

# Swedbank Pension Fund K1 (Conservative Strategy)

October 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

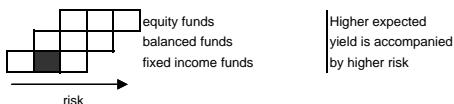
Net Asset Value (NAV): 0.75481 EUR  
 Net Assets: 26 058 443 EUR

Management Fee per annum: 1.19%  
 Subscription Fee: 0.0%  
 Redemption Fee: 1.0%

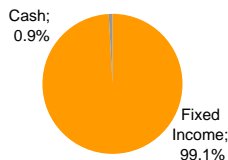
Weighted average rating: A  
 Weighted average modified duration, years: 3.1

Standard deviation (computed over 3 years): 2.0%

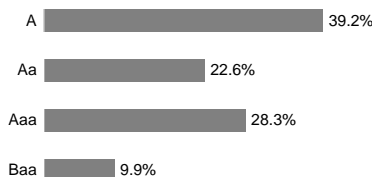
## Risk level



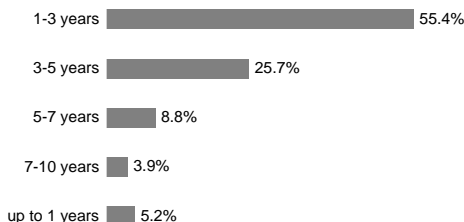
## Portfolio by instruments



## Portfolio by ratings



## Portfolio by modified duration



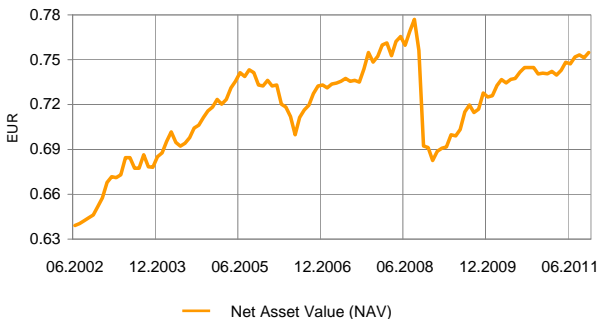
## Portfolio by regions



## Portfolio by currencies



## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	1.9%	0.5%	0.4%	1.4%	5.3%	9.0%	3.8%	18.1%
Annualized				1.4%	2.6%	2.9%	0.7%	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 0.5% in October with YTD performance of 1.9%. October was filled with expectations for the financial markets. The markets had been in risk-off mode for long enough (3 months) by the start of the month to make it likely that the probability of a relief rally on the equity markets would cross the critical line and safer asset classes would appear under selling pressure. The new eurozone crisis plan and the aid package for Greece were also eagerly awaited. Macro indicators in most regions were stronger than the analysts expected, which reduced the fear of a new global recession. Also, US companies demonstrated a strong increase in earnings that also exceeded expectations. The new crisis plan states that the financial leverage of the European Financial Stability Facility must be increased, and the share of the private sector in the aid package for Greece must also increase – creditors must accept repayments that are 50% reduced instead of the 21% stated in July. It was also decided that the capitalization of banks must be strengthened. Equity markets took the news very positively at first, but irrespective of the positive surprises in global macro indicators over recent weeks, it is still likely that a slowdown in growth will continue, especially in Europe. It is also likely that the eurozone crisis plan will be unable to calm down the markets for good, because the main problem – the low competitiveness of peripheral countries when compared to Germany – has still not been solved. Although the long term outlook for credit bonds is positive in our opinion, we can still see the risk margins expanding somewhat in the shorter term.

## Largest investments

Bonds	Weight
France 2.5% 12.01.2014	5.3%
Credit Suisse EUR 6.125% 05.08.2013	4.5%
France 3% 12.07.2014	4.3%
France 4.5% 12.07.2013	4.3%
Roche EUR 4.625% 04.03.2013	3.7%
France 2% 12.07.2015	3.7%
Germany 2.25% 10.04.2015	3.4%
Italy 3.75% 15.12.2013	3.4%
Germany 2.25% 11.04.2014	3.4%
Italy 3% 15.04.2015	3.3%

\* 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.