

# Annual report including audited financial statements as at 31st December 2016

## **Elite Fund**

A mutual investment Fund organised under the laws of the Grand-Duchy of Luxembourg with an umbrella structure

R.C.S. Luxembourg K63

#### Notice

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid sales prospectus with its terms of contract.

**Elite Fund**

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## Elite Fund

### Organisation

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**Management Company,  
Central Administrator  
and Alternative Investment Fund  
Manager  
(since 1st November 2016)**

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

**Board of Directors of  
the Management Company  
and Alternative Investment  
Fund Manager**

**Chairman**  
Gustaf UNGER  
Head of Investor Services, Transaction Banking  
Skandinaviska Enskilda Banken AB (publ), Sweden

**Directors**  
Göran FORS  
Deputy Head of Investor Services  
Skandinaviska Enskilda Banken AB (publ), Sweden

Marie JUHLIN  
Managing Director  
SEB Fund Services S.A., Luxembourg

Jonas LINDGREN  
Client Executive, Hedge Fund Coverage  
Skandinaviska Enskilda Banken AB (publ), Sweden

**Conducting Officers**

Jan HEDMAN, Deputy Managing Director  
(since 1st November 2016)  
Marie JUHLIN, Managing Director  
Loic GUILLEMET, Deputy Managing Director  
(until 21st December 2016)

**Management Company,  
and Alternative Investment Fund  
Manager  
(until 31st October 2016)**

SEB Asset Management S.A.  
4, Rue Peternelchen  
L-2370 Howald

**Board of Directors of  
the Management Company  
and Alternative Investment  
Fund Manager**

**Chairman**  
Erika LUNDQUIST  
Managing Director  
Skandinaviska Enskilda Banken S.A., Luxembourg

**Directors**  
Elisabeth SCHEJA STERNER  
Head of Global Product & Distribution Strategy  
Skandinaviska Enskilda Banken AB (publ), Sweden

Marcus WERNERSSON  
Managing Director  
Skandinaviska Enskilda Banken S.A., Luxembourg

## Elite Fund

### Organisation (continued)

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	Marie WINBERG Director Business Strategy Skandinaviska Enskilda Banken AB (publ), Sweden
<b>Conducting Officers</b>	Matthias EWALD Marcus WERNERSSON Loic GUILLERMET (until 15th March 2016)
<b>Depository and Paying Agent</b>	Skandinaviska Enskilda Banken S.A. 4, Rue Peternelchen L-2370 Howald
<b>Central Administration, Registrar, Transfer Agent, Administrative and Paying Agent (until 31st October 2016)</b>	The Bank of New York Mellon (Luxembourg) S.A. 2-4 Rue Eugène Ruppert L-2453 Luxembourg
<b>Sub-Administrator, Registrar and Transfer Agent (since 1st November 2016)</b>	European Fund Administration S.A. 2, Rue d'Alsace L-1122 Luxembourg
<b>Portfolio Manager</b>	Skandinaviska Enskilda Banken AB (publ). Kungsträdgårdsgatan 8 SE-106 40 Stockholm
<b>Auditor</b>	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg

## Elite Fund

### General information

Elite Fund (the "Fund") is an open-ended mutual investment fund "*Fonds Commun de Placement*" ("FCP"), governed by the laws of the Grand Duchy of Luxembourg, registered pursuant to Part II of the amended Law of 17th December 2010 (the "2010 Law") relating to Undertakings for Collective Investment and qualifies as an Alternative Investment Fund ("AIF") in accordance with the law of 12th July 2013 (the "2013 Law") on Alternative Investment Fund Managers. The Fund is managed by SEB Fund Services S.A. (the "Management Company"), a Management Company governed by Chapter 15 of the amended 2010 Law, relating to Undertakings for Collective Investment. The Management Company also acts as Alternative Investment Fund Manager (the "AIFM") in accordance with the provisions of Chapter 2 of the 2013 Law.

The Fund is set up in accordance with Management Regulations signed in Luxembourg on 16th April 2003 as an umbrella Fund. The Management Regulations were amended for the last time with effect as of 1st November 2016 and were deposited with the Luxembourg Trade Register. A notice of the deposit was published on 2nd November 2016 in the RESA (Recueil Electronique des Sociétés et Associations), the new official electronic platform of central publication regarding companies and associations.

At the date of the financial statements, one Sub-Fund is at unitholders' disposal:

- Elite Fund - Star Choice in SEK

At the date of financial statements, the following unit classes may be issued:

- C (SEK) unit class : a capitalisation unit class,
- D (SEK) unit class : a distribution unit class.

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

The Net Asset Value per unit is calculated on each day that constitute a Bank Business Day, defined as any day on which bank are open for business in Luxembourg except 24th December and 31st December (the "Valuation Day").

The accounts and the financial statements of the Fund are expressed in SEK and correspond to the financial statements of the sole Sub-Fund open.

The Net Asset Value per unit of each class, subscription and redemption prices in the Sub-Fund are made public at the office of SEB Fund Services S.A.

An annual report audited and semi-annual reports are available to unit holders at the office of SEB Fund Services S.A.

The following documents can be inspected by the unit holders at the offices of the Depositary and the Management Company:

- Management Regulations
- Prospectus
- Agreement with the Depositary
- Portfolio Management Agreement with Skandinaviska Enskilda Banken AB (publ).

#### **A year of politics**

2016 has been, above all, a year of political upheaval. Events such as the UK's decision to leave the EU (Brexit), the election of Donald Trump as US president, and Italy's rejection of constitutional reform all illustrate general dissatisfaction with the political environment.

Before the results of these three electoral events were available, the market consensus was that the respective election results would lead to a correction in the equity markets. The primary arguments were as follows: Brexit would have a negative impact on the already fragile EU growth rates by increasing uncertainty regarding the future of Europe; the election of Trump would decrease global growth by increasing uncertainty regarding future US policy and Trump's election promise to renegotiate existing trade agreements, and, finally, the Italian referendum would rekindle the euro crisis of 2011-2013 by spotlighting the fundamental political weakness of Europe. Despite the forecasts and discussions, the financial markets and the global economy proved to be highly resilient. The latter displayed such resiliency that growth forecasts for 2017 were revised higher following the US election and predictions about a restart of the business cycle emerged.

However, 2016 turned out to be a year where US equities closed at all-time high levels, nominal rates ended up at higher levels than at the beginning of the year, and the US Federal Reserve (the Fed) made an upwards revision, for the first time ever, of their official estimates for the next year's policy rates. Keep in mind that 2012 was the first time the Fed published these estimates. In general, 2016 was much more positive than expected. This is particularly true for market participants who from the beginning of the year believed in the likelihood of Brexit, Trump, and Italy's no to reform.

In the following paragraphs we present our view of global growth and monetary policy. We discuss the implications of a Trump presidency, and, finally, we present our outlook for the financial markets in 2017.

#### **Global growth**

The most notable development in terms of growth in 2016 was the uptick that materialised in Q4. This uptick was a stark contrast to the first three quarters of the year where growth had failed to gain momentum and the global economy appeared to be increasingly fragile. This upswing was so strong and broad-based in terms of geography and sectors, that growth forecasts for 2017 were revised higher. This has led the market to believe the business cycle will continue in a similar manner, keeping the next recession a few years away.

It is not easy to pinpoint the exact cause of the sudden revival of the global economy. It started to materialise in the months following Brexit and prior to the US election. One could even argue that the US election results have acted as a growth factor in terms of planned fiscal stimulus. Regardless of the exact cause of the global revival, the growth pattern followed that of a normal recovery: first we saw strength in the sentiment indicators for manufacturing companies; then this spread to non-manufacturing sectors. Finally, growth was also apparent in real production and consumption numbers. At the end of Q4 the US economy appeared to be growing by more than 2.5% (Atlanta Federal Reserve estimate); a figure last surpassed in 2014.

## **ELITE FUND**

### **Management Report (continued)**

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Although many of the positive surprises in terms of growth appeared in the US, it is important to note that the recovery was generally broad based across the globe. As such, we saw stronger data from both Europe and emerging markets. It is especially worth noting that emerging markets in Asia gained speed thanks to the global trade recovery which, for years, indicated a moderating trend. The fact that the recovery was so broad-based increased market confidence to the degree that the recovery would prove to be more stable than all the mini-recoveries since 2009.

#### **Monetary policy**

In contrast to the past five or six years, monetary policy declined in importance for the financial markets relative to the macro outlook. In other words, the financial markets were driven by expectations of growth to a higher extent than by future central bank action.

Despite this, we did see a range of notable developments in central bank policies over the year: The Fed hiked rates in December 2016 and forecasted a more aggressive rate-hike cycle than previously communicated.

The ECB surprised the markets by describing how their quantitative easing program would cut back on monthly purchases. Whether this acted positively or negatively on the markets can be debated, but it is clear that the Fed's intention for a steeper rate-hike cycle would have had a distinctly negative effect on financial markets just 6-12 months ago. However, because the Fed's message focused on stronger growth, not just higher inflation, the market ignored the information regarding steeper rate hikes. This more than any other factor signalled the shift in focus for the markets from monetary policy to growth expectations.

Going forward, we note that the current rate hike cycle in the US is unlike anything that we have seen in the past. This in itself makes it more difficult to draw any firm conclusions about the possible impact of higher US rates on the financial markets. With that said, it is important to note that the fiscal stimulus that is expected from the Trump presidency comes at a time when the US labour market already looks tight. This increases the risk for increasing inflationary pressures in the US and the possibility of the Fed reacting by being even more aggressive than originally communicated. We believe this is one of the main risks for 2017.

#### **The United States**

In our view, the positive market reaction to the US election results was a reaction to strong growth in the US economy rather than the prospect of a Trump presidency. Although fiscal stimulus looks set to increase US growth in the coming one to two years, it is important to note that the plans did not differ materially from Hillary Clinton's proposal. The difference is more in the composition of the stimulus than anything else.

We believe growth will be Trump's overriding focus. Consequently, growth reduction schemes, such as aggressive trade wars with China, will most likely be diluted in the coming quarters.

Luxembourg, 15th May 2017

The report of the Management Company

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





## **Audit report**

To the Unitholders of  
**Elite Fund**

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We have audited the accompanying financial statements of Elite Fund, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2016 and the statement of operations and the statement of 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 Management Company for the financial statements*

The Board of Directors of the Management Company 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 Management Company 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 Management Company, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



**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 Elite Fund as of 31st December 2016, 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 information*

The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information included 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 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 this fact. We have nothing to report in this regard.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 14th June 2017

A handwritten signature in black ink, appearing to read 'Philippe Sergiel', is written over a thin, light-colored line that extends from the 'Represented by' text to the right.

Philippe Sergiel

## Elite Fund - Star Choice

### Statement of net assets (in SEK)

as at 31st December 2016

#### Assets

##### **Investments**

Securities portfolio at market value	1,267,385,652.81
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	1,267,385,652.81

##### **Cash and cash equivalents**

Cash at banks	123,247,513.24
	<hr/>
	123,247,513.24

##### **Receivables**

Income receivable on portfolio	1,198,638.88
Other income receivable	297,275.65
Other receivables	315,000.00
	<hr/>
	1,810,914.53

##### **Total assets**

1,392,444,080.58

#### Liabilities

##### **Payables**

Expenses payable	768,518.43
	<hr/>
	768,518.43

##### **Total liabilities**

768,518.43

##### **Total net assets at the end of the year**

1,391,675,562.15

Number of C (SEK) units outstanding	1,211,389.388
Net asset value per C (SEK) unit	135.847
Number of D (SEK) units outstanding	4,886,177.507
Net asset value per D (SEK) unit	251.139

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

## Elite Fund - Star Choice

### Statement of operations (in SEK)

from 1st January 2016 to 31st December 2016

#### Income

##### **Investment income**

Dividends, net	17,538,284.74
Interest on bonds and other debt securities, net	2,847,173.44
Interest on bank accounts	21,128.44
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	20,406,586.62

##### **Realised gain on investments**

- on securities portfolio	36,354,056.54
- on foreign exchange	1,458,002.98
	<hr/>
	37,812,059.52

##### **Appreciation of unrealised results on investments**

- on securities portfolio	98,974,160.13
	<hr/>
	98,974,160.13

##### **Other income**

1,184,487.50

##### **Total income**

158,377,293.77

#### Expenses

##### **Investment advisory or management fees**

Management fees	7,159,475.09
	<hr/>
	7,159,475.09

##### **Other expenses**

Transaction fees	869,037.20
Subscription duty ("taxe d'abonnement")	700,570.10
Interest paid on bank overdrafts	82,087.79
Other fees	336,877.01
	<hr/>
	1,988,572.10

##### **Realised loss on investments**

- on securities portfolio	10,365,695.19
	<hr/>
	10,365,695.19

##### **Depreciation of unrealised results on investments**

- on securities portfolio	47,930,595.73
	<hr/>
	47,930,595.73

##### **Total expenses**

67,444,338.11

##### **Net income**

90,932,955.66

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

## Elite Fund - Star Choice

### Statement of changes in net assets (in SEK) from 1st January 2016 to 31st December 2016

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Net income	90,932,955.66
Dividends paid	-5,816,876.67
Subscriptions	111,864,999.71
Redemptions	-73,827,822.90
Total changes in net assets	<hr/> 123,153,255.80
Total net assets at the beginning of the year	1,268,522,306.35
<b><u>Total net assets at the end of the year</u></b>	<hr/> <hr/> <b>1,391,675,562.15</b>

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

## Elite Fund - Star Choice

### Statistical information (in SEK)

as at 31st December 2016

#### Total net assets

- as at 31.12.2016	1,391,675,562.15
- as at 31.12.2015	1,268,522,306.35
- as at 31.12.2014	1,070,354,557.16

#### Number of C (SEK) units outstanding

- outstanding at the beginning of the year	1,298,252.337
- issued	34,939.327
- redeemed	-121,802.276
- outstanding at the end of the year	1,211,389.388

#### Net asset value per C (SEK) unit

- as at 31.12.2016	135.847
- as at 31.12.2015	126.438
- as at 31.12.2014	121.283

#### Number of D (SEK) units outstanding

- outstanding at the beginning of the year	4,708,091.000
- issued	433,457.280
- redeemed	-255,370.773
- outstanding at the end of the year	4,886,177.507

#### Net asset value per D (SEK) unit

- as at 31.12.2016	251.139
- as at 31.12.2015	234.569
- as at 31.12.2014	225.879

#### Dividend paid

Ex-dividend date	05.12.2016
Dividend per unit	1.20
Units outstanding at dividend date	4,847,397.224

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

## Elite Fund - Star Choice

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

as at 31st December 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
SEK	100,000	ABB Ltd Reg	12,956,827.53	19,180,000.00	1.38
SEK	30,000	AstraZeneca Plc	14,463,184.29	14,913,000.00	1.07
SEK	97,000	Atlas Copco AB A	17,658,867.75	26,917,500.00	1.93
SEK	30,000	Autoliv Inc SDR	27,355,390.04	30,840,000.00	2.22
SEK	216,018	Capio AB	10,446,851.12	10,390,465.80	0.75
SEK	100,000	Fabege AB	14,486,459.83	14,890,000.00	1.07
SEK	95,000	Getinge AB B	15,307,679.71	13,879,500.00	1.00
SEK	120,000	Hennes & Mauritz AB B	31,288,963.39	30,408,000.00	2.18
SEK	230,000	Industrivaerden ABC	28,161,318.19	39,054,000.00	2.81
SEK	160,000	Investor AB B	51,122,609.98	54,480,000.00	3.91
SEK	60,000	Lundbergforetagen AB B	28,227,210.10	33,510,000.00	2.41
SEK	124,000	NCC AB B	21,675,379.76	27,949,600.00	2.01
SEK	340,000	Nordea Bank AB	30,382,356.66	34,442,000.00	2.47
SEK	250,000	Sandvik AB	20,365,213.38	28,175,000.00	2.02
SEK	380,000	Skandinaviska Enskilda Bk AB A	29,131,179.15	36,309,000.00	2.61
SEK	142,000	Skanska AB B	19,546,093.26	30,544,200.00	2.19
SEK	160,000	SKF AB B	25,517,332.03	26,816,000.00	1.93
SEK	80,000	Svenska Cellulosa SCA AB B	20,045,067.40	20,584,000.00	1.48
SEK	225,000	Svenska Handelsbanken AB A	24,644,372.85	28,485,000.00	2.05
SEK	140,000	Swedbank AB A	26,461,603.00	30,842,000.00	2.22
SEK	700,000	Telia Co AB	34,521,375.99	25,697,000.00	1.85
SEK	275,000	Volvo AB B	29,575,177.50	29,260,000.00	2.10
<b>Total shares</b>			<b>533,340,512.91</b>	<b>607,566,265.80</b>	<b>43.66</b>
<b>Bonds</b>					
SEK	5,000,000	Aker ASA FRN Sen 14/ 24.07.19	5,012,406.95	5,100,625.00	0.37
SEK	5,000,000	Husqvarna AB 3.875% MTN Ser 108 12/ 28.11.17	5,027,371.67	5,168,450.00	0.37
SEK	5,000,000	Kinnevik AB 3.25% Ser 2 12/ 12.12.17	5,013,372.32	5,145,400.00	0.37
SEK	20,000,000	Skandinaviska Enskilda Bk AB FRN Ser 3060 10/ 06.04.17	20,004,903.25	20,166,900.00	1.45
<b>Total bonds</b>			<b>35,058,054.19</b>	<b>35,581,375.00</b>	<b>2.56</b>
<b><u>Other transferable securities</u></b>					
<b>Bonds</b>					
SEK	74,000,000	Bonnier Finans AB 1.75% MTN Ser 2 15/ 17.06.18	73,863,690.89	74,304,880.00	5.34
<b>Total bonds</b>			<b>73,863,690.89</b>	<b>74,304,880.00</b>	<b>5.34</b>
<b><u>Open-ended investment funds</u></b>					
<b>Investment funds (UCITS)</b>					
EUR	17,020	CB European Quality Fd European Equity I EUR Cap	16,195,743.39	20,513,155.59	1.47
EUR	385,714.2	Montanaro European Smaller Co Plc Fd EUR Cap	12,447,396.21	17,467,116.41	1.26
EUR	10,700	Silk African Lions Fd AR EUR Cap	10,166,385.76	9,696,146.79	0.70
			<b>38,809,525.36</b>	<b>47,676,418.79</b>	<b>3.43</b>
SEK	850,267.801225	AMF Rantefond Kort Dist	94,859,246.98	95,587,106.21	6.87
SEK	1,670,752.936	Carnegie Sverige Select Units Dist	35,026,541.81	39,699,930.04	2.85
SEK	12,534.7206	Nordic Equities Strateg Units Dist	15,255,560.84	20,247,609.95	1.45

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

## Elite Fund - Star Choice

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

as at 31st December 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
SEK	164,652.448	Nordic Equities Sweden Units	17,609,410.38	31,961,773.39	2.30
SEK	114,100	SEB Fd 1 Asset Selection C (H-SEK) Cap	19,973,027.20	20,339,009.60	1.46
SEK	994,434.7118	SEB Kortrantefond SEK P Cap	100,000,801.60	99,641,363.69	7.16
			<u>282,724,588.81</u>	<u>307,476,792.88</u>	<u>22.09</u>
USD	180,433.073	Eastspring Investments China Equity Fd A USD Cap	15,803,372.95	18,688,136.44	1.34
USD	1,746,700	JO Hambro Cap Mgt Umbr Fd Plc Emerging Mks B USD Dist	15,747,732.49	19,263,224.88	1.38
USD	22,900	William Blair Scv Emerging Mks Leaders Fd I USD Cap	15,636,711.47	18,223,940.32	1.31
			<u>47,187,816.91</u>	<u>56,175,301.64</u>	<u>4.03</u>
<b>Total investment funds (UCITS)</b>			<u>368,721,931.08</u>	<u>411,328,513.31</u>	<u>29.55</u>
<b>Investment funds (UCI)</b>					
SEK	26,656.2081	Carve 2 Units	28,029,319.17	32,526,171.69	2.34
SEK	80,285.508947	Lynx Units	12,104,450.08	19,069,855.66	1.37
SEK	139,660.965	Rhenman & Partners Fd Global Opp L/ SRC9 (SEK) Cap	14,010,264.11	14,660,211.50	1.05
SEK	148,922.619	Rhenman & Partners Fd Healthcare Equity L/ SRC2 SEK Cap	19,814,802.63	49,789,299.21	3.58
SEK	9,897.7631	Strand Smabolagsfond Units Dist	14,015,000.05	22,559,080.64	1.62
<b>Total investment funds (UCI)</b>			<u>87,973,836.04</u>	<u>138,604,618.70</u>	<u>9.96</u>
Total investments in securities			<u>1,098,958,025.11</u>	<u>1,267,385,652.81</u>	<u>91.07</u>
Cash at banks				123,247,513.24	8.86
Other net assets/ (liabilities)				1,042,396.10	0.07
Total				<u><u>1,391,675,562.15</u></u>	<u><u>100.00</u></u>

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



## Elite Fund - Star Choice

### Industrial and geographical classification of investments

as at 31st December 2016

#### Industrial classification

(in percentage of net assets)

Investment funds	39.51 %
Capital goods	11.46 %
Banks	10.80 %
Diversified financial services	8.15 %
Automobiles and components	4.32 %
Investment companies	4.28 %
Real estate	3.48 %
Consumer durables and apparel	2.55 %
Telecommunication services	1.85 %
Health care equipment and services	1.75 %
Household and personal products	1.48 %
Pharmaceuticals and biotechnology	1.07 %
Transportation	0.37 %
Total	<u>91.07 %</u>

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

Sweden	72.48 %
Luxembourg	10.91 %
Ireland	2.64 %
United States of America	2.22 %
Switzerland	1.38 %
United Kingdom	1.07 %
Norway	0.37 %
Total	<u>91.07 %</u>

## Elite Fund

### Notes to the financial statements

as at 31st December 2016

#### Note 1 - Significant accounting policies

##### a) Presentation of the financial statements

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

The financial statements are presented on the basis of the Net Asset Value of the Sub-Fund calculated on 31st December 2016. In accordance with the prospectus, the last official trading Net Asset Values of the corresponding Sub-Funds have been calculated on 30th December 2016 as the Net Asset Values are not calculated on 31st December 2016. Nevertheless, an additional Net Asset Value has been calculated at 31st December 2016 for reporting purpose and is disclosed in these financial statements.

##### b) Valuation

- a) Transferable securities and money market instruments, which are officially listed on a stock exchange, are valued at the last available price.
- b) Transferable securities and money market instruments, which are not officially listed on a stock exchange, but which are traded on another regulated market are valued at a price no lower than the bid price and no higher than the ask price at the time of the valuation and at which the Management Company and the AIFM considers to be an appropriate market price.
- c) Transferable securities and money market instruments quoted or traded on several markets are valued on the basis of the last available price on the principal market for the transferable securities or money market instruments in question, unless these prices are not representative.
- d) In the event that such prices are not in line with market conditions, or for securities and money market instruments other than those covered in a), b) and c) above for which there are no fixed prices, these securities and money market instruments, as well as other assets, will be valued at the current market value as determined in good faith by the Management Company and the AIFM, following generally accepted valuation principles.
- e) Units or shares of UCI(TS) are valued at the last available Net Asset Value obtained from the Administrative Agent of such UCI(TS).

In the case that extraordinary circumstances occur which make it impossible or even wrong to make a valuation in accordance with the above-mentioned criteria, the Management Company and the AIFM is entitled to temporarily apply other generally accepted valuation procedures, which are determined by it in good faith, in order to make an appropriate valuation of the Fund's Assets.

Gains and losses on the sale of securities are determined using the average cost method.

##### c) Realised gain/ (loss) on sales of securities

The realised gain/ (loss) on sales of securities is determined on the basis of the average cost of securities sold. The realised gains and losses on sales of securities are recorded net in the statement of operations.

## Elite Fund

### Notes to the financial statements (continued)

as at 31st December 2016

#### 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 recorded in the statement of operations.

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

1	SEK	=	0.1046603	EUR	Euro
			0.1103643	USD	US Dollar

#### f) Formation expenses

Expenses incurred in connection with the establishment of the Fund and the creation of the Sub-Funds are amortised over a period of five years.

#### g) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding tax. Interest income accrued and payable are recorded, net of any withholding tax.

#### h) Transaction fees

Transaction costs disclosed under the item "Transaction fees" in the expenses of the statement of operations are mainly composed of broker fees incurred by the Fund and of fees relating to liquidation of transactions paid to the Depositary as well as of transaction fees on financial instruments.

### **Note 2 - Management fees**

In consideration for its management services related to the Fund, the AIFM is entitled to receive a management fee up to 0.70% for each unit class.

The management fee is payable monthly at the end of each month and based on the average net assets of the Sub-Fund calculated daily for the relevant month.

## Elite Fund

### Notes to the financial statements (continued)

as at 31st December 2016

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#### **Note 3 - Subscription duty ("taxe d'abonnement")**

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Fund 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.

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

The rate of this tax may be reduced to 0.01% of the value of the net assets for Sub-Funds or classes of units reserved to institutional investors (Class I units).

#### **Note 4 - Changes in the 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 Management Company.

#### **Note 5 - Events**

By Circular Resolution, the Board of Directors decided with effective date on 1st November 2016 to :

- Replace the Management Company and the Alternative Investment Fund of SEB Asset Management S.A. with SEB Fund Services S.A., and all other information related to the changes throughout the Management Regulations,
- Resolve that European Fund Administration S.A. acts as the administrative agent, registrar and transfer agent of the Fund,
- Resolve that Skandinaviska Enskilda Banken S.A. acts as paying agent of the Fund,
- Terminate the central administration and paying agent agreements with the Bank of New York Mellon (Luxembourg) S.A.,
- Amend the prospectus .

## Elite Fund

### Additional information (unaudited)

as at 31st December 2016

#### 1 - Risk management disclosure

##### 1.1. Risk Profile

The current risk profile of the Sub-Fund as disclosed in the Prospectus has not been amended throughout the reporting period. The AIFM monitors the overall risk profile of the Fund, including market, liquidity, counterparty as well as the level of the leverage.

No limits as set by the Board of Directors of the Fund or the AIFM as part of the risk profile have been exceeded or are likely to be exceeded by the Sub-Fund.

##### 1.2. Risk Management systems

The risk monitoring is based on the risk management process adopted by the Board of the AIFM and is performed independently from the portfolio management. No changes have been applied to the risk management procedures.

##### 1.3. Leverage

In accordance with the Law of 12th July 2013 (the "2013 Law"), the maximum level of leverage which the AIFM is entitled to employ on behalf of:

Elite Fund is 110% in accordance with the commitment and 110% in accordance with the gross method of the total assets.

The AIFM calculates the leverage on a gross and on a commitment method in accordance with Article 7 and Article 8 of the Commission Delegated Regulation EU/ 231/ 2013 (the "AIFM Regulation") on a monthly basis. The gross method converts all positions on derivative financial instruments into equivalent positions in the underlying assets, while the commitment method applies the same while allowing netting and hedging arrangements.

The level of leverage during the reporting period is disclosed below:

Sub-Fund	Internal Leverage -limit	Gross Method Leverage			
		Minimum	Average	Maximum	As at 31st December 2016
Elite Fund - Star Choice	110% for the Gross and commitment Method	89.00%	92.29%	98.00%	92.86%
		Commitment Method Leverage			
		Minimum	Average	Maximum	As at 31st December 2016
		99.99%	100.00%	100.01%	100.01%

## Elite Fund

### Additional information (unaudited) (continued)

as at 31st December 2016

#### 2 - Remuneration disclosure

SEB Fund Services S.A. (SEB) has implemented a Remuneration policy that is designed to encourage good performance and behavior, and seeks to achieve a balanced risk-taking that goes in line with unitholders' expectations.

In SEB, there is clear distinction between the criteria for setting fixed remuneration (e.g. base pay, pension and other benefits) and variable remuneration (e.g. short- and long-term variable remuneration). The individual total remuneration corresponds to requirements on task complexity, management and functional accountability and also related to the individual's performance.

SEB provides a sound balance between fixed and variable remuneration and aligns the payout horizon of variable pay with the risk horizon. This implies that certain maximum levels and deferral arrangements apply for different categories of employees.

The amount below represents the proportion of the total remuneration on calendar year 2016 and adjusted according to the number of full time employees during the year 2016 and identified staff (i.e. the aggregate amount of remuneration broken down by senior management and members of staff of the AIFM/ Management Company whose actions have a material impact on the risk profile of the funds). This amount is further proportioned to the total net asset value of each fund, taking into account UCITS and non-UCITS.

Fund	TNA as of 31st December 2016 *	% of total TNA managed by AIFM / Management Company	Fixed Remuneration *		Variable Remuneration *		Number of beneficiaries (Average Full Time Equivalent)
			All Employees	Identified Staff	All Employees	Identified Staff	All Employees
Elite Fund	145,144,425.40	2.00	26,759.38	10,111.91	990.71	466.64	14.18

\* All amounts are in euro

Fixed Remuneration (incl. fixed salary, allowances, pension)

Variable Remuneration (incl. short term incentives and long term incentives)

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

At the date of the financial statements, the Fund is not in the scope of the publication requirements of SFTR. No transactions were carried out during the reporting period.

SEB Fund Services S.A. 4, rue Peternelchen, L-2370 Howald  
Postal address: PO Box 2053, L-1020 Luxembourg  
Phone +352 - 2623-1; Fax +352 - 2623-2012