

Swedbank Pension Fund K1 (Conservative Strategy)

August 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) 11.26 EEK

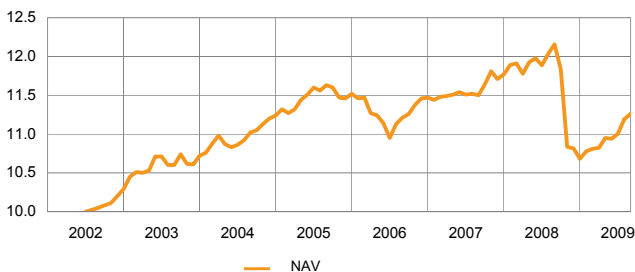
Net Assets	396 555 356 EEK
Management Fee per annum	1.19%
Subscription Fee	1.5%
Redemption Fee	1.0%
Benchmark	EPI100

Weighted average rating A
Weighted average modified duration, years 4.1

Statistics (computed over 3 years)

Standard Deviation 5.9%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	5.4%	0.6%	2.9%	-7.4%	0.5%	2.2%	12.6%
Annualized				-7.4%	0.2%	0.4%	1.7%

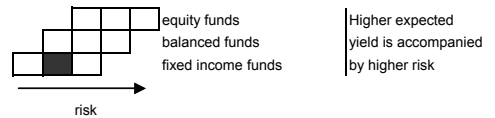
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	

Manager Commentary

Business sentiment indicators worldwide continued to make upside surprises in August with Turkey and Hungary being the two major exceptions. Nevertheless, yields across the world continued to fall in August. Credit markets continued their rally in August. Our view on corporate bonds is that there is still value left, but one has to be more selective now than a few months ago.

The fund has moved closer to its benchmark during August. In the middle of the month the fund took profit on the 10 % large overweight in the credit market, that has rallied massively during the summer. This position has contributed very positively to the performance. The fund still has an overweight to credit markets, but is more balanced now. K1 has also out of benchmark long positions in Czech Republic that has rallied more than 40 basis points during the month. It has bought Gov guaranteed Bank papers during the month to receive a yield pickup. It has also increased its holdings in Portugal, to balance the portfolio more.

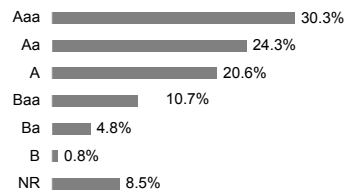
Risk level



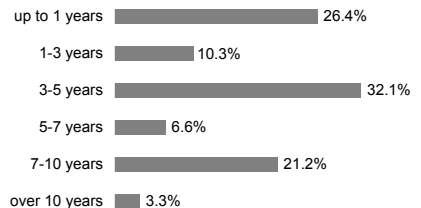
Portfolio by instruments



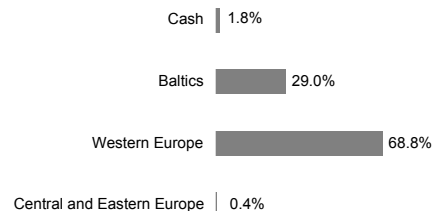
Portfolio by ratings



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	8.0%
France OAT 4.25% 25.04.2019	5.5%
Swedbank Private Debt Fund	4.8%
France 5% 25.10.2016	4.4%
Spain EUR 4.1% 30.07.2018	4.1%
Italy Treasury 4.25% 01.08.2014	4.0%
Greece 6.5% 11.01.2014	3.9%
France T-Note 3% 12.07.2014	3.8%
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.