



CB EUROPEAN QUALITY FUND

Société d'investissement à capital variable

Audited annual report

as at 31/12/15

R.C.S. Luxembourg B 74.921

CB EUROPEAN QUALITY FUND

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Subscriptions are only valid if made on the basis of the current prospectus accompanied by the Key Investor Information Document (the “KIID”), the latest annual report and the latest semi-annual report if published after the annual report.

CB EUROPEAN QUALITY FUND

Management and Administration

INVESTMENT MANAGER

CB Asset Management AB
Strandvägen 5B
S-114 51 Stockholm
Sweden

REGISTERED OFFICE

CACEIS Bank Luxembourg
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

CUSTODIAN AND CENTRAL ADMINISTRATION AGENT

CACEIS Bank Luxembourg
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

MANAGEMENT COMPANY

Luxcellence Management Company S.A.
5, Allée Scheffer
L-2520 Luxembourg
Grand Duchy of Luxembourg

AUDITOR

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

Board of Directors

CHAIRMAN

Mr Carl Bernadotte, President, CB Asset Management AB
Strandvägen 5B
S-114 51 Stockholm
Sweden

DIRECTORS

Mr Ulf Buhne, Managing, Director Dresdner Kleinwort Benson Global Equities
Jurgen-Ponto-Platz 1
D-60301 Frankfurt Am Main
Germany

Mr Lawrence Chapin,
21507 Green Spring road Abingdon
Virginia 24211
USA

CB EUROPEAN QUALITY FUND

Manager's Report

The year 2015 was the fourth consecutive year with rising stock prices. MSCI Europe Net gained 8.2% in EUR. However, the market reached its top as early as 15 April, reaching 21.6% at the top, and has since then declined. December was especially bad with a 5.3% loss for the market.

The fund's A class ended the year 2015 up 18.9%, and the I class ended the year up 20.3%. The fund therefore greatly outperformed the market. When the market peaked the A class was up 21.9% and the I class 22.3%, so a small part of the outperformance was accumulated in the rising market, although most relative gains was won during the decline by preserving the capital.

Denmark was once again the best country in the year, in the MSCI Europe index, while only Spain and Norway was down in EUR terms, the latter in our view due to oil price weakness. As of 31 December 2015 the fund held stocks in DSV, Novo Nordisk and Novozymes in Denmark, and no stocks in Spain or Norway. The energy sector again performed poorly due to the continued fall of the oil price. The fund does not invest in fossil energy.

A new share class, CB European Quality Fund class D, was launched 27 April 2015. The new share class is a distribution share class, intended to pay in November each year a dividend of 6% of the NAV as of 31 October the same year. In November 2015 the share class paid a dividend of 5.82 EUR per share.

Asset under Management in the strategy increased by 50% during the year, to 68 MEUR. This includes assets in the BVI based European Quality Fund. CB European Quality Fund increased its assets from 22 MEUR to 67 MEUR. This increase in AuM makes the Sicav structure much more cost effective.

We are cautious about the market in 2016, as the market valuations has increased several years due to rising stock markets without rising company profits, and because the downtrend is longer than most brief market corrections. We do believe however that our companies will continue to grow like they have done in the past, and that they will therefore do comparatively well no matter which direction the market goes.

We are grateful to you our shareholders for your continued loyalty to us and confidence in us. To you and your success, as always, we remain dedicated.

February 2016

Carl Bernadotte

Alexander Jansson

Marcus Grimfors

The figures stated in this report are historical and not necessarily indicative of future performance.



Audit report

To the Shareholders of
CB EUROPEAN QUALITY FUND

We have audited the accompanying financial statements of CB EUROPEAN QUALITY FUND (the “Fund”), which comprise the Statement of Net Assets and the Securities portfolio as at December 31, 2015 and the Statement of Operations and 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 Fund for the financial statements

The Board of Directors of the Fund 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 Fund 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 Fund, 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.

PricewaterhouseCoopers, Société coopérative, , 2 rue Gerhard Mercator, B.P.1443, L-1014 Luxembourg
T: +352 494848 1, F: +352 494848 2900, www.pwc.lu

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



Opinion

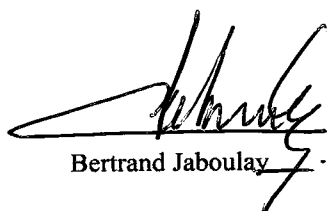
In our opinion, the financial statements give a true and fair view of the financial position of CB EUROPEAN QUALITY FUND as of December 31, 2015, and of the results of its operations and changes in its net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements 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, April 21, 2016



Bertrand Jaboulay

CB EUROPEAN QUALITY FUND
- European Equity Fund

CB EUROPEAN QUALITY FUND - European Equity Fund

Financial Statements as at 31/12/15

Statement of Net Assets as at 31/12/15

Expressed in EUR

Assets		67,508,038.30
Securities portfolio at market value	Note 2a	65,102,475.93
<i>Cost price</i>		56,386,949.29
<i>Unrealised profit on the securities portfolio</i>		8,715,526.64
Cash at bank		2,317,068.78
Receivable for shares issued		51,829.14
Dividends receivable		36,664.45
Liabilities		113,307.58
Payable for shares redeemed		26,046.54
Accrued management fees	Note 3	71,187.06
Accrued administration fees	Note 7	6,872.02
Other liabilities		9,201.96
Net asset value		67,394,730.72

Changes in the number of shares outstanding from 01/01/15 to 31/12/15

	Shares outstanding as at 01/01/15	Shares issued	Shares redeemed	Shares outstanding as at 31/12/15
Class A Capitalisation shares	106,462.4602	273,393.6160	45,797.4879	334,058.5883
Class D Distribution shares	0.0000	196,169.0102	1,796.0000	194,373.0102
Class I Capitalisation shares	113,813.2588	9,506.9752	11,768.8104	111,551.4236

CB EUROPEAN QUALITY FUND - European Equity Fund

Key figures relating to the last 3 years

	<i>Year ending as at:</i>	31/12/15	31/12/14	31/12/13
Total Net Assets	EUR	67,394,730.72	21,980,433.16	25,685,451.92
Class A				
	EUR	EUR	EUR	EUR
Capitalisation shares				
Number of shares		334,058.5883	106,462.4602	149,327.4790
Net asset value per share		103.33	86.92	88.40
Class D				
	EUR	EUR	EUR	EUR
Distribution shares				
Number of shares		194,373.0102	0.0000	0.0000
Net asset value per share		91.93	0.00	0.00
Dividend per share		5.81	0.00	0.00
Class I				
	EUR	EUR	EUR	EUR
Capitalisation shares				
Number of shares		111,551.4236	113,813.2588	110,988.3824
Net asset value per share		134.55	111.82	112.49

CB EUROPEAN QUALITY FUND - European Equity Fund

Securities portfolio as at 31/12/15

Expressed in EUR

Quantity	Denomination	Quotation currency	Market value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in on another regulated market			65,102,475.93	96.60
Shares			65,102,475.93	96.60
<i>Denmark</i>			<i>5,889,613.72</i>	<i>8.74</i>
43,059	DSV	DKK	1,567,730.09	2.33
55,037	NOVO NORDISK	DKK	2,949,297.57	4.37
30,983	NOVOZYMES -B-	DKK	1,372,586.06	2.04
<i>Finland</i>			<i>3,303,185.38</i>	<i>4.90</i>
70,281	SAMPO OYJ -A-	EUR	3,303,185.38	4.90
<i>France</i>			<i>9,392,224.06</i>	<i>13.94</i>
16,432	ESSILOR INTERNATIONAL SA	EUR	1,910,195.38	2.83
13,066	INGENICO GROUP	EUR	1,535,936.66	2.28
55,532	LEGRAND SA	EUR	2,922,068.86	4.34
40,783	ORPEA SA	EUR	3,024,023.16	4.49
<i>Germany</i>			<i>10,801,600.32</i>	<i>16.03</i>
14,749	CONTINENTAL AG	EUR	3,311,891.26	4.91
62,659	FRESENIUS AG	EUR	4,133,585.60	6.14
22,173	HENKEL AG & CO KGAA	EUR	2,288,255.20	3.40
22,965	WIRECARD AG	EUR	1,067,868.26	1.58
<i>Ireland</i>			<i>2,661,177.60</i>	<i>3.95</i>
34,249	KERRY GROUP PLC	EUR	2,661,177.60	3.95
<i>Jersey Island</i>			<i>2,536,950.22</i>	<i>3.76</i>
39,793	SHIRE	GBP	2,536,950.22	3.76
<i>Sweden</i>			<i>7,022,505.55</i>	<i>10.42</i>
47,514	AAK	SEK	3,245,040.91	4.81
138,977	ASSA ABLOY -B- NEW I	SEK	2,692,478.96	4.00
88,296	SHB -A-	SEK	1,084,985.68	1.61
<i>Switzerland</i>			<i>4,873,478.19</i>	<i>7.23</i>
6,533	GEBERIT AG	CHF	2,055,268.75	3.05
25,935	NESTLE SA REG SHS	CHF	1,787,883.91	2.65
6,632	SCHINDLER HOLDING SA	CHF	1,030,325.53	1.53
<i>United Kingdom</i>			<i>18,621,740.89</i>	<i>27.63</i>
88,296	BUNZL PLC	GBP	2,268,451.25	3.37
135,315	CAPITA GROUP	GBP	2,235,107.86	3.32
64,638	DIGNITY	GBP	2,243,977.87	3.33
249,050	HALMA PLC	GBP	2,978,184.61	4.42
31,478	NEXT PLC	GBP	3,103,032.91	4.59
111,657	PRUDENTIAL PLC	GBP	2,339,078.81	3.47
31,280	RECKITT BENCKISER GROUP PLC	GBP	2,674,500.64	3.97
17,467	SPIRAX-SARCO ENGIN	GBP	779,406.94	1.16
Total securities portfolio			65,102,475.93	96.60

CB EUROPEAN QUALITY FUND - European Equity Fund
Statement of Operations and Changes in Net Assets from 01/01/15 to 31/12/15
Expressed in EUR

Income		657,459.26
Net dividends	Note 2f	657,459.26
Expenses		958,443.04
Management fees	Note 3	678,530.69
Custodian fees	Note 7	19,631.64
Subscription tax	Note 4	22,369.88
Administration fees	Note 7	59,582.46
Domiciliation fees		2,500.00
Professional fees		28,330.91
Bank interest on overdrafts	Note 2e	575.85
Legal fees		12,225.00
Transaction fees	Note 2b	97,892.30
Other expenses		36,804.31
Net loss from investments		-300,983.78
Net realised profit / loss on:		
- sales of investment securities	Note 2c	-668,611.14
- foreign exchange	Note 2d	45,482.07
Net realised loss		-924,112.85
Movement in net unrealised appreciation / depreciation on:		
- investments		6,880,826.20
Increase in net assets as a result of operations		5,956,713.35
Dividends paid		-1,093,656.48
Subscription accumulation shares		28,600,190.64
Class A		27,331,464.35
Class I		1,268,726.29
Subscription distribution shares		18,436,339.85
Class D		18,436,339.85
Redemption accumulation shares		-6,323,434.28
Class A		-4,741,545.27
Class I		-1,581,889.01
Redemption distribution shares		-161,855.52
Class D		-161,855.52
Increase in net assets		45,414,297.56
Net assets at the beginning of the year		21,980,433.16
Net assets at the end of the year		67,394,730.72

CB EUROPEAN QUALITY FUND

Notes to the Financial Statements

CB EUROPEAN QUALITY FUND

Notes to the Financial Statements as at December 31, 2015

NOTE 1 - GENERAL

CB EUROPEAN QUALITY FUND (the “Fund”) is an investment company incorporated under the laws of the Grand Duchy of Luxembourg as a “Société d’Investissement à Capital Variable” (SICAV). The Fund was incorporated on March 30, 2000 under Part I of the Luxembourg law of December 17, 2010, as amended on collective investment undertakings and under the law of August 10, 1915 on commercial companies.

As at December 31, 2015, only one sub-fund is open to subscriptions and redemptions:

- CB EUROPEAN QUALITY FUND - European Equity Fund expressed in EUR.

The following Classes of Shares are available for subscription:

- Class A Shares
- Class D Shares (launched on April 29, 2015)
- Class I Shares (reserved to institutional investors)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in accordance with Luxembourg regulations relating to undertakings for collective investments.

(a) Valuation of investments

The valuation of any security listed on an official market or traded on any other regulated market, which operates regularly, is recognised and open to the public, is based on the last known price in Luxembourg on Valuation Day.

The value of shares or units in open-ended undertakings for collective investment is based on the last net asset value available for those shares or units provided to or made available by the administrators or operators of such entities.

If a security is traded on several markets, the valuation is based on the last known price of the principal market on which it is traded. However if the last known price is not representative, the valuation is based on the likely realisation value which the Board of Directors of the Fund estimates conservatively and in good faith. Non-listed securities or securities which are not traded on a stock exchange or on any other regulated market, which operates regularly, are recognised and open to the public, are valued according to their likely realisation value, estimated conservatively and in good faith.

(b) Transaction fees

The transaction fees, i.e. fees charged by the brokers and the Custodian for securities transactions and similar transactions are recorded separately in the Statement of Operations and Changes in Net Assets under the item “Transaction fees”.

(c) Realised profits and losses on investments

The realised profits and losses on sales of investments are determined on the basis of average cost.

Profits and losses arising on investments are recorded in the Statement of Operations and Changes in Net Assets under the item “Net realised profit/loss on sales of investment securities”.

(d) Foreign exchange

Assets and liabilities expressed in currencies other than EUR have been converted into EUR at the rates of exchange prevailing at the year-end date. Transactions in currencies other than EUR have been converted at the rates of exchange prevailing on the date of transaction. Profits and losses arising on foreign exchange operations are recorded in the Statement of Operations and Changes in Net Assets under the item “Net realised profit/loss on foreign exchange”.

CB EUROPEAN QUALITY FUND

Notes to the Financial Statements as at December 31, 2015 (continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Interest income / expense

Interest income and expenses are accrued on each net asset value Valuation Day.

Interest received and paid on bank accounts is disclosed as a net amount either as a net income under the heading "Bank interest on cash account" or as a net charge under the heading "Bank interest on overdrafts" in the Statement of Operations and Changes in Net Assets.

(f) Dividend income

Dividend income is recognised in the Statement of Operations and Changes in Net Assets on the date the securities are quoted ex-dividend. Dividend is presented net of withholding taxes.

(g) Exchange rates

The exchange rates between EUR and the other currencies of the Fund are:

1 EUR	=	1.08140 CHF
1 EUR	=	7.46250 DKK
1 EUR	=	0.73799 GBP
1 EUR	=	9.18780 SEK
1 EUR	=	1.09260 USD

NOTE 3 - MANAGEMENT FEES, PERFORMANCE FEES AND MARKETING FEES

The Fund pays by Class of Shares a management fee accrued on each valuation day as a percentage of the net assets and payable monthly in arrears to the Investment Manager.

	Management fee (annual rate)
Class A Shares	1.50%
Class D Shares	1.50%
Class I Shares	0.50%

The Management Company is entitled for the provision of the management company services rendered to the Fund to receive a fee of 0.05% per annum based on the net assets attributable to the sub-fund with an overall minimum annual fee of 25,000 Euro.

Only the Class of Shares I is subject to performance fee. The performance fee per share equals 20% of the outperformance of the net asset value per share of the applicable share class over the benchmark, which is the MSCI Europe Net Index, converted in EUR, pre performance fee, but post the management fee and others types of fees, above the current benchmark value of the class of shares, and it may be a performance fee even if the Fund goes down, if the fund outperforms index.

The performance fee is calculated and accrued daily in the share class and is paid out to the Investment Manager quarterly in arrears.

No performance fee were paid for the year ended December 31, 2015.

The Management Company is entitled to receive a maximum annual marketing fee of 0.2% of the average annual net asset value of the sub-fund.

CB EUROPEAN QUALITY FUND

Notes to the Financial Statements as at December 31, 2015 (continued)

NOTE 4 - SUBSCRIPTION TAX

The Fund is registered as an investment company (Société d'Investissement à Capital Variable) under Luxembourg law. Accordingly, no Luxembourg income or capital gains tax is payable. However, it is subject to a "taxe d'abonnement" calculated at the annual rate of 0.05% based on the net asset value of the Fund at the end of each quarter. This tax is payable quarterly. The rate is reduced to 0.01% for classes of shares which are reserved for institutional investors (Class of Shares I) or sub-funds which invest exclusively in money market instruments within the meaning of, and as provided for in, article 174 of the Law. No subscription tax is paid for investments in UCIs already submitted to this tax in Luxembourg.

NOTE 5 - CHANGES IN THE COMPOSITION OF THE PORTFOLIO

The details of the changes in the composition of the portfolio are held at the disposal of Shareholders at the registered office of the Fund and are available free of charge upon request.

NOTE 6 - CO-MANAGEMENT

In order to reduce operational and administrative charges while allowing a wider diversification of the investments, the Board of Directors of the Fund may decide that all or part of all the assets of one or several portfolios may be co-managed with the assets attributable to other portfolios. The portfolio of the CB EUROPEAN QUALITY FUND is co-managed with the portfolio of the EUROPEAN QUALITY FUND.

NOTE 7 - CUSTODY AND ADMINISTRATION

Pursuant to an agreement, as amended from time to time, the Fund has appointed CACEIS Bank Luxembourg as its Custodian, Domiciliary agent, Paying agent, and the Management Company has appointed CACEIS Bank Luxembourg as the Fund's Central administrator. For the services rendered to the Fund, CACEIS Bank Luxembourg is entitled to receive fees and commissions payable on a monthly basis.

NOTE 8 - DIVIDENDS

During the year, the Fund distributed the following dividend:

- 'Ex-dividend' date : November 2, 2015
- Payment date : November 12, 2015

	Share Class	DIVIDEND	
		Currency	Amount
CB EUROPEAN QUALITY FUND - European Equity Fund	Class D	EUR	5.81

CB EUROPEAN QUALITY FUND

Additional information (unaudited)

APPLICATION OF THE EUROPEAN DIRECTIVE ON SAVINGS INCOME 2003/48

The European Directive on savings income 2003/48 does not apply to the Fund CB EUROPEAN QUALITY FUND for the year from January 1, 2015 to December 31, 2015.

GLOBAL EXPOSURE CALCULATION METHOD

The commitment approach

The CB EUROPEAN QUALITY FUND - European Equity Fund sub-fund uses the commitment approach in order to monitor and measure the global exposure.