Swedbank Pension Fund V2 (Growth Strategy)

November 30, 2013

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.

Risk level

Lower risk — Higher risk

Typically lower rewards — Typically higher rewards

1	2	3	4	**5**	6	7

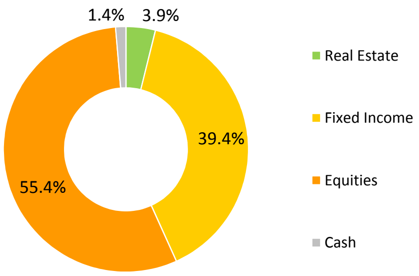
The categories specified in the risk scale are based on the fluctuation of the value of the Fund's assets during the last five years.

Standard deviation of returns (over the last 3 years) 6.6%

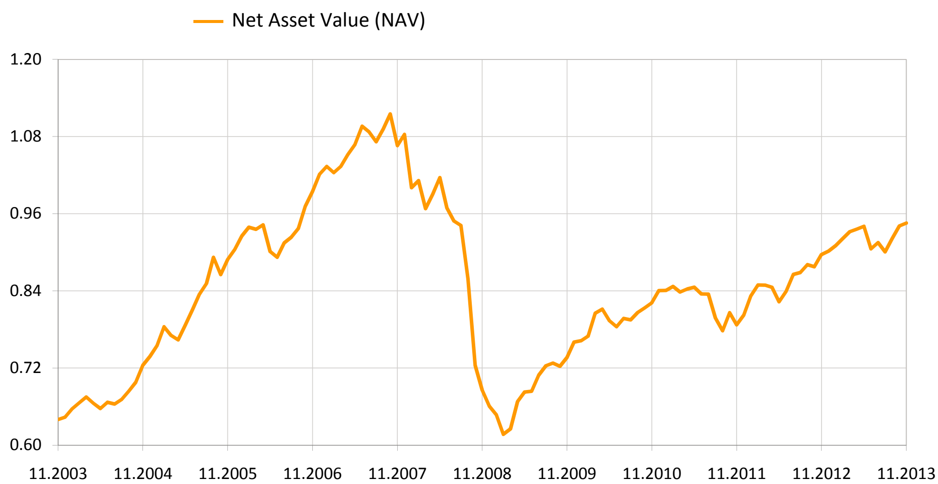
General information

Fund Management Company	Swedbank Investeerimisfondid AS
Fund Manager	Katrin Rahe
Inception	2003
Net Asset Value (NAV)	0.94535 EUR
Net Assets	17 797 021 EUR
Management Fee per annum	1.3%
Subscription Fee	1.0%
Redemption Fee	1.0%

Portfolio by instruments



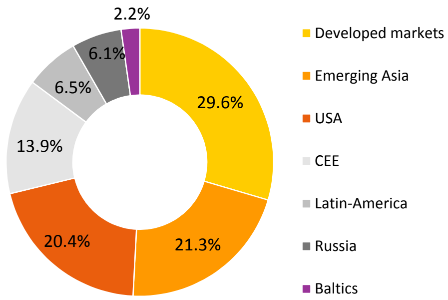
Fund performance*



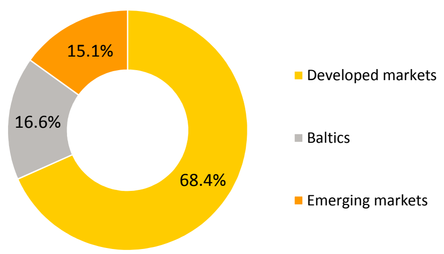
	YTD	1 month	3 months	1 year	2 years	3 years	5 years	Inception
Performance*	4.8%	0.5%	5.0%	5.5%	20.1%	15.1%	37.9%	47.8%
Annualized				5.5%	9.6%	4.8%	6.6%	4.0%

	2005	2006	2007	2008	2009	2010	2011	2012
Performance*	22.5%	12.9%	6.1%	-39.0%	15.0%	10.5%	-4.6%	12.4%

Equity portfolio by regions



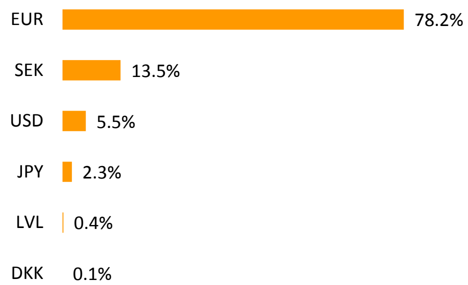
Fixed Income portfolio by regions



Largest investments TOP 10

Equity portfolio	**Weight**
Swedbank Robur Indexfond USA	6.9%
db x-trackers MSCI AC Asia ex Japan Index UCITS ETF	6.2%
Swedbank Robur Indexfond Asien	5.5%
Morgan Stanley Europe Equity Alpha Fund	4.8%
DB x-Trackers MSCI EM Latin Index ETF	3.6%
Fixed Income portfolio	**Weight**
PIMCO Global Inv Grade Credit Fund	7.7%
Bluebay Inv Grade Bond Fund	6.3%
iShares Barclays Euro Corporate Bond Interest Rate Hedged	2.5%
iShares Markit iBoxx € Corporate Bond Fund	2.3%
Blackrock Global High Yield Bond Fund	2.0%

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.

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Manager Commentary

Swedbank's Pension Fund V2 returned 0.5% in November and 4.8% since the start of the year.

Market overview

November was a positive month for developed market equities and bond asset classes in our fund. For the equities of emerging regions, however, the month turned out to be slightly more complicated. These markets were affected by the possible reduction of the Federal Reserve's Asset Purchase Program, which has once again come into focus, and economic growth in emerging countries is also weaker. The global economy as a whole clearly stayed in a growth phase. The JP Morgan Global Manufacturing PMI rose to 53.2 in November. The strong recovery of the US real estate sector continued – the S&P/Case-Shiller Home Price Indices rose by 13.3% in September year-on-year.

The policy of the Federal Reserve, especially the start of the reduction of the Asset Purchase Program, was widely discussed again. There is no clear consensus between market participants about the timing – expectations range between December this year and next June. The reduction of the Asset Purchase Program is highly likely to increase volatility on the financial markets, especially in asset classes related to emerging markets. However, we think that the wave of sales we saw in May and June is unlikely to repeat itself in the same kind of depth.

US equities achieved the best returns on the stock markets (+2.9%; all returns in euros). They were followed by Japan (+1.6%) and Europe (+1.0%). Monthly returns on the Japanese market in yens were impressive (+5.8%), but the yen weakened against the euro by more than 4.2% in November. The quantity of Japanese equities in the pension fund portfolio exceeded the neutral weight whilst the weight of European equities remained below neutral to the same extent. However, we had an underweight of the yen as a currency, i.e. we positioned towards a decrease in the value of the currency. The Baltic equity markets rose by 0.7%.

Latin America (-4.4%) and Russia (-4.2%) stood out with their particularly weak returns among emerging markets. The agreement made between the US and Iran, and the anticipation that in the long term this may lead to an increase in oil supplies by Iran and lower the oil price, had a negative impact on the Russian market. Also, Bank of America Merrill Lynch became more cautious about Russian equities than before and money did indeed start leaving Russia-oriented funds at the end of the month.

The equities of emerging Asia did better – the regional index increased by 0.3% over the month. The Third Plenary Session of the Communist Party of China, which was followed by the publication of reform plans, was one of the biggest events in November. The most significant of the planned changes is giving private capital more options to invest in public undertakings, strengthening the social guarantees of workers who have moved from rural areas to cities and making important amendments to the regulation of land ownership of farmers by increasing protection of their ownership and granting them greater rights to sell the land.

The biggest surprise in Europe in autumn was the reduction of the base interest rate by the European Central Bank at the beginning of November. This is directly related to the eurozone's inflation figure in October, which was considerably lower than expected. However, reducing the interest rate may also be considered a symbolic step rather than a step that has an actual economic impact. The interest rates of the interbank overnight loans in the eurozone have been at a considerably lower level than the refinancing rate of the European Central Bank for a long time. However, the unexpected reduction of the base interest rate still caused the euro exchange rate and the interest rates of the eurozone's government bonds to decrease, at least for a short time. Over the month, the exchange rate of the euro against the dollar and the yield curve of the German Government basically remained at the same level.

The price movements on bond markets were not large in November. The index of the highest quality (AAA-A rated) government bonds contained in the fund portfolio strengthened by 0.1% over the month due to the decrease in the interest rates of French, Dutch and Belgian government bonds. The index of investment-grade corporate bonds in the eurozone strengthened by 0.1% and the index of the government bonds of emerging countries denominated in euros went up by 0.3%. Lower-grade corporate bonds were once again the asset class of bonds that outperformed – the unit price of the fund in the fund portfolio that invests in speculative bonds rose by 1.3%.

Short-term outlook

We will continue at the neutral equity risk level in December. The equity price level is attractive compared to government bonds, but lowering the expectations of analysts has a negative impact on market sentiment. Liquidity flows proceeding from central banks have also weakened somewhat.

In terms of regions, we still prefer Japanese equities. We reduced the weight of European equity markets and it is now below neutral. Liquidity flows in Japan are strong due to the stimulating policy of the central bank, but liquidity in Europe is relatively weak. Japanese equities are also supported by the increased profit expectations of analysts, but in Europe things seem to be going in the opposite direction. In terms of emerging markets, we prefer Russian equities to Latin American ones.

In the bond portfolio we are keeping the average maturity of bonds shorter than neutral, i.e. we have positioned ourselves defensively against increases in interest rates. We are also positive about the global asset class of speculative corporate bonds. The accelerating economic growth in developed countries and the low level of interest rates are good for lower credit-quality companies. However, we are not expecting a significant decrease in risk margins next year.

*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.