

Swedbank Pension Fund V3 (Equity Strategy)

July 31, 2013

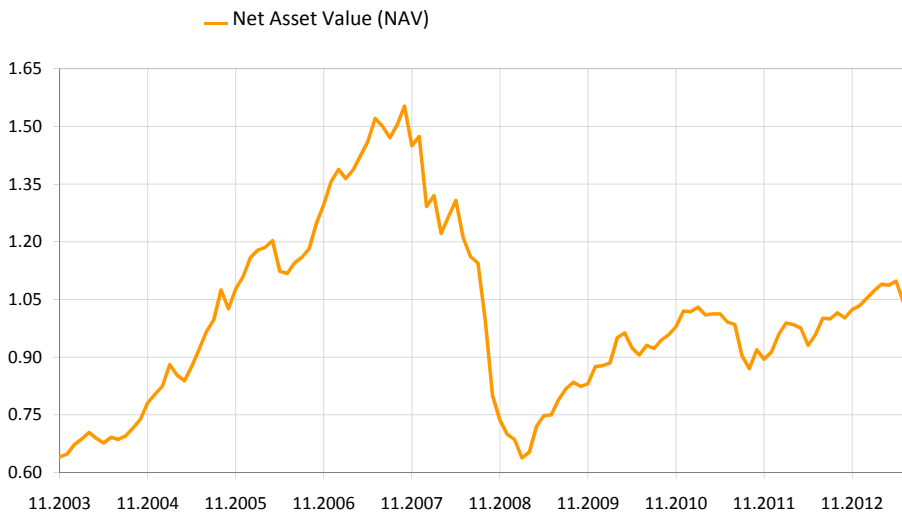
Investment Principles

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)	1.05844 EUR
Net Assets	33 819 511 EUR
Standard deviation (computed over 3 years)	10.1%
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*	2.4%	1.6%	-2.6%	5.7%	7.4%	13.7%	-8.8%	65.3%
Annualized				5.7%	3.7%	4.4%	-1.8%	5.3%
	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	8.4%
SSGA USA Index Equity Fund	8.3%
Swedbank Robur Indexfond USA	7.9%
db x-trackers MSCI AC Asia ex Japan Index UCITS ETF	7.9%
DB x-Trackers MSCI EM Latin Index ETF	7.8%

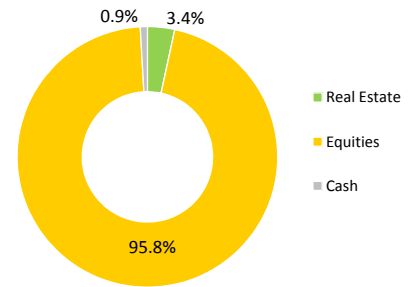
Risk level

Lower risk Higher risk
Typically lower rewards Typically higher rewards

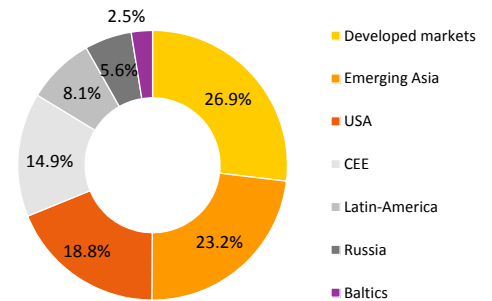


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

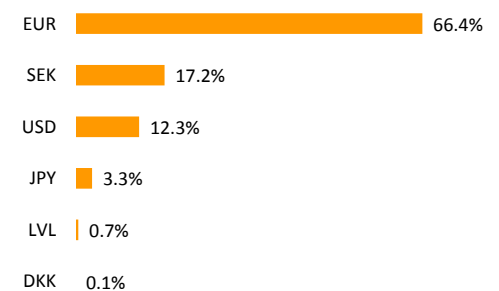
Portfolio by instruments



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.

Swedbank Pension Fund V3 (Equity Strategy)

July 31, 2013

Manager Commentary

Swedbank's Pension Fund V3 returned 1.6% in July and 2.4% since the start of the year.

Market overview

In July the financial markets mostly recovered from the sell-off of the previous six weeks and several equity and bond markets strengthened. Positive stock market sentiment was supported by improved economic results in Europe and confirmation by President Draghi of the European Central Bank that the central bank was not moving in the same rhythm as the USA when it came to monetary policy and that the implementation of a tightening policy was not within reach. Further reduction in the key interest rate is what could be considered instead. However, the financial markets have not priced in this option.

The economic statistics published in July mostly exceeded the expectations of analysts – the figures for the euro area provided a particularly positive surprise. For example, the industrial sector rose for the first time in the last two years, and although economic growth in the second quarter will probably remain near zero, it is still better than the decline period of the last six quarters. The third quarter, however, should see some small growth in the euro area.

Although the economic climate of the euro area is showing signs of improvement, there is still tension in the political field and many periphery countries are on the verge of a government crisis. The conviction of the former prime minister of Italy and current MP Silvio Berlusconi has caused a situation where other MPs who belong to the same party are threatening to cease support for the current government coalition. Spain's Prime Minister Rajoy has become involved in a corruption scandal caused by the party's confusing financing scheme in previous years. Interestingly, the financial markets have become much more ambivalent about such political events than they were some time ago. The price at which a country can borrow money (the interest rates of government bonds) has not been influenced much by the increasing political risks of either Italy or Spain.

In developing countries there are signs of a slowdown in economic growth – in China, growth in the second quarter turned out to meet the expectations of analysts (7.5%), but the economic activity of the Chinese industrial sector seemingly continues to weaken. The slowdown in economic growth has affected other developing countries too, such as Mexico, Brazil and Russia.

In July the Upper Chamber was elected in Japan, which was won with an overwhelming majority by the Japanese Liberal Democratic Party, which is currently in power. Several analysts say this means a strengthened mandate for Prime Minister Shinzo Abe in implementing economic reforms, which include improving the poor financial situation in the country and fighting deflation.

In July the strongest equity markets of developed industrialised economies, supported by economic results that exceeded expectations and stimulation from the central bank, were in Europe (+5.1%) followed by the USA (+3.1%; all returns in euros), while Japanese equities ended the month 1.5% lower. During the month we closed the overweight on Japanese equities markets and the underweight on European equity markets.

In developing markets, Russian equities were the strongest (+1.5%) supported by the 5% increase (in US dollars) in the price of oil during the month. Equity markets in Developing Asia weakened over the month by 0.3%, Eastern Europe by 1.1% and Latin America by 3.0%. The equity markets in the Baltic States strengthened by 2.4%. In pension fund portfolios the proportion of Russian equities is still higher than neutral and the proportion of Latin American equities lower than neutral – this tactic adding value in July, too. The euro strengthened by 2.2% during the month.

Near-term outlook

In August we will continue with a neutral position, as according to our estimates the risks of increases and decreases on equity markets should be in balance in the short term. As to the price level, equities still have an advantage in comparison to bonds, but technical indicators are rather unfavourable for equity markets. Regionally we have an overweight in the Russian equity market and underweight in Latin America. We are closely observing the situation in Russia, where local elections will be held in early September in several important areas.

* 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.