

Swedbank Pension Fund K1 (Conservative Strategy)

June 30, 2012

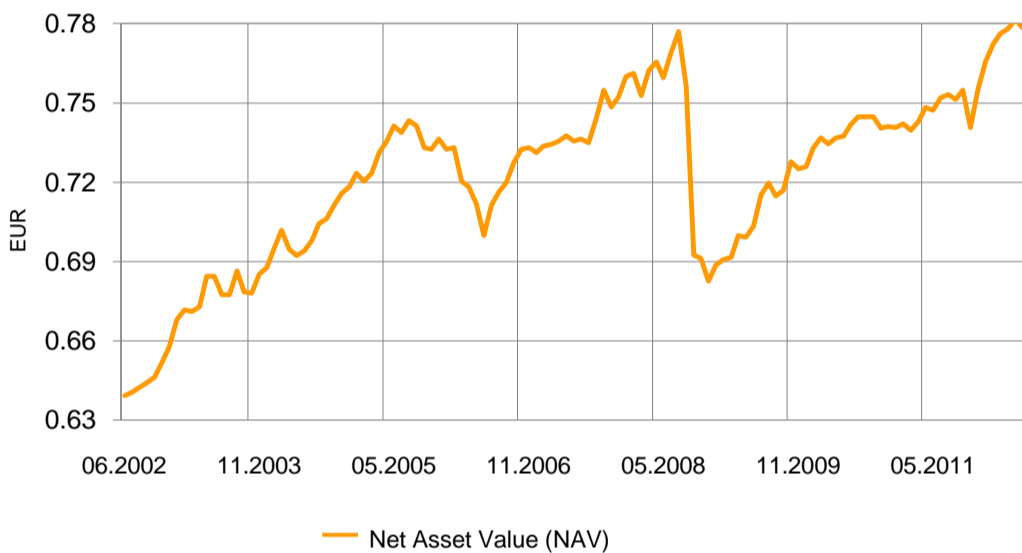
Investment Principles

Swedbank Pension Fund K1 (Conservative Strategy) is a contractual investment fund founded for providing mandatory funded pension. The objective of the Fund 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)	0.77820 EUR
Net Assets	33 800 560 EUR
Management Fee per annum	1.19%
Subscription Fee	0.0%
Redemption Fee	1.0%
Weighted average rating	A
Weighted average modified duration, years	3.4
Standard deviation (computed over 3 years)	2.4%

Fund performance*



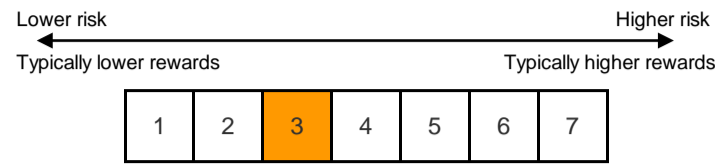
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	3.0%	-0.4%	0.3%	4.1%	5.5%	10.6%	5.8%	21.8%
Annualized				4.1%	2.7%	3.4%	1.1%	2.0%

	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

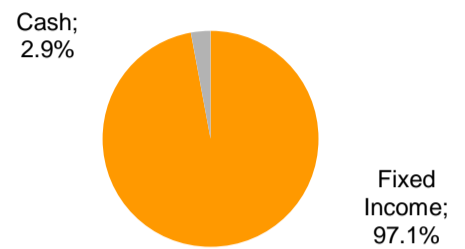
Swedbank's Pension Fund K1 returned -0.4% in June and 3.0% since the start of the year. June on the financial markets was anything but boring. The focus of the markets moved between the eurozone and the US. The eurozone was anxiously waiting for the results of the repeat Parliament elections in Greece on 17 June, and the mood that dominated the start of the month was low on optimism and predicted the possible breakdown of the eurozone within the same month. The relief from results that were slightly inclined towards the positive (i.e. that supported the preservation of the euro) proved to be short-lived, as it was quickly followed by concerns about the sustainability of the state and banking sector of Spain, and the pressure applied by the markets meant that the price at which the country can borrow money rose to its highest level since Spain joined the eurozone (the 10-year interest rate offered was 7.3%). The second half of June passed in expectation of the summit of eurozone leaders that was held in the end of the month, which everyone hoped would offer a solution to the region's torturous developments over a period of more than a year. As a brief summary of the meeting Italy and Spain were promised support measures to keep loan interest in check via a bond support programme without any additional budget discipline requirements (unlike Greece that was historically in the same position). In light of the deteriorated labour market news the US were expecting the Federal Reserve session to come out with a more aggressive message about the re-launch of the third round of quantitative easing. The market participants were in for a disappointment. On bond markets money moved out of risk-free asset classes – a trend that was led by longer terms (10-year yield +38 bp and 2-year yield +12 bp for German bonds). The risk premiums of both investment grade and lower quality bonds decreased. Only higher-yield bonds managed to demonstrate positive performance due to the increase in risk-free interest rate. However, the risk premiums of Italy and Spain did not show many signs of a relief rally in the end of the month, although this had been expected as a result of the resolutions adopted at the summit. Looking forward, we continue to consider the corporate credit asset class of the eurozone more attractive than government bonds. The interest rates of corporate bonds with higher rating have reached levels where further room for a fall is relatively limited whilst there is plenty of room for an increase. The development of the interest rates of Spain, for example, was different from the dynamics of the interest rates of other risky bonds in June – a situation that is certainly not ordinary. Investment grade corporate bonds continue to offer a good a risk/income ratio also inside the asset class.

Risk level

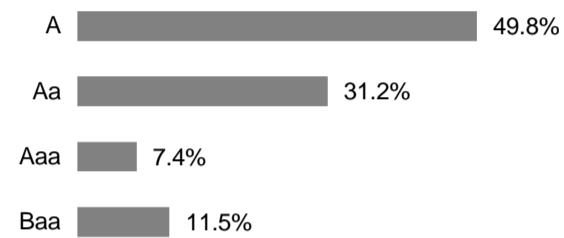


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

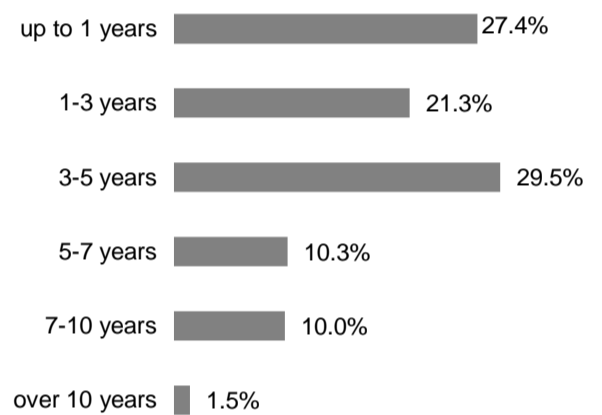
Portfolio by instruments



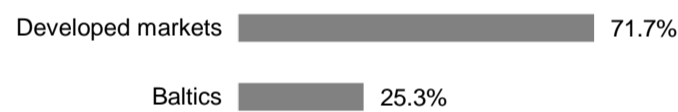
Portfolio by ratings



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%
Deposiit - Swedbank (EUR)	2.4%
Rabobank EUR 3.875% 20.04.2016	2.4%
Siemens Financierings EUR 5.125% 20.02.17	2.2%
Enel Finance EUR 5% 14.09.2022	2.1%
DaimlerChrysler Corp EUR 4.625% 02.09.14	1.9%
Deposiit - Swedbank (EUR)	1.9%
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* 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.