

Annual report including audited financial statements as at 31st December 2016

ETHOS FUND

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

R.C.S. Luxembourg K18

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

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

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

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

Jonas LINDGREN
Client Executive, Hedge Fund Coverage
Skandinaviska Enskilda Banken AB (publ), Sweden

Erika LUNDQUIST
Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg
(until 31st October 2016)

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

Central administration

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

Sub-Administrator, Registrar and Transfer Agent

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

Depositary

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

Auditor

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

Distributor

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

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

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") registered with the Luxembourg Register of Commerce ("RCS") under the number B 44 726.

The Fund is registered with the Luxembourg Register of Commerce ("RCS") under the number K18.

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 Management Regulations have been deposited with the RCS. 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*. On 1st June 2016, the Luxembourg *Mémorial C* has been replaced by RESA ("*Recueil Electronique des Sociétés et Associations*"), the new official electronic platform of central publication regarding companies and associations. Publications made after 1st June 2016 are available on this new platform accessible through the website of the RCS.

At the date of the financial statements, 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 financial statements, 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.

A year of politics

2016 has been, above all, a year of political upheaval. Events such as the UK's decision to leave the EU (Brexit), the election of Donald Trump as US president, and Italy's rejection of constitutional reform all illustrate general dissatisfaction with the political environment.

Before the results of these three electoral events were available, the market consensus was that the respective election results would lead to a correction in the equity markets. The primary arguments were as follows: Brexit would have a negative impact on the already fragile EU growth rates by increasing uncertainty regarding the future of Europe; the election of Trump would decrease global growth by increasing uncertainty regarding future US policy and Trump's election promise to renegotiate existing trade agreements, and, finally, the Italian referendum would rekindle the euro crisis of 2011-2013 by spotlighting the fundamental political weakness of Europe. Despite the forecasts and discussions, the financial markets and the global economy proved to be highly resilient. The latter displayed such resiliency that growth forecasts for 2017 were revised higher following the US election and predictions about a restart of the business cycle emerged.

However, 2016 turned out to be a year where US equities closed at all-time high levels, nominal rates ended up at higher levels than at the beginning of the year, and the US Federal Reserve (the Fed) made an upwards revision, for the first time ever, of their official estimates for the next year's policy rates. Keep in mind that 2012 was the first time the Fed published these estimates. In general, 2016 was much more positive than expected. This is particularly true for market participants who from the beginning of the year believed in the likelihood of Brexit, Trump, and Italy's no to reform.

In the following paragraphs we present our view of global growth and monetary policy. We discuss the implications of a Trump presidency, and, finally, we present our outlook for the financial markets in 2017.

Global growth

The most notable development in terms of growth in 2016 was the uptick that materialised in Q4. This uptick was a stark contrast to the first three quarters of the year where growth had failed to gain momentum and the global economy appeared to be increasingly fragile. This upswing was so strong and broad-based in terms of geography and sectors, that growth forecasts for 2017 were revised higher. This has led the market to believe the business cycle will continue in a similar manner, keeping the next recession a few years away.

It is not easy to pinpoint the exact cause of the sudden revival of the global economy. It started to materialise in the months following Brexit and prior to the US election. One could even argue that the US election results have acted as a growth factor in terms of planned fiscal stimulus. Regardless of the exact cause of the global revival, the growth pattern followed that of a normal recovery: first we saw strength in the sentiment indicators for manufacturing companies; then this spread to non-manufacturing sectors. Finally, growth was also apparent in real production and consumption numbers. At the end of Q4 the US economy appeared to be growing by more than 2.5% (Atlanta Federal Reserve estimate); a figure last surpassed in 2014.

Although many of the positive surprises in terms of growth appeared in the US, it is important to note that the recovery was generally broad based across the globe. As such, we saw stronger data from both Europe and emerging markets. It is especially worth noting that emerging markets in Asia gained speed thanks to the global trade recovery which, for years, indicated a moderating trend. The fact that the recovery was so broad-based increased market confidence to the degree that the recovery would prove to be more stable than all the mini-recoveries since 2009.

ETHOS FUND

Report of the Management Company (continued)

Monetary policy

In contrast to the past five or six years, monetary policy declined in importance for the financial markets relative to the macro outlook. In other words, the financial markets were driven by expectations of growth to a higher extent than by future central bank action.

Despite this, we did see a range of notable developments in central bank policies over the year: The Fed hiked rates in December 2016 and forecasted a more aggressive rate-hike cycle than previously communicated.

The ECB surprised the markets by describing how their quantitative easing program would cut back on monthly purchases. Whether this acted positively or negatively on the markets can be debated, but it is clear that the Fed's intention for a steeper rate-hike cycle would have had a distinctly negative effect on financial markets just 6-12 months ago. However, because the Fed's message focused on stronger growth, not just higher inflation, the market ignored the information regarding steeper rate hikes. This more than any other factor signaled the shift in focus for the markets from monetary policy to growth expectations.

Going forward, we note that the current rate hike cycle in the US is unlike anything that we have seen in the past. This in itself makes it more difficult to draw any firm conclusions about the possible impact of higher US rates on the financial markets. With that said, it is important to note that the fiscal stimulus that is expected from the Trump presidency comes at a time when the US labour market already looks tight. This increases the risk for increasing inflationary pressures in the US and the possibility of the Fed reacting by being even more aggressive than originally communicated. We believe this is one of the main risks for 2017.

Trump

In our view, the positive market reaction to the US election results was a reaction to strong growth in the US economy rather than the prospect of a Trump presidency. Although fiscal stimulus looks set to increase US growth in the coming one to two years, it is important to note that the plans did not differ materially from Hillary Clinton's proposal. The difference is more in the composition of the stimulus than anything else.

We believe growth will be Trump's overriding focus. Consequently, growth reduction schemes, such as aggressive trade wars with China, will most likely be diluted in the coming quarters.

Luxembourg, 23rd February 2017

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 2016 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.

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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 2016, 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 information

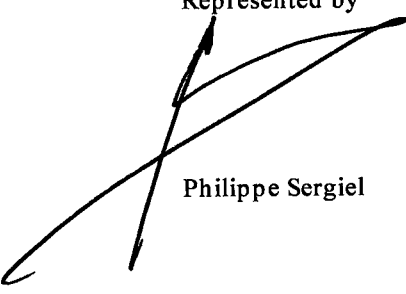
The Board of Directors of the Management Company is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our audit report thereon.

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

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

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 31st March 2017



Philippe Sergiel

ETHOS FUND - Ethos Global Equities

Statement of net assets (in SEK)

as at 31st December 2016

Assets

Securities portfolio at market value	1,161,382,839.77
Cash at banks	51,778,628.95
Income receivable on portfolio	673,658.21
Other receivables	298,404.34
Total assets	1,214,133,531.27

Liabilities

Expenses payable	1,355,128.93
Total liabilities	1,355,128.93

Net assets at the end of the year	1,212,778,402.34
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IC (SEK) units outstanding	4,771,877.912
Net asset value per IC (SEK) unit	189.13
ID (SEK) units outstanding	1,847,545.938
Net asset value per ID (SEK) unit	167.95

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 2016 to 31st December 2016

Income

Dividends, net	22,594,255.28
Interest on bank accounts	6,645.86
Total income	22,600,901.14

Expenses

Management fees	4,363,904.36
Banking charges and other fees	2,420.45
Transaction fees	153,780.60
Central administration costs	1,081,471.75
Professional fees	173,030.69
Other administration costs	808,313.23
Subscription duty ("taxe d'abonnement")	112,388.51
Bank interest paid	44,373.72
Other expenses	29,704.53
Total expenses	6,769,387.84

Net investment income	15,831,513.30
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Net realised gain/(loss)

- on securities portfolio	21,066,070.74
- on forward foreign exchange contracts	-10,331.12
- on foreign exchange	11,510.27

Realised result	36,898,763.19
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Net variation of the unrealised gain/(loss)

- on securities portfolio	86,652,885.91
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Result of operations	123,551,649.10
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Dividends paid	-8,379,507.04
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Subscriptions	52,781,628.76
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Redemptions	-23,459,419.76
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Total changes in net assets	144,494,351.06
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Total net assets at the beginning of the year	1,068,284,051.28
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Total net assets at the end of the year	1,212,778,402.34
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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 2016

Total net assets	
- as at 31.12.2016	1,212,778,402.34
- as at 31.12.2015	1,068,284,051.28
- as at 31.12.2014	1,016,018,006.01
Number of IC (SEK) units outstanding	
- outstanding at the beginning of the year	4,576,072.455
- issued	221,213.668
- redeemed	-25,408.211
- outstanding at the end of the year	4,771,877.912
Net asset value per IC (SEK) unit	
- as at 31.12.2016	189.13
- as at 31.12.2015	169.92
- as at 31.12.2014	157.22
Number of ID (SEK) units outstanding	
- outstanding at the beginning of the year	1,870,594.420
- issued	103,759.000
- redeemed	-126,807.482
- outstanding at the end of the year	1,847,545.938
Net asset value per ID (SEK) unit	
- as at 31.12.2016	167.95
- as at 31.12.2015	155.43
- as at 31.12.2014	148.30
Dividend paid	
Ex-dividend date	25.05.2016
Dividend per unit	4.45
Units outstanding at dividend date	1,883,035.289

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 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
<u>Investments in securities</u>					
<u>Transferable securities admitted to an official stock exchange listing</u>					
Shares					
AUD	72,000	Westpac Banking Corp	11,519,102.12	15,446,089.57	1.27
CHF	110,000	ABB Ltd Reg	17,130,336.65	21,139,642.83	1.74
CHF	46,600	Nestlé SA Reg	21,520,652.46	30,456,277.44	2.51
CHF	29,000	Novartis AG Reg	20,910,262.15	19,225,909.29	1.58
CHF	16,640	Roche Holding Ltd Pref	22,197,934.59	34,628,502.85	2.86
			81,759,185.85	105,450,332.41	8.69
EUR	23,105	Akzo Nobel NV	9,950,694.87	13,157,001.94	1.08
EUR	21,600	Allianz SE Reg	25,248,845.37	32,515,545.48	2.68
EUR	112,000	Axa SA	19,685,718.34	25,757,006.41	2.12
EUR	87,600	CNP Assurances	12,219,922.11	14,782,722.16	1.22
EUR	370,000	EDP Renovaveis SA	21,168,072.28	21,413,546.25	1.77
EUR	44,000	Fresenius SE & Co KGaA	20,023,628.62	31,328,908.33	2.58
EUR	17,250	Henkel AG & Co KGaA Pref	9,121,911.82	18,731,171.95	1.54
EUR	134,800	Infineon Technologies AG Reg	14,744,359.72	21,339,026.66	1.76
EUR	47,530	Koninklijke DSM NV	18,596,193.58	25,958,251.48	2.14
EUR	15,700	Linde AG	20,701,266.49	23,498,503.01	1.94
EUR	78,300	Raiffeisen Bank Intl AG	10,728,251.72	13,048,157.03	1.08
EUR	22,700	Sanofi SA	17,449,594.20	16,737,471.00	1.38
EUR	40,000	SAP SE	21,747,183.72	31,759,994.35	2.62
EUR	144,000	Suez SA	17,051,021.13	19,350,546.49	1.60
EUR	85,400	Unilever NV Certif of Shares	22,358,205.00	32,028,665.65	2.64
			260,794,868.97	341,406,518.19	28.15
GBP	17,000	AstraZeneca Plc	5,744,848.15	8,474,176.13	0.70
GBP	505,720	BT Group Plc	11,827,098.20	20,843,374.88	1.72
GBP	49,454	Croda International Plc	14,867,377.47	17,754,906.67	1.46
GBP	62,980	Pearson Plc	11,416,479.26	5,790,706.30	0.48
GBP	20,645	Reckitt Benckiser Group Plc	10,134,315.65	15,969,528.88	1.32
			53,990,118.73	68,832,692.86	5.68
JPY	83,300	Honda Motor Co Ltd	19,636,461.48	22,176,547.35	1.83
JPY	15,000	Kao Corp	6,917,625.57	6,479,442.37	0.53
JPY	174,100	Panasonic Co Ltd	12,859,950.11	16,144,382.56	1.33
			39,414,037.16	44,800,372.28	3.69
NOK	228,000	DNB ASA	23,078,224.55	30,919,492.01	2.55
SEK	75,365	Atlas Copco AB A	18,715,354.46	20,913,787.50	1.72
SEK	270,000	Nordea Bank AB	26,204,907.49	27,351,000.00	2.25
SEK	66,500	Svenska Cellulosa SCA AB B	10,554,512.59	17,110,450.00	1.41
			55,474,774.54	65,375,237.50	5.38
USD	16,400	Apple Inc	16,526,290.56	17,269,401.33	1.42
USD	23,000	Cerner Corp	10,920,516.96	9,905,607.02	0.82
USD	121,400	Cisco Systems Inc	19,785,088.54	33,355,159.39	2.75
USD	44,200	Cognizant Tec Solutions Corp	23,731,216.68	22,516,079.09	1.86
USD	17,570	Deere and Co	13,946,247.01	16,459,911.10	1.36
USD	50,300	Discover Financial Services	24,982,924.75	32,968,021.46	2.72
USD	23,300	First Republic Bank	15,848,424.80	19,518,839.93	1.61
USD	32,000	Foot Locker Inc	17,871,962.50	20,624,566.46	1.70
USD	29,000	Gilead Sciences Inc	27,330,508.58	18,880,850.14	1.56
USD	15,000	Hartford Fin Serv Gr Inc (The)	2,945,960.87	6,498,364.05	0.54
USD	4,660	IBM Corp	5,360,563.81	7,032,629.13	0.58
USD	38,800	L Brands Inc	18,691,525.12	23,225,839.55	1.91

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 2016

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
USD	21,950	Mastercard Inc A	9,155,938.17	20,605,087.28	1.70
USD	9,200	Mead Johnson Nutrition Co	5,237,155.00	5,918,689.07	0.49
USD	6,200	Mettler Toledo Intl Inc	16,933,074.05	23,593,875.61	1.95
USD	106,300	Microsoft Corp	28,334,941.18	60,055,721.25	4.95
USD	22,150	Pepsico Inc	15,256,339.30	21,070,742.00	1.74
USD	27,000	PNC Financial Serv Group	18,003,338.01	28,711,177.06	2.37
USD	12,300	Rockwell Automation	12,234,157.23	15,029,836.42	1.24
USD	15,000	Stanley Black & Decker Inc	15,534,182.77	15,641,078.13	1.29
USD	30,500	SunPower Corp	6,418,073.41	1,832,952.34	0.15
USD	12,900	Thermo Fisher Scientific Inc	16,592,542.03	16,548,803.44	1.36
USD	20,730	United Health Group Inc	10,763,249.15	30,163,221.16	2.49
USD	48,255	Xylem Inc	10,846,789.09	21,725,652.54	1.79
			<u>363,251,009.57</u>	<u>489,152,104.95</u>	<u>40.35</u>
Total investments in securities			<u>889,281,321.49</u>	<u>1,161,382,839.77</u>	<u>95.76</u>
Cash at banks				51,778,628.95	4.27
Other net assets/ (liabilities)				-383,066.38	-0.03
Total				<u><u>1,212,778,402.34</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 2016

Industrial classification

(in percentage of net assets)

Pharmaceuticals and biotechnology	12.02 %
Banks	11.13 %
Capital goods	9.79 %
Software and services	9.43 %
Food and beverage	6.89 %
Technology hardware and equipment	6.70 %
Insurance	6.56 %
Consumer durables and apparel	6.23 %
Household and personal products	4.80 %
Raw materials	4.68 %
Diversified financial services	4.42 %
Health care equipment and services	3.80 %
Automobiles and components	1.83 %
Commercial services and supplies	1.77 %
Semiconductors and semiconductor equipment	1.76 %
Utilities	1.75 %
Telecommunication services	1.72 %
Media	0.48 %
Total	<u>95.76 %</u>

ETHOS FUND - Ethos Global Equities

Industrial and geographical classification of investments (continued) as at 31st December 2016

Geographical classification

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

United States of America	40.35 %
Germany	13.12 %
Switzerland	8.69 %
France	6.32 %
The Netherlands	5.86 %
United Kingdom	5.68 %
Sweden	5.38 %
Japan	3.69 %
Norway	2.55 %
Spain	1.77 %
Australia	1.27 %
Austria	1.08 %
Total	<u>95.76 %</u>

ETHOS FUND

Notes to the financial statements

as at 31st December 2016

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.

The financial statements are presented on the basis of the Net Asset Value of the Sub-Fund calculated on 31st December 2016. In accordance with the prospectus, the last official trading Net Asset Values of the corresponding Sub-Fund have been calculated on 30th December 2016 as the Net Asset Values are not calculated on 31st December 2016. Nevertheless, an additional Net Asset Value has been calculated at 31st December 2016 for reporting purpose and is disclosed in these financial statements.

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 2016

e) Exchange translation

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

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

1	SEK	=	0.1519608	AUD	Australian Dollar
			0.1475395	CAD	Canadian Dollar
			0.1117710	CHF	Swiss Franc
			0.7755230	DKK	Danish Krona
			0.1042947	EUR	Euro
			0.0890205	GBP	Pound Sterling
			12.8274927	JPY	Japanese Yen
			0.9468202	NOK	Norwegian Krona
			0.1099892	USD	US Dollar

f) Formation expenses

Expenses incurred in connection with the establishment of the Fund were 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, of fees relating to liquidation of transactions paid to the Depositary.

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 2016

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 Depositary.

As at the date of the financial statements, 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 2016

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 - 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.

ETHOS FUND

Additional Information (unaudited)

as at 31st December 2016

1 - 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.

2 - Remuneration disclosure

SEB Fund Services S.A. (SEB) has implemented a Remuneration policy that is designed to encourage good performance and behaviour, and seeks to achieve a balanced risk-taking that goes in line with unitholders' expectations.

In SEB, there is clear distinction between the criteria for setting fixed remuneration (e.g. base pay, pension and other benefits) and variable remuneration (e.g. short- and long-term variable remuneration). The individual total remuneration corresponds to requirements on task complexity, management and functional accountability and also related to the individual's performance.

SEB provides a sound balance between fixed and variable remuneration and aligns the pay out horizon of variable pay with the risk horizon. This implies that certain maximum levels and deferral arrangements apply for different categories of employees.

The amount below represents the proportion of the total remuneration on calendar year 2016 and adjusted according to the number of full time employees during the year 2016 and identified staff (i.e. the aggregate amount of remuneration broken down by senior management and members of staff of the Management Company/ AIFM whose actions have a material impact on the risk profile of the funds). This amount is further proportioned to the total net asset value of each fund, taking into account UCITS and non-UCITS.

	TNA as of 31st December 2016*	% of total TNA managed by AIFM / Management Company	Fixed Remuneration *		Variable Remuneration *		Number of beneficiaries (Average Full Time Equivalent)
			All Employees	Identified Staff	All Employees	Identified Staff	All Employees
Ethos Fund	126,486,359.64	1.74	23,319.52	8,812.04	863.36	406.65	14.18

* All amounts are in euro

Fixed Remuneration (incl. fixed salary, allowances, pension)

Variable Remuneration (incl. short term incentives and long term incentives)

ETHOS FUND

Additional Information (unaudited) (continued)
as at 31st December 2016

3 - Information concerning the transparency of securities financing transactions and of reuse of cash collateral (regulation EU 2015/2365, hereafter 'SFTR')

At the date of the financial statements, the Fund is not in the scope of the publication requirements of SFTR. No corresponding transactions were carried out during the reporting period.

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