Swedbank Pension Fund V3 (Equity Strategy)

May 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.

Risk level

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

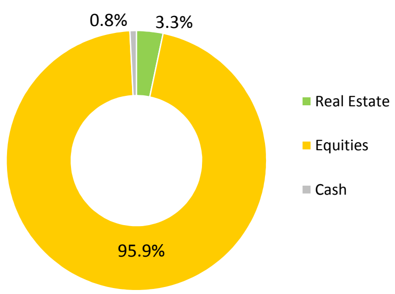
1	2	3	4	5	**6**	7

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.

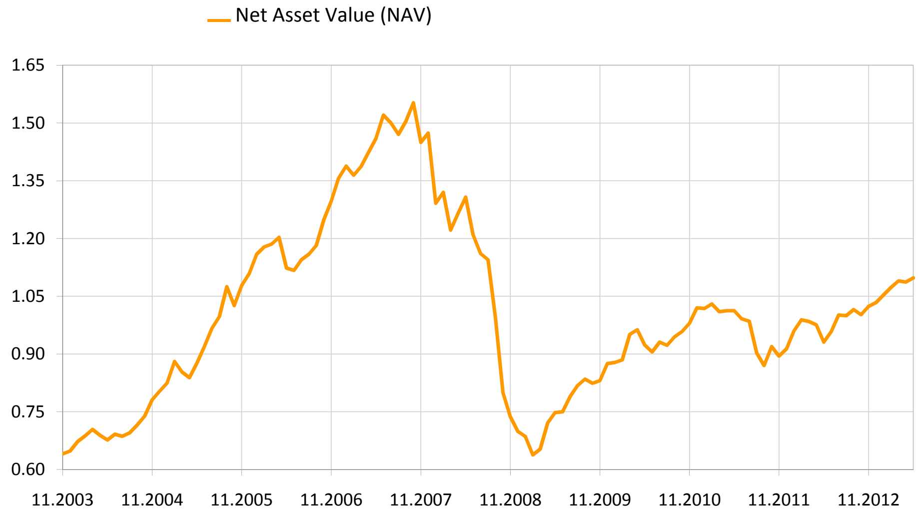
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	1.09773 EUR
Net Assets	35 297 651 EUR
Standard deviation (computed over 3 years)	9.7%
Management Fee per annum	1.4%
Subscription Fee	1.0%
Redemption Fee	1.0%

Portfolio by instruments



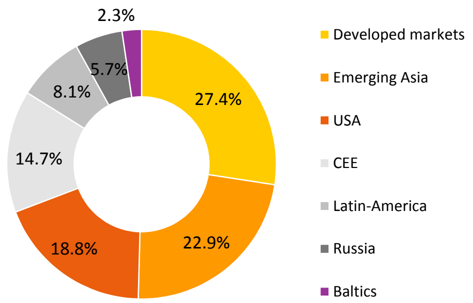
Fund performance*



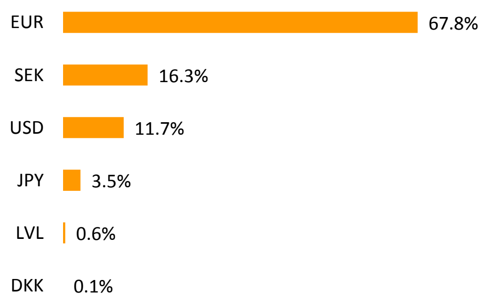
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	6.2%	1.0%	2.3%	17.9%	8.4%	18.8%	-16.0%	71.8%
Annualized				17.9%	4.1%	5.9%	-3.4%	5.8%

	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%

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	8.1%
SSGA USA Index Equity Fund	8.0%
DB x-Trackers MSCI EM Latin Index ETF	7.7%
Swedbank Robur Indexfond USA	7.5%

* 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 1.0% in May and 6.2% since the start of the year.

Market overview

The month of May turned out to be fairly turbulent – tensions have increased on both equity and debt markets, and the month's events have given investors plenty of food for thought with regard to their future behaviour. All this was reflected in the uncertainty of markets, and apart from a few asset classes – US and West-European equities, for example – that remained in positive territory, many others were hit by a wave of sell-offs, especially in the second half of the month.

May began with a cut to the European Central Bank's key interest rate of 0.25 percentage points to a level of 0.5%. This move had been widely expected and already priced in by the markets. Much more attention was attracted by the US Federal Reserve, which in the opinion of a number of investors had started to prepare the markets for a possible reduction in the bond purchase programme. The US economic statistics published over the month were largely interpreted in terms of their potential effect on the monetary policy of the Federal Reserve. Compared to the relatively strong labour market indicators published at the beginning of the month, those relating to industrial sector activity were rather weak. Therefore uncertainty with regard to a possible reduction in the volume and timing of the Federal Reserve's asset purchase programme is fairly high.

Besides the outlook for US monetary policy, developing market equities were negatively affected by predominantly slower economic growth. At the same time, some countries are facing the problem of rising inflation – the central bank of Brazil, for example, was forced to raise its key policy rate by 0.5 percentage point to mitigate inflationary pressure.

The uncertainty of the markets regarding Japan's new aggressive economic policy grew, which was clearly reflected in increased volatility on the local equity market – there was a trading day in May when Japanese equities fell by almost 7%. This was nothing fundamental, having rather more to do with profit-taking and closing of speculative positions as well as rebalancing of the increased weight of Japanese equities mainly by local long-term investors.

The mass protests that started in Turkey in the second half of May have remained contained, but there is no end in sight and they have affected the Turkish securities market. Turkish equities form part of our Central and East-European region, which is why we are following developments in the country very closely.

The dynamics of equity markets were varied. Among developed regions, US equities gained 3.5% (all returns are in euros) and European equities 1.9%. Japanese equities, on the other hand, ended in negative territory (-4.3%). The results of equity markets in developing regions were not brilliant either. Latin American equities fell sharply (-5.6%); the Russian equity index – which has shown very weak performance since the beginning of the year – fell less dramatically (-1.3%). Baltic equities lost 1.4%. Equity markets in Developing Asia, however, remained close to zero (+0.2%) and East-European equities strengthened by 0.7%. Equities of Developing Asia make up the largest proportion of developing region equities in our portfolios.

Short-term outlook

At the end of May we decreased the weight of equities in the fund's portfolio to neutral, as in our view the probability of a larger equity market correction has grown. Although flows of liquidity provided by central banks are mostly supportive of equity markets, the signs of a possible reversal of the monetary policy of the US Federal Reserve are causing additional volatility on the markets.

As equity markets became mostly stronger in March and April and the interest rates of risk-free bonds rose in May, the price level of equity markets has lost some of its attraction. Global economic growth is likely to be less supportive of equity markets in the coming months but we expect it to provide a more positive impulse for the markets towards the end of the year. In terms of regions we prefer the Russian equity market to Latin American equities, as in our opinion the absolute and relative price level of Russian equities (compared to Latin America) is unreasonably low.