

Pension Plan "Stability"



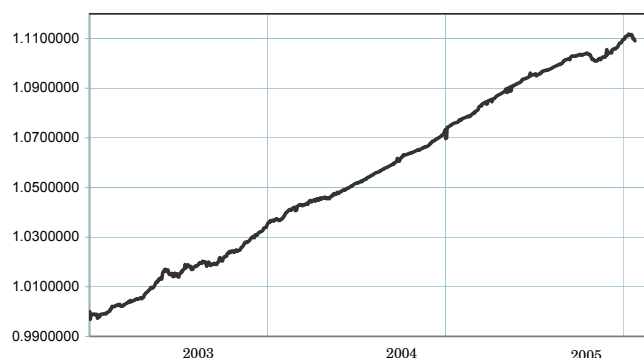
Investment Principles

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)	1.1091231 LVL
Net Assets	4878358 LVL
Management Fee per annum	1.0%
Weighted average rating	A3
Weighted average modified duration, years	3.8

Performance of Plan



	YTD	1 month	3 months	6 months	1 year	2 years	Inception*
Performance	0.09%	0.09%	0.50%	1.09%	3.05%	6.98%	10.91%
Annualized**						3.38%	3.39%

	2003	2004	2005			
Annualized**	3.36%	3.62%	3.47%			

* - since launch

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

Manager Comment

Long-term euro rates grew substantially over the month: The German year 10 bond rate reached 3.47% at the end of the month (end-December – 3.31%). In January short-term euro rates slightly soared for all maturity periods apart from the one month period: EURIBOR 3-month, 6-month and 12-month rates were up from 2.55% to 2.49%, from 2.70% to 2.64%, and from 2.90% to 2.84%, respectively. Market players expect short-term rates to climb further within range of 0.25% to 0.50% this year.

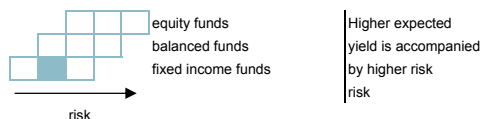
Short-term lats rates remained high: in end of January the RIGIBOR 1-month rates was 4.22% (end of December - 4.37%), 3-month - 4.04% (3.95%), 6-month - 3.74% (3.59%), and 12-month - 3.68% (3.52%) as the interbank market still enjoys strong demand for lats resources, which is largely a result of the requirements set on banks regarding increase of mandatory reserves.

In January there were two initial offerings for Latvian government bonds with maturity 2015. The average weighted yield in these offerings was set at 3.64% and 3.73%, which represents an increase on the results of the offering in November 2005 (3.62%). The total volume of Latvian bonds sold through these offerings topped 47 million lats. On the secondary market the Latvian year 2013 bonds were purchased for a yield of 3.43% (end-December 3.38%), year 2014 bonds – for 3.49% (3.42%), and year 2015 bonds - 3.57% (3.50%).

This increase in yield on Latvian bonds, as well as the climbing euro rates had a diminishing effect on the plan's growth rate and in January the yield of the plan stood at 1.02% per annum.

In January, both through participating in initial offerings and buying them on the secondary market, the share of investments in Latvian bonds was raised to reach 38% at the end of the month (end-December – 33%). Consequently, the proportion of time deposits and cash reduced.

Risk level



Portfolio by ratings

NR ***	29.61%
Aaa	4.37%
A	72.7%
Baa	0.68%
Ba	6.31%

*** - investments without rating of international rating agencies

Portfolio by instruments

Deposits	39.7%
LR State bonds	38.0%
Other bonds	21.6%
Money	0.8%

Portfolio by countries

East Europe	3.2%
Europe ****	10.3%
Latvia	86.5%

*** - without East Europe

Larger investments

	Weight
LR 10-year bonds 02.12.2015	11.8%
LR 10-year bonds 14.02.2013	11.5%
LR 5-year bonds 04.02.2010	10.5%
LR 10-year bonds 02.04.2014	4.1%
T.Rowe Price Euro Corporate Bond Fund	3.1%
Germany bonds 04.01.2016	2.9%
Julius Bear Euro Corporate Bond Fund	2.8%
SEB Vilniaus Bankas 20.02.2008	2.2%
Parex Bank euro bond 09.06.2008	2.2%
Term deposit in Sampo Bank 06.02.2006	2.2%