

Swedbank Pension Fund K1 (Conservative Strategy)

January 31, 2012

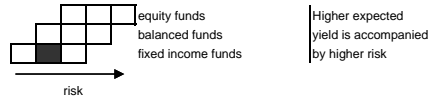
Investment Principles

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.

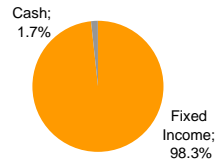
General information

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)	0.76573 EUR
Net Assets	30 001 935 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)	2.5%

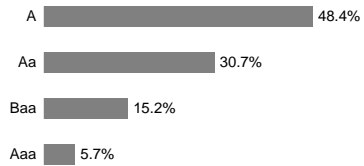
Risk level



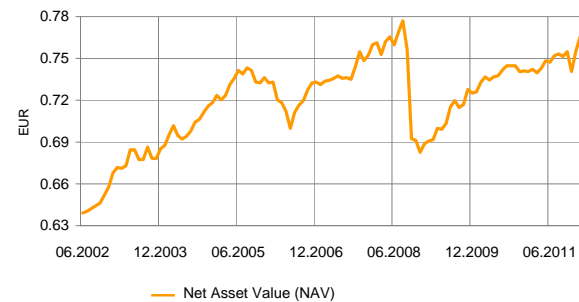
Portfolio by instruments



Portfolio by ratings



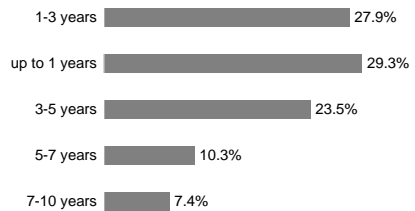
Fund performance*



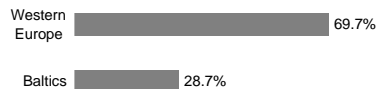
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	1.4%	1.4%	1.4%	3.4%	5.5%	11.2%	4.7%	19.8%
Annualized				3.4%	2.7%	3.6%	0.9%	1.9%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	4.9%	2.5%	-0.4%	2.6%	-9.3%	6.2%	2.2%	1.9%

Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Manager Commentary

Swedbank Pension Fund K1 returned 1.4% in January 2012. The new year started positively on the financial markets, which alongside the calmer period in December made a crack in the pattern of quickly altering hope and despair of last year. Many market participants saw the eurozone starting to move in the right direction, which means that the biggest increase was provided by the asset classes that had been shunned by investors in 2011. Although Greece reminded the markets that many important problems need to be resolved this year to avoid the country being "forced" to leave the eurozone, investors still decided to focus on the positive developments in the countries that are more important from the economic point of view, namely Italy and Spain. As a result, the credit premium of the 10-yr Italian bond has decreased by 111 bp from the record level at the start of the year. Decreased interest expenses improve the chances that these countries will conquer their budget deficits and debt problems. An important reason behind the decrease in bond interest rates are the 3-year loans issued by the European Central Bank to banks, which will probably be used to an even larger extent in the end of February. The economic growth of the eurozone provided another positive surprise – leading indicators of the industrial sector as well as the health of the service sector demonstrated signs of improvement. Economic activity showed signs of improvement also in other regions, including the US and China.

Bond markets benefited from the increased risk appetite mood. Whilst the interest rates of the core eurozone bond markets remained broadly unchanged, the risk premiums of the sovereign bonds of peripheral countries as well as of investment grade and high-yield corporate bonds decreased considerably in the month. We increased the share of deposits with Estonian credit institutions in the fund portfolio and reduced the weight of eurozone sovereign bonds. We also added an extra credit rating restriction on the latter.

Looking forward, we prefer asset classes of higher income potential in our bond portfolios, but we are cautious about the excessively fast narrowing of risk margins. However, the price levels remain favorable and the general sentiment shows more support to riskier assets.

* 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.