

Swedbank Pension Fund K1 (Conservative Strategy)

March 31, 2012

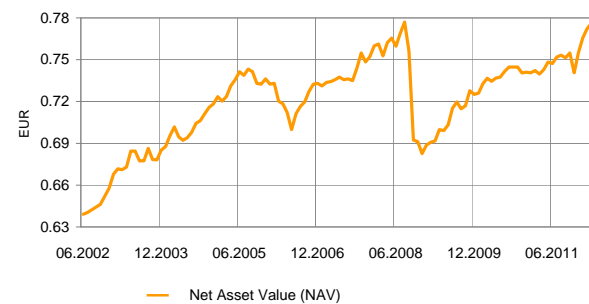
Investment Principles

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)	0.77623 EUR
Net Assets	30 628 037 EUR
Management Fee per annum	1.19%
Subscription Fee	0.0%
Redemption Fee	1.0%
Weighted average rating	A
Weighted average modified duration, years	3.3
Standard deviation (computed over 3 years)	2.5%

Fund performance*



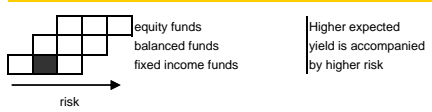
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	2.8%	0.5%	2.8%	4.9%	5.4%	12.2%	5.7%	21.5%
Annualized				4.9%	2.6%	3.9%	1.1%	2.0%

	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%

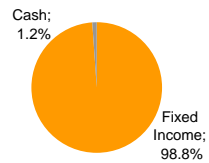
Manager Commentary

Swedbank Pension Fund K1 returned 0.5% in March with YTD performance of 2.8%. The mood on the financial markets changed a few times in March – the month started and ended negatively for risky assets, but the middle of the month was positive. The markets were once again concerned about the slowing global economic developments and rather surprisingly, the country at the centre of these concerns was China after generating some negative news. The other emerging markets gave no positive surprises either. The debt crisis in the eurozone, however, left the focus of the markets. The second injection of money by the ECB to European banks in the end of February certainly helped to dispel fears of the crisis expanding. The impact of the added liquidity can be seen directly in the dynamics of the 6 month Euribor. It moved from 1.28% to 1.08% in March, although the ECB did not change the level of base rates nor refer to possible reduction of those in the future. It is worth mentioning that with its interest rate decision, the Central Bank also predicted that inflation in the eurozone is likely to remain above 2% for some time. A vision like this would usually mean an immediate policy tightening or at least a mention of such a possibility. However, the deciding factor right now is the worrying outlook of economic growth, even if regulating the economic growth does not exactly belong among the monetary policy targets of the ECB. Fixed income markets remained rather calm during the month and risk-free interest rates (Germany) remained almost unchanged across different maturities. The increase in the risk premium of Spain stood out the most in the interest rate dynamics of the eurozone – the country is moving into the centre of negative news with its extremely high unemployment rate (23%), a budget deficit that is bigger than expected, and the almost 6% long-term interest rate, which may become a big burden for the government. The prices of investment grade corporate bonds increased about 1% 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, and corporate bonds of the eurozone are both directly and indirectly supported by the liquidity on the banks' bond market that improved as a result of the two injections of money by the ECB.

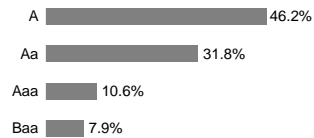
Risk level



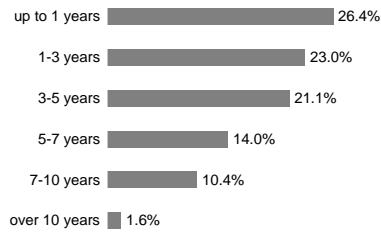
Portfolio by instruments



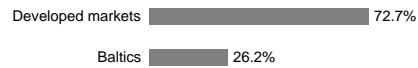
Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

Portfolio	Weight
iShares € Corporate Bond Fund	3.5%
Roche Holdings EUR 5.625% 04.03.2016	2.7%
Deposit - Swedbank (EUR)	2.6%
Rabobank EUR 3.875% 20.04.2016	2.5%
Shell International Finance EUR 4.375% 14.05.2011	2.4%
Enel Finance EUR 5% 14.09.2022	2.2%
DaimlerChrysler Corp EUR 7.875% 16.01.2014	2.2%
Deposit - Swedbank (EUR)	2.1%
Deposit - Swedbank (EUR)	2.0%
Deposit - Swedbank (EUR)	2.0%

* 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.