

# Swedbank Pension Fund K1 (Conservative Strategy)

March 31, 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

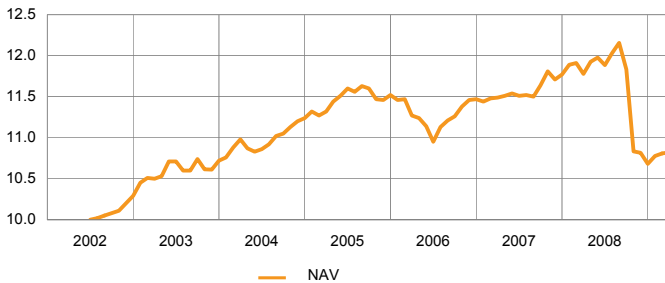
Fund Management Company: Swedbank Investeerimisfondid AS  
 Fund Manager: Kristjan Tamla  
 Inception: 2002  
 Contact: Swedbank offices and tel. 6 310 310  
 www.swedbank.ee/funds

Net Asset Value (NAV): 10.82 EEK  
 Net Assets: 372 372 880 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: 3.0

Statistics (computed over 3 years)  
 Standard Deviation: 5.9%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	1.3%	0.1%	1.3%	-8.1%	-4.0%	-1.4%	8.2%
Annualized				-8.1%	-1.3%	-0.3%	1.2%

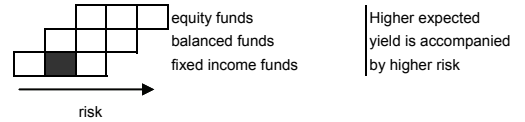
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	

## Manager Commentary

Most bond markets showed positive returns in March. The prices of Eurozone government bonds were positively affected by US Federal Reserve decision to buy US Government bonds from the market. Risk premium of Eurozone investment grade corporate bonds that we have preferred in recent months continued to decline. Also, Eurozone high yield corporate and emerging markets' risk premiums showed similar positive development. Only negative factor affecting fund's performance was the decision to revalue some Baltic companies bonds - bond prices were adjusted as more conservative long term solvency estimations were assigned.

In March we continued to increase our positions in Central and Eastern European government bonds nominated in Euro or in currencies pegged to Euro. As an example, we bought one-year Lithuanian Government bond denominated in EEK and yielding above 11%.

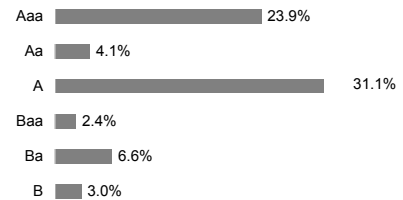
## Risk level



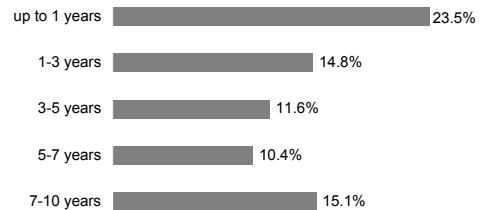
## Portfolio by instruments



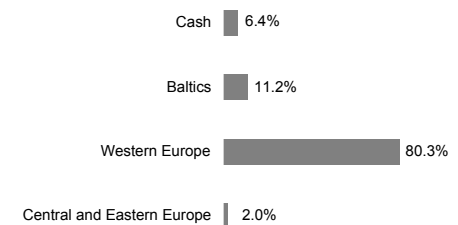
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Bluebay Inv Grad Bd	9.3%
Pimco Euro Bond Fund	6.4%
SSGA Euro Corp. Bd	6.3%
Swedbank Private Debt Fond	6.1%
DWS Euro Bond Fund	5.6%
Prantsusmaa 5% 25.10.16	4.6%
Hispania 4.1% EUR 30.07.2018	4.4%
Deposiit - Nordea Pank(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.