

Swedbank Pension Fund K1 (Conservative Strategy)

October 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 Investeeringimisfondid AS
Fund Manager	Jelena Fedotova
Inception	2002
Contact	Swedbank offices and tel. 6 310 310 www.swedbank.ee/funds

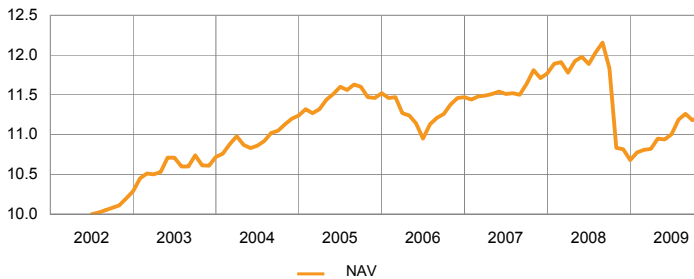
Net Asset Value (NAV)	11.18 EEK
Net Assets	393 311 398 EEK
Management Fee per annum	1.19%
Subscription Fee	1.5%
Redemption Fee	1.0%
Benchmark	EPI100

Weighted average rating	A
Weighted average modified duration, years	4.7

Statistics (computed over 3 years)

Standard Deviation	5.8%
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Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	5.0%	0.3%	0.2%	3.5%	-1.4%	0.8%	12.2%
Annualized				3.5%	-0.5%	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 fund's performance was 0.3 % during the month and outperformed the benchmark by 0.2 %.

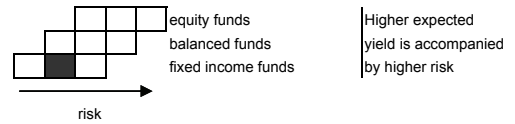
At the beginning of October, just before distress in Latvia re-emerged, the fund managed to sell off an overweight position in the EUR-denominated Lithuanian Government Bond 2018. The yield on that bond has fallen from 11.70 % in March to 6.70 % at the beginning of the October. After the disposal, the yield went up again. Also, an overweight in Lithuanian Gov Bond 2012 was sold off.

The local market made a small contribution to the outperformance of the fund, since rates fell and the duration was slightly long.

In the euro market, the fund lost money on its long position in Greece, but this was roughly offset by money made on its long position in Italy.

K1 was also overweighted in euro credit market which also contributed to the good result of the month.

Risk level



Portfolio by instruments

Cash	2.0%
Fixed Income	98.0%

Portfolio by ratings

Aaa	21.0%
Aa	34.6%
A	24.9%
Baa	13.5%
Ba	3.8%
B	0.4%
NR	1.3%

Portfolio by modified duration

up to 1 years	27.3%
1-3 years	9.3%
3-5 years	28.6%
5-7 years	1.3%
7-10 years	22.8%
over 10 years	10.2%

Portfolio by regions

Cash	2.0%
Baltics	27.2%
Western Europe	70.4%
Central and Eastern Europe	0.4%

Largest investments

Bonds	Weight
Italy 3.75% 15.12.2013	8.8%
Bluebay Inv Grad Bond Fund	8.2%
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%

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.