

# Audited annual report as at 31st December 2012

## **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**

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# ETHOS FUND

## Organisation

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### Management Company and Central Administration

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

### Board of Directors of the Management Company

#### Chairman

Ralf FERNER  
Managing Director  
SEB Asset Management S.A., Luxembourg  
(since 16th November 2012)

Niklas NYBERG  
Global Head of GTS Financial Institutions  
SEB Merchant Banking, Sweden  
(until 15th November 2012)

#### Vice-Chairman

Peter KUBICKI  
Managing Director  
Skandinaviska Enskilda Banken S.A., Luxembourg  
(since 1st June 2012)

William PAUS  
Managing Director  
Skandinaviska Enskilda Banken AB (publ), Oslo Branch, Norway  
(until 31st May 2012)

#### Directors

Göran FORS  
Global Head of GTS Banks and Financial Institutions  
SEB Merchant Banking Sweden  
(since 16th November 2012)

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

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

Jan HEDMAN  
Global Head of Fund Execution  
SEB Merchant Banking, Sweden  
(until 15th November 2012 )

Rudolf KÖMEN  
Managing Director  
SEB Asset Management S.A., Luxembourg  
(until 15th November 2012)

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\* The registered office of all SEB entities in Luxembourg was transferred from 6a, Circuit de la Foire Internationale, L-1347 Luxembourg to 4, rue Peternelchen, L-2370 Howald with effect from 1st April 2012.

## ETHOS FUND

### Organisation (continued)

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**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.\*  
4, rue Peternelchen  
L-2370 Howald

**Paying Agent**

**In Sweden**

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

**In Luxembourg**

Skandinaviska Enskilda Banken S.A.\*  
4, rue Peternelchen  
L-2370 Howald

**Investment Manager**

RobecoSAM AG (formerly 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, Société coopérative  
400, route d'Esch  
L-1471 Luxembourg

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\* The registered office of all SEB entities in Luxembourg was transferred from 6a, Circuit de la Foire Internationale, L-1347 Luxembourg to 4, rue Peternelchen, L-2370 Howald with effect from 1st April 2012.

# ETHOS FUND

## General information

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

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, of the Key Investor Information Document (KIID) and of the latest reports of the Fund may be obtained free of charge at the registered office of the Management Company.

# ETHOS FUND

## Report from the Investment Manager

### 1. Market review

Measured in EUR, the MSCI World Index returned 13.75% in 2012. This is a remarkable return given the challenges and worries that were weighing on capital markets beginning of the year. Investors focus was mainly oriented towards Europe where policy makers continued to struggle in finding a sustainable solution for the structural financial issues within the European Union. In September, the EU finally agreed on the European Stability Mechanism (ESM) as a permanent institution which provides financial assistance to members of the Euro-zone in financial difficulty. The firewall will have a maximum lending capacity of €500 billion and will replace the two existing temporary EU funding programs. The situation in Greece remained a constant threat raising speculation of Greek leaving the Euro-zone. Bond yields of France, Italy and Spain reached record level during summer given a recessionary environment, a decreasing austerity discipline and rising social tensions.

The key trigger for the pleasant equity year 2012 is found in central banks active interventions. With the announcement of the FED and ECB to provide an unlimited amount of liquidity to stabilize the economy and to prevent a banking collapse, the sentiment of investors continuously improved and revived demand for more risky asset classes such as equities. Particular the behavior of the ECB, which officially only has the mandate to control inflation, became a real “game changer”. Draghi’s statements of doing everything necessary to save the Euro and to buy government bonds in an unlimited extent caused equity market to boost while bond yields collapsed. The synchronized quantitative easing was the most relevant stimulus for equity markets even though it went with the cost of central balance sheets expanding to levels never seen in the past.

With a GDP growth of estimated 2.5% global economy grew only modest in 2012. Main contribution came from Emerging Markets, in particular China that on average expanded by approximately 8%. While some indicators partially signaled a drop in China’s manufacturing activities, causing worries of a hard landing scenario, the overall picture clearly tended towards a stabilization scenario at around 7%. The US economy finally experienced a recovery in the housing market, with house prices in some areas reaching the highest levels they have been at for four to six years. Higher house prices resulted in better consumer confidence data and finally in better retail sales. On the other side though, the monthly ISM data fluctuated around the critical level of 50 which separates the economy in contraction and expansion. The unemployment rate stayed closed at the level of 8% and the number of people dependent on government aid (e.g. food-stamps) reached a record number of more than 46 million.

The unusual recovery of global equity markets, which also can be described as a liquidity rally, is also reflected in quite different sector performances. While Financials, Consumer Discretionary and Health Care delivered very strong returns, Energy, Materials and Utilities performed modest or even negative.

### 2. Performance review

Based on net asset value, which rose from SEK 92.73 to SEK 101.32, the investment result was +9.26% for the full year 2012. Overall portfolio allocation was defensive with overweight position (relative to benchmark DJSI World Index) in defensive sectors such as Consumer Staples and Telecommunication while underweight positions in Consumer Discretionary, Material and Energy.

Over the year, stock selection was particularly effective within Financials, Material and Consumer staples stocks whereas selection within IT and Energy stocks has had a negative contribution. Within Financials, in particular, we remained underweighted in the Banking sector relative to the benchmark while overweighting insurance stocks. We avoided exposure in European banks heavily affected by the sovereign debt crisis. Such positioning reflected our cautious view of the banking stocks given tightening regulation and still ongoing de-leveraging process.

# 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, UK Industrial Travis Perkins, Barclays and Legal & General (Financial) and Svenska Cellulosa (Consumer Staples). Worst performance contribution came from exposure in US IT companies Dell and Hewlett Packard, healthcare company Teva Pharmaceutical, Dutch Telecom operator KPN and Italian utility Enel Green Power.

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>									
TRAVIS PERKINS	Capital Goods	Europe	2.62	0.00	2.62	1.07	0.83	1.10	0.35
SVENSKA CELLULOSA	Household & Personal Products	Europe	1.74	0.00	1.74	0.69	0.50	0.66	0.40
LEGAL & GENERAL GROUP	Insurance	Europe	1.46	0.14	1.31	0.61	0.42	0.56	0.09
HEALTH NET INC	Health Care Equipment & Services	Americas	0.46	0.00	0.46	0.59	0.42	0.72	0.45
BARCLAYS	Banks	Europe	1.49	0.48	1.01	0.74	0.42	0.53	0.10
<b>Worst Performers Active Return</b>									
TEVA PHARMACEUTICAL INDS	Pharmaceuticals & Life Sciences	Mideast/Africa	1.92	0.00	1.92	-0.19	-0.43	-0.20	-0.42
DELL INC	Computers & Electronics	Americas	1.26	0.21	1.05	-0.54	-0.50	-0.37	-0.54
KONINKLIJKE KPN NV	Telecommunication Services	Europe	0.49	0.02	0.47	-0.62	-0.63	-0.47	-0.64
ENEL GREEN POWER ORD SHS	Utilities	Europe	1.49	0.00	1.49	-0.64	-0.78	-0.53	-0.38
HEWLETT PACKARD CO	Computers & Electronics	Americas	1.46	0.09	1.38	-0.87	-0.92	-0.74	-0.99

Source: SAM, Barra Aegis Performance Analysis

### 3. Market Outlook

The outlook for the world economy remains mediocre. While global GDP estimations for 2013 vary between 2.5% to 4%, we have a preference for the lower part of that range. This rather cautious perception is based on a more defensive view on Europe. In general, we see no big risk of a global recession, with the US developing moderately positive, mainly driven by a recovery in the housing market and China's leading indicators rebounding. On the other hand, we also struggle to detect a trigger that could stimulate global growth in a more dynamic way. We expect to remain in an environment of ongoing political interventions and low interest rates. This combination allows a modest earning growth and gives equities, compared to other asset classes, a favorable valuation.

From valuation perspective we continue to see attractive investment opportunities in global equity markets and have added those positions in portfolio over the time. Overall, current valuation level of companies in portfolio is attractive, and the fund should benefit from its positioning in companies that offer growth at a reasonable price.

We remain focused on investing in sustainable companies with attractive valuation and stable earnings outlook, and also maintain an underweight in sectors where earnings visibility is lower, namely financials. Our outlook for the financial sector remains cautious as result of the tightening regulation and the ongoing de-leveraging process. Our approach in this space remains very selective with focus on companies with solid cash generation, strong balance sheets and acceptable leverage.



## **ETHOS FUND**

### **Report from the Investment Manager (continued)**

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#### **Important Legal Information**

##### **Switzerland**

The Fund has not been approved for distribution to non qualified investors in or from Switzerland by the Swiss Financial Market Supervisory Authority (FINMA) pursuant to the Swiss Collective Investment Schemes Act of 23 June 2006 (the "CISA") and its implementing regulations. Accordingly, the Fund's Units may only be offered and this publication may only be placed or distributed in Switzerland exclusively to qualified investors (as this term is defined in the CISA and its implementing regulations).

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Luxembourg, 30th January 2013

The Investment Manager

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



## Audit Report

To the Unitholders of  
**ETHOS FUND**

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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 2012 and the statement of operations and other changes in net assets for the year then ended, 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, Société coopérative, 400 Route d'Esch, B.P. 1443, L-1014 Luxembourg  
T: +352 494848 1, F: +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)  
R.C.S. Luxembourg B 65 477 - TVA LU25482518*



**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 2012, 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 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, Société coopérative

Luxembourg, 8th March 2013

Represented by



Philippe Sergiel

## ETHOS FUND

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

as at 31st December 2012

#### Assets

Securities portfolio at market value	974,438,638.93
Cash at banks	33,322,082.05
Formation expenses, net	260,704.85
Income receivable on portfolio	847,881.77
Interest receivable on bank accounts	189.06
Total assets	1,008,869,496.66

#### Liabilities

Interest on bank liabilities and expenses payable	1,192,787.37
Total liabilities	1,192,787.37
Net assets at the end of the year	1,007,676,709.29

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 1st January 2012 to 31st December 2012

#### **Income**

Dividends, net	26,117,836.64
Interest on bank accounts	269,132.97
Total income	26,386,969.61

#### **Expenses**

Management fees	4,051,979.94
Banking charges and other fees	564.02
Transaction fees	355,846.08
Central administration costs	1,006,004.04
Professional fees	117,993.07
Other administration costs	669,194.40
Subscription duty ("taxe d'abonnement")	98,839.98
Interest paid on bank liabilities	2,327.19
Other expenses	79,007.69
Total expenses	6,381,756.41

Net investment income	20,005,213.20
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#### **Net realised gain/(loss)**

- on securities portfolio	-34,916,694.04
- on foreign exchange	-381,690.85
Realised result	-15,293,171.69

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

- on securities portfolio	102,975,225.96
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Result of operations	87,682,054.27
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Subscriptions	32,999,489.16
---------------	---------------

Redemptions	-61,473,613.49
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Total changes in net assets	59,207,929.94
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Total net assets at the beginning of the year	948,468,779.35
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Total net assets at the end of the year	1,007,676,709.29
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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 2012

#### Assets

Securities portfolio at market value	974,438,638.93
Cash at banks	33,322,082.05
Formation expenses, net	260,704.85
Income receivable on portfolio	847,881.77
Interest receivable on bank accounts	189.06
Total assets	1,008,869,496.66

#### Liabilities

Interest on bank liabilities and expenses payable	1,192,787.37
Total liabilities	1,192,787.37

Net assets at the end of the year 1,007,676,709.29

IC (EUR) units outstanding 2,856,033.461  
Net asset value per IC (EUR) unit EUR 10.78

IC (SEK) units outstanding 6,811,602.477  
Net asset value per IC (SEK) unit 101.32

ID (SEK) units outstanding 522,264.988  
Net asset value per ID (SEK) unit 101.62

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

## ETHOS FUND - Ethos Global Equities

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

from 1st January 2012 to 31st December 2012

<b><u>Income</u></b>	
Dividends, net	26,117,836.64
Interest on bank accounts	269,132.97
Total income	<u>26,386,969.61</u>
<b><u>Expenses</u></b>	
Management fees	4,051,979.94
Banking charges and other fees	564.02
Transaction fees	355,846.08
Central administration costs	1,006,004.04
Professional fees	117,993.07
Other administration costs	669,194.40
Subscription duty ("taxe d'abonnement")	98,839.98
Interest paid on bank liabilities	2,327.19
Other expenses	79,007.69
Total expenses	<u>6,381,756.41</u>
Net investment income	20,005,213.20
<b><u>Net realised gain/(loss)</u></b>	
- on securities portfolio	-34,916,694.04
- on foreign exchange	-381,690.85
Realised result	<u>-15,293,171.69</u>
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on securities portfolio	<u>102,975,225.96</u>
Result of operations	<u>87,682,054.27</u>
Subscriptions	32,999,489.16
Redemptions	-61,473,613.49
Total changes in net assets	<u>59,207,929.94</u>
Total net assets at the beginning of the year	<u>948,468,779.35</u>
Total net assets at the end of the year	<u><u>1,007,676,709.29</u></u>

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

## ETHOS FUND - Ethos Global Equities

### Statistical information (in SEK)

as at 31st December 2012

<b>Total net assets</b>	
- as at 31.12.2012	1,007,676,709.29
- as at 31.12.2011	948,468,779.35
<b>Number of IC (EUR) units outstanding</b>	
- outstanding at the beginning of the year	3,017,938.461
- issued	0.000
- redeemed	-161,905.000
- outstanding at the end of the year	2,856,033.461
<b>Net asset value per IC (EUR) unit</b>	
- as at 31.12.2012	EUR 10.78
- as at 31.12.2011	EUR 9.52
<b>Number of IC (SEK) units outstanding</b>	
- outstanding at the beginning of the year	7,024,895.221
- issued	254,517.723
- redeemed	-467,810.467
- outstanding at the end of the year	6,811,602.477
<b>Net asset value per IC (SEK) unit</b>	
- as at 31.12.2012	101.32
- as at 31.12.2011	92.73
<b>Number of ID (SEK) units outstanding</b>	
- outstanding at the beginning of the year	444,050.002
- issued	78,220.230
- redeemed	-5.244
- outstanding at the end of the year	522,264.988
<b>Net asset value per ID (SEK) unit</b>	
- as at 31.12.2012	101.62
- as at 31.12.2011	93.01

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)

as at 31st December 2012

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<b><u>Investments in securities</u></b>					
<b><u>Transferable securities admitted to an official stock exchange listing</u></b>					
<b>Shares</b>					
AUD	66,000	AGL Energy Ltd	7,426,680.53	6,864,492.69	0.68
AUD	156,700	National Australia Bank Ltd	27,639,114.94	26,492,148.53	2.63
AUD	89,300	Westpac Banking Corp	13,520,833.19	15,725,360.67	1.56
AUD	70,000	Woodside Petroleum Ltd	16,332,355.52	16,037,978.16	1.59
			64,918,984.18	65,119,980.05	6.46
CHF	64,560	Nestlé SA Reg	25,397,229.64	27,387,544.50	2.72
CHF	30,774	Roche Holding AG B de jours Pref	32,120,548.00	40,303,715.76	4.00
CHF	10,000	Swisscom SA Reg	25,533,510.74	28,029,737.24	2.78
CHF	15,000	Zurich Insurance Group AG Reg	22,505,609.13	25,986,940.24	2.58
			105,556,897.51	121,707,937.74	12.08
EUR	30,200	Adidas AG Reg Share	14,909,823.00	17,464,610.52	1.73
EUR	17,000	Akzo Nobel NV	5,687,542.11	7,263,429.14	0.72
EUR	12,000	Allianz SE Reg	10,738,644.73	10,801,544.92	1.07
EUR	77,850	Axa SA	10,668,269.61	8,926,541.53	0.89
EUR	57,100	Cie de Saint-Gobain SA	21,330,885.76	15,801,742.91	1.57
EUR	662,000	Enel Green Power S.p.A.	9,888,854.76	7,988,728.49	0.79
EUR	241,000	Fiat Industrial SpA	15,926,718.43	17,087,458.29	1.70
EUR	25,000	Fresenius SE & Co KGaA	16,647,198.17	18,702,579.57	1.86
EUR	34,200	Henkel AG & Co KGaA Pref	15,204,110.04	18,270,895.69	1.81
EUR	75,000	Koninklijke DSM NV	22,935,683.20	29,496,823.82	2.93
EUR	150,000	Koninklijke KPN NV	10,404,567.82	4,787,516.81	0.48
EUR	16,000	Munich Reinsurance Co Rest Transferability	15,776,441.47	18,689,696.04	1.85
EUR	130,500	Philips Electronics NV	22,464,140.96	22,299,637.46	2.21
EUR	8,600	Puma SE	17,241,251.34	16,608,663.67	1.65
EUR	574,200	Snam SpA	20,979,979.65	17,330,388.27	1.72
EUR	84,400	Unilever NV Certif of Shares	17,558,233.83	20,902,861.82	2.07
			248,362,344.88	252,423,118.95	25.05
GBP	24,200	AstraZeneca Plc	7,660,231.75	7,449,111.67	0.74
GBP	232,799	Aviva Plc	10,436,575.80	9,186,724.65	0.91
GBP	709,450	Barclays Plc	18,730,537.75	19,695,017.96	1.95
GBP	117,700	BG Group Plc	16,697,345.70	12,607,885.38	1.25
GBP	965,893	BT Group Plc	19,520,925.21	23,615,640.06	2.34
GBP	1	GlaxoSmithKline Plc	134.19	141.24	0.00
GBP	1,064,550	Legal & General Group Plc	13,028,229.32	16,398,276.18	1.63
GBP	359,568	Morrison Supermarkets Plc	11,303,224.05	10,004,779.93	0.99
GBP	23,337	Reckitt Benckiser Group Plc	8,322,767.08	9,577,133.98	0.95
GBP	187,800	Travis Perkins Plc	19,732,122.54	21,616,990.95	2.15
			125,432,093.39	130,151,702.00	12.91
JPY	595,000	Marubeni Corp	26,995,846.97	27,509,572.25	2.73
NOK	231,750	DNB ASA	19,266,036.81	19,090,337.61	1.89
SEK	88,300	Boliden AB	10,301,986.48	10,781,430.00	1.07
SEK	137,600	Svenska Cellulosa SCA AB B	12,921,936.63	19,401,600.00	1.93
			23,223,923.11	30,183,030.00	3.00
USD	28,750	Canadian Imp Bk of Commerce	14,540,276.81	15,093,542.40	1.50
USD	60,400	Corning Inc	7,195,108.37	4,964,330.68	0.49
USD	97,400	Dell Inc	10,077,126.89	6,425,882.96	0.64
USD	23,000	Emerson Electric Co	7,262,764.96	7,933,050.54	0.79
USD	93,950	Hartford Fin Serv Gr Inc (The)	15,618,793.13	13,730,427.08	1.36
USD	20,600	IBM Corp	22,797,403.21	25,698,855.69	2.55

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 2012

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	45,100	Kimberly-Clark Corp	19,067,804.86	24,799,203.94	2.46
USD	158,000	Kroger Co	25,045,415.43	26,774,957.37	2.66
USD	66,500	Life Technologies Corp	21,643,446.52	21,256,443.77	2.11
USD	2,500	Master Card Inc A	7,583,172.91	7,998,959.57	0.79
USD	27,500	Mc Donald's Corp	17,400,087.18	15,798,466.18	1.57
USD	149,000	Microsoft Corp	25,388,724.27	25,938,785.40	2.57
USD	127,000	Oracle Corp	24,927,294.56	27,559,613.49	2.74
USD	172,700	Pfizer Inc	22,129,771.72	28,208,778.37	2.80
USD	36,100	Procter & Gamble Co	14,675,932.05	15,961,636.62	1.58
USD	40,000	SanDisk Corp	9,915,772.46	11,347,815.63	1.13
USD	79,300	Teva Pharma Ind Ltd ADR repr 1 Share	23,518,789.18	19,284,656.60	1.91
USD	15,000	United Health Group Inc	5,729,294.37	5,298,773.42	0.53
			<u>294,516,978.88</u>	<u>304,074,179.71</u>	<u>30.18</u>
<b>Total shares</b>			908,273,105.73	950,259,858.31	94.30
<b><u>Other transferable securities</u></b>					
<b>Shares</b>					
CAD	56,800	Telus Corp shares Non Canadian	19,852,796.36	24,178,780.62	2.40
<b>Total shares</b>			<u>19,852,796.36</u>	<u>24,178,780.62</u>	<u>2.40</u>
Total investments in securities			<u>928,125,902.09</u>	<u>974,438,638.93</u>	<u>96.70</u>
Cash at banks				33,322,082.05	3.31
Other net assets/ (liabilities)				-84,011.69	-0.01
Total				<u>1,007,676,709.29</u>	<u>100.00</u>

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

## ETHOS FUND - Ethos Global Equities

### Industrial and geographical classification of investments

as at 31st December 2012

#### Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	13.42 %
Insurance	10.29 %
Banks	9.53 %
Household and personal products	8.73 %
Telecommunication services	8.00 %
Capital goods	7.24 %
Software and services	6.10 %
Consumer durables and apparel	5.59 %
Technology hardware and equipment	4.81 %
Food and beverage	4.79 %
Materials	4.72 %
Retailing	3.65 %
Utilities	3.19 %
Energy	2.84 %
Automobiles and components	1.70 %
Hotels, restaurants and leisure	1.57 %
Health care equipment and services	0.53 %
Total	<u>96.70 %</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 2012

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#### Geographical classification

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

United States of America	26.77 %
United Kingdom	12.91 %
Switzerland	12.08 %
Germany	9.97 %
The Netherlands	8.41 %
Australia	6.46 %
Italy	4.21 %
Canada	3.90 %
Sweden	3.00 %
Japan	2.73 %
France	2.46 %
Israel	1.91 %
Norway	1.89 %
Total	<u>96.70 %</u>

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

## **ETHOS FUND**

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

as at 31st December 2012

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

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

The financial statements of the Fund are established in accordance with the Luxembourg legal and regulatory requirements concerning undertakings for collective investment.

##### **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 2012

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

1	SEK	=	0.1478740	AUD	Australian Dollar
			0.1529308	CAD	Canadian Dollar
			0.1404936	CHF	Swiss Franc
			0.8686960	DKK	Danish Krona
			0.1164278	EUR	Euro
			0.0945212	GBP	Pound Sterling
			13.2801047	JPY	Japanese Yen
			0.8546313	NOK	Norwegian Krona
			0.1535450	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 costs disclosed under the caption "Transaction fees" in the expenses of the statement of operations and other changes in net assets are mainly composed of broker fees incurred by the Fund relating to purchases or sales of securities and of fees relating to liquidation of transactions paid to the custodian bank.

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

No subscription, redemption or conversion fees are charged.

#### Note 3 - Management fees

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

## ETHOS FUND

### Notes to the financial statements (continued)

as at 31st December 2012

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

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

The applicable annual fee for the investment manager amounts to:

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

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

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

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

As at 31st December 2012, 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.

#### **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.

## **ETHOS FUND**

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

as at 31st December 2012

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#### **Note 8 - Risk management**

As required by Circular CSSF 11/ 512, the Board of Directors needs to determine the global risk exposure of the Fund either by applying the commitment approach or the VaR approach. In terms of risk management, the Board of Directors of the Management Company decided to adopt the commitment approach as a method of determining the global exposure.

#### **Note 9 - Changes in the investment portfolio**

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



