

# Swedbank Pension Fund K1 (Conservative Strategy)

June 30, 2011

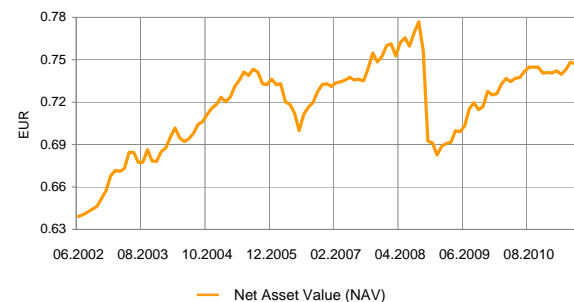
## Investment Principles

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)	0.74721 EUR
Net Assets	25 394 244 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*	0.8%	-0.1%	1.0%	1.3%	6.2%	-1.6%	6.8%	16.9%
Annualized				1.3%	3.1%	-0.5%	1.3%	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 -0.1% in June with YTD performance of 0.8%. The sentiment on the financial markets was nervous in June, which is not characteristic of summer. The markets were kept turbulent both by continuingly unresolved Greek debt crisis and the slowdown of global economic growth. The former had a strong impact on the investors' risk appetite and induced the flight-to-quality flows (e.g. into German government bonds). The month ended in a positive mood, however, with the Greek parliament showing trust in the government and approving the new austerity measures. Major French and German banks also helped to take a step closer to the agreement on private sector participation in the new rescue package. Thus, there are no more direct obstacles to the granting of further financial aid to Greece by the so-called troika (the ECB, the European Commission and the IMF). The economic growth outlook was weakened by the unexpected rise in US unemployment, although some relief was brought by the fall in oil price in last few months and the US ISM index which rebounded at the end of the month.

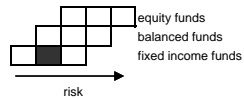
The dynamics of fixed income markets was mixed – the rise in the core eurozone bond markets evident from mid-April continued initially, but at the end of the month the riskier asset classes, equities and high-yield bonds, became more attractive for investors. The returns of sovereign bonds were still in the positive territory. The credit premiums of euro area peripheral government debt and corporate bonds increased quite significantly due to the events in Greece and came down only somewhat.

We expect a similar trend (rising sovereign debt yields and a weakness on credit markets) to continue also in the near future, because the problems of the countries at the periphery of the euro area are not over yet and the potentially poor economic data may have a negative effect on the risk appetite. The decrease in the volume of bond issues in recent weeks is positive for the credit asset class. The bonds of the European financial sector will probably also be supported by the results of the banks' stress tests to be published by the European Banking Authority in August, which may bring about a need to attract new capital for banks and thereby strengthen the position of bondholders.

\* 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.

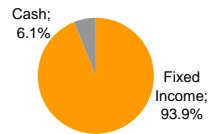
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

## Risk level

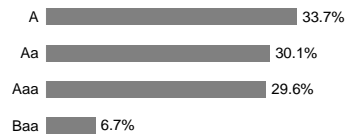


Higher expected yield is accompanied by higher risk

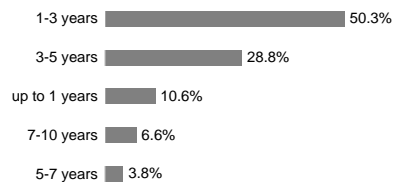
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



## Portfolio by regions



## Portfolio by currencies



## Largest investments

Bonds	Weight
France 4.5% 12.07.2013	6.0%
France 2.5% 12.01.2014	4.8%
France 3% 12.07.2014	4.2%
France 3.75% 12.01.2013	4.1%
France 2.5% 15.01.2015	4.0%
Italy 3.75% 15.12.2013	4.0%
Italy 3.5% 01.06.2014	3.9%
Italy 3% 15.04.2015	3.8%
Credit Suisse EUR 6.125% 05.08.2013	2.8%
Deposit - DnB Nord (EUR)	2.4%