

Unaudited semi-annual report as at 30th June 2014

Lancelot Ector

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 54 040



Subscriptions are received solely on the basis of the most recent prospectus and Key Investor Information Document (which may be read under <http://fundinfo.sebfundservices.lu/LancelotEctor/>) and the latest audited annual report at 31st December and, if more recent, the unaudited financial statements at 30th June.

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Lancelot Ector

Organisation

Registered Office

4, rue Peternelchen
L-2370 Howald

Board of Directors of the SICAV

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

Per LJUNGBERG
Deputy Managing Director
Lancelot Asset Management 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.
4, rue Peternelchen
L-2370 Howald

Board of Directors of the Management Company

Chairman
Gustaf UNGER
Head of Asset Servicing
Skandinaviska Enskilda Banken AB (publ), Sweden
(since 28th March 2014)

Ralf FERNER
Managing Director
SEB Asset Management S.A., Luxembourg
(until 28th March 2014)

Vice-Chairman
Peter KUBICKI
Managing Director
Skandinaviska Enskilda Banken S.A., Luxembourg

Directors
Ralf FERNER
Managing Director
SEB Fund Services S.A., Luxembourg
(since 28th March 2014)

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

Lancelot Ector

Organisation (continued)

	Ann-Charlotte LAWYER Managing Director and Head of SEB Fund Services S.A., Luxembourg (until 28th March 2014)
	Jonas LINDGREN Head of Prime Brokerage SEB Enskilda, Securities Finance, Sweden
Custodian Bank	Skandinaviska Enskilda Banken 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
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
Authorized Placement Agents	In Sweden Consortum AB Wenner-Gren Center Sveavägen 166 SE-113 46 Stockholm
Auditor	PricewaterhouseCoopers, Société coopérative 400, route d'Esch L-1471 Luxembourg

Lancelot Ector

General information

Lancelot Ector (the "Company") is an open-ended investment Company incorporated on 28th February 1996 under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*" ("SICAV"). The Company is registered under Part I of the amended Law of 17th December 2010 relating to undertakings for collective investment.

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 Class B which can be subscribed and redeemed at the registered offices of the Management Company, or the Administrative Agent, through any other Distributor or Placement Agent and/or any sub-distributor or sub-placement agent.

The Board of Directors has decided the automatic conversion of Class A Shares into Class B Shares with effect 1st January 2014. As a consequence, Class A Shares are no longer issued since 1st January 2014.

The B Class of Shares corresponding to the Lancelot Ector - Master Fund are issued in the form of categorie 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.

The financial reports can also be consulted under <http://fundinfo.sebfundservices.lu/lancelotEctor/>.

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 is 35% since 1st July 2011. 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.

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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. Capital gains realized on redemption proceeds 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 30th June 2013 and 31st December 2013, 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 2015.
- Is in scope for realised capital gains until 30th April 2015.

Dear Shareholder,

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

Total subscriptions to the Master Fund, initially launched on 13th March 1996 at SEK 10.00 per share, amount to 15,958,930.687 capitalisation shares and 6,602,186.257 distribution shares as of 30th June 2014, representing total assets of SEK 638,241,658. The net asset value per capitalisation share was SEK 31.60 i.e. increase of 216% after fees from launch date and increase of 3.10 % during the first six months of 2014.

The Master Fund is a so-called balanced fund, which seeks to achieve long-term growth from diversified investments both in equities and bonds. The asset allocation is flexible with the equity part invested in Swedish listed stocks with the possibility of international diversification. The bond portion of the portfolio shall be invested in Swedish bonds with low credit risks.

Global economy and financial markets

In its spring Economic Outlook the OECD projects global growth to strengthen at a moderate pace through 2014 and 2015. Activity in the OECD economies will be boosted by accommodative monetary policies, supportive financial conditions and a fading drag from fiscal consolidation. However, unemployment is likely to decline only modestly, and inflationary pressures will be muted. Growth in many of the large emerging economies is expected to remain modest relative to past norms, with tighter financial and credit conditions and past policy tightening taking effect and supply-side constraints also damping potential output growth. On a regional basis the OECD forecasts the recovery in the US to gain pace, lowering unemployment and reducing economic slack, with inflation rising close to target. A more modest upturn is likely in the euro area, with unemployment remaining high and disinflationary pressures ebbing only slowly. Stronger fiscal consolidation will check growth momentum in Japan, but core inflation could continue to rise, although, excluding indirect tax effects, still remain below its target. These projections were broadly confirmed by sentiment indicators in early summer. The monthly manufacturing purchasing manager's index (PMI) showed that US output, with the exception of a brief spell in early-2010 now is growing at the fastest rate seen since prior to the financial crisis. The survey added to signs that the US economy has enjoyed a strong revival after shrinking due to the adverse weather at the start of the year. More importantly, companies reported that their customers are feeling more confident, restocking, expanding and investing. In the eurozone the manufacturing PMI dropped but still showed expansion. Taken together with the services economy, where flash PMI data showed the pace of expansion lifting to the fastest for almost three years, the PMI surveys pointed to a second quarter GDP increase of approximately 0.5%. In Japan, output and new orders fell for the second month running, but at slower pace. The fall was mainly blamed on the sale tax rise implemented on April 1. There is some uncertainty over how well the economy will perform in the second half of 2014. The Chinese manufacturing PMI numbers confirmed that the economy is stabilizing, but it is too early to say that it has bottomed out, particularly in light of a weaker property sector. To support a sustainable growth momentum both monetary and fiscal policy are expected to be loosened gradually over the coming months.

The Federal Reserve (Fed) decided to keep the target range for the federal funds rate unchanged at 0-0.25%. In its June policy statement, the Fed said that growth is bouncing back and the job market is improving. The Fed continued with its measured reduction in monthly asset buying by USD 10 bn for a fifth straight meeting to USD 35 bn, keeping on pace to end the program late this year. The Fed officials predicted their target interest rates (federal funds rate) will be 1.13% at the end of 2015 and 2.5 % a year later, higher than previously forecast. But most Fed members individual rate projections

were widely dispersed for 2016, i.e. there was little consensus on what will happen beyond 18 months out. They also lowered their long-run estimated rate, reflecting a slower growth rate for the US economy. In Europe, the European Central Bank (ECB) became the first major central bank to cut a key interest rate below zero as it unveiled a series of radical measures to stave off the threat of deflation, and also signalled a willingness to take further action. The ECB cut its main refinancing rate to 0.15% from 0.25% and its deposit rate from zero to minus 0.1%, hoping the move will lift inflation by weakening the euro and encouraging lending in the eurozone's troubled periphery. As well as interest cuts, the ECB announced a package of up to euro 400 bn of cheap loans for eurozone banks in an attempt to boost lending to the region's small and midsized businesses. Banks can borrow at a fixed rate of just 0.25% until 2018 with the main condition that banks must repay the funds in two years' time if they have failed to improve their record in lending to private firms and households (excluding mortgage debt). At the June press conference the ECB president said that the policy makers were still willing to embark on some kind of quantitative easing if ultra-low inflation persists. All of the governing council 24 members backed the package. The ECB cut its eurozone growth forecast for 2014 to 1% and revised down its forecast for inflation to 0.7% in 2014, 1.1% in 2015 and 1.4% in 2016. The Bank of Japan held its aggressive monetary policy in place and said the economy "continued to recover moderately as a trend". It continued to forecast that consumer prices would rise at an annual pace of 1.25% "for some time". Its goal is to reach 2% next year. The Swedish Riksbank kept the repo rate unchanged at 0.75% but a rate cut is widely expected in early July at the next meeting.

After a weak start to the year the US-dollar strengthened against the euro, probably as a reflection of different economic conditions and future interest rate paths. The US currency also rebounded against the Japanese yen after the huge yen depreciation earlier. On the other hand, many emerging countries' currencies reversed the free-fall from last year against the US-dollar and showed signs of stabilization. Among other major currencies the pound sterling strengthened against most crosses. Bank of England Governor Carney delivered a substantial hawkish surprise to the markets in June. After being viewed as more of a dove, i.e. in favour of expansive monetary policy, since he became Governor in July 2013, he now said that the first UK interest rate rise could come "sooner than expected", with the decision on the timing of the first rise "becoming more balanced". The Swedish krona was visibly weak during the latter part of the period. In the commodity space the Reuters/Jefferies CRB index (about a third is petroleum products) rose by approximately 10%. Geopolitical worries drove crude oil prices to USD 112 per barrel while the price of gold increase by almost 10%.

Global stock markets started the year somewhat mixed but showed a steady positive development in the second quarter. To a smaller extent than last year the improvement in markets was due to expansion of the multiple as earnings continued to fall. For the first half of the year, the EU markets rose by 2.6% in local currency terms (MSCI), with the Nordic region 7% higher. Among the big European bourses Italy and Spain were the best performing market with an increase of 13% and 12% respectively. In Sweden, the equity market rose by 3%. The North American region rose close to 6.5% (USA +6%) while the Pacific region ex Japan ended the period 1.4% higher. The Japanese market fell by close to 4%.

The world index increased by 4.27% in local currency terms and by 9.26 % in Swedish krona terms as the Swedish currency weakened.

The Fund

As of 30th June 2014 the Swedish equity exposure amounted to 5.31%, international equity exposure amounted to 26.77%, bonds amounted to 57.73% and cash and other assets amounted to 10.19% of total net asset value. The equity portion of the Fund was increased during the first half of the year from approximately 25 % to 32 % mainly due to a large withdrawal from the fund. The duration of the bond portfolio at the turn of the year was 1.10 years.

Some changes were made in the equity portfolio during the first six months of 2014. A position in the German specialty chemical company Lanxess, a spin-off from Bayer in 2005, was established. Since going public as a separate company Lanxess has been transformed to an established chemical player with strong market positions and an increasing global footprint. The core business areas of the company are performance polymers (mainly synthetic rubber for tires), advanced intermediates (agricultural-chemical business) and performance chemicals (pigments for paints and other specialty chemicals). The largest segment is performance polymers and this market has suffered from overcapacity and weak pricing in 2013, and this year will probably also be difficult. With restructuring driven by a new CEO the hope is that 2015 will be the start of a more positive profit development. Further, a starting position was initiated in US conglomerate Danaher. In the mid-90's, Danaher began moving away from fragmented businesses towards the creation of businesses with sustainable competitive advantages and leadership positions in multi-billion dollar, global markets. Since then the portfolio has evolved to become a more global, higher growth, more scientific and technological set of businesses. Today, the company is designing, manufacturing, and marketing innovative products and services to professional, medical, industrial, and commercial customers. Danaher is regarded as a quality company with a history of steady growth and high margins. One key risk for the company is that transaction prices are too high for large acquisitions. The company has largely relied on acquisitions to drive its growth model. The position in Electrolux was sold as the underlying thesis of an improving pricing environment in the white goods market did not materialize. The investment still generated an annual return of approximately 8 %. Further, the position in Ericsson was also sold with a yearly total return of 13 %. Finally, the remaining holding of Intrum Justitia was disposed of after producing an annual total return of 18.5 % since being bought in February 2005. The current stock buy-back program is a short-term support for the share price, but we find it somewhat troublesome that shareholders money thus is used in a less prudent way than when the company buys debt portfolios. The Fund's NAV-value increased by x % during the first six months of the year. The main positive contributors to the Fund's performance were Securitas, Unilever and Walgreens. Performance from the bond portfolio was positive.

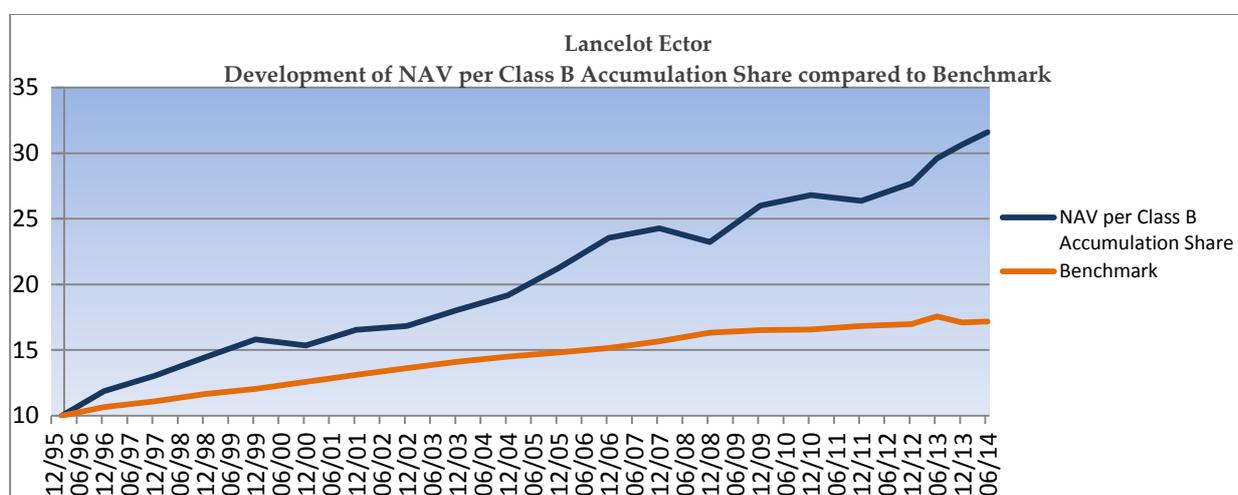
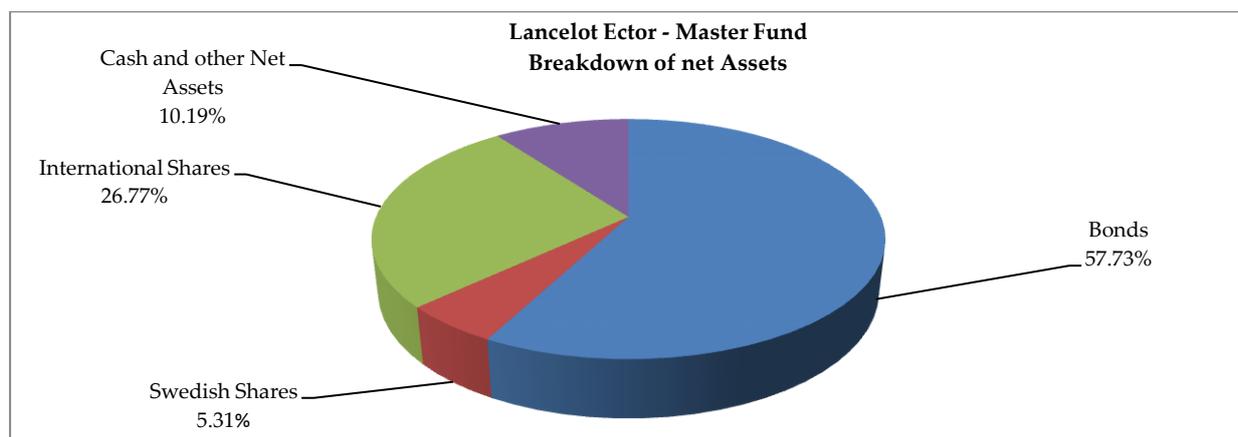
Global markets have come a long way since the US housing and credit bubble burst in 2008, aided by central banks' extraordinary easy policies. But after six years of interest rates near zero the tension between central banks' responsibility for output and inflation on one hand and financial stability on the other is growing. In June the Bank of England (BoE) became the first leading central bank to try to prevent a new credit boom from derailing the recovery after it imposed limits on mortgage borrowing, thereby trying to curb ever-climbing property prices. The situation in the US is somewhat different with the economy developing less favourable compared to the UK. The Fed reaffirmed the expectation that rates would stay near zero through the middle of next year, though the projected pace of tightening thereafter rose slightly. But inflation in May was up 2.1 %, the fastest in 20 months. Still, Fed officials expect prices to stay below the 2 % target through 2016, and have also hinted that they would prefer to let inflation rise above 2 % briefly than strangle the recovery with premature tightening. Moreover, American homes are reasonably valued and household debt is just 109 % of income, and falling. But fixed income markets exhibit euphoria reminiscent of 2007. There are still few signs of pre-2007 style financial leverage, with banks significantly less geared. Instead of borrowing to boost returns on assets viewed as safe, investors are choosing to buy riskier assets (which is one of the aims with QE). The BoE has highlighted the rush for junk bonds and complex contingent convertible

bank bonds (Cocos), along with investor willingness to lend to companies on easier terms, particularly in the US. Since QE works directly through the bond market it is perhaps unsurprising that the action of central banks effects fixed income markets the most. The “reach for yield” has also involved funds being moved from fixed income to equity markets, and maybe this in part explains the multiple-expansion seen during the last 18 months. But ultimately stock valuation is dependent on profit growth and any further expansion of valuation based solely on higher multiples is probably slim. Profits have held reasonably well thanks to cost control, low investments, low financing costs, and aggressive stock buy-back programs. Global growth continues to be modest and any lasting effects on the real economy from central banks’ QE programs are hard to detect. Companies have an increasingly hard time expanding their business which is one reason the surge in mergers and acquisitions have picked up recently. Even in a positive growth and policy environment, return prospects are likely lower, and the possibility for periods of increased volatility higher.

Luxembourg, 9th July 2014

The Board of Directors

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



Year	NAV Development	Benchmark Development	Year	NAV Development	Benchmark Development
1996	18.75% *	6.56% *	2006	10.86%	2.26%
1997	9.72%	3.97%	2007	3.15%	3.44%
1998	10.84%	5.02%	2008	-4.28%	4.11%
1999	9.51%	3.53%	2009	11.90%	1.19%
2000	-2.97%	4.28%	2010	3.12%	0.33%
2001	7.79%	4.31%	2011	-1.68%	1.61%
2002	1.73%	3.95%	2012	5.05%	0.92%
2003	7.22%	3.55%	2013	10.69%	0.69%
2004	6.26%	2.77%	2014	3.10%**	0.39%**
2005	10.74%	2.15%			

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

**Relating to the period 01/01/2014 to 30/06/2014.

Lancelot Ector - Master Fund

Statement of net assets (in SEK)

as at 30th June 2014

Assets

Securities portfolio at market value	573,181,212
Cash at banks	69,164,423
Income receivable on portfolio	1,596,965
Prepaid expenses	145,225
	<hr/>
Total assets	644,087,825
	<hr/>

Liabilities

Bank overdrafts	1
Unrealised loss on forward foreign exchange contracts	1,264,452
Expenses payable	4,581,714
	<hr/>
Total liabilities	5,846,167
	<hr/>
Net assets at the end of the period	638,241,658
	<hr/> <hr/>

Number of Class B Accumulation Shares outstanding	15,958,930.687
Net asset value per Class B Accumulation Share	31.60
Number of Class B Dividend Shares outstanding	6,602,186.257
Net asset value per Class B Dividend Share	20.29

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 2014 to 30th June 2014

Income

Dividends, net	3,557,935
Interest on bonds and other debt securities, net	6,599,802
Interest on bank accounts	48,272
Total income	10,206,009

Expenses

Management fees	3,916,825
Performance fees	3,829,577
Banking charges and other fees	500
Transaction fees	87,380
Central administration costs	496,121
Professional fees	62,942
Other administration costs	122,252
Subscription duty ("taxe d'abonnement")	182,739
Interest paid on bank overdrafts	2
Other expenses	109,627
Total expenses	8,807,965

Net investment income	1,398,044
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Net realised gain/(loss)

- on securities portfolio	29,700,722
- on forward foreign exchange contracts	-1,595,381
- on foreign exchange	-98,939
Realised result	29,404,446

Net variation of the unrealised gain/(loss)

- on securities portfolio	-4,148,622
- on forward foreign exchange contracts	-2,811,008
Result of operations	22,444,816

Dividends paid	-3,648,280
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Subscriptions	444,860,577
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Redemptions	-637,479,459
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Total changes in net assets	-173,822,346
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Total net assets at the beginning of the period	812,064,004
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Total net assets at the end of the period	638,241,658
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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 30th June 2014

Total net assets	
- as at 30.06.2014	638,241,658
- as at 31.12.2013	812,064,004
- as at 31.12.2012	832,201,301
Number of Class A Accumulation Shares	
- outstanding at the beginning of the period	12,190,295.048
- issued	0.000
- redeemed	-12,190,295.048
- outstanding at the end of the period	0.000
Net asset value per Class A Accumulation Share	
- as at 30.06.2014	-
- as at 31.12.2013	30.65
- as at 31.12.2012	27.69
Number of Class A Dividend Shares	
- outstanding at the beginning of the period	1,735,461.104
- issued	0.000
- redeemed	-1,735,461.104
- outstanding at the end of the period	0.000
Net asset value per Class A Dividend Share	
- as at 30.06.2014	-
- as at 31.12.2013	20.27
- as at 31.12.2012	18.48
Number of Class B Accumulation Shares	
- outstanding at the beginning of the period	10,337,866.681
- issued	12,889,447.264
- redeemed	-7,268,383.258
- outstanding at the end of the period	15,958,930.687
Net asset value per Class B Accumulation Share	
- as at 30.06.2014	31.60
- as at 31.12.2013	30.65
- as at 31.12.2012	27.69
Number of Class B Dividend Shares	
- outstanding at the beginning of the period	4,264,012.709
- issued	2,444,672.561
- redeemed	-106,499.013
- outstanding at the end of the period	6,602,186.257
Net asset value per Class B Dividend Share	
- as at 30.06.2014	20.29
- as at 31.12.2013	20.27
- as at 31.12.2012	18.48
Dividend paid	
Ex-dividend date	17.01.2014
Dividend per share	0.6081
Shares outstanding at dividend date	5,999,473.813

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 30th June 2014

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					
Automobiles and components					
USD	172,100	Ford Motor Co	15,116,052	19,845,548	3.11
SEK	79,000	Volvo AB B	7,986,998	7,271,950	1.14
			<u>23,103,050</u>	<u>27,117,498</u>	<u>4.25</u>
Banks					
USD	172,000	Bank of America Corp	9,522,609	17,682,647	2.77
USD	30,500	Citigroup Inc	10,252,167	9,608,723	1.51
			<u>19,774,776</u>	<u>27,291,370</u>	<u>4.28</u>
Capital goods					
USD	16,100	Danaher Corp	7,883,188	8,478,345	1.33
USD	20,400	Deere and Co	11,202,111	12,355,593	1.94
			<u>19,085,299</u>	<u>20,833,938</u>	<u>3.27</u>
Commercial services and supplies					
SEK	335,500	Securitas AB B	25,273,227	26,588,375	4.17
Diversified financials					
USD	39,000	JPMorgan Chase & Co	14,370,103	15,030,825	2.35
Food and drug retailing					
USD	50,000	Walgreen Co	11,524,067	24,791,852	3.88
Food, beverage and tobacco					
GBP	342,780	Britvic Plc	11,562,531	28,525,965	4.47
EUR	54,925	Unilever NV Certif of Shares	11,028,309	16,071,533	2.52
			<u>22,590,840</u>	<u>44,597,498</u>	<u>6.99</u>
Insurance					
USD	1,320	Markel Corp	5,106,550	5,788,744	0.91
Materials					
EUR	28,000	Lanxess AG	13,168,262	12,638,901	1.98
Total shares			<u>153,996,174</u>	<u>204,679,001</u>	<u>32.08</u>

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 30th June 2014

Currency	Number / nominal value	Description	Cost	Market value	% of total net assets
Bonds					
Corporate bonds					
SEK	20,000,000	Castellum AB FRN MTN Ser 100 12/03.09.15	20,039,800	20,395,400	3.20
SEK	10,000,000	Husqvarna AB FRN Sen 12/28.11.17	10,000,000	10,453,900	1.64
SEK	10,000,000	Jernhusen AB 2.375% Ser 102 13/23.04.18	9,981,400	10,366,936	1.62
SEK	20,000,000	Specialfastigheter Sverige AB FRN EMTN Sen 14/23.06.20	20,000,000	19,994,000	3.13
SEK	30,000,000	Sveaskog AB FRN DMTN 14/22.01.20	30,000,000	30,197,250	4.73
SEK	15,000,000	Swedavia AB FRN MTN Ser 104 13/09.05.16	14,995,500	15,068,250	2.36
SEK	20,000,000	Vasakronan AB FRN MTN Ser 417 12/25.01.16	20,180,200	20,376,200	3.19
			125,196,900	126,851,936	19.87
Financial Institution bonds					
SEK	25,000,000	Danske Bank A/S FRN EMTN Sen 12/17.08.15	25,000,000	25,465,250	3.99
SEK	25,000,000	Nordea Hypotek AB 3% Ser 5528 12/21.06.17	26,359,250	26,437,875	4.14
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 12/23.03.17	25,263,500	25,976,250	4.07
SEK	25,000,000	SBAB Bank AB FRN EMTN Sen 13/11.10.18	25,000,000	25,293,750	3.96
SEK	10,000,000	Skandinaviska Enskilda Banken SA 3% Ser 570 11/21.06.17	10,463,300	10,576,400	1.66
SEK	20,000,000	Swedbank Mortgage AB 3.75% Ser 184 10/15.06.16	21,088,400	21,141,000	3.31
SEK	20,000,000	Swedish Export Credit FRN EMTN Sen 12/15.08.16	20,000,000	20,157,600	3.16
			153,174,450	155,048,125	24.29
Municipal bonds					
SEK	30,000,000	Gothenburg (City of) 1.875% EMTN Sen 13/12.08.17	29,896,500	30,897,000	4.84
SEK	30,000,000	Stockholm (City of) 1.63% EMTN 14/17.04.18	29,980,500	30,414,900	4.77
SEK	25,000,000	Stockholms Lans Landsting 2.125% EMTN Sen 14/19.05.20	24,982,000	25,290,250	3.96
			84,859,000	86,602,150	13.57
Total bonds					
			363,230,350	368,502,211	57.73
Total investments in securities			517,226,524	573,181,212	89.81
Cash at banks				69,164,423	10.84
Bank overdrafts				-1	0.00
Other net assets/liabilities				-4,103,976	-0.65
Total				638,241,658	100.00

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. 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 are 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.

Notes to the financial statements (continued)

as at 30th June 2014

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	=	0.1092073	EUR	Euro
			0.0874195	GBP	Pound Sterling
			0.1495048	USD	US Dollar

f) 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.

g) 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.

h) 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 Company relating to purchases or sales of securities and of fees relating to liquidation of transactions paid to the custodian bank and of transaction fees on financial and on derivatives instruments.

Note 2 - Subscription, redemption and conversion fees

Shares of Class B are subscribed at an issue price based on the Net Asset Value per Share on the relevant Valuation Day. No subscription fee is charged.

The price to be paid in respect of each share tendered for redemption (the "Redemption Price") is the Net Asset Value.

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

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2014

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 as of the 31 December 2013, the Benchmark return was determined by interpolating between the market rate of a Swedish Treasury Bond with maturity in August 2015 and the market rate of a Swedish Government Bond with maturity in May 2014, where the rates are converted from 30/360 to actual/360 day convention. Based on the market rates as per the closing of the market of the last bank business day of 2013 and the aforementioned methodology, the Benchmark returned 0.786%.

At the date of the report, a performance fee was recorded for the Sub-Fund Lancelot Ector - Master Fund and amounted to SEK 3,829,577.

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.

Note 6 - Withholding tax refund

The Company reclaims Swedish withholding taxes on dividends for the past periods as follows: For the period from 2005 to 2009 an amount of SEK 10,013,857 was successfully reclaimed through protracted courts proceedings and included into the NAV on 12th June 2013 (when it represented 1.24% thereof). The amount is included under the caption "Other income" in the Statement of operations and other changes in net assets.

Lancelot Ector

Notes to the financial statements (continued)

as at 30th June 2014

The Company will claim withholding taxes in Sweden for the period from 2010 to 2011. Since 2012 the Swedish State has discontinued the former withholding tax on dividends of Swedish issuers paid to EU resident funds such as Lancelot Ector.

The Company has claimed withholding taxes in Norway for the period from 2008 to 2013.

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

The Company is governed by Luxembourg law.

Pursuant to the legislation and regulations in force, 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 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 - Forward foreign exchange contracts

As at 30th June 2014, the following Sub-Fund is committed in the following forward foreign exchange contracts with Skandinaviska Enskilda Banken S.A., Luxembourg:

Currency	Purchases	Currency	Sales	Maturity	Unrealised result (in SEK)
SEK	23,367,245	EUR	2,582,523	28.08.2014	-300,324
SEK	19,743,886	GBP	1,770,117	28.08.2014	-507,900
SEK	1,456,780	USD	217,820.00	28.08.2014	-1,054
SEK	53,331,084	USD	8,036,389	28.08.2014	-455,174
					<u>-1,264,452</u>

Note 9 - Changes in 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 Company.

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