

Swedbank Pension Fund V3 (Equity Strategy)

January 31, 2013

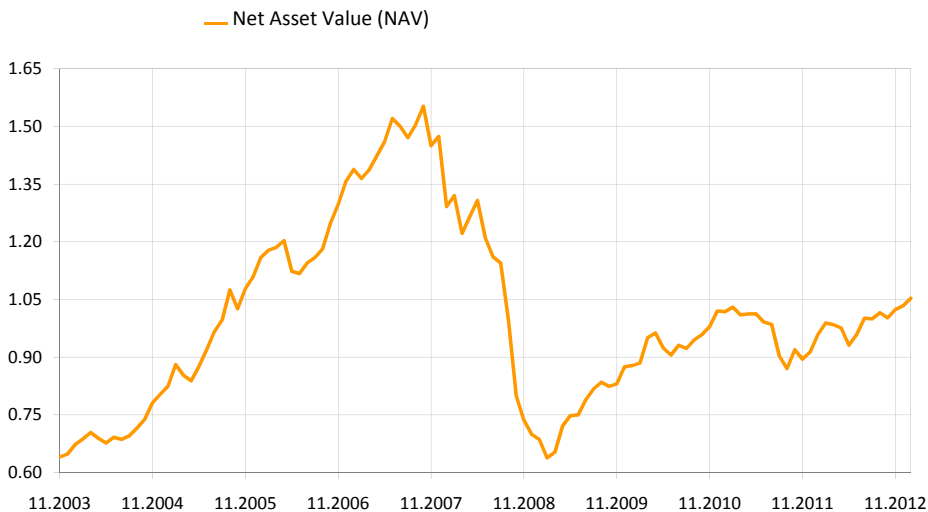
Investment Principles

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.

General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	1.05326 EUR
Net Assets	33 626 865 EUR
Standard deviation (computed over 3 years)	10.8%
Management Fee per annum	1.4%
Subscription Fee	1.0%
Redemption Fee	1.0%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	1.9%	1.9%	5.1%	9.7%	3.5%	20.0%	-18.4%	64.8%
Annualized				9.7%	1.7%	6.3%	-4.0%	5.5%
	2005	2006	2007	2008	2009	2010	2011	2012
Performance*	38.0%	22.4%	8.6%	-52.5%	25.1%	16.6%	-10.5%	13.2%

Largest investments TOP 10

Equity portfolio	Weight
DB x-Trackers MSCI EM Latin Index ETF	8.5%
SSGA USA Index Equity Fund	7.3%
SSGA Europe Index Equity Fund	6.5%
SPDR MSCI Europe ETF	6.2%
GAM Star US All Cap Equity Fund	5.8%

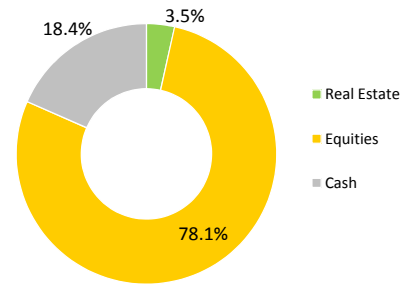
Risk level

Lower risk Higher risk
Typically lower rewards Typically higher rewards

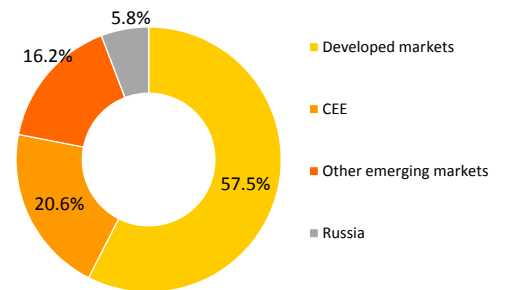


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

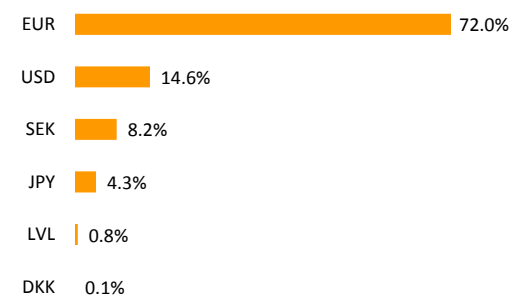
Portfolio by instruments



Equity portfolio by regions



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. 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 1.9% in January and 1.9% since the start of the year.

Market overview

The new year began with a more cheerful sentiment on financial markets as the US Republicans and Democrats reached an agreement on the 'fiscal cliff' issue. It was agreed to extend the deadline for solving the problem by a couple of months. Nevertheless, it gave investors some breathing space and equity markets responded with a strong rise. The next serious political threat was seen in the possibility that the February deadline of the decision regarding the debt ceiling would be missed. The risk diminished somewhat as the US Congress moved the deadline to the end of March. The positive stock market sentiment lasted for the entire month and, supported by inflows from deposits and low-interest bonds into equities, stock exchange indices moved slowly but surely upwards.

Our view that the slowdown in the global business cycle is about to end and the pace of economic growth to accelerate was confirmed in January. The US real estate and labor markets showed continued positive developments and the sales statistics of new cars hit a five-year high. After the slowdown that lasted the last seven quarters, GDP growth in China again gained momentum by rising from annual growth of 7.4% in the previous quarter to 7.8%. Also, the euro area Purchasing Managers' Surveys, which are predictive of the business cycle, showed impressive results.

The acute phase of the euro area crisis seems to be over, at least for the time being, but substantial risks still exist. The European Central Bank offered banks the option of early repayment of loans granted in the framework of the long-term programme (LTRO). Within the first repayment window banks returned to the ECB a considerably larger amount of loans than expected and the financial markets interpreted it as a sign of the banking sector's strength. In addition, the statistics of the euro area central bank showed that after a long period there was growth in bank deposits of periphery countries – Italy and Spain – in December. This reduces their dependence on the central bank's support and increases the availability of credit to the countries' private sectors, thus contributing to economic growth.

The strength of equity markets was certainly further enhanced by the unexpectedly strong performance of the corporate sector. In the USA, 201 companies representing more than half of market capitalisation had reported their financial results by the end of January. On average, the earnings of these companies exceeded analysts' expectations by 5.5% and sales growth by 0.8%. Earnings season data is in line with the downward revision of earnings expectations by analysts. However, considering the relatively sluggish economic growth, higher expectations which would be a driving force for the markets in the short term are unlikely.

Overall, the biggest winner on equity markets over the month was the Stockholm Stock Exchange (+5.6%; all returns are in euro), closely followed by the Baltic index (+5.5%). The next were Europe (+2.8%), the USA (+2.3%) and Japan (+0.7%). Russia was the strongest (+3.2%) among emerging markets and Latin America too ended the month positively (0.8%). The index of the Far East excluding Japan was weak (-1.6%) and the performance of Eastern Europe, which showed strong returns last year, was also poor (-5.4%) as investors preferred cheaper equity markets with better growth prospects.

We decreased in the portfolios the weight of Eastern Europe and developed industrialised economies (Japan, the USA and Western Europe), whereas we increased the weight of developing Asia and Latin America. This change was strategic in nature as we see relatively better potential in Latin America and Asia, considering long-term economic growth, demographic trends and the price levels on the markets.

Short-term outlook

Going into February we are rather cautious regarding the outlook of equity markets. Although the price levels are still attractive, especially compared to lower-risk bonds, equities have lost part of their relative advantage when we look at the rise in the interest rates of bonds. There are also several technical indicators that make us cautious with regard to short-term developments on equity markets.

Tactically, our slight regional preference in February is for Russian equity markets. 2012 was clearly disappointing for Russian equities, largely due to the swapping of roles by Medvedev and Putin, which did not have a good impact on the country's already tarnished image in the eyes of investors. The Russian equity market has a history of sharp turns – extremely unsuccessful years have often been followed by very successful ones. The equity market, which has proved to be a value trap, i.e. it has continued to become even cheaper than initially over a sustained period of time, has today become one of the best markets among emerging ones in terms of cash flow and dividend yield.