

Semi-annual Review 2010 – Handelsbanken Fonder

Portfolio Manager: PETER BOLTE

PERFORMANCE 2010



Price trend in H1 2010

PERFORMANCE 5 YRS



Ave. returns per year

RISK



See last page for definitions

CUT-OFF TIME



Deadline for purchase/redemption at same day's price

Balanced 50

Investment Focus

Handelsbanken Balanced 50 normally invests half of its capital in fixed income funds and half in equity funds. Deviations of up to 10 percentage points may occur. Accordingly, Balance 50 may have a maximum of 60% of equity funds and a minimum of at least 40% equity funds. The fund has access to Handelsbanken's funds as well as a large number of funds managed by specially-selected foreign management companies. The objective of the fund is to achieve returns that outperform its benchmark over the long term.

We assess the fund's risk as a 3 on a five-grade scale, with 1 for the lowest risk and 5 for the highest.

Portfolio

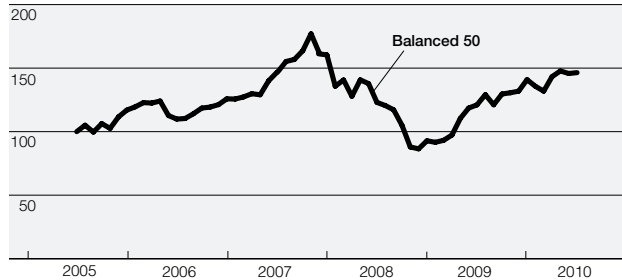
Balanced 50 rose 0.2% in H1 2010*. A stronger USD contributed to returns. The equity market was dominated by a high level of uncertainty about government finances in southern Europe, with sharp fluctuations in the market as a result. Sweden, Japan and the emerging markets posted the most strength, while Europe lagged. Market rates fell, resulting in bond funds outperforming fixed income with shorter durations.

Overall, the fund was overweight in equities in H1, although this was decreased in May. At the regional level the fund was overweight in the emerging markets, Asia and the Nordic region. This was financed by corresponding underweights in Europe and North America. In Q2 we further decreased holdings in Europe. We also switched diversified European funds to a European small-cap fund to decrease exposure to banks in Europe. Further, we increased exposure to the emerging markets by purchasing holdings in Handelsbanken Russia Fund.

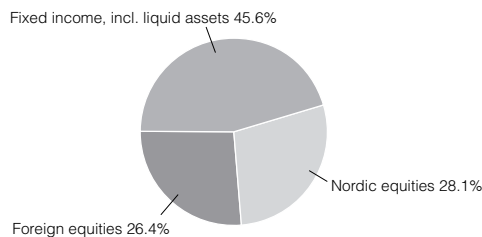
In the fixed income portion we purchased a limited exposure in Handelsbanken Corporate Bond Fund. At mid-year, the fund was positioned for an upturn in the equity markets.

* Refer to fund statistics for comparable index and fund performance compared to category average at Morningstar.

FUND PERFORMANCE



Market exposure*



* The fund's investment breakdown within the markets as of June 30, 2010 relative to the fund's total assets on this date.

Outlook

The global economic recovery is strengthening further. However, government fiscal deficits must be managed to avoid new "Greece shocks." The risk is that the cost-cuts will be so substantial that they will restrain the economic upturn. However, overall we believe the global recovery is sufficiently strong to create the conditions required for the markets to edge higher going forward. We also expect bond rates to rise at a moderate pace.

Trade with derivatives

According to the fund rules, the fund may trade in derivatives to enhance the effectiveness of asset management. The fund may use derivatives to quickly and cost-effectively increase or decrease exposure to one or more markets or types of assets. The advantage with derivative instruments is that it is possible to change the fund's exposure in different types of assets or in different markets in a simple and controlled way with a limited number of transactions. The fund has not used this option in H1 2010.

Loans in securities

According to fund rules, the fund is not allowed to lend securities.

Large purchases and sales

PURCHASED	SEKt	SOLD	SEKt
Handelsbanken		Handelsbanken	
Swedish Bonds Fund	220 000	Swedish Bonds Fund	63 000
Handelsbanken		Handelsbanken	
Swedish Short Term Assets	205 000	Swedish Short Term Assets	45 000
Handelsbanken Nordic Aggressive	87 191	JPM Europe Strategic Dividend A	39 031
Handelsbanken Mega Sweden Index		BGF Latin American Fund	35 076
A Reinvested	81 000	Xact Nordic 30	24 591
Handelsbanken Nordic Fund	73 718		

Fund statistics

	1 Jan-30 June 2010	2009	2008	2007	2006
Net asset value, SEK	120.33	122.98	107.34	135.07	131.71
Fund capital, SEKm	3 367	2 698	1 579	2 091	1 934
Ave. fund capital, SEKm	2 591	1 861	1 769	2 067	1 711
Number of units, 1000's	27 979	21 937	14 707	15 482	14 685
Total returns in % ¹⁾	+0.2	+18.3	-19.0	+3.9	+7.3
Index incl. dividends in %	+1.2	+14.8	-14.5	+4.8	+6.7
Performance compared to Morningstar's category mean in % ²⁾	+3.6	+0.3	-1.3	+2.4	-0.9
Morningstar Rating™ (1-5) ³⁾	3	3	3	4	
Average yearly return, 2 yrs. in %	+2.9	-2.1	-8.2	+5.6	+13.6
Comparison to index incl. dividends in %	+3.6	-0.9	-5.3	+5.7	+12.9
Average yearly return, 5 yrs. in % ⁴⁾	+2.9	+5.1			
Comparison to index incl. dividends in % ⁴⁾	+3.4	+5.6			
Declared dividends, SEKt	—	66 845	48 803	35 194	26 407
Dividends per unit, SEK	2.82	3.32	2.45	1.78	1.89
Dividend distribution date	10Feb18	09Feb19	08Feb21	07Feb21	06Feb21
Max. allowed mgmt. costs in % according to fund rules	1.60	1.60	1.60	1.60	1.60
Collected mgmt. costs in % of average fund capital ^{5) 6)}	1.43	1.53	1.60	1.60	1.60
Transaction costs, SEKt	116	62	21	22	0.0
Transaction costs in % of turnover	0.0	0.0	0.0	0.0	0.0
TKA in % of average fund capital	1.4	1.5	1.6	1.6	1.6
TER in % of average fund capital	1.4	1.5	1.6	1.6	1.6
Redemption fee, % ⁷⁾	0.0	0.0	0.0	0.0	0.0
Costs for one-time subscription SEK 10t	—	160.81	140.93	162.72	161.70
of which incl. mgmt. costs	—	160.46	140.35	162.48	161.70
Costs for monthly savings SEK 100	—	10.48	9.75	10.39	10.37
of which incl. mgmt. costs	—	10.45	9.71	10.38	10.37
Turnover rate	0.2	0.3	0.6	0.4	0.4
Share of turnover conducted via securities-related securities companies in %	4	3	2	4	1

1) Calculated based on the underlying fund's official NAV rates.

2) Index began in December 2005.

3) Shows fund performance in SEK compared to the average for all funds in the same category according to Morningstar's category breakdown.

4) The fund's rating in June 2010 based on historical performance over 3 years compared to funds in the same Morningstar category.

5) The fund was launched on May 18, 2004.

6) No fees are added for management expenses in the underlying funds.

7) The management fees was changed from 1.60% to 1.40% as of September 14, 2009.

8) For fund savings less than 31 days, 1% (up to March 2009).

Index: HMNI Sve All Government Dur Const 6Y (HMSMD6) 17.5%, SHB NORDIX Port Nordic Net (NHNXPOR) 25%, HMNI Sve All Mortgage Dur Const 2.5Y (HMSMD25) 7.5%, OMRXTBILL 25%, MSCI All Country World Index Net 25%.

Up to October 30, 2009: HMSMD Sve All Gov 5y 25%, MSCI World 25% (Securities listed in about 30 of the world's industrial countries), NHNXPOR SHB NORDIX 25% (Small-caps listed in the four Nordic countries: Sweden, Finland, Norway, and Denmark), HMSMD25 Sve All Mort 2.5y 15%, HMT27 Sve All Gov 1Y 10%.

Up to December 31, 2007: 50% HMNI Sweden All Government, 25% MSCI World Index, 25% SHB Nordic Portfolio Index. Refer to the last page for definitions.

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Balanced 50, cont

Key figures for risk follow-up*

Total Risk (%)	10.1	Tracking error (%)	1.8
Total risk in index (%)	8.8	Active returns (%)	- 0.7
Index	HMNI Swe All Gov Dur Const 6Y 17.5%, SHB NORDIX Port Nordic Net 25%, HMNI Swe All Mortgage Dur Const 2.5Y 7.5%, OMRXTBILL 25%, MSCI All Country World Index Net 25%	Information ratio	Negative
		Sharpe ratio	0.1
		Sharpe ratio in index	0.2

*) Risk statistics are based on historical monthly returns over two years. Refer to the last page for definitions.

Income Statement, SEKt

	1 Jan. 2010- 30 June 2010	1 Jan. 2009- 30 June 2009
INCOME AND CHANGES IN VALUE		
Changes in value for equity-related financial instruments	- 40 924	102 455
Changes in value for fixed income-related financial instruments	21 071	31
Dividends	18 526	25 295
Interest income	—	32
Currency exchange profits and losses, net	- 725	- 283
Other income *)	16 594	8 604
Total income and changes in value	14 542	136 134
EXPENSES		
Interest expenses	—	4
Management Company expenses	21 533	12 922
Other transaction expenses	2	7
Total expenses	21 535	12 933
Net income	- 6 993	123 201

*) Refers to discounts, management expenses for underlying funds.

Balance Sheet, SEKt

	30 June 2010	% of fund value	30 June 2009	% of fund value
ASSETS				
Financial instruments with positive market value ^{Note 2)}	3 328 936	98.9	1 722 222	96.4
Bank and other liquid assets	38 067	1.1	63 714	3.6
Other short-term receivables	937	0.0	651	0.0
Total assets	3 367 940	100.0	1 786 587	100.0
LIABILITIES				
Other short-term liabilities	1 182	0.0	699	0.0
Total liabilities	1 182	0.0	699	0.0
Fund capital ^{Note 1)}	3 366 758	100.0	1 785 888	100.0

Note 1) for Balance Sheet

Changes in fund capital, SEKt

	2010	2009
Fund capital at beginning of year	2 697 896	1 578 690
Units issued	991 431	229 357
Units redeemed	- 248 935	- 96 578
Profit according to Income Statement	- 6 993	123 201
Dividends to unit holders	- 66 641	- 48 782
Fund capital at mid-year	3 366 758	1 785 888

Note 2) for Balance Sheet

Fund holdings in financial instruments

	Number	Market value in SEKt	% of fund value
LISTED FINANCIAL INSTRUMENTS *			
EXCHANGE-TRADED FUNDS (ETF)			
SWEDEN AND THE NORDICS			
Xact Nordic 30	1 555 299	88 469	2.6
		88 469	2.6

	Number	Market value in SEKt	% of fund value
EUROPE			
iShares MSCI Europe	27 800	4 091	0.1
		4 091	0.1
USA			
iShares S&P 500 Index Fund	153 300	12 265	0.4
		12 265	0.4
REST OF THE WORLD			
iShares MSCI Emerging Markets	125 900	34 374	1.0
		34 374	1.0
Total exchange-traded funds		139 199	4.1
Total listed financial instruments		139 199	4.1

OTHER FINANCIAL INSTRUMENTS

FUND UNITS

EQUITY FUNDS

SWEDEN AND THE NORDICS

Handelsbanken Nordic Aggressive	4 129 506	328 667	9.8
Handelsbanken Nordic Selective	226 786	30 115	0.9
Handelsbanken Nordic Fund	518 267	261 175	7.8
Handelsbanken Nordic Small-caps Fund	489 232	163 472	4.9
Handelsbanken Sweden Fund	82 150	74 688	2.2
		858 117	25.6

EUROPE

Handelsbanken Europe Fund	329 605	73 996	2.2
JPM Europe Strategic Dividend	35 561	37 520	1.1
UBS Equity Sicav Small Caps Europe	26 945	36 985	1.1
UBS Eurostoxx 50	275	337	0.0
		148 838	4.4

USA

BGF US Flexible Equity Fund	508 977	54 105	1.6
Handelsbanken America Fund	596 264	172 267	5.1
JPM US Strategic Value	613 277	56 411	1.7
UBS Equity Sicav USA Growth B	801 330	73 647	2.2
		356 430	10.6

ASIA

Handelsbanken Asia Fund	330 331	96 655	2.9
Handelsbanken Japan Fund	1 475 049	66 510	2.0
		163 165	4.9

REST OF THE WORLD

BGF Latin American Fund	153	93	0.0
Handelsbanken Latin America Fund	134 200	36 629	1.1
Handelsbanken Russia Fund	537 275	36 363	1.1
Handelsbanken Emerging Markets Fund	493 707	93 301	2.8
		166 386	4.9

Total equity funds

1 692 936 50.4

FIXED INCOME FUNDS

Handelsbanken Corporate Bond Fund	643 936	65 482	1.9
Handelsbanken Mega Sweden Index A	239 846	378 936	11.3
Handelsbanken Swedish Short Term Assets	5 767 876	573 961	17.0
Handelsbanken Swedish Bonds	4 598 885	478 422	14.2
		1 496 801	44.4

Total fixed income funds

1 496 801 44.4

Total fund units

3 189 737 94.8

Total other financial instruments

3 189 737 94.8

Total holdings financial instruments

3 328 936 98.9

Net, other assets and liabilities

37 822 1.1

Total fund capital

3 366 758 100.0

The figures in the column under the heading % of fund value are rounded to the nearest tenth of a percent.

* Listed financial instruments refer to financial instruments admitted for trading in a regulated market or an equivalent market outside the EEA.

Compilation, issuers*

Issuer	% of fund capital	Issuer	% of fund capital
HB Fonder (HBF America A1, HBF Asia A1, HBF Europe A1, HBF Japan A1, HBF Sw ST Assets A1, HBF Latin A1, HBF Sw Bonds A1, HBF NordAggr A1, HBF Nordic A1, HBF NordSmCap A1, HBF Sweden A1, HBF EmerMkts A1)	71.9	UBS (Jersey) (UBS Eq Sic USA, UBS Eurostoxx50, UBS Sm Cap EU)	3.3
HB Fonder Fin (HBFF NordicSel, HBFF CorpBond A1, HBFF Mega Sw)	14.1	JP Morgan (JPM EUR DIV, JPM US STRAT)	2.8
		Merrill Lynch C (BGF Lat Am, BGF US Flex)	1.6

*) The table provides the combined units of fund capital per issuer in percent in those cases where the fund has holdings in more than one type of securities issued by the same issuer. Underlying securities are shown within parentheses.

Definitions

Fund statistics

Share of turnover conducted via closely-related securities companies – In terms of value, the share of fund purchases and sales of securities mediated by Handelsbanken. Calculated, on the one hand, as the ratio between the total of those purchases and sales executed by Handelsbanken and, on the other hand, as the total of all purchases and sales during the year. Expressed in percent. Shown only for the full year.

Net asset value (NAV) – Net asset value expressed in SEK as the rate prevailing on the balance sheet date for the respective year.

Number of units – Number of outstanding units on the last banking day for the respective year. Reported in thousandths of units.

Declared dividends – The amount to be distributed in the following year as a result of the taxable income for the respective year. Expressed in SEK 1000's.

Dividend distribution date – Date on which the distribution was separated from fund capital (ex-dividend date). Cash settlement is normally made the same day.

Duration – The duration of a fund is measured by how sensitive the fund is to changes in interest rates. Simply stated, it is the weighted average of the residual maturity in the fund's investments. Measured in years or months.

Fund capital – The fund's net asset value on the closing date for the respective year. Reported in SEKm.

Average fund capital – Calculated as the mean value of the fund's net asset value during the year (or that portion of the year during which the fund existed). The fund's net asset value is calculated on a daily basis. Reported in SEKm.

Average yearly return, 2 and 5 years, respectively – The fund's average effective annual yield during the last 2 or 5 years, respectively. Not calculated for funds in existence for less than 2 or 5 years, respectively.

Index – The index used by the fund as its benchmark. The Selective Funds as well as

Click Sweden 90, AstraZeneca Allemansfond, Guarantee Fund Plus and New Energy do not use a benchmark, as the indices available do not provide a fair comparison with fund management returns and, therefore, are not relevant. Additional information is provided on all of Handelsbanken's funds on the Internet, e.g., monthly fund manager comments, largest holdings in the funds, market breakdown and fund performance over various periods. The web address is: www.handelsbanken.se/fonder and is accessible to anyone, even if you are not connected to Handelsbanken's Internet bank. This web site allows you to compare your fund investments in Handelsbanken Fonder with the funds of competitors.

Index incl. dividends – Performance of the fund's benchmark during the respective year. Performance is expressed in percent and is converted to SEK in those cases where the index is published in another currency. The table shows the index including dividends.

Redemption fee – Fee charged or may be charged for the redemption of units. Calculated as a percentage of the amount redeemed.

Subscription fee – Fee charged or may be charged for subscription. Calculated as a percentage of the amount subscribed. This fee is not charged for savings within the premium pension savings system or for insurance savings.

Costs for one-time subscription SEK 10 000 – Total costs charged to a unit holder who had SEK 10 000 invested in the fund at the beginning of the year and retained the investment throughout the year. Calculated for the full year only.

Costs for monthly savings SEK 100 – Total costs charged to a unit holder who had SEK 100 invested on the first banking day of each month during the year and retained the investment throughout the year. Calculated for the full year only.

Max. allowed mgmt. costs in % according to fund rules – Maximum management fee allowed to be charged according to the fund

Fund statistics are reported in table form for H1 2010 and for the full year 2006 - 2009 to the extent available.

rules. Expressed in percentage of the average fund capital per year. The cost is calculated on a daily basis. For SBC funds, a portion of the fee from these funds represents the contribution of the saver to the operations of the respective housing savings organisation.

Morningstar Rating™ (1-5) – The independent rating institute Morningstar rank orders funds within different fund categories. Within a category, each fund's return and risk is compared with other similar funds in Europe. The highest rating is 5 and the allocation of the rating levels are weighted relative to the total number of funds included in the category. The Fund Statistics table shows the fund's rating based on the historical performance of the unit price over the past three years.

Turnover rate – The fund's turnover rate calculated, on the one hand, as the ratio between the lowest total amount for purchased or sold securities during the year and, on the other hand, as the average fund capital during the same period. With regard to equity funds, fixed income securities with a residual maturity of a maximum of one year at the time of acquisition are excluded from purchased or sold securities. Reported as the number turned over per year. Calculated on a rolling 12-month basis.

TER (Total Expense Ratio) – Total management fees as well as any additional fees, excluding transaction costs and dividend tax charged to the fund during the year. Expressed in percentage of the fund's average fund capital. Calculated on a rolling 12-month basis.

TKA (Totalkostnadsandel/Total Cost Ratio) – Total management fees, transaction fees, interest expenses, other expenses and dividend tax charged to the fund during the year. Expressed in percentage of the fund's average fund capital.

Total returns – Reports how the value of a unit has changed during the respective year. If the fund has paid dividends during the year or contributed to SBC, the change in value has been calculated as though the dividend

or the contribution before tax was added back on the distribution date. Annual return is measured in percent from the date of the previous year's closing date to the closing date for the respective year. Returns for the semi-annual review are reported for the first half of the current year.

Transaction costs – Expenses for brokerage fees that have been charged to the fund during the year. Expressed as SEK 1000's, in percentage of the value of the securities turned over and to which the transaction fees pertain. As of 2001, transaction fees are included in the acquisition and sales values. Calculated on a rolling 12-month basis. Brokerage fees and other variable expenses for derivatives are reported separately in the Income Statement under the heading Other transaction expenses.

Transaction costs in % of turnover – Expenses for brokerage fees that have been charged to the fund during the year. Expressed in percentage of the value of the securities turned over and to which the transaction fees pertain. Calculated on a rolling 12-month basis.

Dividends per unit – Dividends per unit that were distributed to unit holders during the previous financial year.

Collected mgmt. costs in % of average fund capital – Actual management fees collected. Expressed in percentage of the average fund capital. Expenses for custodian institution, auditors and supervision are included in the management fee. Expenses are calculated daily and on a rolling 12-month basis.

Performance compared to Morningstar's category mean – Calculation according to the independent rating institute Morningstar. Shows fund performance compared to the average for all funds in the same category. Based on the reported unit price and may result in a measurement period that differs from the Annual Report, which uses the rate prevailing in the annual accounts. Reported in percentage points.

Key figures for risk follow-up

In order to obtain relevant comparisons, dividends have been reinvested in the funds and their respective benchmarks. All key figures have also been calculated on the basis of the annual effective yields. The values for the past two years have been used for the majority of the funds. A risk forecast has been made for more recent funds, with the fund's holdings as of June 30, 2010 as the basis. Handelsbanken Fonder uses the BarraOne risk model from the MSCI Barra risk model for the calculation of the risk forecast. Barra's risk model is a fundamental multiple-factor model for the equity model that uses style and industry factors, while the fixed income model uses the yield curve and credit spreads as factors.

Total risk/Total risk in index is stated as the standard deviation for variations in the monthly yields of the fund/index. The higher the number, the higher the risk.

Tracking error measures the standard deviation of the difference in yield between the fund and its benchmark (the variation in the relative yields). The historical tracking error indicates how much the fund's yield has deviated from its benchmark.

Active return states the annual over- or under effective return attained by the fund in comparison to its benchmark.

Sharpe ratio/Sharpe ratio in index is a measure of the fund/index's return, taking into account the risk of the fund. A high return attained at a lower risk is better than an equivalent return attained at a high risk. Calculated, on the one hand, as the ratio between the return, less the risk-free interest (interest on government securities) and, on the other hand, as the total risk of the fund. The Sharpe ratio is most relevant to compare the yields of various markets, while taking risk into account.

Information ratio is a measure of the active returns attained by the fund by deviating from its benchmark. It is the ratio between the active returns and the tracking error. A negative information ratio means that the fund has underperformed its benchmark.

Index shows which index or indices have been used to calculate Active return and the Information ratio.

Abbreviations

A number of abbreviations are used for certain securities in the table of contents:

ADR	American Depository Receipt	GDR	Global Depository Receipt
ADS	American Depository Share	KV	Convertible
BTA	Paid subscription shares	Pref	Preference share
ETF	Exchange-Traded Fund	SDB	Swedish Deposit Certificate
FRN	Floating Rate Note	TO	Warrants

Additional information

You will find additional information about our funds on our website at: www.handelsbanken.se/fonder. The website includes complete information brochures with fund rules, simplified prospectus and current share price performance. For further information about funds at Handelsbanken Fonder as well as to purchase or sell fund units, please contact your local Handelsbanken branch office or www.handelsbanken.se/fonder.