

Swedbank Pension Fund K1 (Conservative Strategy)

May 31, 2011

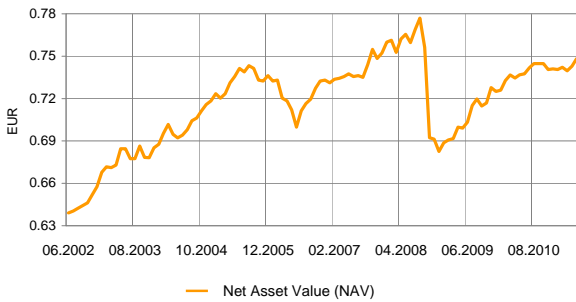
Investment Principles

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) | 0.74832 EUR |
| Net Assets | 25 349 965 EUR |
| Management Fee per annum | 1.19% |
| Subscription Fee | 0.0% |
| Redemption Fee | 1.0% |
| Weighted average rating | A |
| Weighted average modified duration, years | 3.0 |
| 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* | 1.0% | 0.7% | 0.8% | 1.6% | 7.0% | -2.2% | 5.1% | 16.9% |
| Annualized | | | | 1.6% | 3.5% | -0.8% | 1.0% | 1.8% |

| | 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

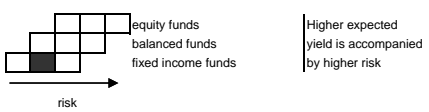
Swedbank Pension Fund K1 returned 0.7% in May with YTD performance of 1.0%. In May, the performance of financial markets was affected, on the one hand, by developments in Greece re-emerging strongly and, on the other hand, by warning signals on the possible slowdown of the US economic growth. The former mostly affected the investors' risk appetite, its decrease vividly resulting in a generally negative month on equity markets and buying pressure in the core eurozone fixed income markets despite relatively unattractive interest rate levels. The euro currency weakened by 2.8%. However, the overseas newsfeed should rather have a supporting impact on the euro in the future since the monetary policies of two major economic zones – USA and eurozone – are increasingly growing out of sync, whereas the former continues to incline towards an expansive policy and the latter towards a tightening policy, referring to threatening inflation pressure. Yet, in the last month, the expectations of the markets with regard to a base rate increase in eurozone became considerably more reserved.

Although the interest rates of fixed income markets, adjusted for inflation expectations, are fundamentally too low and the expected real return will be negative, the interest rates in the main fixed income markets of the eurozone were declining all over the yield curve (Germany 2 yrs as well as 10 yrs -22bp). The risk premiums of investment-grade corporate bonds were largely unchanged and yielded +0.9% on the average. German bonds outperformed credit markets as a result of the flight-to-quality cash flows caused by the uncertainty in relation to Greece. The eurozone is undergoing further desegmentation; in between the core markets and extremely problematic peripheral countries a middle class – Italy, Spain and Belgium – has emerged. In May, the risk premiums of the latter were only slightly affected compared to clearly problematic countries.

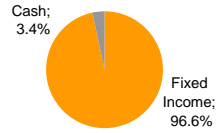
In our interest rates market preview, we still expect rates to increase and the yield curve to flatten. At the same time, we believe that a significant increase in risk premiums (except the problematic peripheral countries of the eurozone, which developments have become quite unpredictable) is not very likely at the moment.

* 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.

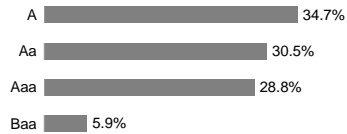
Risk level



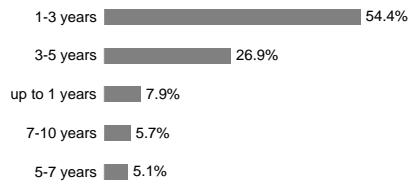
Portfolio by instruments



Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

| Bonds | Weight |
|--------------------------------------|--------|
| France 4.5% 12.07.2013 | 6.0% |
| France 2.5% 12.01.2014 | 4.8% |
| France 3% 12.07.2014 | 4.1% |
| France 3.75% 12.01.2013 | 4.1% |
| Italy 3.75% 15.12.2013 | 4.1% |
| Italy 3.5% 01.06.2014 | 4.0% |
| France 2.5% 15.01.2015 | 4.0% |
| Italy 3% 15.04.2015 | 3.9% |
| Credit Suisse EUR 6.125% 05.08.2013 | 2.8% |
| Roche Holdings 4.625% EUR 04.03.2013 | 2.5% |