

# Swedbank Pension Fund K1 (Conservative Strategy)

July 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): 11.19 EEK

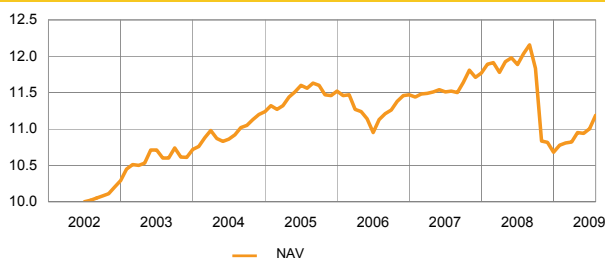
Net Assets: 394 989 660 EEK  
 Management Fee per annum: 1.19%  
 Subscription Fee: 1.5%  
 Redemption Fee: 1.0%  
 Benchmark: EPH100

Weighted average rating: A  
 Weighted average modified duration, years: 3.9

## Statistics (computed over 3 years)

Standard Deviation: 5.9%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	4.8%	1.7%	2.2%	-7.0%	0.5%	2.5%	11.9%
Annualized				-7.0%	0.2%	0.5%	1.6%

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

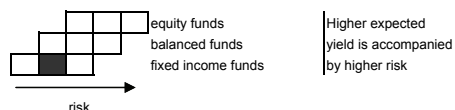
## Manager Commentary

At the beginning of July, nervousness about the global economy returned. However, as the month progressed there were increasingly more signs that we are nearing the economic trough. Short term bond yields reflected this through reversing its downward trend and instead starting to climb. Long term yields were also on the way up during the month until the very end when they fell back somewhat.

One month Talibor closed flat on the month at 4,8 percent, whilst three month Talibor was down by 10 basis points at 5,5 percent.

In the Euro market, the fund purchased longer duration French and Belgian government bonds in order to bring allocation and duration more in line with the JPM EMU Government Bond Index. Generally, spreads tightened across the 10-year Eurozone segment during the month. The fund's performance suffered from being short in Spain and Greece, but benefited from its off benchmark bets in Emerging Europe countries, including Lithuania, Poland, and Romania, where performance was particularly strong.

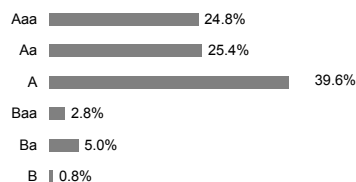
## Risk level



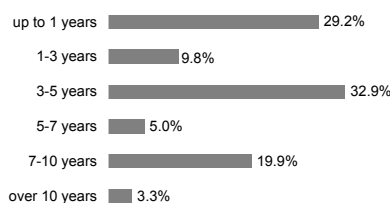
## Portfolio by instruments



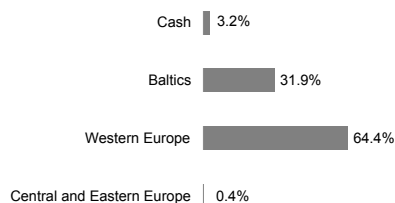
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Italy Treasury 3.75% 15.12.2013	8.7%
Bluebay Inv Grad Bond Fund	7.9%
SSGA Euro Corp. Bond Index Fund	6.4%
France OAT 4.25% 25.04.2019	5.5%
Swedbank Private Debt Fond	5.0%
France 5% 25.10.2016	4.4%
Italy Treasury 4.25% 01.08.2014	4.1%
Spain EUR 4.1% 30.07.2018	4.1%
Deposiit - Nordea Pank (EEK)	3.9%
Netherlands 4% 15.07.2018	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.