

Swedbank Pension Fund K1 (Conservative Strategy)

July 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): 11.61 EEK
 Net Assets: 396 667 013 EEK

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

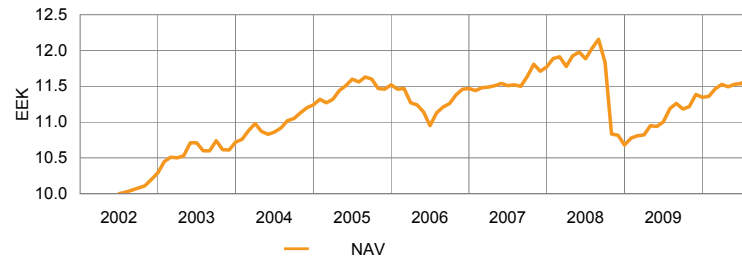
Benchmark: EPI100

Weighted average rating: A
 Weighted average modified duration, years: 1.8

Statistics (computed over 3 years)

Standard Deviation: 5.9%

Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	2.3%	0.6%	1.0%	3.7%	0.7%	0.4%	16.1%
Annualized				3.7%	0.2%	0.1%	1.9%

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

Manager Commentary

As the half-year has passed, the major global equity markets and riskier bond markets have rebounded strongly. This was partly a correction to the negative May and June. Fundamentally the markets have been supported by better than expected economic indicators (particularly in the euro area) and the publication of the European banking sector stress test results. The largest growth in the fund's portfolio has been shown by 10-year bonds of the investment banks Goldman Sachs and Morgan Stanley, with monthly yields up to 5%.

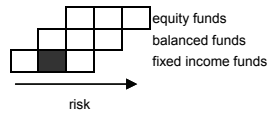
The fiscal policy stimuli will be gradually phased out in most major economies. At the same time, the recovery of the global economy will still be slow. Therefore, we think that the major central banks will keep the base interest rates at record lows also in the near future. This in turn will support our large positions in short-term euro area government bonds, the interest rates of which are not expected to rise in the near future.

Swedbank Pension Fund K1 performance in July was +0.6% with YTD performance of +2.3%.

The fund's currency positions have been affected most in July by the adoption of the final decision on the exchange rate of the Estonian kroon and the euro upon Estonia's accession to the euro area. By taking Estonian kroon positions against the euro through derivative deals, the fund has earned almost 6 million kroons during its history.

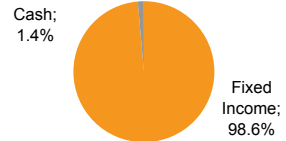
The value of the Fund's unit can either grow or decrease in time. The current return of the Fund shall not guarantee the same return in the future. Funds investing in foreign markets are vulnerable to monetary movements, which may lead to a growth or decrease of the net asset value of the Fund's unit. 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

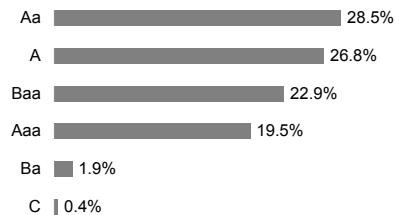


Higher expected yield is accompanied by higher risk

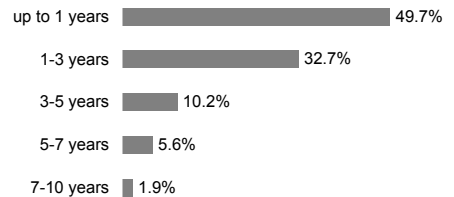
Portfolio by instruments



Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Largest investments

Bonds	Weight
Bluebay Inv Grade Bond Fund	8.6%
Germany 3.5% 12.04.2013	7.9%
France 4.5% 12.07.2012	7.8%
Italy 2% 15.12.2012	6.7%
Lithuania EEK 07.07.2011	6.6%
Deposiit - Swedbank (EEK)	5.0%
Spain 2.75% 30.04.2012	4.6%
Lithuania EEK 14.10.2010	3.3%
Deposiit - DnB Nord (EEK)	2.9%
Netherlands 5% 15.07.2011	2.8%