

# Swedbank Pension Fund K1 (Conservative Strategy)

January 31, 2010

## 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  
 Contact: Swedbank offices and tel. 6 310 310  
 www.swedbank.ee/funds

Inception: 2002  
 Net Asset Value (NAV): 11.36 EEK  
 Net Assets: 385 715 125 EEK

Management Fee per annum: 1.19%  
 Subscription Fee: 0.0%  
 Redemption Fee: 1.0%

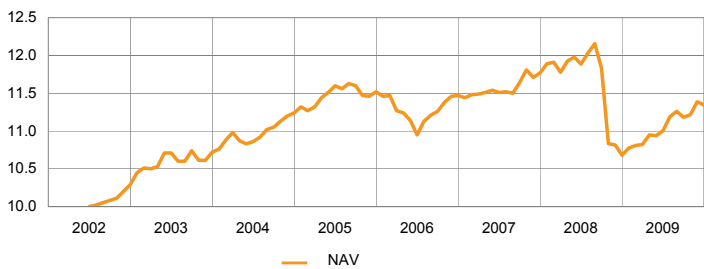
Benchmark: EPI100

Weighted average rating: A  
 Weighted average modified duration, years: 2.6

## Statistics (computed over 3 years)

Standard Deviation: 5.9%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	0.1%	0.1%	1.3%	5.4%	-0.7%	0.3%	13.6%
Annualized				5.4%	-0.2%	0.1%	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

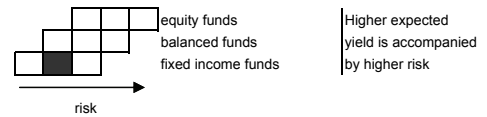
January was a volatile month for the financial markets. Both the equity and the credit markets recorded strong performance in the first part of the month. However, in the middle of the month, sovereign risk started to weigh on sentiment and in particular over Greece's budget plan.

The benchmark of the fund was changed in January which meant a fair amount of trading activity during the month. The new benchmark has a shorter duration (0-3 years) and the exposure to the eurozone government bond market is higher, at the expense of the local market. To bring the fund in line with its new benchmark, longer dated bonds were sold and shorter dated bonds purchased. Most of the purchases were made amongst the strongest countries within the eurozone including Germany, France and Belgium. The overweight in Greece is being significantly reduced as a consequence of the new benchmark to around 0.1% only.

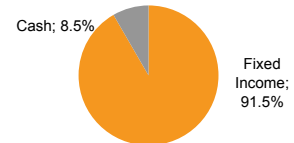
The Fund also purchased a new 1.5-year Lithuanian government bond issued in EEK during the month, which performed satisfactorily.

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.

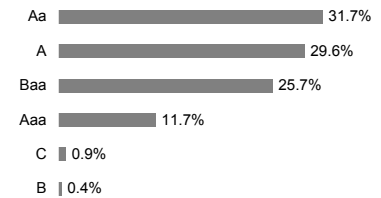
## Risk level



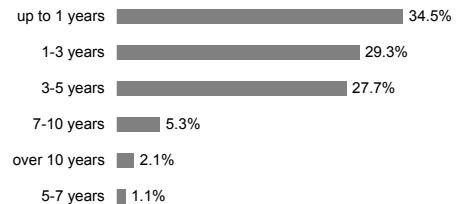
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Italy 3.75% 15.12.2013	8.9%
Bluebay Inv Grad Bond Fund	8.6%
Lithuania EEK 07.07.2011	6.6%
Depositit - Swedbank (EEK)	5.1%
Greece 4.3% 20.03.2012	4.8%
Italy 4.25% 01.08.2014	4.2%
Spain 2.75% 30.04.2012	3.9%
Greece 6.5% 11.01.2014	3.4%
Lithuania EEK 10.06.2010	3.3%
Slovenia 3.25% 23.01.2011	3.3%