

# Pension Plan "Dynamics"

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Applications are accepted in:

branches A/S "Hansabanka "

www.hanzanet.lv

State Social Insurance Agency



Investment Management JSC Hansa Fondi

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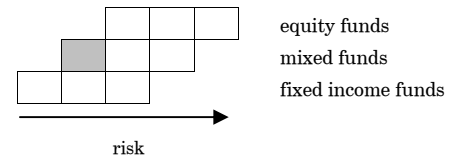
Latvia

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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.

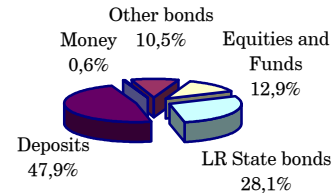


Higher expected return is associated with higher risk

## General information

NAV of Fund assets:	12 529 616,93 LVL
NAV of Fund share:	1,0911299 LVL
Launch year:	2002
Management fee:	1,93% a year

## Distribution of investments



## Comment

On the bond market of Republic of Latvia interest rates of bonds were reduced. The Bank of Latvia stimulated it, purchasing huge amount of bonds in the secondary market. The interest rate of the bond of Republic of Latvia with repayment in 2014 has decreased from 4.85 % up to 4.70 %. Falling of rates for bonds with shorter term of repayment was less.

The weight of equities in the Plan has been increased up to 12.9%. During October value of European equities has increased for 1.4%, but in the USA it has increased for 1.5 %. Stabilization of the oil prices stimulated increase in the prices of equities. Value of the East Europe equity market portfolio has increased for 6.7%. The reason was faster development of this region and grownup interest to obtain the equities of the local companies.

Interest rates in Europe this month have slightly decreased. Yield to maturity for 10-years bond of Germany is 3.82%. However for 10-years bond of Latvia it is 4.05%. Distinction between rates of bonds of Latvia and Germany during half-year has decreased from 0.44 till 0.23 percent points. It shows reduction of risk which is connected to the introduction of Latvia in EU. Distinction between 10-years Latvian bonds in euro and in lats at the same time has increased from 0.57 till 0.65 percent points, because there are no certain what will be the exchange rate by which the lat will be pegged to the euro.

## Largest holdings

Investment	Proportion
LR 10-year bonds 14/02/13	10,13%
LR 5-year bonds 26/01/06	9,72%
iShares S&P 500	4,58%
LR 10-year bonds 02/04/14	4,52%
LR 3-year bonds 29/08/06	3,21%
Unibanka bond 28/01/05	2,97%
Hansa Ida-Euroopa Aktsiafond	2,96%
Street TRACKS MSCI Pan Euro ETF	2,44%
Republic of United Kingdom	2,22%
Term deposit in Nordea Bank 26/08/05	2,01%

## Yields of the Plan

	1 m	3 m	6 m	1 y	Since launch
In period	0,67%	1,73%	2,56%	5,36%	9,11%
On annual basis*	8,04%	6,93%	5,07%	5,27%	4,85%

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

\*\* - the international financial institution

## Portfolio by geography

