Swedbank

Swedbank Pension Fund K1 (Conservative Strategy)

June 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.

Risk level

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

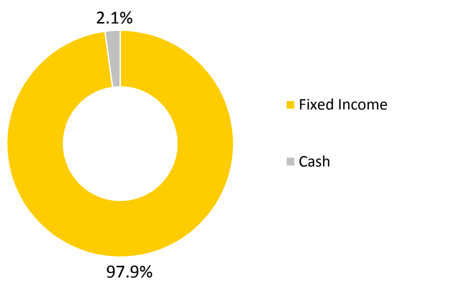
1	2	3	4	5	6	7

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.

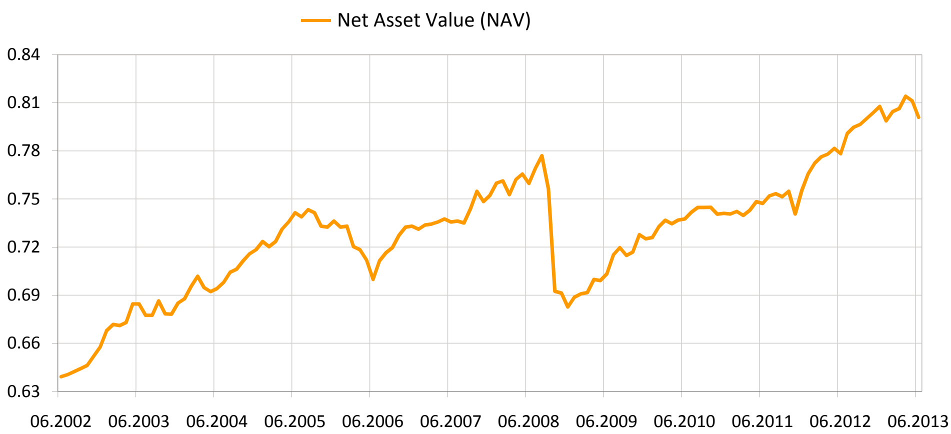
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2002
Net Asset Value (NAV)	0.80091 EUR
Net Assets	43 305 016 EUR
Weighted average rating	A
Weighted average modified duration, years	3.5
Standard deviation (computed over 3 years)	2.6%
Management Fee per annum	0.90%
Subscription Fee	0.0%
Redemption Fee	1.0%

Portfolio by instruments



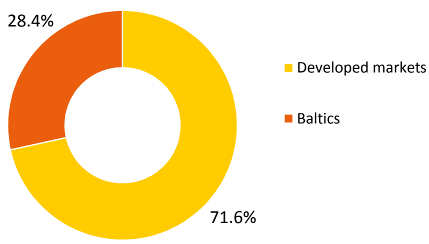
Fund performance*



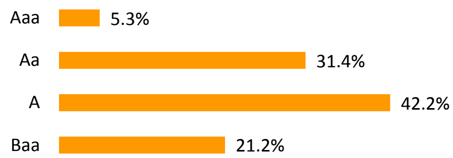
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-0.8%	-1.3%	-0.7%	2.9%	7.2%	8.6%	5.4%	25.3%
Annualized				2.9%	3.5%	2.8%	1.1%	2.1%

	2005	2006	2007	2008	2009	2010	2011	2012
Performance*	2.5%	-0.4%	2.6%	-9.3%	6.2%	2.2%	1.9%	6.9%

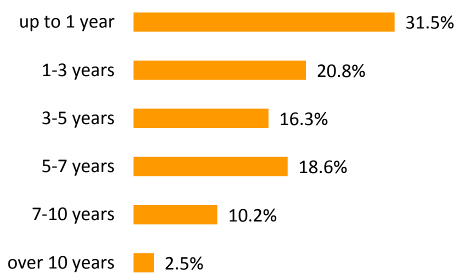
Portfolio by regions



Portfolio by ratings



Portfolio by modified duration



Largest investments TOP 10

Portfolio	**Weight**
Deposiit - Pohjola Bank Plc Eesti filiaal (EUR) - 30/360	3.0%
Enel Finance EUR 5% 14.09.2022	2.9%
Rabobank EUR 3.875% 20.04.2016	2.8%
Deposiit - Swedbank AS (EUR)	2.3%
Deposiit - Danske Bank A/S Eesti filiaal (EUR)	2.3%
Credit Suisse EUR 4.75% 05.08.2019	2.3%
Deposiit - Bank DNB A/S Eesti filiaal (EUR)	2.0%
Volkswagen Int. Finance EUR 2.125% 19.01.20	2.0%
Citigroup EUR 7.375% 04.09.2019	2.0%
Deposiit - Swedbank AS (EUR)	1.9%

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.

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Manager Commentary

Swedbank's Pension Fund K1 returned -1.3% in June and -0.8% since the start of the year.

Market overview

June did not bring about any drastic changes in the mood prevailing on financial markets: the sales pressure that had emerged in equity and bond markets at the end of May continued. Positions were reduced due to the fear that in the coming quarters the Federal Reserve (the US central bank) would start decreasing its bond purchase programme, which had pumped massive funds into the markets. Additionally, China came to the centre of attention over the month due to steeply rising intra-bank money market rates, which rose because of banks' liquidity problems.

The economic conjuncture of developed industrialised countries largely showed signs of improvement over the month and a large portion of published business statistics either exceeded or met analysts' expectations. According to the US labour market report published at the beginning of the month, 175 000 new jobs were created outside the agricultural sector in May. At the same time, the US Q1 GDP indicator was significantly revised downwards and instead of the initial 2.4% the estimate was brought down to a mere 1.8%. The monthly survey carried out among the purchasing managers of the industrial and service sector of the euro area (PMI) also seemed to refer to a certain recovery in the economic climate of euro area countries. Based on a survey carried out among purchasing managers in the Chinese industrial sector published at the beginning of July, the slowdown in the Chinese economy continued in June.

The euro appreciated against the US dollar until the middle of June, but ended the month at an unchanged level. News from the Federal Reserve made financial markets expect US interest rates to become relatively more attractive and therefore the dollar appreciated in the second half of the month.

A sales wave rolled across bond markets: the interest rates of risk-free bonds and the risk premiums of riskier investments rose. Thus, the prices of riskier and less liquid bond asset classes fell the most. As for maturities, the bonds with the longest term suffered the most: the German two-year government bond rate rose by 12 bp and that of ten-year bonds by approx. 22 bp. Euro area AAA- to A-rated government bonds lost 1.4% over the month, the investment rate bonds of euro area companies lost 1.8% and the euro-denominated bonds of emerging markets lost 2.4% over the month.

However, the comments of the Governor of the European Central Bank made at the meeting of the Monetary Policy Committee at the beginning of July included a bond market-supporting promise that key rates would remain at the current or lower level for an extended period of time.

Near-term outlook

In spite of a certain increase in interest rates in recent weeks, their level remains very low and does not offer protection against the risk relating to a pick-up of long-term inflation. Therefore we remain cautiously positioned towards a further rise in interest rates and keep the average term of bonds to the maturity date shorter than neutral.