

Annual report including audited financial statements as at 31st December 2019

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

Table of contents

Organisation 2

General information 4

Report of the Investment Manager 5

Audit report..... 7

ETHOS FUND - Ethos Global Equities 10

 Statement of net assets..... 10

 Statement of operations and other changes in net assets 11

 Statistical information 12

 Statement of investments and other net assets..... 13

 Industrial and geographical classification of investments 15

Notes to the financial statements 16

Additional information (unaudited)..... 20

ETHOS FUND

Organisation

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

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

Tracey MCDERMOTT
Independent Non-Executive Director, Luxembourg

Grégory NICOLAS
Executive Director - Co-Managing Director
FundRock Management Company S.A., Luxembourg

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

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

Ross THOMSON
Executive Director - Managing Director
FundRock Management Company S.A., Luxembourg
(until 22nd July 2019)

Conducting Officers

Romain DENIS
Executive Director - Co-Managing Director

Grégory NICOLAS
Executive Director - Co-Managing Director

Matteo SBROLLA
Director Investment Management and Distribution Oversight
(since 17th December 2019)

ETHOS FUND

Organisation (continued)

Central Administration Agent	FundRock Management Company S.A. H2O building 33, rue de Gasperich L-5826 Hesperange
Sub-Administrator including Registrar and Transfer Agent	European Fund Administration S.A. 2, rue d'Alsace L-1122 Luxembourg
Depositary	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
Paying Agents	In Sweden Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8, SE-106 40 Stockholm, In Luxembourg Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
Investment Manager	RobecoSAM AG Josefstraße 218 CH-8005 Zürich
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg
Distributor	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8, SE-106 40 Stockholm

ETHOS FUND

General information

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 (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

1. Performance review

Despite economic and political headwinds, 2019 became an outstanding year for equity investors. The MSCI World Index increased by more than 30% (in EUR) and closed on a new record level. Information Technology returned best while Energy clearly underperformed. Markets got strong support from central banks that adjusted their policy to offset the slowdown of global industrial manufacturing. The FED first suspended anticipated interest rate hikes and later even decided on three cuts. Even more aggressive though the ECB that lowered rates to historic lows and re-initiated its bond purchasing program.

The global economy grew modestly but lost some momentum, especially in Europe and China. Purchasing Manager Indices softened in the first half of the year, temporary raising concerns on an approaching recession. Yet, a turn-around of industrial activity in Q4 as well as continued robust consumer spending supported investors' confidence.

An escalation of the trade dispute between China and the US remained a threat throughout the year. New tariffs got implemented and critical technologies banned. But in the end the parties returned on the negotiating table and found an agreement on a potential phase-one deal including higher Chinese imports of agricultural and energy products.

Performance (gross) 31.12.2019 in SEK

	QTD	YTD	1 Year	3 Years p.a.	5 Years p.a.	2018	2017	2016	2015	2014
Church of Sweden	4.29%	36.31%	36.31%	16.86%	14.32%	0.97%	15.99%	12.27%	9.01%	23.62%
<i>DJSI World</i>	4.41%	34.09%	34.09%	14.97%	12.65%	-0.98%	14.51%	15.87%	3.01%	22.98%
Alpha	-0.12%	2.22%	2.22%	1.89%	1.67%	1.95%	1.48%	-3.60%	6.00%	0.64%
Tracking Error	-	-	2.14%	2.42%	2.63%	3.17%	1.70%	3.35%	1.67%	2.64%
Information Ratio	-	-	1.04	0.78	0.63	0.62	0.87	-1.07	3.59	0.24

Performance (net) 31.12.2019 in SEK

	QTD	YTD	1 Year	3 Years p.a.	5 Years p.a.	2018	2017	2016	2015	2014
Church of Sweden	4.06%	35.14%	35.14%	15.86%	13.35%	0.11%	14.99%	11.31%	8.08%	22.56%
<i>DJSI World</i>	4.41%	34.09%	34.09%	14.97%	12.65%	-0.98%	14.51%	15.87%	3.01%	22.98%
Alpha	-0.35%	1.05%	1.05%	0.89%	0.70%	1.09%	0.48%	-4.56%	5.07%	-0.42%
Tracking Error	-	-	2.14%	2.42%	2.63%	3.17%	1.70%	3.35%	1.67%	2.64%
Information Ratio	-	-	0.49	0.37	0.27	0.34	0.28	-1.36	3.04	-0.16

During the year, the portfolio outperformed the DJSI World Index benchmark driven by strong selection. The largest contribution came from our selection in healthcare, financials and Industrials and materials sectors. Selection in consumer staples, IT, Communication Services detracted. Among the top contributors to the total relative return came from Mastercard as it continues to compound earnings benefitting from the secular shift toward digital payments. Industrial company Atlas Copco also contributed strongly. It surprised the market with a significant beat on orders, sales and operating earnings and a remarkable resilience of its Vacuum Technique margin, a cyclical business providing equipment to the semiconductor industry. Dentsply Sirona manufactures dental products and equipment for dental surgeries outperformed the sector as it continues to show improved execution with growth re-accelerating. Discover Financials also outperformed as loan growth remained solid and

ETHOS FUND

Report of the Investment Manager (continued)

consistent credit trends. Strong conviction names like Thermo Fisher continued to contribute positively as concerns of slowing growth proved to be unwarranted. Organic growth remained strong, supported by strong end market demands. DSM, a specialty chemical company, focusing on innovation was among the top contributors as it delivered consistent earnings growth with a rising proportion of differentiated products.

On the negative side, at the individual stock level, BT Group a dominant telecommunication operator in the UK detracted relative performance as competitive dynamics and regulatory headwinds continue to weigh on the company albeit lessening. There are cost efficiency programs to improve profitability and modernize its systems. Prioritizing investment over dividend may be right for the long term but investors did not seem to welcome this move. Cisco underperformed the sector as macro uncertainty weighed on weak order trends and business spending. Its software subscription growth continued to be solid in its Security, Applications business while slowing order trends in Commercial, Enterprise business weighed on outlook. Cisco is a dominant player in the enterprise networking space. It continues to have a solid position in software capabilities, which are well aligned to the transformation in the industry from primarily proprietary hardware to software, adding flexibility and agility to the network. Having no exposure to some of the benchmark names given their sustainability profile and/or limited product impact contribution to the UN Sustainable Development Goals detracted relative performance.

2. Outlook

The spreading of the coronavirus increasingly makes a dent in the global macro environment, having an adverse impact on consumer consumption, manufacturing supply chain and trade activities. The measures taken by governments would affect daily lives and consequently, cause economic damage in the near term. A global recession may become the base scenario. Monetary and fiscal stimulus may help to avoid a financial crisis and revive growth once most economies return to normality. We remain focused on sustainable, high-quality companies and make use of the higher market volatility to further solidify positions in companies with very appealing mid- to long-term perspectives.

3. General Outlook

Since the year end we have seen the development of the coronavirus covid-19 outbreak initially in China and now reaching most continents. At present it is not possible to assess the detailed impact of the emerging risk, on the investments in our portfolio but there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets in the last few weeks. The Board and the Manager continue to watch the efforts of governments to contain the spread of the virus and monitor the economic impact, if any, on the investments in our portfolio.

Luxembourg, 31st March 2020

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

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 2019, 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 2019;
- the statement of investments and other net assets as at 31 December 2019;
- the statement of operations and other changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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.

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.

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.

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, 9 April 2020

Philippe Sergiel

ETHOS FUND - Ethos Global Equities

Statement of net assets (in SEK)

as at 31st December 2019

Assets

Securities portfolio at market value	1,646,460,111.84
Cash at banks	32,330,417.49
Income receivable on portfolio	1,428,891.96
Other receivables	970,819.25
Total assets	1,681,190,240.54

Liabilities

Expenses payable	1,813,885.12
Total liabilities	1,813,885.12
Net assets at the end of the year	1,679,376,355.42

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)	3,804,173.556	SEK	294.23	1,119,297,928.37
ID (SEK)	2,347,545.975	SEK	238.58	560,078,427.05
				1,679,376,355.42

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 2019 to 31st December 2019

Income

Dividends, net	34,310,137.91
Interest on bank accounts	21,179.99
Other income	3,162,819.57
Total income	37,494,137.47

Expenses

Management fees	6,020,485.33
Transaction fees	261,218.68
Central administration costs	1,443,467.44
Professional fees	195,232.48
Other administration costs	1,067,488.95
Subscription duty ("taxe d'abonnement")	170,883.88
Bank interest paid	92,897.67
Other expenses	301,555.28
Total expenses	9,553,229.71

Net investment income	27,940,907.76
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Net realised gain/(loss)

- on securities portfolio	108,522,802.65
- on foreign exchange	735,427.65

Realised result	137,199,138.06
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Net variation of the unrealised gain/(loss)

- on securities portfolio	348,673,431.45
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Result of operations	485,872,569.51
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Dividends paid	-15,848,483.74
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Subscriptions	71,860,397.95
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Redemptions	-252,091,933.78
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Total changes in net assets	289,792,549.94
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Total net assets at the beginning of the year	1,389,583,805.48
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Total net assets at the end of the year	1,679,376,355.42
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The accompanying notes are an integral part of these financial statements.

ETHOS FUND - Ethos Global Equities

Statistical information (in SEK)

as at 31st December 2019

Total net assets	Currency	31.12.2017	31.12.2018	31.12.2019
	SEK	1,338,736,098.46	1,389,583,805.48	1,679,376,355.42

Net asset value per unit	Currency	31.12.2017	31.12.2018	31.12.2019
IC (SEK)	SEK	217.48	217.72	294.23
ID (SEK)	SEK	187.45	182.05	238.58

Number of units	outstanding at the beginning of the year	issued	redeemed	outstanding at the end of the year
IC (SEK)	4,414,728.793	37,218.667	-647,773.904	3,804,173.556
ID (SEK)	2,353,286.125	285,204.186	-290,944.336	2,347,545.975

Dividends paid	Currency	Dividend per unit	Ex-dividend date
ID (SEK)	SEK	6.81	17.05.2019

ETHOS FUND - Ethos Global Equities

Statement of investments and other net assets (in SEK) as at 31st December 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Investments in securities					
Transferable securities admitted to an official stock exchange listing					
Shares					
AUD	61,000	Westpac Banking Corp	9,759,239.30	9,723,999.90	0.58
CHF	118,500	ABB Ltd Reg	19,113,120.67	26,787,696.47	1.60
CHF	48,000	Nestlé SA Reg	26,014,589.61	48,649,450.37	2.90
CHF	31,000	Novartis AG Reg	19,383,590.70	27,557,226.88	1.64
CHF	20,000	Roche Holding Ltd Pref	32,223,283.27	60,746,036.99	3.62
			96,734,584.25	163,740,410.71	9.76
DKK	46,400	Novo Nordisk AS B	16,262,315.57	25,229,502.06	1.50
EUR	8,000	Akzo Nobel NV Bearer Reg	3,608,403.04	7,620,310.26	0.45
EUR	21,500	Allianz SE Reg	26,645,406.24	49,346,217.00	2.94
EUR	78,500	CNP Assurances	11,608,429.92	14,626,525.16	0.87
EUR	25,000	Fresenius SE & Co KGaA	12,219,915.46	13,183,582.34	0.79
EUR	22,000	Henkel AG & Co KGaA Pref	15,468,538.79	21,316,523.25	1.27
EUR	96,000	Infineon Technologies AG Reg	10,770,138.04	20,490,092.86	1.22
EUR	100,000	Koninklijke Ahold Delhaize NV	18,555,172.83	23,429,889.85	1.40
EUR	22,000	Koninklijke DSM NV	8,708,367.06	26,842,172.98	1.60
EUR	18,500	Linde PLC Reg	15,839,564.55	37,094,785.92	2.21
EUR	36,000	SAP SE	20,360,264.53	45,520,088.14	2.71
EUR	41,000	SCOR SE	16,120,563.29	16,123,169.15	0.96
EUR	200,000	Suez SA	24,945,186.42	28,342,862.94	1.69
EUR	70,000	Unilever NV	22,430,627.31	37,686,444.50	2.24
			207,280,577.48	341,622,664.35	20.35
GBP	700,000	BT Group Plc	18,686,276.77	16,706,117.67	0.99
GBP	40,000	Croda International Plc Reg	13,149,298.50	25,398,735.77	1.51
GBP	145,000	GlaxoSmithKline Plc	26,069,369.01	31,990,873.46	1.90
GBP	36,500	Johnson Matthey Plc Reg	13,505,066.00	13,561,783.94	0.81
GBP	19,600	Reckitt Benckiser Group Plc	11,950,321.53	14,897,995.56	0.89
GBP	103,210	Relx Plc	21,004,409.20	24,390,060.57	1.45
GBP	104,000	Smith & Nephew Plc	15,804,583.93	23,635,210.27	1.41
			120,169,324.94	150,580,777.24	8.96
JPY	13,000	Fanuc Corp	22,877,246.39	22,761,987.67	1.36
JPY	70,500	Honda Motor Co Ltd	16,619,094.05	18,816,556.38	1.12
JPY	27,000	Kao Corp	13,490,379.24	20,986,519.90	1.25
JPY	160,000	Panasonic Co Ltd	12,394,283.37	14,186,517.12	0.84
			65,381,003.05	76,751,581.07	4.57
NOK	185,000	DNB ASA	19,098,922.28	32,309,533.67	1.92
NOK	200,000	Leroy Seafood Group ASA	13,171,344.16	12,416,913.73	0.74
			32,270,266.44	44,726,447.40	2.66
SEK	65,000	Atlas Copco AB A Reg	13,387,897.86	24,284,000.00	1.45
SEK	235,270	Svenska Handelsbanken AB A	21,781,385.11	23,738,743.00	1.41
			35,169,282.97	48,022,743.00	2.86
USD	11,500	Accenture Plc A	21,315,634.35	22,666,965.58	1.35
USD	28,000	Agilent Technologies Inc Reg	15,517,572.62	22,359,239.14	1.33
USD	2,650	Alphabet Inc A	31,891,506.04	33,224,004.25	1.98
USD	16,000	Aon Plc	17,036,510.41	31,195,176.72	1.86
USD	4,600	Apple Inc	4,635,422.96	12,644,069.79	0.75
USD	27,400	Cerner Corp	13,548,443.39	18,822,898.40	1.12
USD	135,000	Cisco Systems Inc	26,553,363.74	60,605,493.30	3.61
USD	14,000	Deere and Co	11,652,453.26	22,705,203.22	1.35
USD	40,000	Dentsply Sirona Inc	16,466,442.09	21,188,427.80	1.26
USD	48,500	Discover Financial Services	25,282,829.03	38,506,944.09	2.29
USD	21,700	First Republic Bank	15,023,093.31	23,856,778.73	1.42
USD	25,000	Gilead Sciences Inc	22,741,599.69	15,206,132.25	0.91
USD	45,000	Intel Corp	13,707,214.31	25,210,166.63	1.50
USD	24,500	Lowe's Companies Inc	17,192,415.29	27,464,830.26	1.64

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 2019

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	16,000	Mastercard Inc A	10,561,740.10	44,719,227.12	2.66
USD	108,500	Microsoft Corp	44,558,987.08	160,162,367.22	9.54
USD	18,000	PNC Financial Serv Group	12,758,094.48	26,895,899.07	1.60
USD	20,670	Procter & Gamble Co	18,618,126.60	24,165,843.72	1.44
USD	14,500	Stanley Black & Decker Inc	15,762,040.40	22,495,434.41	1.34
USD	14,600	Thermo Fisher Scientific Inc	19,815,015.35	44,397,806.27	2.64
USD	20,700	United Health Group Inc	18,777,409.27	56,962,255.65	3.39
USD	41,500	Xylem Inc	12,563,107.93	30,606,822.49	1.82
			<u>405,979,021.70</u>	<u>786,061,986.11</u>	<u>46.80</u>
Total investments in securities			989,005,615.70	1,646,460,111.84	98.04
Cash at banks				32,330,417.49	1.93
Other net assets/(liabilities)				585,826.09	0.03
Total				<u><u>1,679,376,355.42</u></u>	<u><u>100.00</u></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 2019

Industrial classification

(in percentage of net assets)

Technologies	24.57 %
Healthcare	21.51 %
Financials	15.85 %
Industrials	12.06 %
Non-cyclical consumer goods	10.86 %
Raw materials	7.85 %
Cyclical consumer goods	4.35 %
Telecommunications services	0.99 %
Total	<u>98.04 %</u>

Geographical classification

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

United States of America	43.59 %
United Kingdom	10.82 %
Switzerland	9.76 %
Germany	8.93 %
The Netherlands	5.69 %
Japan	4.57 %
Ireland	3.56 %
France	3.52 %
Sweden	2.86 %
Norway	2.66 %
Denmark	1.50 %
Australia	0.58 %
Total	<u>98.04 %</u>

ETHOS FUND

Notes to the financial statements

as at 31st December 2019

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.

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

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 2019

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

1	SEK	=	0.1519982	AUD	Australian Dollar
			0.1385236	CAD	Canadian Dollar
			0.1033812	CHF	Swiss Franc
			0.7110945	DKK	Danish Krona
			0.0951562	EUR	Euro
			0.0806339	GBP	Pound Sterling
			11.6110247	JPY	Japanese Yen
			0.9390417	NOK	Norwegian Krona
			0.1068319	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded net of withholding tax.

g) 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 2019

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 2019

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 2017, the Management Company has claimed withholding tax to French Tax authorities for ETHOS FUND for the year 2016.

On the 29th March 2019, the claim withholding tax in French allowed a net refund of SEK 1,210,054.76.

On the 9th October 2019, there was a withholding tax refund from France amounted to SEK 1,198,279.25 for 2018.

Note 10 - Subsequent events

Since the end of the reporting period we have seen the development of the coronavirus covid-19 outbreak across the world. At present it is not possible to assess the detailed impact of the emerging risk on the investments in the portfolio of the Fund but there is growing concern about the impact on the world economy. There has been a significant correction in the financial markets in the wake of the outbreak. However, the Board and the Management Company are of the opinion that these events do not impact the financial statements as of 31st December 2019, nor do they present any issues with regards to the going concerns of the Fund.

ETHOS FUND

Additional information (unaudited)

as at 31st December 2019

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

2.1. Remuneration of the Management Company

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 for the financial year ending 31st December 2019 paid by FundRock to its staff: EUR 10,152,416

Fixed remuneration: EUR 9,700,097

Variable remuneration: EUR 452,319

Number of beneficiaries: 119

The aggregated amount of remuneration for the financial year ending 31st December 2019 paid by FundRock to Identified staff/risk takers is as follows:

Identified staff/risk takers: EUR 1,196,213

Other risk takers: EUR Nil

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.

2.2. Remuneration of the Investment Manager

The remuneration to RobecoSAM AG for the period from 1st January 2019 till 31st December 2019:

Number of employees: 82

Total compensation to staff: approx. CHF 21,800,000

Of which compensation to management: (ExCo and Chairman of the BoD): approx CHF 1,500,000

ETHOS FUND

Additional information (unaudited) (continued)

as at 31st December 2019

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.