

Unaudited semi-annual report as at 30th June 2016

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 [http:// fundinfo.sebfundservices.lu/ LancelotEctor/](http://fundinfo.sebfundservices.lu/LancelotEctor/)) 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

4, rue Peternelchen
L-2370 Howald

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 and Central Administration

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

Board of Directors of the Management Company

Chairman

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

Göran FORS
Head of Sales and Market Development
Asset Servicing
Skandinaviska Enskilda Banken AB (publ), Sweden

Marie JUHLIN
Managing Director
SEB Fund Services S.A., Luxembourg
(since 29th March 2016)

Jonas LINDGREN
Head of Prime Brokerage, SEB Equities,
Skandinaviska Enskilda Banken AB (publ), Sweden

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

Magnus WALLBERG
Deputy Managing Director, CFO/ COO
Skandinaviska Enskilda Banken S.A., Luxembourg
(until 29th March 2016)

Lancelot Ector

Organisation (continued)

Depository	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald
Sub-Administrative 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
Placement and Distribution Agent	Lancelot Asset Management AB Nybrokajen 7, PO Box 16172 SE-103 23 Stockholm
Authorized Placement Agent in Sweden	Consortum AB Wenner-Gren Center Sveavägen 166 SE-113 46 Stockholm
Auditor	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg

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 Directive 2014/ 91/ EU of the European Parliament and of the Council of 23rd July 2014 amending the Directive 2009/ 65/ EC had been transposed by the law of 10th May 2016 coming into force on 1st June 2016 and amending the amended law of 17th December 2010.

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 RCS.

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

- Lancelot Ector - Master 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 categorie 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 report, 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 following agents: Skandinaviska Enskilda Banken S.A. and Lancelot Asset Management AB.

The financial reports can also be consulted under [http:// fundinfo.sebfundservices.lu/ lancelotEctor/](http://fundinfo.sebfundservices.lu/lancelotEctor/) .

Common reporting standard ("CRS")

With a mandate by the G8/ G20 countries the OECD has developed a common reporting standard ("CRS") to achieve a comprehensive and multilateral automatic exchange of information ("AEOI") in the future on a global basis. The CRS will require Luxembourg financial institutions to identify financial assets holders and establish if they are fiscally resident in countries with which Luxembourg has a tax information sharing agreement. Luxembourg financial institutions will then report financial account information of the assets holder to the Luxembourg tax authorities, which will thereafter automatically transfer this information to the competent foreign tax authorities on a yearly basis. Shareholders may therefore be reported to the Luxembourg and other relevant tax authorities under the applicable rules.

General information (continued)

On this basis, a Council Directive 2014/ 107/ EU amending the Council Directive amending Directive 2011/ 16/ EU as regards mandatory automatic exchange of information in the field of taxation (the "Euro-CRS Directive") has been adopted on 9th December 2014 in order to implement the CRS among the EU Member States. Under the Euro-CRS Directive, the first AEOI must be applied by 30th September 2017 within the limit of the EU Member States for the data relating to calendar year 2016.

On 10th November 2015, the Council of the European Union repealed the EUSD in order to eliminate the overlap with the Euro-CRS Directive. EU member states will be required to implement an automatic exchange of information as provided for by the Euro-CRS Directive effective as from 1st January 2016 (and in the case of Austria as from 1st January 2017).

In addition, Luxembourg tax authorities signed the OECD's multilateral competent authority agreement ("Multilateral Agreement") to automatically exchange information under the CRS.

Under the law of 18th December 2015 implementing the EURO-CRS Directive, the first exchange of information is applied by 30th September 2017 for information related to the year 2016. Accordingly, the Company is committed as of 1st January 2016 to run additional due diligence process on its Shareholders and to report the identity and residence of financial account holders (including certain entities and their controlling persons), account details, reporting entity, account balance/ value and income/ sale or redemption proceeds to the local tax authorities of the country of residency of the foreign investors to the extent that they are resident of another EU Member State or of a country for which the Multilateral Agreement is in full force and applicable.

Shareholders should consult their professional advisors on the possible tax and other consequences with respect to the implementation of the CRS.

Lancelot Ector

Report on the activities of the Company

Dear Shareholder,

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 16,121,073.35 capitalisation shares and 6,161,236.97 distribution shares as of 30th June 2016, representing total assets of SEK 641,774,246.16. The net asset value per capitalisation share was SEK 32.34 i.e. an increase of 323.4% after fees from launch date and an decrease of 1.73% during the first six months of 2016.

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 partially invested in Swedish listed stocks and with the possibility of international diversification. The bond portion of the portfolio shall to a large extent be invested in Swedish bonds with low credit risks.

Global economy and financial markets (market review)

In its Economic Outlook from May, the OECD once again pushed for the use of more coordinated and comprehensive use of fiscal, monetary and structural policies to move today's low-growth trap to a higher growth path. Weak trade growth, sluggish investment, subdued wages and slower activities in key emerging markets will all contribute to modest global GDP growth of 3% in 2016, essentially the same level as in 2015, according to the Outlook. Global recovery is expected to improve only to 3.3% in 2017. Among the major advanced economies, the moderate recovery will continue in the US, which is projected to grow by 1.8% in 2016 and 2.2% in 2017. The euro area will improve slowly, with growth of 1.6% in 2016 and 1.7% in 2017. In Japan, growth is projected at 0.7% in 2016 and 0.4% in 2017. With rebalancing continuing in China, growth is expected to continue to drift lower to 6.5% in 2016 and 6.2% in 2017, supported by demand stimulus. India's growth rates are expected to hover near 7.5% this year and next, but many emerging market economies continue to lose momentum. The deep recessions in Russia and Brazil will persist, with Brazil expected to contract by 4.3% in 2016 and 1.7% in 2017. The OECD highlighted a series of policy requirements, including more comprehensive use of fiscal policy and structural reforms to break out of the low-growth environment. The Outlook argued that the reliance on monetary policy alone cannot deliver satisfactory growth and inflation. Additional monetary policy easing could now prove to be less effective than in the past, and even counterproductive in some circumstances. Given the weak global economy and the backdrop of rising income inequality in many countries, more ambitious structural reforms, in particular targeting the services sectors, can boost demand in the short-term and promote long-term improvements in employment, productivity growth and inclusiveness, the OECD said.

The US central bank (the Fed) held the target range for the federal funds rate at 0.25% to 0.5%, where it has been since the Fed lifted rates by a quarter point from near-zero levels in December 2015, as it assesses a mixed set of economic indicators. Its statement noted that while economic activity and household spending have picked up recently, jobs gains have diminished and market-based measures of inflation compensation had declined - even as surveys of individuals' inflation expectations remained little changed. The median of Fed forecasts suggests policymakers are still expecting two interest-rate increases this year, but rate forecasts for 2017 and 2018 was pared back, as has the Fed's estimate of the longer-run policy rate. In March the European Central Bank (ECB) unveiled a whole host of new measures to stimulate activity in the eurozone in response to the slowdown in growth in emerging markets and the sharp fall in the oil price. The ECB lowered its refi rate by 5 basis points to 0.00% and the rate on the deposit facility (banks' reserves parked at the ECB) by 10 basis points to -0.40%. The monthly asset purchase program was increased from 60 billion euro to 80 billion euro. In addition, quantitative easing was expanded to include non-bank corporate bonds issued in the eurozone and a new series of targeted longer-term refinancing operations was presented aimed at providing cheap liquidity for mainly eurozone banks. The ECB lifted its inflation outlook in its June meeting for the first

time in a year, reflecting the recent rise in oil prices. ECB now expects the inflation to reach 0.2% in 2016, up from 0.1%, but maintained its earlier forecasts for 2017 and 2018. The economic recovery is expected to proceed at a moderate but steady pace with the ECB's projections for the euro area GDP increasing by 1.6% in 2016 and 1.7% in 2017 and 2018. In April, the Swedish Riksbank decided to increase its purchases of government bonds with a further SEK 45 billion during the second half of 2016 to safeguard the rising trend in inflation. Earlier in the year, the Riksbank cut the repo rate by 0.15 percentage points to -0.50%. The bank also reiterated its earlier statement that it was prepared to make monetary policy even more expansionary if needed to reach the inflation target of around 2%. In Japan, the Bank of Japan (BoJ) cut its deposit rates to -0.10% but kept its annual pace of its asset-purchase program unchanged at JPY 80 trillion. The search for yield has propelled prices higher in many fixed income markets around the world. An increasing number of government bond yields are now negative. According to JP Morgan, approximately 25% of the value of the Global Bond Index, 65% of Japanese, 64% of German, 48% of French, 58% of Dutch and 50% of Swedish bonds have negative yield. Among the developed markets, the US is an outlier with a 10-year bond yield still positive at 1.5%. Negative yields have also spread into the corporate bond space.

The US-dollar weakened against the euro during the first six months of the year, but more notably against the Japanese yen. With a softer global economic outlook, the case for further rate hikes in the US diminished. The Fed's policy decisions are to a larger extent than before based not only on the domestic economy but the global environment. As risk aversion increased the Japanese currency strengthened even though the deposit rate is negative in Japan. The US currency was basically flat against Swedish krona. Both the euro area and Sweden have of course negative rates as well. The pound sterling on the other hand weakened across the board ahead of the EU membership referendum as many market participants sold or hedged many British assets. With the UK surprisingly voting to leave the EU (Brexit), the pound sterling showed heightened volatility and ending the period 10% down against the US dollar, touching a 30-year low. Against the euro the pound fell more than 13%. In the commodity space the Thomson Reuters CRB index (about a third is petroleum products) rose by approximately 9%. After a weak start to the year, crude oil prices recovered and gained 33%. Gold benefitted from risk aversion due to the many global economic and political uncertainties and the gold price rose by close to 25% to USD 1 320 an ounce.

Global stock markets were overall weak with North America outperforming and the eurozone underperforming. The sell-off in Europe was of course related to the possible British exit from EU and reflects a substantial increase in risk, and in particular geopolitical risk. The unexpected result from the referendum increases the odds of a falling apart of the EU or at least a few of its parts. For the period, the EU markets fell by nearly 6 per cent in local currency terms (MSCI), with the Nordic region 7 per cent lower. Among the weakest major European bourses were Italy (-25%) and Spain (-15%), both dragged down by the weak banking sector. In Sweden, the equity market declined by 8 per cent. The North American region, on the other hand, rose by almost 3 per cent (USA + 2 per cent, Canada + 6 per cent) while the Pacific region ex Japan ended the period down 2%. The Japanese market fell by massive 20% as the yen appreciated.

For the first six months of 2016, the world index decreased by 1.92% in local currency terms and by 0.34% in Swedish krona terms.

The Fund (performance review)

As of 30th June 2016, the Swedish equity exposure amounted to 10.15%, international equity exposure amounted to 11.47%, bonds amounted to 60.68% and cash and other assets amounted to 13.86% of total net asset value. The Fund's equity exposure hence decreased during the first half of the year from approximately 31% to 22%, in large part due to inflows. The duration of the bond portfolio at the end of the period was 0.99 years.

Some changes were made in the equity portfolio during the first six months of 2016. An initial position in the shares of US company **Charles Schwab** was purchased. Schwab is a premier discount brokerage firm offering securities brokerage and other financial services to individual investors and independent financial advisors. The company maintains a low-cost leadership position and the competitive fees are passed on to advisors and clients, giving Schwab a key advantage in the commoditized financial services industry. New products are being introduced for no additional cost, creating sticky and valuable customer relationships. Revenue growth is primarily driven by Schwab's ability to attract new accounts and assets (assets have more than doubled since the financial crisis), but is also more leveraged than its peers to higher short-term rates. With historical high growth the stock has always been richly valued. If and when interest rates "normalize" the company will get a notable earnings boost. When that will happen nobody knows but in the meantime the underlying business will continue to grow and pay dividends or buy back stock. Further, what turned out to be a short-term trade was made in the Swedish mining and metal producing company **Boliden**. The position was initiated as a deflation play, i.e. a bet that inflation will recover from today's very low levels when growth picks up. The business is also very well run and generates good earnings already despite weak metal prices. After the purchase was made the stock price quickly rose even though there was a general growth scare after the Brexit vote, so the holding was sold after two months and a total return of 12.8%. Part of the proceeds was invested in the Swiss company **Richemont**, which owns several of the world's leading companies in the field of luxury goods, with five key areas: jewellery, watches, writing instruments, leather and accessories, and clothing. Well-known and prestigious brand names such as Cartier, Van Cleef & Arpels, Piaget, Chloé and Montblanc are all part of the group. After a weak second half last year due to a strong Swiss franc, a crackdown on corruption in China (a vital market), overstocking by dealers, as well as sluggish world economic growth and geopolitical uncertainty, the stock price fell. The company still generates plenty of free cash flow and net cash represents approximately 15 % of Richemont's market value, while the price-to-earnings multiple has deflated. While the company has a need for renewed growth, the stock looks cheap. The position in US homebuilder **PulteGroup** was sold with a small loss. Although the housing market in the US is slowly improving, a tightening labour market with shortage in certain skilled professions pushes wages higher and prolongs the time it takes to produce houses, possibly impacting operating margin in a negative way.

In first six months of 2016 the value of the Fund decreased by 1.73%. The main positive contributors to the Fund's performance including foreign exchange movements were Danaher and Volvo. Britvic on the other hand lagged as a consequence of the Brexit vote. Performance from the bond portfolio was positive.

The tail end of the period was dominated by the British vote to leave the EU. However, Brexit does not mean that the UK will leave the EU immediately, but a long period of negotiations (two years or more) will mean more uncertainty. The British economy will likely be hit in a negative way, at least in the short term. But the magnitude of the impact is very uncertain as the biggest negative consequences all relate to speculation about the effect of uncertainty. The global economy should be able to avoid material lasting damage as the Brexit outcome is a “known unknown” for which markets and central banks have had time to prepare. The trading relationships between the UK and the EU and other countries will not change for at least two years. As long as the vote does not turn into a rejection of free trade, the economic consequences should be manageable. For perspective, China is four times larger than the UK and their economic slowdown has so far had relatively modest global impacts. On the other hand, the leave vote reflects the increasing influence of political populism in many western countries following the financial crisis and austerity. Radical and separatist parties elsewhere in Europe could lead to calls for referendums in other countries. So political risk will probably be a recurring feature in Europe, and possibly the US after November’s presidential election, for some time to come. Adding it all up, uncertainty will for the time being stay higher than usual. The world economy is more brittle than usual because of the inability almost everywhere to lower interest rates substantially. Greater use of financial policy should be on the agenda to stimulate economic growth (e.g. South Korea proposed a package of fiscal stimulus at the end of June and Japan is expected to announce a government spending programme in August). There are of course many political hurdles in large-scale fiscal stimulus, so in the meantime the risk-on, risk-off market environment is expected to continue.

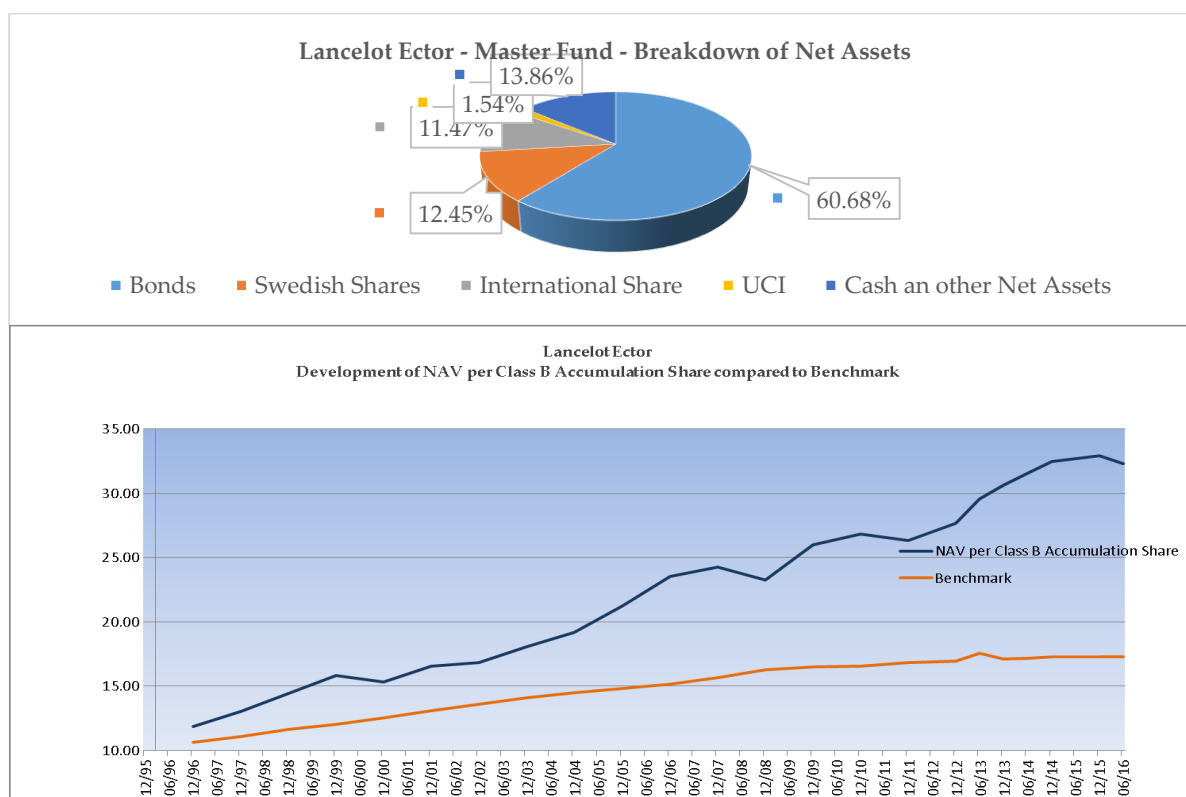
Luxembourg, 4th July 2016

The Board of Directors

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

Lancelot Ector

Graphics



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	-1.73%*	0.00%*

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

**Relating to the period 01/ 01/ 2016 to 30/ 06/ 2016

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 30th June 2016

Assets

Securities portfolio at market value	552,824,952
Cash at banks	88,823,597
Receivable on issues of shares	97,251
Income receivable on portfolio	874,583
Unrealised gain on forward foreign exchange contracts	1,202,317
Other receivables	197,273
Prepaid expenses	57,050
Total assets	644,077,023

Liabilities

Bank overdrafts	5,646
Payable on purchases of securities	1,233,624
Expenses payable	898,044
Other liabilities	165,463
Total liabilities	2,302,777

Net assets at the end of the period 641,774,246

Number of Class B Accumulation Shares outstanding	16,121,073.351
Net asset value per Class B Accumulation Share	32.34
Number of Class B Dividend Shares outstanding	6,161,236.969
Net asset value per Class B Dividend Share	19.53

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 2016 to 30th June 2016

Income

Dividends, net	3,316,034
Interest on bonds and other debt securities, net	2,029,189
Total income	5,345,223

Expenses

Management fees	3,243,025
Banking charges and other fees	4
Transaction fees	124,193
Central administration costs	426,835
Professional fees	74,223
Other administration costs	74,297
Subscription duty ("taxe d'abonnement")	160,719
Interest paid on bank overdrafts	113,345
Other expenses	134,333
Total expenses	4,350,974

Net investment income	994,249
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Net realised gain/(loss)

- on securities portfolio	18,601,468
- on forward foreign exchange contracts	2,971,863
- on foreign exchange	-296,968

Realised result	22,270,612
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Net variation of the unrealised gain/(loss)

- on securities portfolio	-30,911,759
- on forward foreign exchange contracts	-1,959,542

Result of operations	-10,600,689
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Dividends paid	-3,900,292
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Subscriptions	75,398,099
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Redemptions	-40,320,836
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Total changes in net assets	20,576,282
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Total net assets at the beginning of the period	621,197,964
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Total net assets at the end of the period	641,774,246
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The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statistical information (in SEK)

as at 30th June 2016

Total net assets

- as at 30.06.2016	641,774,246
- as at 31.12.2015	621,197,964
- as at 31.12.2014	604,761,793

Number of Class B Accumulation Shares

- outstanding at the beginning of the period	14,913,851.588
- issued	2,330,946.967
- redeemed	-1,123,725.204
- outstanding at the end of the period	16,121,073.351

Net asset value per Class B Accumulation Share

- as at 30.06.2016	32.34
- as at 31.12.2015	32.91
- as at 31.12.2014	32.46

Number of Class B Dividend Shares

- outstanding at the beginning of the period	6,355,576.535
- issued	0.000
- redeemed	-194,339.566
- outstanding at the end of the period	6,161,236.969

Net asset value per Class B Dividend Share

- as at 30.06.2016	19.53
- as at 31.12.2015	20.50
- as at 31.12.2014	20.84

Dividend paid

Ex-dividend date	27.01.2016
Dividend per share	0.615
Shares outstanding at dividend date	6,341,937.692

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

Lancelot Ector - Master Fund

Statement of investments and other net assets (in SEK)

as at 30th June 2016

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					
Automobiles and components					
SEK	311,000	Volvo AB B	28,745,420	25,813,000	4.02
Banks					
SEK	186,000	Skandinaviska Enskilda Banken A	14,666,359	13,568,700	2.11
Capital goods					
USD	27,700	Danaher Corp	15,508,940	23,727,713	3.70
SEK	152,000	SKF AB B	22,879,069	20,383,200	3.18
			<u>38,388,009</u>	<u>44,110,913</u>	<u>6.88</u>
Consumer durables and apparel					
CHF	13,500	Cie Financière Richemont SA	6,609,676	6,666,620	1.04
SEK	57,610	Electrolux AB B	11,608,819	13,163,885	2.05
			<u>18,218,495</u>	<u>19,830,505</u>	<u>3.09</u>
Diversified financials					
USD	36,000	Charles Schwab Corp	8,168,122	7,727,685	1.20
Food and drug retailing					
USD	19,000	Walgreens Boots Alliance Inc	8,813,467	13,418,282	2.09
Food, beverage and tobacco					
GBP	333,780	Britvic Plc	14,928,104	22,081,642	3.44
Investment companies					
SEK	169,990	Ratos AB B	8,093,056	6,971,290	1.09
Total shares			<u>140,021,032</u>	<u>153,522,017</u>	<u>23.92</u>
Bonds					
Corporate bonds					
SEK	20,000,000	Castellum AB FRN MTN Ser 104 13/ 26.09.18	20,099,000	20,190,100	3.14
SEK	10,000,000	Castellum AB FRN Sen 15/ 13.03.20	10,000,000	9,811,350	1.53
SEK	6,000,000	Husqvarna AB FRN MTN Sen 16/ 03.05.19	6,000,000	6,031,830	0.94
SEK	10,000,000	Husqvarna AB FRN Sen 12/ 28.11.17	10,000,000	10,229,100	1.59
SEK	10,000,000	Jernhusen AB 2.375% Ser 102 13/ 23.04.18	10,310,867	10,402,000	1.62
SEK	17,000,000	Jernhusen AB FRN Ser 104 13/ 19.09.23	17,665,210	16,673,600	2.60
SEK	20,000,000	Specialfastigheter Sverige AB FRN EMTN Sen 14/ 23.06.20	20,000,000	20,018,000	3.12
SEK	30,000,000	Sveaskog AB FRN DMTN 14/ 22.01.20	30,000,000	29,851,800	4.65
SEK	25,000,000	Sveaskog AB FRN Sen 14/ 30.10.23	25,000,000	24,050,875	3.75
SEK	7,000,000	Willhem AB 0.7% Sen 15/ 11.02.19	6,996,570	7,037,730	1.10
			<u>156,071,647</u>	<u>154,296,385</u>	<u>24.04</u>

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 30th June 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Financial Institution bonds					
SEK	30,000,000	Danske Bank A/ S 2% EMTN Reg S Ser 532 14/ 23.05.19	31,311,900	31,385,100	4.89
SEK	25,000,000	Lansforsakringar Bank 0.6175% Ser 784 16/ 10.05.19	25,084,750	25,168,000	3.92
SEK	20,000,000	Nordea Hypotek AB 2% Ser 5529 12/ 20.06.18	20,892,800	20,887,000	3.25
SEK	15,000,000	SBAB Bank AB FRN EMTN Sen 12/ 23.03.17	15,158,100	15,155,700	2.36
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 13/ 11.10.18	25,000,000	25,196,375	3.93
SEK	10,000,000	SBAB Bank AB FRN MTN Sub Ser B 16/ 17.06.Perpetual	10,000,000	9,832,750	1.53
SEK	20,000,000	Stadshypotek AB 3% Ser SH1581 12/ 19.12.18	21,550,600	21,543,000	3.36
SEK	20,000,000	Swedish Export Credit FRN EMTN Sen 12/ 15.08.16	20,000,000	20,010,500	3.12
			168,998,150	169,178,425	26.36
Municipal bonds					
SEK	15,000,000	Gothenburg (City of) FRN EMTN Sen 15/ 09.09.19	15,030,450	15,063,675	2.35
SEK	20,000,000	Gothenburg (City of) FRN EMTN Ser 1013 14/ 20.06.19	20,012,000	20,123,400	3.13
SEK	30,000,000	Kommuninvest I Sverige AB 1% Ser K 1806 14/ 20.06.18	30,726,900	30,781,050	4.80
			65,769,350	65,968,125	10.28
Total bonds			390,839,147	389,442,935	60.68
<u>Open-ended investment funds</u>					
Tracker funds (UCI)					
Investment funds					
SEK	100,000	XACT BEAR Units Dist	10,367,501	9,860,000	1.54
Total tracker funds (UCI)			10,367,501	9,860,000	1.54
Total investments in securities			541,227,680	552,824,952	86.14
Cash at banks				88,823,597	13.84
Bank overdrafts				-5,646	0.00
Other net assets/ liabilities				131,343	0.02
Total				641,774,246	100.00

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.

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 Custodian Bank 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 sales of securities

The net realised gain/ (loss) on sales of securities 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.

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2016

e) Exchange translation

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

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

1	SEK	=	0.1149196	CHF	Swiss Franc
			0.1062814	EUR	Euro
			0.0884270	GBP	Pound Sterling
			0.1179085	USD	US Dollar

f) Investment income

Dividend income is recognised on an ex-dividend basis and is recorded 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 recorded in the statements of net assets. Net variation of the unrealised gain/ (loss) and the net realised gain/ (loss) are recorded 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 Company relating to purchases or sales of securities and of fees relating to liquidation of transactions paid to the Depositary bank.

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. No subscription fee is charged.

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

Note 3 - Management Company

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.

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Notes to the financial statements (continued)

as at 30th June 2016

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

Note 4 - Performance fee

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.

Since 1st January 2016, the new 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 SICAV.

On 1st January 2016, the Benchmark return was determined by interpolating between the market rate of the Swedish Treasury Bond 1050 with maturity in July 2016 and the market rate of the Swedish Treasury Bond 1051 with maturity in August 2017 (the "Market Rates"), where both are converted from 30/360 to actual/360 day convention. As per this methodology, the Benchmark reference rate is -0.488% for the year 2016. Therefore, the benchmark return shall be 0 percent for the year 2016.

Until 31st December 2015, the Benchmark return was in the case of the Lancelot Ector - Master Fund the twelve months' interest on Swedish Treasury Bills at 31st December of the prior year, as published in the financial media or a corresponding benchmark which is generally recognized, auditable and approved by the Board of Directors, should no twelve months Swedish Treasury Bills be in issue at this date. Negative performances, if any, were not carried forward or taken into consideration.

At the date of the report, no performance fee was recorded for Sub-Fund.

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.

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2016

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

Note 6 - Withholding tax refund

The Company has claimed withholding taxes in Sweden for the years 2010 and 2011. Since 2012 the Swedish State has discontinued the former withholding tax on dividends of Swedish issuers paid to EU resident funds such as Lancelot Ector.

The Company has claimed withholding taxes in Norway for the period from 2008 to 2013 and in Finland for the years 2009 to 2013. During the first half of 2016, 17,585.68 EUR has been received on 16th.April.2016 in relation to withholding taxes claim in Finland.

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

The Company is governed by Luxembourg law.

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

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

Note 8 - Forward foreign exchange contracts

As at 30th June 2016, the following 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)
SEK	1,234,276.66	CHF	141,767.52	31.08.2016	-385
SEK	2,421,545.92	CHF	279,483.82	31.08.2016	-12,496
SEK	2,959,056.69	CHF	338,677.37	31.08.2016	9,494
SEK	19,273,860.74	GBP	1,590,291.90	31.08.2016	1,326,595
SEK	620,686.84	GBP	52,453.00	31.08.2016	28,728
SEK	3,639,397.50	GBP	300,000.00	31.08.2016	253,743
SEK	685,783.95	GBP	58,443.00	31.08.2016	26,224
SEK	30,750,575.53	USD	3,708,463.04	31.08.2016	-624,177
SEK	8,223,499.00	USD	1,000,000.00	31.08.2016	-236,813

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Notes to the financial statements (continued)

as at 30th June 2016

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in SEK)
USD	167,788.00	SEK	1,388,944.70	31.08.2016	30,594
USD	353,585.00	SEK	3,004,199.59	31.08.2016	-12,760
USD	196,872.00	SEK	1,634,998.34	31.08.2016	30,600
USD	98,609.00	SEK	817,998.73	31.08.2016	16,264
USD	1,000,000.00	SEK	8,093,606.00	31.08.2016	366,706
					<u>1,202,317</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.

Lancelot Asset Management AB
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