

Swedbank Pension Fund K1 (Conservative Strategy)

April 30, 2013

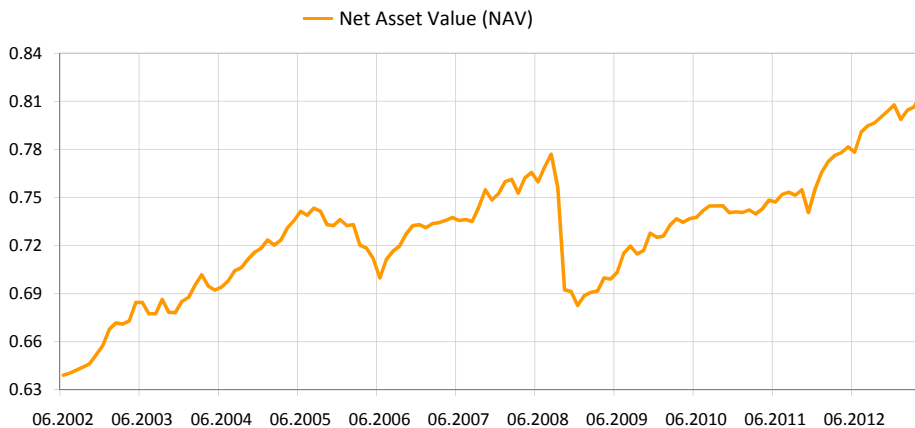
Investment Principles

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
Inception	2002
Net Asset Value (NAV)	0.81412 EUR
Net Assets	42 685 263 EUR
Weighted average rating	A
Weighted average modified duration, years	3.4
Standard deviation (computed over 3 years)	2.4%
Management Fee per annum	0.90%
Subscription Fee	0.0%
Redemption Fee	1.0%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance* Annualized	0.8%	1.0%	1.9%	4.6%	9.6%	10.8%	6.8%	27.4%
				4.6%	4.7%	3.5%	1.3%	2.3%
Performance*	2005	2006	2007	2008	2009	2010	2011	2012
	2.5%	-0.4%	2.6%	-9.3%	6.2%	2.2%	1.9%	6.9%

Largest investments TOP 10

Portfolio	Weight
iShares Markit iBoxx € Corporate Bond Fund	4.0%
EFSF 1% 12.03.14	3.1%
DaimlerChrysler Corp EUR 4.625% 02.09.14	2.7%
Enel Finance EUR 5% 14.09.2022	2.7%
Rabobank EUR 3.875% 20.04.2016	2.6%
Deposiit - Swedbank AS (EUR)	2.4%
Deposiit - Danske Bank A/S Eesti filiaal (EUR)	2.3%
Volkswagen Int. Finance EUR 2.125% 19.01.20	2.2%
Credit Suisse EUR 4.75% 05.08.2019	2.1%
Deposiit - Swedbank AS (EUR)	1.9%

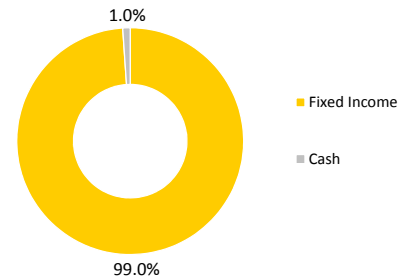
Risk level

Lower risk ← → Higher risk
Typically lower rewards ← → Typically higher rewards

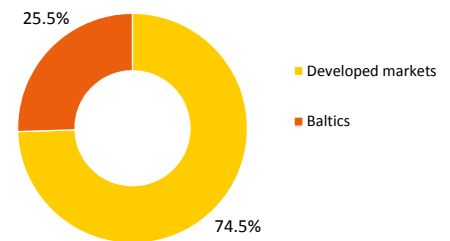


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

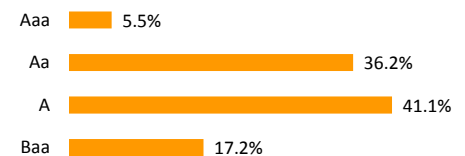
Portfolio by instruments



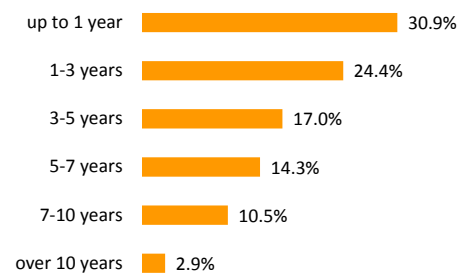
Portfolio by regions



Portfolio by ratings



Portfolio by modified duration



Portfolio by currencies



* 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 on phone number +372 613 1606.

Swedbank Pension Fund K1 (Conservative Strategy)

April 30, 2013

Manager Commentary

Swedbank's Pension Fund K1 returned 1.0% in April and 0.8% since the start of the year.

Market overview

The month of April saw interesting developments. On bond markets, investments moved back into riskier asset classes and the risk premiums of investment grade as well as lower grade bonds decreased. At the same time, the so-called risk-free asset class suffered no loss either, as the interest rates of German, French and Austrian longer-term (10-year) government bonds fell. The latter two even reached an historically low level. The signs of slowdown in economic growth were offset by stimulating monetary policy measures in Europe, the USA and Japan.

The economic statistics published in April were mostly disappointing in both developed and developing countries, and especially in the euro area. In addition to a lower than expected rate of inflation, the unemployment rate in the euro area rose to a record high and purchasing managers' indicators were also weaker. In the euro area industrial sector the recession has lasted for almost two years. However, the negative economic statistics had a somewhat positive effect on the markets as it made a cut in the ECB's key interest rate more likely. The possibility that in future the ECB will reduce the rate of its deposit facility to a negative level is still up in the air. In this case banks would have to pay to deposit their funds with the ECB. This in turn would create an additional incentive to keep money in circulation and not in a deposit account.

The economic results published in the USA were somewhat stronger than in the euro area. Although the ISM index – which reflects the confidence level of purchasing managers and is widely followed by investors – declined, it remains above the 50-point level, indicating positive growth. For a short while the markets were disappointed by the low number of new jobs recorded at the beginning of April.

April was also more eventful than usual on commodities and currency markets. The oil price had fallen by more than 10% by the middle of the month, but by the end of the month it had managed to recover part of the loss. The middle of April witnessed sudden pressure on sales of gold, the price of which fell by more than 13% in just a few days after Cyprus announced that it would be selling off its gold reserves. At the same time, there was interest in buying gold at its low price levels.

The euro strengthened against the US dollar by 2.7% and against the Japanese yen by 6.3%. In Japan, investors had extremely high expectations of the monetary policy committee led for the first time by the central bank's new governor, Kuroda. Yet the aggressive outcomes of the meeting took the markets by surprise. One of the most important decisions was that the central bank of Japan would make monthly purchases of government bonds worth 7 billion yen. This amount is comparable to the volume of the bond purchase programme announced by the US Federal Reserve, although the size of the Japanese economy is much smaller than that of the United States.

The rhetoric of European Central Bank (ECB) President Draghi at the meeting of the Monetary Policy Committee at the beginning of April indicated more clearly that cutting key interest rates in the near future would not be impossible. Looking forward, it could be said that a decision to cut the key ECB interest rate by 0.25 percentage points to a level of 0.5% was indeed taken at the meeting at the beginning of May.

The returns of the asset classes in the fund's bond portfolio were positive due to the stimulating monetary policy measures taken by central banks and reduced inflationary pressure. Investment grade corporate bonds continue to benefit from the very low interest rates of risk-free bonds, which make many investors look for higher yielding alternatives. A positive development for riskier bonds was the formation of a government in Italy. Reduced inflationary pressure also changed the dynamics of the movement of the interest rate curve: the German 2-year risk-free interest rate rose by 4 basis points over the month, while the 10-year rate fell by 7 basis points.

The JP Morgan index of government bonds with a AAA-A rating gained 1.4% over the month. Euro area investment grade corporate bonds ended the month up 1.4%.

Short-term outlook

We continue to hold a tactical defence position against the risk of rising interest rates. Among fixed income asset classes we continue to prefer assets with higher potential returns, i.e. corporate bonds. In the low interest environment, rotation to higher yield debt instruments is likely to continue. The latter's risk margins, however, have already fallen to relatively low levels. We are remaining underweight in euro area government bonds. We do not find their yields attractive enough to compensate for the long-term risk factors.

* 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 on phone number +372 613 1606.