

# Swedbank Pension Fund K1 (Conservative Strategy)

February 28, 2009

## Investment Principles

Swedbank 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: Swedbank Investeerimisfondid AS  
 Fund Manager: Kristjan Tamla  
 Inception: 2002  
 Contact: Swedbank offices and tel. 6 310 310  
 www.swedbank.ee/funds

Net Asset Value (NAV): 10.81 EEK

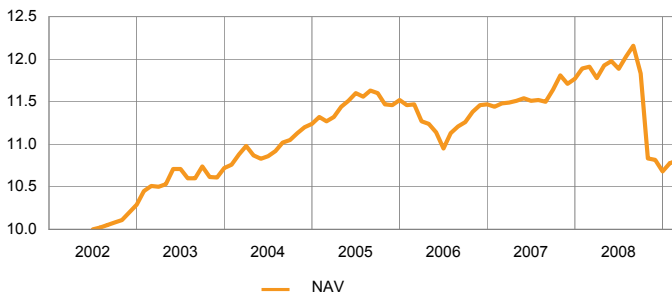
Net Assets: 367 464 905 EEK  
 Management Fee per annum: 1.19%  
 Subscription Fee: 1.5%  
 Redemption Fee: 1.0%  
 Benchmark: EPI100

Weighted average rating: A  
 Weighted average modified duration, years: 3.8

## Statistics (computed over 3 years)

Standard Deviation: 6.0%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	1.2%	0.3%	-0.1%	-9.3%	-5.8%	-0.7%	8.1%
Annualized				-9.3%	-2.0%	-0.1%	1.2%

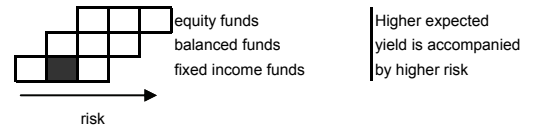
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	

## Manager Commentary

After January's positive sentiment credit markets turned slightly negative in February, Euro area high yield corporate bond index fell almost 3%, also emerging market bond indices dropped. At the same time the risk premium of the investment grade bonds, which we have preferred in recent months, continued to decrease. Large positions in this asset class led to the 0.3% increase of fund's NAV.

At the beginning of the month we continued to decrease our positions in Central and Eastern European countries' local currency bonds. At the same time we think that interesting investment opportunities are emerging in EU new member countries Euro denominated government bonds. Some of them offer already more than 10% expected annual return. We continue to gradually increase the positions taken at the end of February in those bonds.

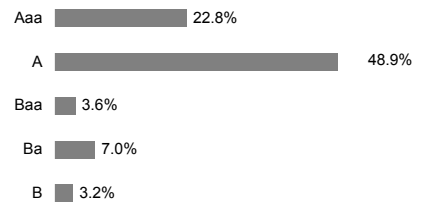
## Risk level



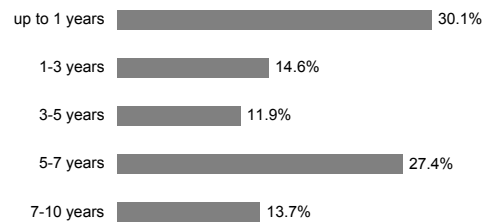
## Portfolio by instruments



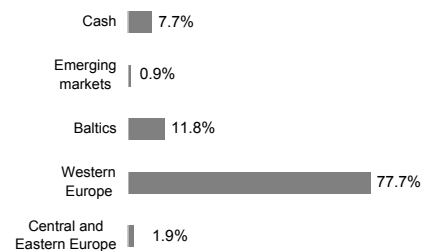
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Bluebay Inv Grad Bd	9.4%
Hansa Private Debt Vk Fond	6.5%
Pimco Euro Bond Fund	6.5%
SSGA Euro Corp. Bd	6.4%
DWS Euro Bond Fund	5.6%
Prantsusmaa 5% 25.10.16	4.6%
Hispaania 4.1% EUR 30.07.2018	4.4%
Deposiit-Nordea Pank, Tln(EEK)	4.1%
Holland 4% 15.07.18	4.0%
Kreeka 3.1% 20.04.10	3.7%

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.