

**Audited annual report for the period  
from 26th April 2011 (date of incorporation )  
to 31st December 2011**

**ETHOS FUND**

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

#### 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**

**Contents**

---

**Organisation.....2**

**General information .....4**

**Report from the Investment Manager.....5**

**Audit Report .....7**

**Consolidated statement of net assets .....9**

**Consolidated statement of operations and other changes in net assets .....10**

**ETHOS FUND - Ethos Global Equities .....11**

    Statement of net assets ..... 11

    Statement of operations and other changes in net assets ..... 12

    Statistical information ..... 13

    Statement of investments and other net assets ..... 14

    Industrial and geographical classification of investments ..... 16

**Notes to the financial statements .....18**

# ETHOS FUND

## Organisation

---

### Management Company and Central Administration

SEB Fund Services S.A.  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg

### Board of Directors of the Management Company

**Chairman**  
Niklas NYBERG  
Global Head of GTS Financial Institutions  
SEB Merchant Banking, Sweden

**Vice-Chairman**  
William PAUS  
Managing Director  
Skandinaviska Enskilda Banken AB (publ), Oslo Branch, Norway

**Directors**  
Ralf ENCE  
Senior Adviser  
SEB Merchant Banking, Sweden  
(until 20th September 2011)

Jan HEDMAN  
Global Head of Fund Execution,  
SEB Merchant Banking, Sweden

Rudolf KÖMEN  
Managing Director  
SEB Asset Management S.A., Luxembourg

Ann-Charlotte LAWYER  
Managing Director  
SEB Fund Services S.A., Luxembourg

Jonas LINDGREN  
Head of Prime Brokerage  
SEB Enskilda, Securities Finance, Sweden

### Sub-Administrator, Registrar and Transfer Agent

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

### Custodian Bank

Skandinaviska Enskilda Banken S.A.  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg

### Paying Agent

**In Sweden**  
Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8  
SE-106 40 Stockholm

**In Luxembourg**  
Skandinaviska Enskilda Banken S.A.  
6a, Circuit de la Foire Internationale  
L-1347 Luxembourg

## **ETHOS FUND**

### **Organisation (continued)**

---

**Investment Manager**

SAM Sustainable Asset Management AG  
Josefstraße 218  
CH-8005 Zürich

**Distributor and Promoter**

Skandinaviska Enskilda Banken AB (publ)  
Kungsträdgårdsgatan 8  
SE-106 40 Stockholm

**Auditor of the Fund and  
the Management Company**

PricewaterhouseCoopers S.à r.l.  
400, Route d'Esch  
L-1471 Luxembourg

## ETHOS FUND

### General information

ETHOS FUND (hereafter the "Fund") is an umbrella mutual investment fund qualified as an undertaking for collective investment in transferable securities under the Council Directive 2009/ 65/ EC. The Fund is governed by Part I of the Law of 17th December 2010 relating to Undertakings for Collective Investment since 1st July 2011 and was governed by Part I of the modified Law of 20th December 2002 until 30th June 2011. 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 Fund's assets are the undivided joint property of the unitholders and are separate from the assets of the management company, SEB Fund Services S.A. (the "Management Company").

A notice of the deposit of the Management Regulations was published on 6th May 2011 in the "*Mémorial, Recueil des Sociétés et Associations*" (the "*Mémorial C*"). The Management Regulations are deposited with the "*Registre de Commerce et des Sociétés*", where they may be inspected and copies obtained.

At the date of the report, 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 report, the classes IC (SEK), ID (SEK) and IC (EUR) 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 and Sweden.

The financial year of the Fund starts on 1st January and ends on 31st December in each year, and for the first time on 31st December 2011. This report is the first annual report and covers the period from 26th April 2011 (date of incorporation) to 31st December 2011.

The audited annual reports and the unaudited semi-annual reports comprise consolidated financial statements of the Fund expressed in SEK, being the reference currency of the Fund, and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

Copies of the Management Regulations, of the current Prospectus and Simplified Prospectus and of the latest reports of the Fund may be obtained free of charge at the registered office of the Management Company.

### 1. Market review

The year 2011 has seen major historic events, both politically and environmentally, affecting financial markets. In the first half of the year, radical political changes started to spread out from Tunisia to a number of countries in Northern Africa and the Middle East. In countries such as Libya and Bahrain the situation escalated and threatens to turn into long-lasting military conflicts. In addition, Australia and Japan were victims of extreme natural disasters whose full measure of damage only is difficult to capture. Furthermore, the debate about the European sovereign debt crisis and potential contagion over the rest of Europe continued to keep markets volatile.

The second half of 2011 was characterized by an unprecedented event; namely the US debt downgrade by Standard & Poor's. The credit rating agency has downgraded the long-term federal debt from AAA to AA+ and has put the new grade on negative outlook, meaning the U.S. has little chance of regaining the top rating in the near term. As expected the US downgrade has triggered a sharp sell-off in equity markets and volatility climbed to its highest level since 2009.

Following these events, risk aversion among investors rose putting pressure on interest rates in Europe, particularly in Italy and Spain where yields approached unsustainable levels. The European Central Bank reacted by implementing an emergency bond purchase program to fight the euro zone's debt crisis and since then spreads are gradually recovering. However, the bond-buying program is clearly a palliative and more long-term fundamental solutions to the sovereign crisis are needed to re-establish financial stability and credibility in the EU.

Economic data released over the year, have shown a slowdown in the global economy. The Composite leading indicators, designed to anticipate turning points in economic activity relative to trend, confirm a slowdown in economic activity in most OECD countries also over the last quarter. The slowdown however, is less than markets have anticipated and in some countries like the US, the economy is holding up. Particularly important is the US job market data showing signs of stabilization. The latest available figures for November 2011 show the unemployment rate falling to 8.6%, the lowest since March 2009.

### 2. Performance review

Based on net asset value, which fell from SEK 100.00 to SEK 92.73, the investment result was -7.27% for the period covered<sup>1</sup>. Overall portfolio allocation was pretty defensive for the entire year, with overweight position (relative to benchmark DJSI World Index) in defensive sectors such as Healthcare and Consumer Staples while underweight positions in Consumer Discretionary, Material and Energy.

Performance has had a negative contribution from exposure in more cyclical sectors such as Industrial, Consumer Discretionary and Information Technology. Companies in this space have higher earnings cyclicity and tend to suffer most in the event of a global slowdown. In addition, performance of healthcare stocks was also weak and in particular for drug generics companies. The sell-off in this area was driven by the release of the US debt ceiling-deficit plan which includes provision for cut to Medicare reimbursement.

A positive contribution came from stock selection within the financial sector. Our defensive portfolio positioning has benefited from having higher exposure in insurance companies while avoiding exposure in large US and European banks heavily affected by the financial crisis.

---

<sup>1</sup> Period covered for Performance start in 06.05.2011 until 30.12.2011

# ETHOS FUND

## Report from the Investment Manager (continued)

The table below lists the best and worst contributors to active returns. Positive contributors include US healthcare companies Health Net and Pfizer, Canadian telecommunication Telus, Energy company Repsol and US consumer Staple Kimberly Clark. The worst performance contribution came from exposure in industrial companies Travis Perkins and Mitsui OSK Lines, US IT company Hewlett Packard, Canadian mining company Sherritt International and Energy company Forest Oil.

### Attribution Report

Asset Level - Major Contributors

Asset Name	Primary Industry	Region	Average Weight(%)			Contribution (% Return)			
			Managed	Benchmark	Active	Total	Active	Within Sector	Asset Selection
<b>Best Performers Active Return</b>									
PFIZER INC	Pharmaceuticals & Life Sciences	Americas	2.93	0.00	2.93	0.78	0.91	0.81	0.15
TELUS CORP	Telecommunication Services	Americas	2.44	0.00	2.44	0.64	0.73	0.49	0.26
REPSOL SA (RG) (EUR)(R)	Oil Gas & Consumable Fuels	Europe	3.50	0.29	3.21	0.51	0.65	0.46	0.45
HEALTH NET INC	Health Care Equipment & Services	Americas	2.68	0.00	2.68	0.40	0.52	0.40	0.04
KIMBERLY CLARK CORP	Household & Personal Products	Americas	1.76	0.00	1.76	0.45	0.50	0.35	-0.08
<b>Worst Performers Active Return</b>									
TRAVIS PERKINS	Capital Goods	Europe	2.99	0.00	2.99	-0.69	-0.53	-0.75	-0.22
MITSUMI O.S.K.LINES	Transportation Non-Airline	Pacific Rim	1.09	0.00	1.09	-0.59	-0.53	-0.63	-0.32
HEWLETT PACKARD CO	Computers & Electronics	Americas	2.54	0.72	1.81	-1.13	-0.59	-0.75	-0.54
FOREST OIL CORP	Oil & Gas Exploration	Americas	1.03	0.00	1.03	-0.68	-0.67	-0.56	-0.60
SHERRITT INTL CORP	Aluminum & Diversified Metals & Mining	Americas	3.06	0.00	3.06	-1.25	-1.08	-1.22	-0.10
Total			100.00	22.85	77.15	-4.37	-0.26	-5.62	1.38

Source: SAM, Barra Aegis Performance Analysis

### 3. Market Outlook

We expect global equity markets to remain fragile over the next months as the manufacturing and consumer confidence indices continue to deteriorate. In addition, western governments are undertaking austerity measures aiming to contain the high debt levels and further meaningful government induced stimulus programs appear unlikely.

The Federal Reserve and European Central Bank will continue with an accommodative monetary policy for the foreseeable future. Meanwhile, any new quantitative easing programs would likely have a limited impact on the real economy, besides leading to further commodity price inflation. Given the unresolved issues of the sovereign debt crisis, we continue to maintain a cautious stance towards the overall markets.

Despite our caution outlook, from valuation perspective we see attractive investment opportunities in global equity markets. The current valuation level of companies in the portfolio is attractive, and the fund should benefit from its positioning in companies that offer growth at a reasonable price. The investment strategy remains focused on investing in sustainable companies with attractive valuations and a stable earnings outlook.

Luxembourg, 7th February 2012

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**

---

We have audited the accompanying financial statements of ETHOS FUND, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2011 and the statement of operations and other changes in net assets for the period from 26th April 2011 (date of incorporation) to 31st December 2011, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the Management Company for the financial statements*

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

### *Responsibility of the "Réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the "Réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the "Réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

*PricewaterhouseCoopers S.à r.l., 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, www.pwc.lu*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°00123693)  
R.C.S. Luxembourg B 65 477 - Capital social EUR 516 950 - TVA LU17564447*



**Audit Report (continued)**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

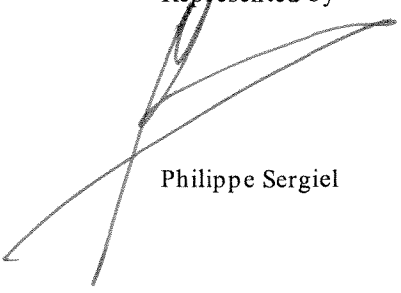
In our opinion, the financial statements give a true and fair view of the financial position of ETHOS FUND as of 31st December 2011, and of the results of its operations and changes in its net assets for the period from 26th April 2011 (date of incorporation) to 31st December 2011 in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

*Other matters*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, 6th April 2012



Philippe Sergiel

## ETHOS FUND

### Consolidated statement of net assets (in SEK)

as at 31st December 2011

#### Assets

Securities portfolio at market value	918,878,779.60
Cash at banks	29,280,313.15
Formation expenses, net	351,186.99
Receivable on issues of units	154,999.96
Income receivable on portfolio	965,371.46

---

Total assets	949,630,651.16
--------------	----------------

---

#### Liabilities

Interest on bank liabilities and expenses payable	1,161,871.81
---	--------------

---

Total liabilities	1,161,871.81
-------------------	--------------

---

Net assets at the end of the year	948,468,779.35
-----------------------------------	----------------

---

---

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

## ETHOS FUND

### Consolidated statement of operations and other changes in net assets (in SEK) from 26th April 2011 to 31st December 2011

#### **Income**

Dividends, net	12,493,302.08
Interest on bank accounts	243,944.63
Other income	53,624.47
Total income	12,790,871.18

#### **Expenses**

Management fees	2,292,906.19
Transaction fees	73,725.06
Central administration costs	608,466.69
Professional fees	91,021.93
Other administration costs	431,500.25
Subscription duty ("taxe d'abonnement")	54,662.53
Other expenses	53,511.35
Total expenses	3,605,794.00

Net investment income	9,185,077.18
-----------------------	--------------

#### **Net realised gain/(loss)**

- on securities portfolio	-17,023,474.79
- on foreign exchange	-7,356,911.21
Realised result	-15,195,308.82

#### **Net variation of the unrealised gain/(loss)**

- on securities portfolio	-56,662,489.12
Result of operations	-71,857,797.94

Subscriptions	1,076,258,932.29
---------------	------------------

Redemptions	-55,932,355.00
-------------	----------------

Total changes in net assets	948,468,779.35
-----------------------------	----------------

Total net assets at the beginning of the year	-
---	---

Total net assets at the end of the year	948,468,779.35
---	----------------

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

## ETHOS FUND - Ethos Global Equities

### Statement of net assets (in SEK)

as at 31st December 2011

#### Assets

Securities portfolio at market value	918,878,779.60
Cash at banks	29,280,313.15
Formation expenses, net	351,186.99
Receivable on issues of units	154,999.96
Income receivable on portfolio	965,371.46
Total assets	949,630,651.16

#### Liabilities

Interest on bank liabilities and expenses payable	1,161,871.81
Total liabilities	1,161,871.81
Net assets at the end of the year	948,468,779.35

IC (EUR) units outstanding	3,017,938.461
Net asset value per IC (EUR) unit	EUR 9.52
IC (SEK) units outstanding	7,024,895.221
Net asset value per IC (SEK) unit	92.73
ID (SEK) units outstanding	444,050.002
Net asset value per ID (SEK) unit	93.01

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 26th April 2011 to 31st December 2011

#### **Income**

Dividends, net	12,493,302.08
Interest on bank accounts	243,944.63
Other income	53,624.47
Total income	12,790,871.18

#### **Expenses**

Management fees	2,292,906.19
Transaction fees	73,725.06
Central administration costs	608,466.69
Professional fees	91,021.93
Other administration costs	431,500.25
Subscription duty ("taxe d'abonnement")	54,662.53
Other expenses	53,511.35
Total expenses	3,605,794.00

Net investment income	9,185,077.18
-----------------------	--------------

#### **Net realised gain/(loss)**

- on securities portfolio	-17,023,474.79
- on foreign exchange	-7,356,911.21
Realised result	-15,195,308.82

#### **Net variation of the unrealised gain/(loss)**

- on securities portfolio	-56,662,489.12
Result of operations	-71,857,797.94

Subscriptions	1,076,258,932.29
---------------	------------------

Redemptions	-55,932,355.00
-------------	----------------

Total changes in net assets	948,468,779.35
-----------------------------	----------------

Total net assets at the beginning of the year	-
---	---

Total net assets at the end of the year	948,468,779.35
---	----------------

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

## ETHOS FUND - Ethos Global Equities

### Statistical information (in SEK)

as at 31st December 2011

<b>Total net assets</b>	
- as at 31.12.2011	948,468,779.35
<b>Number of IC (EUR) units outstanding</b>	
- outstanding at the beginning of the year	0.000
- issued	3,017,938.461
- redeemed	0.000
<hr/>	<hr/>
- outstanding at the end of the year	3,017,938.461
<b>Net asset value per IC (EUR) unit</b>	
- as at 31.12.2011	EUR 9.52
<b>Number of IC (SEK) units outstanding</b>	
- outstanding at the beginning of the year	0.000
- issued	* 7,625,995.221
- redeemed	-601,100.000
<hr/>	<hr/>
- outstanding at the end of the year	7,024,895.221
<b>Net asset value per IC (SEK) unit</b>	
- as at 31.12.2011	92.73
<b>Number of ID (SEK) units outstanding</b>	
- outstanding at the beginning of the year	0.000
- issued	444,050.002
- redeemed	0.000
<hr/>	<hr/>
- outstanding at the end of the year	444,050.002
<b>Net asset value per ID (SEK) unit</b>	
- as at 31.12.2011	93.01

\*Including 5,399,984.994 units issued in counterpart of the contribution in kind as at 6th May 2011.

## ETHOS FUND - Ethos Global Equities

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

as at 31st December 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b>Investments in securities</b>					
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
AUD	156,700	National Australia Bank Ltd	27,639,114.94	25,737,403.27	2.71
AUD	89,300	Westpac Banking Corp	13,520,833.19	12,557,533.55	1.32
			41,159,948.13	38,294,936.82	4.03
CHF	71,560	Nestlé SA Reg	28,150,956.52	28,342,719.00	2.99
CHF	30,774	Roche Holding AG B de jous Pref	32,120,548.00	35,933,906.40	3.79
CHF	10,000	Swisscom SA Reg	25,533,510.74	26,103,900.62	2.75
CHF	17,000	Zurich Financial Services AG Reg	27,618,438.58	26,496,302.61	2.79
			113,423,453.84	116,876,828.63	12.32
EUR	30,200	Adidas AG Reg Share	14,909,823.00	13,518,867.21	1.43
EUR	12,000	Allianz SE Reg	10,738,644.73	7,899,422.15	0.83
EUR	77,850	Axa SA	10,668,269.61	6,964,972.93	0.73
EUR	44,100	Cie de Saint-Gobain SA	17,460,986.90	11,651,821.35	1.23
EUR	32,250	Deutsche Bank AG Reg	12,176,940.69	8,454,825.22	0.89
EUR	1,632,000	Enel Green Power S.p.A.	24,378,566.42	23,460,353.93	2.47
EUR	40,200	Henkel AG & Co KGaA Pref	17,871,497.77	15,965,201.36	1.68
EUR	75,000	Koninklijk DSM NV	22,935,683.20	23,947,561.56	2.52
EUR	16,000	Munich Reinsurance Co Rest Transferability	15,776,441.47	13,506,647.38	1.42
EUR	130,500	Philips Electronics NV	22,464,140.96	18,922,381.19	2.00
EUR	12,600	Puma SE	25,260,438.01	25,250,148.59	2.66
EUR	859,200	Snam SpA	32,191,520.31	26,064,523.33	2.75
EUR	134,400	Unilever NV Certif of Shares	27,960,031.13	31,805,461.24	3.35
EUR	66,680	Zumtobel AG	9,906,682.07	6,363,537.99	0.67
			264,699,666.27	233,775,725.43	24.63
GBP	59,200	AstraZeneca Plc	18,739,079.32	18,775,563.09	1.98
GBP	232,799	Aviva Plc	10,436,575.80	7,465,230.73	0.79
GBP	162,700	BG Group Plc	23,257,217.58	23,875,257.41	2.52
GBP	965,893	BT Group Plc	19,520,925.21	19,657,090.71	2.07
GBP	719,450	Barclays Plc	19,286,558.29	13,502,710.05	1.42
GBP	1	GlaxoSmithKline Plc	134.19	156.92	0.00
GBP	1,064,550	Legal & General Group Plc	13,028,229.32	11,666,577.57	1.23
GBP	22,878	Reckitt Benckiser Group Plc	8,155,436.58	7,755,851.22	0.82
GBP	332,800	Travis Perkins Plc	34,967,254.42	28,223,300.22	2.98
			147,391,410.71	130,921,737.92	13.81
JPY	695,000	Marubeni Corp	31,532,964.11	29,052,567.14	3.06
JPY	339,000	Mitsui OSK Lines Ltd	11,840,141.40	9,004,152.22	0.95
			43,373,105.51	38,056,719.36	4.01
NOK	189,750	DNB ASA	16,413,016.92	12,770,560.47	1.35
SEK	70,300	Boliden AB	8,194,285.16	7,065,150.00	0.75
SEK	167,600	Svenska Cellulosa SCA ABB	15,739,219.32	17,095,200.00	1.80
			23,933,504.48	24,160,350.00	2.55
USD	28,750	Canadian Imp Bk of Commerce	14,540,276.81	14,270,260.40	1.50
USD	110,400	Corning Inc	13,151,323.91	9,828,318.96	1.04
USD	157,400	Dell Inc	16,284,802.60	15,793,723.50	1.67
USD	79,950	Hartford Fin Serv Gr Inc (The)	13,582,735.41	8,910,607.41	0.94
USD	129,400	Health Net Inc	26,225,648.47	26,997,836.47	2.85
USD	137,700	Hewlett-Packard Co	31,790,140.15	24,328,496.78	2.57
USD	21,600	IBM Corp	23,486,210.28	27,241,042.43	2.87
USD	116,200	Johnson Controls Inc	27,328,569.00	24,913,261.02	2.63
USD	45,100	Kimberly-Clark Corp	19,067,804.86	22,753,789.65	2.40
USD	95,000	Kroger Co	15,107,166.28	15,780,952.79	1.66

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 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	115,000	Microsoft Corp	19,037,027.40	20,475,664.50	2.16
USD	120,200	Mylan Inc	16,950,646.69	17,691,703.88	1.87
USD	172,700	Pfizer Inc	22,129,771.72	25,632,152.04	2.70
USD	36,100	Procter & Gamble Co	14,675,932.05	16,517,093.18	1.74
USD	76,300	Teva Pharma Ind Ltd ADR repr 1 Share	23,198,284.30	21,120,839.29	2.23
			<u>296,556,339.93</u>	<u>292,255,742.30</u>	<u>30.83</u>
<b>Total shares</b>			946,950,445.79	887,112,600.93	93.53
<b><u>Other transferable securities</u></b>					
<b>Shares</b>					
CAD	81,800	Telus Corp shares Non Canadian	28,590,822.93	31,766,178.67	3.35
<b>Total shares</b>			<u>28,590,822.93</u>	<u>31,766,178.67</u>	<u>3.35</u>
Total investments in securities			<u>975,541,268.72</u>	<u>918,878,779.60</u>	<u>96.88</u>
Cash at banks				29,280,313.15	3.09
Other net assets/ (liabilities)				309,686.60	0.03
Total				<u><u>948,468,779.35</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 2011

---

#### Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	12.57 %
Banks	9.19 %
Insurance	8.73 %
Household and personal products	8.44 %
Telecommunication services	8.17 %
Technology hardware and equipment	8.15 %
Capital goods	7.94 %
Food and beverage	6.34 %
Consumer durables and apparel	6.09 %
Utilities	5.22 %
Materials	3.27 %
Health care equipment and services	2.85 %
Automobiles and components	2.63 %
Energy	2.52 %
Software and services	2.16 %
Retailing	1.66 %
Transportation	0.95 %
Total	<u>96.88 %</u>

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

## ETHOS FUND - Ethos Global Equities

### Industrial and geographical classification of investments (continued)

as at 31st December 2011

#### Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	27.10 %
United Kingdom	13.81 %
Switzerland	12.32 %
Germany	8.91 %
The Netherlands	7.87 %
Italy	5.22 %
Canada	4.85 %
Australia	4.03 %
Japan	4.01 %
Sweden	2.55 %
Israel	2.23 %
France	1.96 %
Norway	1.35 %
Austria	0.67 %
Total	<u>96.88 %</u>

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

## **ETHOS FUND**

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

as at 31st December 2011

---

#### **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.

##### **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 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.

##### **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.

## ETHOS FUND

### Notes to the financial statements (continued)

as at 31st December 2011

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

1	SEK	=	0.1422254	AUD	Australian Dollar
			0.1484268	CAD	Canadian Dollar
			0.1363398	CHF	Swiss Franc
			0.8344633	DKK	Danish Krona
			0.1122766	EUR	Euro
			0.0938028	GBP	Pound Sterling
			11.2194905	JPY	Japanese Yen
			0.8699589	NOK	Norwegian Krona
			0.1458023	USD	US Dollar

#### f) Consolidation

The consolidated financial statements of the Fund are expressed in SEK and are equal to the sum of the corresponding captions in the financial statements of the Sub-fund.

#### g) Formation expenses

Expenses incurred in connection with the establishment of the Fund are amortised over a period of five years.

Formation expenses are included in the caption "Other expenses" in the statement of operations and other changes in net assets.

#### h) 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.

#### i) Transaction fees

Transaction fees incurred by the Fund relating to purchase or sale of securities are included in the transaction price used to calculate the realised and unrealised gain/ (loss) in the statement of operations and other changes in net assets.

For the period from 1st July 2011 until 31st December 2011 these transaction costs amount to :

- ETHOS FUND - Ethos Global Equities: SEK 709,357.64

Other transaction fees are disclosed in the "Transaction fees" of the statement of operations and other changes in net assets. They are mainly composed of fees paid to the Custodian Bank.

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

No subscription, redemption or conversion fees are charged.

## **ETHOS FUND**

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

as at 31st December 2011

#### **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.

At the date of the report, 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.

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

#### **Note 5 - Central administration cost**

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 Custodian.

At the date of the report, 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.

#### **Note 6 - Promoter Fee**

The Promoter 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".

## **ETHOS FUND**

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

as at 31st December 2011

---

#### **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 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 - Risk management**

In terms of risk management, the Board of Directors of the Fund decided to adopt the commitment approach as a method of determining the global exposure.

#### **Note 9 - Investment management fee of the target funds**

The Sub-Fund did not invest in any UCITS / other UCI's during the accounting year ending as at 31st December 2011.

#### **Note 10 - Changes in the investment portfolio**

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

#### **Note 11 - Subsequent event**

The registered office of the Fund will be transferred to 4, Rue Peternelchen, L-2370 Howald (municipality of Hesperange) with effective date on 1st April 2012.

SAM Sustainable Asset Management AG  
Josefstraße 218  
CH-8005 ZÜRICH  
SWITZERLAND