headed by the US (+4.7%, all in euros) and Western Europe also remained in positive territory (+2.2%). However, Baltic and Eastern European equities were relatively weak and ended the month at levels that were 4.7% and 3.9% lower, respectively. Negative political developments in Hungary weighted quite heavily on Eastern European markets. Emerging Asia and Latin America also strengthened (+5.1% and +2.1%) while political insecurity in Russia had a strong impact on its equity market (-8.5%). The money that flew into equities did not leave the fixed income markets in large quantities. The latter also strengthened, as both euro zone sovereign bonds (+2.1%) as well as investment grade corporate bonds (+2.6%) ended the month in positive territory. The euro weakened by 3.7%.

We reduced the weight of sovereign bonds in the fund portfolio, as we reposition the component of government bonds in pension funds' portfolios in the beginning of the year – we increase the weight of deposits in local credit institutions and also increase the average maturity of euro zone bonds. We closed the overweight on Russian equity markets and the underweight in Eastern Europe when signs of political instability emerged. Looking forward, we are neutrally positioned in terms of equity markets, because the risks associated with the euro zone are balanced by other factors, such as the expected economic growth of the US and the improvement of liquidity in the euro zone.

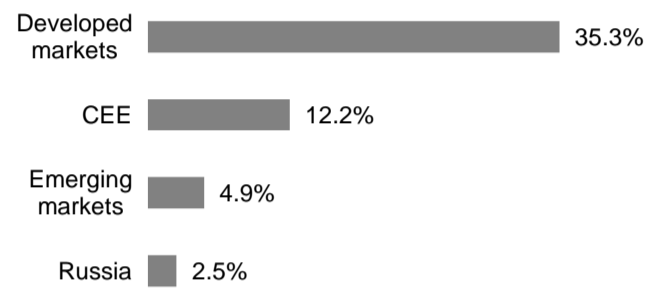
## Risk level



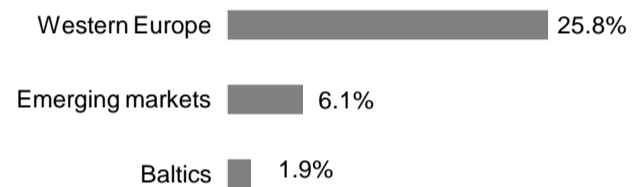
## Portfolio by instruments



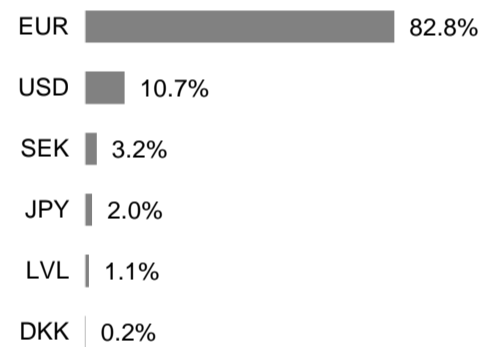
## Equity portfolio by regions



## Fixed Income portfolio by regions



## Portfolio by currencies



## Largest investments

Equities	Weight
SSGA USA Index Equity Fund	5.6%
GAM Star US All Cap Equity Fund	5.1%
Lyxor Eastern Europe Index ETF	5.1%
SSGA Tracks Pan Euro	4.2%
Morgan Stanley Europe Equity Fund	4.1%
Bonds	Weight
PIMCO Global Inv Grade Credit Fund	8.1%
Bluebay Inv Grade Bond Fund	5.3%
iShares € Corporate Bond Fund	5.1%
Bluebay EM Corp Bond Fund	2.2%
Lyxor ETF Euro Corporate Bond Fund	1.9%

\* 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.