

Performance of 3rd pillar pension plans in 2010

Impact of situation in financial markets on the investment result of pension plans

Congratulations on the result of your pension plan in 2010!

We would like to thank you for your trust in the experience of and the consistent strategy applied by Swedbank pension scheme management team which has secured strong annual result for our customers.

- Swedbank Pension Plan Stabilitāte+25. The plan's investment portfolio returned 7.62 %. The plan portfolio's yield reflects the increase in prices of equities and corporate bonds in 2010, as well as the relatively high interest rates for LVL at the start of the year. The result of the pension plan was a profit of LVL 202,000.
- Swedbank Pension Plan Dinamika+60. The plan's investment portfolio returned 8.84 %. The plan portfolio's yield reflects the increase in the prices of equities and corporate bonds in 2010. The result of the pension plan was a profit of LVL 742,000.
- Swedbank Pension Plan Dinamika+100. The plan's investment portfolio returned 15.04 %. The plan portfolio's yield reflects the increase in the prices of equities in 2010. The result of the pension plan was a profit of LVL 394,000.
- Swedbank Pension Plan Dinamika+USD. The plan's investment portfolio returned 7.44 %. The plan portfolio's yield reflects the increase in the prices of equities and corporate bonds in 2010. The result of the pension plan was a profit of LVL 40,000.

Solid growth and a successful year for financial markets

Last year, global economy was rising. Following a deep recession in 2008 on developed markets and the ensuing stabilization in 2009 achieved through massive fiscal and monetary stimulus packages in many countries worldwide, this year was marked by solid growth. Nevertheless, growth in developed economies is still fragile and is supported by expansionary monetary policies and government spending at the expense of borrowing. In emerging markets, however, growth was strong and self-sufficient.

2010 was a successful year for equity markets. The return generated by equities varied from region to region between 11% and 40% in euro terms. In 2010, we started investing in Swedish equity market. It proved to be a wise choice as it was in Sweden where, thanks to strong corporate earnings, equity markets performed best. Sweden's economy is export-driven and, as such, benefited from the rapid growth in emerging economies. Low public debt and solid economy provided basis for strengthening against euro – Swedish krona gained 14%. Russia, with +31% up, and Asia excl. Japan, with +28% up, were among other top performers. Due to sovereign debt crisis, Europe was the weakest performer. Being heavily dependent on the rest of European economies, East European equity markets returned close to 16%, which was the second weakest performance.

Outlook for 2011

The direction financial markets will take in 2011 will depend on the plans of eurozone governments concerning stabilisation mechanism for the debt crisis and on the ability of weaker countries to tackle the budget consolidation challenge. Both developed and emerging markets may be affected by rising inflation which is already forcing the central banks of developed economies to turn to monetary policy tightening, whereas Latvian interest rates and debt prices will continue to be impacted by budget consolidation related issues.

In 2011 we plan to keep the pension plans overweight in equities on expectations that such positions could contribute positively to the yield of the pension plans in the long-term. As currently pension plan portfolios are globally diversified, we do not plan any substantial change in terms of geographical allocation of investments. That said, we will increase our exposure to Swedish equity market by reducing positions in East European equity markets, which up until now have been high relative to other regions. No essential strategic changes are being made in the fixed income investment part, keeping a focus on relatively low-risk investments in the lats and euro currency.

Faithfully,
Your Swedbank Atklātais Pensiju Fonds

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The pension plans „Swedbank Pensiju Plāns Stabilitāte+25”, „Swedbank Pensiju Plāns Dinamika+60”, „Swedbank Pensiju Plāns Dinamika+100” and „Swedbank Pensiju Plāns Dinamika+(USD)” and their investment policies are available for inspection at the office of „Swedbank Atklātais Pensiju Fonds” AS, Swedbank branches and on www.swedbank.lv.