

Swedbank Pension Fund K1 (Conservative Strategy)

November 30, 2013

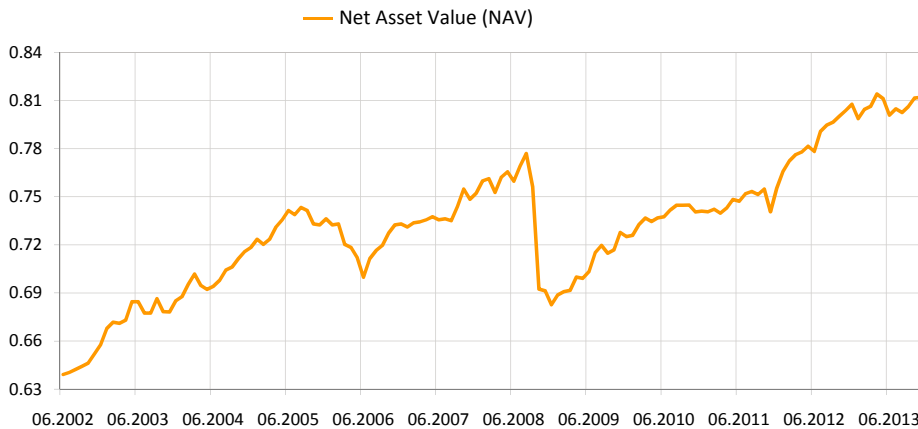
Investment Principles

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)	0.81200 EUR
Net Assets	45 594 483 EUR
Weighted average rating	A
Weighted average modified duration, years	6.7
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*	0.5%	0.1%	1.2%	1.0%	9.6%	9.7%	17.5%	27.0%
Annualized				1.0%	4.7%	3.1%	3.3%	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%

Largest investments TOP 10

Portfolio	Weight
Enel Finance EUR 5% 14.09.2022	3.5%
Rabobank EUR 3.875% 20.04.2016	3.1%
Deposiit - Pohjola Bank Plc Eesti filiaal (EUR) - 30/360	2.9%
Deposiit - Danske Bank A/S Eesti filiaal (EUR)	2.2%
Deposiit - Swedbank AS (EUR)	2.2%
Barclays Bank EUR 4% 20.01.2017	2.1%
ING Group EUR 3.375% 03.03.2015	2.0%
Deposiit - Bank DNB A/S Eesti filiaal (EUR)	1.9%
Volkswagen International Finance EUR 1.875% 15.05.17	1.9%
BNP Paribas EUR 3.75% 25.11.2020	1.8%

Risk level

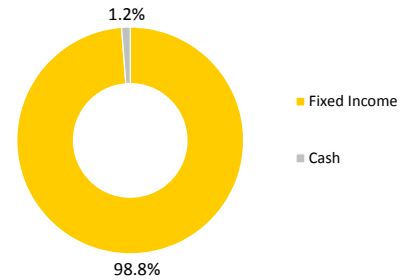
Lower risk ← Higher risk
Typically lower rewards ← Typically higher rewards



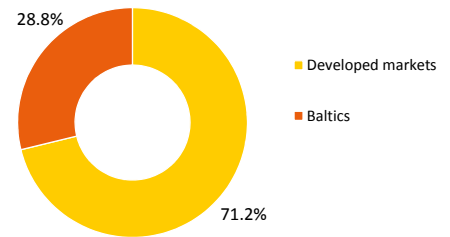
The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

Standard deviation of returns (over the last 3 years) 2.6%

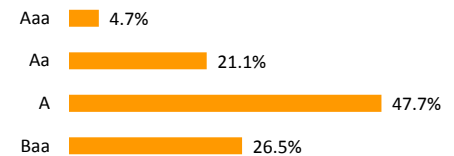
Portfolio by instruments



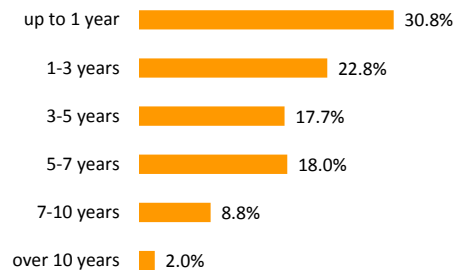
Portfolio by regions



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.

This document and the information contained herein does not constitute investment recommendation or investment advice. Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid. For further information please contact Swedbank Investment Support on phone at +372 613 1606, Mon-Fry 8.30am - 6pm or visit nearest Swedbank branch.

Swedbank Pension Fund K1 (Conservative Strategy)

November 30, 2013

Manager Commentary

Swedbank's Pension Fund K1 returned 0.1% in November and 0.5% since the start of the year.

Market overview

November was a slightly positive month for the bond asset classes in our fund. The global economy as a whole clearly stayed in a growth phase. The JP Morgan Global Manufacturing PMI rose to 53.2 in November. The strong recovery of the US real estate sector continued – the S&P/Case-Shiller Home Price Indices rose by 13.3% in September year-on-year.

The policy of the Federal Reserve, especially the start of the reduction of the Asset Purchase Program, was widely discussed again. There is no clear consensus between market participants about the timing – expectations range between December this year and next June. The reduction of the Asset Purchase Program is highly likely to increase volatility on the financial markets, which to some extent will certainly spread from the US bond markets to the eurozone.

The biggest surprise in Europe in autumn was the reduction of the base interest rate by the European Central Bank at the beginning of November. This is directly related to the eurozone's inflation figure in October, which was considerably lower than expected. However, reducing the interest rate may also be considered a symbolic step rather than a step that has an actual economic impact. The interest rates of the interbank overnight loans in the eurozone have been at a considerably lower level than the refinancing rate of the European Central Bank for a long time. However, the unexpected reduction of the base interest rate still caused the euro exchange rate and the interest rates of the eurozone's government bonds to decrease, at least for a short time. Over the month, the exchange rate of the euro against the dollar and the yield curve of the German Government basically remained at the same level.

The price movements on bond markets were not large in November. The index of the highest quality (AAA-A rated) government bonds contained in the fund portfolio strengthened by 0.1% over the month due to the decrease in the interest rates of French, Dutch and Belgian government bonds. The index of investment grade corporate bonds of the eurozone strengthened by 0.1%.

Short-term outlook

We have positioned ourselves neutrally in the asset class of investment-grade credit of eurozone companies, as the risk margins have fallen to a level where they no longer offer adequate compensation for the higher credit risk. However, the credit asset class may still offer better performance in the coming quarters than government bonds and deposits, because the low interest rates mean that investors continue seeking alternatives to low-risk government bonds.

The average maturity of bonds in the pension fund portfolio remains somewhat shorter than our long-term view would permit. This means that the fund is better protected against the decrease in bond prices caused by possible increases in interest rates.

*The commentary is an unofficial English translation of the original Estonian version. In case of any discrepancies, the text of the Estonian version shall prevail.

* 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.

This document and the information contained herein does not constitute investment recommendation or investment advice. Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid. For further information please contact Swedbank Investment Support on phone at +372 613 1606, Mon-Fry 8.30am - 6pm or visit nearest Swedbank branch.