



CARNEGIE FUND III
Société d'Investissement à Capital Variable

AUDITED ANNUAL REPORT

DECEMBER 31, 2010

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 report 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
-----------------------------	---

AUDIT 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 - 16
-----------------------------------	---------

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
Fondsmaeglerselskab A/S
Dampfaergevej 26
DK-2100 Copenhagen, Denmark

LEGAL ADVISOR

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

AUDITOR

PricewaterhouseCoopers S.à r.l.
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 163.16 to EUR 203.78, representing a return of 24.90%. Total net assets increased during the year from EUR 110.47 million to EUR 119.61 million. Net redemptions of shares were EUR 15.53 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, 2011



Audit report

To the Shareholders of
CARNEGIE FUND III

Following our appointment by the General Meeting of the Shareholders of the SICAV dated March 15, 2010, 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, 2010 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 SICAV 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 and for such internal control as the Board of Directors of the SICAV 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 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 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 and of each of its sub-fund as of December 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, February 16, 2011

A handwritten signature in black ink, appearing to be 'Valérie Arnold', is written over a faint, circular stamp or watermark. The signature is fluid and cursive.

Valérie Arnold

CARNEGIE FUND III

STATEMENT OF NET ASSETS AS AT DECEMBER 31, 2010

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
ASSETS		
Securities portfolio at market value (Note 2.1)	159,772,988.68	159,772,988.68
Cash at banks and liquidities	2,194,225.58	2,194,225.58
OTHER ASSETS		
Subscriptions receivable	1,003,928.00	1,003,928.00
Dividends receivable	142,101.25	142,101.25
Unrealised appreciation on financial futures (Note 5)	26,889.33	26,889.33
Total Other Assets	1,172,918.58	1,172,918.58
Total Assets	163,140,132.84	163,140,132.84
LIABILITIES		
Bank borrowings	(30,957,861.56)	(30,957,861.56)
Short sales of securities (Note 2.2, 6)	(9,985,232.19)	(9,985,232.19)
Redemptions payable	(2,417,979.02)	(2,417,979.02)
Investment management fee payable (Note 7)	(102,709.46)	(102,709.46)
Taxe d'abonnement payable (Note 4)	(15,240.76)	(15,240.76)
Custodian and administration fee payable	(15,036.21)	(15,036.21)
Other payables	(40,079.66)	(40,079.66)
Total Liabilities	(43,534,138.86)	(43,534,138.86)
NET ASSET VALUE	119,605,993.98	119,605,993.98

NET ASSET VALUE PER SHARE AS AT DECEMBER 31, 2010

	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
Net asset value per share	203.78

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, 2010**

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
INCOME		
Dividends, net (Note 2.5)	3,372,401.09	3,372,401.09
Total Income	3,372,401.09	3,372,401.09
EXPENSES		
Investment management fee (Note 7)	(1,133,353.78)	(1,133,353.78)
Dividends paid on short sales	(325,574.01)	(325,574.01)
Bank interest	(279,906.76)	(279,906.76)
Custody and administration fee	(141,722.47)	(141,722.47)
Bank charges	(281,233.06)	(281,233.06)
Taxe d'abonnement (Note 4)	(57,527.87)	(57,527.87)
Audit fees	(9,280.00)	(9,280.00)
Professional expenses	(12,596.20)	(12,596.20)
Printing & publication expenses	(7,870.80)	(7,870.80)
Total Expenses	(2,249,064.95)	(2,249,064.95)
Net profit from investments	1,123,336.14	1,123,336.14
Net realised profit on securities	8,702,466.57	8,702,466.57
Net realised loss on financial futures	(2,719,899.31)	(2,719,899.31)
Net realised loss on contracts for differences	(1,846,018.77)	(1,846,018.77)
Net profit on foreign exchange	8,093,406.22	8,093,406.22
Net realised loss	13,353,290.85	13,353,290.85
Variation in net unrealised appreciation/ depreciation on investments	10,732,266.14	10,732,266.14
Variation in net unrealised appreciation/ depreciation on financial futures	575,913.95	575,913.95
Increase in net assets as a result of operations	24,661,470.94	24,661,470.94
Subscriptions	8,111,127.05	8,111,127.05
Redemptions	(23,639,976.11)	(23,639,976.11)
Decrease in net assets	9,132,621.88	9,132,621.88
Net assets at the beginning of the year	110,473,372.10	110,473,372.10
NET ASSETS AT THE END OF THE YEAR	119,605,993.98	119,605,993.98

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, 2010

	CARNEGIE WORLDWIDE LONG/SHORT FUND
Shares outstanding at January 1, 2010	677,091.6740
Shares issued	43,658.0856
Shares redeemed	(133,803.8555)
Shares outstanding at December 31, 2010	586,945.9041

FINANCIAL DETAILS RELATING TO THE LAST 3 YEARS (EUR)

	CARNEGIE WORLDWIDE LONG/SHORT FUND
December 31, 2010	
Total net assets	119,605,993.98
Net asset value per share	203.78
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

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, 2010

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Transferable Securities Admitted To An Official Exchange Listing			
Shares & Warrants			
	<u>Canada</u>		
80,000	Canadian Pacific Railway	3,880,006.00	3.24
		<u>3,880,006.00</u>	<u>3.24</u>
	<u>France</u>		
40,000	Schneider Electric	4,480,000.00	3.75
		<u>4,480,000.00</u>	<u>3.75</u>
	<u>Germany</u>		
40,000	Allianz	3,557,200.00	2.97
95,000	Daimler	4,819,350.00	4.03
		<u>8,376,550.00</u>	<u>7.00</u>
	<u>Hong Kong</u>		
1,077,000	China Life Insurance H	3,278,656.69	2.74
2,000,000	First Pacific Company	1,342,346.23	1.12
6,000,000	Sinopec H	4,280,166.83	3.58
		<u>8,901,169.75</u>	<u>7.44</u>
	<u>India</u>		
42,000	Asian Paints	2,018,673.14	1.69
1,219,260	Housing Development Finance Corporation	14,827,118.46	12.40
		<u>16,845,791.60</u>	<u>14.09</u>
	<u>Malaysia</u>		
1,250,000	Genting	3,403,721.56	2.85
		<u>3,403,721.56</u>	<u>2.85</u>
	<u>Norway</u>		
350,000	DNB NOR	3,674,152.12	3.07
		<u>3,674,152.12</u>	<u>3.07</u>
	<u>South Korea</u>		
6,500	Samsung Electronics	4,093,874.49	3.42
		<u>4,093,874.49</u>	<u>3.42</u>
	<u>Sweden</u>		
274,500	ABB	4,617,386.96	3.86
295,000	Swedish Match	6,372,981.97	5.33
		<u>10,990,368.93</u>	<u>9.19</u>
	<u>Switzerland</u>		
84,575	Holcim Registered	4,769,876.07	3.99
277,400	Nestlé Registered	12,123,932.31	10.14
36,200	Roche Holding Genusscheine	3,958,968.63	3.31
110,000	Temenos Group Registered	3,415,821.82	2.86
		<u>24,268,598.83</u>	<u>20.30</u>

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2010

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Transferable Securities Admitted To An Official Exchange Listing (continued)			
Shares & Warrants (continued)			
	<u>Turkey</u>		
97,999	BIM Birlesik Magazalar	2,491,741.33	2.08
		<u>2,491,741.33</u>	<u>2.08</u>
	<u>United Kingdom</u>		
184,000	BHP Billiton	5,473,865.89	4.58
398,700	British American Tobacco	11,454,197.67	9.58
372,100	Diageo	5,142,139.94	4.30
247,500	Standard Chartered	4,980,306.12	4.16
685,000	Tesco	3,395,043.73	2.84
2,250,000	Vodafone Group	4,350,437.32	3.64
		<u>34,795,990.67</u>	<u>29.10</u>
	<u>United States of America</u>		
20,500	Apple *	4,928,801.43	4.12
26,000	Freeport-McMoRan Copper & Gold	2,327,325.58	1.95
11,500	Google A	5,091,424.42	4.26
106,000	Hewlett-Packard	3,326,326.77	2.78
80,500	Lorillard	4,923,844.66	4.12
92,000	Newmont Mining Corp	4,212,552.18	3.52
85,000	Philip Morris International	3,708,296.06	3.10
71,000	Praxair	5,052,452.30	4.22
		<u>33,571,023.40</u>	<u>28.07</u>
	TOTAL SHARES & WARRANTS	<u>159,772,988.68</u>	<u>133.60</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>159,772,988.68</u>	<u>133.60</u>
	TOTAL SECURITIES PORTFOLIO	<u>159,772,988.68</u>	<u>133.60</u>

* Security under rehypothecation

CARNEGIE FUND III - CARNEGIE WORLDWIDE LONG/SHORT FUND -

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2010

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Short Sales of Transferable Securities Admitted To An Official Exchange Listing			
Short Sales of Shares			
	<u>Finland</u>		
-300,000	Stora Enso R	-2,305,500.00	-1.93
		<u>-2,305,500.00</u>	<u>-1.93</u>
	<u>France</u>		
-95,000	Valeo	-4,034,175.00	-3.37
		<u>-4,034,175.00</u>	<u>-3.37</u>
	<u>Sweden</u>		
-80,000	Electrolux B	-1,695,423.02	-1.42
		<u>-1,695,423.02</u>	<u>-1.42</u>
	<u>United States of America</u>		
-170,000	Alcoa	-1,950,134.17	-1.63
		<u>-1,950,134.17</u>	<u>-1.63</u>
	TOTAL SHORT SALES OF SHARES	<u>-9,985,232.19</u>	<u>-8.35</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>-9,985,232.19</u>	<u>-8.35</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES	<u><u>-9,985,232.19</u></u>	<u><u>-8.35</u></u>

INDUSTRY SECTOR ANALYSIS AS AT DECEMBER 31, 2010

SECTOR DESCRIPTION	% OF NET ASSETS
Automobiles	6.99
Banking	7.00
Communication	2.74
Computer Software & Services	6.39
Construction & Building Materials	12.40
Energy	5.92
Food, Drink & Tobacco	34.99
Forestry	4.58
Holding & Investment Companies	9.58
Hotels & Leisure	4.30
Household Goods	4.16
Insurance	6.48
Machinery	10.33
Mining & Metals	13.52
Miscellaneous Finance	4.22
Miscellaneous Goods	-1.93
Miscellaneous Wholesale	-3.37
Pharmaceuticals & Cosmetics	-1.42
Transportation	-1.63
	<hr/> 125.25 <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” 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 Fund 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 (b) and/or (c) 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, 2010.

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, 2010.

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, 2010. 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, 2010

1 CAD	=	0.74996250	EUR	1 KRW	=	0.00066367	EUR
1 CHF	=	0.79827572	EUR	1 MYR	=	0.24355789	EUR
1 DKK	=	0.13417596	EUR	1 NOK	=	0.12817555	EUR
1 GBP	=	1.16618076	EUR	1 SEK	=	0.11095700	EUR
1 HKD	=	0.09588187	EUR	1 TRY	=	0.48430841	EUR
1 INR	=	0.01669630	EUR	1 USD	=	0.74537865	EUR
1 JPY	=	0.00918695	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, 2010, Carnegie WorldWide Long/Short Fund had entered into the following outstanding financial futures:

<u>Quantity</u>	<u>Contract</u>	<u>Unrealised Profit /Loss</u>		<u>Commitment</u>	
Sale 160	DJ Euro Stoxx 50 Mar 11	EUR	91,200.00	EUR	4,470,400.00
Sale 570	DJ Stoxx 50 Mar 11	EUR	88,000.00	EUR	14,711,700.00
Sale 190	Russell 2000 Mini Mar 10	EUR	<u>(152,310.67)</u>	EUR	<u>11,079,084.68</u>
			26,889.33		30,261,184.68

6 SECURITIES BORROWINGS

As at December 31, 2010, Carnegie WorldWide Long/Short Fund had borrowed the following shares:

<u>Quantity</u>	<u>Security Description</u>	<u>Market Value</u>	
300,000	Stora Enso R	EUR	2,305,500.00
95,000	Valeo	EUR	4,034,175.00
80,000	Electrolux	EUR	1,695,423.02
170,000	Alcoa	EUR	<u>1,950,134.17</u>
		EUR	9,985,232.19

7 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.

8 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.

For the year ended December 31, 2010, no performance fee is due by the Fund.