

# Annual Report

## SEB Concept Biotechnology

Status: October 31, 2010



**This Annual Report was compiled by:**

SEB Asset Management S.A.

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**Notice**

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

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# Organisation

<b>Promoter:</b>	SEB Asset Management S.A. 6a, circuit de la Foire Internationale L-1347 Luxembourg
<b>Management Company:</b>	SEB Asset Management S.A. 6a, circuit de la Foire Internationale L-1347 Luxembourg
<b>Board of Directors:</b>	<b>Chairperson:</b> Kjell Norling Global Head of International Sales SEB Wealth Management Stockholm  <b>Members:</b> Barbro Lilieholm Senior Legal Advisor SEB Wealth Management Stockholm  Marie Winberg Global Head of Product Management SEB Wealth Management Stockholm  Rudolf Kömen Head of SEB Asset Management S.A. Luxembourg
<b>Managing Directors:</b>	Rudolf Kömen, Luxembourg Matthias Müller, Luxembourg
<b>Custodian Bank:</b>	Skandinaviska Enskilda Banken S.A. 6a, circuit de la Foire Internationale L-1347 Luxembourg
<b>Central Administration (including the functions of Registrar and Transfer Agent:</b>	Skandinaviska Enskilda Banken S.A. 6a, circuit de la Foire Internationale L-1347 Luxembourg
<b>Investment Manager:</b>	SEB Investment Management AB Sveavägen 8 S-106 40 Stockholm

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

PricewaterhouseCoopers S.à r.l.  
Réviseur d'entreprises agréé  
400, route d'Esch  
L-1471 Luxembourg

**Distributors, Information and Paying Agents:**

**Paying Agent and Distributor in Luxembourg:**

Skandinaviska Enskilda Banken S.A.  
6a, circuit de la Foire Internationale  
L-1347 Luxembourg

**Paying and Information Agents:  
in Germany**

SEB AG  
Ulmenstrasse 30  
D-60325 Frankfurt am Main  
and its branch offices in Germany

**In Sweden**

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

**In Finland:**

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Unioninkatu 44  
FIN-001 00 Helsinki

**Distributor in Germany**

SEB Investment GmbH  
Rotfeder-Ring 7  
D-60327 Frankfurt am Main

# General Information

SEB Concept Biotechnology (the "Fund") is a Luxembourg investment fund (Fonds Commun de Placement) and is governed by Part I of the Luxembourg Law of December 20, 2002, on Undertakings for Collective Investment (the "Law of 2002"). The Fund, which was established for an indefinite period on August 31, 2000, is managed by SEB Asset Management S.A. (the "Management Company"). The current Management Regulations were filed with the Trade and Companies Register in Luxembourg and notice of filing was published in Mémorial C, "Recueil des Sociétés et Associations" (hereinafter "Mémorial C") on August 28, 2006, and August 29, 2008. The Management Company was established on July 15, 1988, with subsequent publication of the Articles of Incorporation in the Mémorial C on August 16, 1988. The Articles of Association were last amended on December 2, 2005, and published on December 13, 2005.

The Management Company has delegated the role of Central Administration, including the role of Administrative Agent, Registrar and Transfer Agent – on its own responsibility, in its own control and at its own expense – to Skandinaviska Enskilda Banken S.A., a bank incorporated as a "Société Anonyme" (public limited company) under the laws of Luxembourg on March 30, 1973, for an unlimited duration, with its registered office at 6a, circuit de la Foire Internationale, L-1347 Luxembourg (the "Administrative Agent" and "Registrar and Transfer Agent").

In its capacity as Administrative Agent, Skandinaviska Enskilda Banken S.A. performs certain administrative duties related to the management of the Fund, including the Net Asset Value calculation per unit and the provision of accounting services for the Fund. In its capacity as Registrar and Transfer Agent, it is responsible for the execution of subscriptions and redemptions of units as well as for maintaining the unitholders' register.

The main objective of SEB Concept Biotechnology's investment policy is to achieve a high long-term increase in value. To this end, the Fund invests worldwide predominantly in companies from the biotechnology sector.

At present, two unit classes are offered to investors:

- SEB Concept Biotechnology A (LU0385485148): capitalisation units
- SEB Concept Biotechnology B (LU0118405827): distribution units

"B" units may pay a dividend. "A" units will capitalise income, with the result that their value will exceed that of "B" units by the amount of the dividends paid on "B" units.

The Fund currency is the euro. The Net Asset Value per unit is calculated by the Management Company on each day which is a bank business day in both Luxembourg and Frankfurt am Main (hereinafter "Valuation Day"). As regards the sale of units in Germany, the issue and redemption prices of Fund units as well as any other information concerning the Fund, insofar as required by law, are published at [www.SEBAAssetManagement.de](http://www.SEBAAssetManagement.de) and in the "Börsenzeitung". In addition, the issue and redemption prices are published in each country of distribution in appropriate media.

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

# Management Report

**Dear Unitholder,**

With this report we want to provide you with an overview of the general economic environment, the development of the most important capital markets, our investment policy and the performance of our mutual Fund SEB Concept Biotechnology. This report covers the period November 1, 2009, to October 31, 2010.

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.

## **Economic Slowdown Following a Sometimes Stormy Recovery**

Following what was sometimes an unexpectedly stormy recovery, the global economy has been losing steam again since mid-2010. Unsurprisingly, the emerging markets remained the most dynamic segment of the global economy. Industrial countries with a strong export focus, such as Germany and Sweden, have profited from this. Some countries have therefore already put the brakes on their economies in order to avoid the risk of overheating and of new speculative bubbles. In contrast, some countries with serious debt problems in the private and public sector, usually resulting from difficulties in the real estate and/or financial segments, have seen economic growth slow significantly. In the US fears of a renewed slide into recession (double dip) intensified at times.

## **Price Movements Mixed**

Beginning in autumn 2009, rising commodity prices reversed the trend in prices, but significant increases in inflation have so far been limited to some of the emerging markets. In the industrialised countries, core inflation, i.e. excluding energy and food, hit its lowest point since the 1960s. Japan continued to see deflationary tendencies.

## **From the Financial to the Debt to the Financial Crisis**

The debt crisis within the European Monetary Union (EMU) was the source of turbulence in spring 2010. The financial problems of Greece and other peripheral countries ultimately necessitated support packages from the European Union (EU) and the International Monetary Fund (IMF), some aspects of which violated the spirit of the stability pact. Because banks are among these countries' main creditors and their default would pose a renewed risk to financial stability, the European Central Bank (ECB) was also involved in the rescue measures.

## **Monetary Policies Moving Apart**

Monetary policies have been increasingly established on the basis of local requirements. The leading central banks have maintained their expansionary policies in light of the economic slowdown, the risk of deflation and the debt crisis. The ECB postponed its planned exit from crisis policy and in autumn 2010 the central banks of Japan and the US decided to pump additional liquidity directly into the economy (quantitative easing). In countries where economic performance is positive, primarily in Western Europe and the emerging markets, some central banks reversed their course and followed through on their promise to tighten monetary policy. Eastern European countries took advantage of the opportunity to lower key interest rates.

### **Currency Markets Beset by Political Tensions**

The currency markets experienced significant fluctuations during the financial year. For example, the euro was initially hurt by the debt crisis, while the US dollar came under increasing pressure beginning at mid-year in light of the uncertain economic outlook and the prospect of additional easing of the country's monetary policy. In the summer, China loosened the peg tying its domestic currency to the US dollar, allowing the yuan to appreciate slightly in response to international pressure brought on by its export surpluses. Only the Japanese yen appreciated over the entire financial year and approached its historic highs of 1995. The economic implications of these developments – devaluation supports economic recovery, appreciation slows it down and, as in Japan, amplifies deflationary tendencies – served to increase political tension in the course of economic slowdown.

### **Bond Markets Trending Positively**

With virtually no exceptions, the bond markets were positive in the financial year. Uncertainties about the economy, low inflation and loose monetary policies pushed yields down. Only markets with a more restrictive monetary policy did not fully keep pace. In the EMU, the debt crisis triggered a "flight to quality", which primarily benefited German government bonds, whose yields reached new lows. The crisis countries, however, particularly Greece, Ireland and Portugal, saw yields rise.

### **Equity Markets Continue to Rise**

With a few interruptions, equity markets continued to rise during the financial year. These gains were based largely on positive economic and corporate news. Prices fell in the middle of the year because of the debt crisis, concerns about the economy and regulatory discussions, but some of these losses were reversed in the autumn. The exchanges in Northern Europe, Germany and the United Kingdom recorded the biggest gains in the financial year. The US exchanges also turned in above-average performances, while Japan and the EMU periphery countries brought up the rear.

### **Economic Recovery Despite Heightened Risks**

The recovery of the global economy is expected to continue despite the ongoing economic risks in the US and in the euro zone periphery. However, growth will initially be moderate. The economies of the industrialised nations will continue to grow more slowly than those of the emerging and developing countries. Besides the after-effects of the financial crisis, the need to consolidate public finances is weighing on growth prospects in many industrialised countries.

### **Positive Short-Term Inflation Outlook**

Inflation will generally remain low in view of under-utilised capacities and high unemployment. In some emerging markets, however, inflation risks have increased because of more robust growth.

There are widespread fears of rising inflation owing to high levels of government debt and the liquidity glut produced by central banks. However, a functioning banking system and an economy working at high capacity are prerequisites for these risks to be realised, and these conditions are generally not yet in place. Given this, asset prices are actually at a greater risk of inflation. The central banks would also have to allow higher inflation to take hold. The political influence required for this would jeopardise the monetary policy successes of the past 25 years.

### Outlook for Monetary Policy and the Financial Markets

The fundamental environment and recent central bank actions will likely ensure that interest rates on the bond markets in the US and Europe remain low for the time being. Higher capital market rates are not expected until there are signs of a change of direction in monetary policy. If the pattern holds, the ECB will probably make the first move, but will act cautiously because of the possible effects on the currency. Although the impact of the debt crisis should fade, investors will cast a critical eye on the progress of consolidation efforts and will continue to differentiate according to issuer risk.

The equity markets have continued their upward trend in light of the most recent round of monetary easing in the US. Although the positive economic trend has already largely been priced in, earnings expectations are still pointing upwards. Fundamental valuations should not be considered excessive either by historical standards or in comparison with alternative investments. Nevertheless, continued price increases must be confirmed by operating business results. For this reason, the selection of sectors and stocks remains a major criterion for success.

Luxembourg, November 2010  
**SEB Asset Management S.A.**



R. Kömen

M. Müller

# Investment Policy

## SEB Concept Biotechnology

The Fund outperformed its benchmark, the Nasdaq Biotechnology Index, and the overall market in the financial year. The Fund recorded an increase of 33% (after fees), while its benchmark registered 24% growth and the broader MSCI World posted 17.8% growth.

After seeing the Fund lag behind the overall market throughout the greatest part of 2009 (due to the uncertainty surrounding investments in the health sector caused by US-President Obama's proposals for health care reform), the trend rose again in the fourth quarter. While the equity markets generally fell following profit-taking in the cyclical sectors, the biotechnology sector continued to hold its own and its resistant nature made it particularly attractive to investors. Since the debate over the health care reform calmed down, the prospects for this sector have also improved. We shifted the focus of the portfolio slightly from relatively large cap to smaller cap shares and concentrated on profitable companies with greater maturity and transparent earnings potential. The biotechnology sector continued to perform better than the overall market in the first half of 2010 after extremely low valuations over the past year. The stocks were also boosted by speculation about M&A activity. Our decision to reduce the risk at the end of spring proved to be right. The Fund may outperform its benchmark again despite market fluctuation. We intend to adhere to our restrictive policy in the autumn months relating to the risk level of the fund, although we anticipate numerous takeovers in the biotechnology sector in the near future.

Dendreon, Endo Pharmaceuticals and Crucell made the largest positive contributions to the performance of the Fund. Dendreon may register 51% growth due to reports that Provenge, its vaccine against prostate cancer from the US Food and Drug Administration FDA has been approved and the price of the drug is higher than expected. After the strong performance we made profits on these shares. Endo Pharmaceuticals also made a positive contribution to the performance of the Fund. The company submitted a takeover bid for Penwest Pharmaceuticals in order to clearly broaden its product range in the painkillers division. In the view of the markets this advance is favourable for Endo Pharmaceuticals, and consequently the share price rose. The vaccine manufacturer Crucell holds one of the best positions in the Fund's portfolio. The negotiations between Crucell and the American pharmaceutical company Johnson & Johnson, which intends to increase its stake in Crucell to 100% in order to broaden its market share in the vaccine industry, is being arranged at an advanced stage.

The Fund units with the worst performance were Gilead Sciences and Neurosearch. Gilead Sciences recorded price slumps after tests with a drug used to treat Hepatitis C were suspended due to safety concerns. Neurosearch lost 28% due to the publication that the company had considered the statistical significance of a previously recorded clinical test as higher than it actually was.

At the end of the year, a new portfolio manager was appointed to the Fund and the fundamental investment process in favour of a quantitative approach abandoned. With the quantitative approach, biotechnology companies are analysed by means of various pay models. The investment decisions are based on the risk profile and correlation of the companies. With the new investment process, the attention is strongly focused on absolute and relative risk in addition to expected returns. The Fund's absolute risk is lower than the risk index. At the same time, the relative risk rose against the benchmark. The Fund therefore became more active, while absolute risk decreased.

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

# Schedule of Investments as at October 31, 2010

## SEB Concept Biotechnology

Description	Total holdings as at 31/10/2010	Purchases during the reporting period	Sales during the reporting period	Unit price	Market value in EUR	% of net assets
<b>Transferable securities admitted to an official stock exchange</b>						
<b>Shares</b>						
<b>Ireland</b>						
Shire ADR	28,728	53,500	58,672	USD 70.050	1,447,715.15	2.92
<b>Total Ireland</b>					<b>1,447,715.15</b>	<b>2.92</b>
<b>Netherlands</b>						
Crucell ADR	67,137	80,300	26,663	USD 33.100	1,598,672.53	3.22
Qiagen (New York)	97,599	66,000	22,421	USD 19.060	1,338,251.85	2.70
Teva Pharmaceuticals	69,795	49,600	83,485	USD 52.300	2,626,005.24	5.29
<b>Total Netherlands</b>					<b>5,562,929.62</b>	<b>11.21</b>
<b>United States of America</b>						
Acorda Therapeutics	6,770	19,100	12,330	USD 26.750	130,281.28	0.26
Albany Mol	25,049	27,100	2,051	USD 6.250	112,626.34	0.23
Alexion Pharmaceuticals	38,470	73,600	80,910	USD 68.230	1,888,283.27	3.80
Allos Therapeutics	40,359	250,100	209,741	USD 3.980	115,556.14	0.23
Alnylam Pharmaceuticals	11,402	12,300	12,198	USD 13.290	109,012.32	0.22
AMAG Pharmaceuticals	5,600	5,900	8,300	USD 19.300	77,752.60	0.16
Amgen	78,174	129,700	133,594	USD 57.270	3,220,765.50	6.49
Amylin Pharmaceuticals	12,408	53,800	41,392	USD 13.220	118,005.65	0.24
Arena Pharmaceuticals	24,200	24,200	-	USD 1.590	27,681.01	0.06
Ariad Pharmaceutical	47,109	50,900	3,791	USD 3.680	124,715.74	0.25
Auxilium Pharmaceuticals	8,786	30,800	36,604	USD 24.890	157,320.63	0.32
Biogen Idec	40,693	107,700	67,007	USD 63.850	1,869,176.00	3.76
Biomarin Pharmaceutical	21,904	32,800	53,396	USD 24.620	387,954.74	0.78
Cadence Pharmaceuticals	19,496	22,600	21,334	USD 8.930	125,246.77	0.25
Cardiome Pharma	25,381	26,900	1,519	USD 5.200	94,947.09	0.19
Celera	24,624	26,600	1,976	USD 5.570	98,669.60	0.20
Celgene	60,124	42,500	60,263	USD 61.200	2,647,091.03	5.33
Cephalon	28,443	57,700	55,487	USD 66.520	1,361,122.55	2.74
Cubist Pharmaceuticals	26,778	66,400	52,022	USD 23.580	454,246.43	0.91
Dendreon	24,495	78,100	116,075	USD 36.940	650,944.44	1.31
Endo Pharmaceuticals	54,826	62,400	26,974	USD 36.770	1,450,273.06	2.92
Enzon	15,424	20,900	5,476	USD 11.310	125,495.80	0.25
Exelixis	53,596	56,800	40,404	USD 4.510	173,891.56	0.35
Genomic Health	11,267	12,200	933	USD 14.440	117,042.90	0.24
Gen-Probe Inc	34,231	45,900	23,969	USD 49.060	1,208,138.48	2.43
Genzyme	35,072	78,400	68,364	USD 72.260	1,823,173.82	3.67

## SEB Concept Biotechnology

Description	Total holdings as at 31/10/2010	Purchases during the reporting period	Sales during the reporting period	Unit price	Market value in EUR	% of net assets
Geron	33,249	36,000	2,751	USD 5.690	136,100.72	0.27
Gilead Sciences	55,914	112,200	166,976	USD 39.860	1,603,346.70	3.23
Halozyne Therapeutics	23,820	29,400	72,280	USD 7.315	125,350.38	0.25
Hi Tech Pharmacal	9,274	9,500	226	USD 22.240	148,378.66	0.30
Human Genome Sciences	17,846	79,500	106,754	USD 26.600	341,501.10	0.69
Idenix Pharmaceuticals	30,600	30,600	-	USD 4.270	93,998.05	0.19
Illumina	48,008	27,200	17,882	USD 54.520	1,882,951.13	3.79
Immunogen	18,841	20,800	1,959	USD 8.060	109,246.76	0.22
Impax Laboratories	13,063	58,900	70,537	USD 21.370	200,824.65	0.40
Incyte Genomics	24,425	22,500	100,075	USD 16.600	291,683.75	0.59
Inspire Pharmaceuticals	32,902	126,900	93,998	USD 6.930	164,030.69	0.33
Intermune Pharma	16,537	62,000	74,493	USD 14.510	172,621.03	0.35
Isis Pharmaceuticals	19,622	44,500	40,968	USD 9.020	127,326.67	0.26
Lexicon Pharmaceutical	104,577	119,100	14,523	USD 1.740	130,904.63	0.26
Life Technologies Corp	25,180	46,400	53,630	USD 50.340	911,881.75	1.85
Luminex	72,056	74,400	2,344	USD 18.000	933,065.73	1.88
Mannkind	28,099	67,500	39,401	USD 6.400	129,372.04	0.26
Maxygen	40,512	41,500	988	USD 5.980	174,282.77	0.35
Medicines Company	13,569	13,900	331	USD 13.160	128,461.59	0.26
Micromet	25,674	31,300	5,626	USD 7.510	138,708.49	0.28
Momenta Pharmaceuticals	10,250	15,200	4,950	USD 16.490	121,594.54	0.24
Mylan Lab	111,222	236,000	295,778	USD 20.500	1,640,265.49	3.30
Myriad Genetics	18,209	114,500	136,761	USD 20.160	264,086.50	0.53
NABI	32,801	34,800	1,999	USD 4.910	115,861.23	0.23
Nektar Therapeutics	111,669	247,400	175,731	USD 14.820	1,190,557.61	2.40
Obagi Medical Products	125,509	130,500	4,991	USD 11.790	1,064,530.87	2.14
Onyx Pharmaceuticals	16,281	51,800	35,519	USD 27.280	319,517.78	0.64
Pain Therapeutics	224,093	258,500	34,407	USD 7.540	1,215,539.91	2.45
Pharmaset	65,010	94,700	49,690	USD 35.970	1,682,248.66	3.40
PDL BioPharma	29,189	93,100	112,711	USD 5.180	108,772.36	0.22
Perrigo	37,351	31,600	43,699	USD 66.560	1,788,484.31	3.60
Questcor Pharmaceuticals	15,851	56,100	40,249	USD 10.930	124,636.83	0.25
Regeneron Pharmaceuticals	21,180	30,200	49,600	USD 26.960	410,785.80	0.83
Rigel Pharmaceuticals	19,719	45,700	25,981	USD 8.210	116,465.59	0.23
Salix Pharmaceuticals	31,004	100,000	88,196	USD 37.420	834,624.44	1.68
Savient Pharmaceuticals	11,949	14,300	22,191	USD 12.400	106,591.56	0.21
Seattle Genetics	17,767	18,800	1,033	USD 16.480	210,640.02	0.42
Sequenom	27,822	58,800	30,978	USD 6.470	129,497.74	0.26
Siga Technologies	21,379	21,900	521	USD 13.330	205,015.70	0.41
Targacept	8,366	9,000	634	USD 24.490	147,392.78	0.30
Techne Corporation	25,601	19,600	2,396	USD 61.460	1,131,928.70	2.28
Theravance	12,929	20,300	23,571	USD 20.040	186,394.13	0.38
United Therapeutics Corporation	11,611	41,000	50,577	USD 59.430	496,415.05	1.00
Vertex Pharmaceuticals Inc	70,263	49,400	69,217	USD 38.300	1,935,954.07	3.90
Viropharma	14,124	147,000	170,676	USD 16.530	167,957.78	0.34
<b>Total United States of America</b>					<b>42,329,211.49</b>	<b>85.24</b>

## SEB Concept Biotechnology

Description	Total holdings as at 31/10/2010	Purchases during the reporting period	Sales during the reporting period	Unit price	Market value in EUR	% of net assets
<b>Total shares</b>				EUR	<b>49,339,856.26</b>	<b>99.37</b>
<b>Total transferable securities admitted to an official stock exchange</b>				EUR	<b>49,339,856.26</b>	<b>99.37</b>
<b>Total portfolio</b>				EUR	<b>49,339,856.26</b>	<b>99.37</b>
<b>Cash at bank</b>						
Cash at bank					11,667.53	0.02
<b>Total cash at bank</b>					<b>11,667.53</b>	<b>0.02</b>
<b>Other assets</b>						
Interest receivable on cash at bank					0.01	0.00
Receivables on sale of securities					1,393,267.53	2.81
Receivables on subscriptions					2,958.06	0.01
Receivables on foreign exchange					1,020,739.38	2.06
<b>Total other assets</b>					<b>2,416,964.98</b>	<b>4.88</b>
<b>Other liabilities</b>						
Management fee, custody fee, taxe d'abonnement					-60,364.92	-0.12
Payables on redemptions					-1,039,898.15	-2.09
Liabilities on foreign exchange					-1,020,555.98	-2.06
Other liabilities					-180.00	0.00
<b>Total other liabilities</b>					<b>-2,120,999.05</b>	<b>-4.27</b>
<b>Total net assets as at October 31, 2010</b>				EUR	<b>49,647,489.72</b>	<b>100.00</b>

A list of changes in the portfolio composition during the reporting period which are not listed in the Schedule of Investments is available free of charge from SEB Asset Management S.A. and from all German Paying Agents.

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

# Statement of Operations

SEB Concept Biotechnology

	EUR
	01.11.09 - 31.10.10
<hr/>	
<b>Income</b>	
Dividends	89,845.18
Bank interest on cash accounts	131.26
<b>Total income</b>	<b>89,976.44</b>
<b>Expenses</b>	
Management fee (note 2)	786,135.79
Custody fee (note 3)	16,678.78
Taxe d'abonnement (note 4)	28,422.60
Bank interest on cash accounts	1,265.45
Other expenses	45,272.55
<b>Total expenses</b>	<b>877,775.17</b>
<hr/>	
<b>Net income/loss for the year</b>	<b>-787,798.73</b>

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

# Statement of Changes in Net Assets

SEB Concept Biotechnology

	EUR
	01.11.09 - 31.10.10
<b>Net assets at the beginning of the year</b>	<b>37,779,774.37</b>
<b>Net income/loss for the year</b>	<b>-787,798.73</b>
<b>Net realised gain / loss on:</b>	
- securities	8,713,770.05
- foreign exchange	167,289.47
<b>Total net realised gain / loss</b>	<b>8,881,059.52</b>
<b>Net result as at October 31, 2010</b>	<b>8,093,260.79</b>
<b>Change in net unrealised appreciation / depreciation on:</b>	
- securities	5,813,038.19
<b>Total net change in unrealised appreciation / depreciation</b>	<b>5,813,038.19</b>
<b>Increase / decrease in net assets as a result of operations as at October 31, 2010</b>	<b>13,906,298.98</b>
<b>Proceeds on issue of units</b>	<b>58,400,982.56</b>
<b>Payment on redemptions of units</b>	<b>-60,439,566.19</b>
<b>Total net assets as at October 31, 2010</b>	<b>49,647,489.72</b>

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

# Statement of Net Assets as at October 31, 2010

SEB Concept Biotechnology

	EUR
<b>Assets</b>	
Portfolio at cost	44,031,203.40
Unrealised appreciation / depreciation	5,308,652.86
<b>Portfolio at market value (note 1)</b>	<b>49,339,856.26</b>
Cash at bank	11,667.53
Other receivables	2,416,964.98
<b>Total assets</b>	<b>51,768,488.77</b>
<b>Liabilities</b>	
Other liabilities	-2,120,999.05
<b>Total liabilities</b>	<b>-2,120,999.05</b>
<b>Total net assets as at October 31, 2010</b>	<b>49,647,489.72</b>
"A" units outstanding as at October 31, 2010	914,451.5420
"B" units outstanding as at October 31, 2010	776,805.9700
Net Asset Value per "A" unit as at October 31, 2010	29.36
Net Asset Value per "B" unit as at October 31, 2010	29.35

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

# Statistical Information as at October 31, 2010

SEB Concept Biotechnology

EUR

<b>Number of "A" units outstanding</b>	
as at October 31, 2010	914,451.5420
as at October 31, 2009	374,521.9810
as at October 31, 2008	44,060.4910
<b>Number of "B" units outstanding</b>	
as at October 31, 2010	776,805.9700
as at October 31, 2009	1,336,592.0770
as at October 31, 2008	1,142,715.9270
<b>Total net assets</b>	
as at October 31, 2010	49,647,489.72
as at October 31, 2009	37,779,774.37
as at October 31, 2008	31,330,764.30
<b>Net Asset Value per "A" unit</b>	
as at October 31, 2010	29.36
as at October 31, 2009	22.08
as at October 31, 2008	26.40
<b>Net Asset Value per "B" unit</b>	
as at October 31, 2010	29.35
as at October 31, 2009	22.08
as at October 31, 2008	26.40
<b>Performance in % per "A" unit*)</b>	
as at October 31, 2010	33.0
as at October 31, 2009	-16.4
as at October 31, 2008	-3.5 **)
<b>Performance in % per "B" unit*)</b>	
as at October 31, 2010	32.9
as at October 31, 2009	-16.4
as at October 31, 2008	-12.2

	EUR
<b>Total Expense Ratio **)</b> (TER) in % per "A" unit 01.11.09 - 31.10.10	1.7
<b>Total Expense Ratio **)</b> (TER) in % per "B" unit 01.11.09 - 31.10.10	1.7
<b>Portfolio Turnover Rate **)</b> (PTR) in % 01.11.09 - 31.10.10	110

\*) Basis: unit value (redemption price), income reinvested at no cost (calculated according to methods of the BVI Bundesverband Deutscher Investment-Gesellschaften e.V.)

\*\*) TER is calculated by the following formula:  $(\text{Total expenses} / \text{average TNA}) * 100$

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

*TNA = Total Net Assets*

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

*Total 2 = Total of subscribed and redeemed units for the year under review (purchases + sales)*

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

# History of the Fund

Date	Net assets in EURm	Subscription price per unit in EUR	Redemption price per unit in EUR	Index of Net Asset Values*)	Income distribution per unit in EUR
<b>SEB Concept Biotechnology</b>					
16/10/2000	Inception	47.25	45.00	100.00	-
31/10/2001	25.5	32.51	30.96	68.80	-
31/10/2002	14.3	19.10	18.19	40.42	-
31/10/2003	15.3	20.35	19.38	43.07	-
31/10/2004	12.8	19.25	18.33	40.73	-
31/10/2005	17.6	24.30	23.14	51.42	-
31/10/2006	16.1	28.14	26.80	59.56	0.0150
31/10/2007	18.7	31.59	30.09	66.90	0.0159
18/09/2008	Initial issue of "A" units - A -	28.72	27.35	100.00	Income is capitalised
31/10/2008	1.2 - A -	27.72	26.40	96.53	-
	30.2 - B -	27.72	26.40	58.73	0.0042
31/10/2009	29.5 - A -	23.18	22.08	80.73	-
	8.3 - B -	23.18	22.08	49.13	0.0000
31/10/2010	26.8 - A -	30.83	29.36	107.35	-
	22.8 - B -	30.82	29.35	65.30	0.0000

\*) Basis: unit value (redemption price), income reinvested at no cost (calculated according to methods of the BVI Bundesverband Deutscher Investment-Gesellschaften e.V.)

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

# Notes to the Financial Statements

## As at October 31, 2010

### Note 1 – Investments in Securities

The financial statements are presented in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

#### Investments

- a) Transferable securities and money market instruments, which are officially listed on the 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 stock exchanges are valued on the basis of the last available price of 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 condition, 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 verifiable by Independent Auditors.
- e) Financial instruments which are not traded on the futures exchanges but on a regulated market are valued at their settlement value, as stipulated by the Management Company in accordance with generally accepted principles, taking into consideration the principles of proper accounting, the customary practices in line with the market, and the interests of the Unitholders, provided that the above-mentioned principles correspond with generally accepted valuation regulations which can be verified by the Independent Auditors.
- f) Liquid assets are valued at their nominal value plus accrued interest.

In case extraordinary circumstances occur, which make it impossible or even wrong to carry out the valuation according to above mentioned criteria, the Management Company is authorised for a certain period of time, to accept other rules for valuation that are generally accepted and determined in good faith, and can be verified by the Independent Auditors in order to achieve an appropriate valuation of the net assets.

Results on sales of securities are determined by the average cost method.

#### Currency Translation:

All assets denominated in a different currency to the respective Fund's currency are converted into this respective Fund's currency at the last available average exchange rate. Gains or losses on currency transactions are added or deducted as appropriate.

Separate accounts are maintained for each Fund in the currency in which the Net Asset Value of the units to which it relates is expressed (the accounting currency). The cost prices of securities whose purchase price is not expressed in euro is calculated on the basis of the corresponding exchange rate on the date of purchase.

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 October 31, 2010, the daily rates of these securities are translated using the following exchange rates:

1 GBP	=	1.146721 EUR	1 SEK	=	0.107022 EUR
1 NOK	=	0.122116 EUR	1 USD	=	0.719399 EUR

### **Income**

Interest is recognised on an accrual basis. Dividends are recorded on the ex-dividend date.

### **Note 2 - Management Fee**

In remuneration of its services, the Management Company receives a commission at an annual rate of 1.5%, based on the average net assets calculated daily. The fee is paid at the end of each month.

### **Note 3 - Custody Fee**

The Custodian Bank receives a commission at an annual rate of 0.032% of the assets of the Fund held in the form of securities. The fee is paid monthly and based on the assets under custody as per month's end.

### **Note 4 - Taxes**

Within the territory of the Grand Duchy of Luxembourg the Fund is subject to a "taxe d'abonnement" of 0.05% per annum, payable quarterly, on the basis of the Fund's net assets as of the end of each calendar quarter. The Fund pays no taxes on any assets invested in other Undertakings for Collective Investment that are already subject to the "taxe d'abonnement".

No refund is paid on withholding tax applied in the countries of origin on any interest or dividends earned on the assets.

### **Note 5 - Changes in Portfolio Composition**

A list of changes in the portfolio composition during the reporting period which are not listed in the Schedule of Investments is available free of charge from SEB Asset Management S.A. and from all German Paying Agents.

## Audit Report

To the Unitholders of  
**SEB Concept Biotechnology**

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We have audited the accompanying financial statement of SEB Concept Biotechnology, which comprises the combined statement of net assets and the schedule of investments and other net assets as at October 31, 2010, and the combined statement of operations and the combined 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.

### **Board of Directors of the Management Company's responsibility 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **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 the 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 as to 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.

**Opinion**

In our opinion, these financial statements give a true and fair view of the financial position of SEB Concept Biotechnology as of October 31, 2010, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

**Other matters**

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

PricewaterhouseCoopers S.à r.l.  
Represented by

Luxembourg, January 19, 2011

Jean-Robert Lentz

## Notes to the “EU Savings Tax Directive”

On June 3, 2003, the Council of the European Union passed Council Directive 2003/48/EC on the taxation of saving credits in the form of interest payments. In accordance with this Directive, Member States of the European Union (“Member States”) are required to provide the tax authorities of other Member States with detailed information regarding payments of interest or similar capital gains made by a person who is a resident of its jurisdiction to a person who is a resident of the other Member State, with individual Member States (Austria, Belgium and Luxembourg) being entitled during a transition period to opt for a withholding tax system in respect of such payments. From July 2005 until June 2008 the withholding tax rate on interest was 15%, and from July 2008 until June 2011 the withholding tax is 20% rising to 35% from July 1, 2011, onwards, unless the affected person requests/instructs the Paying Agent expressly to participate in the information exchange system of the Directive.

Income distributed by a Fund is subject to the Savings Tax Directive (the “Directive”) if more than 15% of the net assets are invested in interest-bearing securities as defined in the Directive. Interest income realised on unit redemptions is also subject to the Savings Tax Directive if more than 40% of the relevant Fund's net assets is invested in interest-bearing securities as defined by the Directive. From January 1, 2011, the threshold is reduced from 40% to 25%.

The proportion of interest-bearing securities has been determined on the basis of an asset test. The calculation of the average percentage of interest-bearing securities at these two sample dates produced the following result:

SEB Concept Biotechnology: 0.46%

Therefore, the Fund SEB Concept Biotechnology is excluded from the Directive for the period from January 1, 2011, to February 28, 2012.

