

# Swedbank Pension Fund K1 (Conservative Strategy)

February 28, 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.

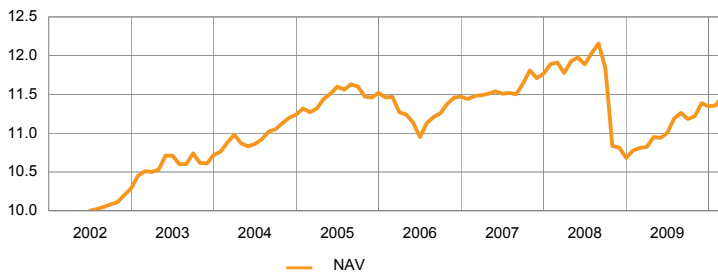
## General information

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)	11.47 EEK
Net Assets	389 409 154 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	2.0

## Statistics (computed over 3 years)

Standard Deviation 5.9%

## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	1.1%	0.9%	0.7%	6.1%	-0.1%	1.7%	14.7%
Annualized				6.1%	0.0%	0.3%	1.8%

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

## Manager Commentary

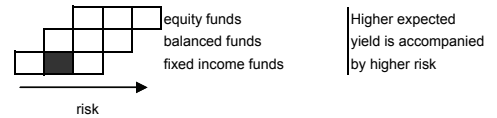
In February a change of benchmark was implemented for the fund. By this benchmark change, the overall strategy of the fund was changed to a shorter duration for the euro government part of the portfolio. This means that overall risk has changed from a long duration (around 6 year) to a shorter duration (1-3 year) and hence it means taking less risk in all euro-zone countries.

For the local market, the benchmark, and hence the strategy of the fund was changed into a longer duration, which means more risk is placed in the local market. This also corresponds well to our positive view on Estonia's way to EMU. In addition, the increasing focus on sound state finances made all EEK denominated assets to perform very well during the month.

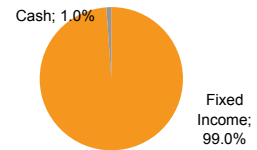
After the benchmark change, the fund has a very small overweight to Greece. Short Greece bond yields are still quite high, because of the recent turmoil. In our view, Greece is still offering a very high yield compared to other similarly rated assets.

Greece and Ireland were the best performing markets in February. Also Lithuanian bonds issued in EEK continued to outperform in February.

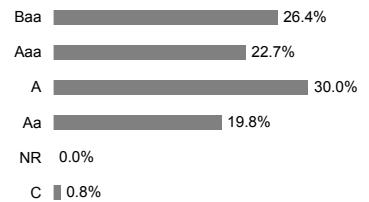
## Risk level



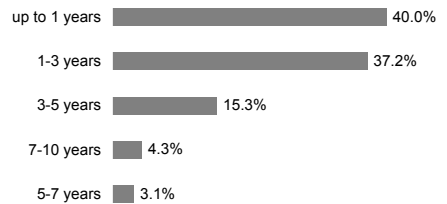
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Largest investments

Bonds	Weight
Bluebay Inv Grad Bond Fund	8.5%
Germany 4.25% 12.10.2012	7.7%
Lithuania EEK 07.07.2011	6.6%
France 4.5% 12.07.2012	6.0%
Depositiit - Swedbank (EEK)	5.0%
Greece 4.3% 20.03.2012	4.8%
Italy 3.75% 15.12.2013	4.5%
Spain 2.75% 30.04.2012	3.9%
Lithuania EEK 10.06.2010	3.3%
Lithuania EEK 14.10.2010	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.