

Annual Report

SEB TrendSystem Renten

Status: 31 December 2014



**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.

# Table of Contents

	<b>Page</b>
Additional Information to Investors in the Federal Republic of Germany	2
Organisation	3
General Information	5
Management Report	7
Report of the Board of Directors	10
Schedule of Investments	11
Statement of Operations	13
Statement of Changes in Net Assets	14
Statement of Net Assets	15
Statistical Information	16
Notes to the Financial Statements	17
Audit Report	21
Notes to the “EU Savings Tax Directive” (unaudited)	23
Risk Disclosure (unaudited)	24

# Additional Information to the Investors in the Federal Republic of Germany

## As at 31 December 2014

### Units in circulation:

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

- SEB TrendSystem Renten

The information disclosed above is as at 31 December 2014 and this may change after the year end. The current 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 Asset Management S.A. 4, rue Petermelchen L-2370 Howald, Luxembourg
<b>Board of Directors of the Management Company:</b>	<b>Chairperson</b> Peter Kubicki Managing Director SEB Wealth Management Denmark  <b>Managing Director</b> Ralf Ferner Managing Director SEB Asset Management S.A. Luxembourg  <b>Members</b> Marie Winberg Director Business Strategy Skandinaviska Enskilda Banken AB (publ) Stockholm, Sweden  Alexander Klein Managing Director SEB Investment GmbH Frankfurt am Main, Germany  Elisabeth Scheja Sterner (since 1 July 2014) Head of Global Product & Distribution Strategy Skandinaviska Enskilda Banken AB (publ) Stockholm, Sweden
<b>Conducting officers:</b>	Ralf Ferner, Luxembourg Matthias Ewald, Luxembourg Loïc Guillermet, Luxembourg (since 5 June 2014)
<b>Central Administration (including Registrar, Transfer Agent, Administrative Agent and Paying Agent):</b>	The Bank of New York Mellon (Luxembourg) S.A. 2-4, rue Eugène Ruppert L-2453 Luxembourg
<b>Investment Manager:</b>	SEB Investment Management AB Sveavägen 8 SE-106 40 Stockholm, Sweden
<b>Custodian Bank:</b>	Skandinaviska Enskilda Banken S.A. 4, rue Petermelchen L-2370 Howald, Luxembourg

**Auditor of the Fund and the  
Management Company:**

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

**Global Distributor:**

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

**Representatives and Paying  
Agents outside Luxembourg:**

The full list of representatives and Paying Agents outside Luxembourg can be obtained, free of charge, at the registered office of the Management Company and on the website [www.sebgroup.lu](http://www.sebgroup.lu).

# General Information

SEB TrendSystem Renten (the "Fund") is a Luxembourg investment fund ("Fonds Commun de Placement") governed by Part I of the Luxembourg Law on Undertakings for Collective Investment of 17 December 2010 (the "Law"), as amended. The Fund, which was set up on 3 August 2000 for an undetermined duration, is managed by SEB Asset Management S.A. (the "Management Company"). The Management Regulations have been deposited with the Luxembourg Trade Register and the relating notice has been published in the *Mémorial C* on 4 July 2013. The Management Company was established on 15 July 1988, with subsequent publication of the Articles of Incorporation in the *Mémorial C* on 16 August 1988. The Articles of Incorporation were last amended on 1 July 2014 and published on 21 July 2014. The Management Company is registered under Corporate Identity Number B 28468.

SEB Asset Management S.A. has delegated the Central Administration, including the administrative, registrar, transfer agent and paying agent functions – under its continued responsibility and control – at its own expense to The Bank of New York Mellon (Luxembourg) S.A., 2-4, rue Eugène Ruppert, L-2453 Luxembourg. This company was incorporated in Luxembourg as a "Société Anonyme" 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 67654 (the "Administrative Agent" and the "Registrar and Transfer Agent").

In its capacity as Administrative Agent, it assumes certain administrative duties which are necessary within the framework of managing the Fund, including the calculation of the Net Asset Value per unit and the provision of accounting 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 investment policy is to achieve an adequate return above the level attainable in the euro member states while minimising political and geographical risks and eliminating foreign exchange risk.

The Management Company may decide to issue distribution units ("B" units). Several unit classes may be offered, which differ in their charges, use of income, persons authorised to invest, minimum investment amount, reference currency or other characteristics.

The "B I" and "B II" units may pay a dividend.

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

- |                                     |              |
|-------------------------------------|--------------|
| ○ Distribution units ("B I" units)  | LU0116292888 |
| ○ Distribution units ("B II" units) | LU0170040694 |

The base currency of the Fund is euro.

The Net Asset Value per unit as well as 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 Custodian Bank and the Paying Agent.

In addition, the Net Asset Value, fact sheets and other informational marketing material is published on the SEB Luxembourg website [www.sebgroup.lu](http://www.sebgroup.lu) (<http://www.sebgroup.lu>) under the rubric SEB Asset Management S.A.. 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).

Financial reports of the Fund are published annually and semi-annually. These reports as well as the Sales Prospectus, the Management Regulations and other information concerning the Fund can be obtained free of charge at the offices of the Management Company, the Custodian Bank and the Paying Agent.

# 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, our investment policy and the performance of our Fund SEB TrendSystem Renten.

This annual report covers the financial year from 1 January 2014 to 31 December 2014.

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.

## An increasingly heterogeneous world

A resurging US economy, moderation in Emerging Markets ("EM") growth rates, collapsing oil prices, turmoil in Ukraine, and the end of monetary stimulus in the US were the major themes of 2014. In combination they led to, and reflected, a highly dispersed global growth and monetary policy picture. A picture in which some countries are on the verge of hiking rates due to an improving economy (the US), some are hiking due to rising inflation rates (EM oil exporters), and some are on verge of increasing or introducing monetary stimulus due to falling and fragile growth and inflation rates (Europe and Japan). At the end of 2014, the global economy therefore looks more heterogeneous than what it has done for years.

In terms of the markets, we saw gains in both equities and core government bonds: the former driven by continued multiple expansion, the latter by the oil price ensuing decline in headline inflation and lingering uncertainty about growth prospects for the Eurozone. The perhaps most notable market event of 2014 was the collapse of oil prices in the year's second half. A rout, which took prices back to levels last seen in 2009, and which also caused considerable turmoil in asset classes other than commodities. The latter in particular for the US High Yield market, which was affected through US energy producers.

Despite the mentioned turmoil in commodities, the implied volatility for both equities and bonds remained low over the year as a whole. As such the Chicago Board Options Exchange Market Volatility Index, which measures the implied volatility of US equities, averaged the lowest level since 2007.

In total, 2014 turned out to present decent financial returns and seeded the ground for an interesting 2015. In the following, we will comment in more detail on the decline in oil prices, the rising equity valuations, and the geopolitical risks that affected 2014. Finally, we will present our recommended allocation for 2015 and our view on the financial markets.

## The decline in oil prices

The decline in oil prices started in late July 2014. Although no explicit event clearly defined the initial fall in prices, the geopolitical risks, which had for the first half of 2014 dominated the markets, were starting to recede. In particular, focus on Islamic State declined throughout June and July, following an initial escalation in May. The fall in oil prices continued over August and September; a fall that was further fuelled by the refusal of OPEC to cut production at their late October meeting.

On a more strategic horizon, the decline in oil prices follows a five year period of ever increasing production in the US, which has once more gained a considerable market share. This has to some extent reduced OPEC's ability to control prices, which can be speculated to be the culprit behind their October decision not to cut production. For better or worse, the global oil price now seems more determined by global supply and demand than price collusion and/or geopolitical risk than what it has done for years.

An interesting effect of the slide in oil prices was the impact on other asset classes in general and the US High Yield market in particular. Given that shale producers in the US have been issuing bonds heavily over the last couple of years, the energy sector has gained a heightened importance for the US High Yield market. As such, the uncertainty about the degree to which these issuers had hedged their oil exposure forced spreads significantly higher in the year's second half.

Although the effect of oil on the major equity indices was muted compared to High Yield, the declining oil prices did lead to a decline in the forward Earnings Per Share ("EPS") estimate for the energy sector, which was large enough to depress the aggregate 12-month forward EPS estimate for US equities. The decline in EPS expectations combined with rising prices on equities, led to multiple expansion.

Finally, the declining energy prices drove inflation expectations down over the year which supported the continuous gain in government bonds.

### Valuations

For the third year in a row, valuations rose for MSCI World, thereby bringing the 12-month forward Price Earnings ("PE") up to 15.5 (Bloomberg estimate).

As such, the 12-month forward PE ended 2014 at the highest levels since 2004 and is starting to enter territory only paved in recent time by the IT bubble of the late 90s. Whether this is sustainable or not, is likely to be one of the main determinates of equity performance over the coming 4-5 years. It should however be noted that the rise in PE, or conversely the decline in earnings yield, is materializing in a market with unprecedented low nominal yields in the fixed income space. As such, a growing proportion of investors are pointing to the fact that a further decline in earnings yield, or conversely a rise in PE, is only natural, as this will bring convergence in the valuation of earnings and fixed income cash flows.

### Geopolitical risks

The major geopolitical risk driver of 2014 was the turmoil in eastern Ukraine. Trade sanctions imposed by the US and Europe upon Russia and uncertainty about further escalations hampered risk taking in European markets, and did to some extent support the year long decline in German 10-year government bond yields.

Even though the turmoil still dominated headlines, the global market impact was muted over the summer; this understood as such that European equities posted year highs in late September, and only declined hereafter, which was post the main noise originating from Ukraine. Put in other words, the relative underperformance of European equities in 2014, compared to US equities, did not seem directly driven by the geopolitical noise from Ukraine.

## Monetary policy

In terms of monetary policy, the most notable event of 2014 was the end of the bond buying stimulus program in the US (the third round of quantitative easing ("QE3")), the end of which did not cause the same financial havoc as the discussion about tapering in 2013. While the US ended their stimulus program, it was noticeable that Japan increased theirs and that speculation arose about future implementation of quantitative easing in Europe. Perhaps more than anything else, the shifts in global monetary policy signaled a divergence within the global economy, with the US economy firmly outperforming its European peers.

The development of monetary policy in the Emerging Market space also illustrated the diverging forces of the declining oil prices and the prospect of future Federal Reserve rate hikes. Due to a combination of both these factors, the latter making US investments more favorable compared to EM assets, 2014 introduced a significant pressure on EM foreign exchange rates as a whole. A pressure, which for some countries and oil exporters in particular, led to inflationary pressures, thereby following rate hikes; a tendency, which is still in place as of writing. In all, while 2014 highlighted the diverging growth between the US and Europe, it also highlighted the ever increasing heterogeneity of the EM space.

## Outlook for the financial markets and economic growth

The US economy enters 2015 looking the strongest it has done for years. Employment growth looks firmly anchored above 200k, sentiment indicators are sitting at multi-year highs for both consumers and manufacturers, and hard data is slowly but steadily improving. All this supports our view that the US economy will continue to be the main growth driver of the western world in 2015.

For Europe it seems likely that the weaker Euro, a supporting Central Bank, a resurging US economy, and benign credit conditions will finally break the very negative consensus on European growth.

Emerging Market is by the day becoming a more and more heterogeneous space. More than ever, it is split over the dependence of oil revenues, by fiscal balances, and current account deficits. On an aggregated level, we expect to see continued financial weakness in Latin America, and relative strength in Asia.

In light of both the strong US growth, the expectation of improving economic growth in Europe and the expectation of rising earnings and sales, equities should deliver a positive return close to, if not above, its historical average. We believe that even though equities are starting to trade at rich multiples, they should still be able to perform. A start of the US rate hike cycle and improving global growth should in our view put upward pressure on core government bond yields. In conclusion, we recommend an allocation for 2015 which is over-weighted risk in general and equities in particular.

Luxembourg, 16 January 2015

**SEB Asset Management S.A.**



R. Ferner



M. Ewald

# Report of the Board of Directors

## SEB TrendSystem Renten

### Market update

Inflation in the Euro Area has continually surprised on the downside throughout the year. A reason for this has been a fall in commodity prices, especially ones related to energy. This coupled with weaker growth has prompted the European Central Bank (ECB) to lower the main refinancing rate twice to 0,05%. In addition to this the ECB have offered banks cheap longer term financing to spur lending to the private sector. The next step is expected to be a larger asset purchasing program at the beginning of next year. The weak growth has kept companies from expanding and taking on new employees. The unemployment rates in Europe have thus stayed at elevated levels, keeping pressure on wage gains. Low wage increases then feeds into low price increases, as buying power is eroded. This is one worry for the ECB, especially if inflation expectations get unanchored. All these factors have combined to push interest rates lower. Longer term rates had the biggest moves, in many instances reaching record low levels. Spreads between core and the more stable peripheral countries continued to decrease.

### Fund update

The sub fund has had a defensive positioning during the year, with duration lower than benchmark and holdings concentrated to core countries. As interest rates have come down and spreads have contracted this has added to performance for the sub fund. The benchmark, which includes peripheral countries, has had a stronger return for the year. One explanation for this is that the peripheral countries have performed stronger than core ones. Another is the shorter duration positioning for the sub fund compared to benchmark.

### Strategy going forward

The sub fund will continue to hold a more conservative portfolio of core countries. With interest rate levels and spreads having come down this is even more prudent in this market environment. Portfolio duration will be determined by our systematic trend model.

### Other

The sub fund has used derivatives to partly hedge interest rate risk.

Note: Performances mentioned in this report are historical and are not indicative of future results.

# Schedule of Investments

## As at 31 December 2014

SEB TrendSystem Renten

Security description	Maturity	Total holdings	Currency	Unit price*	Market value in EUR	% of Net Assets
Bonds indicated in 1,000 currency units						
Transferable securities admitted to an official stock exchange listing						
Bonds						
Austria						
3.50 % Austria Government Bond	15/09/21	7,000	EUR	121.383	8,496,810.00	10.89
Total Austria					8,496,810.00	10.89
Belgium						
3.75 % Belgium Government Bond	28/09/20	7,000	EUR	119.932	8,395,240.00	10.76
4.25 % Belgium Government Bond	28/09/21	7,000	EUR	125.748	8,802,360.00	11.29
Total Belgium					17,197,600.00	22.05
Finland						
1.63 % Finland Government Bond	15/09/22	5,000	EUR	108.773	5,438,650.00	6.97
3.38 % Finland Government Bond	15/04/20	15,000	EUR	116.962	17,544,300.00	22.50
Total Finland					22,982,950.00	29.47
Germany						
1.50 % Bundesrepublik Deutschland	04/09/22	4,000	EUR	109.351	4,374,040.00	5.61
3.50 % Bundesrepublik Deutschland	04/07/19	12,000	EUR	115.974	13,916,880.00	17.84
Total Germany					18,290,920.00	23.45
Netherlands						
2.25 % Netherlands Government Bond	15/07/22	8,000	EUR	113.635	9,090,800.00	11.66
Total Netherlands					9,090,800.00	11.66
Total Bonds			EUR		76,059,080.00	97.52
Total Transferable securities admitted to an official stock exchange listing			EUR		76,059,080.00	97.52
Total Portfolio			EUR		76,059,080.00	97.52
Financial futures open with Skandinaviska Enskilda Banken AB (publ)			Commitment in EUR			
Sold financial futures contracts						
Eurex Euro Bund Future	06/03/15	(165)	EUR	(25,718,550.00)	(355,582.62)	(0.46)
Total financial futures contracts (total unrealised)					(355,582.62)	(0.46)

An amount of EUR 362,495.12 is held as cash collateral and additional collateral is held for this position as detailed in note 8.

## SEB TrendSystem Renten

	Market value in EUR	% of Net Assets
<b>Cash at bank and at broker</b>		
Cash at bank and at broker	1,460,976.87	1.87
<b>Total Cash at bank and at broker</b>	<b>1,460,976.87</b>	<b>1.87</b>
<b>Other assets</b>		
Interest receivable on bonds	892,288.35	1.14
Receivable on subscriptions	350.85	0.00
<b>Total other assets</b>	<b>892,639.20</b>	<b>1.14</b>
<b>Other liabilities</b>		
Management fees, custody fees	(34,390.80)	(0.04)
Payable on redemptions	(16,509.23)	(0.02)
Other liabilities	(9,729.71)	(0.01)
<b>Total other liabilities</b>	<b>(60,629.74)</b>	<b>(0.07)</b>
<b>Total Net Assets as at 31 December 2014</b>	<b>EUR 77,996,483.71</b>	<b>100.00</b>

\* Bond prices expressed in %.

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

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

Note: Performances mentioned in this report are historical and are not indicative of future results.

# Statement of Operations

## For the year ended 31 December 2014

SEB TrendSystem Renten

EUR

<b>Income</b>	
Interest on bonds (note 1)	2,121,428.74
<b>Total income</b>	<b>2,121,428.74</b>
<b>Expenses</b>	
Management fees (note 2)	395,599.68
Custody fees (note 4)	16,382.81
Taxe d'abonnement (note 5)	39,508.43
Bank interest on cash accounts	155.24
Other expenses	44,872.42
<b>Total expenses</b>	<b>496,518.58</b>
<b>Net income for the year</b>	<b>1,624,910.16</b>

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

# Statement of Changes in Net Assets

## For the year ended 31 December 2014

SEB TrendSystem Renten

EUR

<b>Net Assets at the beginning of the year</b>	<b>78,893,354.07</b>
<b>Net income for the year</b>	<b>1,624,910.16</b>
<b>Net realised gain / (loss) on:</b>	
- sales of securities	723,937.70
- financial futures contracts	(2,460,930.90)
<b>Total net realised loss</b>	<b>(1,736,993.20)</b>
<b>Change in net unrealised appreciation / (depreciation) on:</b>	
- securities	4,549,635.00
- financial futures contracts	(701,382.62)
<b>Total change in net unrealised appreciation</b>	<b>3,848,252.38</b>
<b>Increase in Net Assets as a result of operations</b>	<b>3,736,169.34</b>
<b>Proceeds on issues of units</b>	<b>179,523.21</b>
<b>Payment on redemptions of units</b>	<b>(3,170,772.60)</b>
<b>Dividends paid</b>	<b>(1,641,790.31)</b>
<b>Total Net Assets as at 31 December 2014</b>	<b>77,996,483.71</b>

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

# Statement of Net Assets

## As at 31 December 2014

SEB TrendSystem Renten

EUR

<b>Assets</b>	
Portfolio at cost	70,400,910.00
Unrealised appreciation	5,658,170.00
<b>Portfolio at market value (note 1)</b>	<b>76,059,080.00</b>
Receivable interest and / or dividends	892,288.35
Cash at bank and at broker	1,460,976.87
Other assets	350.85
<b>Total Assets</b>	<b>78,412,696.07</b>
<b>Liabilities</b>	
Unrealised depreciation on financial futures contracts (note 7)	(355,582.62)
Other liabilities	(60,629.74)
<b>Total Liabilities</b>	<b>(416,212.36)</b>
<b>Total Net Assets as at 31 December 2014</b>	<b>77,996,483.71</b>
"B I" units outstanding as at 31 December 2014	1,256,571.0000
"B II" units outstanding as at 31 December 2014	77,391.0420
Net Asset Value per "B I" unit as at 31 December 2014	58.469
Net Asset Value per "B II" unit as at 31 December 2014	58.478

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

# Statistical Information

## As at 31 December 2014

SEB TrendSystem Renten

EUR

<b>Number of "B I" units outstanding</b>	
as at 31 December 2014	1,256,571.0000
as at 31 December 2013	1,298,110.0910
as at 31 December 2012	1,373,652.0650
<b>Number of "B II" units outstanding</b>	
as at 31 December 2014	77,391.0420
as at 31 December 2013	87,308.0090
as at 31 December 2012	98,848.3020
<b>Total Net Assets</b>	
as at 31 December 2014	77,996,483.71
as at 31 December 2013	78,893,354.07
as at 31 December 2012	86,483,446.38
<b>Net Asset Value per "B I" unit</b>	
as at 31 December 2014	58.469
as at 31 December 2013	56.945
as at 31 December 2012	58.733
<b>Net Asset Value per "B II" unit</b>	
as at 31 December 2014	58.478
as at 31 December 2013	56.960
as at 31 December 2012	58.721
<b>Performance in % "B I" units*)</b>	
as at 31 December 2014	4.8
as at 31 December 2013	(0.7)
as at 31 December 2012	5.2
<b>Performance in % "B II" units*)</b>	
as at 31 December 2014	4.8
as at 31 December 2013	(0.7)
as at 31 December 2012	5.2
<b>Dividend paid per B I unit</b>	
2014	1.1880
2013	1.3906
2012	1.0626
<b>Dividend paid per B II unit</b>	
2014	1.1956
2013	1.3708
2012	1.0629
<b>Ongoing Charges (Unaudited) **) in %</b>	
01/01/2014 - 31/12/2014 "B I" units	0.62
01/01/2014 - 31/12/2014 "B II" units	0.62
<b>Portfolio Turnover Rate (Unaudited) ***) (PTR) in %</b>	
01/01/2014 - 31/12/2014	80.9

\*) Performance is calculated by the following formula:  $((NAV / Unit \text{ as at } 31/12/2014 + \text{dividend} / \text{Unit paid during the year}) / (NAV / Unit \text{ as at } 31/12/2013) - 1) * 100$

\*\*) Ongoing Charges for the purposes of the financial statements are calculated by the following formula:  $(\text{Expenses deducted from the assets including the custodian transaction fees but excluding bank interest on cash accounts} / \text{average TNA}) * 100$ . The Ongoing Charges of this financial report are dated 31 December 2014 and might differ from the Ongoing Charges published in the KIID.

\*\*\*) PTR is calculated by the following formula:  $((\text{Total 1} - \text{Total 2}) / \text{average TNA}) * 100$

NAV = Net Asset Value

TNA = Total Net Assets

Total 1 = Total of securities transactions for the year under review (purchases + sales)

Total 2 = Total of subscribed and redeemed units for the year under review (subscriptions + redemptions)

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

# Notes to the Financial Statements

## As at 31 December 2014

### Note 1. Significant Accounting Policies

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

#### **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).

The Financial Statements have been prepared based on last Net Asset Value of the year which has been calculated on 30 December 2014 with the price as of that date; the valuation at 30 December 2014 has been presented for the purpose of these Financial Statements.

f) 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 future contracts to the Statement of Changes in Net Assets.

g) 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.

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 average 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 31 December 2014, all assets and liabilities were denominated in Euro.

#### **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 a commission at an annual rate of:

- 0.50% is charged on SEB Trendsystem Renten "B I" units (maximum rate: 0.50%)
- 0.50% is charged on SEB Trendsystem Renten "B II" units (maximum rate: 0.50%)

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, and administration fees on behalf of the Fund.

#### **Note 3. Performance Fees**

In addition to the fixed management fees above, the Management Company also receives an annual performance-related commission ("Performance Fees") amounting to 25% of the value by which the annual growth in the Net Asset Value per unit exceeds the return of the "Barclays Euro Treasury 1-10 Year Total Return Index Value Unhedged EUR" index. All costs incurred by the Fund, including the fixed Management Fees of 0.5% per annum, are included in determining the performance of the Net Asset Value per unit. The Performance Fees are thus only charged when the performance of the Net Asset Value per unit after the deduction of all costs is above the aforementioned index at the end of the Fund's financial year.

As at 31 December 2014, no performance fees were accrued.

#### Note 4. Custodian Fees

The Custodian Bank receives a commission at an annual rate of 0.022% of the assets of the Fund held in the form of securities. These fees are paid monthly and based on the securities held in custody by the Custodian Bank as per the end of each day.

#### Note 5. 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.

#### Note 6. 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 custodian 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. Bond and Money Market Funds will show a figure close to zero as the Broker Commissions are included in the spread for debt securities. For the year ended 31 December 2014, these transaction fees amounted to.

SEB TrendSystem Renten	2,930 EUR
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#### Note 7. Financial Futures Contracts

Detailed information relating to open financial futures contracts as at 31 December 2014 can be found in the "Schedule of Investments".

#### Note 8. Collateral

As at 31 December 2014, the following security was held with the broker as collateral for the broker for commitment on future positions:

Description	Nominal value
3.5% Bundesrepublik Deutschland 04/07/2019	EUR 2,000,000

#### Note 9. Significant events during the year

##### Directors

There was one change to the Board of Directors of the Management Company during the year. Please refer to the Organisation section on page 3 for details.

Note 10. Subsequent events after the year end.

There were no subsequent events after the year end.



## Audit Report

To the Unitholders of  
**SEB TrendSystem Renten**

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We have audited the accompanying financial statements of SEB TrendSystem Renten, which comprise the Statement of Net Assets and the Schedule of Investments as at 31 December 2014 and the Statement of Operations and the Statement of Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the Management Company for the financial statements*

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

### *Responsibility of the “Réviseur d’entreprises agréé”*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the “Commission de Surveillance du Secteur Financier”. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgment of the “Réviseur d’entreprises agréé”, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the “Réviseur d’entreprises agréé” considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the Management Company, as well as evaluating the overall presentation of the financial statements.

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

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R.C.S. Luxembourg B 65 477 - TVA LU25482518



### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of SEB TrendSystem Renten as of 31 December 2014, and of the results of its operations and changes in its Net Assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### *Other matters*

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

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 15 April 2015

A handwritten signature in blue ink, consisting of a stylized 'T' followed by a long, sweeping horizontal stroke.

Thierry Blondeau

## Notes to the “EU Savings Tax Directive” (unaudited)

The Council of the European Union adopted on 3 June 2003 a Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "Savings Tax Directive") under which Member States of the European Union ("Member States") will be required to provide tax authorities of another Member State with details of payment of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State. Austria, Belgium and the Grand Duchy of Luxembourg have opted alternatively for a withholding tax system for a transitional period in relation to such payments. The Luxembourg law of 21 June 2005 implemented the Savings Directive into Luxembourg law (the "Savings Directive Law"). Pursuant to the Savings Directive Law, from 1 July 2005 until 30 June 2008, the withholding tax rate on interests was 15% and from 1 July 2008 until 30 June 2011, the withholding tax was 20% rising to 35% from 1 July 2011 onwards. After 31 December 2014, Luxembourgish paying agents are obliged to exchange the details on cross-border interest distributions or redemptions of fund units subject to the European Savings Directive (EUSD). Article 9 of the Savings Directive Law provides that no withholding tax will be withheld if the beneficial owner expressly authorizes the paying agent to report information in accordance with the provisions of the Savings Directive Law.

Dividends distributed are subject to the Savings Tax Directive if more than 15% of the assets are invested in debt claims as defined in the Savings Directive Law. Proceeds realised by Unitholders on the disposal of units will be subject to such reporting or withholding if more than 40% of the assets are invested in debt claims as defined by the Savings Directive Law. As from 1 January 2011 the application threshold for the EU Savings Directive changed from 40% to 25%.

The determination of the portion of debt claims has been carried out based on an asset test. Key dates for this asset test were 30 June 2014 and 31 December 2014. The average percentage of the Fund's debt claims is as follows:

SEB TrendSystem Renten:	100%
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Therefore, the SEB TrendSystem Renten Fund is subject to the Directive in regards to the dividend distribution and also the proceeds realised by the Unitholders on the disposal of units, for the period from 1 May 2015 to 30 April 2016.

## 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 TrendSystem Renten, 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 below overview summarises the Fund indicating the VaR approach, the reference portfolio (in the case of relative VaR), the VaR limit (legal and internal limit), the lowest/highest and average utilisation VaR as well as the average level of leverage for the year ended 31 December 2014:

Fund	Relative/ Absolute VaR	Reference portfolio	Legal VaR- limit	Lowest utilisation of VaR	Highest utilisation of VaR	Average utilisation of VaR	Average Leverage
SEB TrendSystem Renten	Relative	Barclays Euro Treasury 1-10 Year TR Index Value Unhedged EUR	200%	18.975%	50.18%	40.54%	20.14%

