

Annual report including audited financial statements as at 31st December 2015

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

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

Vice-Chairman
Peter KUBICKI
Head of Wealth Management
SEB Wealth Management, Denmark
(until 2nd March 2015)

Directors
Ralf FERNER
Managing Director
SEB Fund Services S.A., Luxembourg
(until 11th December 2015)

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

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

Erika LUNDQUIST
Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg
(since 2nd March 2015)

Magnus WALLBERG
Deputy Managing Director, CFO/ COO
Skandinaviska Enskilda Banken S.A., Luxembourg

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

ETHOS FUND

Organisation (continued)

Paying Agents

In Sweden

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

In Luxembourg

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

Investment Manager

RobecoSAM AG
Josefstraße 218
CH-8005 Zürich

Distributor

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

Auditor of the Fund and of the Management Company

PricewaterhouseCoopers, Société coopérative
2, rue Gerhard Mercator
L-2182 Luxembourg

ETHOS FUND

General information

ETHOS FUND (hereafter the "Fund") is a mutual investment fund organised as an umbrella and governed by Part I of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment. The Fund 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 separated 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. A notice of the deposit of the amended version of the Management Regulations of the Fund was published on 27th February 2015 in the *Mémorial C*.

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) and ID (SEK) are issued.

The Net Asset Value per unit of the Sub-Fund is calculated, under the overall responsibility of the Management Company, daily as of each business day in Luxembourg (the "Valuation Day"). A business day is a day on which banks are normally open for business in Luxembourg and Sweden.

The financial year of the Fund starts on 1st January and ends on 31st December in each year.

The accounts and the financial statements of the Fund are expressed in SEK and correspond to the financial statements of the sole Sub-Fund open.

Copies of the Management Regulations, of the current Prospectus, of the Key Investor Information Document (KIID) and of the latest annual and semi-annual reports of the Fund may be obtained free of charge at the registered office of the Management Company.

ETHOS FUND

Report of the Management Company

A long journey

Although equity markets journeyed far in 2015, they finished the year in about the same place they started.

As indicated by equities' long journey, 2015 was by no means a dull year in terms of growth outlook, monetary policy or geopolitical risk. Events providing the excitement included the first rate hike by the US Federal Reserve, the Fed, in more than nine years, a nearly unprecedented collapse in commodities prices, a slowdown in Chinese growth, and tentative signs that the European economy is on the verge of leaving the quagmire of low growth that has prevailed since the start of the financial crisis. These tentative signs held despite a brief resurgence of the European debt crisis following the January election of Syriza, the Coalition of the Radical Left party, in Greece and consequent renegotiations of the country's debt load.

As a consequence of the flat equity and bond markets, 2015 ended as a less than stellar year for long-only investors, with no major asset class in local currency terms delivering more than 5 percent. Given the sheer number of uncertainties that arose in the period, we should perhaps hail even small positive returns as a success - considering that things could have been substantially worse. If we had known at the beginning of the year what would happen in the energy and high yield markets, we could have foreseen more challenges for the equity market. This said, we regard 2015 as a lull in a continuing bull market. We expect the riskier asset classes to outperform in local currency terms once again in 2016.

In the following paragraphs we describe our view on global growth and monetary policy, as well the outlook for financial markets.

Global growth

The rate at which emerging and developed markets grew at a similar rate continued in 2015. The difference between real GDP growth for Group of 7 (Canada, France, Germany, Italy, Japan, the UK, the US) and emerging markets fell to levels last seen in 2001.

The most prominent, most discussed, emerging markets slowdown occurred in China. However, it is worth noting that economic weakness was broad-based.

Both Russia and Brazil entered significant recessions, with Brazil experiencing a deeper recession than in 2008.

Looking beyond China, emerging markets were challenged primarily by declining commodity prices and tightening US monetary policy: prices dropped when commodity producers came under pressure, and global capital market flows changed as money moved from emerging markets back to the US. The Fed's tightening monetary policy turned into a headache for emerging market countries with significant current account deficits, particularly Brazil and Turkey.

Growth in Europe and the US in the past year was, in many ways, more positive than growth in emerging markets. The US labour market continued to post impressive gains in employment which drove the unemployment rate down to a post crisis low of 5 percent. At the same time we saw renewed momentum for the US housing market as measured by "housing starts" (the number of privately owned housing units on which construction has begun in a given period), building permits and sentiment started to grow at a rate similar to the late 1990s - although a far cry from the boom years for construction in 2002-2007. The National Association of Home Builders is the source for this information. All in all, the strategic outlook for the US economy gained strength in the past year.

Despite gains in strategic data for the US and Europe, we did not see the pick-up in consumption that we expected based on higher employment, wages and consumer confidence. Instead, US retail sales

ETHOS FUND

Report of the Management Company (continued)

grew at the slowest pace in years. In our view, this puzzling low growth rate of consumption was one of the major reasons why the market corrected so significantly in the third quarter of 2015 - the only major correction in 2015. If growth rates in consumption had reacted as expected, we would have seen much stronger earnings and sales for equity markets - which would have softened the market's fall.

Monetary policy

As with the global economy, monetary policy also remained highly heterogeneous. This difference was made obvious in the Fed's hiked rates compared to the European Central Bank's (ECB) launch of its first quantitative easing programme in early 2015 and expansion of same in December 2015.

This divergence in monetary policy reflects the very different stages of the economic cycle in Europe and the US. Whereas higher employment in the US has eradicated much of the labour market slack, the European economy is just starting to return to real, significant, and stable growth. And this is after years of continuous uncertainty regarding the euro's stability. As such, the slack in the European recovery remains high which warranted the ECB's aggressive stimulus programme.

Outlook for financial markets & economic growth

Despite uncertainty regarding the impact of the emerging market slowdown on growth rates in developed countries, the US and European recovery remain on firm footing due to gains in strategic, long term factors such as credit, housing, and employment. We believe there is a good chance of the long awaited consumer driven recovery occurring in 2016. In addition to the strength of the strategic data, the ECB's highly accommodative monetary policy should exert downward pressure on the euro thus boosting exports and, in the long term, leading to a recovery in Europe.

Since the summer of 2014 we have seen a significant decline in commodity prices in general and in energy prices in particular. Although this decline has not yet led to a significant increase in consumption, we believe that when consumers fully grasp that prices will remain low for the foreseeable future consumption will increase. Then we expect to see the traditional positive effect of declining oil prices resulting in growth in the coming year.

Emerging markets continue to be highly disparate, due to factors such as dependence on oil revenues, varying fiscal balances, and current account deficits. Looking to the year ahead, we expect continued weakness in Latin America, and relative strength in Asia.

Given our benign outlook for growth in developed countries, we expect equities will deliver a higher return than government bonds. We believe the return on equities will resemble its historical average, and that gains will be driven by rising earnings and sales, since valuations are already slightly above their historical averages. In our view, the ongoing US rate hike cycle and improving global growth should place upward pressure on core government bond yields. In conclusion, we recommend a slightly higher allocation to risk in general and equities in particular, as compared to strategic allocation.

Luxembourg, 8th February 2016

The Management Company

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 2015 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, 2 rue Gerhard Mercator, 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°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 2015, 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
Represented by

Luxembourg, 5th April 2016

A handwritten signature in blue ink, appearing to read 'Philippe Sergiel', is written over the printed name.

Philippe Sergiel

ETHOS FUND - Ethos Global Equities

Statement of net assets (in SEK)

as at 31st December 2015

Assets

Securities portfolio at market value	1,026,541,761.80
Cash at banks	39,873,719.25
Formation expenses, net	29,282.26
Receivable on issues of units	2,214,355.91
Income receivable on portfolio	626,561.24
Other receivables	267,881.64
Total assets	1,069,553,562.10

Liabilities

Expenses payable	1,269,510.82
Total liabilities	1,269,510.82

Net assets at the end of the year 1,068,284,051.28

IC (SEK) units outstanding	4,576,072.455
Net asset value per IC (SEK) unit	169.92
ID (SEK) units outstanding	1,870,594.420
Net asset value per ID (SEK) unit	155.43

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 2015 to 31st December 2015

Income

Dividends, net	21,570,813.06
Interest on bank accounts	4,400.09
Other income	1,011,502.91
Total income	<u>22,586,716.06</u>

Expenses

Management fees	4,519,086.26
Banking charges and other fees	1,980.66
Transaction fees	747,409.28
Central administration costs	1,106,891.59
Professional fees	154,495.10
Other administration costs	783,713.64
Subscription duty ("taxe d'abonnement")	115,866.31
Interest paid on bank overdrafts	15,385.58
Other expenses	277,222.57
Total expenses	<u>7,722,050.99</u>

Net investment income	14,864,665.07
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Net realised gain/(loss)

- on securities portfolio	113,830,634.41
- on forward foreign exchange contracts	-614,453.95
- on foreign exchange	343,460.78

Realised result	128,424,306.31
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Net variation of the unrealised gain/(loss)

- on securities portfolio	-48,758,097.73
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Result of operations	<u>79,666,208.58</u>
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Dividends paid	-7,292,376.26
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Subscriptions	156,035,036.15
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Redemptions	-176,142,823.20
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Total changes in net assets	<u>52,266,045.27</u>
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Total net assets at the beginning of the year	1,016,018,006.01
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Total net assets at the end of the year	<u><u>1,068,284,051.28</u></u>
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The accompanying notes are an integral part of these financial statements.

ETHOS FUND - Ethos Global Equities

Statistical information (in SEK)

as at 31st December 2015

Total net assets	
- as at 31.12.2015	1,068,284,051.28
- as at 31.12.2014	1,016,018,006.01
- as at 31.12.2013	770,021,067.10
Number of IC (SEK) units outstanding	
- outstanding at the beginning of the year	5,197,540.863
- issued	173,814.664
- redeemed	-795,283.072
- outstanding at the end of the year	4,576,072.455
Net asset value per IC (SEK) unit	
- as at 31.12.2015	169.92
- as at 31.12.2014	157.22
- as at 31.12.2013	128.28
Number of ID (SEK) units outstanding	
- outstanding at the beginning of the year	1,341,012.195
- issued	782,220.244
- redeemed	-252,638.019
- outstanding at the end of the year	1,870,594.420
Net asset value per ID (SEK) unit	
- as at 31.12.2015	155.43
- as at 31.12.2014	148.30
- as at 31.12.2013	124.71
Dividend paid	
Ex-dividend date	26.05.2015
Dividend per unit	5.13
Units outstanding at dividend date	1,421,515.841

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 2015

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					
AUD	62,258	Westpac Banking Corp	9,735,980.15	12,813,218.67	1.20
CHF	133,260	ABB Ltd Reg	21,613,807.05	20,155,139.32	1.89
CHF	46,600	Nestlé SA Reg	21,520,652.46	29,255,884.16	2.74
CHF	36,890	Novartis AG Reg	26,599,295.54	26,965,473.06	2.52
CHF	16,640	Roche Holding AG B de jous Pref	22,197,934.59	38,732,098.16	3.63
			91,931,689.64	115,108,594.70	10.78
EUR	23,105	Akzo Nobel NV	9,950,694.87	13,051,709.94	1.22
EUR	19,415	Allianz SE Reg	22,105,208.41	29,080,710.89	2.72
EUR	98,400	Axa SA	16,812,156.90	22,736,804.34	2.13
EUR	21,500	BNP Paribas SA A	10,854,949.96	10,284,319.52	0.96
EUR	87,600	CNP Assurances	12,219,922.11	9,980,253.26	0.93
EUR	316,800	EDP Renovaveis SA	17,601,924.87	21,034,890.47	1.97
EUR	930,000	Enel Green Power S.p.A.	15,318,303.52	16,038,004.98	1.50
EUR	32,300	Fresenius SE & Co KGaA	13,183,852.74	19,514,888.84	1.83
EUR	30,890	Gamesa Corp Tecnologica SA	3,203,856.63	4,475,498.98	0.42
EUR	17,250	Henkel AG & Co KGaA Pref	9,121,911.82	16,303,688.62	1.53
EUR	47,530	Koninklijke DSM NV	18,596,193.58	20,145,508.78	1.89
EUR	14,030	Linde AG	19,154,473.53	17,205,025.61	1.61
EUR	55,400	Raiffeisen Bank Intl AG	8,996,652.75	6,902,801.52	0.65
EUR	26,035	Sanofi SA	20,013,224.01	18,741,191.72	1.75
EUR	36,700	SAP SE	19,609,911.09	24,663,848.68	2.31
EUR	132,000	Suez Environnement Co	15,172,980.38	20,865,644.23	1.95
EUR	85,400	Unilever NV Certif of Shares	22,358,205.00	31,367,034.88	2.94
			254,274,422.17	302,391,825.26	28.31
GBP	27,700	AstraZeneca Plc	9,360,723.16	15,892,919.27	1.49
GBP	553,700	Barclays Plc	14,969,510.49	15,063,689.44	1.41
GBP	505,720	BT Group Plc	11,827,098.20	29,647,431.47	2.77
GBP	47,520	Croda International Plc	13,528,203.20	17,965,806.18	1.68
GBP	62,980	Pearson Plc	11,416,479.26	5,760,915.95	0.54
GBP	20,645	Reckitt Benckiser Group Plc	10,134,315.65	16,115,906.87	1.51
			71,236,329.96	100,446,669.18	9.40
JPY	54,800	Honda Motor Co Ltd	12,829,406.39	15,020,934.96	1.41
JPY	55,300	THK Co Ltd	10,992,589.13	8,753,640.74	0.82
			23,821,995.52	23,774,575.70	2.23
NOK	196,000	DNB ASA	19,985,178.13	20,486,988.21	1.92
SEK	67,865	Atlas Copco AB A	17,282,285.06	14,143,066.00	1.32
SEK	167,700	Nordea Bank AB	17,477,611.74	15,646,410.00	1.46
SEK	80,100	Svenska Cellulosa SCA AB B	11,527,561.10	19,744,650.00	1.85
			46,287,457.90	49,534,126.00	4.63
USD	18,180	A.O.Smith Corp	7,527,746.14	11,745,367.00	1.10
USD	19,500	Abbott Laboratories	4,635,620.05	7,385,245.16	0.69
USD	15,180	Apple Inc	15,527,076.11	13,474,801.85	1.26
USD	121,400	Cisco Systems Inc	19,785,088.54	27,800,700.82	2.60
USD	30,900	Cognizant Tec Solutions Corp	17,308,318.01	15,640,179.06	1.46
USD	17,570	Deere and Co	13,946,247.01	11,300,892.88	1.06
USD	58,000	Discover Financial Services	28,807,348.62	26,226,603.68	2.45
USD	18,445	Emerson Electric Co	6,717,165.99	7,439,886.17	0.70
USD	34,200	Foot Locker Inc	19,162,467.51	18,772,738.38	1.76
USD	29,000	Gilead Sciences Inc	27,330,508.58	24,747,016.28	2.32

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 2015

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	27,700	Hartford Fin Serv Gr Inc (The)	5,440,207.74	10,152,119.97	0.95
USD	4,660	IBM Corp	5,360,563.81	5,408,224.61	0.51
USD	16,590	Johnson & Johnson	13,299,200.05	14,371,054.85	1.34
USD	25,240	L Brands Inc	9,977,684.62	20,395,425.36	1.91
USD	21,950	Master Card Inc A	9,155,938.17	18,021,973.22	1.69
USD	6,735	Mead Johnson Nutrition Co	3,483,846.54	4,484,117.51	0.42
USD	6,300	Mettler Toledo Intl Inc	17,245,431.53	18,017,478.38	1.69
USD	106,300	Microsoft Corp	28,334,941.18	49,734,409.64	4.65
USD	22,150	Pepsico Inc	15,256,339.30	18,664,373.05	1.75
USD	30,600	PNC Financial Serv Group	20,403,783.08	24,595,018.09	2.30
USD	30,500	SunPower Corp	6,418,073.41	7,718,858.60	0.72
USD	20,730	United Health Group Inc	10,763,249.15	20,565,608.70	1.92
USD	22,840	Wells Fargo & Co New	7,086,441.73	10,470,388.54	0.98
USD	48,255	Xylem Inc	10,846,789.09	14,853,282.28	1.39
			<u>323,820,075.96</u>	<u>401,985,764.08</u>	<u>37.62</u>
		Total investments in securities	841,093,129.43	1,026,541,761.80	96.09
		Cash at banks		39,873,719.25	3.73
		Other net assets/ (liabilities)		1,868,570.23	0.18
		Total		<u>1,068,284,051.28</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 2015

Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	15.57 %
Banks	10.88 %
Capital goods	10.31 %
Software and services	8.42 %
Food and beverage	7.43 %
Insurance	6.73 %
Technology hardware and equipment	6.06 %
Household and personal products	4.89 %
Materials	4.79 %
Utilities	4.17 %
Diversified financial services	4.14 %
Consumer durables and apparel	3.67 %
Telecommunication services	2.77 %
Health care equipment and services	2.34 %
Commercial services and supplies	1.97 %
Automobiles and components	1.41 %
Media	0.54 %
Total	<u>96.09 %</u>

Geographical classification

(by domicile of the issuer)

(in percentage of net assets)

United States of America	37.62 %
Switzerland	10.78 %
Germany	10.00 %
United Kingdom	9.40 %
France	7.72 %
The Netherlands	6.05 %
Sweden	4.63 %
Spain	2.39 %
Japan	2.23 %
Norway	1.92 %
Italy	1.50 %
Australia	1.20 %
Austria	0.65 %
Total	<u>96.09 %</u>

ETHOS FUND

Notes to the financial statements

as at 31st December 2015

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.

ETHOS FUND

Notes to the financial statements (continued)

as at 31st December 2015

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	=	0.1630643	AUD	Australian Dollar
			0.1648326	CAD	Canadian Dollar
			0.1187464	CHF	Swiss Franc
			0.8149316	DKK	Danish Krona
			0.1091900	EUR	Euro
			0.0804616	GBP	Pound Sterling
			14.2646247	JPY	Japanese Yen
			1.0504619	NOK	Norwegian Krona
			5.5589285	PHP	Philippian Peso
			0.1185804	USD	US Dollar

f) 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.

g) Investment income

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

h) 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.

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.

ETHOS FUND

Notes to the financial statements (continued)

as at 31st December 2015

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.

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

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 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 - Distribution Fee

The Distributor receives out of the Sub-Fund's assets a fee of maximum 0.05% per annum. This fee is payable monthly in arrears based on the Sub-Fund's average net assets calculated each Valuation Day. This fee is recorded under the caption "other administration costs" in the Statement of operations and other changes in net assets.

ETHOS FUND

Notes to the financial statements (continued)

as at 31st December 2015

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

The Fund is governed by Luxembourg law.

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

The rate of this tax is reduced to 0.01% of the value of the net assets for Sub-Funds or Classes of units reserved to institutional investors.

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

Note 8 - Risk management

As required by Circular CSSF 11/ 512, the Board of Directors of the Management Company needs to determine the global risk exposure of the Fund 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 and monitoring 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.

RobecoSAM AG
Josefstraße 218
CH-8005 ZÜRICH