

# Annual report including audited financial statements as at 31st December 2018

## **ETHOS FUND**

Investment Fund (F.C.P.), Luxembourg

R.C.S. Luxembourg K18

#### 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.

**ETHOS FUND**

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# ETHOS FUND

## Organisation

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**Management Company**  
(since 22nd December 2018)

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

**Directors**  
Romain DENIS  
Executive Director - IT Projects, Data Management &  
Strategic Projects  
FundRock Management Company S.A., Luxembourg

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

Tracey MC DERMOTTE  
Independent Non-Executive Director  
Luxembourg

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

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

**Management Company**  
(until 21st December 2018)

FundRock Nordics S.A.  
(until 15th November 2018 named SEB Fund Services S.A.)  
4, rue Peterelchen  
L-2370 Howald

## ETHOS FUND

### Organisation (continued)

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#### **Board of Directors of the Management Company**

##### **Chairman**

Göran FORS  
Deputy Head of Investor Services  
Skandinaviska Enskilda Banken AB (publ), Stockholm  
(until 15th November 2018)

##### **Directors**

Claes-Johan GEIJER  
Independent Director and Advisor  
G Advisors S.à.r.l., Luxembourg

Marie JUHLIN  
Managing Director  
FundRock Nordics S.A., Luxembourg  
(until 15th November 2018 named SEB Fund Services S.A.)

Jonas Lindgren  
Client Executive, Hedge Fund Coverage  
Large Corporates and Financial Institutions  
Skandinaviska Enskilda Banken AB (publ), Stockholm  
(until 15th November 2018)

Serge RAGOZIN  
Executive Director - Chief Operating Officer  
FundRock Management Company S.A., Luxembourg  
(since 15th November 2018)

Revel WOOD  
Executive Director - Chief Executive Officer  
FundRock Management Company S.A., Luxembourg  
(from 15th November 2018 to 4th December 2018)

#### **Central Administration Agent**

FundRock Management Company S.A.  
H2O building  
33, rue de Gasperich  
L-5826 Hesperange  
(since 22nd December 2018)

FundRock Nordics S.A.  
(until 15th November 2018 named SEB Fund Services S.A.)  
4, rue Peternelchen  
L-2370 Howald  
(until 21st December 2018)

#### **Sub-Administrator including Registrar and Transfer Agent**

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

## ETHOS FUND

### Organisation (continued)

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<b>Depositary</b>	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
<b>Paying Agents</b>	<b>In Sweden</b> Skandinaviska Enskilda Banken AB (publ) Stårntorget 4 SE-169 79 Solna  <b>In Luxembourg</b> Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
<b>Investment Manager</b>	RobecoSAM AG Josefstraße 218 CH-8005 Zürich
<b>Auditor</b>	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg
<b>Distributor</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm

# ETHOS FUND

## General information

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ETHOS FUND (hereafter the "Fund") is a mutual investment fund organised as an umbrella and governed by Part I of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment.

The Fund's assets are the undivided joint property of the unitholders and are separated from the assets of the Management Company, FundRock Management Company (formerly FundRock Nordics S.A. / formerly SEB Fund Services S.A.) (the "Management Company") registered with the Luxembourg Register of Commerce ("RCS") under the number B 104 196.

The Fund is registered with the Luxembourg Register of Commerce ("RCS") under the number K18.

The Fund is set up in accordance with Management Regulations signed in Luxembourg on 26th April 2011 (the "Management Regulations") which entered into force on the same day. The Management Regulations have been deposited with the RCS. A notice of the deposit of the amended version of the Management Regulations of the Fund was published on 27th February 2015 in the "*Mémorial C*". 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 RCS.

At the date of the financial statements, the following Sub-Fund is open:

- ETHOS FUND - Ethos Global Equities in SEK.

The Management Company may offer Class "R" units, available to all types of investors, and "I" units, available to Institutional Investors only. Class "C" units capitalize income whereas Class "D" units distribute income.

At the date of the financial statements, the Classes IC (SEK) and ID (SEK) are issued.

The Net Asset Value per unit of the Sub-Fund is calculated, under the overall responsibility of the Management Company, daily as of each business day in Luxembourg (the "Valuation Day"). A business day is a day on which banks are normally open for business in Luxembourg.

The financial year of the Fund starts on 1st January and ends on 31st December in each year.

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.

Copies of the Management Regulations, of the current Prospectus, of the Key Investor Information Document (KIID) and of the latest annual and semi-annual reports of the Fund may be obtained free of charge at the registered office of the Management Company.

# ETHOS FUND

## Report of the Investment Manager

Global equity markets ended 2018 in negative territory, driven by a weak fourth quarter. In local-currency terms, the MSCI World Index lost around 9% over the year. After strong gains for the stock markets in 2017 and limited volatility on the back of synchronized global growth, in 2018 investors became concerned about the Fed's tighter monetary policy, the trade dispute between the US and China and the economic outlook. External shocks such as the US government shutdown and Brexit negotiations also led to substantially higher volatility over the year. US economic fundamentals remained relatively healthy, with solid increases in consumption driven by higher employment and moderate wage increases. However, macroeconomic data remained weak in the eurozone, where political risk and external shocks weighed on domestic economies. Global PMI indicators fell over the year, resulting in a risk-off environment with rotations into more defensive sectors. Health care, utilities and information technology were the best-performing sectors, and energy, materials and financials the worst.

### Performance (gross) 31.12.2018 in SEK

	QTD	YTD	1 Year	3 Yearsp.a.	5 Yearsp.a.	2017	2016	2015	2014	2013
Church of Sweden	-11.31%	0.97%	0.97%	9.54%	12.11%	15.99%	12.27%	9.01%	23.62%	27.70%
<i>DJSI World</i>	-11.24%	-0.98%	-0.98%	9.52%	10.72%	14.51%	15.87%	3.01%	22.98%	20.77%
<b>Alpha</b>	<b>-0.07%</b>	<b>1.95%</b>	<b>1.95%</b>	<b>0.02%</b>	<b>1.39%</b>	<b>1.48%</b>	<b>-3.60%</b>	<b>6.00%</b>	<b>0.64%</b>	<b>6.93%</b>
Tracking Error	-	-	3.17%	2.91%	2.73%	1.70%	3.35%	1.67%	2.64%	2.87%
Information Ratio	-	-	0.61	0.01	0.51	0.87	-1.07	3.59	0.24	2.41

### Performance (net) 31.12.2018 in SEK

	QTD	YTD	1 Year	3 Yearsp.a.	5 Yearsp.a.	2017	2016	2015	2014	2013
Church of Sweden	-11.50%	0.11%	0.11%	8.61%	11.15%	14.99%	11.31%	8.08%	22.56%	26.61%
<i>DJSI World</i>	-11.24%	-0.98%	-0.98%	9.52%	10.72%	14.51%	15.87%	3.01%	22.98%	20.77%
<b>Alpha</b>	<b>-0.26%</b>	<b>1.09%</b>	<b>1.09%</b>	<b>-0.91%</b>	<b>0.43%</b>	<b>0.48%</b>	<b>-4.56%</b>	<b>5.07%</b>	<b>-0.42%</b>	<b>5.84%</b>
Tracking Error	-	-	3.17%	2.91%	2.73%	1.70%	3.35%	1.67%	2.64%	2.87%
Information Ratio	-	-	0.34	-0.31	0.16	0.28	-1.36	3.04	-0.16	2.03

During the year, the portfolio outperformed the DJSI World Index benchmark. Stock selection in the Financials sector contributed positively. AON Plc, a risk and insurance brokerage consulting company, outperformed as organic growth accelerated and it achieved productivity improvements. DNB and First Republic also contributed positively. In Materials, specialty chemical company Croda contributed positively to performance. The company achieved strong top-line growth, particularly in its Personal Care segment. Croda also performed well in more cyclical areas such as automotive and technology, where it kept margins stable. DSM, another successful holding in the sector, posted robust organic growth in its nutrition business and continued to deliver innovative new product launches in its life sciences offering. The share prices of both companies fell in the second half of the year due to slowing demand and a temporary spike in raw materials costs, but given their defensive business models they still outperformed the rest of the materials sector, including basic resources, mining and steel companies. In Consumer Staples, not owning British American Tobacco contributed positively to relative performance. Investments in Ahold Delhaize was a consistent source of positive performance during 2018. The fund invested in the food retailer when investors were troubled by the competition in the US. Ahold Delhaize has continued to generate free cash flow and the market has recognized its competitive prowess. In Information Technology, Mastercard continued to grow its earnings and benefitting from the secular trend of cash to cards. Cisco contributed positively, delivered stronger growth than expected. Cisco is a leader in the overall network equipment market, has a strong balance sheet and is well positioned to benefit from the increasing demand for networking solutions. Not owning Samsung Electronics in the portfolio also contributed positively to relative performance.



## **ETHOS FUND**

### **Report of the Management Company (continued)**

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On the other hand, stock selection in the Healthcare sector contributed negatively to performance. Dentsply Sirona manufactures dental products and equipment for dental surgeries, detracted performance as its main distributor's destocking process and integration issues following the merger of the two companies negatively impacted its operating performance. Fresenius SE contributed negatively to relative performance as earnings disappointed. The uncertainty on the impact of German hospital regulation affected performance as well while revenue growth in Dialysis care was solid. Fresenius SE's businesses (renal dialysis, healthcare infrastructure, infusion solutions, clinical nutrition, medical devices and generic intravenous drugs) are supported by underlying demand growth, driven by demographics, growing per-capita healthcare consumption and healthcare megatrends. In Consumer Discretionary, Panasonic underperformed as automotive and electronics end markets underwent a cyclical soft patch. Panasonic will likely benefit from the secular trend of vehicle electrification and it is transforming from a hardware maker to a provider of integrated solutions. L Brands has continued to underperform as organic growth and demand trends remained weak. The performance of the Industrials sector were negatively impacted by the concerns of trade tariffs on economic growth. Fanuc underperformed as machine tool orders slowed. Stanley Black & Decker, despite delivering good organic growth detracted from performance.

Luxembourg, 19th March 2019

The Investment Manager

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



## **Audit report**

To the Unitholders of  
**ETHOS FUND**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of ETHOS FUND (the “Fund”) as at 31 December 2018, 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 2018;
- the statement of investments and other net assets as at 31 December 2018;
- the statement of operations and changes in net assets for the year then ended; 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 Ethics Standards Board for Accountants’ Code of Ethics for Professional 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 Management Company 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 Management Company for the financial statements**

The Board of Directors of the Management Company 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 Management Company 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 Management Company 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 Management Company 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 Management Company;



- conclude on the appropriateness of the Board of Directors of the Management Company'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, 16 April 2019



Philippe Sergiel

## ETHOS FUND - Ethos Global Equities

### Statement of net assets (in SEK)

as at 31st December 2018

#### Assets

Securities portfolio at market value	1,354,791,974.22
Cash at banks	34,138,880.02
Income receivable on portfolio	1,412,748.13
Other receivables	815,181.18
Total assets	1,391,158,783.55

#### Liabilities

Expenses payable	1,574,978.07
Total liabilities	1,574,978.07
Net assets at the end of the year	1,389,583,805.48

#### Breakdown of net assets per unit class

Unit class	Number of units	Currency of unit class	NAV per unit in currency of unit class	Net assets per unit class (in SEK)
IC (SEK)	4,414,728.793	SEK	217.72	961,162,315.66
ID (SEK)	2,353,286.125	SEK	182.05	428,421,489.82
				1,389,583,805.48

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

## ETHOS FUND - Ethos Global Equities

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

from 1st January 2018 to 31st December 2018

<b><u>Income</u></b>	
Dividends, net	29,797,458.95
Interest on bank accounts	18,010.22
Other income	247,888.69
Total income	30,063,357.86
<b><u>Expenses</u></b>	
Management fees	5,358,666.78
Banking charges and other fees	445.40
Transaction fees	352,789.77
Central administration costs	1,310,273.30
Professional fees	191,401.89
Other administration costs	992,145.57
Subscription duty ("taxe d'abonnement")	145,729.36
Bank interest paid	177,619.95
Other expenses	48,507.88
Total expenses	8,577,579.90
Net investment income	21,485,777.96
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	39,986,151.33
- on forward foreign exchange contracts	-1,898.38
- on foreign exchange	384,683.50
Realised result	61,854,714.41
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	-61,631,549.58
Result of operations	223,164.83
Dividends paid	-12,610,345.83
Subscriptions	122,723,125.34
Redemptions	-59,488,237.32
Total changes in net assets	50,847,707.02
Total net assets at the beginning of the year	1,338,736,098.46
Total net assets at the end of the year	1,389,583,805.48

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

## ETHOS FUND - Ethos Global Equities

### Statistical information (in SEK)

as at 31st December 2018

<b>Total net assets</b>	<b>Currency</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>
	SEK	1,212,778,402.34	1,338,736,098.46	1,389,583,805.48

  

<b>Net asset value per unit</b>	<b>Currency</b>	<b>31.12.2016</b>	<b>31.12.2017</b>	<b>31.12.2018</b>
IC (SEK)	SEK	189.13	217.48	217.72
ID (SEK)	SEK	167.95	187.45	182.05

  

<b>Number of units</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>
IC (SEK)	4,341,903.815	126,029.680	-53,204.702	4,414,728.793
ID (SEK)	2,104,388.188	487,457.065	-238,559.128	2,353,286.125

  

<b>Dividends paid</b>	<b>Currency</b>	<b>Dividend per share</b>	<b>Ex-dividend date</b>
ID (SEK)	SEK	6.00	18.05.2018

# ETHOS FUND - Ethos Global Equities

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

as at 31st December 2018

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>					
AUD	66,921	Westpac Banking Corp	10,706,525.46	10,465,820.91	0.75
CHF	130,000	ABB Ltd Reg	20,967,980.48	21,881,534.77	1.57
CHF	50,000	Nestlé SA Reg	24,978,362.93	35,923,765.60	2.59
CHF	34,000	Novartis AG Reg	24,169,714.36	25,726,097.96	1.85
CHF	19,000	Roche Holding Ltd Pref	29,307,470.71	41,637,354.99	3.00
			99,423,528.48	125,168,753.32	9.01
DKK	46,400	Novo Nordisk AS B	16,262,315.57	18,789,728.10	1.35
EUR	10,000	Akzo Nobel NV	4,809,668.86	7,139,774.19	0.51
EUR	22,103	Allianz SE Reg	26,866,065.81	39,259,827.44	2.83
EUR	130,000	Axa SA	24,431,325.36	24,862,843.77	1.79
EUR	96,000	CNP Assurances	14,196,296.46	18,031,175.18	1.30
EUR	35,000	Fresenius SE & Co KGaA	17,107,881.65	15,043,220.25	1.08
EUR	24,500	Henkel AG & Co KGaA Pref	17,226,327.29	23,704,253.14	1.71
EUR	106,000	Infineon Technologies AG Reg	11,892,027.42	18,667,771.24	1.34
EUR	140,000	Koninklijke Ahold Delhaize NV	25,977,241.95	31,343,000.18	2.26
EUR	37,880	Koninklijke DSM NV	14,820,614.62	27,444,999.90	1.98
EUR	20,038	Linde PLC Reg	17,156,388.89	28,115,470.33	2.02
EUR	39,943	SAP SE	22,590,279.06	35,214,552.78	2.53
EUR	200,000	Suez SA	24,945,186.42	23,386,817.16	1.68
EUR	63,000	Unilever NV Certif of Shares	17,929,391.08	30,297,996.87	2.18
			239,948,694.87	322,511,702.43	23.21
GBP	830,000	BT Group Plc	22,156,585.31	22,320,162.97	1.61
GBP	45,000	Croda International Plc	14,440,888.35	23,811,238.36	1.71
GBP	145,000	GlaxoSmithKline Plc	26,069,369.01	24,421,018.39	1.76
GBP	40,000	Johnson Matthey Plc Reg	14,800,072.33	12,645,114.41	0.91
GBP	30,000	Reckitt Benckiser Group Plc	18,291,308.47	20,373,813.76	1.47
GBP	116,000	Smith & Nephew Plc	17,628,189.77	19,180,456.50	1.38
			113,386,413.24	122,751,804.39	8.84
JPY	15,500	Fanuc Corp	27,276,716.85	20,895,227.45	1.50
JPY	77,400	Honda Motor Co Ltd	18,245,643.68	18,117,335.20	1.30
JPY	35,000	Kao Corp	17,487,528.65	23,079,083.39	1.66
JPY	175,000	Panasonic Co Ltd	13,556,247.44	14,018,972.29	1.01
			76,566,136.62	76,110,618.33	5.47
NOK	219,779	DNB ASA	22,689,416.43	31,112,860.60	2.24
SEK	75,000	Atlas Copco AB A Reg	15,362,933.37	15,787,500.00	1.14
SEK	314,000	Nordea Bank Abp Reg	30,424,207.41	23,418,120.00	1.69
			45,787,140.78	39,205,620.00	2.83
USD	30,000	Agilent Technologies Inc Reg	16,625,970.66	17,956,975.02	1.29
USD	17,660	Aon Plc	18,804,048.36	22,777,245.38	1.64
USD	5,000	Apple Inc	5,038,503.22	6,998,056.23	0.50
USD	30,000	Cerner Corp	14,834,062.11	13,958,846.28	1.00
USD	144,000	Cisco Systems Inc	28,323,587.99	55,362,637.01	3.98
USD	54,000	Cognizant Tec Solutions Corp	29,185,873.91	30,415,591.37	2.19
USD	17,000	Deere and Co	14,149,407.53	22,500,698.38	1.62
USD	80,000	Dentsply Sirona Inc	32,932,884.18	26,412,848.72	1.90
USD	62,000	Discover Financial Services	32,320,317.52	32,446,065.80	2.34
USD	23,856	First Republic Bank	16,515,710.32	18,394,288.32	1.32
USD	27,000	Gilead Sciences Inc	24,560,927.66	14,984,997.17	1.08
USD	68,000	Intel Corp	20,713,123.84	28,315,553.40	2.04
USD	26,000	Lowe's Companies Inc	18,109,156.46	21,307,027.14	1.53
USD	22,000	Mastercard Inc A	14,522,392.64	36,825,196.87	2.65
USD	107,000	Microsoft Corp	33,837,872.60	96,430,588.47	6.94
USD	4,500	Pepsico Inc	3,099,482.03	4,411,250.96	0.32
USD	28,000	PNC Financial Serv Group	19,845,924.74	29,045,260.69	2.09
USD	20,000	Stanley Black & Decker Inc	21,740,745.38	21,248,820.92	1.53

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



## ETHOS FUND - Ethos Global Equities

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

as at 31st December 2018

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	16,000	Thermo Fisher Scientific Inc	21,715,085.32	31,770,660.66	2.29
USD	22,700	United Health Group Inc	20,591,651.71	50,176,462.45	3.61
USD	45,500	Xylem Inc	13,774,009.90	26,935,994.90	1.94
			<u>421,240,738.08</u>	<u>608,675,066.14</u>	<u>43.80</u>
Total investments in securities			1,046,010,909.53	1,354,791,974.22	97.50
Cash at banks				34,138,880.02	2.46
Other net assets/(liabilities)				652,951.24	0.04
Total				<u>1,389,583,805.48</u>	<u>100.00</u>

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

## ETHOS FUND - Ethos Global Equities

### Industrial and geographical classification of investments as at 31st December 2018

#### Industrial classification

(in percentage of net assets)

Technologies	20.81 %
Financials	20.64 %
Healthcare	20.30 %
Non-cyclical consumer goods	12.19 %
Industrials	7.77 %
Raw materials	7.13 %
Cyclical consumer goods	5.37 %
Utilities	1.68 %
Telecommunications services	1.61 %
Total	<u>97.50 %</u>

#### Geographical classification

(by domicile of the issuer)  
(in percentage of net assets)

United States of America	42.16 %
United Kingdom	10.48 %
Germany	9.49 %
Switzerland	9.01 %
The Netherlands	6.93 %
Japan	5.47 %
France	4.77 %
Norway	2.24 %
Ireland	2.02 %
Finland	1.69 %
Denmark	1.35 %
Sweden	1.14 %
Australia	0.75 %
Total	<u>97.50 %</u>

## **ETHOS FUND**

### **Notes to the financial statements**

as at 31st December 2018

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#### **Note 1 - Significant Accounting policies**

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

The financial statements of the Fund 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 listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued at the last available price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security. Should the last available price for a given security not truly reflect its fair market value, then that security is valued on the basis of the probable sales price which the Management Company deems it is prudent to assume.
- 2) Securities not listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued on the basis of their last available price. Should the last available price for a given security not truly reflect its fair market value, then that security is valued by the Management Company on the basis of the probable sales price which the Management Company deems it is prudent to assume.
- 3) Securities that are not officially quoted on a stock market are valued at a rate that may not be lower than the buying price and not higher than the selling price at the time of the valuation and which the Management Company maintains to be the best possible rate the securities can be sold for.
- 4) The value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid, and not yet received are deemed to be the full amount thereof, unless, however, the same is unlikely to be paid or received in full, in which case the value thereof shall be determined after making such discount as the Management Company may consider appropriate in such case to reflect the true value thereof.

##### 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.

## ETHOS FUND

### Notes to the financial statements (continued)

as at 31st December 2018

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

1	SEK	=	0.1601118	AUD	Australian Dollar
			0.1539632	CAD	Canadian Dollar
			0.1110685	CHF	Swiss Franc
			0.7356445	DKK	Danish Krona
			0.0986026	EUR	Euro
			0.0885401	GBP	Pound Sterling
			12.3657424	JPY	Japanese Yen
			0.9758816	NOK	Norwegian Krona
			0.1127027	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of 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 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 Fund relating to purchases or sales of securities, of fees relating to liquidation of transactions paid to the Depositary and of transaction fees on financial and on derivatives instruments.

#### **Note 2 - Subscription, redemption and conversion fees**

No subscription, redemption or conversion fees are charged.

#### **Note 3 - Management fees**

The Management Company receives an infrastructure fee, accrued daily and payable monthly in arrears, of 0.025% per annum of the net assets of the Sub-Fund, subject to an annual minimum of EUR 15,000. Furthermore the Management Company is entitled to be reimbursed out of the assets of the Sub-Fund for its reasonable out-of-pocket expenses and disbursements.

#### **Note 4 - Investment management fee**

The Investment Manager receives out of the Sub-Fund's assets a fee of maximum 0.50% per annum, subject to an annual minimum of SEK 600,000. This fee is payable quarterly in arrears based on the Sub-Fund's average net assets calculated each Valuation Day.

The applicable annual fee for the Investment Manager amounts to:

- Tranche < SEK 250 Mn: 0.50% p.a.
- Tranche > SEK 250 Mn < SEK 1,000 Mn: 0.35% p.a.
- Tranche > SEK 1,000 Mn: 0.25% p.a.

## **ETHOS FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2018

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

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

Out of the Sub-Fund's assets, an administration fee consisting of a flat fee of EUR 27,000 per annum plus a variable fee of maximum 0.0758% per annum is payable to the Central Administrator. This fee is accrued on a daily basis, based on the net assets of the Sub-Fund and is paid out monthly in arrears. This fee includes the fee due to the Depository.

As at the date of the financial statements, the applicable rate of administration fee is as follows:

- |                                     |              |
|-------------------------------------|--------------|
| - Tranche < EUR 50 Mn:              | 0.0758% p.a. |
| - Tranche > EUR 50 Mn < EUR 125 Mn: | 0.0576% p.a. |
| - Tranche > EUR 125 Mn:             | 0.0470% p.a. |

The Central Administrator is furthermore entitled to receive, out of the assets of the Sub-Fund, in respect of the registrar and transfer agent function a further fee of EUR 12,000 per annum for up to two active Classes of units and EUR 2,500 per annum for each additional Class of units in accordance with Luxembourg customary banking practice, accrued daily and payable monthly in arrears.

#### **Note 6 - Distribution Fee**

The Distributor receives out of the Sub-Fund's assets a fee of maximum 0.05% per annum. This fee is payable monthly in arrears based on the Sub-Fund's average net assets calculated each Valuation Day.

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

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

The Fund is governed by Luxembourg law.

Pursuant to the legislation and regulations which are prevailing, 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.

The rate of this tax is reduced to 0.01% of the value of the net assets for Sub-Funds or Classes of units reserved to institutional investors.

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

#### **Note 8 - 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.

## **ETHOS FUND**

### **Notes to the financial statements (continued)**

as at 31st December 2018

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#### **Note 9 - Withholding tax refund**

The Management Company of the Fund has instigated proceedings to reclaim tax withheld by certain Member States of the European Union on dividend payments it has received. The decision to initiate proceedings against any particular Member State is the result of an analysis of the likely costs and potential benefits of doing so. The likelihood of successfully reclaiming such amounts together with the estimated time to complete proceedings varies across Member States.

In December 2017, the Management Company has claimed withholding tax in Norway for ETHOS FUND for the years 2012 and 2016.

On the 19th March 2018, the claim withholding tax in Norway allowed a net refund of SEK 197,198.15.

#### **Note 10 - Event**

FundRock Management Company S.A. has completed the acquisition of SEB Fund Services S.A. from Skandinaviska Enskilda Banken AB (publ) on the 15th November 2018. The deal was first announced on 22nd May 2018 and concluded following regulatory approval of the Commission de Surveillance du Secteur Financier.

SEB Fund Services S.A. was renamed into FundRock Nordics S.A. on the 15th November 2018. On the 21st December 2018 FundRock Nordics S.A. was merged into FundRock Management Company S.A.

# ETHOS FUND

## Additional information (unaudited)

as at 31st December 2018

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### 1 - Risk management

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

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

### 2 - Remuneration disclosure

FundRock Management Company S.A. ("FundRock") has established and applies a remuneration policy in accordance with the principles laid out under the AIFMD and UCITS V directive, and any related legal & regulatory provisions applicable in Luxembourg. The remuneration policy is aligned with the business strategy, objectives, values and interests of the Management Company 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.

As an independent management company relying on a full-delegation model (i.e. delegation of the collective portfolio management function), 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 under UCITS V 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.

The amount of remuneration, including social charges and benefits, for the financial year ending 31st December 2018 was: EUR 6,459,595.00

Fixed remuneration: EUR 6,271,345.00

Variable remuneration: EUR 188,250.00

This does not include the remuneration to SEB Fund Services/FundRock Nordics employees for the period from 1st January 2018 till 21st December 2018 prior to the merger of SEB Fund Services/FundRock Nordics with FundRock Management Company on 21st December 2018.

Number of beneficiaries: 64

The aggregated amount of remuneration for the financial year ending 31st December 2018 of Identified staff/risk takers is as follows:

Identified staff/risk takers: EUR 1,069,358.00

Other risk takers: EUR Nil

The remuneration to SEB Fund Services/FundRock Nordics for the period from 1st January 2018 till 21st December 2018 prior to the merger of SEB Fund Services/FundRock Nordics with FundRock Management Company on 21st December 2018, including social charges and benefits was: EUR 2,286,192.83

Fixed remuneration: EUR 2,245,970.33

Variable remuneration: EUR 40,222.50

Number of beneficiaries: 19

The aggregated amount of remuneration for the period from 1st January 2018 till 21st December 2018 prior to the merger of SEB Fund Services/FundRock Nordics with FundRock Management Company on 21st December 2018, of Identified staff/risk takers is as follows:

Identified staff/risk takers: EUR 489,625.06

Other risk takers: EUR Nil

## **ETHOS FUND**

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

as at 31st December 2018

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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.

The policy was last updated in February 2019, to reflect the additional requirements of the "UCITS V" Directive.

### **3 - 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 Fund 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.