

Swedbank Pension Fund K1 (Conservative Strategy)

May 31, 2012

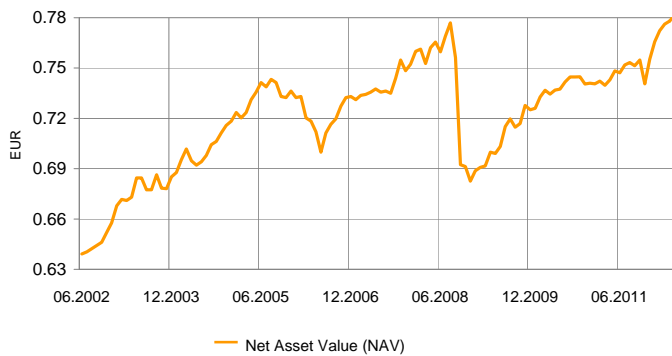
Investment Principles

Swedbank Pension Fund K1 (Conservative Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund is a long-term growth of the value of the Fund's assets by means of investing 100% of the assets in bonds, money market instruments, deposits, investment funds, which assets may be invested in the above securities and deposits, and other similar assets. The Fund invests neither in equities and immovables nor respective investment funds.

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)	0.78157 EUR
Net Assets	33 795 507 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)	2.4%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	3.5%	0.5%	1.2%	4.4%	6.1%	11.8%	6.0%	22.3%
Annualized				4.4%	3.0%	3.8%	1.2%	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

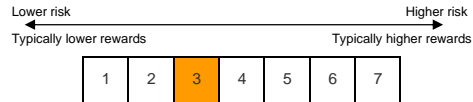
The yield of Swedbank's Pension Fund K1 was 0.5% in May and 3.5% since the start of the year. May was characterised by anxiety on the financial markets. Attention once again focussed on Greece, where the newly elected parliament failed to form a government despite repeated attempts and was therefore dissolved. It is not possible for a country that does not have a functioning government to receive support from international creditors and according to estimates, Greece's own financial resources will run out in about a month. The risks of Greece exiting euro and the ensuing financial shockwaves have grown noticeably, although we believe that an agreement with the so-called Troika is more likely. Leading indicators also refer to an economic slowdown in the eurozone as a whole. News about the US economy also tended to be negative during the month and the labour market statistics published in the beginning of May were clearly disappointing for investors. The investors loss of risk appetite was evident in bond portfolios primarily as the interest rates of German government bonds decreased across the yield curve. The biggest winners were bonds with longer maturities (10-year interest decreased 46 bp and 2-year interest 8 bp), but the main reason for curve flattening was that shorter maturities ended at the level of 0 or even in minuses by the end of the month, which means that they really have no more room to decrease. Negative interest levels indicate that investors are prepared to pay to ensure that the nominal value of their investments is preserved. Risk premiums increased in all categories of bonds – in the peripheral countries of the euro area, for investment grade and lower quality bonds. The risk premium of Spanish bonds rose to record levels during the month and speculations about the volume of recapitalisation needed for the country's banking sector continued.

Looking forward, we continue to consider the corporate credit asset class of the euro area more attractive than government securities. The interest rates of higher-rated government bonds have reached levels where room for further decrease is relatively limited whilst investment grade corporate bonds still offer an attractive risk-to-return ratio.

* 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.

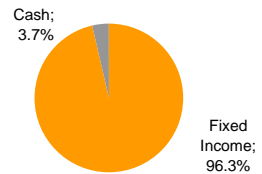
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

Risk level

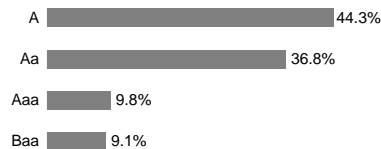


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

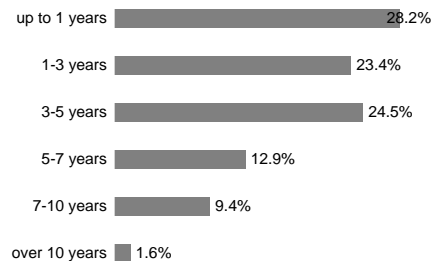
Portfolio by instruments



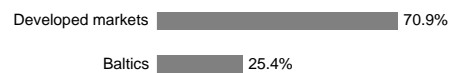
Portfolio by ratings



Portfolio by modified duration



Portfolio by regions



Portfolio by currencies



Largest investments

Portfolio	Weight
iShares € Corporate Bond Fund	8.1%
Roche Holdings EUR 5.625% 04.03.2016	2.5%
Depositi - Swedbank (EUR)	2.4%
Rabobank EUR 3.875% 20.04.2016	2.2%
Shell International Finance EUR 4.375% 14.05.2018	2.2%
DaimlerChrysler Corp EUR 7.875% 16.01.2014	2.0%
Enel Finance EUR 5% 14.09.2022	1.9%
Depositi - Swedbank (EUR)	1.9%
Depositi - Swedbank (EUR)	1.9%
Depositi - Swedbank (EUR)	1.9%