

# 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

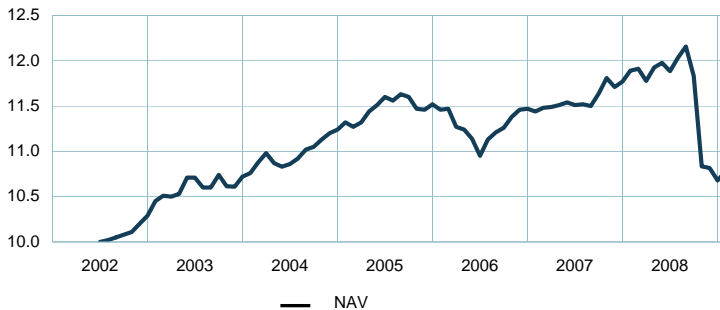
Fund Management Company: Hansa Investment Funds  
 Fund Manager: Fabio Filipozzi  
 Inception: 2002  
 Contact: Hansapank offices and tel. 631 0310  
[www.hansa.ee/funds](http://www.hansa.ee/funds)

Net Asset Value (NAV): 10.78 EEK  
 Net Assets: 363 663 999 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: 6.0%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	0.9%	0.9%	-0.5%	-9.4%	-6.0%	0.2%	7.8%
Annualized				-9.4%	-2.0%	0.0%	1.1%

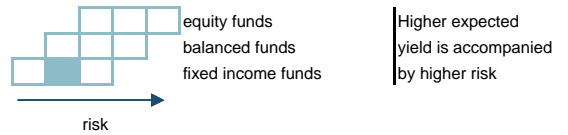
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	

## Manager Commentary

From the beginning of 2009, there has been an improvement in the credit markets as compared to the last quarter of 2008. Both Eurozone investment grade and high yield corporate bonds have shown positive returns. JPM index, which is tracking high yield corporate bonds, advanced by almost 10% in January. Over the same time period K1s NAV increased by 0.9%, outperforming the Eurozone governments' bond index by more than 2%.

During the month we decreased substantially our positions in Central- and Eastern European governments' local currency nominated bonds. At the same time we continued to increase the positions in Eurozone investment grade corporate bonds. In this asset class we still see a good potential to increase. After January's positive performance we decided to take a precautionary stance with regard to high yield corporate bonds.

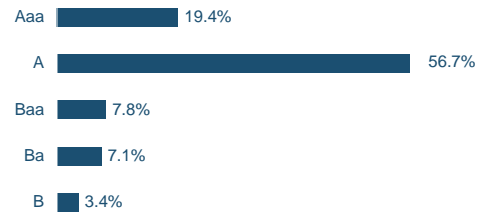
## Risk level



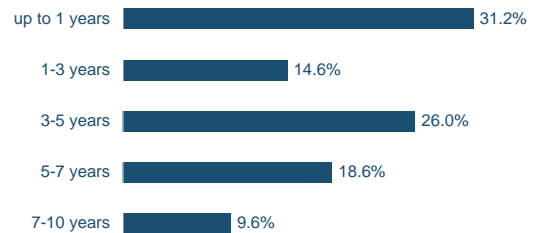
## Portfolio by instruments



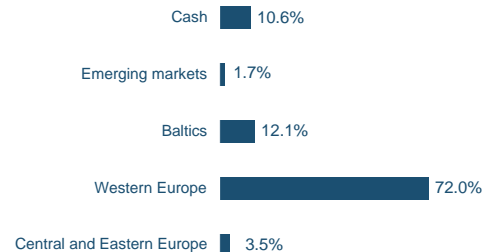
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Bluebay Inv Grad Bd I-Base Prf	9.5%
T-Rowe Price-European Corp.Bd	7.4%
Kreeka 3.1 EUR 20.04.10	7.3%
Pimco Gis Euro Bond Fnd Inst A	6.6%
Hansa Private Debt VK Fond	6.6%
DWS Instit Euro Gov Bond Fund	5.7%
Prantsusmaa 5% 25.10.16	4.6%
Hispaania 4.1% EUR 30.07.2018	4.3%
STATE STREET GLOBAL ADVISORS SSGA FIXED IN	4.3%
Holland EUR 4% Due 15.07.18	4.0%

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.