

Annual report including audited financial statements as at 31st December 2015

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.

Lancelot Ector

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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 Investor Services, Transaction Banking
Skandinaviska Enskilda Banken AB (publ), Sweden

Vice-Chairman

Peter KUBICKI
Head of Wealth Management
SEB Wealth Management, Denmark
(until 2nd March 2015)

Directors

Ralf FERNER
Managing Director
SEB Fund Services S.A., Luxembourg
(until 11th December 2015)

Göran FORS

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

Jonas LINDGREN

Head of Prime Brokerage, SEB Equities,
Skandinaviska Enskilda Banken AB (publ), Sweden

Erika LUNDQUIST

Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg
(since 2nd March 2015)

Lancelot Ector

Organisation (continued)

Magnus WALLBERG
Deputy Managing Director, CFO/ COO
Skandinaviska Enskilda Banken S.A., Luxembourg

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

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 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/).

Common reporting standard ("CRS")

With a mandate by the G8/ G20 countries the OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") in the future on a global basis. The CRS will require Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Shareholders may therefore be reported to the Luxembourg and other relevant tax authorities under the applicable rules.

On this basis, a Council Directive 2014/ 107/ EU amending the Council Directive amending Directive 2011/ 16/ EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") has been adopted on 9th December 2014 in order to implement the CRS among the EU Member States. Under the Euro-CRS Directive, the first AEOI must be applied by 30th September 2017 within the limit of the EU Member States for the data relating to calendar year 2016.

On 10th November 2015, the Council of the European Union repealed the EUSD in order to eliminate the overlap with the Euro-CRS Directive. EU member states will be required to implement an automatic exchange of information as provided for by the Euro-CRS Directive effective as from 1st January 2016 (and in the case of Austria as from 1st January 2017).

In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS.

Under the law of 18th December 2015 implementing the EURO-CRS Directive, the first exchange of information is applied by 30th September 2017 for information related to the year 2016. Accordingly, the Company is committed as of 1st January 2016 to run additional due diligence process on its Shareholders and to report the identity and residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/ value and income/ sale or redemption proceeds to the local tax authorities of the country of residency of the foreign investors to the extent that they are resident of another EU Member State or of a country for which the Multilateral Agreement is in full force and applicable.

Shareholders should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

Dear Shareholder,

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 14,913,851.59 million capitalisation shares and 6,355,576.54 million distribution shares as of 31st December 2015, representing total assets of SEK 621,197,963.68 million. The net asset value per capitalisation share was SEK 32.91 i.e. increase of 229.10% after fees from launch date and increase of 1.39% during the year 2015.

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 partially invested in Swedish listed stocks and 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

The Organization for Economic Cooperation and Development (OECD) reduced its forecast for global growth in November, to 2.90%, amid a “further sharp slowdown” in emerging market economies (EM) and deterioration in global trade. The think-tank highlighted China’s shift from investing in infrastructure to stimulate growth, to focus increasingly on domestic consumption and services as a possible factor behind the slowdown in trade. In addition many EM are in the process of unwinding excesses following a growth and credit boom, thereby depressing trade. The OECD consequently viewed the outlook for EM as a key source of global uncertainty, given their large contribution to global trade and GDP growth. A more significant slowdown in Chinese domestic demand could hit financial market confidence and the growth prospects of many economies, including developed market economies (DM). According to the organization, challenges have increased for EM more broadly, reflecting weaker commodity prices, tighter credit conditions and lower potential output growth, with the risk that capital outflows and sharp currency depreciations may expose financial vulnerabilities. Still, global growth will strengthen slowly over the course of 2016-17, against a backdrop of subdued inflationary pressures. Supportive macroeconomic policies, lower commodity prices and a further steady improvement in labour markets should continue to underpin the upturn in DM. Growth in the US is set to remain relatively solid, at around 2.50% per annum. In the euro area the recovery will, so the OECD, strengthen somewhat, with GDP growth at around 1.75-2% per annum over 2016-17, helped by the continued accommodative monetary policy stance and the stimulatory impact of lower oil prices. The outlook for Japan remains softer than in other DM, reflecting a larger drag exerted by weak external demand, especially in Asia, and strong fiscal headwinds (VAT increase planned for 2017). The OECD projects growth in the EM to turn up through 2016-17, helped initially by the easing of the sharp downturns in 2015 in the major commodity producers and the small open Asian economies. Even so, growth prospects are likely to continue to diverge in the large EMs. A gradual slowdown is projected to continue in China, while growth prospects in India should remain relatively robust. Despite large currency depreciations, recovery will only be gradual in Brazil and Russia.

The Federal Reserve (Fed) raised its policy rates for the first time in nearly a decade and announced a quarter-point increase in the target range for the federal funds rate to 0.25-0.50%. In its December statement, the Fed said that it expect only “gradual” future increases in the federal funds rate, and it added that given the current shortfall in inflation compared with its 2% target, it would “carefully monitor actual and expected progress” towards its inflation goal. The Fed’s own forecasts point to 100 basis points of rate rises in 2016 - thought to mean that it expects a quarter-point rise every quarter. Markets, however, have priced in about half of that currently. The yield spread between short term and longer-duration US government bonds is narrowing, reflecting investors’ bets the Fed will be cautious. Also in December, the European Central Bank (ECB) unveiled a package of measures to tackle too-low inflation, from a cut in the floor for interest rates to an expansion of its bond-buying program by at least

EUR 360 billion. The ECB will extend quantitative easing by six months until at least March 2017 at the current rate of EUR 60 billion a month, and broaden the asset purchased to include local and regional debt. In a press conference, ECB president Draghi confirmed that the decisions were not unanimous, though said there was a “very large” majority in favor. The recovery in the euro area hasn’t been rapid enough to bring inflation back toward the ECB’s definition of price stability, or annual gains of below but close to 2%. The core rate, stripping out the effect of energy and food price swings, slipped to 0.90% from 1.10% in November. The ECB has argued that very low price gains run the risk of tipping the economy into deflation. Presenting fresh economic forecasts, the ECB decided to revise down its inflation outlook “slightly”. The forecast for 2016 was cut to 1% from 1.10% and for 2017 to 1.60% from 1.70%. The prediction for economic growth in 2016 was kept at 1.70% and for 2017 was revised higher to 1.90% from 1.80%. Draghi reiterated that the central bank has more ammunition at its disposal if needed. The Swedish Riksbank decided to extend its government bond buying program by an additional SEK 45 bn in July and by a further SEK 65 bn in October. With an uncertain global environment, the Riksbank also cut the repo rate by 0.10 percentage points to -0.35% to ensure that inflation continues to rise towards the target of 2%. In Japan, the Bank of Japan (BoJ) said it would extend the average maturity of its government bond holdings to 7-12 years, from 7-10 years, an effort to flatten out the yield curve. It also established a programme to purchase ETFs at an annual pace of about JPY 300 bn, in addition to the current programme in which it buys about JPY 3 tn of ETFs.

In the currency markets, the second half of the year was dominated by expected central bank policy divergence driving certain strong macro trends. Among these was a strengthening USD against most major currencies which started in early 2014. The risk of this increasingly one dimensional positioning that is based on anticipated central bank actions is that these trends don’t materialize and trades simply become too crowded and vulnerable to sharp reversals. An illustrative example was the dramatic market reaction after the ECB’s December meeting. The 4.50% intraday reversal in the EUR/ USD exchange rate was the largest since 2009. Many financial market participants felt that the policy easing fell short of the very high market expectations, and almost all professional ECB watchers were wrong-footed by the turn of events. The combined price losses in equities, bonds and the USD were described as the most severe since 1999. In China, the People’s Bank (PBoC) pushed the renminbi even lower after a small devaluation of the currency in August. The further weakening followed an announcement, in which the PBoC said it would prefer to value China’s currency against a basket of currencies instead of the USD, whose value has surged by more than a fifth since June 2014. With the economy weakening, although official GDP growth is still in the 6-7% interval, the announcement makes it easier for the Chinese authorities to offset anticipated USD strength without causing a major increase in policy uncertainty or expectations of a sharp one-off devaluation ahead. In the US, the largest mutual fund failure since the credit crisis occurred in December when one high-yield mutual fund barred further redemptions because it had run out of money to pay redeeming investors without having to dump bonds at fire-sale prices. The fund invested at the riskiest end of the spectrum, including distressed debt, that is, the debt of companies undergoing a restructuring or headed through bankruptcy. These types of risky bonds have done especially badly over the past six months, because investors are now expecting a rise in primarily oil- and commodity-linked defaults in 2016.

Report on the activities of the Company (continued)

In the commodity space the Thomson Reuters CRB index (about a third is petroleum products) fell by 23%. The index hasn't been this low since the middle of 1973. Crude oil prices fell dramatically in the second half of the year as the oil market suffered oversupply and the Opec's cartel could not agree on a production ceiling. US oil supply will make its way to global oil markets in the coming year after a 40-year old restriction on crude export was lifted. In addition, Russia pumps more than 10 million barrels per day (bpd), the most since the collapse of the Soviet Union, while Opec output is close to record levels above 31.5 million bpd and well above the cartel's notional target of 30 million bpd. Brent Crude ended the year at USD 36 per barrel falling by 36%. The price of gold was more stable but still fell by 10%.

Global stock markets ended the year mixed. Stocks were held back by a further and unexpected decline in commodity prices, particularly oil, soft global economic growth and currency devaluation in China, and the Fed's hesitancy in raising rates. For the full year, the EU markets rose by 2.50% in local currency terms (MSCI), with the Nordic region 10% higher. Among the big European bourses Italy (+12%) and the Netherlands (+ 11%) were the best performing markets. In Sweden, the equity market was flat. The North American region fell by more than 1% (USA -1%) while the Pacific region ended the period 5% lower. The Japanese market rose by 8%.

The world index increased by 0.15% in local currency terms, and by 5.43% in Swedish krona terms.

The Fund

As of 31st December 2015 the Swedish equity exposure amounted to 7.88%, international equity exposure amounted to 22.68%, bonds amounted to 64.10% and cash and other assets amounted to 5.34% of total net asset value. The equity portion of the Fund was increased during the second half of the year from approximately 28% to 31%. The duration of the bond portfolio at the turn of the year was 1.0 years.

Some changes were made in the equity portfolio during the last six months of 2015. A new position in SKF was again established after a significant fall in the stock price. Since the Fund sold SKF during the first half of the year the financial markets began to worry about global growth and a slowing Chinese economy. In addition, the decision to maintain the Automotive division with its lower profitability within the company was seen as a disappointment by some market participants. We have confidence in the new CEO and his record as a cost-cutter and find today's stock price attractive. Further, the Swedish private equity conglomerate Ratos was added to the portfolio. The stock was held by the Fund for 12 years starting in 2000, but was sold as the underlying investment portfolio underperformed. After another three years, Ratos has made some progress in reshaping the portfolio by adding some interesting new holdings, but still suffer from a cyclical and slow-growing bias. We see the stock as a work-in-progress that will take time to fix, but are somewhat encouraged so far. A more concentrated portfolio is something we think would be beneficiary. In addition, the stock has a dividend yield of nearly 7%, which of course over time is dependent on the profitability of the underlying investment portfolio. The entire position in Microsoft was sold after a run-up in the stock price. The investment generated an annual return of 26%.

In 2015 the value of the Fund increased by 1.39%. The main positive contributors to the Fund's performance were Walgreen, JP Morgan and Danaher. SKF on the other hand lagged. Performance from the bond portfolio was positive.

Outlook for 2016

The global economy faces some familiar challenges the coming year, such as slow nominal growth, less liquid markets, uncertainty after the first US rate hike, the Chinese rebalancing with its implication of over-supply and disinflation. To elaborate, the Fed has already tightened policy before the rate hike in December, mainly through winding down assets purchases. The US markets spent the past 12-18 months adjusting to tighter conditions through a stronger US dollar and periodic sell-offs across bonds, stocks and commodities. But the question still remains: will global financial markets run into difficulties if the Fed keeps tightening policy through 2016? Further, the Chinese economy is slowing as the country is evolving from an export-oriented economy to one in which consumption and services play a bigger role. This process creates global deflationary pressures in many areas and industries driven by enormous surplus capacity. Monetary policy is possibly not well suited to manage supply driven deflation. Ultimately, how to handle the rebalancing without generating an economic hard-landing is a political question, but there is a fair chance that investment will remain elevated and deflationary pressures persist. Within this long-term scenario, China could still experience cyclical upswings.

Stocks and bonds are relatively long-term instruments, and are not really suited for predictions made for the next 12 months. The actual yearly outcome is simply too random. For extended time horizons the data becomes increasingly reliable and the probability of being able to predict the stock market's return tend to become more predictable with the duration of the holding period. If we look 5 years into the future the average 5 year returns, but not every single data point, become positively skewed. So the exercise still remains very imprecise. Over the last five years, the Swedish stock market has returned 10.50% annually, lower than the five-year average for the last 30 years. In the US, the corresponding figure is 13%, well above historical norms. For the conservative investor there is a high enough probability that returns will be lower over the coming five years because stock markets overall are no longer cheap, and expected corporate earnings growth looks to be modest. With lower expected returns and larger price swings (lower liquidity), diversification is becoming more important. Even with low yields, bonds will continue to play a protective role and the equity portfolio needs to span the globe to seek stocks with differing characteristics.

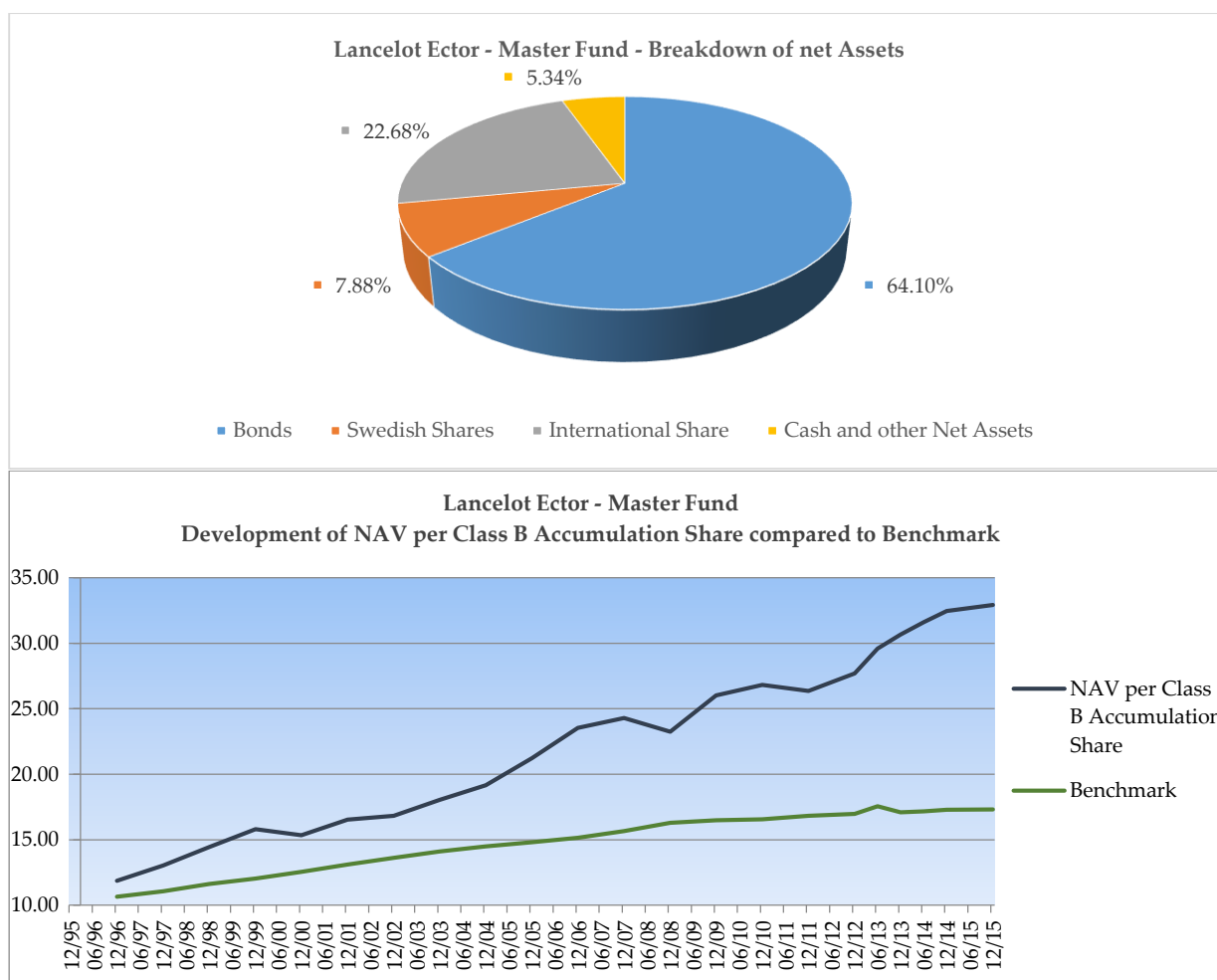
Luxembourg, 5th January 2016

The Board of Directors

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

Lancelot Ector

Graphics (Unaudited)



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%	2015	1.39%	0.079%

* 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 2015 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.

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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 and as of 31st December 2015, 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, 1st March 2016

Philippe Sergiel

A handwritten signature in blue ink, consisting of several overlapping loops and strokes, positioned above the name 'Philippe Sergiel'.

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 31st December 2015

Assets

Securities portfolio at market value	588,048,015
Cash at banks	30,743,425
Receivable on issues of shares	1,000
Income receivable on portfolio	2,177,968
Unrealised gain on forward foreign exchange contracts	3,161,859
Other receivables	197,273
Total assets	624,329,540

Liabilities

Bank overdrafts	23
Payable on purchases of securities	550,138
Payable on redemptions of shares	282,878
Expenses payable	2,298,537
Total liabilities	3,131,576

Net assets at the end of the year 621,197,964

Number of Class B Accumulation Shares outstanding	14,913,851.588
Net asset value per Class B Accumulation Share	32.91
Number of Class B Dividend Shares outstanding	6,355,576.535
Net asset value per Class B Dividend Share	20.50

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 2015 to 31st December 2015

Income

Dividends, net	3,660,423
Interest on bonds and other debt securities, net	4,866,718
Other income	244,057
Total income	8,771,198

Expenses

Management fees	6,775,969
Performance fees	1,514,668
Transaction fees	176,214
Central administration costs	886,252
Professional fees	134,783
Other administration costs	194,863
Subscription duty ("taxe d'abonnement")	329,964
Interest paid on bank overdrafts	55,641
Other expenses	224,126
Total expenses	10,292,480

Net investment loss	-1,521,282
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Net realised gain/(loss)

- on securities portfolio	46,979,055
- on forward foreign exchange contracts	-16,404,561
- on foreign exchange	-240,140

Realised result	28,813,072
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Net variation of the unrealised gain/(loss)

- on securities portfolio	-28,443,321
- on forward foreign exchange contracts	7,433,278

Result of operations	7,803,029
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Dividends paid	-3,969,009
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Subscriptions	102,361,151
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Redemptions	-89,759,000
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Total changes in net assets	16,436,171
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Total net assets at the beginning of the year	604,761,793
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Total net assets at the end of the year	621,197,964
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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 2015

Total net assets

- as at 31.12.2015	621,197,964
- as at 31.12.2014	604,761,793
- as at 31.12.2013	812,064,004

Number of Class B Accumulation Shares

- outstanding at the beginning of the year	14,553,714.913
- issued	3,039,759.182
- redeemed	-2,679,622.507
- outstanding at the end of the year	14,913,851.588

Net asset value per Class B Accumulation Share

- as at 31.12.2015	32.91
- as at 31.12.2014	32.46
- as at 31.12.2013	30.65

Number of Class B Dividend Shares

- outstanding at the beginning of the year	6,348,382.957
- issued	48,030.739
- redeemed	-40,837.161
- outstanding at the end of the year	6,355,576.535

Net asset value per Class B Dividend Share

- as at 31.12.2015	20.50
- as at 31.12.2014	20.84
- as at 31.12.2013	20.27

Dividend paid

Ex-dividend date	20.01.2015
Dividend per share	0.6252
Shares outstanding at dividend date	6,348,382.957

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 2015

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	305,000	Volvo AB B	28,189,170	24,125,500	3.88
Banks					
USD	110,800	Bank of America Corp	6,616,252	15,725,741	2.53
USD	36,900	Citigroup Inc	12,670,896	16,103,637	2.59
USD	33,700	JPMorgan Chase & Co	13,054,317	18,765,427	3.02
			32,341,465	50,594,805	8.14
Capital goods					
USD	32,700	Danaher Corp	18,172,477	25,612,809	4.12
USD	26,500	PulteGroup Inc	4,622,842	3,982,363	0.64
SEK	136,000	SKF AB B	20,828,860	18,659,200	3.00
			43,624,179	48,254,372	7.76
Consumer durables and apparel					
EUR	67,900	Royal Philips NV	14,424,347	14,650,827	2.36
Food and drug retailing					
USD	13,900	Walgreens Boots Alliance Inc	3,327,414	9,981,877	1.61
Food, beverage and tobacco					
GBP	306,780	Britvic Plc	12,380,935	27,737,742	4.47
Insurance					
USD	1,120	Markel Corp	4,621,132	8,343,304	1.34
Investment companies					
SEK	127,600	Ratos AB B	6,202,913	6,230,708	1.00
Total shares			145,111,555	189,919,135	30.56
Bonds					
Corporate bonds					
SEK	10,000,000	Castellum AB FRN Sen 15/ 13.03.20	10,000,000	9,758,800	1.57
SEK	10,000,000	Husqvarna AB FRN Sen 12/ 28.11.17	10,000,000	10,270,400	1.65
SEK	30,000,000	Jernhusen AB 2.375% Ser 102 13/ 23.04.18	30,932,600	31,156,050	5.02
SEK	17,000,000	Jernhusen AB FRN Ser 104 13/ 19.09.23	17,665,210	16,687,030	2.69
SEK	30,000,000	Sveaskog AB FRN DMTN 14/ 22.01.20	30,000,000	29,762,250	4.79
SEK	25,000,000	Sveaskog AB FRN Sen 14/ 30.10.23	25,000,000	23,959,125	3.86
SEK	15,000,000	Swedavia AB FRN MTN Ser 104 13/ 09.05.16	14,995,500	15,000,675	2.42
SEK	30,000,000	Vasakronan AB FRN Ser 435 13/ 30.01.17	30,375,000	30,085,800	4.84
SEK	7,000,000	Willhem AB 0.7% Sen 15/ 11.02.19	6,996,570	6,928,075	1.12
			175,964,880	173,608,205	27.96

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 2015

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	25,414,000	4.09
SEK	30,000,000	Nordea Hypotek AB 2% Ser 5529 12/ 20.06.18	31,366,500	31,321,800	5.04
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 12/ 23.03.17	25,263,500	25,405,125	4.09
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 13/ 11.10.18	25,000,000	25,151,500	4.05
SEK	20,000,000	Swedish Export Credit FRN EMTN Sen 12/ 15.08.16	20,000,000	20,017,800	3.22
			<u>126,538,500</u>	<u>127,310,225</u>	<u>20.49</u>
Municipal bonds					
SEK	15,000,000	Gothenburg (City of) FRN EMTN Sen 15/ 09.09.19	15,030,450	14,883,750	2.40
SEK	20,000,000	Gothenburg (City of) FRN EMTN Ser 1013 14/ 20.06.19	20,012,000	19,906,200	3.20
SEK	20,000,000	Kommuninvest I Sverige AB 2.25% Ser 1903 13/ 12.03.19	21,308,600	21,193,700	3.41
SEK	20,000,000	Kommuninvest I Sverige AB 2.5% Ser 2012 13/ 01.12.20	21,573,000	21,399,200	3.45
			<u>77,924,050</u>	<u>77,382,850</u>	<u>12.46</u>
Sovereign bonds					
SEK	20,000,000	Specialfastigheter Sverige AB FRN EMTN Sen 14/ 23.06.20	20,000,000	19,827,600	3.19
Total bonds			<u>400,427,430</u>	<u>398,128,880</u>	<u>64.10</u>
Total investments in securities			<u>545,538,985</u>	<u>588,048,015</u>	<u>94.66</u>
Cash at banks				30,743,425	4.95
Bank overdrafts				-23	0.00
Other net assets/ liabilities				2,406,547	0.39
Total				<u><u>621,197,964</u></u>	<u><u>100.00</u></u>

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 2015

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	=	0.1091900	EUR	Euro
			0.0804616	GBP	Pound Sterling
			0.1185804	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.

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.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2015

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 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 31st December 2014, the Benchmark return was determined by interpolating between the market rate of a the Swedish Treasury Bond 1049 with maturity in August 2015 and the market rate of the Swedish Treasury Bond 1050 with maturity in July 2016, 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 2014 and the aforementioned methodology, the Benchmark returned 0.079%.

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

Lancelot Ector - Master Fund

SEK 1,514,668

Notes to the financial statements (continued)

as at 31st December 2015

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 has claimed withholding taxes in Sweden for the years 2010 and 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.

The Company has claimed withholding taxes in Norway for the period from 2008 to 2013 and in Finland for the years 2009 to 2013. During the first half of 2015 the Fund has received a decision from the tax authorities regarding Norwegian tax reclaim for 2010 and the amount of NOK 221,116.50 has been paid to the Fund.

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 - External Directors' fees

The External Directors' fees of SEK 177,785 are included in the caption "Other Expenses" in the statement of operations and other changes in net assets.

Note 9 - 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.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2015

Note 10 - Forward foreign exchange contracts

As at 31st December 2015, 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	450,000	SEK	5,879,396	29.02.2016	-294,868
GBP	50,259	SEK	640,052	29.02.2016	-16,335
SEK	10,201,226	EUR	1,101,680	29.02.2016	113,749
SEK	1,920,147	EUR	206,561	29.02.2016	28,783
SEK	2,262,352	EUR	245,653	29.02.2016	13,042
SEK	623,608	GBP	48,515	29.02.2016	21,534
SEK	13,438,361	GBP	1,023,563	29.02.2016	735,879
SEK	5,878,730	GBP	450,000	29.02.2016	294,202
SEK	80,706,642	USD	9,277,585	29.02.2016	2,590,122
USD	372,655	SEK	3,155,335	29.02.2016	-17,610
USD	381,899	SEK	3,229,643	29.02.2016	-14,085
USD	755,115	SEK	6,587,586	29.02.2016	-229,578
USD	22,032	SEK	186,424	29.02.2016	-916
USD	164,449	SEK	1,398,589	29.02.2016	-13,941
USD	139,589	SEK	1,183,575	29.02.2016	-8,247
USD	439,214	SEK	3,738,019	29.02.2016	-39,872
					<u>3,161,859</u>

Note 11 - 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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