



**CARNEGIE FUND III, SICAV**

**UNAUDITED SEMI-ANNUAL REPORT**

**JUNE 30, 2009**

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

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**MANAGEMENT AND ADMINISTRATION**

REGISTERED OFFICE

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

INVESTMENT MANAGER

Carnegie Asset Management  
Dampfaergevej 26  
DK-2100 Copenhagen, Denmark

CUSTODIAN

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

LEGAL ADVISOR

Bonn Schmitt Steichen  
44, rue de la Vallée  
L-2661 Luxembourg

ADMINISTRATION AGENT

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

INDEPENDENT AUDITOR

Deloitte S.A.  
560, rue de Neudorf  
L-2220 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

CARNEGIE FUND III, SICAV

STATEMENT OF NET ASSETS AS AT JUNE 30, 2009

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
<b>ASSETS</b>		
Securities portfolio at market value (Note 2.1)	116,861,179.39	116,861,179.39
<b>OTHER ASSETS</b>		
Dividends receivable	187,517.97	187,517.97
Unrealised gain on financial futures (Note 5)	252,926.20	252,926.20
Total Other Assets	440,613.19	440,613.19
Total Assets	117,301,792.58	117,301,792.58
<b>LIABILITIES</b>		
Bank borrowings	(11,895,532.04)	(11,895,532.04)
Short sales of securities (Note 2.2)	(9,605,340.12)	(9,605,340.12)
Redemptions payable	(4,001,792.47)	(4,001,792.47)
Investment management fee payable (Note 7)	(78,648.80)	(78,648.80)
Custodian and administration fee payable	(13,819.20)	(13,819.20)
Taxe d'abonnement payable	(11,928.40)	(11,928.40)
Other payables	(9,944.00)	(9,944.00)
Total Liabilities	(25,617,005.03)	(25,617,005.03)
<b>NET ASSET VALUE</b>	91,684,787.55	91,684,787.55

NET ASSET VALUE PER SHARE AS AT JUNE 30, 2009

	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
Net asset value per share	147.07

The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
FOR THE PERIOD ENDED JUNE 30, 2009**

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
<b>INCOME</b>		
Dividends, net (Note 2.5)	2,166,293.21	2,166,293.21
Redemption fees	1,088.82	1,088.82
<b>Total Income</b>	2,167,382.03	2,167,382.03
<b>EXPENSES</b>		
Investment management fee (Note 7)	(587,735.07)	(587,735.07)
Dividends paid on short sales	(363,243.12)	(363,243.12)
Bank interest	(163,349.34)	(163,349.34)
Custody and administration fee	(73,426.44)	(73,426.44)
Bank charges	(30,210.12)	(30,210.12)
Taxe d'abonnement (Note 4)	(26,927.41)	(26,927.41)
Professional expenses	(10,319.84)	(10,319.84)
Audit fees	(4,500.00)	(4,500.00)
Printing & publication expenses	(2,106.75)	(2,106.75)
<b>Total Expenses</b>	(1,261,818.09)	(1,261,818.09)
Net profit from investments	905,563.94	905,563.94
Net realised loss on securities	(33,815,713.07)	(33,815,713.07)
Net realised profit on financial futures	758,195.02	758,195.02
Net profit on foreign exchange	2,580,288.69	2,580,288.69
Net realised profit on contracts for differences	1,914,618.54	1,914,618.54
Net realised profit	(27,657,046.88)	(27,657,046.88)
Variation in net unrealised appreciation/ depreciation on investments	37,712,122.36	37,712,122.36
Variation in net unrealised profit/ loss on financial futures	3,117,930.93	3,117,930.93
Increase in net assets as a result of operations	13,173,006.41	13,173,006.41
Subscriptions	988,642.60	988,642.60
Redemptions	(68,206,065.11)	(68,206,065.11)
Decrease in net assets	(54,044,416.10)	(54,044,416.10)
Net assets at the beginning of the period	145,729,203.65	145,729,203.65
<b>NET ASSETS AT THE END OF THE PERIOD</b>	91,684,787.55	91,684,787.55

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III, SICAV

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**STATEMENT OF CHANGES IN NUMBER OF SHARES OUTSTANDING  
FOR THE PERIOD ENDED JUNE 30, 2009**

CARNEGIE  
WORLDWIDE  
LONG/SHORT FUND

Shares outstanding at January 1, 2008	1,100,952.0920
Shares issued	7,182.8848
Shares redeemed	(484,719.5859)
Shares outstanding at December 31, 2008	623,415.3909

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT JUNE 30, 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>		
95,000	Canadian Pacific Railway	2,736,373.41	2.98
		<u>2,736,373.41</u>	<u>2.98</u>
	<u>Denmark</u>		
72,500	Novo Nordisk B	2,794,153.19	3.05
		<u>2,794,153.19</u>	<u>3.05</u>
	<u>Germany</u>		
39,000	Deutsche Bank	1,734,135.00	1.89
50,700	Allianz	3,341,130.00	3.64
127,500	E.ON	3,280,575.00	3.58
		<u>8,355,840.00</u>	<u>9.11</u>
	<u>Hong Kong</u>		
3,900,000	Sinopec H	2,113,675.76	2.31
		<u>2,113,675.76</u>	<u>2.31</u>
	<u>India</u>		
283,852	Housing Development Finance Corporation	9,875,085.14	10.77
353,689	Bharti Airtel	4,209,490.04	4.59
		<u>14,084,575.18</u>	<u>15.36</u>
	<u>Japan</u>		
3,200	Japan Tobacco	7,134,578.06	7.78
7,000	Nintendo	1,376,196.91	1.50
186,500	Canon	4,350,881.87	4.75
		<u>12,861,656.84</u>	<u>14.03</u>
	<u>Sweden</u>		
424,500	ABB	4,791,108.10	5.23
		<u>4,791,108.10</u>	<u>5.23</u>
	<u>Switzerland</u>		
40,000	Synthes	2,754,522.83	3.00
50,200	Roche Holding Genussscheine	4,905,542.82	5.35
96,575	Holcim (Registered)	3,939,600.53	4.30
307,400	Nestlé (registered)	8,265,798.34	9.02
		<u>19,865,464.52</u>	<u>21.67</u>
	<u>United Kingdom</u>		
372,100	Diageo	3,816,824.81	4.16
438,700	BA Tobacco	8,608,425.61	9.39
1,750,000	Vodafone Group	2,416,712.66	2.64
		<u>14,841,963.08</u>	<u>16.19</u>

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT JUNE 30, 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>United States of America</u>		
170,000	Cisco Systems	2,289,623.31	2.50
103,900	Exelon Corporation	3,748,375.27	4.09
11,000	First Solar	1,237,754.09	1.35
10,400	Google A	3,131,235.25	3.42
80,500	Lorillard	3,893,407.96	4.25
48,500	Monsanto	2,598,041.93	2.83
129,300	Peabody Energy Corporation	2,812,068.23	3.07
121,000	Plum Creek Timber Company	2,572,217.48	2.81
93,000	Praxair	4,765,671.64	5.20
97,900	Procter & Gamble	3,606,366.03	3.93
227,247	Quanta Services	3,761,608.12	4.10
		<u>34,416,369.31</u>	<u>37.55</u>
	TOTAL SHARES & WARRANTS	<u>116,861,179.39</u>	<u>127.48</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>116,861,179.39</u>	<u>127.48</u>
	TOTAL SECURITIES PORTFOLIO	<u>116,861,179.39</u>	<u>127.48</u>

SECURITIES PORTFOLIO AS AT JUNE 30, 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>		
-620,000	Stora Enso R	-2,405,600.00	-2.62
		<u>-2,405,600.00</u>	<u>-2.62</u>
	<u>France</u>		
-110,000	Valeo	-1,475,650.00	-1.61
		<u>-1,475,650.00</u>	<u>-1.61</u>
	<u>Germany</u>		
-383,000	Deutsche Telekom	-3,219,115.00	-3.51
		<u>-3,219,115.00</u>	<u>-3.51</u>
	<u>United States of America</u>		
-70,000	United Parcel Services	-2,504,975.12	-2.73
		<u>-2,504,975.12</u>	<u>-2.73</u>
	TOTAL SHORT SALES OF SHARES	<u>-9,605,340.12</u>	<u>-10.47</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>-9,605,340.12</u>	<u>-10.47</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES	<u><u>-9,605,340.12</u></u>	<u><u>-10.47</u></u>

**INDUSTRY SECTOR ANALYSIS AS AT JUNE 30, 2009**

<b>SECTOR DESCRIPTION</b>	<b>% OF NET ASSETS</b>
Automobiles	-1.61
Banking	1.89
Chemicals	2.83
Communication	3.72
Computer Software & Services	4.92
Construction & building materials	4.30
Electronics & Electricals	4.75
Energy	16.53
Food, Drink & Tobacco	38.53
Forestry	0.19
Healthcare	3.00
Insurance	3.64
Machinery	7.73
Mining & Metals	3.07
Miscellaneous Finance	10.77
Miscellaneous Services	4.10
Pharmaceuticals & Cosmetics	8.40
Transportation	0.25
	<hr/> <b>117.01</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

## NOTES TO THE FINANCIAL STATEMENTS

### 1 GENERAL

CARNEGIE FUND III, SICAV 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 June 30, 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 June 30, 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 June 30, 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.

**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 JUNE 30, 2009**

1 CAD	=	0.61415630	EUR	1 INR	=	0.01483721	EUR
1 CHF	=	0.65583877	EUR	1 JPY	=	0.00738263	EUR
1 DKK	=	0.13428587	EUR	1 NOK	=	0.11051617	EUR
1 GBP	=	1.17430158	EUR	1 SEK	=	0.09213448	EUR
1 HKD	=	0.09170358	EUR	1 USD	=	0.71073205	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. This tax is payable quarterly.

**NOTES TO THE FINANCIAL STATEMENTS**

**5 FINANCIAL FUTURES**

As at June 30, 2009, Carnegie WorldWide Long/Short Fund had entered into the following outstanding financial futures:

<u>Quantity</u>	<u>Contract</u>	<u>Unrealised Profit</u>		<u>Commitment</u>	
Sale 581	DJ Euro St 50 Sep 09	EUR	46,480.00	EUR	14,089,250.00
Sale 530	DJ Stoxx 50 Sep 09	EUR	201,400.00	EUR	11,177,700.00
Sale 200	Russell 2000 Mini Sep 09	EUR	<u>5,046.20</u>	EUR	<u>7,250,888.37</u>
			252,926.20		32,517,838.37

**6 SECURITIES BORROWINGS**

As at June 30, 2009, Carnegie WorldWide Long/Short Fund had borrowed the following shares:

<u>Quantity</u>	<u>Security Description</u>	<u>Market Value</u>	
383,000	Deutsche Telekom	EUR	3,219,115.00
620,000	Stora Enso R	EUR	2,405,600.00
110,000	Valeo	EUR	1,475,650.00
70,000	United Parcel Services	EUR	<u>2,504,975.12</u>
		EUR	9,605,340.12

**7 INVESTMENT MANAGEMENT FEE**

In consideration for its services, the Investment Advisor and 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.

**8 PERFORMANCE FEE**

The Company pays the Investment Advisor and 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.