

Swedbank Pension Fund K3 (Growth Strategy)

May 31, 2012

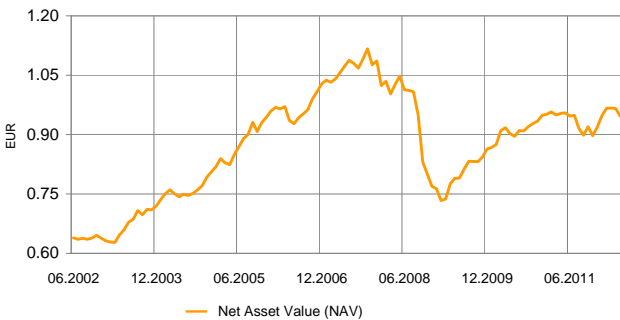
Investment Principles

Swedbank Pension Fund K3 (Growth Strategy) is a contractual investment Fund founded for providing mandatory funded pension. The objective of the Fund is a long-term growth of the value of the Fund's assets by means of investing up to 50% of the assets in equities, equity funds and other instruments similar to equity and the remaining part of the assets in bonds, money market instruments, deposits, immovables and other 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)	0.94612 EUR
Net Assets	339 578 176 EUR
Average management fee per annum**	1.40%
Subscription Fee	0.0%
Redemption Fee	1.0%
Standard deviation (computed over 3 years)	5.7%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	3.0%	-2.1%	-2.1%	-0.9%	4.8%	19.8%	-11.8%	48.0%
Annualized				-0.9%	2.4%	6.2%	-2.5%	4.0%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	11.9%	17.2%	8.9%	5.7%	-29.1%	12.2%	9.9%	-3.2%

Manager Commentary

The yield of Swedbank's Pension Fund K3 was -2.1% in May and 3.0% since the start of the year. May was characterised by anxiety on the financial markets. Attention once again focussed on Greece, where the newly elected parliament failed to form a government despite repeated attempts and was therefore dissolved. It is not possible for a country that does not have a functioning government to receive support from international creditors and according to estimates, Greece's own financial resources will run out in about a month. The risks of Greece exiting euro and the ensuing financial shockwaves have grown noticeably, although we believe that an agreement with the so-called Troika is more likely. Leading indicators also refer to an economic slowdown in the eurozone as a whole. News about the US economy also tended to be negative during the month and the labour market statistics published in the beginning of May were clearly disappointing for investors.

Global equity markets fell and by the end of the month reached the levels where they had been at the start of the year. The developed region where equities suffered the most is Western Europe (-6.1%), including Sweden (-8.8%), as the region is currently negatively regarded by investors. US equities, however, ended in positive territory (+0.34%); all performances in euros, because of the considerable strengthening of the dollar against the euro (+6.6%). The emerging regions whose equities suffered the biggest decreases are Russia (-15.1%) and Eastern Europe (-11.7%). The performance of Latin America was -7.1%. The news that Chinese economy was cooling down did not have a good impact on the equity markets of emerging Asia, but the region ended at only -3.1% due to the weakness of the euro caused by the deepening debt crisis.

The investors' loss of risk appetite was evident in bond portfolios primarily as the interest rates of German government bonds decreased across the yield curve. The biggest winners were bonds with longer maturities (10-year interest decreased 46 bp and 2-year interest 8 bp), but the main reason for curve flattening was that shorter maturities ended at the level of 0 or even in minuses by the end of the month, which means that they really have no more room to decrease. Negative interest levels indicate that investors are prepared to pay to ensure that the nominal value of their investments is preserved. Risk premiums increased in all categories of bonds – in the peripheral countries of the euro area, for investment grade and lower quality bonds.

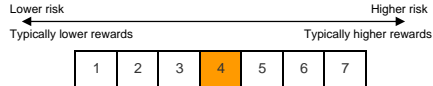
In the fund portfolio, we remain cautious about equity markets in June and keep the weight of equities at a neutral level. The decreased oil price supports private consumption so that a global recession is not likely in the next two quarters. In the long-term horizon we see that European equities have reached extremely attractive valuations when compared to other regions.

* 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.

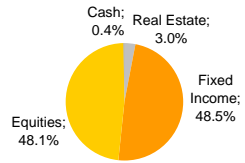
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

Risk level

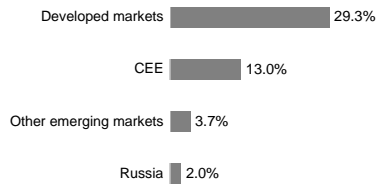


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

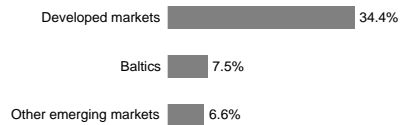
Portfolio by instruments



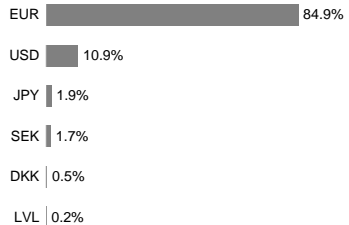
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



Largest investments

Equity portfolio	Weight
MSCI Europe Source ETF	6.3%
SSGA USA Index Equity Fund	6.1%
Lyxor Eastern Europe Index ETF	3.2%
Morgan Stanley Europe Equity Alpha Fund	3.1%
GAM Star US All Cap Equity Fund	2.7%
Fixed Income portfolio	Weight
PIMCO Global Inv Grade Credit Fund	8.1%
Bluebay Inv Grade Bond Fund	7.9%
Lyxor ETF Euro Corp Bond Fund ex Financials	4.1%
iShares € Corporate Bond Fund	3.8%
DB x-Trackers II EM Liquid Eurobond Index ETF	3.5%