

Swedbank Pension Fund K1 (Conservative Strategy)

June 30, 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): 11.54 EEK
 Net Assets: 393 600 287 EEK

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

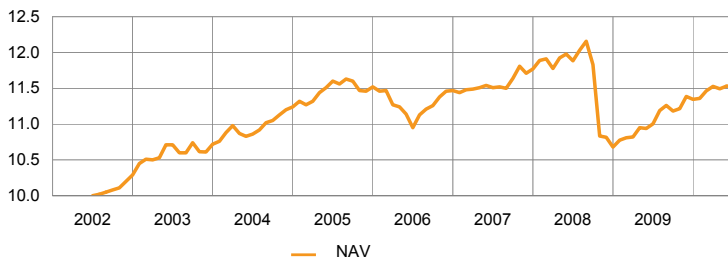
Benchmark: EPI100

Weighted average rating: A
 Weighted average modified duration, years: 1.9

Statistics (computed over 3 years)

Standard Deviation: 5.9%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	1.7%	0.1%	0.1%	4.9%	0.3%	-0.5%	15.4%
Annualized				4.9%	0.1%	-0.1%	1.8%

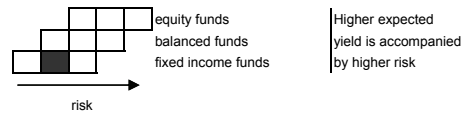
	2003	2004	2005	2006	2007	2008	2009
Performance	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	6.2%

Manager Commentary

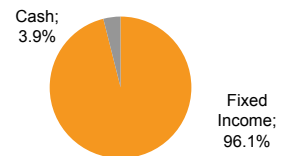
In June we received signals about the slowdown of economic activity from almost all global economic centres. This has brought about a decline in the equity markets and investors have channelled their money into less risky instruments. The interest rates of German and US 10-year government bonds have declined by 10 bps (to 2.5%) and 30 bps (to 2.9%), respectively. Unlike the equity markets, the credit premiums of riskier bonds have held up considerably better. In the euro area, investment grade corporate bond prices have even somewhat increased.

In the medium and long-term perspective we do not see that the interest rates could fall any further as regards long-term (10-year) sovereign debt of developed countries. Therefore, we are keeping a large part of the portfolio today in 1- to 3-year bonds of euro area governments. Along with the final accession of Estonia to the euro area we will probably increase our positions in the investment grade euro area corporate bonds instead of assets in Estonian kroons.

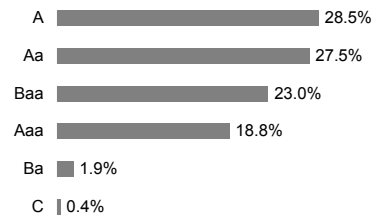
Risk level



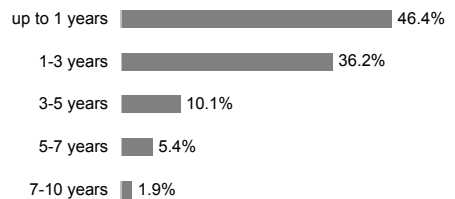
Portfolio by instruments



Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Largest investments

Bonds	Weight
Italy 5% 01.02.2012	8.7%
Bluebay Inv Grad Bond Fund	8.5%
France 4.5% 12.07.2012	8.2%
Lithuania EEK 07.07.2011	6.7%
Germany 3.5% 12.04.2013	6.5%
Depositiit - Swedbank (EEK)	5.0%
Spain 2.75% 30.04.2012	4.5%
Lithuania EEK 14.10.2010	3.3%
Netherlands 5% 15.07.2011	2.9%
Depositiit - DnB Nord (EEK)	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.