

Pension Plan "Dynamics"

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Fund manager: Kristians Mikelsons

Applications are accepted in:

branches A/S "Hansabanka"

www.hanzanet.lv

State Social Insurance Agency



Investment Management JSC Hansa Fondi

Balasta dambis 1a, Riga, LV-1048

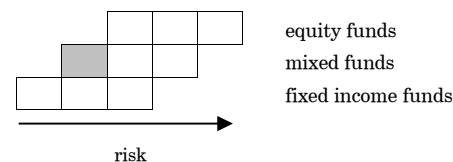
Latvia

Ph. +371 7 444 150

Fax +371 7 444 400

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.

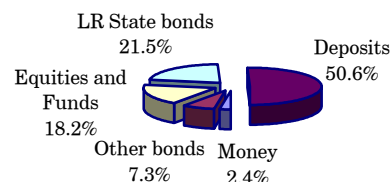


Higher expected return is associated with higher risk

General information

NAV of Fund assets:	15 203 008.49 LVL
NAV of Fund share:	1.1267552 LVL
Launch year:	2002
Management fee:	1.93% a year

Distribution of investments



Comment

Wherewithal the pegging of the lats to euro, interest rates have sharply fallen. Interest rates of bonds within January have decreased on 30-45 percentage points. The rate of 10-years Latvian state bond has reached 4.10%. Drop of interest rates this month positively influenced value of bonds in a portfolio of the Plan, assisting to reach a high level of yield. However further yield of a portfolio of bonds will be lower, preserving low interest rates.

In the long-term run the yield of the Plan is increased by the part of portfolio invested in equities, and at the end of a month this part has reached 18%. Value of equities in Europe this month has increased by 2.5%, in the USA – by 0.9%, and in Japan – by 0.7%. The amount of means invested in the USA has increased along with increase of value of dollar. The high oil prices can't injure profitability of companies, and low interest rates stimulate investments. Value of Eastern European equity portfolio during this month has increased by 7.0%, as interest of investors to this region has increased. The best performance has made investments in Bulgaria, where privatisation of the state telecommunication company has successfully passed.

Largest holdings

Investment	Proportion
LR 10-year bonds 14/02/13	9.15%
LR 5-year bonds 26/01/06	8.63%
iShares S&P 500	4.41%
Street TRACKS MSCI Pan Euro ETF	4.32%
Hansa Ida-Euroopa Aktsiafond	4.09%
LR 3-year bonds 29/08/06	3.36%
LHZB mortgage bond	2.85%
Republic of Germany	2.76%
Term deposit in Nordea Bank 26/08/05	2.01%
Term deposit in Nordea Bank 21/10/05	1.89%

Yields of the Plan

	1 m	3 m	6 m	1 y	Since launch
In period	1.14%	3.26%	5.05%	7.16%	12.68%
On annual basis*	14.01%	13.40%	10.12%	7.04%	5.86%

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

** - the international financial institution

Portfolio by geography

