

Swedbank Pension Fund K1 (Conservative Strategy)

May 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: Kristjan Tamla
 Contact: Swedbank offices and tel. 6 310 310
 www.swedbank.ee/funds

Inception: 2002
 Net Asset Value (NAV): 11.53 EEK
 Net Assets: 392 766 023 EEK

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

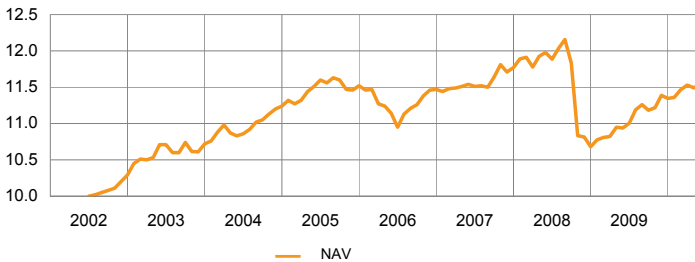
Benchmark: EPI100

Weighted average rating: A
 Weighted average modified duration, years: 1.7

Statistics (computed over 3 years)

Standard Deviation: 5.9%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	1.6%	0.3%	0.6%	5.4%	-0.1%	0.2%	15.3%
Annualized				5.4%	0.0%	0.0%	1.8%

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

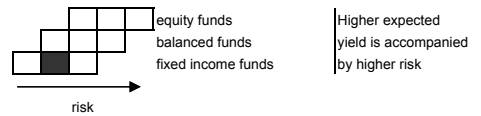
Manager Commentary

Nervous breakdown in Europe has led to increased volatility and continued deleveraging out of risky assets. European focus has once again turned to the money markets and potential liquidity pressures being faced by European banks in particular. Market focus shifting away from sovereigns and back to financials thus highlight one important thing - current investors/hedgers are actively looking for bad news.

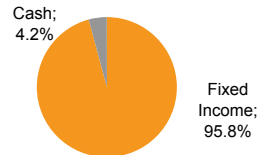
Interest rates implied in the Estonian FX forward market continue to climb higher but still don't offer much value from a risk adjusted perspective.

Positioning in Swedbank Pension Fund K1 has not significantly changed since last month. All of the sovereign positioning is in line or very close to benchmark. Outperformance versus benchmark was mainly due to the short credit position in euro denominated assets relative to JPM Credit Index. Recent increase in longer dated FX EUR/EEK forwards has also enhanced return. The fund managed to take advantage from this and rolled out of 1 week FX forward contracts into 1 year FX forwards at relatively attractive levels.

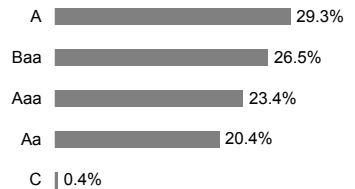
Risk level



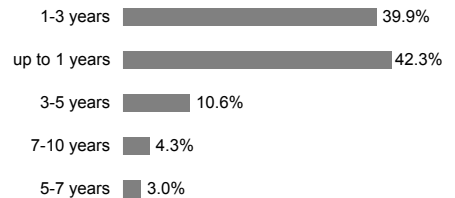
Portfolio by instruments



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	7.8%
Lithuania EEK 07.07.2011	6.7%
France 4.5% 12.07.2012	6.1%
Italy 5% 01.02.2012	6.0%
Depositiit - Swedbank (EEK)	5.0%
Spain 2.75% 30.04.2012	4.6%
Lithuania EEK 10.06.2010	3.3%
Lithuania EEK 14.10.2010	3.3%
Netherlands 5% 15.07.2011	2.9%

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.