

# Swedbank Pension Fund K1 (Conservative Strategy)

April 30, 2012

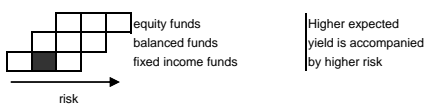
## Investment Principles

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.

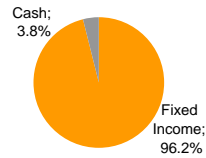
## General information

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)	0.77796 EUR
Net Assets	30 834 604 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%

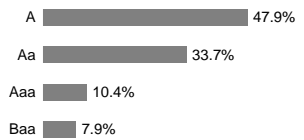
## Risk level



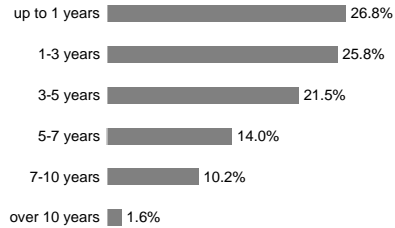
## Portfolio by instruments



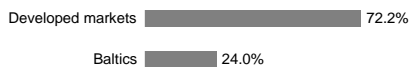
## Portfolio by ratings



## Portfolio by modified duration



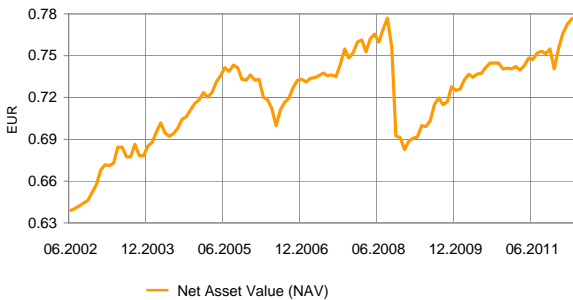
## Portfolio by regions



## Portfolio by currencies



## Fund performance\*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	3.0%	0.2%	1.6%	4.7%	5.9%	11.2%	5.8%	21.7%
Annualized				4.7%	2.9%	3.6%	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 0.2% in April with YTD performance of 3.0%. The focus of financial markets returned to Europe in April – the pre-election periods in France and Greece, the resignation of the government in the Netherlands and the incapability of Spain in achieving its budgetary goals together with indicators suggesting economic slowdown in the euro area, didn't add any optimism. Economic growth in the eurozone periphery was weaker than expected and some leading indicators suggested that growth might be slowing down also in Germany and France. François Hollande, the frontrunner in French elections, has promised to review the recent fiscal agreement of the euro area, and it is likely that the current coalition in Greece, which supports austerity measures, will lose seats in the parliament and the country's ability to carry out reforms will weaken. Economic indicators were disappointing elsewhere as well – the activity of the industrial sector in China decreased for the sixth month in a row and the GDP growth of the US in the first quarter was weaker than expected. However, consumers in the US are surprisingly optimistic despite the high unemployment rate and fuel prices.

In the bond portfolio positive returns were posted by the risk-free asset class – the interest rates of German bonds decreased about 13 basis points across different maturities. The risk premiums of Dutch bonds only suffered a mild shock over a few days as a result of the government crisis, but the risk premium of the 10-year bonds of Spain increased by 54 bp despite the successful auctions of government bonds. High-quality corporate bonds of the euro area ended the month in the positive territory (+0.2%). Although the ECB did not change the level of base interest rates, the 6-month Euribor decreased from 1.078% to 0.998%, which shows that confidence and liquidity conditions on the interbank money market are improving.

We remain positive on credit risk assets in fixed income markets and prefer the investment grade corporate bonds of the euro area. The interest rate level, which is considerably more attractive than the interest rates of risk-free bonds, and high liquidity on the markets favour this asset class. The balance sheets of companies are predominantly strong and their insolvency rates are low. The aggravation of the debt crisis in Europe remains the main risk for the credit asset class.

## Largest investments

Portfolio	Weight
iShares € Corporate Bond Fund	3.5%
Roche Holdings EUR 5.625% 04.03.2016	2.7%
Deposiit - Swedbank (EUR)	2.6%
Shell International Finance EUR 4.375% 14.05.2011	2.4%
Rabobank EUR 3.875% 20.04.2016	2.4%
DaimlerChrysler Corp EUR 7.875% 16.01.2014	2.2%
Enel Finance EUR 5% 14.09.2022	2.2%
Deposiit - Swedbank (EUR)	2.0%
Deposiit - Swedbank (EUR)	2.0%
Deposiit - 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](http://www.swedbank.ee/fondid) or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.