

Swedbank Pension Fund K1 (Conservative Strategy)

September 30, 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

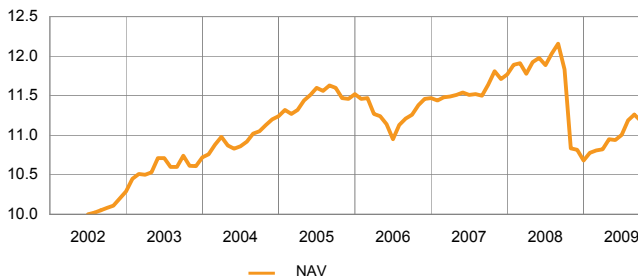
Net Asset Value (NAV): 11.18 EEK
 Net Assets: 393 101 184 EEK
 Management Fee per annum: 1.19%
 Subscription Fee: 1.5%
 Redemption Fee: 1.0%
 Benchmark: EPI100

Weighted average rating: A
 Weighted average modified duration, years: 4.8

Statistics (computed over 3 years)

Standard Deviation: 5.9%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	4.7%	-0.7%	1.6%	-5.5%	-0.7%	1.2%	11.8%
Annualized				-5.5%	-0.2%	0.2%	1.6%

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

Manager Commentary

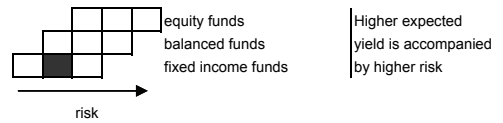
The message of unchanged levels of interest rates by central banks, continuous stimulation of economies by tax cuts and support measures for the banks resulted in yet another increase in investor appetite for risk during September and yields across the world continued to fall.

Fund continued to benefit from its bet in euro denominated Lithuanian government bonds. The yield on the ten year, for example, contracted by more than 1 percentage point during the month, ending at around 6.6 percent. The fund has an overweight to the corporate credit, which continued to rally during the month.

In the Euro market the fund made good profits from exploiting mispriced yield curves within the EMU area. For instance the 10 year Greece bond was very cheap compared to the 7 year and the 15 year bond. The fund was also overweight in peripheral EMU (Italy, Greece) that rallied at the end of the month. In the beginning of the month, the fund was a bit short in duration, but in the middle of the month we bought more long-term government bonds and therefore benefited from the falling yields in the end of the month.

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.

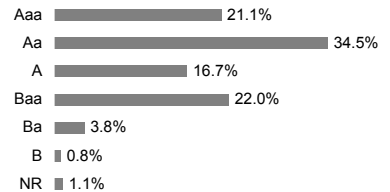
Risk level



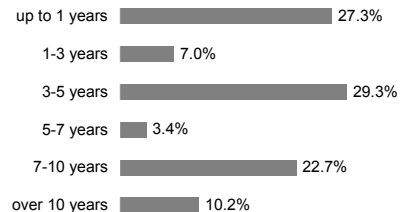
Portfolio by instruments



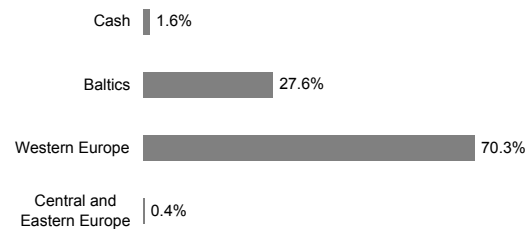
Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Largest investments

Bonds	Weight
Italy 3.75% 15.12.2013	8.8%
Bluebay Inv Grad Bond Fund	8.1%
France 4.25% 25.04.2019	5.6%
Italy 5% 08.01.2039	5.4%
Greece 6% 19.07.2019	5.0%
Spain 4.1% 30.07.2018	4.2%
Italy 4.25% 01.08.2014	4.1%
Greece 6.5% 11.01.2014	3.9%
Swedbank Private Debt Fond	3.8%
Slovenia 3.25% 23.01.2011	3.3%