

Swedbank Pension Fund K1 (Conservative Strategy)

December 31, 2010

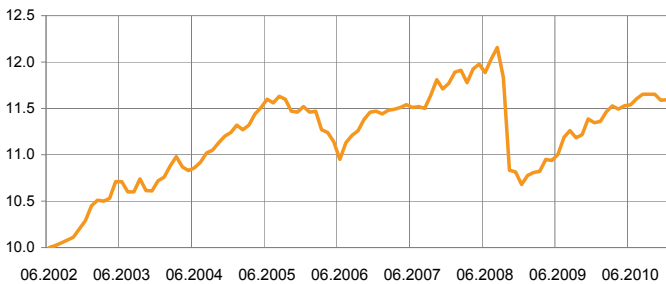
Investment Principles

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	Katrin Rahe
Contact	Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Inception	2002
Net Asset Value (NAV)	11.59 EEK
Net Assets	397 737 500 EEK
Management Fee per annum	1.19%
Subscription Fee	0.0%
Redemption Fee	1.0%
Weighted average rating	A
Weighted average modified duration, years	1.9
Standard deviation (computed over 3 years)	5.8%

Fund performance*



— Net Asset Value (NAV)

	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	2.2%	0.1%	-0.5%	2.2%	8.6%	-1.5%	0.6%	15.7%
Annualized				2.2%	4.2%	-0.5%	0.1%	1.7%

	2003	2004	2005	2006	2007	2008	2009	2010
Performance*	4.2%	4.9%	2.5%	-0.4%	2.6%	-9.3%	6.2%	2.2%

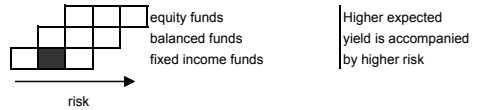
Manager Commentary

Swedbank Pension Fund K1 return in December was 0.1% with YTD performance of 2.2%. The international bond markets were under selling pressure in the last month of 2010. The main driving force behind it was the decision made in the US to extend the existing, relatively easy taxation policy. This in its turn will result in a need to increase the offer of bonds, while the expected effect of the policy on economic recovery will raise longer-term inflation expectations. Thus, the steepening of the yield curve caused by the rising longer-term yields that we have seen since the beginning of the fourth quarter continued in the fixed income markets of developed countries. For example, the 10-year German government bond yield increased by 30bp over the month, while the 2-year bond yield remained practically unchanged. Money flowed mainly to the equity markets. Credit premiums lowered slightly during the month. The problems related to the fiscal sustainability in the European peripheral countries were out of the investors' focus in December.

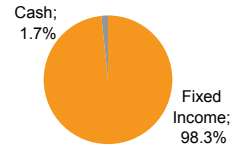
The fund held up fairly well in the falling market as the interest risk exposure in the fund's portfolio had been reduced.

The improving business cycle of the developed countries is gradually reaching the labour markets of these countries as well. This should exert additional pressure on the longer-term government bonds. Therefore, we still prefer relatively low interest risk and prevailing short-term bonds.

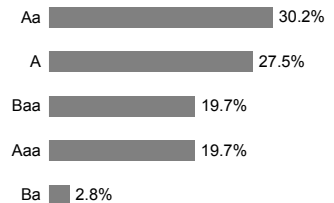
Risk level



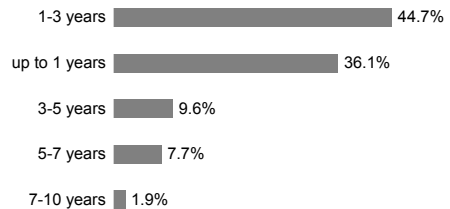
Portfolio by instruments



Portfolio by ratings



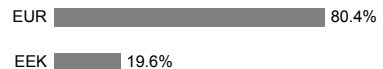
Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

Bonds	Weight
Belgium 2% 28.03.2012	9.2%
Bluebay Inv Grade Bond Fund	8.7%
France 4.5% 12.07.2012	8.7%
Germany 3.5% 12.04.2013	7.8%
Lithuania EEK 0% 07.07.2011	6.7%
Deposiit - Swedbank (EUR)	5.1%
Italy 2% 15.12.2012	3.9%
Greece 4.3% 20.03.2012	2.8%
Deposiit - Sampo Pank (EUR)	2.6%
Deposiit - Sampo Pank (EEK)	2.5%

* The value of fund units may rise or fall over time. The fund's historical performance does not promise or offer any indications regarding future performance. Investments in foreign markets are sensitive to changes in foreign currency exchange rates, which may cause a rise or a fall in the net value of the fund unit.

Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.