

Swedbank Pension Fund K3 (Growth Strategy)

July 31, 2012



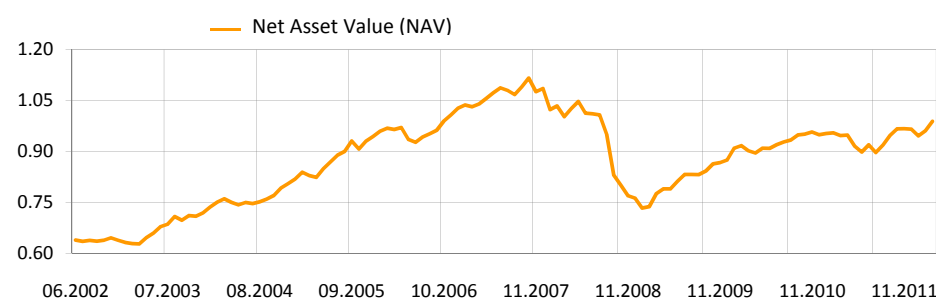
Investment Principles

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)	0.98893 EUR
Net Assets	366 868 428 EUR
Average management fee per annum**	1.39%
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* Annualized	7.6%	2.9%	2.4%	4.3%	8.7%	21.7%	-8.4%	54.7%
				4.3%	4.3%	6.8%	-1.7%	4.4%
	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%

Largest investments TOP 10

Equity portfolio	Weight
MSCI Europe Source ETF	6.1%
SSGA USA Index Equity Fund	5.9%
Lyxor Eastern Europe Index ETF	3.3%
Morgan Stanley Europe Equity Alpha Fund	3.1%
GAM Star US All Cap Equity Fund	2.6%
PIMCO Global Inv Grade Credit Fund	7.7%
Bluebay Inv Grade Bond Fund	7.5%
Lyxor ETF Euro Corp Bond Fund ex Financials	3.8%
iShares Markit iBoxx € Corporate Bond Fund	3.6%
Blackrock Global High Yield Bond Fund	2.1%

Manager Commentary

Swedbank's Pension Fund K3 returned 2.9% in July and 7.6% since the start of the year.

The focus of financial markets remained on the eurozone in July. Both risky and relatively risk-free assets ended the month in positive territory despite the increasing seriousness of the crisis. One of the reasons behind the optimism on equity markets was the President of the European Central Bank (ECB), whose powerful statements in the second half of the month led to the rise of risky asset classes. However, getting ahead of things, we can say that the results of the ECB session held in the beginning of August were a disappointment for investors. Greece also caused anxiety, as the country has not managed to carry out fast enough the reforms promised to the IMF and the European Commission. Greece's possible exit from the eurozone and the adherent risks to the other eurozone countries continue being a concern. Global economic growth continued to deteriorate – the leading indicators of the eurozone's industrial sector weakened and the GDP of the United States also failed to meet market expectations.

In the equity portfolio Swedish equities were outperforming amongst developing regions (+9.7%, all returns are in euros). The equity markets of Europe and the United States both strengthened by 4.2%. Japan also managed to stay in positive territory (+0.4%). The rise in equity markets of emerging regions was led by Asia and Russia (+5.8% and +5.7%, respectively). Latin America ended up 4.2% higher; the Baltic States and Eastern Europe rose by 3.4% and 1.0%, respectively. The euro weakened by 2.9% against the US dollar during the month.

Bond markets were affected by the ECB reducing the base rate by 0.25% to the record low 0.75%. The deposit rate for financial institutions was reduced to 0%. The yields of bonds followed the move of the Central Bank – the yields of the 2-year and 10-year bonds of Germany decreased by 20 bp and 30 bp, respectively, whereas the yield of the 2-year bonds remained in negative territory for almost the entire month. The credit spreads of both investment grade and sub investment grade bonds decreased a little. In the fund's portfolio eurozone government bonds were outperforming (+3.2%), the euro-denominated government bonds of emerging markets (+2.5%) and the good quality corporate bonds of the eurozone (+2.3%) also did relatively well.

We remain positive about the equity markets in August – price levels are still attractive compared to bonds and global liquidity indicators are ameliorating. We also expect the world's economic growth to accelerate in the second half of the year. Region-wise we prefer European and Japanese equities. The former are favoured by the price level, the latter by liquidity indicators. In fixed income portfolios we prefer good quality credit assets to eurozone bonds, because the latter do not compensate sufficiently for the risks associated with the possible acceleration of the inflation, but we believe that the risk premiums of the former give a realistic reflection of the financial risks of companies.

* 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.

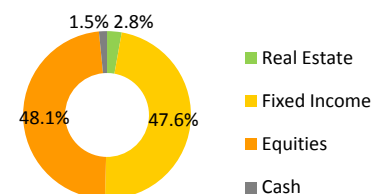
Risk level

Lower risk ← | → Higher risk
Typically lower rewards | Typically higher rewards

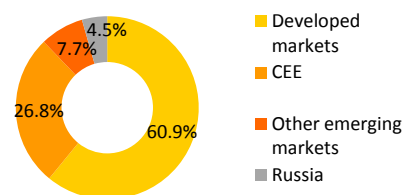


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

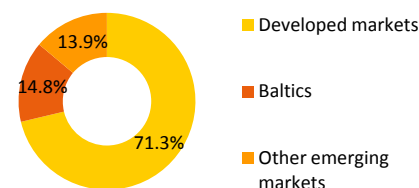
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies

