

Swedbank Pension Fund V3 (Equity Strategy)

March 31, 2013

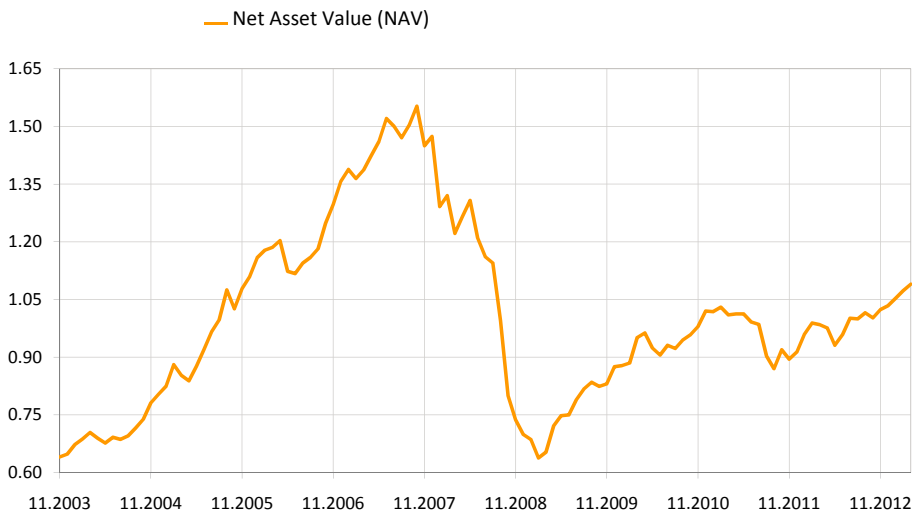
Investment Principles

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)	1.08997 EUR
Net Assets	35 001 075 EUR
Standard deviation (computed over 3 years)	10.0%
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*	5.5%	1.6%	5.5%	10.7%	7.9%	14.6%	-10.8%	70.5%
Annualized				10.7%	3.9%	4.7%	-2.3%	5.8%
	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
Swedbank Robur Indexfond Asien	8.6%
DB x-Trackers MSCI EM Latin Index ETF	8.4%
db x-trackers MSCI AC Asia ex Japan Index UCITS ETF	7.9%
SSGA USA Index Equity Fund	7.7%
Swedbank Robur Indexfond USA	7.3%

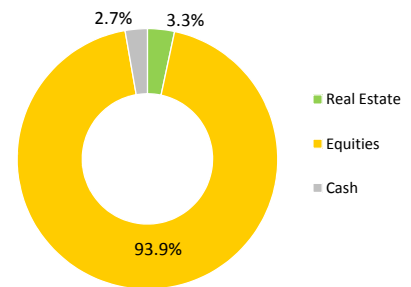
Risk level

Lower risk Higher risk
Typically lower rewards Typically higher rewards

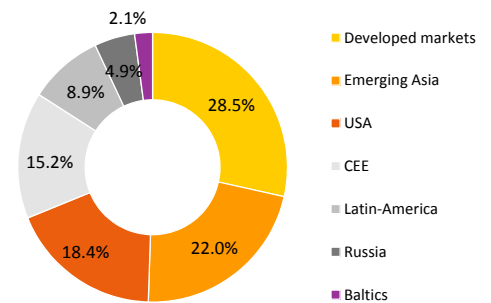


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

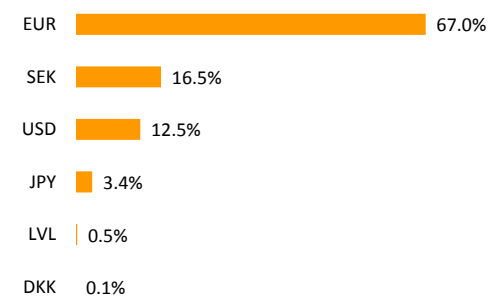
Portfolio by instruments



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 1.6% in March and 5.5% since the start of the year.

Market overview

March offered a lot of turmoil for financial markets: issues relating to macroeconomics lost their appeal and the critical situation in the Cypriot banking sector and North Korea's aggressively intimidating attitude towards the rest of the world rose to the fore. However, equity markets (except Russia) were not bothered by it much and continued rising in March. Yet the developments in Cyprus, which undermined the single currency area, did not have a positive impact on the euro and it weakened 1.8% against the US dollar over the month.

The initial solution to the Cypriot banking crisis was to tax insured depositors (individuals and businesses holding deposits below 100 000 euros). Upon the nationalisation of major banks in the euro area, depositors' money has been left untouched so far, but the developments in Cyprus fuelled insecurity about the possible restructuring model of banks. Although the solution was later set aside and the funds of minor depositors remained untouched, it remains to be seen which model will be applied in the event of bailing out nonperforming banks in the future. The coming months will tell what the impact of the event on the banking sector on the periphery of the euro area is and whether the outflow of funds that had come to a halt in the meantime has started again.

In March, the global business climate largely became cooler. The weakening of the business cycle-sensitive ISM Index in the US due to the automatic spending cuts (sequester) at the beginning of March was especially steep. Also, various temporary factors had increased the pace of growth at the beginning of the year. The average industrial sector sentiment of euro area peripheries weakened noticeably, but economic activity also weakened in Germany. Industrial sector growth picked up among the major powers of the developed world only in Japan where the Purchasing Managers' Index rose for the third consecutive month and finally reached positive territory. The economic growth rate also weakened in the BRIC states, although the slowdown was less pronounced in China.

Governor Draghi of the European Central Bank (ECB) remained cautious at the press conference following the meeting of the Monetary Policy Committee at the beginning of March and did not give a clear signal about a possible interest cut. However, the ECB lowered its forecasts regarding the growth expectations and inflation rate in the euro area. The inflation expectation for 2014 is now merely 1.3%, which is much lower than the 2% inflation rate that is in line with the central bank's price stability target. The rhetoric of the March and April meetings of the ECB's Monetary Policy Committee was much different from that of the January meeting, referring to the possibility that a reduction in the base rate in the coming months may not be unlikely.

In March, Japan led regional equity markets with a return of 7.1% (all return rates are indicated in euros). Japan was supported by investors' expectations that Kuroda, the newly appointed president of the Japanese central bank, would make the monetary policy far more aggressive in order to put an end to the 15-year deflation spiral. As for other developed markets, the US did well (+5.8%), while European equity markets ended the month with merely 1.6% return due to the problems in Cyprus. The month was good in the Baltic States (+6.9%). The local low-liquidity equity market was guided by non-confirmed rumours about a possible takeover bid of Tallink stocks. The strongest of the equity indices of emerging markets was Eastern Europe (+2.8%), with Turkey adding positiveness to the region. This was followed by Latin America (+2.04%), while Emerging Asia slightly weakened (-0.2%) and the month turned out to be weak on Russian equity markets (-2.5%). The latter can largely be attributed to developments in Cyprus, because Russian businesses and individuals are the largest non-resident depositors in Cypriot banks and the Russian business world has actively used Cyprus as an offshore financial centre. Although a direct economic impact on Russian listed companies and the economy will probably remain weak, it made investors insecure.

Near-term outlook

We face April with a share of equities that has been increased to the neutral level. The reason behind the improvement of the outlook is the strengthened liquidity on global markets owing largely to the more aggressive steps of the Japanese central bank. The growth of corporate earnings also started supporting equity markets. At the same time, businesses are more cautious in their earnings projections and this leaves more room for positive surprises. Owing to strong liquidity as well as positive growth dynamics, we regionally prefer Japanese equities. US and European equities have a lower-than-neutral share in the portfolios.

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