

Swedbank Pension Fund V2 (Growth Strategy)

July 31, 2012

Investment Principles

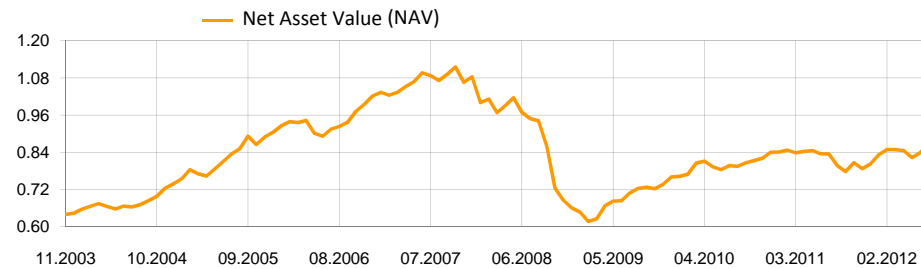
Swedbank Pension Fund V2 (Growth Strategy) is a contractual investment fund founded for providing supplementary funded pension. The objective of the Fund is a long-term growth of the value of the Fund's assets by means of investing up to 60% of the assets in equity-risk securities and the remaining part of the assets in bonds, money-market instruments, deposits, immovables and other assets.

General information

Fund Management Company: Swedbank Investeerimisfondid AS
 Fund Manager: Katrin Rahe
 Contact: Swedbank offices and tel. +372 613 1606
 www.swedbank.ee/funds

Inception: 2003
 Net Asset Value (NAV): 0.86554 EUR
 Net Assets: 16 102 635 EUR
 Management Fee per annum: 1.3%
 Subscription Fee: 1.0%
 Redemption Fee: 1.0%
 Standard deviation (computed over 3 years): 6.9%

Fund performance*



	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance* Annualized	7.9%	3.1%	2.4%	3.7%	8.6%	22.1%	-20.4%	35.4%
				3.7%	4.2%	6.9%	-4.5%	3.5%
	2004	2005	2006	2007	2008	2009	2010	2011
Performance*	14.7%	22.5%	12.9%	6.1%	-39.0%	15.0%	10.5%	-4.6%

Largest investments TOP 10

	Weight
Equity portfolio	
MSCI Europe Source ETF	6.7%
Lyxor Eastern Europe Index ETF	6.2%
GAM Star US All Cap Equity Fund	5.3%
SSGA USA Index Equity Fund	5.2%
Morgan Stanley Europe Equity Alpha Fund	4.2%
Fixed Income portfolio	
PIMCO Global Inv Grade Credit Fund	8.2%
iShares Markit iBoxx € Corporate Bond Fund	5.7%
Bluebay Inv Grade Bond Fund	5.4%
Bluebay EM Corp Bond Fund	2.2%
Blackrock Global High Yield Bond Fund	2.2%

Manager Commentary

Swedbank's Pension Fund V2 returned 3.1% in July and 7.9% since the start of the year.

The focus of financial markets remained on the eurozone in July. Both risky and relatively risk-free assets ended the month in positive territory despite the increasing seriousness of the crisis. One of the reasons behind the optimism on equity markets was the President of the European Central Bank (ECB), whose powerful statements in the second half of the month led to the rise of risky asset classes. However, getting ahead of things, we can say that the results of the ECB session held in the beginning of August were a disappointment for investors. Greece also caused anxiety, as the country has not managed to carry out fast enough the reforms promised to the IMF and the European Commission. Greece's possible exit from the eurozone and the adherent risks to the other eurozone countries continue being a concern. Global economic growth continued to deteriorate – the leading indicators of the eurozone's industrial sector weakened and the GDP of the United States also failed to meet market expectations.

In the equity portfolio Swedish equities were outperforming amongst developing regions (+9.7%, all returns are in euros). The equity markets of Europe and the United States both strengthened by 4.2%. Japan also managed to stay in positive territory (+0.4%). The rise in equity markets of emerging regions was led by Asia and Russia (+5.8% and +5.7%, respectively). Latin America ended up 4.2% higher; the Baltic States and Eastern Europe rose by 3.4% and 1.0%, respectively. The euro weakened by 2.9% against the US dollar during the month.

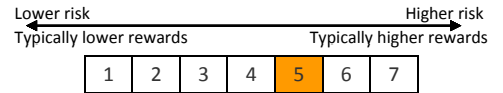
Bond markets were affected by the ECB reducing the base rate by 0.25% to the record low 0.75%. The deposit rate for financial institutions was reduced to 0%. The yields of bonds followed the move of the Central Bank – the yields of the 2-year and 10-year bonds of Germany decreased by 20 bp and 30 bp, respectively, whereas the yield of the 2-year bonds remained in negative territory for almost the entire month. The credit spreads of both investment grade and sub investment grade bonds decreased a little. In the fund's portfolio eurozone government bonds were outperforming (+3.2%), the euro-denominated government bonds of emerging markets (+2.5%) and the good quality corporate bonds of the eurozone (+2.3%) also did relatively well.

We remain positive about the equity markets in August – price levels are still attractive compared to bonds and global liquidity indicators are ameliorating. We also expect the world's economic growth to accelerate in the second half of the year. Region-wise we prefer European and Japanese equities. The former are favoured by the price level, the latter by liquidity indicators. In fixed income portfolios we prefer good quality credit assets to eurozone bonds, because the latter do not compensate sufficiently for the risks associated with the possible acceleration of the inflation, but we believe that the risk premiums of the former give a realistic reflection of the financial risks of companies.

* 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.

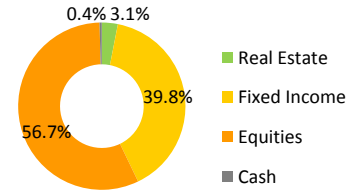
Please read fund's rules and prospectuses available on the web-site www.swedbank.ee/fondid or visit a Swedbank office. If necessary, consult with a teller or an investment consultant.

Risk level

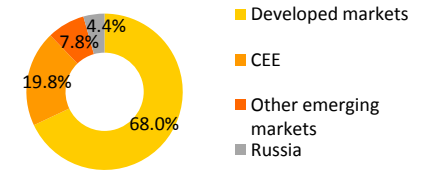


The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

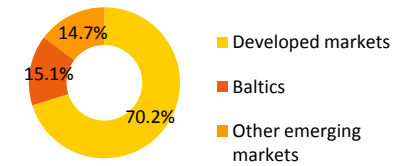
Portfolio by instruments



Equity portfolio by regions



Fixed Income portfolio by regions



Portfolio by currencies

