Swedbank Pension Fund V3 (Equity Strategy)

August 31, 2012

Investment Principles

Swedbank Pension Fund V3 (Equity Strategy) is a contractual investment fund founded for providing supplementary 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 100% of the assets in equity-risk securities.

Risk level

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

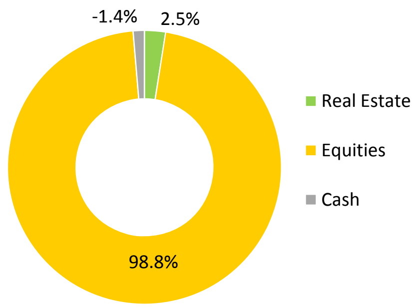
1	2	3	4	5	**6**	7

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.

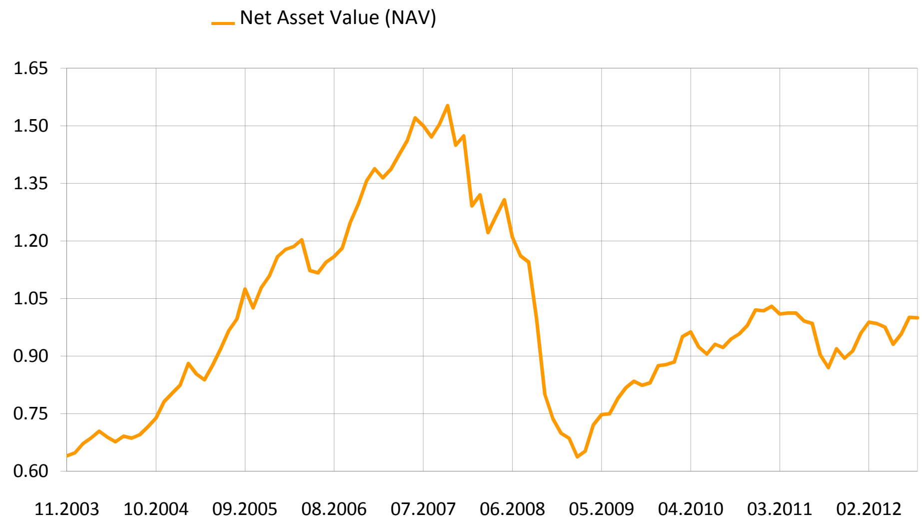
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	0.99958 EUR
Net Assets	32 186 804 EUR
Standard deviation (computed over 3 years)	11.1%
Management Fee per annum	1.4%
Subscription Fee	1.0%
Redemption Fee	1.0%

Portfolio by instruments



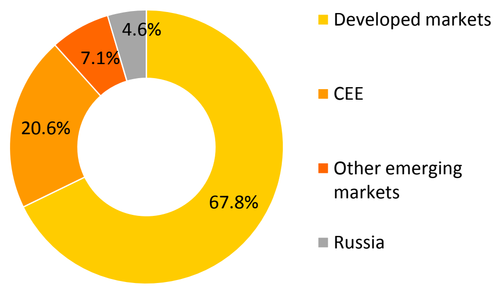
Fund performance*



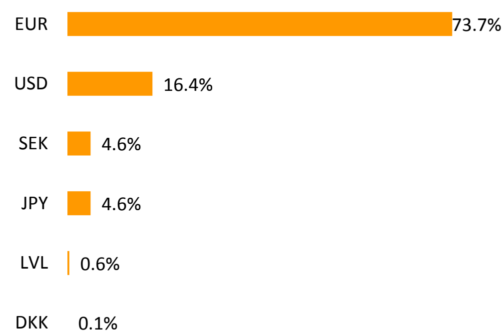
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	9.4%	-0.2%	7.4%	10.6%	8.3%	22.2%	-32.0%	56.4%
Annualized				10.6%	4.1%	6.9%	-7.4%	5.2%

	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	24.0%	38.0%	22.4%	8.6%	-52.5%	25.1%	16.6%	-10.5%

Equity portfolio by regions



Portfolio by currencies



Largest investments TOP 10

Equity portfolio	**Weight**
SPDR MSCI Europe ETF	8.4%
Lyxor Eastern Europe Index ETF	8.1%
GAM Star US All Cap Equity Fund	7.7%
SSGA USA Index Equity Fund	7.6%
MSCI Europe Source ETF	7.0%
Fixed Income portfolio	**Weight**
Lyxor ETF Euro Corporate Bond Fund	0.0%

* 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.

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 V3 returned -0.2% in August and 9.4% since the start of the year.

August was relatively quiet on the financial markets and investors were in wait-and-see mood due to the lack of important political decisions and events. Although risk appetite on the markets was mostly rising, it did not cause any significant outflows from risk-free assets. The focus remained on the activities of the European Central Bank (ECB). The expectations of the markets regarding the results of the regular ECB meeting held at the start of August were very high, especially after the bank's president Draghi insisted that the euro is irreversible. However, the results of the meeting did not include another reduction of the base interest rate or any specific plans for lowering the sky-high interest rates of problem countries to more manageable and sustainable levels. It started to become apparent during the month that a very limited interference in the markets, i.e. purchasing up to three-year bonds on the secondary market, is more probable. Such market expectations brought the shorter term interest rates of Italy and Spain down by ca. 120 to 150 basis points, but the interest rates of longer terms remained almost as high as before.

Global economy stayed at a predominantly weak level – the Purchasing Managers Indices in the European industrial sector pointed at a continuing decrease in production activity. The Purchasing Managers Indices of Germany, France and the UK, which suggested that the pace of contraction in the industrial sector is decelerating, stood out as the positives against a generally negative background. The economic situation in the US is somewhat stronger than in Europe, but the slow increase in the number of jobs is a massive problem there as well, and it may lead to the third Quantitative Easing Program of the Federal Reserve.

Eastern Europe was the region with the best performance in the equity portfolio (+4.7%, all returns are given in euros) and the Baltic States were also an emerging region that did well (+1.9%). Returns on the equities of Russia (-0.9%), Emerging Asia (-2.8%) and Latin America (-2.6%), on the other hand, remained in the negative territory. Western European equities performed well among developed regions (+2.0%) and the US just about managed to stay in the positive territory (+0.1%), whereas the performance of Japanese (-2.8%) and Swedish (-1.7%) equities remained in the negative territory.

The fund portfolio had an overweight of Western European equities, mainly because of their relatively favourable valuations. The decision proved to be a profitable one despite the political risks.

Looking forward, we expect September to be more eventful and therefore also more volatile on the financial markets. We continue keeping the overweight position in equities. The valuations of equities remain attractive compared to bonds, and global liquidity continued increasing. We also expect the world's economic growth to accelerate again in the second half of the year. The risks threatening the equity markets are mainly political – there is still no clarity about the ECB's bond purchase plan and the possible impact of the results of the presidential elections in the US is moving firmly into the focus.

We continue preferring European equities to other regions, because the equities of this region have priced in an economic growth that is noticeably weaker than we forecast. Sentiment about emerging markets has also become slightly more favourable, which is why we reduced our underweight in these asset classes.