

# Hansa Pension Fund K1 (Conservative Strategy)

## Investment Principles

Hansa Pension Fund K1 (Conservative Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve long-term, stable capital growth. The Fund's assets shall be invested in the bonds, money market instruments and other similar assets of either Estonian or foreign origin. The Fund's assets shall not be invested in equities or investment funds which invest in equities.

## General information

|                         |   |
|-------------------------|---|
| Fund Management Company | Hansa Investment Funds  |
| Fund Manager            | Fabio Filipozzi   |
| Inception               | 2002  |
| Contact                 | Hansapank offices and tel. 631 0310<br><a href="http://www.hansa.ee/funds">www.hansa.ee/funds</a> |

Net Asset Value (NAV) 10.68 EEK

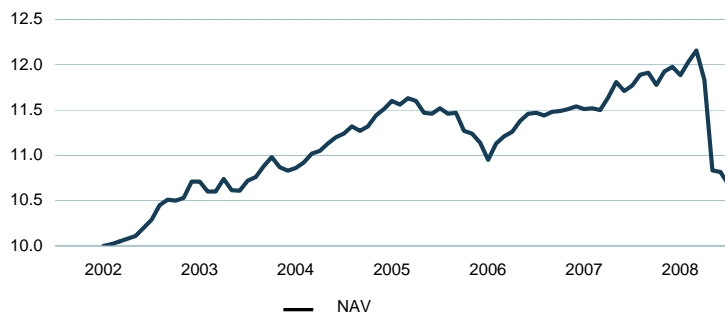
|                          |                 |
|--------------------------|-----------------|
| Net Assets               | 353 570 014 EEK |
| Management Fee per annum | 1.19%           |
| Subscription Fee         | 1.5%            |
| Redemption Fee           | 1.0%            |
| Benchmark                | EPI100          |

Weighted average rating A  
Weighted average modified duration, years 3.1

## Statistics (computed over 3 years)

Standard Deviation 5.9%

## Fund performance



|             | YTD   | 1 month | 3 months | 1 year | 3 years | 5 years | Inception |
|-------------|-------|---------|----------|--------|---------|---------|-----------|
| Performance | -9.3% | -1.3%   | -9.7%    | -9.3%  | -7.3%   | -0.4%   | 6.8%      |
| Annualized  |       |         |          | -9.3%  | -2.5%   | -0.1%   | 1.0%      |

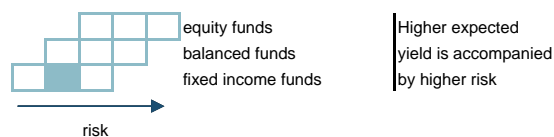
|             | 2003 | 2004 | 2005 | 2006  | 2007 | 2008  | 2009 |
|-------------|------|------|------|-------|------|-------|------|
| Performance | 4.2% | 4.9% | 2.5% | -0.4% | 2.6% | -9.3% |      |

## Manager Commentary

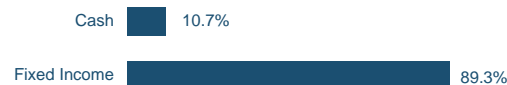
In comparison with two previous months, the price decline stopped in December in more risky bond markets. The bonds of the governments of some developing countries and the high yield corporate bonds of the euro zone recovered somewhat. At the same time, the fund return was negatively affected by our review of risks of several bonds of Baltic companies and the repricing of these bonds. As the result of it, from our point of view the price provided for all bonds reflects in the most objective way in the present-day information space the current economic position of the Baltic States and the future solvency of each particular company.

In the near future, we view the most interesting investment opportunities in relation to corporate bonds of the euro zone with high credit rating. The interest margin of this asset class is close to the highest level of all times, whereas the large enterprises in several sectors (e.g. banks and car industry) "enjoy" direct or indirect guarantees by the governments.

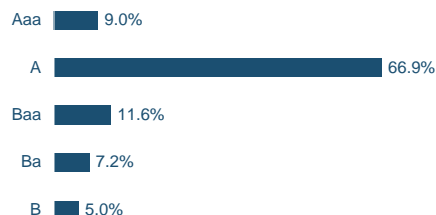
## Risk level



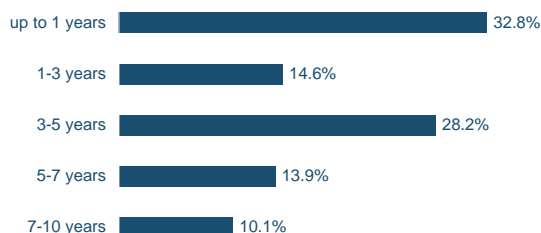
## Portfolio by instruments



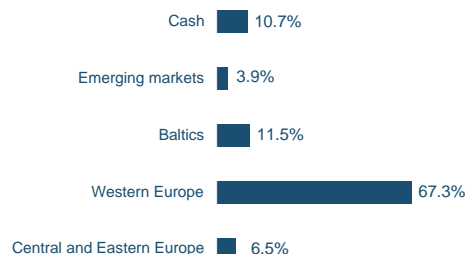
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

| Bonds                              | Weight |
|------------------------------------|--------|
| Bluebay Inv Grad Bd I-Base Prf     | 9.6%   |
| T-Rowe Price-European Corp.Bd      | 7.6%   |
| Kreeka 3.1 EUR 20.04.10            | 7.4%   |
| Pimco Gis Euro Bond Fnd Inst A     | 6.8%   |
| Hansa Private Debt VK Fond         | 6.7%   |
| DWS Instit Euro Gov Bond Fund      | 5.9%   |
| France Oat 5% 25.10.16             | 4.8%   |
| Netherland Gov EUR 4% Due 15.07.18 | 4.2%   |
| Raiffeisen Eurovision Rent Fnd     | 3.7%   |
| Deposit-Sampo Pank                 | 3.1%   |

The value of the Fund's unit can either grow or decrease in time. The current return of the Fund shall not guarantee the same return in the future. Funds investing in foreign markets are vulnerable to monetary movements, which may lead to a growth or decrease of the net asset value of the Fund's unit. Pension Funds are founded on the basis of Funded Pensions Act. The following payment which conditionally consists of two parts - tax (4% portion of the social tax) and contribution (2% contribution of the state funded pension, withheld by the employer on the employee's gross wages) - shall be transferred to the mandatory funded pension account for a person who has joined the funded pension system.