

# Swedbank Pension Fund K1 (Conservative Strategy)

December 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

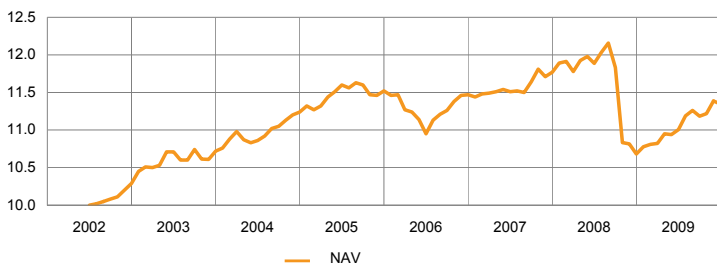
Fund Management Company: Swedbank Investeerimisfondid AS  
 Fund Manager: Jelena Fedotova  
 Inception: 2002  
 Contact: Swedbank offices and tel. 6 310 310  
 www.swedbank.ee/funds

Net Asset Value (NAV): 11.35 EEK  
 Net Assets: 395 608 524 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: 4.6

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

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	6.2%	-0.4%	1.5%	6.2%	-1.1%	0.9%	13.5%
Annualized				6.2%	-0.4%	0.2%	1.7%

	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	6.2%

## Manager Commentary

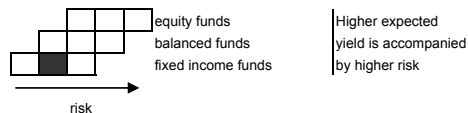
In December global yields started to rise, US yields were up 0,8% and German yields were up 0,25% while Greece continued to underperform core euro countries. Greece was downgraded by main rating agencies which resulted in bonds selloff in December. Fund had an overweight in Greece bonds which hence contributed negatively to fund's performance.

In the Estonian local market, the EEK continued its convergence rally, and all EEK denominated assets rallied during December. The fund benefited from these positions taken in long EEK positions.

In December the fund also took profit from a long position in 30 yr Italian government bond. Other well-performing positions were Lithuanian Bonds, denominated in EEK and in EUR, which outperformed in December.

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.

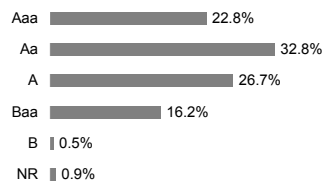
## Risk level



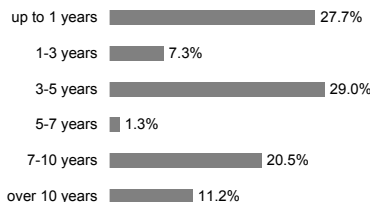
## Portfolio by instruments



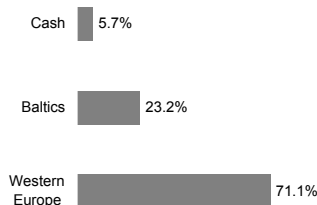
## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Italy 3.75% 15.12.2013	8.7%
Bluebay Inv Grad Bond Fund	8.3%
France 4.25% 25.04.2019	5.6%
Spain 4.1% 30.07.2018	4.1%
Italy 4.25% 01.08.2014	4.1%
Greece 6.5% 11.01.2014	3.7%
Slovenia 3.25% 23.01.2011	3.3%
Lithuania EEK 10.06.2010	3.2%
Greece 5.3% 20.03.2026	3.2%
Lithuania EEK 14.10.2010	3.1%