

Swedbank Pension Fund K3 (Growth Strategy)

May 31, 2011

Investment Principles

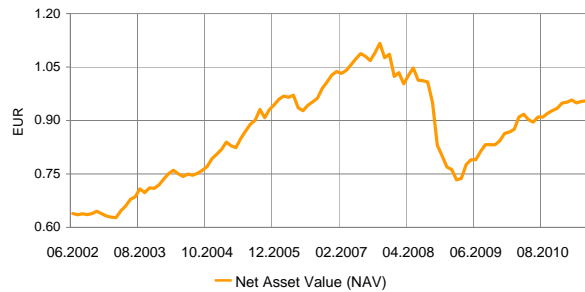
Swedbank Pension Fund K3 (Growth Strategy) is a contractual investment Fund founded for providing mandatory funded pension. The objective of the Fund's investment activity is to achieve as long-term and stable growth of the capital gain as possible. The Fund's assets shall be invested in bonds, shares, money market instruments and other assets of either Estonian or foreign origin. The Fund's assets may be invested in shares or in the investment funds dealing with investments in shares to the extent of 50% of the market value of the Fund's assets.

General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Contact	Swedbank offices and tel. +372 613 1606 www.swedbank.ee/funds
Inception	2002
Net Asset Value (NAV)	0.95516 EUR
Net Assets	326 520 378 EUR
Average management fee per annum**	1.41%
Subscription Fee	0.0%
Redemption Fee	1.0%

Standard deviation (computed over 3 years) 10.6%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	0.7%	0.2%	-0.2%	5.8%	20.9%	-8.8%	2.1%	50.3%
Annualized				5.8%	10.0%	-3.0%	0.4%	4.7%

	2003	2004	2005	2006	2007	2008	2009	2010
Performance*	12.7%	11.9%	17.2%	8.9%	5.7%	-29.1%	12.2%	9.9%

Manager Commentary

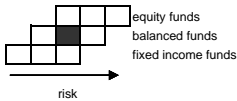
Swedbank Pension Fund K3 returned 0.2% in May with YTD performance of 0.7%. In May, the performance of financial markets was affected, on the one hand, by developments in Greece re-emerging strongly and, on the other hand, by warning signals on the possible slowdown of the US economic growth. The former mostly affected the investors' risk appetite, its decrease vividly resulting in a generally negative month on equity markets and buying pressure in the core eurozone fixed income markets despite relatively unattractive interest rate levels. The euro currency weakened by 2.8%. However, the overseas newsfeed should rather have a supporting impact on the euro in the future since the monetary policies of two major economic zones – USA and eurozone – are increasingly growing out of sync, whereas the former continues to incline towards an expansive policy and the latter towards a tightening policy, referring to threatening inflation pressure. Yet, in the last month, the expectations of the markets with regard to a base rate increase in eurozone became considerably more reserved.

For the fund equity portfolio, due to currency movements the month was the most positive in non-euro markets – in the USA +2.0% (measured in euros), in developing Asia +2.14% and in Japan +1.51%. The most negative return was demonstrated by the Baltic equity markets - 5.6%, alongside with Russia -2.4% and broader CEE -1.5%.

The interest rates in the main fixed income markets of the eurozone were declining all over the yield curve (Germany 2 yrs as well as 10 yrs -22bp). The risk premiums of investment-grade corporate bonds were largely unchanged and yielded +0.9% on the average. The credit premiums of emerging markets bonds rose slightly.

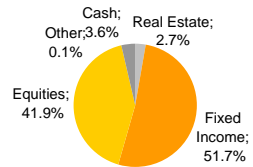
In the nearest future, we expect equity markets to underperform fixed income markets. Yet, global liquidity flows have improved, and the decrease in oil prices during the month exerts less pressure on the prospects of economic growth than before. However, the equity price momentum has weakened and the investors' risk tolerance has decreased. The key risk is the slowdown of the global economic growth. In regional terms, we prefer US equity markets the most and European ones the least.

Risk level

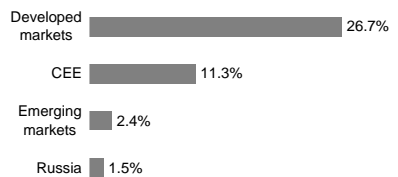


Higher expected yield is accompanied by higher risk

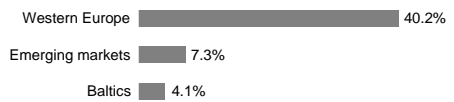
Portfolio by instruments



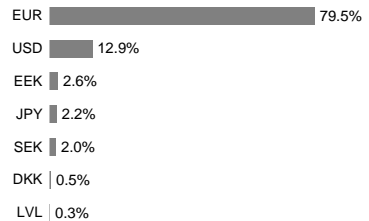
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

Investment	Weight
Equities	
SSGA USA Index Equity Fund	8.1%
SSGA Tracks Pan Euro	4.4%
SSGA Europe Index Equity Fund	3.9%
Lyxor Eastern Europe Index ETF	2.2%
OMXS30 ETF	2.0%
Bonds	
Bluebay Inv Grade Bond Fund	7.9%
PIMCO Global Inv Grade Credit Fund	7.2%
iShares iBoxx Euro Corporate Bond	6.0%
PIMCO Dist Sen Credit Opp Fund	2.7%
Lithuania EEK 0% 07.07.2011	2.6%

* The value of fund units may rise or fall over time. The fund's historical performance does not promise or offer any indications regarding future performance. Investments in foreign markets are sensitive to changes in foreign currency exchange rates, which may cause a rise or a fall in the net value of the fund unit.

** Methodology of calculating fund's average management fee can be found in the prospectus of mandatory pension funds.

Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.