

**Unaudited semi-annual report
as at 30th June 2019**

Lancelot Ector

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B54040

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/>) 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

H2O building
33, rue de Gasperich
L-5826 Hesperange

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

Rikard LUNDGREN
Director
Lancelot Asset Management AB, Stockholm, Sweden
(since 26th April 2019)

Jean-Claude WOLTER
Honorary Lawyer, Director of Companies
Luxembourg, Grand-Duchy of Luxembourg
(until 26th April 2019)

Management Company

FundRock Management Company S.A.
H2O building
33, rue de Gasperich
L-5826 Hesperange

Board of Directors of the Management Company

Chairman
Michel Marcel VAREIKA
Independent Non-Executive Director Luxembourg

Members
Romain DENIS
Executive Director - Information System
Strategic Projects
FundRock Management Company S.A., Luxembourg

Eric MAY
Non-Executive Director
Founding Partner
BlackFin Capital Partners, Paris

Tracey MCDERMOTT
Independent Non-Executive Director Luxembourg

Grégory NICOLAS
Executive Director - Legal, Compliance, Corporate
FundRock Management Company S.A., Luxembourg

Xavier PARAIN
Executive Director – Chief Executive Officer
FundRock Management Company S.A., Luxembourg
(since 1st April 2019)

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Organisation (continued)

Serge RAGOZIN
Executive Director - Chief Operating Officer
FundRock Management Company S.A., Luxembourg

Ross THOMSON
Executive Director - Managing Director
FundRock Management Company S.A., Luxembourg

Depositary

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

Central Administration Agent

FundRock Management Company S.A.
H2O building
33, rue de Gasperich
L-5826 Hesperange

Sub-Administrative, Transfer 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

Auditor

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

Global Distributor

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

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 EU Savings Directive has been abrogated with effect in Luxembourg from 1st June 2016 and replaced by the Common Reporting Standards described in the current prospectus.

On 1st June 2016, the Luxembourg Memorial C has been replaced by RESA (Recueil Electronique des Sociétés et Associations), the new official electronic platform of central publication regarding companies and associations. Publications made after 1st June 2016 are available on this new platform accessible through the website of the Registre de Commerce et des Sociétés.

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

- Lancelot Ector - Master Fund (the "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 categories 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 financial statements, 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 registered office of the Company.

Dear Shareholders,

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 10,328,953.856 capitalisation shares and 4,310,931.989 distribution shares as of 30th June 2019, representing total assets of SEK 458,057,277. The net asset value per capitalisation share was SEK 35.95 i.e. increase of 259.5 % after fees from launch date and increase of 4.87 % during the first six months of 2019.

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 invested in Swedish listed stocks but with the additionally possibility of international diversification. The bond portion of the portfolio shall to a considerable extent be invested in Swedish bonds with low credit risks.

Global economy and financial markets (market review)

In its latest Economic Outlook, the OECD noted that global economic momentum has weakened markedly, and that growth is set to remain subpar as trade tensions and policy uncertainties persist. Trade and investment have slowed sharply, especially in Europe and Asia, and manufacturing production is contracting. At the same time, low unemployment and a slight pick-up in wages in the major economies continue to support household incomes and consumption. Financial conditions have eased as central banks have moved towards more accommodative monetary stances, while fiscal policy has been providing stimulus in a handful of countries. Overall, global growth is projected to slow to 3.2 per cent this year before edging up to 3.4 per cent in 2020. The OECD pointed out that growth now showed divergence between sectors and countries depending on their exposure to trade tensions, the strength of fiscal responses and policy uncertainties. Business investment growth, strongly linked to trade, is forecasted to slow to 1.75 per cent per year over 2019-20, from around 3.5 per cent per year during 2017-2018. However, services, less subject to trade jitters and where most job creation takes place, continue to hold up well. Growth has weakened in most advanced economies, especially those where trade and manufacturing play an important role, such as Germany and Japan. In contrast, the US has maintained its momentum thanks to fiscal support. Divergence is also visible among emerging-market economies.

The Federal Reserve (the Fed) maintained the target range for the federal funds rate at 2.25-2.50 per cent, but signalled a more dovish stance on interest rates. In its statement, the Fed referred to increased uncertainties to the outlook and muted inflation pressures thereby paving the way for future rate cuts. The Fed's own forecasts on inflation, the longer-run unemployment rate, and the longer-run interest rate were all marked down. With the persistence of low inflation, the Fed now seems to acknowledge that monetary policy has been less stimulative than they previously believed. Stubbornly low inflation leaves the Fed room to ease and protect the US economy from downside risks to employment. It is also important to mitigate those risks to avoid going into a recession with low inflation. In June, the European Central Bank (ECB) left rates on hold. The bank extended its forward guidance and said it now expected to keep interest rates on hold at least through the first half of 2020. It had previously said it expected rates to stay on hold at least until the end of 2019. The ECB also slightly raised its economic forecasts for 2019. According to the new forecasts, inflation will average 1.3 per cent this year and 1.4 per cent next year. The Swedish Riksbank kept its benchmark rate at -0.25 per cent but assessed that the repo rate will remain at this level for a somewhat longer period of time than was previously forecasted. The repo rate is expected to be raised again towards the end of the year or at the beginning of next year and rate rises thereafter are expected to occur at a somewhat slower pace. The Bank of Japan decided to keep rates unchanged and changed its forward guidance to indicate rates will remain very low at least through next spring. The bank's guidance indicated uncertainties regarding economic activity and prices including developments in economic conditions outside of Japan. Moreover, the second consumption tax is expected to go into effect on 1st October of this year, which suggests that there is no meaningful monetary tightening on the horizon. Any domestic policy move would risk causing a sharp appreciation of the yen just as consumption inevitably will be hit by the increased levy.

In the currency markets, the US dollar started the year stronger against other major currencies as the US currency is viewed as a haven. In a world short of growth, the US still offers a resilient economy mainly driven by the consumer. But the US dollar fell in June when the Fed confirmed what financial markets already had anticipated i.e. a cycle of coming rate cuts. Although most of the major central banks, including China, have an easing bias,

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Report from the Investment Manager (continued)

the dollar is most vulnerable because there is so much more scope to ease and its strength had been in no small measure predicated on monetary divergence. The British pound fell during the month of May as many saw the risk of a no-deal Brexit increasing. The Swedish krona continued to trend lower and the currency has now fallen by close to 17 per cent since 2013 (according to the Riksbank's own KIX-index). In the commodity space, a healthy rebound during the first quarter helped the Thomson Reuters CRB index to rise by just short of 7 per cent. Crude oil ended the period with a gain of 19 per cent after a steady rise that was interrupted by a sharp fall in May as oil traders weighed the risks from a US-China trade war. Supplies of crude are relatively tight due to US sanctions on Iran and Venezuela, and Opec-led production cuts, but stockpiles have been rising in the US. The price of gold was up 10 per cent, while industrial metals generally were flat to down with the exception of nickel (+ 20 per cent).

Global stock markets were generally higher during the first six months of the year, mostly via an extraordinary first quarter. After the very soft ending to 2018, Q1 of 2019 was characterised by increased risk taking as a US/China trade truce, a dovish Fed and a tightening oil market dominated the headlines. By contrast Q2 brought mostly defensiveness and retracements as the US administration resumed and broadened the trade conflicts. In the EU, stock markets advanced by 12.6 per cent in local currency terms (MSCI). The Nordic region was up by 11.9 per cent. Among the big European bourses Switzerland (+18.7 per cent) and the Netherlands (+ 18.6 per cent) outperformed. In Sweden, the equity market rose by 14.9 per cent. The North American region powered ahead by 17.4 per cent while the Pacific region excluding Japan ended the first six months 15.3 per cent higher. The escalation of trade tensions together with a stronger currency proved to be a challenge for the Japanese market with its large number of export companies and the Tokyo market underperformed but managed to increase by 4.6 per cent.

The world index increased by 15.3 per cent in local currency terms, and by 21.1 per cent in Swedish krona terms.

The Fund (performance review)

As of 30th June, 2019, the Swedish equity exposure, including a negative Swedish index position, amounted to 10.25%, international equity exposure amounted to 14.62%, bonds amounted to 69.61% and cash and other assets amounted to 5.52% of total net asset value. The equity exposure of the Fund was increased from 18 % at the turn of the year to approximately 25 %. The duration of the bond portfolio at the turn of the year was 0.6 years.

Some changes were made in the equity portfolio during the period. An initial small position in **Carnival Corporation** was added to the portfolio. Carnival is the largest company in the cruise industry, operating nine global brands with more than 100 ships in service and passenger capacity of more than 200 000. The company's market is underpenetrated, with less than 4% of the US market ever having cruised. The corresponding figure for Europe is less than 3%. High-capacity regions like the Caribbean is balanced by faster-growing and underrepresented regions like Asia-Pacific, leading to better global pricing possibilities. The aging population (65-and-older) will drive demand at a faster rate than overall cruise industry capacity. The stock price took some severe hits when Carnival lowered its earnings guidance first in March and then again in June, pointing to a host of negative developments. The company struggled in Europe but noted that advance bookings still were slightly ahead of last year at comparable prices. Long-term the share is undervalued, trading at less than 11 times the updated guidance, but the company needs to stabilize current weakness before any revaluation can occur. Further, a position in Swedish cash handling company **Loomis** was initiated. It offers cash in transit, analysis, planning, cash management services and international services for banks, retailers and other companies. Loomis has many opportunities to grow earnings through increased efficiency, outsourcing, consolidating a fragmented market, potentially entering adjacencies, and increased installations of more profitable, technical solutions such as SafePoint. The Switzerland-based eye care device company **Alcon** was spun off from Novartis. Alcon reports its activities into two segments: Surgical, which provides ophthalmic surgical products that enable surgeons to achieve accurate results, where Alcon has the leadership position, and Vision Care. The latter manufactures contact lenses and lens care products and is number two in the world. Current valuation is no doubt lofty, but demographics favour the company as global population is aging and myopia (short-sightedness) around the world is increasing with the growing use of computers and mobiles.

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Report from the Investment Manager (continued)

During the first six months of 2019 the value of the Fund increased by 4.87%. The main positive contributors to the Fund's performance were Danaher, Electrolux and Fortive, while only Carnival ended the period with a small negative return. Performance from the bond portfolio was positive.

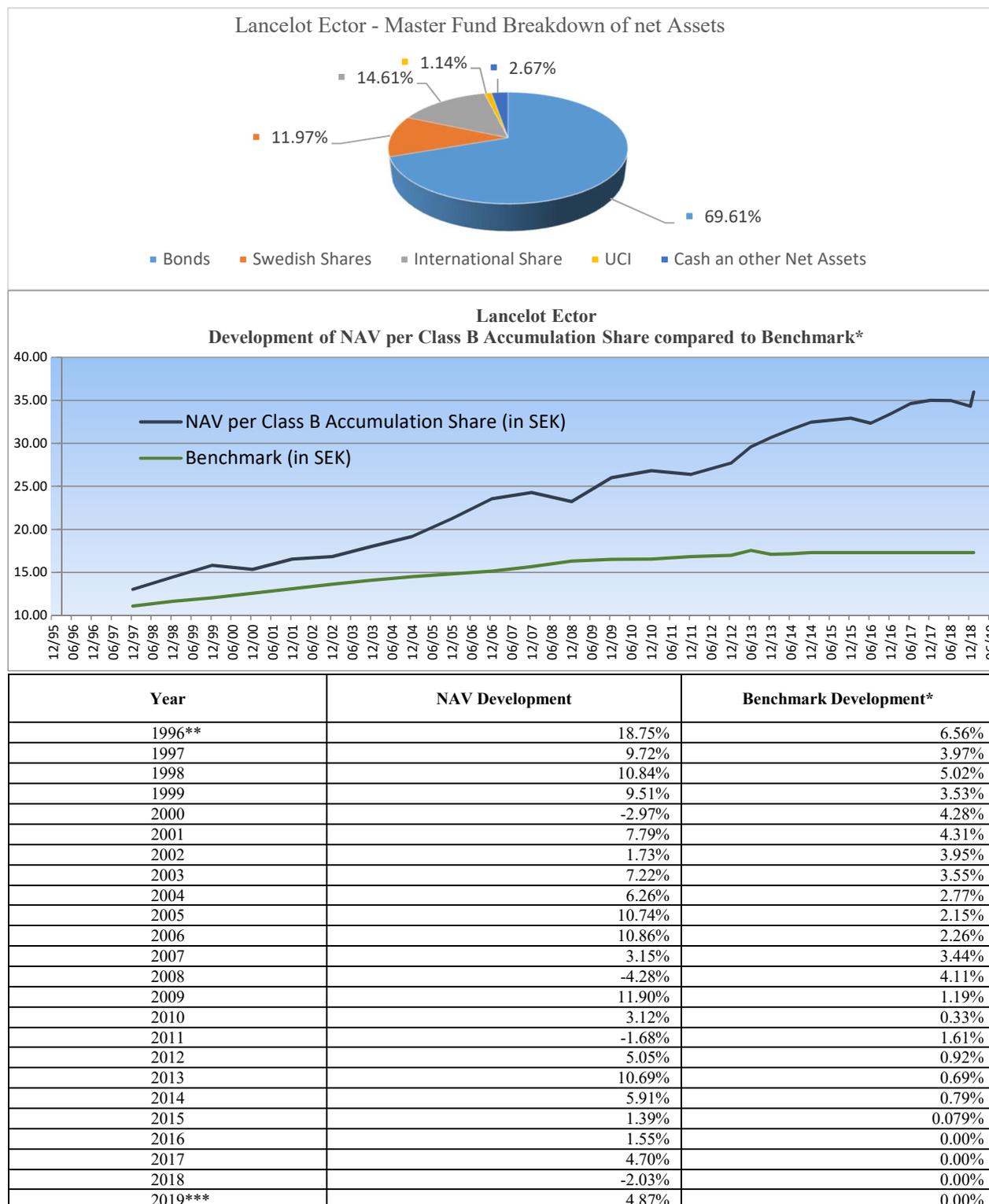
So far this year, global manufacturing data has been soft while service sector activity, which typically is a much larger portion of most economies, has held up better. The introduction of tariffs and the increased uncertainty and extra costs associated with disrupted supply chains, can probably account for some of the weaker industrial data. The key question going forward will be if the current weakness in manufacturing will spread itself into the rest of the economies or remain a sector specific issue. In the 2015-16 period, soft US manufacturing data sent a false recession signal. In fixed income markets, bond yields have fallen from already near-historic lows in several countries and the expectation is for central banks to ease monetary policies further to support growth. In broad terms, central bank policies (zero per cent to negative policy rates together with QE) have eroded most of the risk premia in the fixed income markets that are normally associated with increased risk taking. Witness flattening yield curves, an expanding universe of negative yielding markets, a collapse in rate volatility and tight credit spreads. Global stock markets performance has shown large dispersions on a regional, country, and industry basis, mainly reflecting expected profit growth. US equities have outperformed while more export-oriented markets like some in Europe and Asia have stalled. Still, stock markets have generally not experienced a prolonged earnings recession and a subsequent derating as economic growth, although modest over time, has held up. This possibly explains the current focus on central banks, since accommodative stance of monetary policy continues to be the main engine for sustaining growth. In addition, current trade policies raise the risk for recession and increase uncertainty. Because tariffs and trade friction are relatively untested tools, it is unclear how much monetary policy stimulus is needed to reverse or neutralise trade disruptions.

Financial markets are pricing in synchronized easing by the major central banks, with Fed rate cuts followed by easing from the ECB and Bank of Japan. But there are no guarantees and core inflation is far from dormant. At the same time, geopolitical risks and trade conflicts will remain in the spotlight. To navigate this environment with so many unknown variables, it is vital to start off by establishing an appropriate risk level. Only then should possible rewards be considered.

Luxembourg, 2nd July 2019

The Investment Manager

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



* Benchmark used for performance fees calculation
 ** Relating to the period 15/03/1996 to 31/12/1996, i.e. since the Fund's inception
 *** Relating to the period from 01/01/2019 to 30/06/2019

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 30th June 2019

Assets

Securities portfolio at market value	445,834,314
Cash at banks	14,822,769
Income receivable on portfolio	599,075
Unrealised gain on forward foreign exchange contracts	1,227,235
Prepaid expenses	47,416
Total assets	462,530,809

Liabilities

Bank overdrafts	3,489
Redeemable cash collateral received	1,372,000
Expenses payable	3,098,043
Total liabilities	4,473,532
Net assets at the end of the period	458,057,277

Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in SEK)
B CAP	10,328,953.856	SEK	35.95	371,276,984
B Dividend	4,310,931.989	SEK	20.13	86,780,293
				458,057,277

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 2019 to 30th June 2019

<u>Income</u>	
Dividends, net	2,037,788
Interest on bonds and other debt securities, net	1,939,598
Interest on bank accounts	51
Total income	3,977,437
<u>Expenses</u>	
Management fees	2,501,402
Performance fees	2,369,056
Banking charges and other fees	26
Transaction fees	57,104
Central administration costs	354,064
Professional fees	100,688
Other administration costs	60,285
Subscription duty ("taxe d'abonnement")	119,666
Bank interest paid	76,591
Other expenses	214,543
Total expenses	5,853,425
Net investment loss	-1,875,988
<u>Net realised gain/(loss)</u>	
- on securities portfolio	9,015,378
- on forward foreign exchange contracts	-3,178,280
- on foreign exchange	161,865
Realised result	4,122,975
<u>Net variation of the unrealised gain/(loss)</u>	
- on securities portfolio	18,759,618
- on forward foreign exchange contracts	454,109
Result of operations	23,336,702
Dividends paid	-1,873,961
Subscriptions	10,676,031
Redemptions	-61,591,877
Total changes in net assets	-29,453,105
Total net assets at the beginning of the period	487,510,382
Total net assets at the end of the period	458,057,277

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

Lancelot Ector - Master Fund

Statistical information (in SEK)

as at 30th June 2019

Total net assets	Currency	31.12.2017	31.12.2018	30.06.2019
	SEK	672,929,060	487,510,382	458,057,277

Net asset value per share	Currency	31.12.2017	31.12.2018	30.06.2019
B CAP	SEK	34.99	34.28	35.95
B Dividend	SEK	20.50	19.59	20.13

Number of shares	outstanding at the beginning of the period	issued	redeemed	outstanding at the end of the period
B CAP	11,487,496.309	257,744.390	-1,416,286.843	10,328,953.856
B Dividend	4,782,952.146	74,726.699	-546,746.856	4,310,931.989

Dividends paid	Currency	Dividend per share	Ex-dividend date
B Dividend	SEK	0.3918	10.01.2019

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 30th June 2019

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					
Cyclical consumer goods					
USD	7,000	Carnival Corp	3,124,488	3,023,367	0.66
SEK	60,100	Electrolux AB B	13,105,453	14,261,730	3.11
			16,229,941	17,285,097	3.77
Financials					
SEK	28,700	Investor AB B	11,526,248	12,803,070	2.80
SEK	27,150	Loomis AB	8,685,797	8,666,280	1.89
			20,212,045	21,469,350	4.69
Healthcare					
CHF	10,100	Alcon Inc Reg	5,025,970	5,793,794	1.26
USD	13,650	Danaher Corp	7,257,497	18,100,841	3.95
CHF	15,000	Novartis AG Reg	9,263,882	12,732,820	2.78
			21,547,349	36,627,455	7.99
Industrials					
SEK	55,500	Volvo AB B	6,321,905	8,177,925	1.79
Non-cyclical consumer goods					
GBP	129,000	Britvic Plc	5,881,140	13,529,309	2.95
Technologies					
USD	18,200	Fortive Corp	8,964,030	13,766,028	3.01
SEK	123,500	Telefon AB LM Ericsson B	6,493,293	10,880,350	2.38
			15,457,323	24,646,378	5.39
Total shares					
			85,649,703	121,735,514	26.58
Bonds					
Corporate bonds					
SEK	18,000,000	Akademiska Hus AB FRN EMTN Sen 19/20.06.24	18,536,940	18,544,320	4.05
SEK	20,000,000	Castellum AB FRN MTN Sen 17/02.10.24	20,000,000	19,968,300	4.36
SEK	17,000,000	Castellum AB FRN Sen Ser 12617/17.03.23	17,271,830	17,413,695	3.80
SEK	8,000,000	ICA Gruppen AB FRN Ser 111 Sen 19/04.03.22	8,000,000	8,033,760	1.75
SEK	16,000,000	Jernhusen AB FRN DMTN Ser MTN121GB Sen 18/17.04.23	16,226,560	16,208,720	3.54
SEK	7,000,000	Jernhusen AB FRN Ser 104 13/19.09.23	7,273,910	7,155,295	1.56
SEK	10,000,000	PostNord AB FRN DMTN Ser 116 Sen 19/28.05.24	10,000,000	9,989,100	2.18
SEK	20,000,000	Rikshem AB FRN DMTN Ser 144 Sen 18/01.02.23	19,961,600	20,073,000	4.38
SEK	20,000,000	Scania AB FRN EMTN Ser 87 Sen Reg S 19/15.04.21	20,000,000	20,068,400	4.38
SEK	20,000,000	Scania CV AB FRN EMTN Ser 62 16/06.09.21	20,037,376	20,293,800	4.43
SEK	20,000,000	Sveaskog AB FRN 14/06.03.24	20,408,000	20,349,600	4.44
SEK	20,000,000	Sveaskog AB FRN Sen 14/30.10.23	20,000,000	20,231,200	4.42
SEK	20,000,000	Vasakronan AB 1.083% DMTN Ser MTN525GB Sen 17/24.05.22	20,216,600	20,387,400	4.45
			217,932,816	218,716,590	47.74
Financial Institution bonds					
SEK	18,000,000	Danske Bank A/S FRN EMTN Sen Reg S 18/25.01.23	18,000,000	17,592,660	3.84
SEK	20,000,000	Landshypotek Bank AB VAR Jun Sub 17/31.12.Perpetual	21,150,000	20,545,900	4.49
SEK	4,000,000	Lansforsakringar Bank FRN Sub 19/10.07.Perpetual	4,000,000	4,110,980	0.90

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 30th June 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
SEK	20,000,000	Nordea Bank Abp FRN EMTN Sen Reg S 18/27.06.23	20,000,000	20,003,800	4.37
SEK	12,000,000	Svenska Handelsbanken AB VAR EMTN Sen Sub Reg S 17/15.11.27	12,000,000	12,037,620	2.63
			75,150,000	74,290,960	16.23
Municipal bonds					
SEK	25,000,000	Stockholm (City of) FRN EMTN Sen Reg S 19/21.05.24	25,901,000	25,856,250	5.64
Total bonds					
			318,983,816	318,863,800	69.61
<u>Open-ended investment funds</u>					
Tracker funds (UCI)					
Investment funds					
SEK	100,000	XACT BEAR Units Dist	9,113,232	5,235,000	1.14
Total tracker funds (UCI)					
			9,113,232	5,235,000	1.14
Total investments in securities			413,746,751	445,834,314	97.33
Cash at banks				14,822,769	3.24
Bank overdrafts				-3,489	0.00
Other net assets/liabilities				-2,596,317	-0.57
Total				458,057,277	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 and with generally accepted accounting principles in Luxembourg.

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 Depository 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 securities portfolio

The net realised gain/(loss) on securities portfolio 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.

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 disclosed in the statement of operations and other changes in net assets.

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2019

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

1	SEK	=	0.1050828	CHF	Swiss Franc
			0.0946493	EUR	Euro
			0.0847172	GBP	Pound Sterling
			0.1077772	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is disclosed 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 disclosed in the statements of net assets. Net variation of the unrealised gain/(loss) and the net realised gain/(loss) are disclosed in the statement of operations and other changes in net assets.

h) Transaction fees

Transaction costs disclosed under the title "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 Depository.

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.

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

Note 3 - Management fees

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 disclosed under the title "Management fees" in the statement of operations and other changes in the net assets.

Note 4 - Performance fees

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.

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2019

The benchmark return is the higher of:

- a) 0 percent
- b) The twelve months rate of interest Interpolated between Swedish Treasury Bills and/or Swedish Government Bonds at 31st December of the prior year, as published in the financial media or any corresponding benchmark approved by the Board of Directors of the Company.

With effect from 1st January 2017, for a calendar year when the Sub-Fund underperforms the agreed Benchmark return no performance fee is paid and the amount of the relative underperformance from that year shall remain relevant for coming years (as a High Water Mark). This means that at a forthcoming year with outperformance compared to the Benchmark return, no performance fee is paid until the amount of underperformance from previous year is fully recovered.

On 1st January 2019, the Benchmark return was determined by interpolating between the market rate of the Swedish Treasury Bills with maturity in 19th June 2019 and the market rate of the Swedish Government Bond 1047 with maturity on 1st December 2020 (the "Market Rates"), where both are converted from 30/360 to actual/360 day convention. Since this rate was negative the Benchmark return shall be 0 percent for the year 2019.

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

Lancelot Ector – Master Fund	SEK 2,369,056
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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 Depository.

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.

These fees are disclosed under the title "Central administration costs" in the statement of operations and other changes in the net assets.

Note 6 - 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 7 - Independent Director's fees

Independent Director's fees of SEK 142,432 are included in the title "Other expenses" in the statement of operations and other changes in net assets.

Lancelot Ector

Notes to the financial statements (continued) as at 30th June 2019

Note 8 - Forward foreign exchange contracts

As at 30th June 2019, the 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)
SEK	8,569,499	CHF	895,316	28.08.2019	40,279
SEK	548,838	CHF	57,800	28.08.2019	-1,792
SEK	552,989	CHF	58,000	28.08.2019	453
SEK	11,857,730	GBP	976,997	28.08.2019	342,947
SEK	2,897,515	USD	309,000	28.08.2019	42,413
SEK	211,600	USD	22,900	28.08.2019	9
SEK	22,350,292	USD	2,332,728	28.08.2019	796,310
SEK	348,489	USD	37,000	28.08.2019	6,616
					<u>1,227,235</u>

Note 9 - 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.

Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter "SFTR")

During the reporting period, the Company did not engage in transactions which are subject to the publication requirements of SFTR. Accordingly, no information concerning the transparency of securities financing transactions and of reuse of cash collateral should be reported.

