

Swedbank Pension Fund V3 (Equity Strategy)

March 31, 2014

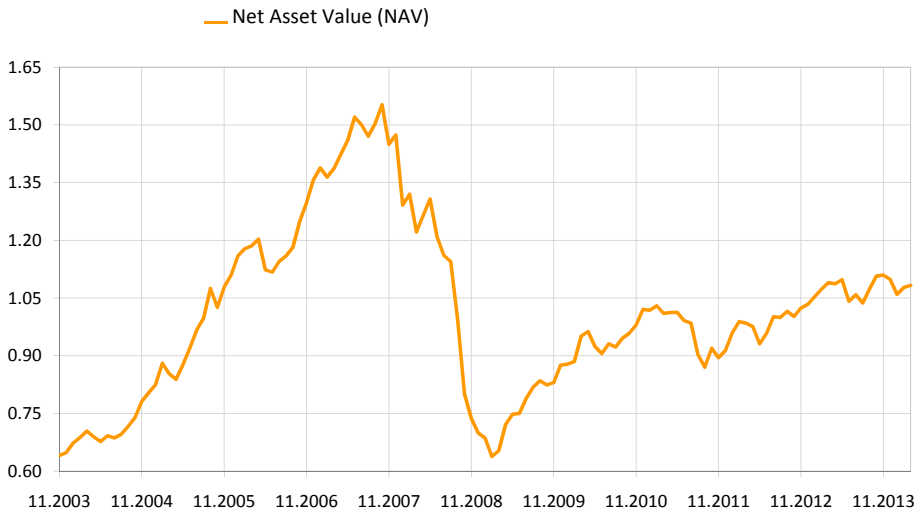
Investment Principles

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.

General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	1.08272 EUR
Net Assets	35 024 764 EUR
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*	-1.4%	0.5%	-1.4%	-0.7%	10.0%	7.2%	65.9%	69.1%
Annualized				-0.7%	4.9%	2.3%	10.6%	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%

Largest investments TOP 10

Equity portfolio	Weight
SSGA USA Index Equity Fund	8.6%
db x-trackers MSCI AC Asia excl. Japan Index UCITS ETF	8.4%
Swedbank Robur Indexfondn Asien	8.2%
Swedbank Robur Indexfondn USA	7.9%
DB x-Trackers MSCI EM Latin Index ETF	7.6%

Risk level

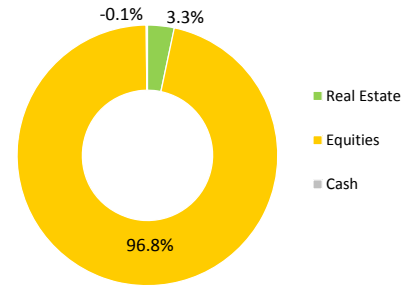
Lower risk Higher risk
Typically lower rewards Typically higher rewards



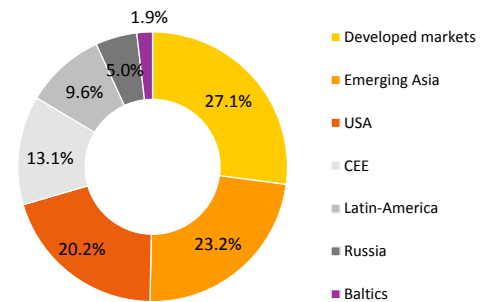
The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

Standard deviation of returns (over the last 3 years) 10.2%

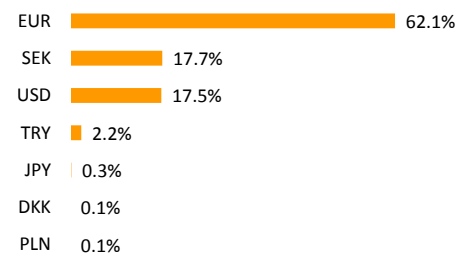
Portfolio by instruments



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.

This document and the information contained herein does not constitute investment recommendation or investment advice. Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid. For further information please contact Swedbank Investment Support on phone at +372 613 1606, Mon-Fry 8.30am - 6pm or visit nearest Swedbank branch.

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Manager Commentary

Swedbank's Pension Fund V3 returned 0.5% in March and -1.4% since the start of the year.

Market overview

March brought entirely new sentiments to the financial markets – equities of emerging markets preferred by more risk-averse investors began to recover from the long-term recession. On the other hand, the prices of high-quality government bonds with longer maturities also rose in the euro area. This should not be interpreted as a sign of a reduction in appetite for risk, however – rather as a reflection of the fact that the monetary policy of the European Central Bank continues to stimulate.

As the geopolitical risk factor sharpened in the first half of the month, the focus remained on the conflict between Russia and Ukraine and its predictable and unpredictable consequences for financial instruments. The initial negative impact remained very clearly within the limits of the region, and after the economic sanctions against Russia proved to be more modest than expected the situation settled and the price levels also recovered directly on the Russian equity market. Nevertheless, the events on the Crimean peninsula had a significant impact on the Russian economic climate – in the second and third quarter of the year economic growth in Russia will probably be negative. At the same time, the price level of Russian equities is extremely low from the historical perspective and, thus, there are investors who are opportunistically trying to buy Russian equities regardless of the geopolitical risks.

In addition to Russia, China and its further economic outlook continued to be in the focus of financial markets. The HSBC Purchasing Managers' Index of the manufacturing sector was again disappointing, weakening to 48.1 points. Somewhat paradoxically the markets construed the weakened economic statistics as positive, because this increased the probability of the state's stimulating monetary policy and new investments in infrastructure, as the corresponding programme was disclosed at the beginning of April.

The possible improvement in the economic growth outlook of the euro area was confirmed by the rise in the Purchasing Managers' confidence index to 53.3 points (the level above 50 indicates growth in the service and manufacturing sector). The Purchasing Managers Index in the manufacturing sector of the United States increased to 53.2 points and the number of jobs grew by 175,000 in February. The improved economic statistics published in March indicate that the weakness shown by the US economy in the early months of the year can be put down to the poor weather conditions to a significant extent. In addition, Janet Yellen, the new Chair of the US Federal Reserve, surprised markets a little by suggesting that the central bank could increase the reference interest rate as soon as in 2015.

The European Central Bank did not change its monetary policy in March (or April), but several senior officials from the European Central Bank referred in their statements to the possibility that the central bank could make its monetary policy even more stimulating, considering the very low inflation in the euro area and continuing weak economic growth.

Irrespective of the geopolitical risks that had arisen, emerging regions turned out to be the most positive among equity markets in March, which was triggered by expectations regarding economic stimulus in China. Latin America, which had fallen relatively more to date, posted the highest rise (+9.1%; all returns indicated in euros). The Eastern European equity market rose by 5.2% over the month, mostly due to the relief rally of Turkish equities following elections. After a sharp decline at the beginning of the month, Russian equities started to rise in the second part of the month and ended the remarkably difficult month with a fall of just 3.9%. The equity markets of emerging Asia increased by 1.3%.

Due to the events in Crimea, March was quite negative on the Baltic equity markets (-3.0%). Companies with a major part of their target market in Russia, Ukraine and other CIS countries (such as the Silvano Fashion Group and the Latvian pharmaceuticals company Olainfarm) came under the strongest sales pressure. In addition, the latter announced the enlargement of its investment programme and suspension of dividend payments related thereto. Tallink stocks, the flagship of Baltic stock exchanges, also joined the general sell-off, although Tallink does not directly operate on the Russian market. Among larger equity markets of developed regions, only the US remained on the plus side in March (+0.9% in euros). Both European (-0.8%) and Japanese (-1.0%) equities fell.

Short-term outlook

We increased the share of equities in the portfolios to a neutral level, as the liquidity flows of the banking sector and central banks have become more supportive of financial markets. Several technical indicators have also improved. Among regions, we decreased the share of US equities to close to neutral and exited the underweight of European equities. We continue to be negative with respect to the outlook of Russian equities, although we slightly reduced the underweight position over the month as a response to the stabilised situation and sanctions against Russia being more modest than expected.

*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.

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