

Swedbank Pension Fund K1 (Conservative Strategy)

February 29, 2012

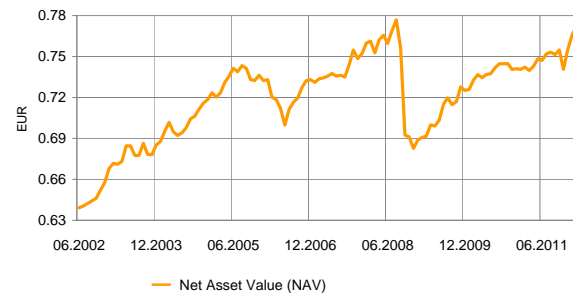
Investment Principles

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)	0.77231 EUR
Net Assets	30 381 177 EUR
Management Fee per annum	1.19%
Subscription Fee	0.0%
Redemption Fee	1.0%
Weighted average rating	A
Weighted average modified duration, years	3.2
Standard deviation (computed over 3 years)	2.5%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	2.3%	0.9%	4.3%	4.1%	5.4%	11.8%	5.3%	20.8%
Annualized				4.1%	2.7%	3.8%	1.0%	2.0%

	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%

Manager Commentary

Swedbank Pension Fund K1 returned 0.9% in February with YTD performance of 2.3%. Positive and risk-friendly sentiment continued on the financial markets in February – the buy-side interest on the bond markets persisted regardless of two consecutive months of gains on equity markets after almost a year. On the positive side for the market participants were the agreement on the new aid package for Greece and the stronger than feared economic growth prospects in the US. Rather on the negative side was the rising oil price which reached the record levels in connection with the nuclear project in Iran.

Among the encouraging signs in the US were a sudden improvement in consumer confidence indicators and very strong employment data. Yet, the activity indicators of the services and industrial sectors in Europe did not meet the expectations; the activity in the services sector was especially weak. The so-called two-speed Europe – Germany and France with a considerably stronger economy and much weaker Spain and Italy – became once again visible. At the end of the month the European Central Bank (ECB) issued the second round of low-interest three-year loans to banks, which together with the money injected in December totalled more than 1 billion euros. Compared to December (523 banks) the current loan operation also reached small banks – almost 800 banks took advantage of the inexpensive refinancing facility. It is a very strong measure for stabilisation of the interbank lending market, which at least in the meantime seems to serve its turn.

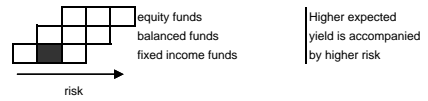
Bond markets saw the continuing interest for credit products of both higher and lower quality, which still offer relatively attractive interest rates. The risk premiums of these fell considerably over the month. At the same time it did not result in real-money outflows from the safe haven assets – the rates of German bonds across different maturities remained almost unchanged. It can be concluded that new money is flowing into the financial markets and that the banks have used the money injected by the ECB also for the acquisition of Italian and Spanish bonds. The euro-denominated sovereign bonds of emerging markets gained 3.3% on average over the month.

Looking forward we maintain a positive view on the credit instruments. Although risk premiums have significantly fallen in comparison with the record levels in November, the valuations are still very attractive when compared to the risk-free asset class. This view is also supported by significantly improved liquidity on the banks' bonds markets.

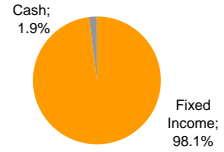
* The value of fund units may rise or fall over time. The fund's historical performance does not promise or offer any indications regarding future performance. Investments in foreign markets are sensitive to changes in foreign currency exchange rates, which may cause a rise or a fall in the net value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

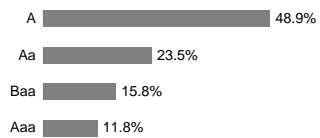
Risk level



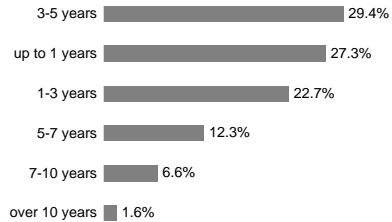
Portfolio by instruments



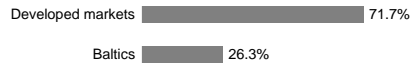
Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

Portfolio	Weight
iShares € Corporate Bond Fund	8.4%
iShares Barclays Euro Corp Bond Fund	3.7%
Rabobank EUR 4.375% 22.01.2014	3.0%
Deposiit - Swedbank (EUR)	2.7%
Roche Holdings EUR 5.625% 04.03.2016	2.4%
Barclays Bank EUR 5.25% 27.05.2014	2.3%
Deposiit - Swedbank (EUR)	2.1%
Deposiit - Swedbank (EUR)	2.1%
Deposiit - Swedbank (EUR)	2.1%
Deposiit - DnB Nord (EUR)	2.1%