Swedbank Pension Fund V3 (Equity Strategy)

April 30, 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.

Risk level

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

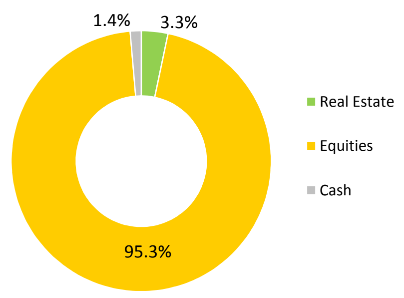
1	2	3	4	5	6	7

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.

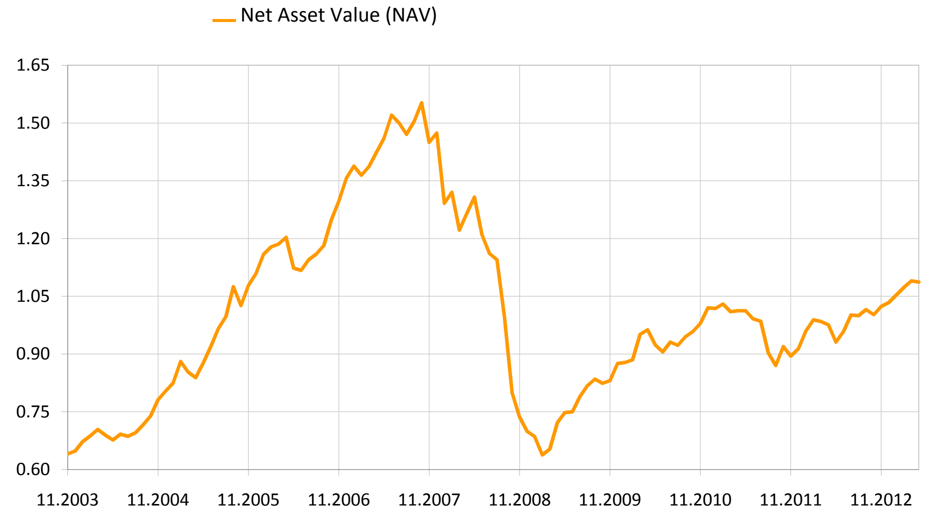
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	1.08689 EUR
Net Assets	34 959 482 EUR
Standard deviation (computed over 3 years)	10.0%
Management Fee per annum	1.4%
Subscription Fee	1.0%
Redemption Fee	1.0%

Portfolio by instruments



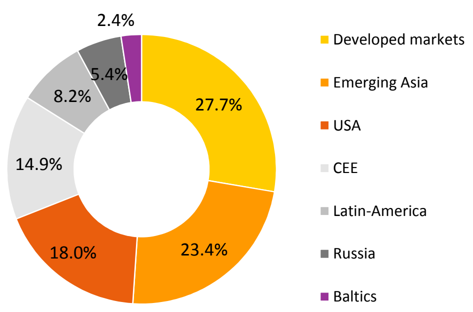
Fund performance*



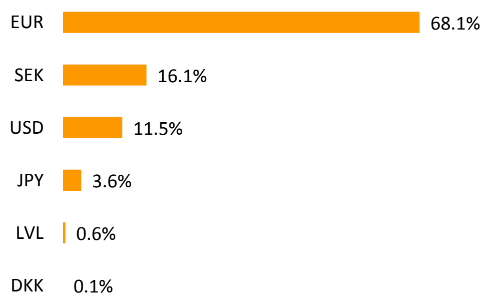
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	5.2%	-0.3%	3.2%	11.4%	7.4%	12.9%	-14.1%	70.1%
Annualized				11.4%	3.6%	4.1%	-3.0%	5.7%

	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%

Equity portfolio by regions



Portfolio by currencies



Largest investments TOP 10

Equity portfolio	**Weight**
Swedbank Robur Indexfond Asien	8.5%
db x-trackers MSCI AC Asia ex Japan Index UCITS ETF	8.2%
DB x-Trackers MSCI EM Latin Index ETF	7.8%
SSGA USA Index Equity Fund	7.7%
Swedbank Robur Indexfond USA	7.2%

* 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 -0.3% in April and 5.2% since the start of the year.

Market overview

The month of April saw interesting developments. On bond markets, investments moved back into riskier asset classes and risk premiums decreased. On equity markets, meanwhile, securities of developed regions were preferred over those of developing regions. At the same time, the so-called risk-free asset class suffered no loss either, as the interest rates of German, French and Austrian longer-term (10-year) government bonds fell. The latter two even reached an historically low level. The signs of slowdown in economic growth were offset by stimulating monetary policy measures in Europe, the USA and Japan.

The economic statistics published in April were mostly disappointing in both developed and developing countries, and especially in the euro area. In addition to a lower than expected rate of inflation, the unemployment rate in the euro area rose to a record high and purchasing managers' indicators were also weaker. In the euro area industrial sector the recession has lasted for almost two years. However, the negative economic statistics had a somewhat positive effect on the markets as it made a cut in the ECB’s key interest rate more likely. The possibility that in future the ECB will reduce the rate of its deposit facility to a negative level is still up in the air. In this case banks would have to pay to deposit their funds with the ECB. This in turn would create an additional incentive to keep money in circulation and not in a deposit account.

The economic results published in the USA were somewhat stronger than in the euro area. Although the ISM index – which reflects the confidence level of purchasing managers and is widely followed by investors – declined, it remains above the 50-point level, indicating positive growth. For a short while the markets were disappointed by the low number of new jobs recorded at the beginning of April.

April was also more eventful than usual on commodities and currency markets. The oil price had fallen by more than 10% by the middle of the month, but by the end of the month it had managed to recover part of the loss. The middle of April witnessed sudden pressure on sales of gold, the price of which fell by more than 13% in just a few days after Cyprus announced that it would be selling off its gold reserves. At the same time, there was interest in buying gold at its low price levels.

The euro strengthened against the US dollar by 2.7% and against the Japanese yen by 6.3%. In Japan, investors had extremely high expectations of the monetary policy committee led for the first time by the central bank’s new governor, Kuroda. Yet the aggressive outcomes of the meeting took the markets by surprise. One of the most important decisions was that the central bank of Japan would make monthly purchases of government bonds worth 7 billion yen. This amount is comparable to the volume of the bond purchase programme announced by the US Federal Reserve, although the size of the Japanese economy is much smaller than that of the United States.

The rhetoric of European Central Bank (ECB) President Draghi at the meeting of the Monetary Policy Committee at the beginning of April indicated more clearly that cutting key interest rates in the near future would not be impossible. Looking forward, it could be said that a decision to cut the key ECB interest rate by 0.25 percentage points to a level of 0.5% was indeed taken at the meeting at the beginning of May.

From the regional markets in the fund's equity portfolio, the best returns (+5.9%) were again generated by Japan (all returns given in euros). Western European equities were also on the positive side (+1.6%), while US equities ended the month with modest negative returns (-0.7%). The performance of equity markets in developing regions was significantly weaker. Against the backdrop of the low oil price, the weak returns of the Russian equity market (-4.9%) were not surprising. Latin American equity markets lost 2.9% and Baltic equities 1.6% over the month. Equities of Developing Asia and Central and Eastern Europe performed somewhat better, with negative returns of -0.6% and -0.5%, respectively. The latter region also includes Turkey.

Short-term outlook

At the beginning of May we increased the weight of shares in the portfolios of pension funds from neutral to overweight. We foresee that the pace of the global economy will be faster in the second half of the year, supporting equities and other risky asset classes. In addition to the stimulating economic policy of central banks, the fiscal policies in Europe and the United States are clearly becoming more positive with regard to growth prospects. Equity market outlooks also benefit from attractive price levels of equities in comparison with those of low-risk government bonds.