

Annual report including audited financial statements as at 31st December 2014

Lancelot Ector

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 54 040



Subscriptions are received solely on the basis of the most recent prospectus and Key Investor Information Document (which may be read under [http:// fundinfo.sebfundservices.lu/ LancelotEctor/](http://fundinfo.sebfundservices.lu/LancelotEctor/)) and the latest audited annual report at 31st December and, if more recent, the unaudited financial statements at 30th June.

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Lancelot Ector

Organisation

Registered Office

4, rue Peternelchen
L-2370 Howald

Board of Directors of the SICAV

Chairman

Tobias JÄRNBLAD,
Managing Director
Lancelot Asset Management AB, Stockholm, Sweden

Per LJUNGBERG

Deputy Managing Director
Lancelot Asset Management AB, Stockholm, Sweden

Jean-Claude WOLTER

Honorary Lawyer, Director of Companies
Luxembourg, Grand-Duchy of Luxembourg

Management Company and Central Administration

SEB Fund Services S.A.
4, rue Peternelchen
L-2370 Howald

Board of Directors of the Management Company

Chairman

Gustaf UNGER
Head of Asset Servicing, Transaction Banking
Skandinaviska Enskilda Banken AB (publ), Sweden
(since 28th March 2014)

Ralf FERNER

Managing Director
SEB Asset Management S.A., Luxembourg
(until 28th March 2014)

Vice-Chairman

Peter KUBICKI
Head of Wealth Management
SEB Wealth Management, Denmark

Directors

Ralf FERNER
Managing Director
SEB Fund Services S.A., Luxembourg
(since 28th March 2014)

Göran FORS

Head of Sales and Market Development
Asset Servicing
Skandinaviska Enskilda Banken AB (publ), Sweden

Lancelot Ector

Organisation (continued)

Jonas LINDGREN
Head of Prime Brokerage
SEB Enskilda, Securities Finance, Sweden

Magnus WALLBERG
Deputy Managing Director, CFO/ COO
Skandinaviska Enskilda Banken S.A., Luxembourg
(since 27th October 2014)

Ann-Charlotte LAWYER
Managing Director and Head of
SEB Fund Services S.A., Luxembourg
(until 28th March 2014)

Custodian Bank

Skandinaviska Enskilda Banken S.A.
4, rue Peternelchen
L-2370 Howald

Sub-Administrative Agent and Registrar Agent

European Fund Administration S.A.
2, rue d'Alsace
L-1122 Luxembourg

Investment Manager

Lancelot Asset Management AB
Nybrokajen 7, PO Box 16172
SE-103 23 Stockholm

Placement and Distribution Agent

In Sweden
Lancelot Asset Management AB
Nybrokajen 7, PO Box 16172
SE-103 23 Stockholm

Authorized Placement Agent

In Sweden
Consortum AB
Wenner-Gren Center
Sveavägen 166
SE-113 46 Stockholm

Auditor

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg

Lancelot Ector

General information

Lancelot Ector (the "Company") is an open-ended investment Company incorporated on 28th February 1996 under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*" ("SICAV"). The Company is registered under Part I of the amended Law of 17th December 2010 relating to undertakings for collective investment.

The Company is structured as an umbrella fund. At the date of the present report, the Company has only one active Sub-Fund:

- Lancelot Ector - Master Fund; expressed in SEK.

The Company issues shares of Class B which can be subscribed and redeemed at the registered office of the Company, or the Administrative Agent, through any Distributor or Placement Agent and/ or any sub-distributor or sub-placement agent.

The Company also issued shares of Class A which were subscribed and redeemed only through Lancelot Asset Management AB.

The Board of Directors has decided the automatic conversion of Class A Shares into Class B Shares with effect 1st January 2014. As a consequence, Class A Shares are no longer issued since 1st January 2014.

The B Class of Shares corresponding to the Lancelot Ector - Master Fund are issued in the form of categorie being accumulation shares and dividend shares.

The financial year of the Company ends on 31st December.

Subscription and redemption prices are available at the registered office of the Company.

Financial reports of the Company are published annually and semi-annually. At the date of the report, one Sub-Fund is offered for sale. As a consequence, the financial statements of the Sub-Fund Lancelot Ector - Master Fund reflect also the global situation of the Company.

These reports, as well as the offering prospectus, and all information concerning the Company can be obtained at the offices of the following agents: Skandinaviska Enskilda Banken S.A. and Lancelot Asset Management AB.

The financial reports can also be consulted under [http:// fundinfo.sebfundservices.lu/ lancelotEctor/](http://fundinfo.sebfundservices.lu/lancelotEctor/) .

European Savings Tax Directive

The Council of the European Union adopted on 3rd June 2003 a Council Directive 2003/ 48/ EC on the taxation of savings income in the form of interest payments (the "European Savings Directive") under which Member States of the European Union ("Member States") will be required to provide tax authorities of another Member State with details of payment of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. Austria and the Grand Duchy of Luxembourg have opted alternatively for a withholding tax system for a transitional period in relation to such payments.

The Luxembourg law of 21st June 2005 implemented the Savings Directive into Luxembourg (the "Savings Directive Law").

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General information (continued)

Pursuant to the Savings Directive Law, the withholding tax rate on interests is 35% since 1st July 2011. Article 9 of the Savings Directive Law provides that no withholding tax will be withheld if the beneficial owner expressly authorizes the Paying Agent to report information in accordance with the provisions of the Savings Directive Law.

Dividends distributed by a Sub-Fund will be subject to the Savings Tax Directive if more than 15% of the relevant Sub-Fund's assets are invested in debt claims as defined in the Savings Directive Law. Capital gains realized on redemption proceeds by shareholders on the disposal of Shares will be subject to such reporting or withholding if more than 25% of the relevant Sub-Fund's assets are invested in debt claims as defined by the Savings Directive Law.

As per Resolution of the Board of Directors dated 28th June 2005, the classification of Lancelot Ector - Master Fund to be in or out of the scope of the EU-Savings Directive is subject to an Asset Test validated by Board decision. The Company's status arising from such Asset Test applies for one year starting from the 5th month after each financial year-end.

According to Asset Tests performed as at 30th June 2014 and 31st December 2014, Lancelot Ector - Master Fund:

- Is in scope of the EU-Savings Directive for dividends declared and paid out on its dividend shares until 30th April 2016.
- Is in scope for realised capital gains until 30th April 2016.

The current Luxembourg government has announced its intention to elect out of the withholding system in favour of automatic exchange of information with effect 1st January 2015.

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Report of the Directors on activities

Dear Shareholder,

Lancelot Ector, Sicav was established as an umbrella fund on 28th February 1996.

Total subscriptions to the Master Fund, initially launched on 13th March 1996 at SEK 10,00 per share, amount to 14,553,714.913 capitalisation shares and 6,348,382.957 distribution shares as of 31st December 2014, representing total net assets of SEK 604,761,793. The net asset value per capitalisation share was SEK 32.46 i.e. increase of 224.60% after fees from launch date and increase of 5.91% during the year 2014.

The Master Fund is a so-called balanced fund, which seeks to achieve long-term growth from diversified investments both in equities and bonds. The asset allocation is flexible with the equity part primarily invested in Swedish listed stocks but with the possibility of international diversification. The bond portion of the portfolio shall to a large extent be invested in Swedish bonds with low credit risks.

Global economy and financial markets

At the beginning of 2014 economic forecasters predicted a recovery in global growth, and the market consensus was for a highly pro-cyclical, reflationary stance. But by the end of October, that view had almost completely reversed, as cyclical sectors underperformed dramatically and implied inflation collapsed. Bond yields declined sharply during the year, as did oil and break-even inflation. Deflation fears in Europe, the failure of Japan to meet its target and weak wage growth in the US prompted a sell-off in economically sensitive equity sectors and modest widening of credit spreads in mid-October. The J.P. Morgan Global Manufacturing and Services PMI for October saw global economic growth slow for the third straight month. Looking ahead to 2015 the global growth cycle remains slow and uneven. Forecasts are for global GDP to grow by 3.1% next year, an increase from this year's 2.6%. The sharp drop in crude-oil prices represent a huge transfer of income from oil-exporting nations to oil-consuming nations, and will be a net positive over time for global growth. History shows that global growth has been markedly faster one and two years after sharp oil-price declines. Consequently, by mid-2015 the global growth cycle could accelerate with the US still in the growth leadership role. The US economic cycle is broadening and gaining speed, and a first policy rate hike is expected by mid-2015. In Europe, falling oil prices are likely to boost growth in coming quarters, but inflation is set to move even lower, increasing the likelihood of more monetary easing. A surprisingly weak Japanese GDP outcome injects uncertainty into the economic outlook, while tame inflation and weak growth in China could spell more official rate cuts.

In its statement after the December meeting, the Federal Reserve (Fed) acknowledged solid job gains and diminishing slack in the labour market. The US economy is not in need of zero interest rates and the statement, as officials had broadly hinted beforehand, no longer contained the two-year pledge to keep rates near zero "for a considerable time". Yet the Fed tried to reassure that rate increases were not imminent, and stated that "based on current assessment, the Committee judges that it can be patient in beginning to normalize the stance of monetary policy". A strong job market together with significant downward revisions to the Fed's forecasts for unemployment would normally represent a case to start raising interest rates without delay. But for the majority of the Committee's members this progress is not a reason to tighten more quickly because inflation has also dropped. Both headline and core inflation is projected to be at or below the Fed's 2% target for the next three years. Recent survey data in the euro area have been disappointing and is consistent with quarterly economic growth of little more than 0.1%. Much of the weakness has come from unfavorable external developments and their knock-on impact on investment spending, especially in Germany. The European Central Bank (ECB) lowered its main refinancing rate to 0.05% from 0.15%. But with year-end projections still indicating lower inflation, accompanied by weaker real GDP growth and subdued monetary dynamics, the ECB in December said that it will reassess the monetary stimulus achieved, the expansion of the balance sheet and the outlook for price developments early next year. In a clear message the ECB stated that "should it become necessary to further address risks of too prolonged a period of low inflation, the

Report of the Directors on activities (continued)

bank remains unanimous in its commitment to using additional unconventional instruments within its mandate". This implies altering the size, pace and composition of the unconventional measures. Currently the ECB is buying covered bonds and asset-backed securities. Japan's central bank (BoJ) held its monetary policy settings steady following a surprise decision in October to ramp up its stimulus programme. The new level of asset purchase, including government bonds, equities and real estate investment trusts, was expanded from a JPY 60tn-JPY 70tn level to JPY 80tn per year. The BoJ struck a more upbeat note than usual in its statement. Japan has fallen into recession, but the central bank said the nation's crucial export trade was finally picking up, while factory output has started to "bottom out". The Swedish Riksbank in an aggressive move in July lowered the repo rate by 0.5% and later in October by an additional 0.25% to zero per cent. The cuts were motivated by a too low inflation rate in the Swedish economy, and to get the price levels up towards the 2 per cent target, monetary policy needs to be even more expansionary.

The second half of the year saw a decidedly strengthening of the US dollar against most other currencies. Driving the development was to a large extent the diverging central bank policies around the world. While the Fed is close to raising policy rates, most of the developed world's central banks are headed the other way. The US currency also benefited from an improving balance of payments and a still-attractive long-term valuation. The US dollar appreciated by 12% against the euro, and with 14 % versus the Japanese yen. The surprisingly large July rate cut by the Riksbank added further weakening to an already falling Swedish krona trend. Away from the major currencies, the real drama was in the Russian ruble, which lost 77% as sanctions over the conflict in Ukraine and the slumping oil price hit the country hard. The Russian economy is likely to slide into recession next year. To defend the currency, the Bank of Russia raised borrowing costs to 17% from 10.5% in December, but the action only resulted in a ruble plunge of 20% against the US dollar. The decline in oil revenues will be more damaging now that Russian entities are effectively cut off from international capital markets because of the Western sanctions. In the commodity space the Thomson Reuters CRB index (about a third is petroleum products) fell by 18 per cent. Crude oil prices collapsed in the second half of the year as the oil market suffered oversupply and the Opec's cartel imploded. Brent Crude ended the year at USD 58 per barrel falling by almost 50%. The price of gold was more stable and fell by a mere 2%.

Global stock markets rose during the year but the decent performance was driven mainly by stable sectors such as healthcare and technology. On the other hand, major oil and oil-related stocks were badly hit by the collapsing oil price, and underperformed together with the materials sector. Current expectations for 2015 global earnings growth are surprisingly uniform, about 11 per cent across most regions, with only modest distinction among sectors. But profit margins are already fairly high and cost cutting has largely been exhausted, so reaching the consensus earnings-growth target will in all probability be a challenge. For the full year, the EU markets rose by just one per cent in local currency terms (MSCI), with the Nordic region 9 per cent higher. Among the big European bourses Switzerland (+9%) and the Netherlands (+ 8%) were the best performing markets. In Sweden, the equity market rose by 10 per cent. The North American region rose 11 per cent (USA +11 per cent) while the Pacific region ended the period just shy of 2 per cent higher. The Japanese market rose by 8 per cent.

The world index increased by 7.71 per cent in local currency terms, and by 24.94 per cent in Swedish krona terms.

The Fund

As of 31st December 2014 the Swedish equity exposure amounted to 7.21%, international equity exposure amounted to 27.54%, bonds amounted to 61.19% and cash and other assets amounted to 4.06% of total net asset value. The equity portion of the Fund was increased during the second half of the year from approximately 32% to 35% mainly due to a withdrawal from the fund. The duration of the bond portfolio at the turn of the year was 1.4 years.

Some changes were made in the equity portfolio during the last six months of 2014. With a substantial weakening of the Swedish krona, new positions were established in the industrial groups Volvo and SKF. Volvo is running a restructuring programme which full effect has been dampened by slowing end-markets during 2014. Approaching 2015, when savings should kick in, investors still remain sceptical and near-term challenges are still mostly in focus. Improving truck markets in Europe and North America and part of executed savings falling through to the bottom line have the potential to push up earnings significantly. SKF was bought at a good price level as the market felt uncertain about the new CEO lowering the company's profitability goal. As this did not prove the case, and SKF being a well-run enterprise, the stock price eventually recovered. In addition, SKF has a long-term target of 15% operating margin (12-13% today), which over time has the possibility to increase the market value even further. This new exposure to the industrial sector was financed by selling the position in John Deere to balance the cyclical exposure in the portfolio. A strong US dollar, that could continue its upward trend, is of course a burden to big international US companies, and although Deere has around 60% of its sales in North America, the fundamentals of the farm equipment market is still very uncertain. The investment yielded a small return as the stock price bounced off October's low levels. Further, the entire position in Securitas was sold as the stock price reached our target level. The holding in Ford was also sold in its entirety, fortunately shortly before the company issued a profit warning. The investment yielded a total annual return of 16%.

In 2014 the value of the Fund increased by 5.91 %. The main positive contributors to the Fund's performance were Walgreen, Securitas, and Bank of America. Lanxess on the other hand lagged. Performance from the bond portfolio was positive.

Outlook for 2015

With CPI inflation well below target in all the major economies and most of the developed world, the major concern for financial markets and policy makers has been about the risk of deflation. In the US and UK, outright deflation looks unlikely at the moment, but slow wage and salary growth, i.e. broad-based consumer income, is a serious weakness not only in these two countries. The risk of system-wide deflation, with all the risks this poses to debt sustainability and equity and risk asset valuations, depends on whether growth can continue at a reasonable clip. In its October World Economic Outlook, the IMF as indeed many private forecasters expressed a fairly comfortable view of the US and the UK economic performance prospects, was hopeful about Japan's, not too concerned about a China still growing at 7%, and still optimistic that the emerging markets can contribute significantly to global growth. But the Outlook also pointed to uncertainties such as the consequences of an eventual change in the US monetary regime (the Fed starts to raise policy rates), low trend growth in developed economies, high probabilities of a euro area recession and deflation, declining trend growth in emerging markets (lack of reform), and growth risks in connection with China's economic transition. Central banks might still calm things down in financial markets from time to time, but a slow growth world shows that there is mixed evidence on the effectiveness of only monetary policy, with no fiscal help, in stimulating growth.

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Report of the Directors on activities (continued)

Although the central scenario is more of the same, i.e. modest global growth of about 3% helped in part by lower energy prices, there is a high probability that 2015 will be a period of higher volatility, with financial markets worried about inflation/deflation, the growth environment, and liquidity withdrawals.

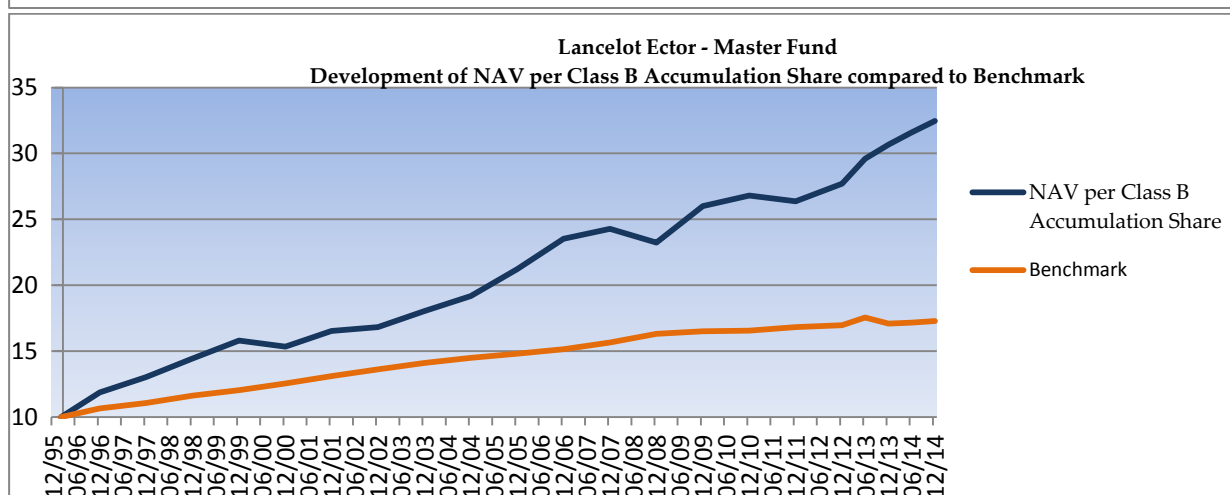
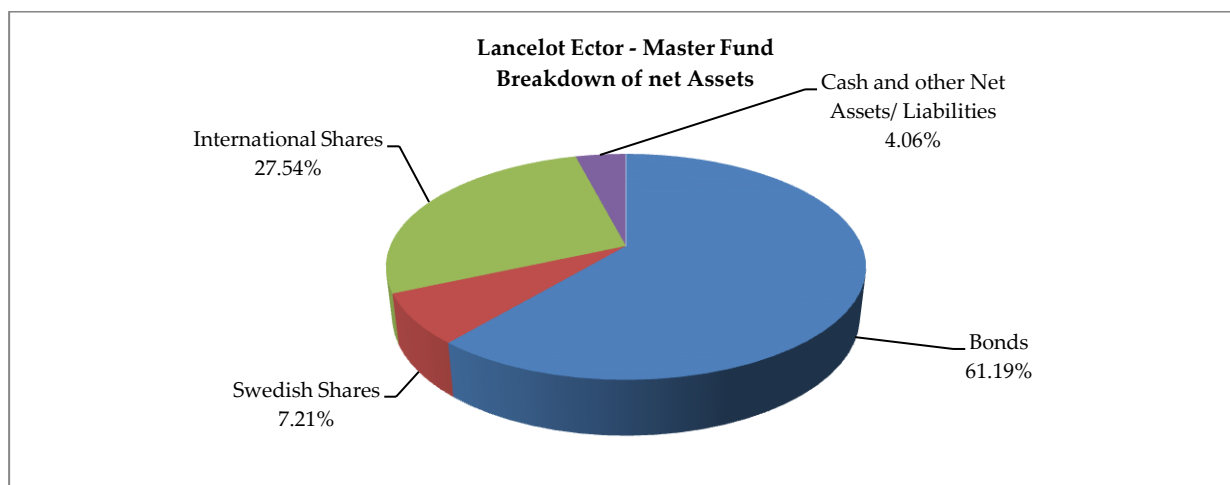
Luxembourg, 27th January 2015

Lancelot Asset Management AB

Note: The information in this report represents historical data and is not an indication of future results.

Lancelot Ector

Report of the Directors on activities (continued)



Year	NAV Development	Benchmark Development	Year	NAV Development	Benchmark Development
1996	18.75% *	6.56% *	2006	10.86%	2.26%
1997	9.72%	3.97%	2007	3.15%	3.44%
1998	10.84%	5.02%	2008	-4.28%	4.11%
1999	9.51%	3.53%	2009	11.90%	1.19%
2000	-2.97%	4.28%	2010	3.12%	0.33%
2001	7.79%	4.31%	2011	-1.68%	1.61%
2002	1.73%	3.95%	2012	5.05%	0.92%
2003	7.22%	3.55%	2013	10.69%	0.69%
2004	6.26%	2.77%	2014	5.91%	0.79%
2005	10.74%	2.15%			

* Relating to the period 15/ 03/ 1996 to 31/ 12/ 1996, i.e. since the Fund's inception.



Audit report

To the Shareholders of
Lancelot Ector

We have audited the accompanying financial statements of Lancelot Ector, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2014 and the statement of operations and other changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the "Réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg
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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
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Audit report (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

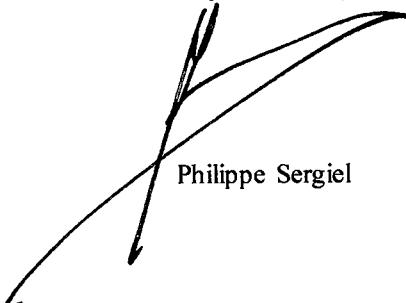
In our opinion, the financial statements give a true and fair view of the financial position of Lancelot Ector as of 31st December 2014, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

Other matters

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 3rd March 2015



Philippe Sergiel

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 31st December 2014

Assets

Securities portfolio at market value	580,208,364
Cash at banks	35,136,273
Receivable on issues of shares	294,839
Income receivable on portfolio	2,163,480
Total assets	617,802,956

Liabilities

Bank overdrafts	506,478
Payable on redemptions of shares	951,362
Unrealised loss on forward foreign exchange contracts	4,271,419
Expenses payable	7,311,904
Total liabilities	13,041,163

Net assets at the end of the year	604,761,793
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Number of Class B Accumulation Shares outstanding	14,553,714.913
Net asset value per Class B Accumulation Share	32.46

Number of Class B Dividend Shares outstanding	6,348,382.957
Net asset value per Class B Dividend Share	20.84

The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statement of operations and other changes in net assets (in SEK)

from 1st January 2014 to 31st December 2014

Income

Dividends, net	4,989,994
Interest on bonds and other debt securities, net	10,447,465
Interest on bank accounts	52,316
Total income	15,489,775

Expenses

Management fees	7,290,682
Performance fees	6,552,228
Banking charges and other fees	500
Transaction fees	199,219
Central administration costs	937,154
Professional fees	130,486
Other administration costs	197,783
Subscription duty ("taxe d'abonnement")	340,205
Other taxes	12,456
Interest paid on bank overdrafts	24
Other expenses	307,000
Total expenses	15,967,737

Net investment loss	-477,962
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Net realised gain/(loss)

- on securities portfolio	46,423,343
- on forward foreign exchange contracts	-10,181,786
- on foreign exchange	-433,645

Realised result	35,329,950
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Net variation of the unrealised gain/(loss)

- on securities portfolio	10,849,041
- on forward foreign exchange contracts	-5,817,975

Result of operations	40,361,016
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Dividends paid	-3,648,280
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Subscriptions	507,989,308
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Redemptions	-752,004,255
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Total changes in net assets	-207,302,211
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Total net assets at the beginning of the year	812,064,004
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Total net assets at the end of the year	604,761,793
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The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statistical information (in SEK)

as at 31st December 2014

Total net assets	
- as at 31.12.2014	604,761,793
- as at 31.12.2013	812,064,004
- as at 31.12.2012	832,201,301
Number of Class A Accumulation Shares	
- outstanding at the beginning of the year	12,190,295.048
- issued	0.000
- redeemed	-12,190,295.048
- outstanding at the end of the year	0.000
Net asset value per Class A Accumulation Share	
- as at 31.12.2014	-
- as at 31.12.2013	30.65
- as at 31.12.2012	27.69
Number of Class A Dividend Shares	
- outstanding at the beginning of the year	1,735,461.104
- issued	0.000
- redeemed	-1,735,461.104
- outstanding at the end of the year	0.000
Net asset value per Class A Dividend Share	
- as at 31.12.2014	-
- as at 31.12.2013	20.27
- as at 31.12.2012	18.48
Number of Class B Accumulation Shares	
- outstanding at the beginning of the year	10,337,866.681
- issued	14,882,688.155
- redeemed	-10,666,839.923
- outstanding at the end of the year	14,553,714.913
Net asset value per Class B Accumulation Share	
- as at 31.12.2014	32.46
- as at 31.12.2013	30.65
- as at 31.12.2012	27.69
Number of Class B Dividend Shares	
- outstanding at the beginning of the year	4,264,012.709
- issued	2,456,188.875
- redeemed	-371,818.627
- outstanding at the end of the year	6,348,382.957
Net asset value per Class B Dividend Share	
- as at 31.12.2014	20.84
- as at 31.12.2013	20.27
- as at 31.12.2012	18.48
Dividend paid	
Ex-dividend date	17.01.2014
Dividend per share	0.6081
Shares outstanding at dividend date	5,999,473.813

The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statement of investments and other net assets (in SEK)

as at 31st December 2014

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Investments in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
Automobiles and components					
SEK	289,400	Volvo AB B	25,107,396	24,512,180	4.05
Banks					
USD	182,800	Bank of America Corp	10,915,621	25,594,286	4.23
USD	40,500	Citigroup Inc	13,907,081	17,150,984	2.84
			<u>24,822,702</u>	<u>42,745,270</u>	<u>7.07</u>
Capital goods					
USD	24,700	Danaher Corp	12,377,640	16,568,567	2.74
SEK	116,000	SKF AB B	17,279,643	19,128,400	3.16
			<u>29,657,283</u>	<u>35,696,967</u>	<u>5.90</u>
Consumer durables and apparel					
USD	6,525	PulteGroup Inc	1,070,443	1,095,889	0.18
Diversified financials					
USD	42,200	JPMorgan Chase & Co	15,690,060	20,668,288	3.42
Food and drug retailing					
USD	38,500	Walgreen Co	9,216,218	22,914,820	3.79
Food, beverage and tobacco					
GBP	339,780	Britvic Plc	12,578,762	27,964,704	4.62
EUR	54,925	Unilever NV Certif of Shares	11,028,309	16,984,060	2.81
			<u>23,607,071</u>	<u>44,948,764</u>	<u>7.43</u>
Insurance					
USD	1,620	Markel Corp	6,453,618	8,657,459	1.43
Materials					
EUR	24,500	Lanxess AG	10,902,962	8,925,657	1.48
Total shares			<u>146,527,753</u>	<u>210,165,294</u>	<u>34.75</u>
Bonds					
Corporate bonds					
SEK	25,000,000	Castellum AB FRN MTN Ser 100 12/ 03.09.15	25,110,950	25,292,125	4.18
SEK	10,000,000	Fortum Varme Hg SM St stad AB 1.5% MTN 14/ 16.09.19	9,944,200	10,143,850	1.68
SEK	10,000,000	Husqvarna AB FRN Sen 12/ 28.11.17	10,000,000	10,432,550	1.73
SEK	10,000,000	Jernhusen AB 2.375% Ser 102 13/ 23.04.18	9,981,400	10,549,750	1.74
SEK	17,000,000	Jernhusen AB FRN Ser 104 13/ 19.09.23	17,665,210	17,545,870	2.90
SEK	30,000,000	Sveaskog AB FRN DMTN 14/ 22.01.20	30,000,000	30,312,000	5.01
SEK	25,000,000	Sveaskog AB FRN Sen 14/ 30.10.23	25,000,000	25,065,500	4.15
SEK	15,000,000	Swedavia AB FRN MTN Ser 104 13/ 09.05.16	14,995,500	15,065,550	2.49
			<u>142,697,260</u>	<u>144,407,195</u>	<u>23.88</u>

The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statement of investments and other net assets (in SEK) (continued)

as at 31st December 2014

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Financial Institution bonds					
SEK	25,000,000	Danske Bank A/ S 1.375% EMTN 14/ 27.08.18	24,908,500	25,419,000	4.20
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 12/ 23.03.17	25,263,500	25,867,875	4.28
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 13/ 11.10.18	25,000,000	25,422,125	4.20
SEK	20,000,000	Swedish Export Credit FRN EMTN Sen 12/ 15.08.16	20,000,000	20,104,600	3.32
			95,172,000	96,813,600	16.00
Municipal bonds					
SEK	30,000,000	Gothenburg (City of) 1.875% EMTN Sen 13/ 12.08.17	29,896,500	31,141,500	5.15
SEK	20,000,000	Gothenburg (City of) FRN EMTN Ser 1013 14/ 20.06.19	20,000,000	19,965,300	3.30
SEK	30,000,000	Stockholm (City of) 1.63% EMTN 14/ 17.04.18	29,980,500	31,121,100	5.15
SEK	25,000,000	Stockholms Lans Landsting 2.125% EMTN Sen 14/ 19.05.20	24,982,000	26,522,875	4.39
			104,859,000	108,750,775	17.99
Sovereign bonds					
SEK	20,000,000	Specialfastigheter Sverige AB FRN EMTN Sen 14/ 23.06.20	20,000,000	20,071,500	3.32
Total bonds			362,728,260	370,043,070	61.19
Total investments in securities			509,256,013	580,208,364	95.94
Cash at banks				35,136,273	5.81
Bank overdrafts				-506,478	-0.08
Other net assets/ liabilities				-10,076,366	-1.67
Total				604,761,793	100.00

The accompanying notes are an integral part of these financial statements.

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment.

b) Valuation

- 1) Securities admitted to official listing on a stock exchange or which are traded on another regulated market which operates regularly and is recognised and open to the public within the EU or the OECD Member States are valued on the base of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable sales prices for such securities.
- 2) Non-listed securities are valued on the base of their probable sales price as determined in good faith by the Board of Directors and its delegate.
- 3) Liquid assets are valued at their nominal value plus accrued interest.
- 4) Time deposits are valued at their yield value if a contract exists between the Company and the Custodian Bank stipulating that these time deposits can be withdrawn at any time and their yield value is equal to the realized value.
- 5) All assets denominated in a different currency than the respective Sub-Fund's currency are converted into this respective Sub-Fund's currency at the exchange rates used for the respective Valuation Day.
- 6) Financial instruments which are not traded on the futures exchanges but on a regulated market are valued at their settlement value, as stipulated by the Company's Board of Directors in accordance with generally accepted principles, taking into consideration the principles of proper accounting, the customary practices in line with the market, and the interests of the shareholders, provided that the above-mentioned principles correspond with generally accepted valuation regulations which can be verified by the auditor.

c) Net realised gain/ (loss) on sales of securities

The net realised gain/ (loss) on sales of securities is determined on the basis of the average cost of securities sold.

d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2014

e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Exchange gains and losses are recorded in the statement of operations and other changes in net assets.

At the date of the report, the prevailing exchange rates on the closing day were as follows:

1	SEK	=	0.1055550	EUR	Euro
			0.0819539	GBP	Pound Sterling
			0.1277743	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding tax.

Interest income is accrued on a *pro rata temporis* basis, net of any withholding tax.

g) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at prevailing market rates for the remaining period from valuation day to the maturity of the contracts. Unrealised gain/ (loss) is recorded in the statements of net assets. Net variation of the unrealised gain/ (loss) and the net realised gain/ (loss) are recorded in the statement of operations and other changes in net assets.

h) Transaction fees

Transaction costs disclosed under the caption "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Company relating to purchases or sales of securities and of fees relating to liquidation of transactions paid to the custodian bank and of transaction fees on financial and on derivatives instruments.

Note 2 - Subscription, redemption and conversion fees

Shares of Class B are subscribed at an issue price based on the Net Asset Value per Share on the relevant Valuation Day. No subscription fee is charged.

The price to be paid in respect of each share tendered for redemption (the "Redemption Price") is the Net Asset Value.

Note 3 - Management Company

For infrastructure supplies, the Management Company is entitled to receive out of the Sub-Fund's assets a fee of maximum 0.025% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

For its services, the Investment Manager, Lancelot Asset Management AB, Stockholm, is entitled to receive an Investment Management Fee received by the Management Company on behalf of the

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2014

Investment Manager of maximum 1% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

These fees are recorded under the caption "Management fee" in the statement of operations and other changes in the net assets.

Note 4 - Performance fee

A Performance Fee is paid out of the Sub-Fund's assets to the Investment Manager. The Performance Fee is 15% of the amount by which the relevant Sub-Fund's total return, based on the Net Asset Value at the beginning and at the end of the relevant year and after accrual of the fixed fee, outperforms on a year to year basis the agreed benchmark return. The Benchmark return is in the case of the Lancelot Ector - Master Fund the twelve months' interest on Swedish Treasury Bills at 31st December of the prior year, as published in the financial media or a corresponding benchmark which is generally recognized, auditable and approved by the Board of Directors, should no twelve months Swedish Treasury Bills be in issue at this date. Negative performances, if any, are not carried forward or taken into consideration.

Since there was no 12-month Swedish Treasury Bill in issue as of the 31 December 2013, the Benchmark return was determined by interpolating between the market rate of a Swedish Treasury Bond 1041 with maturity in May 2014 and the market rate of the Swedish Treasury Bond 1049 with maturity in August 2015, where the rates are converted from 30/ 360 to actual/ 360 day convention. Based on the market rates as per the closing of the market of the last bank business day of 2013 and the aforementioned methodology, the Benchmark returned 0.786%.

At the date of the report, the performance fee was recorded for the following Sub-Fund and amounted to :

Lancelot Ector - Master Fund	SEK 6,552,228
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Note 5 - Central administration costs

For its services to the Company, the Management Company is entitled to receive, out of the Sub-Fund's assets an administration fee of maximum 0.13% p.a. payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month with a minimum fee of EUR 3,330 per month. This fee includes the fee due to the Custodian Bank.

The Management Company is furthermore entitled to receive out of the Sub-Fund's assets for the Registrar and Transfer Agent function an annual flat fee per share Class, in accordance with Luxembourg customary banking practice.

This fee is recorded under the caption "Central administration costs" in the statement of operations and other changes in the net assets.

Note 6 - Withholding tax refund

The Company will claim withholding taxes in Sweden for the period from 2010 to 2011. Since 2012 the Swedish State has discontinued the former withholding tax on dividends of Swedish issuers paid to EU resident funds such as Lancelot Ector.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2014

The Company has claimed withholding taxes in Norway for the period from 2008 to 2013 and in Finland for the years 2009 to 2013.

Note 7 - Subscription duty ("taxe d'abonnement")

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual subscription duty ("taxe d'abonnement") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

According to Article 175 (a) of the amended Law of 17th December 2010 the net assets invested in Undertakings for Collective Investments already subject to the "taxe d'abonnement" are exempt from this tax.

Note 8 - Risk Management

As required by Circular CSSF 11/ 512, the Board of Directors needs to determine the global risk exposure of the Company either by applying the commitment approach or the VaR approach. In terms of risk management, the Board of Directors of the Management Company decided to adopt the commitment approach as a method of determining the global exposure.

Note 9 - Forward foreign exchange contracts

As at 31st December 2014, the following Sub-Fund is committed in the following forward foreign exchange contracts with Skandinaviska Enskilda Banken S.A., Luxembourg:

Lancelot Ector - Master Fund

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in SEK)
GBP	79,974.00	SEK	939,846.45	27.02.2015	35,401
SEK	20,667,550.78	EUR	2,232,109.77	27.02.2015	-485,533
SEK	919,075.35	GBP	78,659.00	27.02.2015	-40,137
SEK	22,724,487.69	GBP	1,943,360.16	27.02.2015	-973,937
SEK	59,401,447.87	USD	8,003,105.22	27.02.2015	-3,221,436
SEK	1,040,067.56	USD	140,506.00	27.02.2015	-59,367
SEK	784,920.10	USD	105,763.00	27.02.2015	-42,657
USD	2,000,000.00	SEK	15,133,400.00	27.02.2015	516,247
					<u>-4,271,419</u>

Note 10 - Changes in investment portfolio

The statement of changes in the investment portfolio for the period covered by the report is available free of charge upon request from the registered office of the Company.

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