

# Annual Report

## SEB Green Bond Fund

Status: 31 December 2018

**Notice**

The sole legally binding basis for the purchase of units of the Fund described in this report is the latest valid Sales Prospectus with its terms of contract.

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# Additional Information to the Investors in Germany

## As at 31 December 2018

### **Units in circulation:**

### **The following Fund is publicly approved for distribution in Germany:**

- SEB Green Bond Fund

The information disclosed above is as at 31 December 2018 and this may change after the year end. The Fund in circulation and the current registrations per unit class are visible in the distribution matrix on [www.sebgroup.lu](http://www.sebgroup.lu).

# Organisation

<b>Management Company:</b>	SEB Investment Management AB Stjärntorget 4 SE-169 79 Solna, Sweden
<b>Board of Directors of the Management Company:</b>	<b>Chairperson</b> Johan Wigh Partner, Advokatfirman, Törngren Magnell Sweden  <b>Members</b> Magnus Wallberg Chief Financial Officer, SEB Life & Investment Management Division Sweden  Karin S. Thorburn Research Chair Professor of Finance, Norwegian School of Economics Norway  Jenny Askfelt Ruud Head of Alternative Investments, AP4 Sweden
<b>Branch of the Management Company:</b>	SEB Investment Management AB, Luxembourg Branch 4, rue Peternelchen L-2370 Howald, Luxembourg
<b>Central Administration (including the administrative, registrar and transfer agent function) and Paying Agent in Luxembourg:</b>	The Bank of New York Mellon SA/NV, Luxembourg Branch 2-4, rue Eugène Ruppert L-2453 Luxembourg
<b>Investment Manager:</b>	SEB Investment Management AB Stjärntorget 4 SE-169 79 Solna, Sweden
<b>Depository:</b>	Skandinaviska Enskilda Banken S.A. 4, rue Peternelchen L-2370 Howald, Luxembourg
<b>Auditor of the Fund:</b>	PricewaterhouseCoopers, Société coopérative 2, rue Gerhard Mercator L-2182 Luxembourg
<b>Auditor of the Management Company:</b>	PricewaterhouseCoopers AB Torsgatan 21 SE-113 97 Stockholm, Sweden
<b>Global Distributor:</b>	Skandinaviska Enskilda Banken AB (publ) Kungsträdgårdsgatan 8 SE-106 40 Stockholm, Sweden
<b>Representatives and Paying Agents outside Luxembourg:</b>	The full list of representatives and paying agents outside Luxembourg can be obtained, free of any charge, at the address of the Management Company, at the address of the Branch and on the website of the Branch.

# General Information

SEB Green Bond Fund is an open-ended common fund ("FCP" - "Fonds Commun de Placement") governed by Part I of the Luxembourg Law on Undertakings for Collective Investment of 17 December 2010, as amended, (the "Law"). The Fund qualifies as an Undertaking for Collective Investment in Transferable Securities (UCITS). The Fund was set up on 10 October 1989 for an undetermined duration. The Management Regulations lastly modified with effect from 19 October 2017, have been published in the *Recueil Electronique des Sociétés et Associations (RESA)* on 20 October 2017. The Fund is registered in Luxembourg at the Luxembourg Register of Commerce under the number K 55. The Management Company was established on 19 May 1978 in the form of a Swedish limited liability company (AB). The Management Company is authorised by Finansinspektionen for the management of UCITS and for the discretionary management of financial instruments and investment portfolios under the Swedish UCITS Act (SFS 2004:46). The Management Company is also authorised as an alternative investment fund manager to manage alternative investment funds under the Swedish AIFM Act (SFS 2013:561).

The Management Company has delegated parts of the Central Administration as further detailed hereafter, including the administrative, registrar and transfer agent functions - under its continued responsibility and control - at its own expenses to The Bank of New York Mellon SA/NV, Luxembourg Branch, 2-4, rue Eugène Ruppert, L-2453 Luxembourg. This company was incorporated in Luxembourg as a "succursale d'une société de droit étranger" on 15 December 1998 and is an indirect wholly-owned subsidiary of The Bank of New York Mellon Corporation. It is registered with the Luxembourg Trade and Companies' Register under Corporate Identity Number B 105087 (the "Administrative Agent" and "Registrar and Transfer Agent").

In the capacity of Administrative Agent, it carries out certain administrative duties related to the administration of the Fund, including the calculation of the NAV of the Units and the provision of account services for the Fund.

In its capacity as Registrar and Transfer Agent, it will process all subscriptions, redemptions and transfers of units, and will register these transactions in the Unitholders' register of the Fund.

The main objective of the Fund will be to invest directly and/or indirectly in transferable securities and other Eligible Assets, with the purpose of spreading investment risks and achieving long-term capital growth. The investment objectives of the Fund will be carried out in compliance with the investment restrictions set forth in the latest prospectus.

Unless otherwise laid down in the Prospectus, the Management Company may decide to issue, for the Fund, capitalisation Units ("C" Units) and distribution Units ("D" Units).

The "C" Units will reinvest their income, if any. The "D" Units may pay a dividend to its Unitholders, upon decision of the Management Company. Dividends are paid annually, except where the Management Company would decide on a monthly, quarterly or semi-annual dividend payment.

The Management Company may issue Unit Classes whose Reference Currency is not the Base Currency of the respective Fund. With regard to such Unit Classes, the Management Company has the ambition to hedge the currency exposure from the Base Currency into the currency exposure of the Reference Currency. Considering the practical challenges of doing so, the Management Company does not guarantee how successful such currency hedging of Unit Classes will be. For Unit Classes where the Management Company has an ambition to currency-hedge the Unit Class, an "H-" will precede the currency denomination of the Unit Class. For example "(H-SEK)" means that there is an ambition by the Management Company to hedge the currency exposure from a Base Currency into a SEK-exposure for the Unit Class. The ambition of such hedging activity is to limit the performance impact related to fluctuations in the exchange rate between the Base Currency and the Reference Currency of the Unit Class. The profit and loss effects related to currency hedging of a particular Unit Class, will be allocated to the relevant Unit Class.

Currently, the following unit classes are offered for the Fund:

- |   |              |
|---|--------------|
| • Capitalisation units ("C (EUR)" units)      | LU1116557585 |
| • Capitalisation units ("C (H-NOK)" units)    | LU1116558120 |
| • Capitalisation units ("C (H-SEK)" units)    | LU1116557668 |
| • Distribution units ("D (EUR)" units)        | LU0041441808 |
| • Distribution units ("D (H-SEK)" units)      | LU1116557742 |
| • Capitalisation units ("HNWC (H-SEK)" units) | LU1116557825 |

- |  |              |
|--|--------------|
| • Distribution units ("HNWD (H-SEK)" units)  | LU1116558047 |
| • Capitalisation units ("IC (EUR)" units)    | LU1144887475 |
| • Capitalisation units ("IC (H-CHF)" units)  | LU1672055347 |
| • Capitalisation units ("UC (H-SEK)" units)* | LU1748252035 |

\*UC (H-SEK) launched on 24 January 2018.

The base currency of the Fund is Euro.

The issue and redemption prices, which are computed daily on bank business days in Luxembourg, except 24 December and 31 December ("Valuation date"), can be obtained from the registered offices of the Management Company, the Depositary and the Paying Agent.

In addition, the Net Asset Value, fact sheets and other informational material is published on the SEB Luxembourg website [www.sebgroup.lu](http://www.sebgroup.lu) ("website"). When registered in other countries, the publication media might differ according to the regulatory requirements. Information about ongoing charges can be found in the Key Investor Information Document ("KIID").

The audited annual and un-audited semi-annual reports of the Fund may be obtained, free of charge at the registered office of the Management Company, at the address of its Branch and on the website. These reports as well as copies of the Prospectus, the Management Regulations and the KIID are available, free of charge, at the registered office of the Management Company, at the address of the Branch and on the website.

# Management Report

Dear Unitholders,

With this report, we want to give you an overview of the general economic environment, the development of the most important capital markets of our Fund SEB Green Bond Fund.

We would like to thank you for your confidence and will do everything within our power to justify your decision of investing in our Fund.

## **Worst equity year since 2008**

When we started 2018 it looked it would be another year of strong equity markets and economic growth. US tax reform, infrastructure spending program, and generally strong global tactical growth momentum all pointed towards a year that would be similar to 2017. However, this optimism was quickly shattered as the trade war between the US and China re-emerged as a dominant market theme. Equities corrected, growth in trade sensitive regions such as Asia and Europe started to slow, and a seemingly continuously escalating range of new tariffs was proposed. Over the summer, the focus on the trade war started to diminish and US equity markets once more started to post new all-time highs. If the year had ended there, we could regard 2018 as a relatively normal late cycle year, topped off with a bit of political noise.

Yet 2018 as a year was defined primarily by the events of the final quarter. As stated, we saw new highs in US equities in September. The general economic outlook was fairly strong and driven by the US economy. The chairman of the US Federal Reserve held a speech indicating the rate hike cycle still has plenty of room left as the Fed funds' rate was still off from the neutral rate. This lifted longer dated US yields, but equities fell as a consequence. The correction was then accelerated by somewhat disappointing tech earnings and continued weakness in European and Emerging Market leading indicators. Once the dust settled on this correction at the end of the quarter, US equities were on the verge of a bear market and 2018 had ended as the worst equity year since 2008.

Despite the negative end to the year, our economic outlook for 2019 remains positive. Lending conditions and investment intentions in the US are still supportive for growth. Nonetheless, the risk of a more substantial growth slowdown has increased and it seems reasonable to assume that this year will be a more uncertain growth year than the previous year.

In the following paragraphs we describe the financial and economic developments and our outlook for 2019.

## **Financial markets**

Despite the negative returns on equities that we saw in 2018, we also saw very strong earnings growth during the same period. US tax reforms boosted earnings and the top line growth for the year was strong. The combination of rising earnings and falling prices led to a significant revaluation of equities.

Although global equities showed strong performance up until October last year, performance was heterogeneous across regions. For example, European equities suffered throughout the year due to political uncertainty including anxiety over the Italian election. Last year was also a period of continued deceleration in tactical growth momentum in Europe, which we believe was a reflection of the global trade war.

Last year was more volatile than expected for fixed income markets. In both February and October, a spike in the US 10-year Treasury yield forced a correction in equity markets. However, after the dramatic equity correction in the last quarter of the year, the 10-year Treasury yield rate ended up close to where it had started 2018.

## **Global growth**

Although US growth got a boost from tax reforms and the infrastructure spending programme, global growth last year was generally moderate despite the trade war eroded the momentum experienced in European and Emerging Market purchasing managers index (PMI) over the year.

The US economy - the primary focus of the markets in 2018 - enjoyed strong underlying momentum. The US unemployment rate dropped from 4.1% to 3.8%, consumer confidence rose to the highest levels since the early 2000s, and PMIs were on aggregate very strong; if one ignores the decline in December. Although the final quarter of 2018 was rather sour, the year as a whole, was a fairly decent period for the US economy.

Looking beyond the US, 2018 was a period of growth moderation. Both Europe and Emerging Markets experienced low as well as falling growth momentum. On the basis of anecdotal evidence from the PMIs, this growth moderation appears to be primarily driven by the trade war.

### **Outlook for financial markets and economic growth**

Despite the weak equity markets of Q4 2018, we do not expect a global recession in 2019. The labour market, consumer confidence, CAPEX (capital expenditures) intentions, and lending conditions are too strong for the US for us to believe we are on the verge of a year with negative growth. As long as the US economy does not falter, we believe the economy in the rest of the world will have only a moderate influence on the global economy.

Additionally, we believe the likelihood of a supportive global monetary policy is increasing – as compared to expectations in Q3 of 2018. We expect the Fed to slow down the pace of rate hikes. We do not expect the ECB to hike in 2019. China stimulated the economy in 2018 by cutting the reserve requirement ratio. Therefore, we expect monetary policy to be less of a drag on economic growth than the market expected for most of last year.

Although the outlook for financial markets is, on the back of 2018, increasingly uncertain, we do not foresee a recession for 2019. Given that we are trading at the lowest multiples since 2013, we believe that equities will be able to deliver a higher return than fixed income during 2019.

The information stated in the report is historical and is not representative of future results.

Luxembourg, 15 January 2019

**SEB Investment Management AB**

The Board of Directors

# Schedule of Investments

## As at 31 December 2018

<b>SEB Green Bond Fund</b>				
<b>Security description</b>	<b>Maturity</b>	<b>Total holdings</b>	<b>Market value in EUR</b>	<b>% of Net Assets</b>
<b>Bonds indicated in 1,000 currency units</b>				
<b>Transferable securities admitted to an official stock exchange listing</b>				
<b>Bonds</b>				
<b>Canada</b>				
1.80 % Export Development Canada	01/09/22	1,000	632,550.79	0.70
1.95 % Province of Ontario Canada	27/01/23	1,000	631,242.28	0.70
1.65 % Province of Quebec Canada	03/03/22	1,000	630,536.71	0.70
<b>Total Canada</b>			<b>1,894,329.78</b>	<b>2.10</b>
<b>China</b>				
0.38 % China Development Bank 'EMTN'	16/11/21	500	499,485.00	0.56
<b>Total China</b>			<b>499,485.00</b>	<b>0.56</b>
<b>Denmark</b>				
0.75 % Kommunekredit 'EMTN'	18/05/27	500	504,939.95	0.56
<b>Total Denmark</b>			<b>504,939.95</b>	<b>0.56</b>
<b>Finland</b>				
1.38 % Municipality Finance Plc 'REGS'	21/09/21	2,000	1,687,415.41	1.87
<b>Total Finland</b>			<b>1,687,415.41</b>	<b>1.87</b>
<b>France</b>				
0.50 % BNP Paribas SA 'EMTN'	01/06/22	1,000	1,004,250.00	1.12
1.75 % French Republic Government Bond OAT '144A'	25/06/39	2,095	2,244,708.70	2.49
1.50 % ICADE	13/09/27	500	473,865.00	0.53
0.88 % Regie Autonome des Transports Parisiens 'EMTN'	25/05/27	400	403,592.00	0.45
1.00 % SNCF Reseau EPIC 'EMTN'	09/11/31	1,000	976,060.00	1.08
1.13 % Societe Du Grand Paris EPIC	22/10/28	300	305,304.00	0.34
<b>Total France</b>			<b>5,407,779.70</b>	<b>6.01</b>
<b>Germany</b>				
0.13 % Berlin Hyp AG	05/05/22	500	503,140.00	0.56
0.50 % Berlin Hyp AG 'EMTN'	26/09/23	1,000	993,240.00	1.10
0.63 % Deutsche Kreditbank AG	08/06/21	1,000	1,005,210.00	1.12
1.75 % Kreditanstalt fuer Wiederaufbau	15/10/19	1,700	1,476,259.78	1.64
1.88 % Kreditanstalt fuer Wiederaufbau	30/11/20	1,000	861,653.91	0.96
2.00 % Kreditanstalt fuer Wiederaufbau	29/09/22	1,000	852,724.54	0.95
0.05 % Kreditanstalt fuer Wiederaufbau 'EMTN'	30/05/24	1,000	1,001,570.00	1.11
0.13 % Kreditanstalt fuer Wiederaufbau 'EMTN'	27/10/20	1,000	1,010,810.00	1.12
0.38 % Kreditanstalt fuer Wiederaufbau 'EMTN'	22/07/19	1,000	1,004,790.00	1.12
0.50 % Kreditanstalt fuer Wiederaufbau 'EMTN'	27/01/21	15,210	1,492,622.74	1.66
1.63 % Kreditanstalt fuer Wiederaufbau 'EMTN'	05/06/20	1,000	1,119,090.09	1.24
2.40 % Kreditanstalt fuer Wiederaufbau 'MTN'	02/07/20	1,000	617,134.98	0.69
0.88 % NRW Bank 'EMTN'	10/11/25	2,000	2,071,760.00	2.30
<b>Total Germany</b>			<b>14,010,006.04</b>	<b>15.57</b>
<b>India</b>				
2.88 % Axis Bank Ltd/Dubai 'REGS'	01/06/21	2,000	1,702,195.67	1.89
<b>Total India</b>			<b>1,702,195.67</b>	<b>1.89</b>
<b>International Organisations</b>				
0.38 % African Development Bank	01/06/22	10,000	974,478.99	1.08
1.88 % Asian Development Bank	10/08/22	1,000	850,354.45	0.94
1.00 % Asian Development Bank 'GMTN'	16/08/19	1,000	866,079.24	0.96
2.13 % Asian Development Bank 'GMTN'	19/03/25	1,100	925,548.34	1.03

## SEB Green Bond Fund

Security description	Maturity	Total holdings	Market value in EUR	% of Net Assets
0.88 % European Bank for Reconstruction & Development 'GMTN'	22/07/19	3,000	2,598,657.52	2.89
2.50 % European Investment Bank	15/10/24	1,000	862,554.72	0.96
0.38 % European Investment Bank 'EMTN'	15/05/26	350	351,207.50	0.39
0.50 % European Investment Bank 'EMTN'	15/11/23	2,000	2,052,000.00	2.28
2.25 % European Investment Bank 'EMTN'	07/03/20	2,100	2,365,348.30	2.63
2.75 % European Investment Bank 'EMTN'	13/11/23	7,000	756,633.94	0.84
2.70 % European Investment Bank 'MTN'	12/01/23	1,000	621,572.01	0.69
1.13 % European Investment Bank 'REGS'	16/09/21	1,000	624,539.36	0.69
2.38 % European Investment Bank 'REGS'	18/01/23	1,000	645,116.37	0.72
1.38 % International Bank for Reconstruction & Development	23/06/19	1,000	98,034.99	0.11
1.50 % International Bank for Reconstruction & Development 'EMTN'	12/07/22	2,150	1,774,221.43	1.97
3.50 % International Bank for Reconstruction & Development 'EMTN'	02/11/20	5,000	518,152.00	0.58
2.25 % Nordic Investment Bank	30/09/21	3,300	2,853,270.59	3.17
0.13 % Nordic Investment Bank 'EMTN'	10/06/24	2,000	2,008,920.00	2.23
0.63 % Nordic Investment Bank 'EMTN'	20/01/21	27,000	2,661,534.54	2.96
<b>Total International Organisations</b>			<b>24,408,224.29</b>	<b>27.12</b>
<b>Ireland</b>				
1.35 % Ireland Government Bond	18/03/31	500	507,295.00	0.56
<b>Total Ireland</b>			<b>507,295.00</b>	<b>0.56</b>
<b>Italy</b>				
1.00 % Terna Rete Elettrica Nazionale SpA 'EMTN'	23/07/23	250	250,077.48	0.28
<b>Total Italy</b>			<b>250,077.48</b>	<b>0.28</b>
<b>Japan</b>				
0.68 % Mitsubishi UFJ Financial Group Inc 'EMTN'	26/01/23	1,000	997,350.00	1.11
<b>Total Japan</b>			<b>997,350.00</b>	<b>1.11</b>
<b>Netherlands</b>				
0.63 % ABN AMRO Bank NV 'EMTN'	31/05/22	600	605,970.00	0.67
0.75 % ABN AMRO Bank NV 'EMTN'	09/06/20	2,000	2,020,120.00	2.24
0.13 % Cooperatieve Rabobank UA 'GMTN'	11/10/21	1,000	1,000,130.10	1.11
0.75 % ING Bank NV 'EMTN'	24/11/20	2,200	2,227,632.00	2.48
0.63 % Nederlandse Waterschapsbank NV 'EMTN'	03/07/19	1,000	1,005,300.00	1.12
1.00 % Nederlandse Waterschapsbank NV 'EMTN'	03/09/25	1,000	1,045,090.00	1.16
2.13 % Nederlandse Waterschapsbank NV 'REGS'	15/11/21	1,000	860,132.16	0.96
2.38 % Nederlandse Waterschapsbank NV 'REGS'	24/03/26	1,500	1,264,144.75	1.40
0.75 % TenneT Holding BV 'EMTN'	26/06/25	800	794,064.00	0.88
<b>Total Netherlands</b>			<b>10,822,583.01</b>	<b>12.02</b>
<b>Norway</b>				
2.22 % Entra ASA FRN	22/09/23	10,000	994,167.70	1.10
1.38 % Kommunalbanken AS 'REGS'	26/10/20	2,000	1,707,845.40	1.90
<b>Total Norway</b>			<b>2,702,013.10</b>	<b>3.00</b>
<b>Sweden</b>				
0.93 % Atrium Ljungberg AB FRN	21/03/22	6,000	579,254.58	0.64
0.89 % City of Gothenburg Sweden 'EMTN'	15/06/22	4,000	395,637.22	0.44
1.46 % City of Gothenburg Sweden 'EMTN'	30/06/21	2,220	222,879.18	0.25
2.00 % City of Gothenburg Sweden 'EMTN'	03/06/20	1,100	110,175.38	0.12
0.53 % City of Norrkoping Sweden 'MTN' FRN	13/10/21	3,000	299,254.47	0.33
0.00 % City of Orebro Sweden FRN	16/10/19	6,000	585,055.42	0.65
0.61 % City of Vasteras/Sweden FRN	30/11/21	8,000	799,343.83	0.89
1.50 % Kommuninvest I Sverige AB 'REGS'	23/04/19	2,200	1,917,168.80	2.13
1.88 % Kommuninvest I Sverige AB 'REGS'	01/06/21	1,500	1,286,669.34	1.43

## SEB Green Bond Fund

Security description	Maturity	Total holdings	Market value in EUR	% of Net Assets	
0.51 % Region Skane FRN	18/10/21	3,000	299,359.62	0.33	
0.21 % Rikshem AB 'MTN' FRN	19/10/22	10,000	967,663.63	1.08	
1.05 % SBAB Bank AB 'EMTN'	23/06/21	10,000	985,305.67	1.10	
0.30 % Skandinaviska Enskilda Banken AB 'GMTN'	17/02/22	1,500	1,500,299.85	1.67	
1.26 % Sodra Skogsagarna Ekonomisk Forening FRN	07/06/21	10,000	991,867.88	1.10	
0.00 % Stockholms Lans Landsting 'EMTN' FRN	28/05/21	20,000	1,959,297.84	2.18	
1.88 % Svensk Exportkredit AB 'GMTN'	23/06/20	1,000	864,050.23	0.96	
0.38 % Svenska Handelsbanken AB 'EMTN'	03/07/23	1,000	993,180.00	1.10	
0.07 % Vasakronan AB FRN	18/11/19	1,000	97,422.58	0.11	
0.56 % Vasakronan AB 'MTN' FRN	22/10/20	8,000	786,803.57	0.87	
<b>Total Sweden</b>			<b>15,640,689.09</b>	<b>17.38</b>	
<b>United Arab Emirates</b>					
3.00 % First Abu Dhabi Bank PJSC 'EMTN'	30/03/22	500	425,203.46	0.47	
<b>Total United Arab Emirates</b>			<b>425,203.46</b>	<b>0.47</b>	
<b>United Kingdom</b>					
2.75 % LTC GB Ltd	26/05/21	1,000	852,129.83	0.95	
<b>Total United Kingdom</b>			<b>852,129.83</b>	<b>0.95</b>	
<b>Total Bonds</b>			<b>82,311,716.81</b>	<b>91.45</b>	
<b>Total Transferable securities admitted to an official stock exchange listing</b>			<b>82,311,716.81</b>	<b>91.45</b>	
<b>Bonds indicated in 1,000 currency units</b>					
<b>Other Transferable Securities</b>					
<b>Bonds</b>					
<b>Sweden</b>					
0.00 % Fastighets AB Forvaltaren FRN	10/10/19	5,000	487,458.56	0.54	
0.21 % Fastighets AB Forvaltaren FRN	10/07/20	1,000	97,917.18	0.11	
0.29 % Stangastaden AB FRN	07/10/21	9,000	886,012.75	0.99	
0.38 % Stangastaden AB FRN	09/09/20	8,000	784,412.36	0.87	
0.61 % Stockholms Kooperativa Bostadsforening kooperativ hyresrattsforening FRN	30/11/21	5,000	494,527.06	0.55	
0.38 % Uppsalahem AB FRN	10/09/20	6,000	588,011.34	0.65	
<b>Total Sweden</b>			<b>3,338,339.25</b>	<b>3.71</b>	
<b>Total Bonds</b>			<b>3,338,339.25</b>	<b>3.71</b>	
<b>Total Other Transferable Securities</b>			<b>3,338,339.25</b>	<b>3.71</b>	
<b>Total Portfolio</b>			<b>85,650,056.06</b>	<b>95.16</b>	
<b>Financial futures cleared with Skandinaviska Enskilda Banken AB (publ)</b>					
<b>Purchased financial futures contracts</b>		<b>Commitment in EUR</b>			
CBOT Five Year Treasury Note Future	3,703,098.98	29/03/19	37	53,342.00	0.06
MSE 10 Year Canadian Government Bond Future	1,053,122.41	20/03/19	12	31,481.29	0.03
<b>Sold financial futures contracts</b>		<b>Commitment in EUR</b>			
Eurex Euro Bund Future	(8,340,540.00)	07/03/19	(51)	(73,950.00)	(0.08)
Swedish Government 5-year Bond Future	(4,806,622.86)	14/03/19	(38)	(1,946.45)	(0.00)
<b>Total financial futures contracts (total net unrealised)</b>			<b>8,926.84</b>	<b>0.01</b>	
An amount of EUR 406,280.96 is held as cash collateral for these positions and additional collateral is held for these positions as detailed in note 5.					

## SEB Green Bond Fund

Security description	Maturity	Market value in EUR	% of Net Assets
<b>Forward foreign exchange contracts open with Skandinaviska Enskilda Banken S.A.</b>			
Buy 1,157 CHF	Sell 1,014 EUR	09/01/19	13.59 0.00
Buy 1,220,554 EUR	Sell 2,000,000 AUD	09/01/19	(9,533.77) (0.01)
Buy 3,276,058 EUR	Sell 4,900,000 CAD	09/01/19	134,667.99 0.15
Buy 3,504,013 EUR	Sell 3,100,000 GBP	09/01/19	66,081.66 0.07
Buy 1,004,342 EUR	Sell 9,600,000 NOK	09/01/19	43,355.31 0.05
Buy 70,750,560 EUR	Sell 728,702,137 SEK	09/01/19	(193,745.41) (0.22)
Buy 7,069,067 EUR	Sell 73,000,000 SEK	05/02/19	(36,755.33) (0.04)
Buy 5,827,044 EUR	Sell 59,600,000 SEK	06/03/19	26,537.34 0.03
Buy 12,947,219 EUR	Sell 15,000,000 USD	09/01/19	(161,656.97) (0.18)
Buy 6,913,007 EUR	Sell 8,000,000 USD	05/02/19	(61,440.10) (0.07)
Buy 6,120,235 EUR	Sell 7,000,000 USD	06/03/19	31,727.59 0.04
Buy 83,965 NOK	Sell 8,800 EUR	09/01/19	(394.51) (0.00)
Buy 1,429,013,765 SEK	Sell 137,927,481 EUR	09/01/19	1,197,113.12 1.33
<b>Total forward foreign exchange contracts (total net unrealised)</b>		<b>1,035,970.51</b>	<b>1.15</b>
<b>Cash at bank and at broker</b>			
Cash at bank and at broker		2,983,873.61	3.32
<b>Total Cash at bank and at broker</b>		<b>2,983,873.61</b>	<b>3.32</b>
<b>Other assets</b>			
Interest receivable on bonds		318,082.13	0.35
Receivable on subscriptions		33,750.58	0.04
<b>Total other assets</b>		<b>351,832.71</b>	<b>0.39</b>
<b>Liabilities</b>			
Management fees		(5,523.95)	(0.01)
Bank interest payable on cash accounts		(1,710.35)	(0.00)
Other liabilities		(20,260.73)	(0.02)
<b>Total liabilities</b>		<b>(27,495.03)</b>	<b>(0.03)</b>
<b>Total Net Assets as at 31 December 2018</b>		<b>90,003,164.70</b>	<b>100.00</b>

A list of changes in the assets held during the financial year under review is available free of charge from SEB Investment Management AB.

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

# Statement of Operations

## For the year ended 31 December 2018

	<b>SEB Green Bond Fund</b>
	<b>EUR</b>
<b>Income</b>	
Interest on bonds (note 1)	917,627.44
Bank interest on cash accounts	2,459.35
<b>Total income</b>	<b>920,086.79</b>
<b>Expenses</b>	
Management fees (note 2)	314,855.36
Taxe d'abonnement (note 3)	40,725.66
Bank interest on cash accounts	17,440.32
Other expenses	33,242.38
<b>Total expenses</b>	<b>406,263.72</b>
<b>Net income for the year</b>	<b>513,823.07</b>

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

# Statement of Changes in Net Assets

## For the year ended 31 December 2018

	SEB Green Bond Fund EUR
<b>Net Assets at the beginning of the year</b>	<b>86,444,354.86</b>
<b>Net income for the year</b>	<b>513,823.07</b>
<b>Net realised gain / (loss) on:</b>	
- sales of securities	(889,112.86)
- foreign exchange	(4,281,784.78)
- financial futures contracts	(215,133.80)
<b>Total net realised loss</b>	<b>(5,386,031.44)</b>
<b>Change in net unrealised appreciation / (depreciation) on:</b>	
- securities	515,932.00
- forward foreign exchange contracts	549,051.01
- financial futures contracts	(82,311.30)
<b>Total change in net unrealised appreciation</b>	<b>982,671.71</b>
<b>Decrease in Net Assets as a result of operations</b>	<b>(3,889,536.66)</b>
<b>Proceeds on issues of units</b>	<b>93,935,236.77</b>
<b>Payment on redemptions of units</b>	<b>(86,423,933.58)</b>
<b>Dividends paid</b>	<b>(62,956.69)</b>
<b>Total Net Assets as at 31 December 2018</b>	<b>90,003,164.70</b>

The accompanying notes are an integral part of these financial statements

# Statement of Net Assets

## As at 31 December 2018

	<b>SEB Green Bond Fund</b>
	<b>EUR</b>
<b>Assets</b>	
Portfolio at cost	88,334,549.65
Unrealised depreciation	(2,684,493.59)
<b>Portfolio at market value (note 1)</b>	<b>85,650,056.06</b>
Unrealised appreciation on financial futures contracts	8,926.84
Unrealised appreciation on forward foreign exchange contracts	1,035,970.51
Receivable interest and / or dividends	318,082.13
Cash at bank and at broker	2,983,873.61
Other assets	33,750.58
<b>Total Assets</b>	<b>90,030,659.73</b>
<b>Liabilities</b>	
Other liabilities	(27,495.03)
<b>Total Liabilities</b>	<b>(27,495.03)</b>
<b>Total Net Assets as at 31 December 2018</b>	<b>90,003,164.70</b>
"C (EUR)" units outstanding as at 31 December 2018	9,720.8540
"C (H-NOK)" units outstanding as at 31 December 2018	807.3540
"C (H-SEK)" units outstanding as at 31 December 2018	3,878,349.9980
"D (EUR)" units outstanding as at 31 December 2018	246,474.7890
"D (H-SEK)" units outstanding as at 31 December 2018	102.4020
"HNWC (H-SEK)" units outstanding as at 31 December 2018	806,826.6440
"HNWD (H-SEK)" units outstanding as at 31 December 2018	102.4020
"IC (EUR)" units outstanding as at 31 December 2018	6,190.0000
"IC (H-CHF)" units outstanding as at 31 December 2018	1.1730
"UC (H-SEK)" units outstanding as at 31 December 2018	318,705.9480
Net Asset Value per "C (EUR)" unit as at 31 December 2018	97.816
Net Asset Value per "C (H-NOK)" unit as at 31 December 2018	104.618
Net Asset Value per "C (H-SEK)" unit as at 31 December 2018	97.834
Net Asset Value per "D (EUR)" unit as at 31 December 2018	52.576
Net Asset Value per "D (H-SEK)" unit as at 31 December 2018	95.781
Net Asset Value per "HNWC (H-SEK)" unit as at 31 December 2018	98.205
Net Asset Value per "HNWD (H-SEK)" unit as at 31 December 2018	95.883
Net Asset Value per "IC (EUR)" unit as at 31 December 2018	98.398
Net Asset Value per "IC (H-CHF)" unit as at 31 December 2018	987.698
Net Asset Value per "UC (H-SEK)" unit as at 31 December 2018	993.120

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

# Statistical Information

## As at 31 December 2018

	SEB Green Bond Fund EUR
<b>Number of "C (EUR)" units outstanding</b>	
as at 31 December 2018	9,720.8540
as at 31 December 2017	9,427.5520
as at 31 December 2016	3,549.1270
<b>Number of "C (H-NOK)" units outstanding</b>	
as at 31 December 2018	807.3540
as at 31 December 2017	808.9310
as at 31 December 2016	1,653.9290
<b>Number of "C (H-SEK)" units outstanding</b>	
as at 31 December 2018	3,878,349.9980
as at 31 December 2017	5,891,973.6680
as at 31 December 2016	7,212,542.6590
<b>Number of "D (EUR)" units outstanding</b>	
as at 31 December 2018	246,474.7890
as at 31 December 2017	251,675.5860
as at 31 December 2016	301,825.0030
<b>Number of "D (H-SEK)" units outstanding</b>	
as at 31 December 2018	102.4020
as at 31 December 2017	101.4080
as at 31 December 2016	100.0000
<b>Number of "HNWC (H-SEK)" units outstanding</b>	
as at 31 December 2018	806,826.6440
as at 31 December 2017	1,239,324.8440
as at 31 December 2016	1,161,127.1080
<b>Number of "HNWD (H-SEK)" units outstanding</b>	
as at 31 December 2018	102.4020
as at 31 December 2017	101.4080
as at 31 December 2016	100.0000
<b>Number of "IC (EUR)" units outstanding</b>	
as at 31 December 2018	6,190.0000
as at 31 December 2017	2,510.0000
as at 31 December 2016	10.0000
<b>Number of "IC (H-CHF)" units outstanding</b>	
as at 31 December 2018	1.1730
as at 31 December 2017	1.1730
as at 31 December 2016	—
<b>Number of "UC (H-SEK)" units outstanding</b>	
as at 31 December 2018	318,705.9480
as at 31 December 2017	—
as at 31 December 2016	—
<b>Total Net Assets</b>	
as at 31 December 2018	90,003,164.70
as at 31 December 2017	86,444,354.86
as at 31 December 2016	103,607,455.21
<b>Net Asset Value per "C (EUR)" unit</b>	
as at 31 December 2018	97.816
as at 31 December 2017	98.804
as at 31 December 2016	99.073

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

**SEB Green Bond Fund**

<b>Net Asset Value per "C (H-NOK)" unit</b>	
as at 31 December 2018	104.618
as at 31 December 2017	104.284
as at 31 December 2016	103.168
<b>Net Asset Value per "C (H-SEK)" unit</b>	
as at 31 December 2018	97.834
as at 31 December 2017	98.971
as at 31 December 2016	99.458
<b>Net Asset Value per "D (EUR)" unit</b>	
as at 31 December 2018	52.576
as at 31 December 2017	53.366
as at 31 December 2016	53.991
<b>Net Asset Value per "D (H-SEK)" unit</b>	
as at 31 December 2018	95.781
as at 31 December 2017	97.736
as at 31 December 2016	99.600
<b>Net Asset Value per "HNWC (H-SEK)" unit</b>	
as at 31 December 2018	98.205
as at 31 December 2017	99.252
as at 31 December 2016	99.645
<b>Net Asset Value per "HNWD (H-SEK)" unit</b>	
as at 31 December 2018	95.883
as at 31 December 2017	97.787
as at 31 December 2016	99.637
<b>Net Asset Value per "IC (EUR)" unit</b>	
as at 31 December 2018	98.398
as at 31 December 2017	99.153
as at 31 December 2016	99.296
<b>Net Asset Value per "IC (H-CHF)" unit</b>	
as at 31 December 2018	987.698
as at 31 December 2017	999.446
as at 31 December 2016	–
<b>Net Asset Value per "UC (H-SEK)" unit</b>	
as at 31 December 2018	993.120
as at 31 December 2017	–
as at 31 December 2016	–
<b>Dividend paid per D (EUR) unit</b>	
2018	0.2575
2017	0.4808
2016	0.2438
<b>Dividend paid per D (H-SEK) unit</b>	
2018	0.9415
2017	1.3844
2016	–
<b>Dividend paid per HNWD (H-SEK) unit</b>	
2018	0.9420
2017	1.3849
2016	–

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

# Notes to the Financial Statements

## As at 31 December 2018

### **Note 1. Significant Accounting Policies**

The financial statements have been prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

The financial statements have been prepared based on the last Net Asset Value of the year which has been calculated on 28 December 2018 with the prices as of that date: the valuation at 28 December 2018 has been presented for the purpose of these financial statements.

#### **Investments:**

a) Transferable securities and money market instruments, which are officially listed on a stock exchange, are valued at the last available price.

b) Transferable securities and money market instruments, which are not officially listed on a stock exchange, but which are traded on another regulated market are valued at a price no lower than the bid price and no higher than the ask price at the time of the valuation and at which the Management Company considers to be an appropriate market price.

c) Transferable securities and money market instruments quoted or traded on several markets are valued on the basis of the last available price on the principal market for the transferable securities or money market instruments in question, unless these prices are not representative.

d) In the event that such prices are not in line with market conditions, or for securities and money market instruments other than those covered in a), b) and c) above for which there are no fixed prices, these securities and money market instruments, as well as other assets, will be valued at the current market value as determined in good faith by the Management Company, following generally accepted valuation principles.

e) Units or shares of UCI(TS) are valued at the last available Net Asset Value obtained from the Administrative Agent of such UCI(TS) except for Exchange Traded Funds which are valued at the latest available price found on the main stock exchange on which they are listed.

f) Derivatives instruments traded on regulated markets or stock exchanges are valued at last available settlement prices of these contracts on regulated markets or stock exchanges on which the derivative instruments are traded by the Fund.

Derivatives instruments not traded on regulated markets or on stock exchanges are valued at their net liquidating value determined, pursuant to the policies established in good faith by the Management Company on a basis consistently applied for each different variety of contracts, in accordance with generally recognised principles, taking into consideration the generally accepted accounting practices, the customary practices in line with the market and the interests of the Unitholders.

g) Forward foreign exchange contracts are valued based on the latest available forward exchange rates.

h) Financial futures contracts, which are not matured, are valued at valuation date at market rates prevailing at this date and resulting unrealised appreciation or depreciation are posted as change in net unrealised appreciation/(depreciation) on financial futures contracts to the Statement of Changes in Net Assets.

In the case that extraordinary circumstances occur which make it impossible or even wrong to make a valuation in accordance with the above-mentioned criteria, the Management Company is entitled to temporarily apply other generally accepted valuation procedures, which are determined by it in good faith, in order to make an appropriate valuation of the Fund's Assets.

Gains and losses on the sale of securities are determined using the average cost method.

### Currency translation:

All assets denominated in a different currency to the Funds' currency are converted into the Funds' currency at the last available exchange rate.

Separate accounts are maintained for the Fund in the currency in which the Net Asset Value per unit to which it relates is expressed (the "accounting currency").

Transactions denominated in a currency other than the accounting currency are recorded on the basis of exchange rates prevailing on the date they occur or accrue to the Fund.

Assets and liabilities, expressed in a currency other than the accounting currency, are translated on the basis of exchange rates ruling at the balance sheet date.

As at 28 December 2018, the exchange rates were as follows:

1 AUD	=	0.615399551	EUR	1 JPY	=	0.007920407	EUR
1 CAD	=	0.641428159	EUR	1 NOK	=	0.100136753	EUR
1 CHF	=	0.888475092	EUR	1 SEK	=	0.097362220	EUR
1 DKK	=	0.133918817	EUR	1 USD	=	0.874571328	EUR
1 GBP	=	1.109349999	EUR				

### Income:

Interest income and bank interest income are recognised on an accrual basis. Dividends are recorded on the ex-dividend date. This income is shown net of any withholding taxes and adjusted accordingly when tax reclaims apply.

### Note 2. Management fees

In payment for its services, the Management Company receives an annual rate of:

- 0.40% is charged on SEB Green Bond Fund "C (EUR)" units (maximum rate: 0.40%)
- 0.40% is charged on SEB Green Bond Fund "C (H-NOK)" units (maximum rate: 0.40%)
- 0.40% is charged on SEB Green Bond Fund "C (H-SEK)" units (maximum rate: 0.40%)
- 0.40% is charged on SEB Green Bond Fund "D (EUR)" units (maximum rate: 0.40%)
- 0.40% is charged on SEB Green Bond Fund "D (H-SEK)" units (maximum rate: 0.40%)
- 0.30% is charged on SEB Green Bond Fund "HNWC (H-SEK)" units (maximum rate: 0.30%)
- 0.30% is charged on SEB Green Bond Fund "HNWD (H-SEK)" units (maximum rate: 0.30%)
- 0.20% is charged on SEB Green Bond Fund "IC (EUR)" units (maximum rate: 0.20%)
- 0.20% is charged on SEB Green Bond Fund "IC (H-CHF)" units (maximum rate: 0.20%)
- 0.20% is charged on SEB Green Bond Fund "UC (H-SEK)" units (maximum rate: 0.20%)

A twelfth of this rate is being payable at the end of each month and based on the average Net Assets of the Fund calculated daily during the relevant month.

The Management Company pays accounting, administration and depositary fees on behalf of the Fund.

### Note 3. Taxation

The Fund is liable in Luxembourg to a subscription tax ("taxe d'abonnement") of 0.05% or 0.01% (as applicable) per annum of its NAV, such tax being payable quarterly on the basis of the value of the aggregate net assets of the Fund at the end of the relevant calendar quarter. Investments by the Fund in shares or units of another Luxembourg undertaking for collective investment which are also subject to the taxe d'abonnement are excluded from the NAV of the Fund serving as basis for the calculation of this tax to be paid by the Fund.

No stamp duty or other tax is payable in Luxembourg on the issue of units.

Interest, dividend and other income realised by the Fund on the sale of securities of non-Luxembourg issuers, may be subject to withholding and other taxes levied by the jurisdictions in which the income is sourced.

#### **Indian Tax**

The Fund may be subject to corporation taxes in certain countries in which it invests. Capital gains realised when disposing of Indian securities held by the Fund are subject to capital gains tax in India, which is disclosed in the Statement of Operations under the heading "Other expenses". The tax is computed on net realised gains, and realised losses in excess of gains may under certain conditions be carried forward for up to 8 years to offset future gains. In this respect, short term capital losses (i.e. when shares are held for less than 12 months) can offset either long term or short term capital gains whereas long term capital losses may only offset long term capital gains. Indian tax law imposes a tax of 15% on net realised gains from Indian securities sold within one year from the date of purchase and a tax of 10% if the Indian securities are sold more than 12 months after the acquisition. This tax of 10% on long term capital gains realised on Indian securities has been introduced with effect from 1 April 2018.

As at 31 December 2018, no tax accrual was booked in relation to unrealised capital gains tax on Indian securities, the potential tax liability on Indian securities was not significant on the Net Asset Values of the concerned Fund.

In case the Fund incurred a total realised loss on security sales as at fiscal year-end, the Fund could recover the taxable amount paid during the year on net realised gains, provided that a claim to the Tax Administration is introduced within 2 years as from end of the financial years.

#### **Note 4. Transaction Fees**

Transaction fees incurred by the Fund relating to the purchase or sale of transferable securities, money market instruments, derivatives or other eligible assets are mainly composed of depositary fees and broker fees. Most of the transaction fees are included in the transaction price used to calculate the realised and unrealised gain/(loss) on securities.

In line with bond market practice, a bid-offer spread is applied when buying or selling securities and other financial instruments. Consequently, in any given transaction, there will be a difference between the purchase and sale prices quoted by the broker, which represents the broker's remuneration. This type of transaction cost is difficult to obtain separately and is therefore included in the acquisition cost of securities or deducted from selling prices of bonds.

As at 31 December 2018, the transaction fees were as follows:

SEB Green Bond Fund 2,045.48 EUR

#### **Note 5. Collateral**

As at 31 December 2018, the following security serves as collateral for the broker Skandinaviska Enskilda Banken AB (publ) for commitment on future positions:

<b>Sub-Fund</b>	<b>Security description</b>	<b>Nominal</b>
SEB Green Bond Fund	1.75% French Republic Government Bond OAT '144A'	EUR 2,000,000

#### **Note 6. Significant events during the year**

There were no significant events during the year.

#### **Note 7. Subsequent events after the year end**

There are no subsequent events after the year end.



## **Audit report**

To the Unitholders of  
**SEB Green Bond Fund**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of SEB Green Bond Fund (the “Fund”) as at 31 December 2018, 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 and presentation of the financial statements.

#### *What we have audited*

The Fund’s financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the schedule of investments as at 31 December 2018;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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### **Basis for opinion**

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier” (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the “Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements” section of our report.

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

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

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### **Other information**

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

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



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

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**Responsibilities of the Board of Directors of the Management Company for the financial statements**

The Board of Directors of the Management Company is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the Management Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Management Company is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Management Company either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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**Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Management Company;



- conclude on the appropriateness of the Board of Directors of the Management Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 27 March 2019

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

Emmanuel Chataignier

# Risk Disclosure (unaudited)

In the context of risk measurement and in accordance with CSSF Circular 11/512 a UCITS must calculate its global exposure on at least a daily basis.

For SEB Green Bond Fund, the global exposure is calculated and monitored daily by using the calculation methodology Value at Risk (VaR). The VaR model used is parametric VaR. The observation period is at least 250 days.

The VaR methodology provides an estimate of the maximum potential loss over a specific time period and at a given confidence level, i.e. probability level. Usually for UCITS, the time period is 1 month/20 business days and the confidence level is 99%.

For example, a VaR estimate of 3% on a 20-days' time period with a 99% confidence level means that, with 99% certainty, the percentage the Fund can expect to lose over the next 20 days' period should be a maximum of 3%.

In case of the VaR methodology, the Fund can use either the "relative" or the "absolute" VaR approach.

According to CSSF Circular 11/512, the absolute VaR approach must not be greater than 20% based on a 99% confidence level and a holding period of 1 month/20 business days. In the case of the relative VaR approach, the VaR of the Fund must not be greater than twice the VaR of its reference portfolio. Nevertheless, lower limitations than those ones set by the regulator can be set in accordance with the investment policy/strategy of the Fund.

In addition to the VaR, the level of leverage generated through the use of derivatives and the use of collateral in relation to efficient portfolio management transactions (i.e. securities lending or repurchase agreements) is monitored twice a month. Leverage is measured as the sum of the absolute notional exposures of the financial derivative instruments (i.e. the absolute sum of all long and short notional positions in derivatives compared to the Net Asset Value of the Fund) and the reinvestment of collateral related to securities lending or repurchase agreement used by the Fund.

The Investment Manager calculates the leverage on a gross or on a commitment method. The gross method converts all positions on derivative financial instruments into equivalent positions in the underlying assets, while the commitment method applies the same while allowing netting and hedging arrangements.

The below overview summarises the Fund indicating the VaR, the reference portfolio (in the case of relative legal VaR limit), the lowest/highest and average utilisation of VaR (expressed as a percentage of the respective absolute or relative legal VaR limit) as well as the average level of leverage for the year ended 31 December 2018.

<b>Fund</b>	<b>Relative/ Absolute VaR</b>	<b>Reference portfolio</b>	<b>Lowest Utilisation of VaR</b>	<b>Highest Utilisation of VaR</b>	<b>Average Utilisation of VaR</b>	<b>Average Leverage (FX forwards serving the purposes of unit-class(es) hedging, if any are not included in the leverage calculation)</b>	<b>Average Leverage (Including FX forwards for unit- class hedging)</b>
SEB Green Bond Fund	Absolute	N/A	2.15%	2.95%	2.55%	152.34%	372.36%

# Remuneration Disclosure (unaudited)

SEB Investment Management AB (the Management Company) wishes to encourage and incite good performance and sound behaviour, as well as to endeavour to achieve balanced risk-taking that is aligned with the interests of fund unitholders.

The Management Company has a long-term vision regarding the employment conditions of its staff. Total remuneration shall contribute to developing the Management Company's competitiveness and profitability through the Company being able to attract, retain, motivate and reward competent and skilful employees. In order to achieve this objective, the Management Company's board of directors has adopted a remuneration policy based on Swedish and international regulations. The purpose of the remuneration policy is to ensure that the Management Company has a remuneration system that is adapted to the fund unitholders' long-term interests and the Management Company's strategy and values.

The remuneration policy is based on the remuneration model that is applied at Group level, and is built on SEB's values. The Management Company's remuneration policy is reviewed at least annually. The Management Company's current remuneration policy is based on a risk analysis that has been prepared by the Management Company's risk control department.

## **The Management Company's remuneration structure is based on three components:**

- Fixed remuneration (basic salary)
- Variable remuneration
- Pensions and other benefits

The remuneration components are used to achieve a competitive individual level of remuneration with an appropriate balance between fixed and variable remuneration.

The fixed remuneration component is individually adapted further to predetermined internal and external appraisals. The level of the fixed remuneration is based on the employee's experience, long-term performance and behaviour.

All employees at the Management Company are embraced by SEB's collective profit sharing model that has a predetermined maximum outcome. The remuneration is established based on SEB's earnings and customer satisfaction.

Remuneration to employees in control departments (internal audit, risk control, and observance of regulations) is established by the board of directors further to proposals from the Management Company's remuneration committee. Remuneration shall be based on objective grounds related to the employee's role and tasks, and be independent of the business unit that the control department scrutinises.

Employees in departments that have a monitoring function, such as internal auditing, risk control or compliance, are not to receive any other variable remuneration over and above SEB's profit sharing.

The Management Company applies the grandfather principle to all remuneration, which means all decisions are to be approved by, at the least, the manager for the manager of the employee concerned.

## **Variable remuneration**

The Management Company uses variable remuneration in order to develop and reward performance and behaviour that create both short-term and long-term value for the fund unitholders and the Management Company. Variable remuneration is an important aspect of designing a flexible remuneration system. Variable remuneration is composed of both cash and units/shares in investment funds or financial instruments which achieve the equivalent common interests as units/shares in the relevant investment funds.

The principles for variable remuneration adopted by the Management Company are established with the objective of reflecting the Management Company's low risk tolerance and being compatible with the Fund's prevailing risk profiles, fund rules, discretionary mandates, as well as internal and external regulations. The variable remuneration shall be based on the employee's performance and behaviour from a several-year perspective, as well as the performance and economic results of the employee's team, the Management Company and SEB as a whole.

At the same time as obtaining a sound balance between fixed and variable remuneration, the payment of variable remuneration shall be related to the Management Company's risk policy and creation of value for the fund unitholders. This implies that certain maximum levels and deferment of payment shall apply to different personnel categories.

For employees in positions that have a significant influence on the Management Company's or the managed funds' risk profile, the maximum variable remuneration may not exceed 100 percent of the fixed remuneration. The variable remuneration is to be deferred by 40 to 60 percent for a minimum of three years. At least 50 percent of the variable remuneration is to consist of units/shares in investment funds or instruments which achieve the same common interests as units/shares in the relevant securities funds. Variable remuneration in the form of fund units/shares will be subject to retention policy for at least one year. This retention policy applies to variable compensation whether or not it is deferred.

The Management Company also applies a special remuneration model for certain employees who manage funds and discretionary mandates. The remuneration model for these persons is based on a structure with distinct rules for maximum outcome of remuneration, deferment of remuneration as well as rules regarding downward adjustment/reduction of remuneration.

Payment of deferred remuneration shall only be made if such is motivated based on the Management Company's economic situation and the performance of the Management Company, the relevant division and the employee.

Reduction or downward adjustment of deferred variable remuneration shall apply should losses, increased risks and costs arise during the deferment period, which includes for example taking into consideration the employee's observance of external and internal regulations. Reduction or downward adjustment shall also take place should payment be deemed unwarrantable in view of the Management Company's financial situation.

The variable remuneration system shall be continuously reviewed in order to ensure that it does not create any unsuitable behaviour and contribute to excessive risk-taking.

#### **The remuneration committee**

The Management Company has appointed a remuneration committee with the task of independently appraising the remuneration policy. The remuneration committee shall be responsible for preparing decisions regarding remuneration that are to be adopted by the board of directors, and intervene if a decision could imply consequences for the Management Company's risks and risk management. The remuneration committee is an independent body composed of the board of directors' independent members.

#### **Follow up**

The CEO, the deputy CEO and the board of directors shall ensure that the remuneration policy is operationally applied. The remuneration policy shall be reviewed annually by the internal audit department or by an independent auditing firm. In order to ensure that the Management Company's remuneration system is applied in accordance with the remuneration policy, the remuneration system and the payment of remuneration shall be reviewed annually by internal or external auditors.

<b>Regulated staff</b>	<b>Paid remuneration and benefits, 2018 (thousand)</b>
	<b>EUR</b>
- Employees in leading strategic positions	1,806
- Employees responsible for control	339
- Risk-takers	9,215
- Employees whose total remuneration amounts to or exceeds the total remuneration to any of the Executive Board	-
	<b>Total remuneration paid (thousand)</b>
	<b>EUR</b>
- All employees (fixed remuneration)	15,419
- All employees (variable remuneration)	2,802
<i>Number of employees during the year</i>	<i>151</i>

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