

# Audited annual report as at 31st December 2013

**SpotR™ 1**

Investment Company (SICAV), Luxembourg

R.C.S. Luxembourg B 158 826

#### Notice

The sole legally binding basis for the purchase of Shares of the Company described in this report is the latest valid sales prospectus with its terms of contract.

<b>Organisation</b> .....	<b>2</b>
<b>General information</b> .....	<b>4</b>
<b>Report from the Investment Manager</b> .....	<b>6</b>
<b>Audit report</b> .....	<b>10</b>
<b>Consolidated statement of net assets</b> .....	<b>12</b>
<b>Consolidated statement of operations and other changes in net assets</b> .....	<b>13</b>
<b>SpotR™ 1 – SpotR™ OMXS30</b> .....	<b>14</b>
Statement of net assets .....	14
Statement of operations and other changes in net assets .....	15
Statistical information .....	16
<b>SpotR™ 1 – SpotR™ Bull OMXS30</b> .....	<b>17</b>
Statement of net assets .....	17
Statement of operations and other changes in net assets .....	18
Statistical information .....	19
<b>SpotR™ 1 – SpotR™ Bear OMXS30</b> .....	<b>20</b>
Statement of net assets .....	20
Statement of operations and other changes in net assets .....	21
Statistical information .....	22
<b>Notes to the financial statements</b> .....	<b>23</b>

Organisation

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**Registered Office**

4, rue Peternelchen  
L-2370 Howald

**Board of Directors**

**Chairman**

Ralf FERNER  
Managing Director  
SEB Asset Management S.A., Luxembourg

**Directors**

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

Jérôme WIGNY  
Partner  
Elvinger, Hoss & Prussen, Luxembourg

**Management Company**

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

**Board of Directors of  
the Management Company**

**Chairman**

Ralf FERNER  
Managing Director  
SEB Asset Management S.A., Luxembourg

**Vice-Chairman**

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

**Directors**

Göran FORS  
Head of Asset Servicing  
Transaction Banking  
Skandinaviska Enskilda Banken AB (publ), Sweden

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

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

**Custodian**

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

## SpotR™ 1

### Organisation (continued)

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**Central Administrative Agent**

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

**Administrative Agent**

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

**Investment Manager**

SEB Investment Management AB  
Sveavägen 8  
SE-106 40 Stockholm

**Distribution Agent  
and Authorised Participant**

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

**Auditor**

PricewaterhouseCoopers, Société coopérative  
400, route d'Esch  
L-1471 Luxembourg

**Legal Adviser**

Elvinger, Hoss & Prussen  
2, place Winston Churchill  
L-1340 Luxembourg

# SpotR™ 1

## General information

SpotR™ 1 (the "Company") is an investment company incorporated under the laws of the Grand Duchy of Luxembourg as a "*Société d'Investissement à Capital Variable*" ("SICAV") on 28th January 2011 for an unlimited period. The Company qualifies as an undertaking for collective investment in transferable securities under the Council Directive 2009/ 65/ EC as amended and is governed by Part I of the amended Law of 17th December 2010 relating to Undertakings for Collective Investment.

At the date of the present report, the following Sub-Funds are offered to investors:

- SpotR™ 1 – SpotR™ OMXS30 in SEK
- SpotR™ 1 – SpotR™ Bull OMXS30 in SEK
- SpotR™ 1 – SpotR™ Bear OMXS30 in SEK

Each Sub-Fund is an Exchange Traded Fund (ETF). The Shares of each Sub-Fund are fully transferable to investors and are listed for trading on the NASDAQ OMX Stockholm Exchange.

The investment objective of the Sub-Funds is to provide the investors with a return linked to the performance of the Underlying Asset as described hereafter:

- for SpotR™ 1 – SpotR™ OMXS30: to replicate, as far as possible, the performance of the OMX Stockholm 30 Gross Index,
- for SpotR™ 1 – SpotR™ Bull OMXS30: to replicate, as far as possible, approximately two times the daily performance of the OMX Stockholm 30 Gross Index,
- for SpotR™ 1 – SpotR™ Bear OMXS30: to replicate, as far as possible, approximately two times the daily inverse performance of the OMX Stockholm 30 Gross Index.

The Sub-Funds may use various investment techniques to achieve this exposure to the OMX Stockholm 30 Gross Index:

- The exposure may be achieved by way of derivative transactions such as financial derivative instruments transactions, including but not limited to OTC swap transactions, negotiated at arm's length with a counterparty. Accordingly, the Sub-Fund may be at any time fully or partially exposed to one or more counterparty. The return that the investor will receive will be dependent on the performance of the Underlying Asset and the performance of the derivative instrument used to link the net proceeds from the issue of Shares to the Underlying Asset.
- The Sub-Funds may also invest in the Underlying Securities of the relevant Underlying Asset in proportion to their weighting in the Underlying Asset and will, subject to the concentration limits discussed below, normally aim to invest a substantial part of its total assets in the Underlying Securities of its Underlying Asset. Each Sub-Fund of this category may hold transferable securities tracking the Underlying Asset in accordance with the Investment Restrictions. Such transferable securities will allow a more practicable management of the Sub-Fund.

For the Sub-Funds, the following Share Classes may be issued:

- IC Shares Institutional Capitalisation Shares
- ID Shares Institutional Distribution Shares
- RC Shares Retail Capitalisation Shares
- RD Shares Retail Distribution Shares

Currently, only IC Shares are offered.

The reference currency of the Company is expressed in EUR.

The Company's financial year starts on 1st January and ends on 31st December.

## SpotR™ 1

### General information (continued)

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Financial reports of the Company are published annually and semi-annually. Copies of the annual financial statements and semi-annual reports, as well as the current prospectus, copies of the Articles of Incorporation of the Company may be obtained free of charge at the registered office of the Company.

The Board of Directors confirms its adherence with the principles contained in the ALFI (*Association Luxembourgeoise des Fonds d'Investissement*) Code of Conduct for Luxembourg Investment Funds.

## **SpotR™ 1**

### **Report from the Investment Manager**

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#### **Market Update**

The global stock market had a strong year. Bond rates increased globally from historically low levels and the global recovery continued, albeit slower than expected.

The Swedish stock market started the year with a long upward trend that lasted the first five months of the year. During June the stock market lost most of the rally as the markets started to see signals of a decrease in the quantitative easing program in the US, together with some worries about the Chinese economy slowing down and strongly increasing interbank rates.

In July the markets took off again, due among other things to the improved macroeconomic state of the United States and Europe and to the statements issued by the Chairman of the Federal Reserve, Ben Bernanke. During the fall the market waited for the Fed to announce whether it would reduce the quantitative easing or not. In December the announcement was made. The stock market reacted positively to the news that the drawdown had begun, seeing it as a sign of recovery for the American economy.

#### **SpotR™ 1 – SpotR™ OMXS30**

##### **Sub-Fund Update**

The Sub-Fund is an exchange traded equity fund. The objective is to follow the yield of the OMX Stockholm 30 Gross Index, before management fees and transaction costs, as far as possible. The Sub-Fund intends to primarily use derivative instruments, such as swap contracts, in order to replicate the OMX Stockholm 30 Gross Index. This means that the Sub-Fund might incur a credit risk towards one or several counterparties. The Sub-Fund will reduce any such risk by obtaining collateral security from the counterparty to the derivative instrument. To reduce the counterparty risk on swap transactions, the Sub-Fund will only enter into such transactions with counterparties that have a high rating, and first-class financial institutions.

In 2013 the Sub-Fund performed in line with its benchmark before management fees and transaction costs. The rebalancing of the index took place during the summer and resulted in Swedbank, Volvo and ABB being up weighted while H&M and Nordea were down weighted. No further changes were made in the index.

Sub-Fund's performance for 2013: +25.1%  
Benchmark's performance for 2013: +25.5%

##### **Future Strategy**

The objective is to follow the yield of the OMX Stockholm 30 Gross Index, before management fees and transaction costs, as far as possible.



### SpotR™ 1 – SpotR™ Bull OMXS30

#### Sub-Fund Update

The Sub-Fund is an exchange traded equity fund with leverage. As far as possible, the objective is, on a daily basis, to replicate 200 per cent of the yield on the OMX Stockholm 30 Gross Index, before management fees and transaction costs.

The Sub-Fund intends to primarily use derivative instruments, such as swap contracts, in order to replicate the OMX Stockholm 30 Gross Index. This means that the Sub-Fund might incur a credit risk towards one or several counterparties. The Sub-Fund will reduce any such risk by obtaining collateral security from the counterparty to the derivative instrument. The leverage multiple is checked once each transaction day and adjusted to bring the multiple as close as possible to a leverage of 2. The exchange traded fund with a leverage of 2 therefore endeavours to provide the investor with a daily yield that, before management fees and transaction costs, corresponds to twice the daily change in the index. Over a longer period, for example one year, the outcome will therefore not be the same as taking the annual yield and multiplying by the same leverage. The leverage in the exchange traded fund implies that an investment in the fund will appreciate and depreciate more quickly than the index, thereby increasing the potential yield, but also entailing a higher risk.

In 2013 the Sub-Fund performed in line with its benchmark before management fees and transaction costs. The rebalancing of the index took place during the summer and resulted in Swedbank, Volvo and ABB being up weighted while H&M and Nordea were down weighted. No further changes were made in the index.

The leverage multiple is expected to fluctuate during each Transaction Day due to daily fluctuations in the market value of the Index. While the leverage check is done close to the closing time of the exchange the closing price of the Index may deviate from the market value of the Index at the time of the leverage check. As a consequence, the leverage multiple at the time for which the closing price of the Index is calculated (i.e. the time for which the Net Asset Value of the Sub-Fund is calculated by the Central Administrative Agent) may deviate from the leverage multiple at the time of the leverage check.

This means that the leverage multiple may be different from the Target Leverage at the closing time of the Index without a leverage adjustment being triggered, provided that the leverage multiple was in line with the Target Leverage at the time of the leverage check on the same Transaction Day.

The leverage multiple is checked once each transaction day and adjusted to bring the multiple as close as possible to a leverage of 2. The exchange traded fund with a leverage of 2 therefore endeavours to provide the investor with a daily yield that, before management fees and transaction costs, corresponds to twice the daily change in the index. Over a longer period, for example one year, the outcome will therefore not be the same as taking the annual yield and multiplying by the same leverage. The leverage in the exchange traded fund implies that an investment in the fund will appreciate and depreciate more quickly than the index, thereby increasing the potential yield, but also entailing a higher risk.

Sub-Fund's performance for 2013: +51.5%  
Benchmark's performance for 2013: +54.7%

## SpotR™ 1

### Report from the Investment Manager (continued)

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#### Future Strategy

The objective is, on a daily basis, to replicate 200 per cent of the yield on the OMX Stockholm 30 Gross Index, before management fees and transaction costs.

#### SpotR™ 1 – SpotR™ Bear OMXS30

##### Sub-Fund Update

The Sub-Fund is an exchange traded equity fund with leverage. As far as possible, the objective is, on a daily basis, to replicate 200 per cent of the inverted yield on the OMX Stockholm 30 Gross Index, before management fees and transaction costs. The Sub-Fund intends to primarily use derivative instruments, such as swap contracts, in order to replicate the OMX Stockholm 30 Gross Index. This means that the Sub-Fund might incur a credit risk towards one or several counterparties. The Sub-Fund will reduce any such risk by obtaining collateral security from the counterparty to the derivative instrument.

The leverage multiple is checked once each transaction day and adjusted to bring the multiple as close as possible to a leverage of 2. The exchange traded fund with a leverage of 2 therefore endeavours to provide the investor with a daily yield that, before management fees and transaction costs, corresponds to twice the daily inverted change in the index. This implies that when the underlying index falls, the investment generates a yield that corresponds to around twice the drop in the index. Over a longer period, for example one year, the outcome will therefore not be the same as taking the annual yield and multiplying by the same leverage. The leverage in the exchange traded fund implies that an investment in the Sub-Fund will appreciate and depreciate more quickly than the index, thereby increasing the potential yield, but also entailing a higher risk.

In 2013 the Sub-Fund performed in line with its benchmark before management fees and transaction costs. The rebalancing of the index took place during the summer and resulted in Swedbank, Volvo and ABB being up weighted while H&M and Nordea were down weighted. No further changes were made in the index.

Sub-Fund's performance for 2013: -38%  
Benchmark's performance for 2013: -39.7%

##### Future Strategy

The objective is, on a daily basis, to replicate 200 per cent of the inverted yield on the OMX Stockholm 30 Gross Index, before management fees and transaction costs.

##### Tracking Error

#### SpotR™ 1 – SpotR™ OMXS30

The objective of the Sub-Fund is to replicate, as far as possible, the performance of the OMX Stockholm 30 Gross Index prior to calculation of fees.

The tracking error was measured at the last available NAV for the period under review, it was equal to 0.05% as of 30th December 2013. This indicator has been computed using daily observations.

## **SpotR™ 1**

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

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#### **SpotR™ 1 – SpotR™ Bull OMXS30**

The objective of the Sub-Fund is to replicate, as far as possible, approximately two times the performance of the OMX Stockholm 30 Gross Index prior to calculation of fees.

The tracking error was measured at the last available NAV for the period under review, it was equal to 0.27% as of 30th December 2013. This indicator has been computed using daily observations.

#### **SpotR™ 1 – SpotR™ Bear OMXS30**

The objective of the Sub-Fund is to replicate, as far as possible, approximately two times the inverse performance of the OMX Stockholm 30 Gross Index prior to calculation of fees.

The tracking error was measured at the last available NAV for the period under review, it was equal to 0.45% as of 30th December 2013. This indicator has been computed using daily observations.

Luxembourg, 27th January 2014

The Investment Manager

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



## Audit report

To the Shareholders of  
**SpotR™ 1**

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We have audited the accompanying financial statements of SpotR™ 1 and of each of its sub-funds, which comprise the statement of net assets as at 31st December 2013 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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T: +352 494848 1, F: +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

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



**Audit report (continued)**

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

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of SpotR™ 1 and of each of its sub-funds as of 31st December 2013, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

*Other matters*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 3rd April 2014



Jean-Robert Bensch

## SpotR™ 1

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

as at 31st December 2013

#### Assets

Cash receivable from swap counterparty	90,512,197.36
Interest receivable on funded swap contracts	324.78
Interest receivable on unfunded swap contracts	70.35
Unrealised gain on funded swap contracts	3,161,741.83
Unrealised gain on unfunded swap contracts	3,301.24

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Total assets	93,677,635.56
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#### Liabilities

Unrealised loss on funded swap contracts	40,066.32
Unrealised loss on unfunded swap contracts	39,106.48
Expenses payable	27,972.24
Interest payable on funded swap contracts	3,129.99
Interest payable on unfunded swap contracts	2,887.04

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Total liabilities	113,162.07
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Net assets at the end of the year	93,564,473.49
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The accompanying notes are an integral part of these financial statements.

## SpotR™ 1

### Consolidated statement of operations and other changes in net assets (in EUR) from 1st January 2013 to 31st December 2013

#### **Income**

Interest on funded swap contracts	127,901.84
Interest on unfunded swap contracts	37,123.86
Total income	165,025.70

#### **Expenses**

Management Company fees	368,609.70
Interest paid on funded swap contracts	120,639.23
Interest paid on unfunded swap contracts	368,954.74
Total expenses	858,203.67

Net investment loss	-693,177.97
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#### **Net realised gain/(loss)**

- on funded swap contracts	19,212,554.42
- on unfunded swap contracts	4,073,758.66

Realised result	22,593,135.11
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#### **Net variation of the unrealised gain/(loss)**

- on funded swap contracts	2,683,484.56
- on unfunded swap contracts	15,469.31

Result of operations	25,292,088.98
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Subscriptions	-
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Redemptions	-52,100,677.11
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Total changes in net assets	-26,808,588.13
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Total net assets at the beginning of the year	124,238,913.86
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Revaluation difference	-3,865,852.24
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Total net assets at the end of the year	93,564,473.49
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The accompanying notes are an integral part of these financial statements.

## SpotR™ 1 – SpotR™ OMXS30

### Statement of net assets (in SEK) as at 31st December 2013

#### Assets

Cash receivable from swap counterparty	450,785,317.34
Unrealised gain on funded swap contracts	27,998,599.08
Total assets	478,783,916.42

#### Liabilities

Expenses payable	105,391.60
Interest payable on funded swap contracts	25,043.63
Total liabilities	130,435.23

Net assets at the end of the year	478,653,481.19
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Number of IC Shares outstanding	3,450,000
Net asset value per IC Share	138.74

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



## SpotR™ 1 – SpotR™ OMXS30

### Statement of operations and other changes in net assets (in SEK) from 1st January 2013 to 31st December 2013

<b><u>Income</u></b>	-
<b><u>Expenses</u></b>	
Management Company fees	1,586,232.57
Interest paid on funded swap contracts	793,188.81
Total expenses	<u>2,379,421.38</u>
Net investment loss	-2,379,421.38
<b><u>Net realised gain/(loss)</u></b>	
- on funded swap contracts	<u>133,918,425.32</u>
Realised result	131,539,003.94
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on funded swap contracts	<u>23,668,681.07</u>
Result of operations	<u>155,207,685.01</u>
Subscriptions	-
Redemptions	<u>-391,950,000.00</u>
Total changes in net assets	-236,742,314.99
Total net assets at the beginning of the year	<u>715,395,796.18</u>
Total net assets at the end of the year	<u>478,653,481.19</u>

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

## SpotR™ 1 – SpotR™ OMXS30

### Statistical information (in SEK)

as at 31st December 2013

#### Total net assets

- as at 31.12.2013	478,653,481.19
- as at 31.12.2012	715,395,796.18
- as at 31.12.2011	616,737,886.77

#### Number of IC Shares outstanding

- outstanding at the beginning of the year	6,450,000
- issued	0
- redeemed	-3,000,000
- outstanding at the end of the year	3,450,000

#### Net asset value per IC Share

- as at 31.12.2013	138.74
- as at 31.12.2012	110.91
- as at 31.12.2011	95.62

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

## SpotR™ 1 – SpotR™ Bull OMXS30

### Statement of net assets (in SEK)

as at 31st December 2013

#### Assets

Cash receivable from swap counterparty	324,387,844.67
Total assets	324,387,844.67

#### Liabilities

Unrealised loss on funded swap contracts	355,182.14
Unrealised loss on unfunded swap contracts	346,673.33
Expenses payable	130,325.93
Interest payable on funded swap contracts	2,703.23
Interest payable on unfunded swap contracts	25,593.19
Total liabilities	860,477.82
Net assets at the end of the year	323,527,366.85
Number of IC Shares outstanding	2,000,000
Net asset value per IC Share	161.76

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

## SpotR™ 1 – SpotR™ Bull OMXS30

### Statement of operations and other changes in net assets (in SEK) from 1st January 2013 to 31st December 2013

<b><u>Income</u></b>	-
<b><u>Expenses</u></b>	
Management Company fees	1,363,469.25
Interest paid on funded swap contracts	276,260.56
Interest paid on unfunded swap contracts	3,270,730.63
Total expenses	<u>4,910,460.44</u>
Net investment loss	-4,910,460.44
<b><u>Net realised gain/(loss)</u></b>	
- on funded swap contracts	57,066,477.18
- on unfunded swap contracts	56,112,598.05
Realised result	<u>108,268,614.79</u>
<b><u>Net variation of the unrealised gain/(loss)</u></b>	
- on funded swap contracts	856,402.33
- on unfunded swap contracts	868,039.03
Result of operations	<u>109,993,056.15</u>
Subscriptions	-
Redemptions	-
Total changes in net assets	<u>109,993,056.15</u>
Total net assets at the beginning of the year	<u>213,534,310.70</u>
Total net assets at the end of the year	<u><u>323,527,366.85</u></u>

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

## SpotR™ 1 – SpotR™ Bull OMXS30

### Statistical information (in SEK)

as at 31st December 2013

#### Total net assets

- as at 31.12.2013	323,527,366.85
- as at 31.12.2012	213,534,310.70
- as at 31.12.2011	165,148,472.66

#### Number of IC Shares outstanding

- outstanding at the beginning of the year	2,000,000
- issued	0
- redeemed	0
- outstanding at the end of the year	2,000,000

#### Net asset value per IC Share

- as at 31.12.2013	161.76
- as at 31.12.2012	106.77
- as at 31.12.2011	82.57

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

## SpotR™ 1 – SpotR™ Bear OMXS30

### Statement of net assets (in SEK)

as at 31st December 2013

#### Assets

Cash receivable from swap counterparty	27,204,433.81
Interest receivable on funded swap contracts	2,879.14
Interest receivable on unfunded swap contracts	623.65
Unrealised gain on funded swap contracts	29,786.97
Unrealised gain on unfunded swap contracts	29,265.05

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Total assets	27,266,988.62
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#### Liabilities

Expenses payable	12,252.31
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Total liabilities	12,252.31
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Net assets at the end of the year	27,254,736.31
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Number of IC Shares outstanding	700,000
Net asset value per IC Share	38.94

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

## SpotR™ 1 – SpotR™ Bear OMXS30

### Statement of operations and other changes in net assets (in SEK) from 1st January 2013 to 31st December 2013

#### **Income**

Interest on funded swap contracts	1,133,831.43
Interest on unfunded swap contracts	329,097.67
Total income	1,462,929.10

#### **Expenses**

Management Company fees	317,970.02
Total expenses	317,970.02

Net investment income	1,144,959.08
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#### **Net realised gain/(loss)**

- on funded swap contracts	-20,668,374.21
- on unfunded swap contracts	-19,999,314.19
Realised result	-39,522,729.32

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

- on funded swap contracts	-736,379.25
- on unfunded swap contracts	-730,905.76

Result of operations	-40,990,014.33
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Subscriptions	-
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Redemptions	-69,915,000.00
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Total changes in net assets	-110,905,014.33
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Total net assets at the beginning of the year	138,159,750.64
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Total net assets at the end of the year	27,254,736.31
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The accompanying notes are an integral part of these financial statements.

## SpotR™ 1 – SpotR™ Bear OMXS30

### Statistical information (in SEK)

as at 31st December 2013

#### Total net assets

- as at 31.12.2013	27,254,736.31
- as at 31.12.2012	138,159,750.64
- as at 31.12.2011	155,165,860.96

#### Number of IC Shares outstanding

- outstanding at the beginning of the year	2,200,000
- issued	0
- redeemed	-1,500,000
- outstanding at the end of the year	700,000

#### Net asset value per IC Share

- as at 31.12.2013	38.94
- as at 31.12.2012	62.80
- as at 31.12.2011	91.27

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.

The financial statements are presented on the basis of the Net Asset Value of the Sub-Funds calculated on 31st December 2013. In accordance with the prospectus, in the event the Underlying Asset is not calculated by the relevant Index Provider on 30th December 2013, the last official trading NAV of the corresponding Sub-Fund has been calculated on 30th December 2013. Nevertheless, an additional NAV has been calculated at 31st December 2013 for reporting purposes and is disclosed in these financial statements.

**b) Valuation**

1. 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 is deemed to be the full amount thereof, unless in any case 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 may be considered appropriate in such case to reflect the true value thereof;
2. the value of all securities which are listed or traded on an official stock exchange or traded on any other Regulated Market is valued on the basis of the last available prices on the Business Day immediately preceding the Valuation Day or on the basis of the last available prices on the main market on which the investments of the Sub-Funds are principally traded. The Board of Directors will approve a pricing service which will supply the above prices. If, in the opinion of the Board of Directors, such prices do not truly reflect the fair market value of the relevant securities, the value of such securities will be determined in good faith by the Board of Directors either by reference to any other publicly available source or by reference to such other sources as it deems in its discretion appropriate;
3. securities not listed or traded on a stock exchange or a Regulated Market are valued on the basis of the probable sales price determined prudently and in good faith by the Board of Directors;
4. liquid assets and money market instruments are valued at nominal value plus any accrued interest or using an amortised cost method; this amortised cost method may result in periods during which the value deviates from the price the relevant Sub-Fund would receive if it sold the investment. The Management Company may, from time to time, assess this method of valuation and recommend changes, where necessary, to ensure that such assets will be valued at their fair value as determined in good faith pursuant to procedures established by the Board of Directors. If the Board of Directors believes that a deviation from the amortised cost per Share may result in material dilution or other unfair results to Shareholders, the Board of Directors shall take such corrective action, if any, as it deems appropriate, to eliminate or reduce, to the extent reasonably practicable, the dilution or unfair results;
5. the swap transactions are consistently valued based on a calculation of the net present value of their expected cash flows; and
6. all other securities and other permissible assets as well as any of the above mentioned assets for which the valuation in accordance with the above sub-paragraphs would not be possible or practicable, or would not be representative of their fair value, are valued at fair market value, as determined in good faith pursuant to procedures established by the Board of Directors.

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

as at 31st December 2013

c) 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.

d) Consolidation

The consolidated financial statements of the Company are expressed in EUR and are equal to the converted sum of the corresponding captions in the financial statements of each Sub-Fund.

At the date of the report, the consolidation exchange rate is the following:

1 EUR = 8.8648560 SEK Swedish Krona

e) Transaction fees

Transaction fees incurred by the Company 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 in reference to the report, no transaction costs are recorded as the Company has not held any transferable securities.

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

The Authorised Participant is entitled to receive the following fees:

- a subscription fee equals to the higher of (i) SEK 30,000 per subscription request; and (ii) 0.03% of the Net Asset Value per Share on which the subscription is based, multiplied by the number of shares subscribed,
- a redemption fee equals to the higher of (i) SEK 30,000 per redemption request; and (ii) 0.03% of the Net Asset Value per Share on which the redemption is based, multiplied by the number of shares redeemed,
- a conversion fee of an amount equal to the higher of (i) SEK 30,000 per conversion request; and (ii) 0.03% of the Net Asset Value per Share on which the conversion is based, multiplied by the number of shares converted.

## SpotR™ 1

### Notes to the financial statements (continued)

as at 31st December 2013

#### **Note 3 - Management Company fees**

For its services, the Management Company, SEB Fund Services S.A., is entitled to receive a Management Company fee calculated on the average net assets of each Sub-Fund and payable monthly in arrears to the following rates:

<b>Sub-Funds</b>	<b>Effective annual rate</b>
- SpotR™ 1 – SpotR™ OMXS30	0.20% p.a.
- SpotR™ 1 – SpotR™ Bull OMXS30	0.50% p.a.
- SpotR™ 1 – SpotR™ Bear OMXS30	0.50% p.a.

The Management Company remunerates the Investment Manager out of the Management Company fees.

#### **Note 4 - Fees**

The Central Administrative Agent fees, the Custodian and the Professional fees are borne by the Distribution Agent of the Company.

#### **Note 5 - 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, except for Institutional Shares reserved for Institutional Investors who may benefit from the reduced rate of 0.01%.

Are exempt from the "*taxe d'abonnement*" the Sub-Funds (i) whose Shares are listed or traded on at least one stock exchange or another regulated market operating regularly, recognised and open to the public; and (ii) whose exclusive objective is to replicate the performance of one or more indices.

#### **Note 6 - Risk management**

The Management Company employs a risk management process, which enables it to monitor and measure at any time the risk of the positions and their contribution to the overall risk profile of the portfolio.

The commitment approach is used for determining the global exposure.

#### **Note 7 - Shares dealing**

Shares of SpotR™ 1 can be dealt in on either the primary market or secondary market.

The primary market is the market on which Shares are issued by the Company. Shares can be subscribed and redeemed for cash or in kind by notifying the Authorised Participant, Skandinaviska Enskilda Banken AB (publ) Stockholm.

## SpotR™ 1

### Notes to the financial statements (continued)

as at 31st December 2013

The Shares may also be purchased or sold on the secondary market through a stock exchange or over the counter. It is expected that the Shares will be listed on one or more Relevant Stock Exchanges to facilitate the secondary market trading in the Shares. The purpose of the listing of the Shares on one or more Relevant Stock Exchanges is to enable investors to buy shares in smaller quantities than would be possible through the primary market or over the counter. Such orders to buy or sell Shares in the secondary market through the Relevant Stock Exchange or over the counter may incur costs over which the Company has no control. The Company does not charge any subscription or redemption fee for purchases and sales on the secondary market. The price of any Shares traded on the secondary market will depend, inter alia, on market supply and demand, movements in the value of the Underlying Asset as well as other factors such as prevailing financial market, corporate, economic and political conditions. In accordance with the requirements of the Relevant Stock Exchanges, Market Makers are expected to provide liquidity and two way prices to facilitate the secondary market trading of the Shares.

#### Note 8 - Swap contracts

The Fund intends to use swap contracts as the preferred means of achieving its investment objective. A swap contract is an agreement between two parties to exchange certain benefits of one party's financial instrument for those of the other party's financial instrument.

As at 31st December 2013, the Sub-Funds are committed in the following index swap contracts with Skandinaviska Enskilda Banken AB (publ), Stockholm as counterparty:

##### **SpotR™ 1 – SpotR™ OMXS30**

Swap type	Equity Notional Amount	Currency	Underlying	Maturity	Underlying exposure (in SEK)	Unrealised result (in SEK)
Funded	450,785,317.34	SEK	OMX Stockholm 30 Gross Index	09.01.2014	478,758,872.79	27,998,599.08
					<u>478,758,872.79</u>	<u>27,998,599.08</u>

##### - Funded swap contract

The Sub-Fund transfers the equity notional amount to Skandinaviska Enskilda Banken AB (publ) and pays an interest amount which is the product of the Equity Notional Amount and a fixed interest rate of 0.10% calculated on the Equity Notional Amount. Skandinaviska Enskilda Banken AB (publ) posts collateral in favour of the Sub-Fund (see note 9).

The Sub-Fund receives the index total return from Skandinaviska Enskilda Banken AB (publ).

##### **SpotR™ 1 – SpotR™ Bull OMXS30**

Swap type	Equity Notional Amount	Currency	Underlying	Maturity	Underlying exposure (in SEK)	Unrealised result (in SEK)
Funded	324,387,844.67	SEK	OMX Stockholm 30 Gross Index	09.01.2014	324,029,959.30	-355,182.14
Unfunded	316,616,747.00	SEK	OMX Stockholm 30 Gross Index	09.01.2014	316,244,480.48	-346,673.33
					<u>640,274,439.78</u>	<u>-701,855.47</u>

## SpotR™ 1

### Notes to the financial statements (continued)

as at 31st December 2013

- Funded swap contract

The Sub-Fund transfers the equity notional amount to Skandinaviska Enskilda Banken AB (publ) and pays an interest amount which is the product of the Equity Notional Amount and a fixed interest rate of 0.10% calculated on the Equity Notional Amount. Skandinaviska Enskilda Banken AB (publ) posts collateral in favour of the Sub-Fund (see note 9).

The Sub-Fund receives the index total return from Skandinaviska Enskilda Banken AB (publ).

- Unfunded swap contract

The Sub-Fund pays to Skandinaviska Enskilda Banken AB (publ) an interest amount which is the product of the Equity Notional Amount and the SEB Base Rate in SEK (the overnight rate for the relevant currency) plus a spread of 0.22% p.a..

The Sub-Fund receives the index total return from Skandinaviska Enskilda Banken AB (publ).

#### SpotR™ 1 – SpotR™ Bear OMXS30

Swap type	Equity Notional Amount	Currency	Underlying	Maturity	Underlying exposure (in SEK)	Unrealised result (in SEK)
Funded	-27,204,433.81	SEK	OMX Stockholm 30 Gross Index	09.01.2014	27,171,767.70	29,786.97
Unfunded	-26,727,770.32	SEK	OMX Stockholm 30 Gross Index	09.01.2014	26,697,881.62	29,265.05
					<u>53,869,649.32</u>	<u>59,052.01</u>

- Funded swap contract

The Sub-Fund transfers the equity notional amount to Skandinaviska Enskilda Banken AB (publ) and receives an interest amount which is the product of the Equity Notional Amount and the SEB Base Rate in SEK (the overnight rate for the relevant currency) minus a spread of 0.23% p.a.. Skandinaviska Enskilda Banken AB (publ) posts collateral in favour of the Sub-Fund (see note 9).

The Sub-Fund pays the index total return to Skandinaviska Enskilda Banken AB (publ).

- Unfunded swap contract

The Sub-Fund pays the index total return to Skandinaviska Enskilda Banken AB (publ).

The Sub-Fund receives from Skandinaviska Enskilda Banken AB (publ) an interest amount which is the product of the Equity Notional Amount and the SEB Base Rate in SEK (the overnight rate for the relevant currency) minus a spread of 0.47% p.a..

## Notes to the financial statements (continued)

as at 31st December 2013

As at 31st December 2013, the underlying of these swap contracts, the OMX Stockholm 30 Gross Index, is composed as follows:

Companies	ISIN	Sector	Weight in the index (in%)
ABB Ltd	CH0012221716	Heavy Electrical Equipment	2.96
Alfa Laval AB	SE0000695876	Construction & Farm Machinery & Heavy Trucks	2.07
Assa Abloy AB ser. B	SE0000255648	Building Products	3.57
AstraZeneca PLC	GB0009895292	Pharmaceuticals	1.78
Atlas Copco AB ser. A	SE0000101032	Industrial Machinery	4.47
Atlas Copco AB ser. B	SE0000122467	Industrial Machinery	1.90
Boliden AB	SE0000869646	Diversified Metals & Mining	0.80
Electrolux, AB ser. B	SE0000103814	Household Appliances	1.51
Ericsson, Telefonab. L M ser. B	SE0000108656	Communications Equipment	7.14
Getinge AB ser. B	SE0000202624	Health Care Equipment	1.46
Hennes & Mauritz AB, H & M ser. B	SE0000106270	Apparel Retail	12.93
Investor AB ser. B	SE0000107419	Multi-Sector Holdings	3.01
Lundin Petroleum AB	SE0000825820	Oil & Gas Exploration & Production	1.19
Modern Times Group MTG AB, ser B	SE0000412371	Broadcasting	0.61
Nokia Corporation	FI0009000681	Communications Equipment	0.25
Nordea Bank AB	SE0000427361	Diversified Banks	10.48
Sandvik AB	SE0000667891	Industrial Machinery	3.40
Svenska Cellulosa AB ser. B	SE0000112724	Paper Products	3.63
SCANIA AB ser. B	SE0000308280	Construction & Farm Machinery & Heavy Trucks	1.50
Skandinaviska Enskilda Banken ser A.	SE0000148884	Diversified Banks	5.50
Securitas AB ser. B	SE0000163594	Security & Alarm Services	0.71
Skanska AB ser. B	SE0000113250	Construction & Engineering	1.57
SKF, AB ser. B	SE0000108227	Industrial Machinery	2.08
SSAB AB ser. A	SE0000171100	Steel	0.35
Svenska Handelsbanken ser. A	SE0000193120	Diversified Banks	5.89
Swedbank AB ser. A	SE0000242455	Diversified Banks	6.12
Swedish Match AB	SE0000310336	Tobacco	1.25
Tele2 AB ser. B	SE0005190238	Integrated Telecommunication Services	0.92
TeliaSonera AB	SE0000667925	Integrated Telecommunication Services	6.93
Volvo, AB ser. B	SE0000115446	Construction & Farm Machinery & Heavy Trucks	4.02
			100.00

**Note 9 - Collateral**

The Management Company on behalf of the Sub-Funds enters into collateral arrangements with Skandinaviska Enskilda Banken AB (publ) in Stockholm, its swap counterparty, to mitigate potential counterparty risks.

## SpotR™ 1

### Notes to the financial statements (continued)

as at 31st December 2013

In connection with the valuation of their swap contracts as at 31st December 2013, the Sub-Funds received the following collateral in shares admitted to an official stock exchange listing from Skandinaviska Enskilda Banken AB Prime Collateral Services in Stockholm at 2nd January 2014:

#### SpotR™ 1 – SpotR™ OMXS30

Currency	Number	Description	Collateral Value (in SEK)
GBP	10,336,682	Barclays Plc	299,106,885.99
GBP	71,714	British American Tobacco Plc	24,707,965.36
GBP	96,257	Capita Plc	10,631,287.63
GBP	1,812,968	Enterprise Inns Plc	29,707,564.72
GBP	1,356,482	HSBC Holdings Plc	95,607,189.45
GBP	7,965,955	Lloyds Banking Group Plc	66,859,164.19
GBP	331,790	Royal Bank of Scotland Gr Plc	11,936,160.66
			<u>538,556,218.00</u>

#### SpotR™ 1 – SpotR™ Bull OMXS30

Currency	Number	Description	Collateral Value (in SEK)
GBP	120,362	AstraZeneca Plc	45,778,429.51
GBP	334,901	BAE Syst Plc	15,501,077.72
GBP	4,451,478	Barclays Plc	128,809,972.35
GBP	1,421,190	Enterprise Inns Plc	23,287,831.83
GBP	1,897,562	HSBC Holdings Plc	133,743,440.48
SEK	5,463	Lundin Petroleum AB	685,060.20
GBP	75,808	Rolls-Royce Holdings PLC	10,284,458.17
GBP	184,250	Royal Bank of Scotland Gr Plc	6,628,402.31
			<u>364,718,672.57</u>

#### SpotR™ 1 – SpotR™ Bear OMXS30

Currency	Number	Description	Collateral Value (in SEK)
GBP	690,820	Barclays Plc	19,989,878.66
GBP	871,982	Enterprise Inns Plc	14,288,427.43
			<u>34,278,306.09</u>

#### Note 10 - Changes in investments

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

#### Note 11 - Subsequent event

The Prospectus of the Company has been updated with the disclosures pursuant to the ESMA 2012/ 832 guidelines on ETFs and other UCITS issues (the "Guidelines"). Following the requirements of the Guidelines, the Sub-Funds have been renamed as follows:

- from SpotR™ 1 – SpotR™ OMXS30 into SpotR™ 1 – SpotR™ OMXS30 UCITS ETF;
- from SpotR™ 1 – SpotR™ Bull OMXS30 into SpotR™ 1 – SpotR™ OMXS30 UCITS ETF;
- from SpotR™ 1 – SpotR™ Bear OMXS30 into SpotR™ 1 – SpotR™ Bear OMXS30 UCITS ETF.

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