

# **Annual report including audited financial statements as at 31st December 2022**

## **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 [fundinfo.fundrock.com](http://fundinfo.fundrock.com)) 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

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#### 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  
Board Member  
Lancelot Asset Management AB, Stockholm, Sweden

Rikard LUNDGREN  
Independent Director  
SteenDier Sàrl, Ehrlange, Luxembourg

#### 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 - Managing Director  
FundRock Management Company S.A., Luxembourg

Thibault GREGOIRE  
Executive Director - Chief Financial Officer  
FundRock Management Company S.A., Luxembourg

Carmel MCGOVERN  
Independent Non-Executive Director, Luxembourg  
(since 30th June 2022)

Xavier PARAIN  
Executive Director - Head of FundRock  
FundRock Management Company S.A., Luxembourg  
(until 10th February 2023)

#### Depositary

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

## Lancelot Ector

### Organisation (continued)

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**Central Administration Agent**

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

**Sub-Administrative Agent,  
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

### Report from the Investment Manager

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Dear Shareholders,

Lancelot Ector (the "Company") 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 8,647,627.049 capitalisation shares and 5,191,903.710 distribution shares as of 31st December 2022, representing total assets of SEK 431,002,241. The net asset value per capitalisation share was SEK 37.95 i.e., increase of 279.5% after fees from launch date and decrease of -5.10% during the year 2022.

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 and global listed stocks while 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)**

A range of factors contributed to 2022 becoming a difficult year for financial markets, experiencing significant value declines in stocks as well as bonds. Most significant was the steep increase in actual and expected inflation, which was fuelled by supply chain disruptions, the war in Ukraine and the consequence of years of ultra stimulative monetary policy.

Developed markets central banks' reaction to high inflation resulted in, not surprisingly, steep rate hikes in most places. For example, the Riksbank raised the Repo Rate by 2.50% in total during the year, representing an unprecedented speed of this hiking cycle.

US stocks returned -6.1% (in SEK) during the year, while Swedish large caps averaged -20.3% and Swedish small caps -31.4%. On the sector level, there were large return differences between sectors; the best sectors were Energy, +70.9% and Utilities, +11.1%. The worst two sectors were Communication Services, -27.9% and Consumer Discretionary, -23.0%.

The high inflation and steep interest rate increase impacted many areas of financial markets, not just bonds. One example is the performance of Growth versus Value stocks. Following years of outperformance of Growth stocks, Value came roaring back and outperformed Growth by more than 26 percentage points in 2022, as measured by the MSCI World Growth and Value indices in SEK.

Global developed market central banks relatively coordinated hawkish pivot from a "transitory" inflation outlook had a massive effect on rates and spreads across the developed world, Sweden included. The shorter 2-year Swedish yield, the most sensitive to the Riksbank's monetary policy, rose as much as 3.0% during the year. The long 10-year yield rose as much as 2.2%, closing the year at 2.4%.

The Global investment grade bond index, the Bloomberg Global Aggregate Bond Index, containing government, government-related and corporate investment grade debt, had record negative performance of -16.3% in USD. The Swedish gauge of treasury and mortgage bonds returned a staggering -7.9% in SEK.

Volatility for many asset classes was very high during 2022 and currencies were no exception. The US Dollar rose sharply by as much as 20% intra-year, before depreciating somewhat, ending the year 8.2% stronger (measured as the DXY index). On the other end of the scale was the Swedish krona (SEK), which depreciated around 15.2% versus the USD.

#### **The Fund (performance review)**

Lancelot Ector has held a relatively low equity exposure of around 20% during the first to third quarters, when the stock market fell the most, at the same time as the duration in the fixed income portfolio has been kept low of around a year, which has protected the fund against rising long-term interest rates.

Lancelot Ector's equity portfolio returned -9.1% during the year, significantly better than the Stockholm Stock Exchange and this due to a focus on stable companies with low debt, high dividend, proven business models and

## Lancelot Ector

### Report from the Investment Manager (continued)

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low valuation, as well as a sector focus on banks and pharmaceutical companies. The individual shares which contributed most positively to Lancelot Ector's return in 2022 was Swedbank (+5.1%), Commerzbank (+43.8%) and Novartis (+23.7%). The companies that gave the largest negative return contribution were EQT (sold), Ericsson (-36.9%) and Investor (-15.4%).

Lancelot Ector's fixed income portfolio returned -2.1% during the year, which is better than Swedish government and mortgage bonds (-7.9%). Lancelot Ector's interest rate risk has been kept low, corresponding to an interest rate duration of around a year, and thus Lancelot Ector's bonds have held up well during a market with sharply rising interest rates. The significantly higher interest rates are now an advantage for Lancelot Ector. The individual bonds that contributed most positive to Lancelot Ector's return in 2022 was Storebrand (+1.5%) SBAB (+4.3%) and Danske Bank (+1.1%). The bonds that gave the largest negative return contribution was Hufvudstaden (-10.7%), Nordea (-9.3%) and Swedbank (-5.0%).

Martin Axell took over as fund manager of Lancelot Ector on 4th November 2022 and since then the stock weighting has been slightly increased from 21% to 25%, through additions in banks and investment companies.

#### Outlook for 2023 for the market and for Lancelot Ector

After the sharp stock market declines in 2022, stock valuations are more palatable than was the case at the beginning of the year and shares now look attractive in the long term. From a macroeconomic perspective, however, the picture for the real economy looks gloomier in the short term. Consumers, purchasing managers and companies in the Western world became increasingly pessimistic during the autumn, as a consequence downwardly revised GDP forecasts from leading institutes.

As a result of the ever-increasing inflation, short and long interest rates have reached very high levels, something we haven't seen in 10 to 15 years. As an example, the yield of Lancelot Ector's fixed income allocation is about 4% and rising, compared to approx. 1% at the beginning of the year. We see ahead of us a balanced risk of a higher inflation rate or lower inflation rate, compared to central bank forecasts.

Lancelot Ector's focus is to create a good risk-adjusted return through active allocation between asset classes while maintaining a low risk level. Our current investment strategy for achieving this is as follows: We see that the interest rate will rise to about 4.5-5% for our corporate loans with variable interest, and that this part of the portfolio will do well in case of sustained high inflation, which is why we continue to hold a significant proportion of the fund in this asset class.

At the same time, we regard the risk in the asset class as low, which we expect to contribute to a good risk-adjusted return. In the three-to-six-month term, we see that global stocks will remain volatile as analysts write down profit expectations, which is why we keep a moderate allocation to global equities. The equity allocation is focused on companies with high and increasing dividends, stable business models, low debt and low volatility with a preponderance of pharmaceuticals and consumer staples.

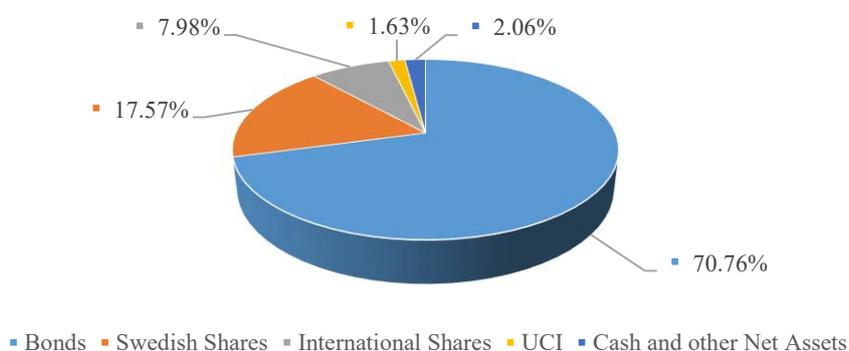
Luxembourg, 31st January 2023

The Investment Manager

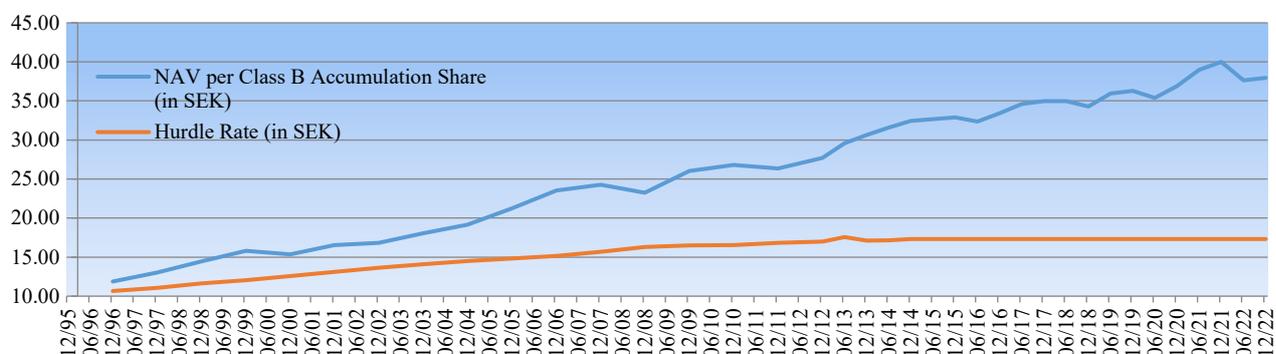
Note: The information in this report represents historical data and is not an indication of future results.

**Lancelot Ector**  
**Graphics (unaudited)**

Lancelot Ector - Master Fund Breakdown of net Assets



**Lancelot Ector**  
**Development of NAV per Class B Accumulation Share compared to Hurdle Rate\***



Year	NAV Development	Hurdle rate Development*
1996**	18.75%	6.56%
1997	9.72%	3.97%
1998	10.84%	5.02%
1999	9.51%	3.53%
2000	-2.97%	4.28%
2001	7.79%	4.31%
2002	1.73%	3.95%
2003	7.22%	3.55%
2004	6.26%	2.77%
2005	10.74%	2.15%
2006	10.86%	2.26%
2007	3.15%	3.44%
2008	-4.28%	4.11%
2009	11.90%	1.19%
2010	3.12%	0.33%
2011	-1.68%	1.61%
2012	5.05%	0.92%
2013	10.69%	0.69%
2014	5.91%	0.79%
2015	1.39%	0.079%
2016	1.55%	0.00%
2017	4.70%	0.00%
2018	-2.03%	0.00%
2019	5.81%	0.00%
2020	1.76%	0.00%
2021	8.34%	0.00%
2022	-5.10%	0.00%

\*Hurdle rate used for performance fees calculation

\*\* 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**

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### Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Lancelot Ector (the “Fund”) as at 31 December 2022, 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 and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2022;
- the statement of operations and other changes for the year then ended;
- the statement of investments and other net assets as at 31 December 2022; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### Basis for opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

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

We are independent of the Fund in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### Other information

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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#### **Responsibilities of the Board of Directors of the Fund for the financial statements**

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

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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#### **Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;



- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 20 April 2023

Antoine Geoffroy

## Lancelot Ector - Master Fund

### Statement of net assets (in SEK)

as at 31st December 2022

#### Assets

Securities portfolio at market value	422,142,171
Cash at banks	8,264,322
Receivable on treasury transactions	97,737
Receivable on issues of shares	1,800
Income receivable on portfolio	1,208,461
Total assets	431,714,491

#### Liabilities

Payable on redemptions of shares	2,491
Expenses payable	709,759
Total liabilities	712,250
Net assets at the end of the year	431,002,241

#### 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	8,647,627.049	SEK	37.95	328,197,654.24
B Dividend	5,191,903.710	SEK	19.80	102,804,587.09
				431,002,241

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 2022 to 31st December 2022

<b>Income</b>	
Dividends, net	2,904,007
Interest on bonds and other debt securities, net	4,921,314
Bank interest	63,056
Total income	7,888,377
<b>Expenses</b>	
Management fees	4,399,530
Transaction fees	64,574
Central administration costs	632,418
Professional fees	222,393
Other administration costs	275,050
Subscription duty ("taxe d'abonnement")	210,583
Bank interest paid	21,473
Other expenses	353,304
Total expenses	6,179,325
Net investment income	1,709,052
<b>Net realised gain/(loss)</b>	
- on securities portfolio	6,758,928
- on forward foreign exchange contracts	-925,883
- on foreign exchange	-306,208
Realised result	7,235,889
<b>Net variation of the unrealised gain/(loss)</b>	
- on securities portfolio	-31,353,639
- on forward foreign exchange contracts	-144,106
Result of operations	-24,261,856
Dividends paid	-2,804,299
Subscriptions	51,778,337
Redemptions	-79,773,487
Total changes in net assets	-55,061,305
Total net assets at the beginning of the year	486,063,546
Total net assets at the end of the year	431,002,241

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

## Lancelot Ector - Master Fund

### Statistical information (in SEK)

as at 31st December 2022

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
	SEK	451,293,927	486,063,546	431,002,241

<b>Net asset value per share class</b>	<b>Currency</b>	<b>31.12.2020</b>	<b>31.12.2021</b>	<b>31.12.2022</b>
B CAP	SEK	36.91	39.99	37.95
B Dividend	SEK	20.16	21.40	19.80

<b>Number of shares</b>	<b>outstanding at the beginning of the year</b>	<b>issued</b>	<b>redeemed</b>	<b>outstanding at the end of the year</b>
B CAP	9,611,648.765	1,079,261.314	-2,043,283.030	8,647,627.049
B Dividend	4,750,796.128	490,883.590	-49,776.008	5,191,903.710

<b>Dividends paid</b>	<b>Currency</b>	<b>Dividend per share class</b>	<b>Ex-dividend date</b>
B Dividend	SEK	0.535	11.01.2022

## Lancelot Ector - Master Fund

### Statement of investments and other net assets (in SEK) as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b>Investments in securities</b>					
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
<b>Financials</b>					
EUR	33,000	Commerzbank AG	2,552,609	3,243,704	0.75
SEK	40,500	Investor AB B	5,469,908	7,636,680	1.77
SEK	75,686	Svenska Handelsbanken AB A	7,997,779	7,954,599	1.85
SEK	45,064	Swedbank AB A	6,891,303	7,989,847	1.85
			22,911,599	26,824,830	6.22
<b>Healthcare</b>					
SEK	2,819	AstraZeneca Plc	4,001,393	3,956,466	0.92
SEK	15,000	Bonesupport Hg AB Reg	815,701	1,206,750	0.28
USD	2,700	Danaher Corp	1,863,633	7,468,294	1.73
CHF	9,575	Novartis AG Reg	6,451,716	9,018,251	2.09
CHF	2,250	Roche Holding Ltd Pref	7,473,136	7,364,747	1.71
			20,605,579	29,014,508	6.73
<b>Industrials</b>					
SEK	50,418	Volvo AB B	8,305,211	9,502,785	2.21
<b>Non-cyclical consumer goods</b>					
GBP	75,400	Britvic Plc	4,476,104	7,343,307	1.70
<b>Raw materials</b>					
SEK	51,834	Granges AB Reg	5,440,620	4,421,440	1.03
SEK	17,406	Lundbergforetagen AB B	8,137,014	7,730,005	1.79
SEK	26,549	Stora Enso Oyj R	3,892,572	3,889,429	0.90
			17,470,206	16,040,874	3.72
<b>Real estate</b>					
SEK	55,023	Hufvudstaden AB A	7,129,206	8,159,911	1.89
<b>Technologies</b>					
SEK	100,000	Telefon AB LM Ericsson B	8,710,850	6,090,000	1.41
<b>Telecommunications services</b>					
SEK	269,881	Telia Co AB	9,111,262	7,195,027	1.67
<b>Total shares</b>			98,720,017	110,171,242	25.55
<b>Bonds</b>					
<b>Corporate bonds</b>					
SEK	10,000,000	Electrolux AB FRN EMTN 22/08.12.25	10,000,000	10,021,450	2.33
SEK	4,000,000	Getinge AB FRN Ser 5 21/10.06.24	4,000,000	3,942,280	0.92
SEK	4,000,000	Hexagon AB FRN 20/07.12.26	4,000,000	3,919,220	0.91
SEK	10,000,000	Hufvudstaden AB 1.188% 21/11.03.26	10,008,200	8,724,100	2.03
SEK	10,000,000	Hufvudstaden AB 1.293% Ser 124 21/14.10.26	10,000,000	8,545,300	1.98
SEK	16,000,000	Jernhusen AB FRN DMTN Ser MTN121GB Sen 18/17.04.23	16,226,560	16,004,960	3.71
SEK	2,000,000	Jernhusen AB FRN Ser 104 13/19.09.23	2,078,260	2,005,010	0.47
SEK	8,000,000	Nibe Industrier AB FRN Ser 111 21/03.06.26	8,000,000	7,855,760	1.82
SEK	10,000,000	PostNord AB FRN DMTN Ser 116 Sen 19/28.05.24	10,000,000	10,004,900	2.32
SEK	5,000,000	Scania CV AB FRN EMTN 22/25.11.24	5,000,000	4,996,950	1.16
SEK	10,000,000	Stadshypotek AB 0.5% Ser 1591 Sen 20/01.06.26	9,995,400	9,025,700	2.09
SEK	6,000,000	Stadshypotek AB 1% MTN Ser 1590 Sen 20/03.09.25	5,589,780	5,618,040	1.30
SEK	20,000,000	Sveaskog AB FRN 14/06.03.24	20,408,000	20,046,500	4.65
SEK	17,500,000	Swedavia AB VAR Jun Sub 19/26.02 Perpetual	17,603,125	17,074,837	3.96
SEK	20,000,000	Swedbank Mortgage AB 1% Ser 195 19/18.06.25	20,078,200	18,829,100	4.37
SEK	15,000,000	Volvo Treasury AB 1.5% EMTN Ser 384 18/13.12.23	14,668,050	14,655,075	3.40
			167,655,575	161,269,182	37.42

## Lancelot Ector - Master Fund

### Statement of investments and other net assets (in SEK) (continued) as at 31st December 2022

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets *
<b>Financial Institution bonds</b>					
SEK	18,000,000	Danske Bank A/S FRN EMTN Sen Reg S 18/25.01.23	18,000,000	17,993,430	4.18
SEK	8,000,000	Lansforsakringar Bank FRN Jun Sub 20/19.02.Perpetual	7,995,000	7,939,960	1.84
SEK	20,000,000	Nordea Hypotek AB 0.5% Ser 5536 21/16.09.26	20,059,400	17,875,900	4.15
SEK	10,000,000	Nordea Hypotek AB 1.25% DMTN Ser 5533 Sen 17/20.09.23	9,901,200	9,874,000	2.29
SEK	10,000,000	SBAB Bank AB FRN 21/25.05.Perpetual	10,000,000	9,723,950	2.26
SEK	4,000,000	SBAB Bank AB FRN Jun Sub 19/05.12.Perpetual	4,000,000	4,040,960	0.94
			69,955,600	67,448,200	15.66
<b>Government guaranteed bonds</b>					
SEK	18,000,000	Akademiska Hus AB FRN EMTN Sen 19/20.06.24	18,536,940	18,119,880	4.20
<b>Municipal bonds</b>					
SEK	20,000,000	Kommuninvest I Sverige AB 1% MTN Ser K2611 Sen 19/12.11.26	20,744,450	18,230,500	4.23
SEK	20,000,000	Kommuninvest I Sverige AB 1% Ser K2311 18/13.11.23	20,219,800	19,665,900	4.56
SEK	20,000,000	Stockholm (City of) FRN EMTN Sen Reg S 19/21.05.24	20,720,800	20,213,000	4.69
			61,685,050	58,109,400	13.48
<b>Total bonds</b>			317,833,165	304,946,662	70.76
<b>Open-ended investment funds</b>					
<b>Tracker funds (UCITS)</b>					
<b>Investment funds</b>					
EUR	135,359	iShares II Plc EUR Corp Bd ESG UCITS ETF Cap	7,045,430	7,024,267	1.63
<b>Total tracker funds (UCITS)</b>			7,045,430	7,024,267	1.63
Total investments in securities			423,598,612	422,142,171	97.94
Cash at banks				8,264,322	1.92
Other net assets/liabilities				595,748	0.14
<b>Total</b>				431,002,241	100.00

\* Minor differences may arise due to rounding in the calculation of percentages.

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

## Lancelot Ector

### Notes to the financial statements

as at 31st December 2022

#### **Note 1 - 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.

On 1st June 2016, the Luxembourg Mémorial 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 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.

#### **Note 2 - 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.

The financial statements of the Company have been prepared on a going concern basis.

##### b) Valuation

- 1) Securities or Money Market Instruments 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 or Money Market Instruments are valued on the basis 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 Depositary 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.

## Lancelot Ector

### Notes to the financial statements (continued)

as at 31st December 2022

- 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) 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.

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

e) 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.

f) 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. Net 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.

g) 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 or losses are disclosed in the statement of operations and other changes in net assets.

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

1	SEK	=	0.0887505	CHF	Swiss Franc
			0.0898935	EUR	Euro
			0.0797812	GBP	Pound Sterling
			0.0959569	USD	US Dollar

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 transactions paid to the Depository and of transaction fees on financial and derivative instruments.

## Lancelot Ector

### Notes to the financial statements (continued)

as at 31st December 2022

#### **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**

The Investment Manager is entitled to a performance fee paid out of the Sub-Fund's assets, calculated daily and payable yearly at the end of the Company's financial year, at the rate of 15% of the relevant Sub-Fund's total return, based on the High Water Mark (the "HWM") model where the Net Asset Value at the beginning and at the end of the relevant financial year and after accrual of the fixed fee, outperforms on a year to year basis the agreed Hurdle.

The Hurdle rate is the higher of:

- a) 0 percent
- b) The interpolated twelve months Swedish Government rate of interest as per close of market on the last Swedish banking day of the previous year. An interpolation is made in the Hurdle rate in a non-discretionary manner from the existing listed Swedish Government interest bearing securities (i.e. Swedish Treasury Bills and Swedish Government Benchmark Bonds).

For a calendar year when the Sub-Fund underperforms the agreed Hurdle no performance fee is paid and the amount of the relative underperformance from that year shall remain relevant for coming years. This means that at a forthcoming year with outperformance compared to the Hurdle, no performance fee is paid until the amount of underperformance from previous year (s) is fully recovered.

As at 31st December 2022, no performance fees was recorded for the Sub-Fund.

#### **Note 5 - Central administration costs**

For its services to the Company, the Management Company is entitled to receive an administration fee payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month. This fee includes the fee due to the Depositary.

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 in the item "central administration costs" in the statement of operations and other changes in 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 248,811 are included in the title "Other expenses" in the statement of operations and other changes in net assets.

**Note 8 - Forward foreign exchange contracts**

As at 31st December 2022, the Sub-Fund was not committed in forward foreign exchange contracts.

**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.

**Note 10 - Subsequent events**

- a) The Board of Directors of the SICAV is in the process of changing the Fund to the Article 8 category with respect to the Sustainable Finance Disclosures Regulation (SFDR).
- b) Xavier Parain resigned from the Board of Directors of FundRock Management Company S.A. on 10th February 2023 and no other director was appointed.

## Lancelot Ector

### Additional information (unaudited)

as at 31st December 2022

#### 1 - Risk management

As required by the amended Circular CSSF 11/512, the Board of Directors of the SICAV needs to determine the global risk exposure of the SICAV by applying either the commitment approach or the VaR ("Value at Risk") approach.

The Board of Directors of the SICAV decided to adopt the commitment approach as a method of determining the global exposure.

#### 2 - Remuneration disclosure

##### 2.1. Remuneration of the Management Company

FundRock Management Company S.A. ("FundRock") as subject to CSSF Circular 18/698 has implemented a remuneration policy in compliance with Articles 111a and 111b of the 2010 Law and/or Article 12 of the 2013 Law respectively.

FundRock as subject to Chapter 15 of the 2010 Law and AIFM must also comply with the guidelines of the European Securities and Markets Authority ESMA/2016/5758 and ESMA/2016/5799 to have sound processes in place. FundRock has established and applies a remuneration policy in accordance with the ESMA Guidelines on sound remuneration policies under the UCITS V Directive (ESMA 2016/575) and AIFMD (ESMA 2016/579) and any related legal & regulatory provisions applicable in Luxembourg.

Further, consideration has been given to the requirements as outlined in Regulation (EU) 2019/2088 on sustainability – related disclosures in the financial sector, the SFDR Requirements.

The remuneration policy is aligned with the business strategy, objectives, values and interests of FundRock and the Funds that it manages and of the investors in such Funds, and which includes, *inter alia*, measures to avoid conflicts of interest; and it is consistent with and promotes sound and effective risk management and does not encourage risk taking which is inconsistent with the risk profiles, rules or instruments of incorporation of the Funds that the Management Company manages.

FundRock ensures that its remuneration policy adequately reflects the predominance of its oversight activity within its core activities. As such, it should be noted that FundRock's employees who are identified as risk-takers are not remunerated based on the performance of the funds under management.

A paper version of the remuneration policy is made available free of charge to investors at FundRock's registered office. FundRock's remuneration policy can also be found at: <https://www.fundrock.com/policies-and-compliance/remuneration-policy/>

The total amount of remuneration for the financial year ending 31st December 2022 paid by FundRock to its staff: EUR 12,587,217

Fixed remuneration: EUR 11,485,489

Variable remuneration: EUR 1,101,728

Number of beneficiaries: 147

The aggregated amount of remuneration for the financial year ending 31st December 2022 paid by FundRock to Identified staff/risk takers is EUR 2,524,731.

The total amount of remuneration is based on a combination of the assessment of the performance of the individual, the overall results of FundRock, and when assessing individual performance, financial as well as non-financial criteria are taken into account.

The Policy is subject to annual review by the Compliance Officer and the update is performed by HR department of FundRock and is presented for review to the Remuneration Committee and approval by the Board of FundRock.

## **Lancelot Ector**

### **Additional information (unaudited) (continued)**

as at 31st December 2022

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#### **2.2. Remuneration of the Investment Manager**

The remuneration to Lancelot Asset Management AB for the period from 1st January 2022 till 31st December 2022:

Number of employees: 15

Total compensation to staff: SEK 24,483,000

Of which compensation to identified staff/risk takers: SEK 17,004,000

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

During the reporting year, 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.

#### **4 - Sustainability-related disclosures**

In accordance with the requirements of the EU Regulations 2019/2088 and of the Council of 27th November 2019 on sustainability -related disclosures in the financial services sector (the "SFDR") as amended, the Fund is categorised under SFDR Article 6.

The investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.