

# Open-ended investment fund Lats Money Market Fund

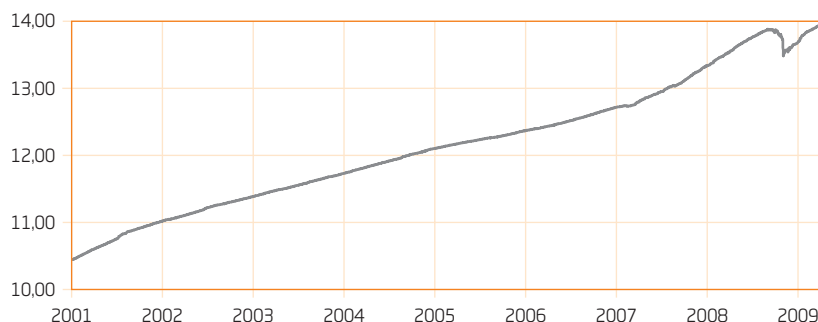
## Investment Principles

Fund invests in fixed income securities issued in the Baltic States and OECD member countries. The objective of the open-end investment fund Lats Money Market Fund is to achieve continuous growth of value of the capital over a short period of time in compliance with the investment policy and restrictions set by the Fund Prospectus. Investment into the Fund might be considered as an alternative to short-term deposits with banks.

## General information

Fund Management Company	"Swedbank Ieguldījumu Pārvaldes Sabiedrība" AS
Fund Manager	Pēteris Stepiņš
Inception	1999
Transactions with the Fund's investment certificates:	Branch offices of "Swedbank" AS; 67444141 ib.swedbank.lv business.swedbank.lv
Net Asset Value (NAV)	LVL 13,9406
Net Assets	LVL 1 585 307
Management Fee per annum	0,6%
Weighted average modified duration, days	0,15

## NAV



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance, %	1,77	0,39	1,77	0,37	3,07	11,53	39,41
Annualized**, %	7,38	4,71	7,38	0,74	3,07	3,70	3,61

\* - since launch

\*\* - annualized performance, calculated using ACT/365 method

	2002	2003	2004	2005	2006	2007	2008
Annualized, %	4,17	2,94	3,06	2,30	2,68	4,34	2,89

## Manager Comment

Although the Cabinet of the new prime minister, Valdis Dombrovskis, was approved in March, it did not reduce the strain in the domestic interbank, debt securities and currency markets. The perturbation yet increased in the result of announcements on the dangerous condition of the government budget made by several politicians, inter alia the new prime minister.

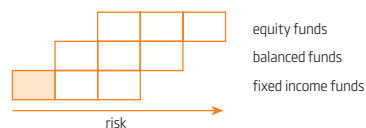
In the view of local investors, investments of one-month horizon were deemed safer than investments of longer horizons. It was a response to the changes in RIGIBOR rates, when the rates for periods over one month grew in March, while one-month and shorter period rates fell. Due to the decision of the Bank of Latvia to reduce the rate for overnight bank deposits by one percent point (to 1,00%), the overnight, daily and weekly rates went down.

In March the Bank of Latvia continued to intervene in the currency market to keep the lats/euro exchange rate within the +/-1% margin. The central bank sold 261 million euros to the market in the period from March 2 to April 3. Consequently, the amount of lats in the market reduced, while the demand from banks for lats required to comply with the reserve requirements did not reduce. Although the lats resources in the banking system are sufficient for the reserve requirements, they are not available to all market participants equally. Some market participants experience a deficit of lats resources, while others have a surplus of lats. Therefore, some banks are ready to pay a higher rate for lats resources.

The same factors were behind the development of rates in the primary and secondary markets of lats debt securities. In March the State Treasury issued both 6- and 12-month promissory notes. The rates of these loans were higher than in February. The annual rate for semi-annual borrowing by the State Treasury was 8,10% (before - 7,00%), for annual borrowing - 8,30% (before - 7,12%). Rising rates of lats debt securities were seen also in the secondary market.

The weighting of investments in various lats debt securities as at March end was 61% of the fund's portfolio (compared to 51% as at February end). This asset class was the main driver behind the increase in the fund's share value by 0,39%, or 4,71% per annum, in last month.

## Risk level



Higher expected yield is accompanied by higher risk.

## Distribution of investments

Deposits	24,2%	24,2%
Fixed Rate Bonds	48,0%	48,0%
Money***	14,6%	14,6%
Floating Rate Bonds	13,2%	13,2%

\*\*\* - including redemption liabilities

## Portfolio by ratings

NR***	21,3%	21,3%
A	31,3%	31,3%
Baa	41,3%	41,3%
Aa	6,1%	6,1%

\*\*\* - investments without rating of international rating agencies

## Portfolio by modified duration

up to 3 months	67,0%	67,0%
3-6 months	32,8%	32,8%
6-12 months	0,1%	0,1%
over 1 year	0,1%	0,1%

## Portfolio by currencies

LVL	100%	100%
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## Larger investments

Investment	Weight
Bonds of LHZB 15.08.2009	13,18%
LR bonds 08.05.2009	12,53%
LR bonds 21.08.2009	11,02%
LR bonds 17.07.2009	8,64%
Bonds of Kesko 17.04.2009	6,64%
LR bonds 17.04.2009	6,30%
Term deposit in Nordea 20.04.2009	3,85%
Term deposit in Danske 14.04.2009	3,81%
Term deposit in Swedbank 06.04.2009	3,79%
Term deposit in SEB 08.04.2009	3,03%