

Pension Plan "Dynamics"

31-Aug-2004

Fund manager: Kristians Mikelsons

Applications are accepted in:

branches A/S "Hansabanka "

www.hanzanet.lv

State Social Insurance Agency



Investment Management JSC Hansa Fondi

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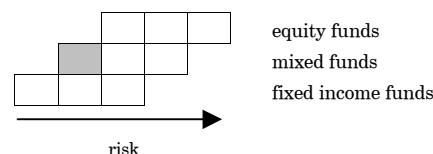
Latvia

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Investment objectives

The investment policy of the Plan is balanced, as assets of the Plan are disposed in financial instruments with fixed income and equities. Not less than 70 % of assets of the Plan are invested in securities with fixed income and in term-deposits in banks and no more than 30 % - in the equities. The investment policy of the Plan provides to invest not less than 50 % of assets in Latvia. Investments in foreign currencies can't exceed 30 % of assets of the Plan.

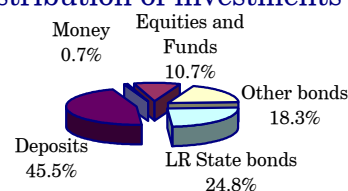


Higher expected return is associated with higher risk

General information

NAV of Fund assets:	11 085 296.41 LVL
NAV of Fund share:	1.0766993 LVL
Launch year:	2002
Management fee:	1.93% a year

Distribution of investments



Comment

During August there hasn't been important changes in investment division. According to long-term strategy of the Plan, the weight of equities has gradually been increased. Also the weight of term-deposits has increased, because their yield is higher than yield of bonds of Republic of Latvia.

On a bond market of Republic of Latvia this month has passed without essential changes, and only interest rates of average term bonds have decreased on 0.05 percent points. Interest rates for lats, depending on term, are in an interval of 3.90-4.95 %, and also profitability of the Plan is appropriate, because performance of the equity market the last month was neutral.

During August value of European equity market has gone down on 0.2%, but in the USA has increased for 0.5 %. However value of the East Europe equity market portfolio has increased for 2.1%. Due to remaining relatively higher potential of development of economy, which is based on internal demand, economy of East Europe countries is less dependent on crisis in other world.

Interest rates in Europe and the USA have slightly decreased this month, as the data about economical accession are not so good as it was expected, and also the high prices of oil is the reason for worries. On the other hand, the position of the market according to expected increase of short-term interest rates in the USA and Europe remains constant. It is expected, that interest rates in Europe will remain the same (2%) up to the end of the year, however in the USA they will increase up to 2.25%.

Largest holdings

Investment	Proportion
LR 10-year bonds 14/02/13	8.43%
LR 5-year bonds 26/01/06	6.99%
Nordea 6-months bills 20/09/04	6.86%
LR 5-year bonds 24/03/05	5.09%
iShares S&P 500	3.67%
LR 3-year bonds 29/08/06	3.60%
Unibanka bond 28/01/05	3.33%
Term deposit in Nordea Bank 26/08/05	2.25%
Hansa Ida-Euroopa Aktsiafond	2.25%
Street TRACKS MSCI Pan Euro ETF	1.87%

Yields of the Plan

	1 m	3 m	6 m	1 y	Since launch
In period	0.38%	1.14%	1.66%	4.28%	7.67%
On annual basis*	4.53%	4.53%	3.27%	4.21%	4.52%

* - the annual interest rate of yield is calculated, using ACT/360 method

** - the international financial institution

Portfolio by geography

