



**CARNEGIE FUND III**

**AUDITED ANNUAL REPORT**

**DECEMBER 31, 2009**

R.C.S. Luxembourg B 92 747

Subscriptions are only valid if made on the basis of the current prospectus accompanied by the latest annual and the latest semi-annual report if published after the annual report

# CARNEGIE FUND III

---

## TABLE OF CONTENTS

### GENERAL INFORMATION

Management and Administration	3
Board of Directors	3

INVESTMENT MANAGER'S REPORT	4
-----------------------------	---

INDEPENDENT AUDITOR'S REPORT	5 - 6
------------------------------	-------

### FINANCIAL STATEMENTS

Statement of Net Assets	7
Net Asset Value per share	7
Statement of Operations and Changes in Net Assets	8
Statement of Changes in Number of Shares Outstanding	9
Financial Details Relating to the Last 3 Years	9

### SECURITIES PORTFOLIO

Carnegie Fund III - Carnegie WorldWide Long/Short Fund	10 - 13
--	---------

NOTES TO THE FINANCIAL STATEMENTS	14 - 17
-----------------------------------	---------

## CARNEGIE FUND III

---

### MANAGEMENT AND ADMINISTRATION

#### REGISTERED OFFICE

Carnegie Fund III  
5, Place de la Gare  
L-1616 Luxembourg

#### CUSTODIAN

J.P. Morgan Bank Luxembourg S.A.  
6, route de Trèves  
L-2633 Senningerberg

#### CENTRAL ADMINISTRATION AGENT

Carnegie Fund Management Company S.A.  
5, Place de la Gare  
L-1616 Luxembourg

#### INVESTMENT MANAGER

Carnegie Asset Management  
Dampfaergevej 26  
DK-2100 Copenhagen, Denmark

#### LEGAL ADVISOR

Bonn Schmitt Steichen  
22-24, rives de Clausen  
L-2165 Luxembourg

#### INDEPENDENT AUDITOR

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

### BOARD OF DIRECTORS

#### CHAIRMAN :

Claes-Johan GEIJER  
Managing Director  
Banque Carnegie Luxembourg S.A.  
Luxembourg

#### DIRECTORS :

Bruno FREREJEAN  
Co-Managing Director  
Banque Carnegie Luxembourg S.A.  
Luxembourg

Vincent GRUSELLE  
Managing Director  
Carnegie Fund Management Company S.A.  
Luxembourg

**INVESTMENT MANAGER'S REPORT**

**CARNEGIE WORLDWIDE LONG/SHORT FUND**

PERFORMANCE

During the year, the net asset value per share increased from EUR 132.37 to EUR 163.16, representing a return of 23.26%. Total net assets decreased during the year from EUR 145.73 million to EUR 110.47 million. Net redemptions of shares were EUR 58.84 million.

INVESTMENT STRATEGY

The Sub-Fund's investment objective is to generate high absolute returns from long and short investment positions in global equities and related financial instruments such as financial futures and related options and swaps, and, over time, exhibit low correlation to the global equity markets.

Returns are sought using Carnegie Asset Management's stock picking methodology, consisting of a top-down trend based view, coupled with a bottom-up methodology. The portfolio will consist of positions taken on pairs of stocks as well as individual stock positions. Market exposure will vary, spanning from negative, over neutral to positive, and will largely depend on investment opportunities and the volatility of the global equity markets. The investment universe is based on equity, derivative and fixed income products globally. The Sub-Fund may retain cash or cash equivalents as and when considered appropriate.

In order to enable the Sub-Fund to obtain the desired market exposure and to construct the investment portfolio in an efficient manner, the Sub-Fund may borrow up to 150% of its net assets from highly rated professionals specialised in these types of transactions.

Short sales will usually be carried out by selling borrowed securities in the market place. Alternatively, short sale exposure can be obtained using swap agreements should that be more cost efficient.

Unwanted risk is hedged, using individual stocks long/short or by using written or bought derivatives on markets, sectors or individual stocks. Bought or written derivative instruments can furthermore be used to enhance returns.

**CARNEGIE MEDICAL HEDGE FUND**

The Sub-Fund has not yet been opened for subscription.

Luxembourg, February 15, 2010

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

---

## **Independent Auditor's Report**

To the Shareholders of  
**CARNEGIE FUND III, SICAV**

Following our appointment by the General Meeting of the Shareholders of the SICAV dated December 9, 2009, we have audited the accompanying financial statements of CARNEGIE FUND III, which comprise the statement of net assets and the securities portfolio as at December 31, 2009 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.

### **Board of Directors of the SICAV's responsibility for the financial statements**

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements. 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.

### **Auditor's responsibility**

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 by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 Auditor's judgment, 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 Auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

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

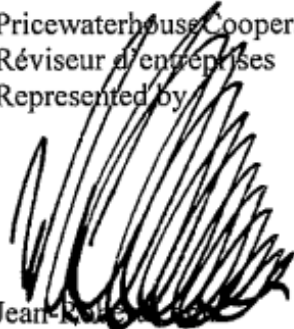
**Opinion**

In our opinion, these financial statements give a true and fair view of the financial position of CARNEGIE FUND III, SICAV as of December 31, 2009, 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.  
Réviseur d'entreprises  
Represented by



Jean-Robert

Luxembourg, February 16, 2010

CARNEGIE FUND III

STATEMENT OF NET ASSETS AS AT DECEMBER 31, 2009

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
<b>ASSETS</b>		
Securities portfolio at market value (Note 2.1)	136,525,516.63	136,525,516.63
Cash at banks and liquidities	8,546,517.01	8,546,517.01
<b>OTHER ASSETS</b>		
Dividends receivable	110,825.19	110,825.19
Subscriptions receivable	4,813,387.35	4,813,387.35
Total Other Assets	4,924,212.54	4,924,212.54
Total Assets	149,996,246.18	149,996,246.18
<b>LIABILITIES</b>		
Redemptions payable	(1,601,431.78)	(1,601,431.78)
Short sales of securities (Note 2.2)	(11,275,269.18)	(11,275,269.18)
Unrealised loss on financial futures (Note 5)	(549,024.62)	(549,024.62)
Bank borrowings	(25,952,197.55)	(25,952,197.55)
Investment management fee payable (Note 8)	(91,237.87)	(91,237.87)
Taxe d'abonnement payable (Note 4)	(13,538.52)	(13,538.52)
Custodian and administration fee payable	(15,027.74)	(15,027.74)
Other payables	(25,146.82)	(25,146.82)
Total Liabilities	(39,522,874.08)	(39,522,874.08)
<b>NET ASSET VALUE</b>	110,473,372.10	110,473,372.10

NET ASSET VALUE PER SHARE AS AT DECEMBER 31, 2009

	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
Net asset value per share	163.16

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
<b>INCOME</b>		
Dividends, net (Note 2.5)	3,196,637.22	3,196,637.22
Redemption fees	1,088.79	1,088.79
<b>Total Income</b>	<b>3,197,726.01</b>	<b>3,197,726.01</b>
<b>EXPENSES</b>		
Investment management fee (Note 8)	(1,083,683.91)	(1,083,683.91)
Dividends paid on short sales	(530,456.29)	(530,456.29)
Bank interest	(308,864.87)	(308,864.87)
Custody and administration fee	(135,642.92)	(135,642.92)
Bank charges	(136,603.47)	(136,603.47)
Taxe d'abonnement (Note 4)	(53,002.04)	(53,002.04)
Audit fees	(7,678.00)	(7,678.00)
Professional expenses	(13,923.55)	(13,923.55)
Printing & publication expenses	(2,336.44)	(2,336.44)
<b>Total Expenses</b>	<b>(2,272,191.49)</b>	<b>(2,272,191.49)</b>
Net profit from investments	925,534.52	925,534.52
Net realised loss on securities	(40,821,497.93)	(40,821,497.93)
Net realised loss on financial futures	(3,440,100.82)	(3,440,100.82)
Net realised profit on contracts for differences	1,914,618.54	1,914,618.54
Net profit on foreign exchange	2,371,278.30	2,371,278.30
Net realised loss	(39,050,167.39)	(39,050,167.39)
Variation in net unrealised appreciation/ depreciation on investments	60,321,988.09	60,321,988.09
Variation in net unrealised loss on financial futures	2,315,980.11	2,315,980.11
Increase in net assets as a result of operations	23,587,800.81	23,587,800.81
Subscriptions	18,889,549.19	18,889,549.19
Redemptions	(77,733,181.55)	(77,733,181.55)
Decrease in net assets	(35,255,831.55)	(35,255,831.55)
Net assets at the beginning of the year	145,729,203.65	145,729,203.65
<b>NET ASSETS AT THE END OF THE YEAR</b>	<b>110,473,372.10</b>	<b>110,473,372.10</b>

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III

---

**STATEMENT OF CHANGES IN NUMBER OF SHARES OUTSTANDING  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	CARNEGIE WORLDWIDE LONG/SHORT FUND
Shares outstanding at January 1, 2009	1,100,952.0920
Shares issued	122,267.1198
Shares redeemed	(546,127.5378)
Shares outstanding at December 31, 2009	677,091.6740

**FINANCIAL DETAILS RELATING TO THE LAST 3 YEARS  
(EUR)**

	CARNEGIE WORLDWIDE LONG/SHORT FUND
December 31, 2009	
Total net assets	110,473,372.10
Net asset value per share	163.16
December 31, 2008	
Total net assets	145,729,203.65
Net asset value per share	132.37
December 31, 2007	
Total net assets	552,126,040.63
Net asset value per share	202.20

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2009

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Transferable Securities Admitted To An Official Exchange Listing</b>			
<b>Shares &amp; Warrants</b>			
	<u>Canada</u>		
80,000	Canadian Pacific Railway	3,015,131.40	2.73
		<u>3,015,131.40</u>	<u>2.73</u>
	<u>Denmark</u>		
82,500	Novo Nordisk B	3,680,585.88	3.33
		<u>3,680,585.88</u>	<u>3.33</u>
	<u>France</u>		
40,000	Schneider Electric	3,271,200.00	2.96
		<u>3,271,200.00</u>	<u>2.96</u>
	<u>Germany</u>		
50,700	Allianz	4,418,505.00	4.00
127,500	E.ON	3,726,825.00	3.37
		<u>8,145,330.00</u>	<u>7.37</u>
	<u>Hong Kong</u>		
318,000	Hengan International Group	1,644,043.65	1.49
6,600,000	Industrial & Commercial Bank of China H	3,814,991.24	3.45
5,500,000	Sinopec H	3,411,178.76	3.09
		<u>8,870,213.65</u>	<u>8.03</u>
	<u>India</u>		
243,852	Housing Development Finance Corporation	9,756,928.56	8.83
		<u>9,756,928.56</u>	<u>8.83</u>
	<u>Japan</u>		
126,500	Canon	3,711,264.00	3.36
1,850	Japan Tobacco	4,344,808.42	3.93
		<u>8,056,072.42</u>	<u>7.29</u>
	<u>Malaysia</u>		
1,250,000	Genting	1,861,559.24	1.69
		<u>1,861,559.24</u>	<u>1.69</u>
	<u>Spain</u>		
220,000	Banco Bilbao Vizcaya Argentaria	2,800,600.00	2.54
		<u>2,800,600.00</u>	<u>2.54</u>
	<u>Sweden</u>		
314,500	ABB	4,236,881.10	3.84
325,000	Swedish Match	4,977,976.54	4.51
		<u>9,214,857.64</u>	<u>8.35</u>

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2009

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Transferable Securities Admitted To An Official Exchange Listing (continued)</b>			
<b>Shares &amp; Warrants (continued)</b>			
	<u>Switzerland</u>		
96,575	Holcim (Registered)	5,236,233.00	4.74
307,400	Nestlé (Registered)	10,393,598.75	9.41
40,200	Roche Holding Genusscheine	4,759,959.86	4.31
		<u>20,389,791.61</u>	<u>18.46</u>
	<u>United Kingdom</u>		
418,700	BA Tobacco	9,507,711.50	8.61
164,000	BHP Billiton	3,684,355.73	3.34
372,100	Diageo	4,542,173.93	4.11
454,173	Reed Elsevier	2,616,024.21	2.37
190,000	Standard Chartered	3,369,837.56	3.05
1,750,000	Vodafone Group	2,831,845.95	2.56
		<u>26,551,948.88</u>	<u>24.04</u>
	<u>United States of America</u>		
20,500	Apple	3,006,874.04	2.72
6,800	Baidu ADR	1,946,366.35	1.76
290,000	Bank of America	3,039,861.91	2.75
170,000	Cisco Systems	2,832,721.98	2.56
26,000	Freeport-McMoRan Copper & Gold	1,453,000.26	1.32
13,000	Google A	5,609,858.64	5.08
80,500	Lorillard	4,495,350.49	4.07
58,500	Monsanto	3,328,698.90	3.01
93,000	Praxair	5,198,564.78	4.71
		<u>30,911,297.35</u>	<u>27.98</u>
	TOTAL SHARES & WARRANTS	<u>136,525,516.63</u>	<u>123.60</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>136,525,516.63</u>	<u>123.60</u>
	TOTAL SECURITIES PORTFOLIO	<u>136,525,516.63</u>	<u>123.60</u>

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2009

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
<b>Short Sales of Transferable Securities Admitted To An Official Exchange Listing</b>			
<b>Short Sales of Shares</b>			
	<u>Finland</u>		
-300,000	Stora Enso R	-1,464,000.00	-1.33
		<u>-1,464,000.00</u>	<u>-1.33</u>
	<u>France</u>		
-95,000	Valeo	-2,330,350.00	-2.11
		<u>-2,330,350.00</u>	<u>-2.11</u>
	<u>Germany</u>		
-270,000	Deutsche Telekom	-2,778,300.00	-2.51
		<u>-2,778,300.00</u>	<u>-2.51</u>
	<u>United States of America</u>		
-170,000	Alcoa	-1,907,413.47	-1.73
-70,000	United Parcel Services	-2,795,205.71	-2.53
		<u>-4,702,619.18</u>	<u>-4.26</u>
	TOTAL SHORT SALES OF SHARES	<u>-11,275,269.18</u>	<u>-10.21</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>-11,275,269.18</u>	<u>-10.21</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES	<u><u>-11,275,269.18</u></u>	<u><u>-10.21</u></u>

**INDUSTRY SECTOR ANALYSIS AS AT DECEMBER 31, 2009**

<b>SECTOR DESCRIPTION</b>	<b>% OF NET ASSETS</b>
Automobiles	-2.11
Banking	11.79
Chemicals	3.01
Communication	0.05
Computer Software & Services	9.56
Construction & Building Materials	4.74
Electronics & Electricals	3.36
Energy	11.17
Food, Drink & Tobacco	34.64
Forestry	-1.33
Healthcare	1.49
Hotels & Leisure	1.69
Insurance	4.00
Machinery	9.36
Mining & Metals	2.93
Miscellaneous Finance	8.83
Pharmaceuticals & Cosmetics	7.64
Printing and Publishing	2.37
Transportation	0.20
	<hr/> <b>113.39</b> <hr/>

A statement of changes in the composition of the portfolio is available to Shareholders free of charge on request from the Fund's registered office

The accompanying notes form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL

CARNEGIE FUND III, "the Company", was incorporated as a "Société Anonyme" qualifying as a "Société d'Investissement à Capital Variable" with multiple Sub-Funds on March 31, 2003, under Part II of the amended law of December 20, 2002 and does not qualify as an Undertakings for Collective Investment in Transferable Securities. It is established for an undetermined duration from the date of incorporation.

The Company presently has two Sub-Funds:

- Carnegie WorldWide Long/Short Fund,
- Carnegie Medical Hedge which has not yet been opened for subscription.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Valuation of investments

- (a) The value of any cash at hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, dividends and interests declared or due but not yet collected will be deemed to be the full value thereof, unless it is unlikely that such values are received in full, in which case the value thereof will be determined by deducting such amount the Directors consider appropriate to reflect the true value thereof.
- (b) Securities listed on a stock exchange or traded on any other regulated market will be valued at the last available price on such stock exchange or market. If a security is listed on several stock exchanges or markets, the last available price on the stock exchange or market, which constitutes the main market for such securities, will be determining.
- (c) Securities not listed on any stock exchange or traded on any regulated market will be valued at their last available market price.
- (d) Securities for which no price quotation is available or for which the price referred to in (a) and/or (b) is not representative of the fair market value, will be valued prudently, and in good faith on the basis of their reasonable foreseeable sales prices.
- (e) Contracts for differences are valued at fair value based on the last available price of the underlying security.
- (f) Investments in investment funds of the open ended type are taken at their latest net asset values reported by the administrator of the relevant investment fund.
- (g) Financial futures contracts (on securities, interest rates and indices) are valued at the exchange quoted settlement price. While the contracts are open, unrealised gains and losses are recorded on "mark-to market" basis at the valuation date. When a contract is closed, the Fund records a realised gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the price at which the contract was originally written.
- (h) Options contracts (on securities, currencies, interest rates and indices) are valued on the basis of the last available trade price.
- (i) Forward foreign exchange contracts are valued by reference to the forward rate prevailing at the valuation date.
- (j) Contracts for which no price quotation is available or for which the price referred to in (g) and/or (h) is not representative of the fair market value, will be valued prudently, and in good faith on the basis of their reasonable foreseeable sales prices.

#### 2.2 Short sales of securities

Short sales of securities are disclosed as negative amounts and valued marked to market in the securities portfolio as at December 31, 2009.

**NOTES TO THE FINANCIAL STATEMENTS**

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Realised profit and loss on investments**

Profits and losses on sales of investments have been determined on the basis of average cost.

**2.4 Foreign exchange**

The combined financial statements of the Fund are maintained in EUR. The combined financial statements are the sum of the Sub-Funds' financial statements equivalent in EUR translated, where applicable, at the rate of exchange ruling as at December 31, 2009.

The market value of the investments and other assets and liabilities expressed in currencies other than the base currency of the Sub-Fund have been converted at the rates of exchange ruling as at December 31, 2009. The cost of investments in currencies other than the base currency of the Sub-Fund is converted at the rates of exchange prevailing at each Net Asset Value calculation date. Profits and losses arising from foreign exchange operations are taken to the Statement of Operations and Changes in Net Assets.

**2.5 Income / expense from investments**

Dividends are recognised as income (or expense in the case of short sales of securities) on the date securities are first quoted ex-dividend, to the extent information thereon is reasonably available to the Sub-Funds.

Interest on bonds is accrued on a daily basis.

**3 EXCHANGE RATES AS AT DECEMBER 31, 2009**

1 CAD	=	0.66365808	EUR	1 JPY	=	0.00750334	EUR
1 CHF	=	0.67353220	EUR	1 MYR	=	0.20289474	EUR
1 DKK	=	0.13437699	EUR	1 NOK	=	0.12060471	EUR
1 GBP	=	1.12609442	EUR	1 SEK	=	0.09762174	EUR
1 HKD	=	0.08975605	EUR	1 USD	=	0.69603469	EUR
1 INR	=	0.01495317	EUR				

**4 TAX STATUS**

The Company is registered under the Luxembourg law as an investment company (Société d'Investissement à Capital Variable "SICAV"). Accordingly, no Luxembourg income or capital gains tax is, at present, payable. It is subject, however, to an annual "taxe d'abonnement" calculated at the annual rate of 0.05% of the net asset value of the Company at the end of each quarter, excluding investments in other Luxembourg funds already subject to that tax. This tax is payable quarterly.

**NOTES TO THE FINANCIAL STATEMENTS**

**5 FINANCIAL FUTURES**

As at December 31, 2009, Carnegie WorldWide Long/Short Fund had entered into the following outstanding financial futures:

<u>Quantity</u>	<u>Contract</u>	<u>Unrealised Loss</u>	<u>Commitment</u>
Sale 60	DJ Euro Stoxx 50 Mar 10	EUR ( 61,800.00 )	EUR 1,783,200.00
Sale 530	DJ Stoxx 50 Mar 10	EUR ( 418,700.00 )	EUR 13,589,200.00
Sale 55	Russell 2000 Mini Mar 10	EUR ( <u>68,524.62</u> )	EUR <u>2,388,408.24</u>
		( 549,024.62 )	17,760,808.24

**6 SECURITIES BORROWINGS**

As at December 31, 2009, Carnegie WorldWide Long/Short Fund had borrowed the following shares:

<u>Quantity</u>	<u>Security Description</u>	<u>Market Value</u>
270,000	Deutsche Telekom	EUR 2,778,300.00
300,000	Stora Enso R	EUR 1,464,000.00
95,000	Valeo	EUR 2,330,350.00
170,000	Alcoa	EUR 1,907,413.47
70,000	United Parcel Services	EUR <u>2,795,205.71</u>
		EUR 11,275,269.18

**7 REHYPOTHECATION OF SECURITIES**

As at December 31, 2009, Carnegie WorldWide Long/Short Fund had rehypothecated the following shares:

<u>Quantity</u>	<u>Security Description</u>	<u>Market Value</u>
11,800	Google A	EUR 10,393,598.75
307,400	Nestlé (Registered)	EUR 5,092,025.53
40,200	Roche Holding Genussscheine	EUR <u>4,759,959.86</u>
		EUR 20,245,584.14

**8 INVESTMENT MANAGEMENT FEE**

In consideration for its services, the Investment Manager shall be paid a management fee of up to 1.0% per annum of the Net Asset Value of all the Company's Sub Funds, calculated monthly and paid on a monthly basis.

**NOTES TO THE FINANCIAL STATEMENTS**

**9 PERFORMANCE FEE**

The Company pays the Investment Manager a performance fee (the “Performance Fee”).

The Performance Fee will accrue daily and will be due from the relevant Sub Fund’s assets to the Investment Managers as of the end of each Fiscal Year or Calendar Quarter in the case of Carnegie Worldwide Long/Short Fund. The Performance Fee for any Fiscal Year or Calendar Quarter is an amount equal to 20% of the net realised and unrealised appreciation, if any, in the Net Asset Value of the shares (adjusted for the sale and redemption of shares) during each Fiscal Year or Calendar Quarter of the relevant Sub Fund, but only in the event the relevant Sub Fund’s Net Asset Value has increased for that Fiscal Year or Calendar Quarter and cumulatively since the issuance of the shares above a hurdle rate. The hurdle rate is defined as the EURIBOR 3 month average rate capped at 8.0%, meaning that the hurdle rate never can exceed 8% for any given time period it is calculated. The hurdle is calculated after taking into account the annual Management Fee and is pro rated for a partial year. If a share has a Net Loss allocable to it during any Fiscal Year or Calendar Quarter and during a subsequent Fiscal Year or Calendar Quarter there is a Net Profit allocable to the share there will be no Performance Fee payable with respect to the share until the amount of the Net Loss previously allocated to the share has been recouped.

The performance fee mechanism is described in detail in the Carnegie Fund III, SICAV Prospectus.