

# Swedbank Pension Fund K1 (Conservative Strategy)

May 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: Jelena Fedotova  
 Inception: 2002  
 Contact: Swedbank offices and tel. 6 310 310  
 www.swedbank.ee/funds

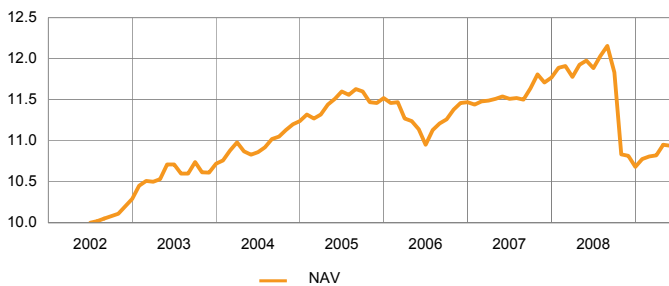
Net Asset Value (NAV): 10.94 EEK

Net Assets: 382 607 123 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: 3.6

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

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	2.4%	-0.1%	1.2%	-8.7%	-1.8%	1.0%	9.4%
Annualized				-8.7%	-0.6%	0.2%	1.3%

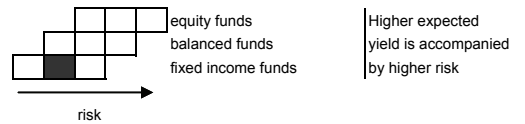
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	

## Manager Commentary

Government bonds continued the bear market in May. The risk appetite continued to rise and all risky assets continued to rally - global stock markets, credit bonds, emerging markets, commodities. European emerging markets, like Poland, Hungary and Turkey outperformed government bonds and posted a positive return on the month. Within EMU, Greece and Ireland outperformed Germany and spread tightened, Spain on the other hand underperformed Germany and spreads were wider.

Swedbank Pension Fund K1 NAV decreased by 0,1% in May but outperformed the benchmark by 60bp. Our main objective has been to reallocate the new benchmark weights on the fund and that process has started. Hence, most funds have larger weight of euros than before. Also we have bought German bonds to lower the risk.

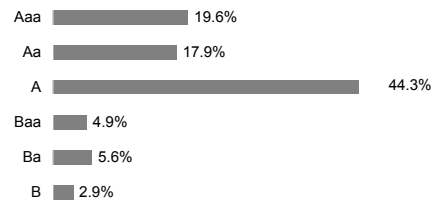
## Risk Level



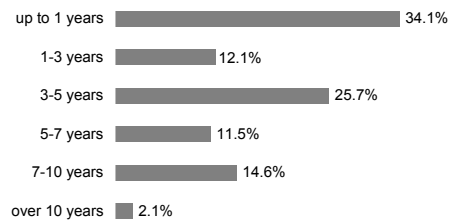
## Portfolio by instruments



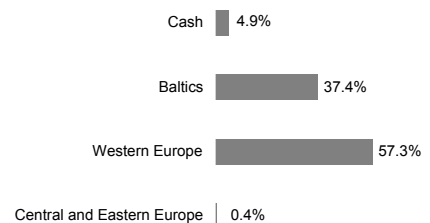
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Bluebay Inv Grad Bond Fund	9.5%
PIMCO Euro Bond Fund	6.5%
SSGA Euro Corp. Bond Index Fund	6.4%
Swedbank Private Debt Fond	5.6%
France 5% 25.10.16	4.4%
Spain 4.1% EUR 30.07.2018	4.2%
Italy 4.25% 01.08.14	4.1%
Deposiit - Nordea Pank (EEK)	4.0%
Netherlands 4% 15.07.18	3.8%
SEB Cp EEK 14.06.2010	3.4%

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.