

Pension Plan "Stability"



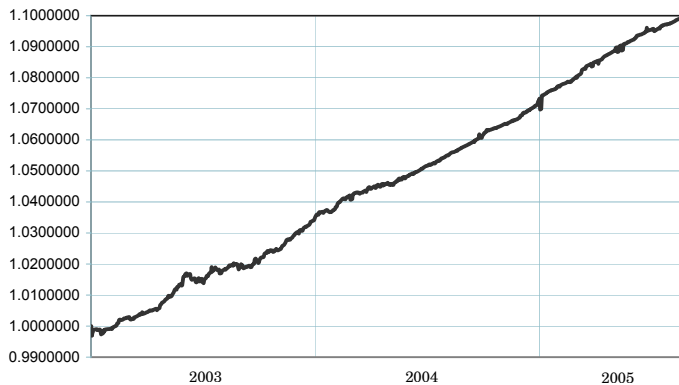
Investment Principles

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

Plan Management Company	AS IPS Hansa Fondi
Plan Manager	Raimonds Vesers
Inception	2002
Applications are accepted in:	Branch offices of AS Hansabanka; 7024555 www.hanzanet.lv State Social Insurance Agency
Net Asset Value (NAV)	1.103582 LVL
Net Assets	4232858 LVL
Management Fee per annum	1.0%
Weighted average rating	A3
Weighted average modified duration, years	2.8

Performance of Plan



	YTD	1 month	3 months	6 months	1 year	3 years	Inception*
Performance	3.04%	0.05%	0.58%	1.46%	3.71%	7.78%	10.36%
Annualized**						3.76%	3.51%

	2003	2004				
Annualized**	3.36%	3.62%				

* - since launch

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

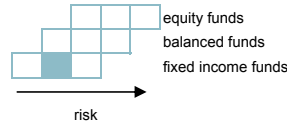
Manager Comment

At the end of the month assets under this plan topped 4.2 million lats with the number of participants amounting to 41,788.

In October the euro interest rates jumped: while in end-September the German 10 year bond yield was 3.15%, in end-October the figure was 3.38%. As the yield picks up, the bond prices drop. The escalation in rates was driven by the growing rate of inflation, and the statistics indicating economic recovery. Euro short-term interest rates soared considerably as well. Despite the fact that short-term interest rates for lats are generally bound to go up as well (they largely depend on euro rates), yet they virtually remained constant: the Rigibor 1-week rate at the end of October was 2.61% (up from 2.53% as at the end of September), 1-month rate 2.71% (down from 2.75%), 3-month - 2.79% (2.79%), 6-month 2.84% (up from 2.81%), and 12-month rate - 3.00% (up from 2.92%).

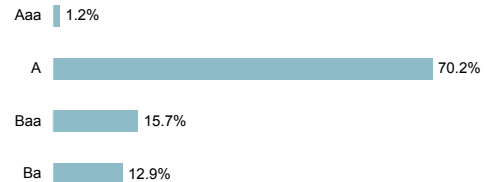
Long-term lats rates practically remained the same as well: the Latvian year 2013 bonds were being purchased for a yield of 3.35% both in end-September and end-October, meanwhile the Latvian year 2014 bond rate at the end of October had swelled to 3.50% (from 3.45%). Thus, the Latvian bond premium, as compared to the German bonds, has dropped, which may be an indicator of the market slightly overestimating Latvian bonds. The average weighted portfolio term remaining until maturity has increased very slightly to reach 2.78 (2.69 as at the end-September).

Risk level

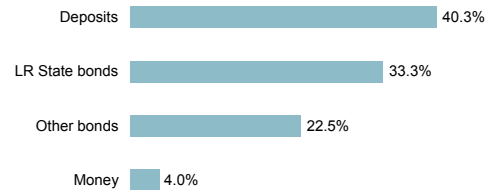


Higher expected yield is accompanied by higher risk

Portfolio by ratings



Portfolio by instruments



Portfolio by countries



*** - without East Europe

Larger investments

Larger investments	Weight
LR 5-year bonds 04.02.2010	12.0%
LR 10-year bonds 14.02.2013	11.8%
LR 5-year bonds 26.01.2006	3.6%
T.Rowe Price Euro Corporate Bond Fund	3.5%
LHQB mortgage bond 15.08.2006	3.5%
Julius Bear Euro Corporate Bond Fund	3.3%
SEB Vilnius Bankas 20.02.2008	2.6%
Parex Bank euro bond 09.06.2008	2.5%
LR 10-year bonds 02.04.2014	2.5%
Term deposit in Sampo Bank 22.12.2007	2.5%