

Audited annual report as at 31st December 2011

Lancelot Ector

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 54 040



The sole legally binding basis for the purchase of shares of the Fund described in this report is the latest valid sales prospectus with its terms of contract. Subscriptions cannot be received on the basis of financial reports.

Lancelot Ector

Contents

Organisation.....2

General information4

Report of the Board of Directors6

Graphics9

Audit report.....10

Lancelot Ector - Master Fund12

 Statement of net assets12

 Statement of operations and other changes in net assets13

 Statistical information14

 Statement of investments and other net assets15

Notes to the financial statements17

Lancelot Ector

Organisation

Registered Office

6a, Circuit de la Foire Internationale
L-1347 Luxembourg

Board of Directors of the SICAV

Chairman
Tobias JÄRNBLAD,
Managing Director
Lancelot Asset Management AB, Stockholm, Sweden

Per LJUNGBERG
Deputy Managing Director
Lancelot Holding AB, Stockholm, Sweden

Jean-Claude WOLTER
Honorary Lawyer, Director of Companies
Luxembourg, Grand-Duchy of Luxembourg

Management Company and Central Administration

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

Board of Directors of the Management Company

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

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

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

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

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

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

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

Lancelot Ector

Organisation (continued)

Custodian Bank	Skandinaviska Enskilda Banken S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
Sub-Administrator, Registrar and Transfer Agent	European Fund Administration S.A. 2, Rue d'Alsace L-1122 Luxembourg
Investment Manager	Lancelot Asset Management AB Nybrokajen 7, PO Box 16172 SE-103 23 Stockholm
Distributors and Placement Agents	In Sweden Lancelot Asset Management AB Nybrokajen 7, PO Box 16172 SE-103 23 Stockholm In Luxembourg Skandinaviska Enskilda Banken S.A. 6a, Circuit de la Foire Internationale L-1347 Luxembourg
Authorized Placement Agents	In Sweden Stern & Partner Assurans AB Skirnervägen 5 SE-182 67 Djursholm Phone: +46 8 5450 6915 Fax: +46 8 5450 6929 (until 31st December 2011) Consortum AB Wenner-Gren Center Sveavägen 166 SE-113 46 Stockholm Phone: +46 8 33 15 50 Fax: +46 8 33 11 50
Auditor	PricewaterhouseCoopers S.à r.l. 400, Route d'Esch L-1471 Luxembourg

Lancelot Ector

General information

Lancelot Ector (the "Company") is an open-ended investment Company incorporated under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*" ("SICAV") and was incorporated on 28th February 1996 under the Luxembourg law of 30th March 1988 on Undertakings for Collective Investment. Since 16th November 2006, the Company is subject to Part I of the modified Law of 20th December 2002 until 30th June 2011 and to Part I of the Law of 17th December 2010 relating to undertakings for collective investment since 1st July 2011.

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

- Lancelot Ector - Master Fund; expressed in SEK.

The Company issues shares of different classes:

- Class A Shares: subscribed and redeemed through Lancelot Asset Management AB,
- Class B Shares: subscribed and redeemed through any other Distributor or Placement Agent and/ or any sub-distributor or sub-placement agent.

The A and B Classes of Shares corresponding to the Lancelot Ector - Master Fund are issued in the form of two categories being accumulation shares and dividend shares.

The financial year of the Company ends on 31st December.

Subscription and redemption prices are available at the registered office of the Company.

Financial reports of the Company are published annually and semi-annually. At the date of the report, one Sub-Fund is offered for sale. As a consequence, the financial statements of the Sub-Fund Lancelot Ector - Master Fund reflect also the global situation of the Company.

These reports, as well as the offering prospectus, and all information concerning the Company can be obtained at the offices of the following agents: Skandinaviska Enskilda Banken S.A. and Lancelot Asset Management AB.

European Savings Tax Directive

The Council of the European Union adopted on 3rd June 2003 a Council Directive 2003/ 48/ EC on the taxation of savings income in the form of interest payments (the "European Savings Directive") under which Member States of the European Union ("Member States") will be required to provide tax authorities of another Member State with details of payment of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. Austria and the Grand Duchy of Luxembourg have opted alternatively for a withholding tax system for a transitional period in relation to such payments.

The Luxembourg law of 21st June 2005 implemented the Savings Directive into Luxembourg (the "Savings Directive Law").

Pursuant to the Savings Directive Law, the withholding tax rate on interests was 15% until 30th June 2008, 20% between 1st July 2008 and 30th June 2011, and amounts to 35% as from July 2011 onwards. Article 9 of the Savings Directive Law provides that no withholding tax will be withheld if the beneficial owner expressly authorizes the Paying Agent to report information in accordance with the provisions of the Savings Directive Law.

Lancelot Ector

General information (continued)

Dividends distributed by a Sub-Fund will be subject to the Savings Tax Directive if more than 15% of the relevant Sub-Fund's assets are invested in debt claims as defined in the Savings Directive Law. Proceeds realised by Shareholders on the disposal of Shares will be subject to such reporting or withholding if more than 25% of the relevant Sub-Fund's assets are invested in debt claims as defined by the Savings Directive Law.

As per Resolution of the Board of Directors dated 28th June 2005, the classification of Lancelot Ector - Master Fund to be in or out of the scope of the EU-Savings Directive is subject to an Asset Test validated by Board decision. The Company's status arising from such Asset Test applies for one year starting from the 5th month after each financial year-end.

According to Asset Tests performed as at 31st December 2010 and 31st December 2011, Lancelot Ector - Master Fund:

- Is in scope of the EU-Savings Directive for dividends declared and paid out on its dividend shares until 30th April 2013.
- Is in scope for realised capital gains until 30th April 2013.

Lancelot Ector

Report of the Board of Directors

Dear Shareholder,

Lancelot Ector was established as an umbrella fund on 28th February 1996.

Total subscriptions to the sub-fund Lancelot Ector - Master Fund, initially launched on 13th March 1996 at SEK 10,00 per share, amount to 27,771,726.498 accumulation (capitalisation) shares and 10,738,253.412 dividend (distribution) shares as of 31st December 2011, representing total assets of SEK 923,895,626. The net asset value per capitalisation share was SEK 26.36 i.e. increase of 163.60% after fees from launch date and a decrease of 1.68% during the year 2011.

The Master Fund is a so-called balanced fund, which seeks to achieve long term growth from diversified investments in both equities and bonds. The asset allocation is flexible, with the equity portion being invested in Swedish and international stock market listed shares and the bond portion of the portfolio being invested to a large extent in Swedish bonds with low credit risk.

Global economy and financial markets

The world economic outlook darkened markedly during the autumn. The eurozone crisis worsened with contagion spreading to Spain and Italy, while recoveries remained feeble in other advanced economies. Many emerging markets with growth models geared towards exports and investments also showed signs of slowing economic activity. Both public and private sector economist marked down their forecasts for the next two years. A combination of public budget austerity and efforts to pay back household and corporate debt will hold back growth in many developed economies. In the U.S., most economists still expect the country to enter 2012, an election year, in modest recovery mode. With unemployment slowly falling and recent growth rates higher than in Europe on the back of higher consumer spending, survey data have pointed to a continued moderate rate of growth. The engine of the global economy is therefore moved even more decisively to large emerging economies. China, by far the most important emerging economy, accounted for over 40% of global growth in 2011 according to some estimates. But the country is feeling the slowdown in the rest of the world and the Chinese authorities are beginning to worry about their ability to sustain growth. Inflation is moderating though and thereby increasing the scope for stimulatory policies. Increasing infrastructure spending, investments by state-owned companies and housing programmes might work as it did in 2009 but will have the less desirable side effect of increasing the unbalanced, capital intensive growth model of China, and will do nothing for the longer-term aim of rebalancing the global economy. Growth in Latin America is expected to slow rapidly as the commodity boom levels off, while eastern Europe is particularly vulnerable to the eurozone crisis and its banks as they seek to reduce exposure to the region. In all, the advanced economies are projected to still be a long way from a sustainable recovery from the 2008-09 crisis and there is a huge uncertainty over the possibility of the emerging world to generate self-sustaining growth.

The Federal Reserve (Fed) maintained the federal funds rate at a range of 0-0.25%. The Fed noted in its December meeting that the US economy is expanding at a moderate pace helped by an advance in household spending, capital spending and exports. The Fed also noted that inflation was moderating since earlier in the year, and that longer-term inflation expectations remain stable. Economic conditions, including low rates of resource utilization and a subdued outlook for inflation over the medium term, are likely to warrant exceptionally low levels of the federal funds rate at least through mid-2013. In Europe, the European Central Bank (ECB) under its new president Mario Draghi lowered its refi rate by 0.50% to 1% after the 0.25% hike in July. ECB pointed to the intensified financial market tensions with its dampening effect on economic activity in the euro area, and that the outlook remains subject to high uncertainty and substantial downside risks. Furthermore, the bank announced more so-called non-standard measures to support the liquidity situation of euro area banks. In essence this means that European banks from now on can borrow against different collaterals at the ECB for up to three years. Earlier, several major central banks entered into US-dollar swap agreements to supply European banks with dollar denominated loans as the interbank loan market showed clear signs of

seizing up. The Swiss National Bank (SNB) took the unusual step to try to fix the Swiss exchange rate against the euro at 1.20, and stated that it was prepared to buy foreign currency in unlimited quantities. Behind this move was an “acute threat to the Swiss economy and the risk of deflationary development that spring from massive overvaluation of the Swiss franc”. Swiss economic activity is suffering from both the strong Swiss franc and the softening in international demand. The country’s close relations with the euro area, makes Switzerland’s economic prospects highly dependent on how the European sovereign debt crisis develops. Unfortunately, by weakening its own currency and thereby easing Switzerland’s export problems other export oriented countries will be in a worse competitive position. After raising the repo rate in the summer the Swedish Riksbank reversed its hiking cycle and lowered the rate by 0.25% to 1.75%. The cut was motivated by a deteriorated international economic outlook and a slowing Swedish economy. After more than two years of progressively tighter monetary policies, China began what most observers regard as the start of a cycle of monetary loosening, by cutting the reserve ratio for all banks by half a percentage point. Increasing inflation, which was the main reason for tightening policy earlier, peaked at an annualised 6.5% rate in July, and is expected to fall well below 5% in the near future. In addition, many indicators of economic activity showed that the world’s second largest economy was experiencing a modest and gradual slowdown but with growth risk tilted to the downside in the coming months. The yield curve in the US was flatter as bond yields fell more than shorter maturities. In Europe, the German yield structure flatten somewhat. Most EU-countries bond yields widened against the German bund with the escalation of the debt crisis.

With the intensification of the European debt crisis the euro weakened against the US dollar during the second half of the year. The common currency hit a ten-year low against the Japanese yen, underlining the yen’s enduring status as a haven amid global financial turmoil. In early autumn the US dollar fell against the Japanese yen, but rebounded fractionally in the fourth quarter. The Swedish krona drifted in sympathy with the euro against the US dollar as financial markets were in a risk-off mode. In the commodity space the Reuters/ Jefferies CRB index (about a third is petroleum products) fell by short of 10%. Crude oil prices ended the year at USD 107 per barrel, while the price of gold reached its year high in September but still finished the year up 10%.

Global stock markets struggled in 2011 as risks and uncertainties came to the fore with slowing global economic activity and growing worries about the European debt crisis. For the full year, the EU markets fell by 13% in local currency terms (MSCI), with the Nordic region down by 18%. Many big European bourses declined by 10-25%, with London the best performing market with a decline of 5.5%. In Sweden, the equity market dropped by 16%. The North American region outperformed with a small decline of 1% (USA unchanged), while the Pacific region ended the year 19% lower. The Japanese equity market fell by 20.5%. The world index declined by 7.56% in local currency terms, and by 5.46% in Swedish krona terms as the Swedish currency weakened.

The Fund

As of 31st December 2011 the Swedish equity exposure amounted to 13.0%, international equity exposure amounted to 15.0%, bonds amounted to 70.3% and cash and other assets amounted to 1.7% of total net asset value. The equity portion of the Fund was reduced during the second half of the year from approximately 34% to 28%. The duration of the bond portfolio at the turn of the year was 0.44 years.

Some changes were made in the equity portfolio during the last six months of 2011. With increased uncertainty in financial markets several positions were either reduced or sold. The entire position in *Whirlpool* was sold with a small loss as the vital Brazilian market slowed after years of credit-led expansion. Furthermore, the newly bought position in *Aflac* was also sold with a loss as the company’s investment portfolio with exposure to sovereign debt and financial institutions in peripheral Europe continued to weigh on the stock. The entire holding in *AstraZeneca* was

disinvested with a small gain as the stock outperformed. Although attractively valued we find the future earnings trend worrisome as the product portfolio continues to be a major problem. With the European debt crisis continuing the holding in *Svenska Handelsbanken* was also sold with a small loss. A number of small positions in more cyclical and volatile stocks were bought as the stock prices of these were depressed and a weaker world economy already discounted. If the global business cycle turns more markedly negative these stocks are of course vulnerable, but the investments are more short-term in nature. The value of the Fund decreased by 1.68% during the year. The main positive contributors to the Fund's performance were Intrum Justitia, Marathon Oil, Pfizer and Unilever. Britvic, Ratos and Securitas, on the other hand, lagged. Performance from the bond portfolio was positive.

Outlook for 2012

The consensus outlook for the global economy in 2012 is subdued with recession in the eurozone, sub-par growth in the US, and the risk of a sharp slowdown in China and in most emerging-market economies. Asian economies are exposed to China, Latin America is exposed to lower commodity prices, while Central and Eastern Europe are exposed to the eurozone. The turmoil in the Middle East is a reminder that geopolitical risk remains high with volatile oil prices as a consequence. Unlike 2008 or 2009 the equity markets may not get much help from the authorities in 2012, since policymakers seem to have run out of ammunition with fiscal deficits and debt-to-GDP ratios already high, interest rates low, and quantitative easing (QE) already underway in the US, the UK, and arguably the eurozone. Instead, debt-burdened governments are opting for austerity rather than further stimuli. The policy of further QE has also become controversial, and it is not clear that previous rounds of QE did much to help the real economy. Political uncertainty will in all probability continue to weigh on financial markets in 2012. From an investment perspective the picture is more mixed. You can either have good news or cheap markets, but not both. Financial markets react not just to the economic fundamentals but how the fundamentals differ from expectations. A lot of the bad news about 2012 has been priced in, and if economic growth should surprise on the upside markets will respond. And even if the developed world does slip into recession in 2012, at some point markets will start anticipating a recovery later in the year or in 2013.

With this backdrop we continue to emphasize the importance of active, rather than passive, index-linked portfolio management. The ability to pick and avoid stocks continues to be paramount.

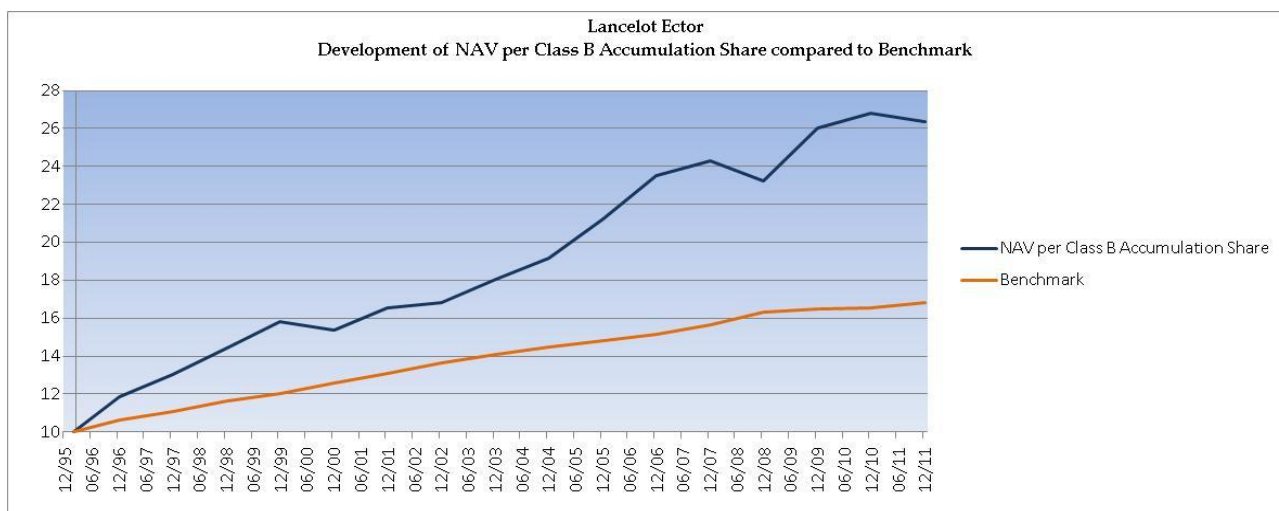
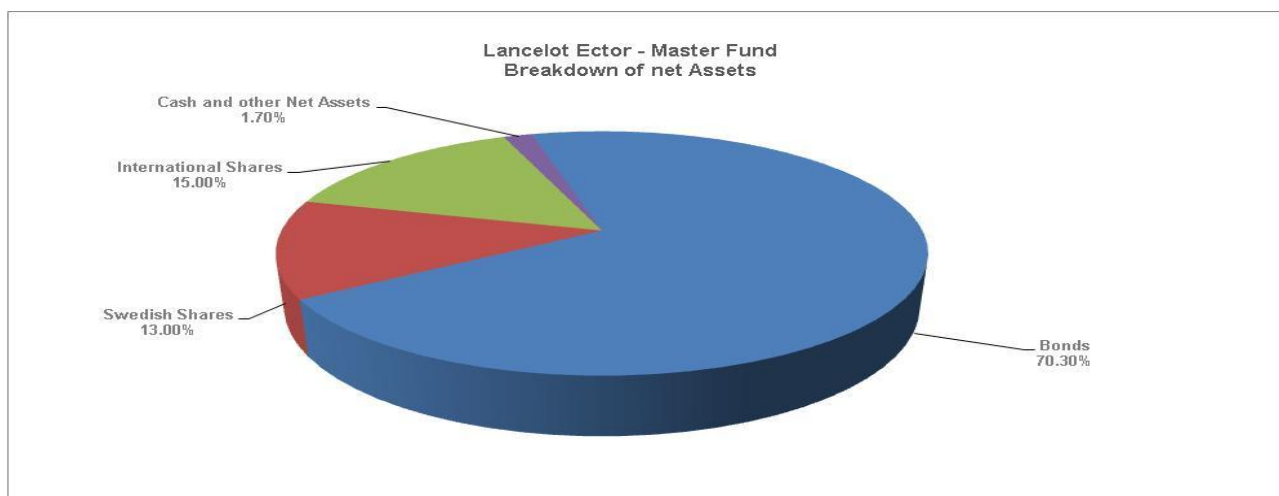
Luxembourg, 3rd January 2012

The Board of Directors

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

Lancelot Ector

Graphics



Year	NAV Development	Benchmark Development	Year	NAV Development	Benchmark Development
1996	18.75% *	6.56% *	2004	6.26%	2.77%
1997	9.72%	3.97%	2005	10.74%	2.15%
1998	10.84%	5.02%	2006	10.86%	2.26%
1999	9.51%	3.53%	2007	3.15%	3.44%
2000	-2.97%	4.28%	2008	-4.28%	4.11%
2001	7.79%	4.31%	2009	11.90%	1.19%
2002	1.73%	3.95%	2010	3.12%	0.33%
2003	7.22%	3.55%	2011	-1.68%	1.614%

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



Audit report

To the Shareholders of
Lancelot Ector

We have audited the accompanying financial statements of Lancelot Ector, which comprise the statement of net assets and the statement of investments and other net assets as at 31st December 2011 and the statement of operations and other changes in net assets for the 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 SICAV for the financial statements

The Board of Directors of the SICAV 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 SICAV 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 SICAV, as well as evaluating the overall presentation of the financial statements.

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



Audit report (continued)

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Lancelot Ector as of 31st December 2011, 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 S.à r.l.
Represented by

Luxembourg, 9th March 2012

A handwritten signature in black ink, appearing to be 'Philippe Sergiel', written over a horizontal line.

Philippe Sergiel

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 31st December 2011

Assets

Securities portfolio at market value	902,304,611
Cash at banks	15,158,756
Income receivable on portfolio	6,590,141
Unrealised gain on forward foreign exchange contracts	1,002,500
Total assets	925,056,008

Liabilities

Bank liabilities	3
Payable on purchases of securities	118,710
Interest on bank liabilities and expenses payable	1,041,669
Total liabilities	1,160,382

Net assets at the end of the year	923,895,626
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Number of Class A Accumulation Shares outstanding	14,731,362.581
Net asset value per Class A Accumulation Share	26.36
Number of Class A Dividend Shares outstanding	6,048,845.433
Net asset value per Class A Dividend Share	17.88
Number of Class B Accumulation Shares outstanding	13,040,363.917
Net asset value per Class B Accumulation Share	26.36
Number of Class B Dividend Shares outstanding	4,689,407.979
Net asset value per Class B Dividend Share	17.88

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

Lancelot Ector - Master Fund

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

from 1st January 2011 to 31st December 2011

Income

Dividends, net	9,807,375
Interest on bonds and other debt securities, net	19,564,419
Interest on bank accounts	327,184
Total income	<u>29,698,978</u>

Expenses

Management fees	10,236,341
Transaction fees	70,388
Central administration costs	1,252,042
Professional fees	85,470
Other administration costs	119,119
Subscription duty ("taxe d'abonnement")	489,899
Interest paid on bank liabilities	764
Other expenses	184,094
Total expenses	<u>12,438,117</u>

Net investment income	17,260,861
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Net realised gain/(loss)

- on securities portfolio	-1,826,087
- on forward foreign exchange contracts	1,515,184
- on foreign exchange	-1,198,077
Realised result	<u>15,751,881</u>

Net variation of the unrealised gain/(loss)

- on securities portfolio	-32,264,398
- on forward foreign exchange contracts	-2,191,616
Result of operations	<u>-18,704,133</u>

Dividends paid	-3,409,186
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Subscriptions	125,652,300
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Redemptions	-244,082,243
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Total changes in net assets	<u>-140,543,262</u>
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Total net assets at the beginning of the year	<u>1,064,438,888</u>
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Total net assets at the end of the year	<u><u>923,895,626</u></u>
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The accompanying notes are an integral part of these financial statements.

Lancelot Ector - Master Fund

Statistical information (in SEK)

as at 31st December 2011

Total net assets	
- as at 31.12.2011	923,895,626
- as at 31.12.2010	1,064,438,888
- as at 31.12.2009	922,292,463
Number of Class A Accumulation Shares	
- outstanding at the beginning of the year	16,018,026.092
- issued	0.000
- redeemed	-1,286,663.511
- outstanding at the end of the year	14,731,362.581
Net asset value per Class A Accumulation Share	
- as at 31.12.2011	26.36
- as at 31.12.2010	26.81
- as at 31.12.2009	26.00
Number of Class A Dividend Shares	
- outstanding at the beginning of the year	11,037,369.284
- issued	0.000
- redeemed	-4,988,523.851
- outstanding at the end of the year	6,048,845.433
Net asset value per Class A Dividend Share	
- as at 31.12.2011	17.88
- as at 31.12.2010	18.46
- as at 31.12.2009	18.36
Dividend paid	
Payment date	19.01.2011
Dividend per share	0.2769
Shares outstanding at dividend date	11,037,369.284
Number of Class B Accumulation Shares	
- outstanding at the beginning of the year	15,202,277.676
- issued	1,267,725.646
- redeemed	-3,429,639.405
- outstanding at the end of the year	13,040,363.917
Net asset value per Class B Accumulation Share	
- as at 31.12.2011	26.36
- as at 31.12.2010	26.81
- as at 31.12.2009	26.00
Number of Class B Dividend Shares	
- outstanding at the beginning of the year	1,277,577.811
- issued	5,016,177.649
- redeemed	-1,604,347.481
- outstanding at the end of the year	4,689,407.979
Net asset value per Class B Dividend Share	
- as at 31.12.2011	17.88
- as at 31.12.2010	18.46
- as at 31.12.2009	18.36
Dividend paid	
Payment date	19.01.2011
Dividend per share	0.2769
Shares outstanding at dividend date	1,274,604.913

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

Lancelot Ector - Master Fund

Statement of investments and other net assets (in SEK)

as at 31st December 2011

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					
Banks					
USD	175,000	Bank of America Corp	9,468,448	6,673,418	0.72
SEK	202,970	Skandinaviska Enskilda Banken A	8,329,521	8,137,067	0.88
			<u>17,797,969</u>	<u>14,810,485</u>	<u>1.60</u>
Capital goods					
SEK	67,000	SKF AB B	9,221,395	9,755,200	1.06
Commercial services and supplies					
SEK	531,500	Securitas AB B	40,503,108	31,571,100	3.42
Diversified financial services					
SEK	367,981	Intrum Justitia AB	27,993,699	39,649,953	4.29
Energy					
USD	80,250	Marathon Oil Corp	12,836,375	16,110,286	1.74
USD	36,500	Petroleo Brasileiro SA spons ADR repr 2 Pref Shares	7,325,188	5,880,461	0.64
			<u>20,161,563</u>	<u>21,990,747</u>	<u>2.38</u>
Food, beverage and tobacco					
GBP	559,041	Britvic Plc	18,015,627	19,172,512	2.07
EUR	152,925	Unilever NV Certif of Shares	28,793,867	36,189,361	3.92
			<u>46,809,494</u>	<u>55,361,873</u>	<u>5.99</u>
Health care equipment and services					
USD	73,700	Medtronic Inc	17,789,503	19,334,565	2.09
Investment companies					
SEK	392,128	Ratos AB B	28,505,859	31,664,336	3.43
Pharmaceuticals and biotechnology					
USD	234,500	Pfizer Inc	27,101,857	34,804,514	3.77
Total shares					
			<u>235,884,447</u>	<u>258,942,773</u>	<u>28.03</u>
Bonds					
Corporate bonds					
SEK	40,000,000	Akademiska Hus AB FRN EMTN 10/ 15.10.15	40,000,000	40,010,200	4.33
SEK	50,000,000	Fortum Oyj FRN EMTN 10/ 14.09.15	50,000,000	49,922,250	5.40
SEK	30,000,000	TeliaSonera AB FRN EMTN Sen 11/ 17.09.12	30,000,000	30,006,423	3.25
SEK	40,000,000	Vasakronan AB FRN 10/ 26.08.13	40,000,000	39,936,396	4.32
			<u>160,000,000</u>	<u>159,875,269</u>	<u>17.30</u>
Financial Institution bonds					
SEK	40,000,000	Lansforsakringar Hypotek AB FRN Ser 329 10/ 21.03.12	39,980,800	40,034,400	4.33
SEK	30,000,000	Nordea Bk FRN EMTN 10/ 03.10.12	30,000,000	30,087,450	3.26

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

Lancelot Ector - Master Fund

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

as at 31st December 2011

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
SEK	20,000,000	Nordea Hypotek AB FRN EMTN 10/ 11.01.13	19,958,400	20,093,200	2.17
SEK	40,000,000	Skandinaviska Enskilda Banken 4.5% Ser 567 09/ 18.06.14	40,566,400	42,225,592	4.57
SEK	40,000,000	Stadshypotek AB FRN EMTN 10/ 01.02.13	40,000,000	40,214,400	4.35
SEK	30,000,000	Swedbank AB FRN EMTN 11/ 03.11.14	29,957,400	29,992,500	3.25
SEK	10,000,000	Swedbank AB FRN EMTN Ser Nov 11/ 03.11.14	9,986,600	9,997,500	1.08
SEK	40,000,000	Swedbank Mortgage AB FRN EMTN 10/ 21.05.12	40,000,000	40,081,800	4.34
SEK	30,000,000	Swedish Export Credit FRN EMTN Sen 09/ 20.05.12	30,000,000	30,092,850	3.26
			<u>280,449,600</u>	<u>282,819,692</u>	<u>30.61</u>
Government guaranteed bonds					
SEK	50,000,000	SBAB Bank AB 2.2% EMTN 09/ 18.01.12	50,229,716	50,010,705	5.41
SEK	25,000,000	VolvoFinans AB 2.54% Ser 802 09/ 20.01.12	24,986,228	25,007,625	2.71
			<u>75,215,944</u>	<u>75,018,330</u>	<u>8.12</u>
Municipal bonds					
SEK	40,000,000	Kommuninvest I Sverige AB 1.75% Ser K1210 10/ 08.10.12	39,913,700	39,989,644	4.33
Sovereign bonds					
SEK	35,000,000	EIB 2.95% EMTN 09/ 17.02.15	34,960,800	35,618,163	3.86
Total bonds			<u>590,540,044</u>	<u>593,321,098</u>	<u>64.22</u>
<u>Transferable securities dealt in on another regulated market</u>					
Bonds					
Corporate bonds					
SEK	25,000,000	Vattenfall AB FRN EMTN Sen 11/ 22.05.13	24,998,250	24,991,265	2.70
Total bonds			<u>24,998,250</u>	<u>24,991,265</u>	<u>2.70</u>
<u>Other transferable securities</u>					
Bonds					
Municipal bonds					
SEK	25,000,000	Taby Kommun 3.21% Ser 114 09/ 01.06.12	25,682,750	25,049,475	2.71
Total bonds			<u>25,682,750</u>	<u>25,049,475</u>	<u>2.71</u>
Total investments in securities			<u>877,105,491</u>	<u>902,304,611</u>	<u>97.66</u>
Cash at banks				15,158,756	1.64
Bank liabilities				-3	0.00
Other net assets/ liabilities				6,432,262	0.70
Total				<u><u>923,895,626</u></u>	<u><u>100.00</u></u>

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

Note 1 - Significant accounting policies

a) Presentation of the financial statements

The financial statements of the Company are established in accordance with the Luxembourg legal and regulatory requirements concerning Undertakings for Collective Investment.

b) Valuation

- 1) Securities admitted to official listing on a stock exchange or which are traded on another regulated market which operates regularly and is recognised and open to the public within the EU or the OECD Member States are valued on the base of the last known sales price (as of 30th December 2011). If the same security is quoted on different markets, the quotation of the main market for this security will be used. If there is no relevant quotation or if the quotations are not representative of the fair value, the evaluation will be done in good faith by the Board of Directors or its delegate with a view to establishing the probable sales prices for such securities.
- 2) Non-listed securities are valued on the base of their probable sales price as determined in good faith by the Board of Directors and its delegate.
- 3) Liquid assets are valued at their nominal value plus accrued interest.
- 4) Time deposits may be valued at their yield value if a contract exists between the Company and the Custodian Bank stipulating that these time deposits can be withdrawn at any time and their yield value is equal to the realized value.
- 5) All assets denominated in a different currency than the respective Sub-Fund's currency are converted into this respective Sub-Fund's currency at the exchange rates used for the respective Valuation Day.
- 6) Financial instruments which are not traded on the futures exchanges but on a regulated market are valued at their settlement value, as stipulated by the Company's Board of Directors in accordance with generally accepted principles, taking into consideration the principles of proper accounting, the customary practices in line with the market, and the interests of the Shareholders, provided that the above-mentioned principles correspond with generally accepted valuation regulations which can be verified by the auditor.

c) Net realised gain/ (loss) on sales of securities

The net realised gain/ (loss) on sales of securities is determined on the basis of the average cost of securities sold.

d) Cost of securities

The acquisition cost of a security denominated in a currency other than that of the Sub-Fund is converted to the Sub-Fund's currency at the exchange rate prevailing on the date of purchase.

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.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2011

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

1	SEK	=	0.1363398	CHF	Swiss Franc
			0.1122766	EUR	Euro
			0.0938028	GBP	Pound Sterling
			0.1458023	USD	US Dollar

f) Consolidation

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

g) 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.

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 fees incurred by the Fund relating to purchase or sale of securities are included in the transaction price used to calculate the realised and unrealised gain/ (loss) on securities. They are mainly broker fees.

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

- Lancelot Ector - Master Fund :	128,329.75 SEK
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Other transaction fees are disclosed in the "Transaction fees" of the statement of operations and other changes in net assets. They are mainly composed of fees paid to the Custodian Bank.

Note 2 - Subscription, redemption and conversion fees

Shares of Class A are subscribed only through Lancelot Asset Management AB, to investors who have entered into an asset management account at an Issue Price based on the Net Asset Value per Share on the relevant Valuation Day.

Shares of Class B are subscribed at an Issue Price based on the Net Asset Value per Share on the relevant Valuation Day plus a front-end sales charge of up to 5% of the Net Asset Value paid to the relevant financial intermediary.

The price to be paid in respect of each share tendered for redemption (the "Redemption Price") is the Net Asset Value. The Shares of Class A are only redeemed through Lancelot Asset Management AB.

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2011

In the case of Class B Shares the Redemption Price is based on the Net Asset Value per Share less a contingent exit fee not in excess of a maximum of 3%, 2% respectively 1% in case of redemption within 1, 2 respectively 3 years or thereafter from the date of their initial issue. The exit fee is payable to the relevant financial intermediary (if any) through whom such Shares were subscribed.

This exit fee applied until 31st December 2011 and will no longer apply after this date.

Note 3 - Management Company

For infrastructure supplies, the Management Company is entitled to receive out of the Sub-Fund's assets a fee of maximum 0.025% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

For its services, the Investment Manager, Lancelot Asset Management AB, Stockholm, is entitled to receive an Investment Management Fee received by the Management Company on behalf of the Investment Manager of maximum 1% p.a.. This fee is payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month.

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

Note 4 - Performance fee

A Performance Fee is paid out of the Sub-Fund's assets to the Investment Manager. The Performance Fee is 15% of the amount by which the relevant Sub-Fund's total return, based on the Net Asset Value at the beginning and at the end of the relevant year and after accrual of the fixed fee, outperforms on a year to year basis the agreed benchmark return. The benchmark return is in the case of the Lancelot Ector - Master Fund the twelve months' interest on Swedish Treasury Bills at 31st December of the prior year, as published in the financial media or a corresponding benchmark which is generally recognized, auditable and approved by the Board of Directors, should no twelve months Swedish Treasury Bills be in issue at this date. Negative performances, if any, are not carried forward or taken into consideration.

Since there was no 12 month Swedish Treasury Bill in issue at 31st December 2010, the benchmark return for 2011 has been calculated, using a Treasury Bill with maturity in June 2011 and the Swedish Government Bond with maturity in October 2012, interpolating the result back to 31st December 2010. The benchmark return for 2011 amounts to 1.614%.

Note 5 - Central administration costs

For its services to the Company, the Management Company is entitled to receive, out of the Sub-Fund's assets an administration fee of maximum 0.13% p.a. payable monthly in arrears based on the Sub-Fund's net assets calculated daily during the relevant month with a minimum fee of EUR 3,330 per month. This fee includes the fee due to the Custodian Bank.

The Management Company is furthermore entitled to receive out of the Sub-Fund's assets for the Registrar and Transfer Agent function an annual flat fee per share class, in accordance with Luxembourg customary banking practice.

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

Lancelot Ector

Notes to the financial statements (continued)

as at 31st December 2011

Note 6 - Subscription duty ("taxe d'abonnement")

The Company is governed by Luxembourg law.

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

According to Article 175 (a) of the 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 7 - Risk management

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

Note 8 - Forward foreign exchange contracts

As at 31st December 2011, the following forward foreign exchange contracts are outstanding:

Lancelot Ector - Master Fund

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in SEK)
EUR	142,639.60	SEK	1,321,812.65	17.02.2012	-48,111
EUR	300,000.00	SEK	2,772,780.00	17.02.2012	-93,927
SEK	38,246,925.70	EUR	4,162,976.00	17.02.2012	1,073,590
SEK	17,809,895.83	GBP	1,659,606.00	17.02.2012	85,036
SEK	1,211,607.48	USD	176,180.00	17.02.2012	547
SEK	20,183,420.00	USD	2,900,000.00	17.02.2012	248,841
SEK	1,594,224.72	USD	234,400.00	17.02.2012	-17,039
SEK	1,207,915.28	USD	176,800.00	17.02.2012	-7,407
SEK	36,243,841.58	USD	5,306,410.00	17.02.2012	-232,382
USD	141,128.28	SEK	976,762.94	17.02.2012	-6,648
					<u>1,002,500</u>

Note 9 - Changes in investments

The statement of changes in the investment portfolio for the period referring to the report is available free of charge upon request at the registered office of the Company.

Note 10 - Subsequent event

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

Lancelot Asset Management AB
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