

Swedbank Pension Fund K1 (Conservative Strategy)

July 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

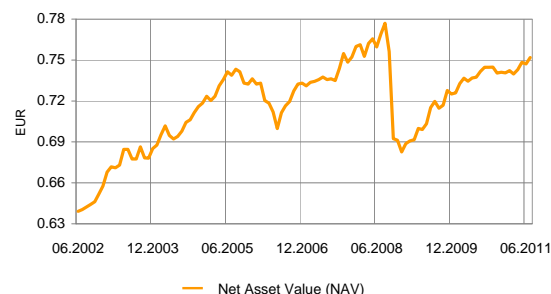
Net Asset Value (NAV): 0.74721 EUR
Net Assets: 25 712 672 EUR

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*	1.5%	0.6%	1.2%	1.4%	5.1%	-2.2%	5.7%	17.6%
Annualized				1.4%	2.5%	-0.7%	1.1%	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 0.6% in July with YTD performance of 1.5%. The financial markets remained highly anxious in July. The mood in the first twenty days of the month was dominated by the simmering crisis in Greece/the Eurozone, which was temporarily mitigated by the measures for managing the debt crisis adopted by the leaders of the Eurozone. However, the fleeting optimism disappeared by the end of the month and the cash flows once again moved to the core bond markets of the Eurozone (Germany, France), leading to an increase in the credit premiums of Italy and Spain. The overall pessimism on the market increased due to the threat that the US Government might exceed its effective debt limit by 2 August and negotiations about a new limit might fail. Fortunately, these fears proved to be premature.

Although the ECB increased basic interest rates by 25 bp at the start of July, the month as a whole was very positive for core bond markets of the Eurozone. Interest rates in Germany dropped to the extent of approximately 50 bp for all terms. The risk premiums of both investment grade and lower quality corporate bonds suffered alongside the increase in the credit premiums of the countries struggling in debt crises, but the large decrease in basic interest rates meant that the month ended on the plus side for the investment grade corporate asset class (+1.5%).

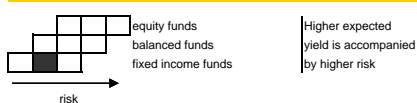
In the fund portfolio, we held more assets in the current account because of the volatile situation. Italian bond interest rates continued to go up, which increased the investors' fears that high interest rates themselves reduce Italy's ability to service its debts. However, there are also technical factors behind the increase in these interest rates – many investors previously kept positions in Italian assets that were larger than the benchmarks, but these days they are reducing their positions. We believe it that various European institutions (ECB, EFSF) will probably interfere with the bond markets to stabilise the situation if things kept getting worse.

In our preview, we closely monitor the developments in the Eurozone, as in addition to the credit problems of peripheral countries the developments also have an impact on the interest investors have in the asset class of corporate bonds and in taking risks in general.

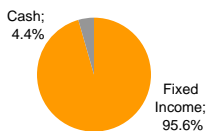
* The value of fund units may rise or fall over time. The fund's historical performance does not promise or offer any indications regarding future performance. Investments in foreign markets are sensitive to changes in foreign currency exchange rates, which may cause a rise or a fall in the net value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

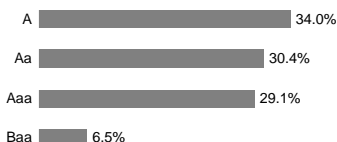
Risk level



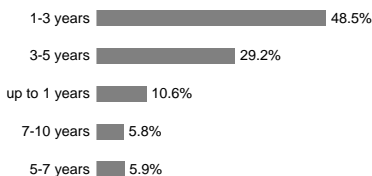
Portfolio by instruments



Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

Bonds	Weight
France 4.5% 12.07.2013	5.7%
France 2.5% 12.01.2014	4.8%
France 3.75% 12.01.2013	4.1%
France 3% 12.07.2014	4.0%
France 2.5% 15.01.2015	4.0%
Italy 3.75% 15.12.2013	3.8%
Italy 3.5% 01.06.2014	3.8%
Italy 3% 15.04.2015	3.7%
Roche EUR 4.625% 04.03.2013	2.5%
Credit Suisse EUR 6.125% 05.08.2013	2.4%