

Pension Plan "Dynamics"



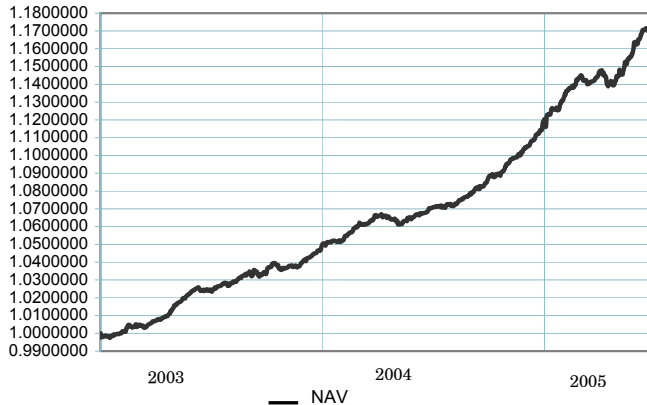
Investment Principles

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.

General information

Plan Management Company	AS IPS Hansa Fondi
Plan Manager	Kristiāns Miķelsons
Inception	2002
Applications are accepted in:	A/s "Hansabanka" filiālēs www.hanzanet.lv Valsts sociālās apdrošināšanas aģentūrā
Net Asset Value (NAV)	1.1847627 LVL
Net Assets	21369599.8372 LVL
Management Fee per annum	1.4%
Weighted average rating	A3
Weighted average modified duration, years	2.7

Performance of Plan



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance	6.34%	1.09%	3.98%	5.15%	10.46%	10.46%	18.48%
Annualized**	11.01%	13.37%	16.49%	10.50%	10.31%	7.22%	6.74%

	2003	2004				
Performance	4.65%	6.46%				

* - since launch

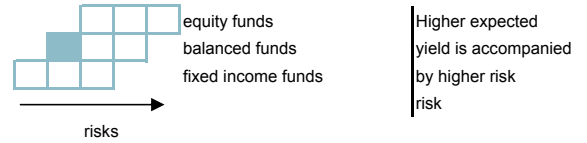
** - the annual interest rate of yield is calculated, using ACT/360 method

Manager Comment

Financial markets continued to see a rise in prices of shares, whereas the increase in the value of bonds is moderate. In July the most rapid share price increase was in the riskiest markets – the value of our East European equity portfolio surged by 5.4%, and the index of the world's developing markets, in turn, was up by 7.0%. The most rapid increase among the traditional equity markets was in Canada - 5.6%. The US equity market grew by 3.8% and the European market – by 3.3%. The Baltic equity market index Baltix rose by 0.9%.

Following a four-month decline in euro interest rates, in July the interest rates saw a rise. The German 10-year government bond rate escalated from 3.13% to 3.24%. Such escalation was driven by news that the EU economy growth rates are on the rise as compared to the rather weak 2nd quarter. The Latvian year 2014 bond rate remained constant - 3.60%. The Latvian government debt securities index calculated by Hansabanka increased by 0.3% making the annual yield of 3.25%.

Risk level



Portfolio by ratings

Aaa	0.027740519
Aa	0.032963145
A	0.681211586
Baa	0.171020459
Ba	0.087064291

Portfolio by instruments

Deposits	0.366
LR State bonds	0.274
Equities and Funds	0.248
Other bonds	0.103
Money	0.009

Portfolio by countries

Latvia	0.702896084
Europe***	0.101491854
The USA	0.07683726
East Europe	0.066754158
Japan	0.016308192
Other region	0.035712452

*** - without East Europe

Larger investments

Larger investments	Weight
LR 5-year bonds 04.02.10	12.8%
LR 10-year bonds 14.02.13	11.6%
Hansa Ida-Euroopa Aktsiafond	3.8%
streetTRACKS MSCI Europe ETF	3.5%
iShares S&P 500	3.4%
Balzac USA Index Fund	3.3%
Balzac Europe Index Fund	3.1%
Global Emerging Markets Equity Fund	2.7%
LR 3-year bonds 29.08.06	1.9%
LHQB mortgage bond 15.08.08	1.8%