

# Swedbank Pension Fund K1 (Conservative Strategy)

March 31, 2011

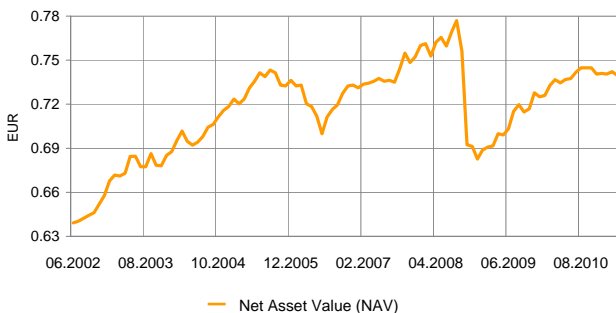
## Investment Principles

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)	0.73972 EUR
Net Assets	24 918 149 EUR
Management Fee per annum	1.19%
Subscription Fee	0.0%
Redemption Fee	1.0%
Weighted average rating	A
Weighted average modified duration, years	3.1
Standard deviation (computed over 3 years)	5.7%

## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-0.2%	-0.3%	-0.2%	0.4%	7.0%	-1.7%	2.7%	15.5%
Annualized*				0.4%	3.4%	-0.6%	0.5%	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 returned -0.3% in March with YTD performance of -0.2%. March was a turbulent month for the financial markets. While the earthquake and subsequent accidents in a nuclear power station in Japan had mainly influence on the equity markets and temporarily added volatility to the bond markets. The eurozone bond markets were struggling at the beginning of the month because the European Central Bank indicated possibility of near-term interest rate hikes. Markets had expected rise in the interest rates in the second half of the year.

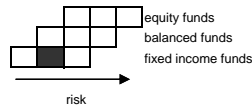
Therefore returns in the eurozone bond markets were in a negative territory. German government bond yields increased across all maturities with short-term bonds underperforming (yields increasing by +27bp for 2yr bond and by +18bp for 10yr bond). The ECB communicated their intention to raise the Bank's refinancing rate in April in order to contain inflation from rising further. Although the risk aversion resulting from Japan's earthquake had forced the interest rates to lower levels at first then by end of the month selling pressure gained momentum and interest rate rises were further priced in to the markets. credit premiums for the euro investment grade bonds declined and bonds outperformed government debt. Further segmentation continued within the euro government bonds – cost of financing for problematic euro periphery continued to rise compared to the core eurozone. Fund's portfolio was immune to this as in first quarter we had exposure in the investment grade credit instead of problematic euro periphery.

Outlook for the interest rate markets is pessimistic as due to gradually increasing global inflationary pressure changes in central banks' monetary policies are expected. For the first time the ECB changed its official monetary policy's outlook earlier than the Federal Reserve or the UK MPC.

\* 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.

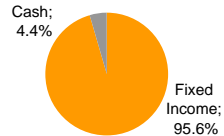
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

## Risk level

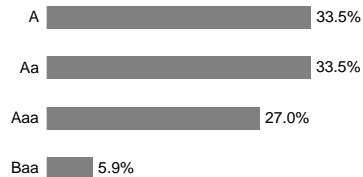


Higher expected yield is accompanied by higher risk

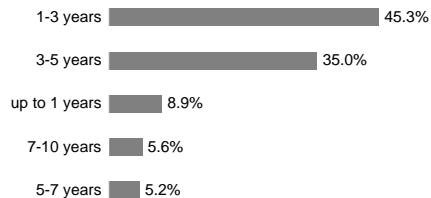
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Portfolio by currencies



## Largest investments

Bonds	Weight
France 2.5% 12.01.2014	4.9%
France 3.75% 12.01.2013	4.2%
France 3% 12.07.2014	4.2%
Italy 3.75% 15.12.2013	4.1%
Italy 3.5% 01.06.2014	4.1%
France 2.5% 15.01.2015	4.0%
Italy 3% 15.04.2015	4.0%
Credit Suisse EUR 6.125% 05.08.2013	2.8%
France 4.5% 12.07.2013	2.5%
Roche Holdings 4.625% EUR 04.03.2013	2.5%