

FUNDROCK
management company

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

Lancelot Ector

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 54 040



Subscriptions are received solely on the basis of the most recent prospectus and Key Investor Information Document (which may be read under fundinfo.fundrock.com) and the latest audited annual report at 31st December and, if more recent, the unaudited financial statements at 30th June.

Lancelot Ector

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Lancelot Ector

Organisation

Registered Office

H2O building
33, rue de Gasperich
L-5826 Hesperange
(since 22nd December 2018)

4, rue Peternelchen
L-2370 Howald
(until 21st December 2018)

Board of Directors of the SICAV

Chairman

Tobias JÄRNBLAD
Managing Director
Lancelot Asset Management AB, Stockholm, Sweden

Per LJUNGBERG
Deputy Managing Director
Lancelot Asset Management AB, Stockholm, Sweden

Jean-Claude WOLTER
Honorary Lawyer, Director of Companies
Luxembourg, Grand-Duchy of Luxembourg

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 DERMOTT
Independent Non-Executive Director Luxembourg

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

Lancelot Ector

Organisation (continued)

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

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

Management Company (until 21st December 2018)

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

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)

Lancelot Ector

Organisation (continued)

Depositary	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
Central Administration Agent	FundRock Management Company S.A. H2O building 33, rue de Gasperich L-5826 Hesperange (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-Administrative, Transfer Agent and Registrar Agent	European Fund Administration S.A. 2, rue d'Alsace L-1122 Luxembourg
Investment Manager	Lancelot Asset Management AB Nybrokajen 7, PO Box 16172 SE-103 23 Stockholm
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg
Global Distributor	Lancelot Asset Management AB Nybrokajen 7, PO Box 16172 SE-103 23 Stockholm

Lancelot Ector

General information

Lancelot Ector (the "Company") is an open-ended investment Company incorporated on 28th February 1996 under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*" ("SICAV"). The Company is registered under Part I of the amended Law of 17th December 2010 relating to undertakings for collective investment.

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

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

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

- Lancelot Ector - Master Fund (the "Fund"); expressed in SEK.

The Company issues shares of Class B which can be subscribed and redeemed at the registered office of the Company or the Administrative Agent, through any Distributor or Placement Agent and/or any sub-distributor or sub-placement agent.

The B Class of Shares corresponding to the Lancelot Ector - Master Fund are issued in the form of categories being accumulation shares and dividend shares.

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

Subscription and redemption prices are available at the registered office of the Company.

Financial reports of the Company are published annually and semi-annually. At the date of the financial statements, one Sub-Fund is offered for sale. As a consequence, the financial statements of the Sub-Fund Lancelot Ector - Master Fund reflect also the global situation of the Company.

These reports, as well as the offering prospectus, and all information concerning the Company can be obtained at the offices of the registered office of the Company.

Dear Shareholders,

Lancelot Ector, SICAV was established as an umbrella fund on 28th February 1996.

Total subscriptions to the Master Fund, initially launched on 13th March 1996 at SEK 10,00 per share, amount to 11,487,496.309 capitalisation shares and 4,782,952.146 distribution shares as of 31st December 2018, representing a total net assets of SEK 487,510,382. The net asset value per capitalisation share was SEK 34.28 i.e. increase of 242.80% after fees from launch date and decrease of 2,03 % during the year 2018.

The Master Fund is a so-called balanced fund, which seeks to achieve long-term growth from diversified investments both in equities and bonds. The asset allocation is flexible with the equity part invested in Swedish and international listed stocks. The bond portion of the portfolio shall to a considerable extent be invested in Swedish bonds with low credit risks.

Global economy and financial markets (market review)

According to the Organization for Economic Cooperation and Development (OECD) global growth has peaked. In its November Economic Outlook, the OECD projected global GDP growth to gradually moderate from 3.7% in 2018 to 3.5% in 2019 and 2020. In the near term, policy support and strong job growth will continue to underpin domestic demand. However, macroeconomic policies are projected to become less accommodative over time, and headwinds from trade tensions and tighter financial conditions are set to continue. Growth in the OECD area is forecasted to slow gradually, from around 2.5% in 2017-18 to just under 2 per cent in 2020 mainly due to a weakening US economy. Wage and price inflation are estimated to rise, but only moderately. Outcomes could be weaker still if downside risks materialise. The main risks are an intensifying trade war between the US and China, the potential for financial instability in emerging markets, a notable China slowdown and higher oil prices (since publication the oil price has dropped from over USD 80 per barrel to less than USD 55). In the event of a sharper-than-expected downturn, the OECD recommends that the world should be prepared to co-operate for a global joint fiscal stimulus. The OECD sees this bold action as less risky for high-debt governments when done by everyone together.

In December, the Federal Reserve (the Fed) raised the target range for the federal funds rate to 2.25-2.50%, but also pared back its forecasts for further increases and indicated it is less certain about the rates outlook. This reflects a Fed that is shifting into a more data dependent phase as the federal funds rate now is getting closer to a neutral rate range that neither stimulates the economy nor holds it back. Growth and core inflation forecasts were both marked down for 2019 and the Fed also trimmed its 2019 outlook for rate hikes to two from three previously. The issue for financial markets is the growing possibility for a Fed policy mistake, i.e. that the Fed tightening risks igniting an economic slowdown. The European Central Bank (ECB) kept the key interest rates unchanged and guidance on rates was also left unchanged. As expected the net purchases under the asset purchase programme ("Quantitative Easing - "QE") ended in December 2018. ECB also said it would continue to reinvest the proceeds of bonds bought under QE but which are now maturing. The bank's growth and inflation forecasts were revised downwards. The Swedish Riksbank lifted its benchmark rate for the first time since 2011 from minus 0.40% to minus 0.25%. The Riksbank noted that inflation and inflation expectations have become established at around 2% and consequently the need for a highly expansionary monetary policy somewhat less necessary. The bank moderated future rate expectation by saying that with uncertainty over the economic outlook and inflation prospects, monetary policy needs to proceed cautiously. Its forecast for the repo rate indicates that the next rate rise probably will occur during the second half of 2019. In August, the Bank of England (BoE) increased its key interest rate 0.25 percentage points to 0.75%, referring to a limited degree of slack in the UK economy. The December meeting, when the Bank Rate was left unchanged, noticed that the near-term outlook for global growth had softened and downside risks increased. On Brexit, the BoE said that "uncertainties had intensified considerably" and that those, "coupled with the slowing global economy, also weighed on the near-term outlook for UK growth". The Bank of Japan kept overnight interest rates at minus 0.1% and said it would purchase Japanese government bonds to maintain yield on the 10-year bond around zero per cent.

In the currency markets, the U.S. dollar was strong while emerging market currencies, especially those in Brazil and Turkey, came under pressure. For the year, the trade-weighted US dollar index was up by 4 percentage points driven by large corporate tax cuts, a strong economy, increasing policy rates and the imposition of import tariffs.

The US currency was 4% stronger against the euro, up 6% against the British pound but weakened somewhat against the Japanese yen when stock markets sold off at year-end. The yen remains the world's major risk-off currency. The Swedish krona was particularly weak during the first six months of the year and ended the year 8% lower against the US dollar. In the commodity space, the Thomson Reuters CRB index was 12% weaker for the year as both industrial metals and oil prices plunged. Crude oil prices collapsed by nearly 40% during the fourth quarter and ended the year down close to 20% at USD 54 per barrel. For a time, markets believed that supply would be more limited and reinstating sanctions against Iran initially pushed oil prices higher. But instead, the US granted exemptions to several consumers to Iranian oil. The Saudi's, encouraged by the US, started pumping more and the US president talked about releasing oil from the Strategic Petroleum Reserve. Fears about weaker oil demand amid a potential slowdown in the global economy also added to worries about how effective the supply cuts agreed by Opec in December would be. Global producers agreed to cut production by 1.2 million barrels a day to halt the price slide. The price of gold ended 2018 down 1.5% but showed some strength during the volatile last three months of the year.

Global stock markets had a difficult and turbulent year. Major equity markets became increasingly choppy, at least in comparison with 2017, and started a severe correction during the last three months of the year. Concerns about trade tensions between the US and China, tightening financial conditions, a worsening outlook for corporate earnings growth in 2019 and the possibility the US yield curve could soon invert, which is widely seen as a potential harbinger of recession were some of the worries cited as likely reasons for the drawdown. For the full year, the EU markets plunged by 14% in local currency terms (MSCI), while the Nordic region was down by 9 per cent (Finland just minus 1.5%, helped by Nokia and buy-outs of Amer Sports and Poyry). Among the big European bourses Germany (trade and tariffs) and Italy (domestic political issues) underperformed. In Sweden, the equity market was down 9%. The North American region dropped by 6.5% (USA - 6%) while the Pacific region excluding Japan ended the year 8% lower. The Chinese market also felt the pain and dropped by 20%. The Japanese market plummeted by 17%. On the other hand, the Bovespa index in Brazil rose by 12%.

The world index fell by 9.13% in local currency terms, and by 2.78% in Swedish krona terms.

The Fund (performance review)

As of 31st December 2018, the Swedish equity exposure amounted to 7.11%, international equity exposure amounted to 12.94%, bonds amounted to 69.65% and cash and other assets amounted to 10.30% of total net asset value. The equity portion of the Fund was lowered from just short of 28% to 20%. Including a negative Swedish index position, the equity exposure was approximately 19%. The duration of the bond portfolio at the turn of the year was 1.30 years.

Activity in the equity portfolio was mainly focussed on preserving capital. The size of each position was generally reduced. At year end the equity portfolio consisted of ten holdings diversified between different industries and geographies. The position in *Billerud* was sold with a total return of minus 10 per cent. Although the company is active in growing markets, large machine investments with possible start-up problems, a huge cost overrun for one of the investments and the acquisition of Bergvik Skog forest assets, has together increased leverage and added substantial risk to the balance sheet.

In 2018 the value of the Fund decreased by 2.03%. The main positive contributors to the Fund's performance were Ericsson, Danaher and Novartis, while Volvo lagged. Performance from the bond portfolio was positive.

Outlook for 2019 (market outlook)

The US economy is already weakening as can be seen in the cyclically sensitive housing and auto sectors, while monetary conditions are tightening. Corporate profits are still holding up well, but most macro models indicate that the US economy will slow towards trend next year as tighter financial conditions bite and the fiscal stimulus runs out of steam. Furthermore, growth in the rest of the world has been slowing substantially with the eurozone as the main drag. Still, European growth in 2019 may do little better than return broadly to trend from the temporarily depressed rates reported recently. With a fragile banking system, financial contagion risk from Europe is high should the world slow into recession. These possible shifts in the US and the eurozone will, together, reduce global growth between now and end 2019. Therefore, China will be the swing economy. If it slows further, then the global economy will grow well below trend next year, and the markets will begin to worry seriously about a global recession. If, on the other hand, the broad policy easing in China begins to gain more traction, outweighing any further escalation of trade protection, then global growth could rebound from today's subdued rates.

Unfortunately, the year ended with no clarity on whether the global economy will stabilize or slow further. Consequently, global markets are going through a difficult phase. There are (at least) three important market concerns.

1. The Federal Reserve policy worry. Will policymakers go too far and push the US economy into recession? With global growth slowing, inflation pressures easing, and financial conditions tightening, the financial markets are signalling that the current inflation adjusted Fed funds rate that stands around the zero line, may increase to plus 1-2% as the economy weakens and inflation falls. Monetary policy would then become restrictive. But, then again, markets may make false moves.
2. The trade friction/war worry notably between the US and China. The Chinese economy has been slowing sharply since mid-2018, largely as a result of the administration's determination to reduce leverage in the financial system. The downside risk from a possible increase in the American tariff rate from 10% to 25% tariffs on all Chinese export goods would be severe. Many economic simulations have indicated that the damage to Chinese GDP growth next year would be of the order of 1.0-1.5%.
3. The business cycle worry, i.e. peak growth. The idea that we are at the late stages of the business cycle has become a conventional wisdom.

All these uncertainties (together with some others) have injected increased risk premia into many asset (e.g. sterling, British equities, Italian bond yields, many cyclical stocks, German equities). In general, stock market multiples contracted in 2018 as investors anticipated slower growth and peak earnings. Multiples could stabilise or rise in 2019 if, say, the Fed that is leading the so-called normalisation of monetary policies pauses and even stands ready to ease if necessary. Earnings growth will of course be the other important variable. Slowing global activity and the impact of trade frictions are likely to slow corporate earnings growth in 2019. Still, the cheaper valuation across assets markets lowers the bar for positive performance in 2019 but lack of clarity on many of the rising risks argue for caution.

Putting it all together we expect a continuation of the volatile and news- and sentiment- driven environment for global risk assets. As always it is important to separate fundamental analysis from the emotion of the market. In uncertain times history shows that bonds are an important diversifying asset. Even with today's very low interest rates, in 2018 the Swedish all bond index outperformed most global stock market indices (all measured in local currency) and, moreover, had the benefit of dampening volatility and financial stress. This demonstrates the value of slow and steady returns.

Luxembourg, 3rd January 2019

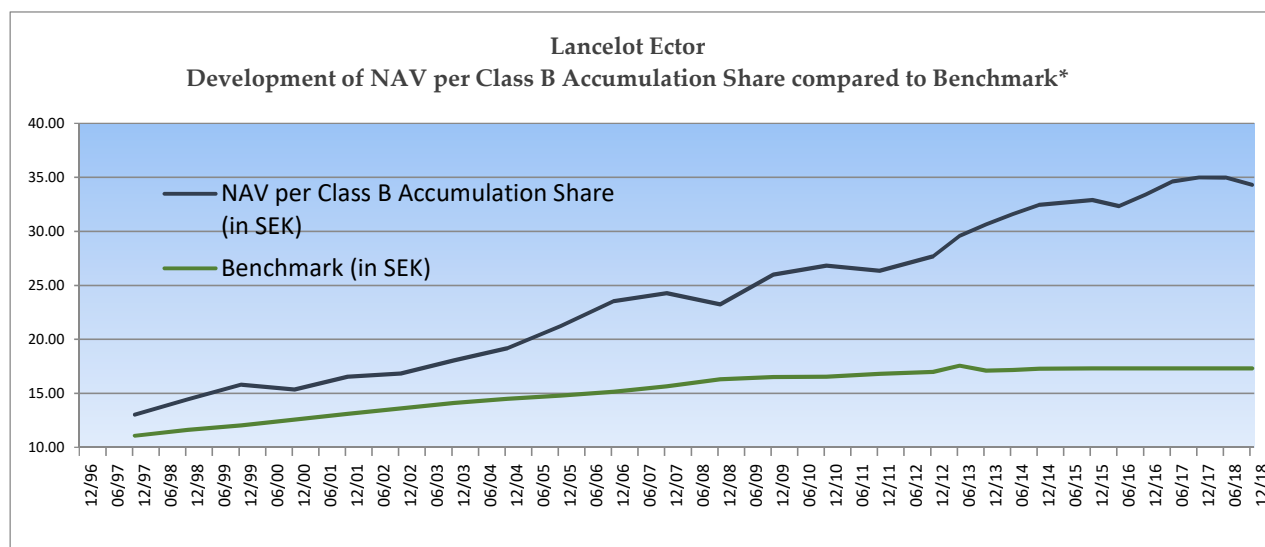
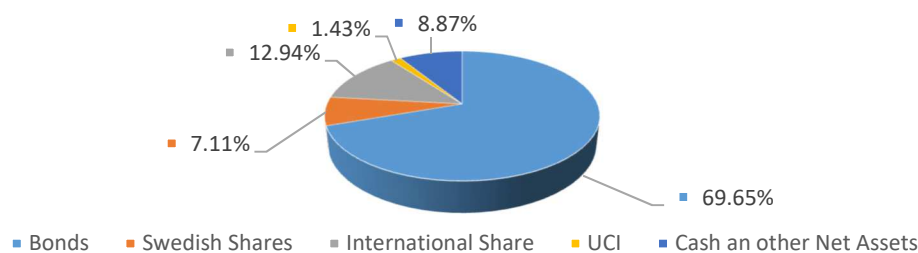
The Investment Manager

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

Lancelot Ector

Graphics (Unaudited)

Lancelot Ector - Master Fund Breakdown of net Assets



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

* Benchmark used for performance fees calculation

** Relating to the period 15/03/1996 to 31/12/1996, i.e. since the Fund's inception



Audit report

To the Shareholders of
Lancelot Ector

Our opinion

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

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

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



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

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

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

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

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

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

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

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



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

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 2 April 2019

Philippe Sergiel

A handwritten signature in black ink, appearing to be 'Philippe Sergiel', is written over the printed name. The signature is written in a cursive style with long, sweeping strokes.

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 31st December 2018

Assets

Securities portfolio at market value	444,264,313
Cash at banks	42,694,301
Income receivable on portfolio	1,056,057
Unrealised gain on forward foreign exchange contracts	773,125
Total assets	488,787,796

Liabilities

Bank overdrafts	3,664
Payable on purchases of securities	663,508
Expenses payable	610,242
Total liabilities	1,277,414

Net assets at the end of the year	487,510,382
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Breakdown of net assets per share class

Share class	Number of shares	Currency of share class	NAV per share in currency of share class	Net assets per share class (in SEK)
B CAP	11,487,496.309	SEK	34.28	393,822,301
B Dividend	4,782,952.146	SEK	19.59	93,688,081
				487,510,382

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

Lancelot Ector - Master Fund

Statement of operations and other changes in net assets (in SEK) from 1st January 2018 to 31st December 2018

<u>Income</u>	
Dividends, net	4,276,038
Interest on bonds and other debt securities, net	3,621,931
Interest on bank accounts	668
Total income	7,898,637
<u>Expenses</u>	
Management fees	6,552,460
Banking charges and other fees	142
Transaction fees	149,383
Central administration costs	876,876
Professional fees	205,954
Other administration costs	205,890
Subscription duty ("taxe d'abonnement")	314,470
Bank interest paid	263,861
Other expenses	264,689
Total expenses	8,833,725
Net investment loss	-935,088
<u>Net realised gain/(loss)</u>	
- on securities portfolio	20,260,160
- on forward foreign exchange contracts	-5,305,649
- on foreign exchange	-87,115
Realised result	13,932,308
<u>Net variation of the unrealised gain/(loss)</u>	
- on securities portfolio	-25,105,132
- on forward foreign exchange contracts	-137,340
Result of operations	-11,310,164
Dividends paid	-3,173,277
Subscriptions	56,621,440
Redemptions	-227,556,677
Total changes in net assets	-185,418,678
Total net assets at the beginning of the year	672,929,060
Total net assets at the end of the year	487,510,382

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

Lancelot Ector - Master Fund

Statistical information (in SEK)
as at 31st December 2018

Total net assets	Currency	31.12.2016	31.12.2017	31.12.2018
	SEK	641,617,067	672,929,060	487,510,382

Net asset value per share	Currency	31.12.2016	31.12.2017	31.12.2018
B CAP	SEK	33.42	34.99	34.28
B Dividend	SEK	20.18	20.50	19.59

Number of shares	outstanding at the beginning of the year	issued	redeemed	outstanding at the end of the year
B CAP	15,603,618.769	1,623,981.323	-5,740,103.783	11,487,496.309
B Dividend	6,191,759.068	-	-1,408,806.922	4,782,952.146

Dividends paid	Currency	Dividend per share	Ex-dividend date
B Dividend	SEK	0.5125	17.01.2018

Lancelot Ector - Master Fund

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
<u>Investments in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
Cyclical consumer goods					
SEK	51,500	Electrolux AB B	11,091,027	9,635,650	1.98
GBP	221,000	Tesco Plc	5,261,556	4,744,979	0.97
SEK	56,500	Volvo AB B	5,692,052	6,551,175	1.34
			22,044,635	20,931,804	4.29
Healthcare					
CHF	18,500	Novartis AG Reg	12,989,534	13,998,024	2.87
Industrials					
USD	15,600	Danaher Corp	8,294,282	14,273,586	2.93
USD	17,700	Fortive Corp	8,612,793	10,626,025	2.18
USD	4,400	Illinois Tool Works Inc	5,289,988	4,946,074	1.01
SEK	24,300	SKF AB B	3,657,641	3,267,135	0.67
			25,854,704	33,112,820	6.79
Non-cyclical consumer goods					
GBP	161,000	Britvic Plc	7,340,027	14,537,985	2.98
Technologies					
SEK	195,000	Telefon AB LM Ericsson B	10,252,569	15,194,400	3.12
Total shares					
			78,481,469	97,775,033	20.05
Bonds					
Corporate bonds					
SEK	15,000,000	AF AB FRN Reg S 16/21.03.19	15,069,150	15,020,175	3.08
SEK	20,000,000	Castellum AB FRN MTN Sen 17/02.10.24	20,000,000	19,255,300	3.95
SEK	17,000,000	Castellum AB FRN Sen Ser 12617/17.03.23	17,271,830	17,016,915	3.49
SEK	30,000,000	Jernhusen AB FRN DMTN Ser MTN121GB Sen 18/17.04.23	30,424,800	30,145,650	6.18
SEK	7,000,000	Jernhusen AB FRN Ser 104 13/19.09.23	7,273,910	7,080,395	1.45
SEK	10,000,000	PostNord AB FRN MTN Ser 106 14/01.04.19	10,043,700	10,008,300	2.05
SEK	20,000,000	Scania CV AB FRN EMTN Ser 62 16/06.09.21	20,037,376	20,260,800	4.16
SEK	20,000,000	Sveaskog AB FRN 14/06.03.24	20,408,000	20,138,400	4.13
SEK	20,000,000	Sveaskog AB FRN Sen 14/30.10.23	20,000,000	20,066,300	4.12
SEK	20,000,000	Vasakronan AB 1.083% DMTN Ser MTN525GB Sen 17/24.05.22	20,216,600	20,082,600	4.12
			180,745,366	179,074,835	36.73
Financial Institution bonds					
SEK	18,000,000	Danske Bank A/S FRN EMTN Sen Reg S 18/25.01.23	18,000,000	17,321,040	3.55
SEK	25,000,000	Landshypotek Bank AB VAR Jun Sub 17/31.12.Perpetual	26,437,500	25,593,750	5.25
SEK	25,000,000	Nordea Bank Abp FRN EMTN Sen Reg S 18/27.06.23	25,000,000	24,704,875	5.07
SEK	20,000,000	SBAB Bank AB 0.875% EMTN Sen 17/08.06.22	20,140,800	20,079,800	4.12
SEK	12,000,000	Svenska Handelsbanken AB VAR EMTN Sen Sub Reg S 17/15.11.27	12,000,000	11,799,180	2.42
SEK	20,000,000	Swedbank Mortgage AB 1% MTN Ser 190 14/15.09.21	20,431,600	20,429,400	4.19
			122,009,900	119,928,045	24.60

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

Lancelot Ector - Master Fund

Statement of investments and other net assets (in SEK) (continued) as at 31st December 2018

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Municipal bonds					
SEK	20,000,000	Kommuninvest I Sverige AB 1% Ser 2109 15/15.09.21	20,522,400	20,452,700	4.20
SEK	20,000,000	Kommuninvest I Sverige AB 1% Ser K2505 Sen 18/12.05.25	20,064,000	20,079,700	4.12
			<u>40,586,400</u>	<u>40,532,400</u>	<u>8.32</u>
Total bonds			<u>343,341,666</u>	<u>339,535,280</u>	<u>69.65</u>
<u>Open-ended investment funds</u>					
Tracker funds (UCI)					
Investment funds					
SEK	100,000	XACT BEAR Units Dist	<u>9,113,232</u>	<u>6,954,000</u>	<u>1.43</u>
Total tracker funds (UCI)			<u>9,113,232</u>	<u>6,954,000</u>	<u>1.43</u>
Total investments in securities			<u>430,936,367</u>	<u>444,264,313</u>	<u>91.13</u>
Cash at banks				42,694,301	8.76
Bank overdrafts				-3,664	0.00
Other net assets/liabilities				555,432	0.11
Total				<u><u>487,510,382</u></u>	<u><u>100.00</u></u>

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

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment and with generally accepted accounting principles in Luxembourg.

b) Valuation

- 1) Securities admitted to official listing on a stock exchange or which are traded on another regulated market which operates regularly and is recognised and open to the public within the EU or the OECD Member States are valued on the base of the last known sales price. If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable sales prices for such securities.
- 2) Non-listed securities are valued on the base of their probable sales price as determined in good faith by the Board of Directors and its delegate.
- 3) Liquid assets are valued at their nominal value plus accrued interest.
- 4) Time deposits are valued at their yield value if a contract exists between the Company and the Depository stipulating that these time deposits can be withdrawn at any time and their yield value is equal to the realized value.
- 5) All assets denominated in a different currency than the respective Sub-Fund's currency are converted into this respective Sub-Fund's currency at the exchange rates used for the respective Valuation Day.
- 6) Financial instruments which are not traded on the futures exchanges but on a regulated market are valued at their settlement value, as stipulated by the Company's Board of Directors in accordance with generally accepted principles, taking into consideration the principles of proper accounting, the customary practices in line with the market, and the interests of the shareholders, provided that the above-mentioned principles correspond with generally accepted valuation regulations which can be verified by the auditor.

c) Net realised gain/(loss) on securities portfolio

The net realised gain/(loss) on securities portfolio is determined on the basis of the average cost of securities sold.

d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

e) Exchange translation

Bank balances, other assets and liabilities and the value of securities held that are denominated in other currencies than the Sub-Fund's currency are converted at the prevailing exchange rate of the closing day. Income and expenses incurred in currencies other than the Sub-Fund's currency are converted at the prevailing exchange rate of the day of each transaction. Exchange gains and losses are disclosed in the statement of operations and other changes in net assets.

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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	=	0.1110685	CHF	Swiss Franc
			0.0986026	EUR	Euro
			0.0885401	GBP	Pound Sterling
			0.1127027	USD	US Dollar

f) Investment income

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

Interest income is accrued on a *pro rata temporis* basis, net of any withholding tax.

g) Forward foreign exchange contracts

Forward foreign exchange contracts are valued at prevailing market rates for the remaining period from valuation day to the maturity of the contracts. Unrealised gain/(loss) is disclosed in the statements of net assets. Net variation of the unrealised gain/(loss) and the net realised gain/(loss) are disclosed in the statement of operations and other changes in net assets.

h) Transaction fees

Transaction costs disclosed under the title "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Company relating to purchases or sales of securities and of fees relating to liquidation of transactions paid to the Depository.

Note 2 - Subscription, redemption and conversion fees

Shares of Class B are subscribed at an issue price based on the Net Asset Value per Share on the relevant Valuation Day.

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

Note 3 - Management fees

For infrastructure supplies, the Management Company is entitled to receive out of the Sub-Fund's assets a fee of maximum 0.025% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

For its services, the Investment Manager, Lancelot Asset Management AB, Stockholm, is entitled to receive an Investment Management Fee received by the Management Company on behalf of the Investment Manager of maximum 1% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

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

Note 4 - Performance fees

A Performance Fee is paid out of the Sub-Fund's assets to the Investment Manager. The Performance Fee is 15% of the amount by which the relevant Sub-Fund's total return, based on the Net Asset Value at the beginning and at the end of the relevant year and after accrual of the fixed fee, outperforms on a year to year basis the agreed benchmark return.

The benchmark return is the higher of:

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

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

On 1st January 2018, the Benchmark return was determined by interpolating between the market rate of the Swedish Treasury Bills with maturity in 20th June 2018 and the market rate of the Swedish Government Bond 1052 with maturity on 12th March 2019 (the "Market Rates"), where both are converted from 30/360 to actual/360 day convention. Since this rate was negative the Benchmark return shall be 0 percent for the year 2018.

At the date of the financial statements, no performance fee was due for the Sub-Fund and the underperformance to the construed Benchmark is carried forward as a High Water Mark for the purpose of the determining any future performance fee.

Note 5 - Central administration costs

For its services to the Company, the Management Company is entitled to receive, out of the Sub-Fund's assets an administration fee of maximum 0.13% p.a. payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month with a minimum fee of EUR 3,330 per month. This fee includes the fee due to the Depositary.

The Management Company is furthermore entitled to receive out of the Sub-Fund's assets for the Registrar and Transfer Agent function an annual flat fee per share Class, in accordance with Luxembourg customary banking practice.

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

Note 6 - Subscription duty ("taxe d'abonnement")

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, the Company is subject to an annual subscription duty ("*taxe d'abonnement*") of 0.05% which is payable quarterly and calculated on the basis of the net assets of each Sub-Fund on the last day of each quarter.

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

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Notes to the financial statements (continued) as at 31st December 2018

Note 7 - Independent Director's fees

Independent Director's fees of SEK 208,250 are included in the title "Other expenses" in the statement of operations and other changes in net assets.

Note 8 - Forward foreign exchange contracts

As at 31st December 2018, the Sub-Fund is committed in the following forward foreign exchange contracts with Skandinaviska Enskilda Banken S.A., Luxembourg:

Lancelot Ector - Master Fund

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in SEK)
EUR	40,000	SEK	411,884	28.02.2019	-6,132
EUR	74,000	SEK	763,679	28.02.2019	-13,039
EUR	80,000	SEK	824,218	28.02.2019	-12,715
GBP	56,000	SEK	648,632	28.02.2019	-17,239
GBP	19,900	SEK	228,312	28.02.2019	-3,942
GBP	19,750	SEK	225,029	28.02.2019	-2,350
SEK	5,524,239	CHF	608,316	28.02.2019	43,391
SEK	1,993,699	EUR	194,000	28.02.2019	25,804
SEK	17,473,926	GBP	1,509,647	28.02.2019	452,834
SEK	6,101,300	USD	681,000	28.02.2019	85,782
SEK	437,569	USD	49,000	28.02.2019	4,734
SEK	223,693	USD	25,000	28.02.2019	2,859
SEK	23,732,897	USD	2,647,868	28.02.2019	343,323
SEK	494,889	USD	55,000	28.02.2019	9,054
SEK	901,799	USD	100,000	28.02.2019	18,463
USD	685,000	SEK	6,169,631	28.02.2019	-118,780
USD	163,000	SEK	1,473,833	28.02.2019	-33,995
USD	51,000	SEK	455,429	28.02.2019	-4,927
					<u>773,125</u>

Note 9 - Changes in investment portfolio

The statement of changes in the investment portfolio for the period covered by the report is available free of charge upon request from the registered office of the Company.

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..

1 - Risk management

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

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

2 - Remuneration disclosure

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

Identified staff/risk takers: EUR 489,625.06

Other risk takers: EUR Nil

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Additional information (Unaudited) (continued)

as at 31st December 2018

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