Swedbank Pension Fund V3 (Equity Strategy)

February 28, 2014

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

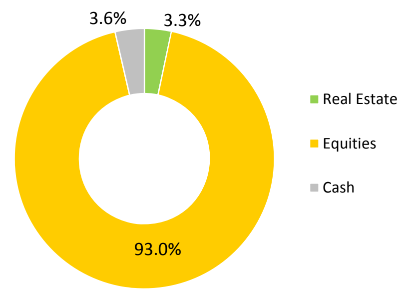
The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

Standard deviation of returns (over the last 3 years) 10.3%

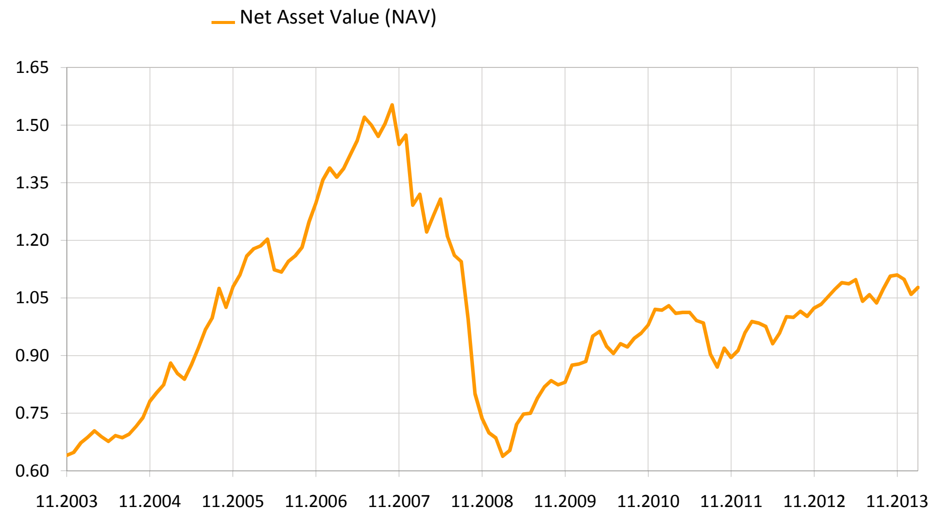
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	1.07728 EUR
Net Assets	34 916 871 EUR
Management Fee per annum	1.4%
Subscription Fee	1.0%
Redemption Fee	1.0%

Portfolio by instruments



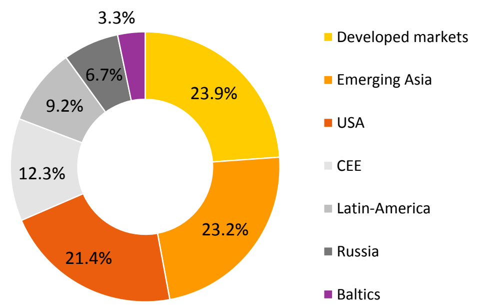
Fund performance*



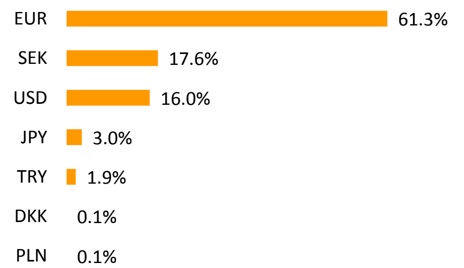
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	-1.9%	1.7%	-2.9%	0.4%	9.0%	4.6%	68.9%	68.2%
Annualized				0.4%	4.4%	1.5%	11.0%	5.2%

	2006	2007	2008	2009	2010	2011	2012	2013
Performance*	22.4%	8.6%	-52.5%	25.1%	16.6%	-10.5%	13.2%	6.3%

Equity portfolio by regions



Portfolio by currencies



Largest investments TOP 10

Equity portfolio	Weight
SSGA USA Index Equity Fund	8.6%
Swedbank Robur Indexfond USA	8.5%
db x-trackers MSCI AC Asia excl. Japan Index UCITS ETF	8.2%
Swedbank Robur Indexfond Asien	8.1%
DB x-Trackers MSCI EM Latin Index ETF	7.0%

* 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.

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Manager Commentary

Swedbank's Pension Fund V3 returned 1.7% in February and -1.9% since the start of the year.

Market overview

February started on the financial markets with a considerable increase in investors' appetite for risk – the equity markets of developed countries recovered particularly rapidly from the sharp decline at the end of January. However, regional equity markets were far from moving hand in hand. The markets recovered despite the relatively weak US economic statistics, as according to surveys the majority of investors blamed the poor weather conditions – one of the coldest winters within the last half-century, accompanied by blizzards – for the weakness of economic activity. At the end of the month, volatility on the financial markets increased due to the political situation in Ukraine becoming more acute and following intervention by Russia.

In February, US economic statistics remained significantly weaker than expected – indicators of private consumption, real estate and the manufacturing sector were disappointing. The Purchasing Managers' Index of the manufacturing sector experienced the biggest fall in the last five years, although it remained at a level above 50 points, indicating an increase. The Purchasing Managers' Index of the Chinese manufacturing sector – the world's second-largest economy – pointed to weakening economic activity. Nevertheless, it is too early to draw fundamental conclusions, because the Chinese New Year holidays could contribute to the weakness in the manufacturing sector. The euro area's economic growth statistics remained relatively stable, although its Member States continued to exhibit large differences: Germany's economic growth continued to recover, while French economic indicators weakened, placing the country on the verge of recession.

Many companies disclosed the results of Q4 2013 in February. The trends seen in the last few quarters continued – companies listed on the Japanese stock exchange stood out in terms of exceeding expectations. US companies also exceeded analysts' forecasts, but not to an extent that had any significant impact on the stock exchange. The economic results of European companies were considerably lower than analysts expected. However, this did not hamper the continuing strong rise in European equities relying largely on expectations with regard to a recovery in earnings. Several reporting companies in the United States have highlighted the increase in investments planned this year as a positive development that is favourable from the perspective of economic growth.

At the end of the month, the anxiety on the markets primarily related to Eastern Europe intensified due to the change in power in Ukraine and events on the Crimean peninsula. In comparison with the first few days of March, the effect on the markets remained moderate in February. The change of government in Italy was rather uneventful – the new Prime Minister is 39-year-old Matteo Renzi, who is the youngest Italian Prime Minister of all time and whose target is to substantially accelerate reforms.

In February, the euro area equities with the largest weight among developed regions in our fund turned out to be the most positive (+4.8%, all returns indicated in euros) of equity markets. The US equity markets were also on the plus side (+2.3%). The euro strengthened by 2.3% against the US dollar. The Japanese equity markets – last year's rising star – fell by 2.7%. Eastern Europe proved to be the best emerging equity market, making up for its fall in January with a rise of 6.0% in February. Unfortunately, the same cannot be said about the equity markets of Russia (-3.5%) or Latin America (-0.4%). The return on Russian equities in euros was also negatively influenced by the rouble, which weakened against the euro by 4.3%. The rouble has been one of the weakest currencies on emerging markets this year. Emerging Asia, which has the larger weight in our fund, managed to remain in the positive with regard to returns of equity markets (+1.2%).

Short-term outlook

We remain tactically cautious with regard to the equity market outlook and expect that bond markets will perform better in March. Market sentiment indicators have clearly weakened and political risks have increased, primarily in Ukraine, Turkey and Thailand. Among regions, we prefer US equities to European ones due to their stronger financial sector liquidity flows and better market sentiment. We closed the overweight on the Russian equities and underweight on the Latin American equities due to the political risks in the former region, which have grown considerably.

*The commentary is an unofficial English translation of the original Estonian version. In case of any discrepancies, the text of the Estonian version shall prevail.