

# Swedbank Pension Fund K1 (Conservative Strategy)

August 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

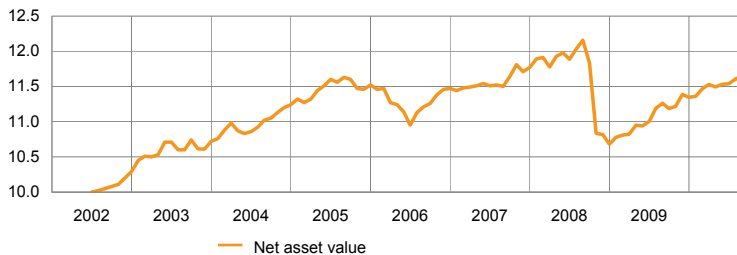
Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Kristjan Tamla
Contact	Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Inception	2002
Net Asset Value (NAV)	11.65 EEK
Net Assets	398 833 450 EEK

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%
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## Fund performance



	YTD	1 month	3 months	1 year	3 years	5 years	Inception
Performance	2.7%	0.4%	1.1%	3.5%	1.3%	0.2%	16.3%
Annualized				3.5%	0.4%	0.0%	1.9%

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

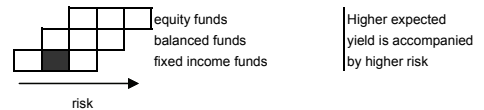
## Manager Commentary

Fears about sustainability of global recovery increased again in the global financial markets in August. Investors started to speculate with increasing determination that after phasing out the fiscal stimuli the major economies (primarily the US) would enter into recession again in the last months of the year. As a result, assets in the financial markets were extensively shifted into less risky instruments. The interest rates of German and US 10-year government bonds fell by 60 bps, to 2.1% and 2.5% respectively. The best performances in the portfolio of the fund were shown by the longer-term bonds of investment banks Morgan Stanley and Goldman Sachs.

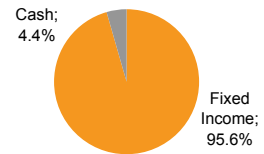
Swedbank Pension Fund K1 performance in August was +0.4%, with YTD performance of +2.7%. Looking forward, our view is that the economic growth in large economies will slow down towards the end of the year, but a new recession can be avoided. Monetary policy continues to support economic growth in almost all regions, business inventories have not increased dangerously and the economies of emerging countries continue to grow. By today the interest rate of 10-year German government bond has fallen to the lowest level since 1970s. If global recession can be avoided, we see no further room for lowering of interest rates of government bonds of many developed countries in the medium term. Therefore, we continue to keep a large part of the portfolio today in 1-3 year bonds of euro area governments and in corporate bonds of high credit rating.

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.

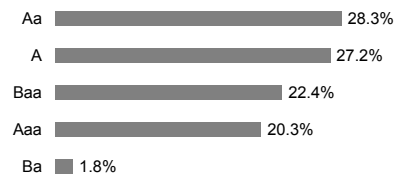
## Risk level



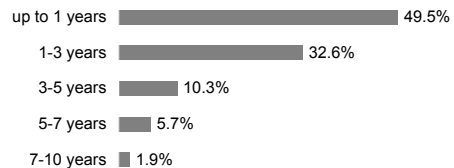
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Portfolio by currencies



## Largest investments

Bonds	Weight
Bluebay Inv Grade Bond Fund	8.8%
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%
Depositiit - Swedbank (EEK)	5.0%
Spain 2.75% 30.04.2012	4.5%
Netherlands 5% 15.07.2011	3.6%
Lithuania EEK 14.10.2010	3.2%
Goldman Sachs EUR 5.125% 23.10.2019	2.5%