

Pension Plan "Stability"

31-Jan-2005

Fund manager: Raimonds Vesers

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

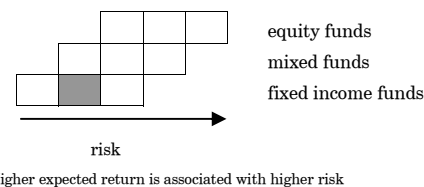
Latvia

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Investment objectives

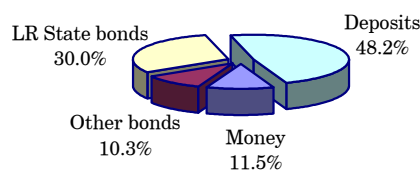
The investment policy of the Plan is conservative, as assets of the Plan are disposed in financial instruments with fixed income. Not less than 70 % of assets of the Plan are invested in debt securities and no more than 30 % - in term-deposits. The investment policy of the Plan provides to invest not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



General information

NAV of Fund assets:	2 750 074.16 LVL
NAV of Fund share:	1.0762967 LVL
Launch year:	2002
Management fee:	1.48% a year

Distribution of investments



Comment

At the end of January assets of the Plan have exceeded 2.75 million lats (have increased by 7%, comparing with parameters on the end of 2004) and number of participants - 36 915 (have increased by 3%).

Interest rates of state bonds of the USA and Germany have a little fallen within January - accordingly: from 4.22% up to 4.13% and from 3.68% up to 3.55%.

The most changes within January have interest rates in lats. Since 2005 the rate of lats is pegged to euro, and therefore the risk of fluctuations of currency for investments in lats was sharply reduced. It, in turn, means the subsequent convergence of interest rates in lats with interest rates in euro. Precisely exactly such process has been noticed in the beginning of month: short-term and long-term rates in lats have considerably decreased. Therefore Rigibor Rate of 1-week has decreased from 3.61% up to 2.53%(13.01.2005), but Rigibor Rate of 1-month from 4.10% up to 3.25%(09.01.2005).

However in second half of month short-term interest rates have sharply started to rise and in the end of month were the same or even higher than in the beginning of month. For example, Rigibor Rate of 1-week has reached 4.35%. It was result of the Bank of Latvia, which has interfered to reduce tempo of economic development - increasing the base used for calculations of obligatory reserves of commercial banks, and as result - obligatory reserves have increased approximately for 15%. However 6-months and 1-year rates were less changeable and during month have a little decreased.

The best convergence of interest rates was observed in the market of the state bonds of Republic of Latvia. Long-term interest rates have considerably decreased: in December, 30-th the state bonds of Republic of Latvia with redemption 2013 have been bought with yield of 4.40% and with redemption in 2014 - with yield of 4.45%, however in January, 31-st - only with yield of 4.10% and 4.05%.

The list with the schedule of auctions of issuing government bonds for 2005 has been published, and there it is possible to see that the total amount was reduced on 15 million lats. Especially it should be emphasized, that the offer of bonds with term of the redemption of 5 and 10 years has considerably decreased - within 2004 had been planned to let out 135 million such bonds, but within 2005 - only 55 million. It will increase demand for such securities.

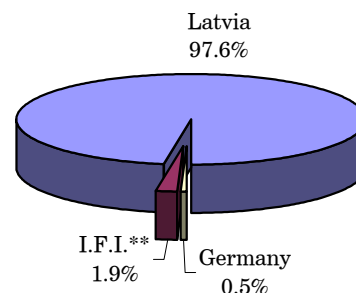
In comparison with December, the structure of investments of portfolio considerably hasn't changed. Weigh of the state bonds of Republic of Latvia is approximately 30%, but term-deposits - 48%.

The average duration of the portfolio at the end of a month has decreased and it was 517 days (at the end of a year - 548 days).

Largest holdings

Investment	Proportion
LR 5-year bonds 26/01/06	8.80%
LR 10-year bonds 14/02/13	6.33%
LR 5-year bonds 24/03/05	6.17%
LHVB mortgage bond 15/08/06	4.23%
Baltic Trust Bank mortgage bond	3.66%
Term deposit in Maras Bank 22/12/07	3.65%
LR 1-year bills 08/07/05	3.58%
LR 1-year bills 26/08/05	2.85%
Term deposit in Hansabanka 08/07/05	1.86%
Term deposit in Hansabanka 01/08/05	1.85%

Portfolio by geography



Yields of the Plan

	1 m	3 m	6 m	1 y	Since launch
In period	0.49%	1.14%	2.11%	3.82%	7.63%
On annual basis*	5.85%	4.54%	4.18%	3.75%	3.57%

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

** - the international financial institution