

Swedbank Pension Fund K3 (Growth Strategy)

February 28, 2013

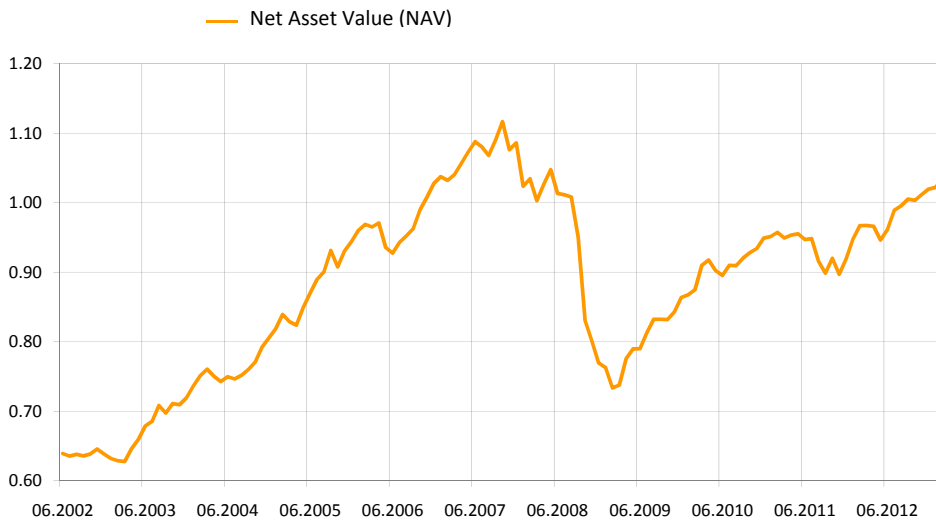
Investment Principles

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
Inception	2002
Net Asset Value (NAV)	1.03324 EUR
Net Assets	398 453 688 EUR
Standard deviation (computed over 3 years)	5.5%
Average management fee per annum**	1.37%
Subscription Fee	0.0%
Redemption Fee	1.0%

Fund performance*



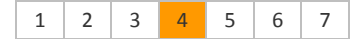
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance* Annualized	1.4%	1.1%	2.1%	6.9%	7.9%	18.1%	-0.1%	61.7%
				6.9%	3.9%	5.7%	0.0%	4.6%
	2005	2006	2007	2008	2009	2010	2011	2012
Performance*	17.2%	8.9%	5.7%	-29.1%	12.2%	9.9%	-3.2%	10.9%

Largest investments TOP 10

Equity portfolio	Weight
db x-trackers MSCI AC Asia ex Japan Index UCITS ETF	4.2%
Morgan Stanley Europe Equity Alpha Fund	3.2%
DB x-Trackers MSCI EM Latin Index ETF	2.9%
SSGA Europe Index Equity Fund	2.6%
SPDR MSCI Europe ETF	2.1%
Fixed Income portfolio	Weight
PIMCO Global Inv Grade Credit Fund	7.4%
Bluebay Inv Grade Bond Fund	7.4%
iShares Markit iBoxx € Corporate Bond Fund	4.3%
Lyxor ETF Euro Corp Bond Fund ex Financials	3.6%
Deposiit - Bank DNB A/S Eesti filiaal (EUR)	2.2%

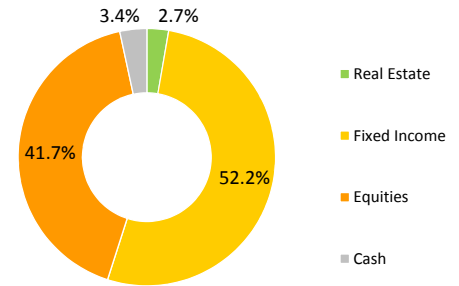
Risk level

Lower risk Higher risk
Typically lower rewards Typically higher rewards

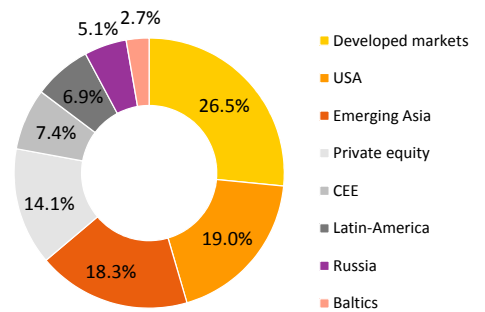


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

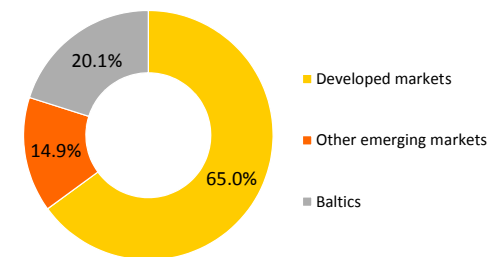
Portfolio by instruments



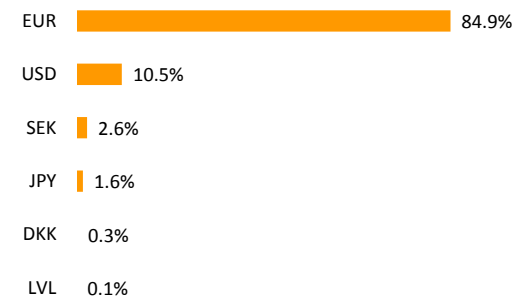
Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies



* 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 on phone number +372 613 1606.

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Manager Commentary

Swedbank's Pension Fund K3 returned 1.1% in February and 1.4% since the start of the year.

Market overview

In February the financial markets were strongly affected by the elections in Italy, the results of which contributed largely to the increased nervousness on the markets. The elections had no clear winner as the pro-reform coalition which is most acceptable to the markets did not win a majority in the upper chamber of the Italian parliament. Hence it is likely that the critical decisions necessary for the sustainability of the country will be stalled or difficult to make. The country risk surged in the eyes of investors: the risk premium for both two- and ten-year government bonds rose by almost 50 basis points. Although at the moment Italy is still far from its highest level of risk premium in 2012, it is clear that investors are following political developments in euro area countries very closely and that a permanent solution to the euro area debt crisis is not yet within reach. Equity markets were not significantly affected by the events but the so-called risk-free bonds, which had fallen substantially in January, became attractive again on euro area debt markets.

The economic statistics published in February did not offer unambiguous conclusions. The euro area GDP, for example, decreased more than expected in the fourth quarter and the Purchasing Managers' index weakened. At the same time the IFO (the German Business Climate Indicator) rose significantly and the French manufacturing industry's confidence regarding the current situation and future outlook improved. The European economic outlook also benefited from the exchange rate of the euro which weakened owing to the 'verbal intervention' of the President of the European Central Bank.

In the USA economic sentiment continued to rise slowly but the negotiations between the Republicans and the Democrats over budget cuts caused concerns yet again. There is consensus among US politicians that the timing of the fiscal cliff resolution is unfortunate taking into account the weak economic growth and that the cuts are not being made in the right areas. This, however, does not contribute to their ability to achieve a reasonable agreement on delaying or mitigating the cuts. Forecasts of numerous analysts indicate that the effect of the cuts on the economy will be approximately 0.4% of GDP, i.e. significant but not sufficient to trigger a new recession.

In February the equity markets were mostly up. The markets were supported by the decision of the Japanese government to nominate Asian Development Bank president Haruhiko Kuroda as the new governor of their central bank. He is likely to start an aggressive fight against the deflation which has been debilitating the Japanese economy. There were signs of the Chinese authorities taking more active growth stimulation measures, whereas senior officials of the Federal Reserve tried to dissipate the markets' growing concerns about the imminent termination of bond purchases by the US central bank.

In euro terms the strongest equity markets in February were Japan (+6.6%), the USA (+5.1%) and developing Asia (+3.7%). Latin America and Europe were also in positive territory with a monthly return of +1.0% and so was Eastern Europe (including Turkey) with +0.9%. Neighbouring markets, on the other hand, were weak: the Russian index lost 1.8% and the Baltic States 2.7% over the month.

The strongest among the asset classes of bonds in February was euro area investment grade corporate bonds (+1.1%), primarily due to the fall in interest rates of bonds in core countries. Risk margins remained largely at the same level as before. The risk of a euro area crisis that has grown again due to the elections in Italy caused inflows into the debt securities of core countries, which are considered safer than those of periphery countries. The interest rate of German two-year government bonds fell by 25 bp and that of ten-year government bonds by 23 bp. Euro area government bonds with a AAA-A rating ended the month up 0.9%. The euro-denominated emerging market government bond index strengthened by 0.3%. Emerging market corporate bond yields were also slightly positive, whereas global speculative grade bonds were slightly negative.

Short-term outlook

In March we will continue to be underweight in equities. We remain cautious due to decreased liquidity on global financial markets resulting from the absorption of excess liquidity from the European banking sector by the European Central Bank. Liquidity conditions have also worsened in Japan and the price level of equity markets has increased to some extent.

We do not expect a fast or sharp rise in interest rates in our bond portfolios yet. In both the euro area and developed industrialised economies as a whole there is still a significant amount of available unused capacity and unemployment remains at a high level. Such an environment does not lend itself to the tightening of monetary policy. Yet from a long-term perspective a rise in interest rates is probably inevitable. We continue to hold positions in the asset classes of emerging market corporate bonds and global speculative grade bonds. Companies in emerging markets often have stronger balance sheets than their competitors in developed markets and their bonds offer higher yields compared to companies with similar ratings in developed markets. We see that speculative grade bonds can also generate value although interest rates have fallen and this asset class therefore has less room for upward movement. However, this is true of the debt market as a whole. We expect that this year global economic growth will remain subdued although positive and that in such an environment corporate insolvency is likely to remain at a fairly low level.

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