



The Carnegie WorldWide Long/Short Fund gained 6.0% during a quarter in which the global equity markets generated a negative return of 2.9% and the money market return was 0.2%. In other words, 2010 has been a good year so far for the hedge fund: the year-to-date return is 15.2% against the MSCI All Country World Index return of 6.2% and the money market return of 0.3%.

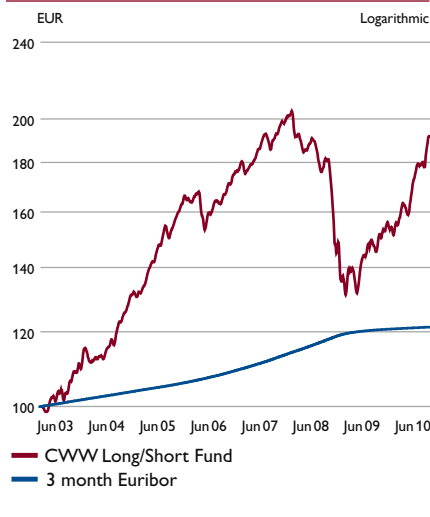
Since being launched seven years ago, the Carnegie WorldWide Long/Short Fund has gained 88.2% (EUR) net of all costs, as compared with the 28.3% (EUR) advance of the MSCI All Country World Index during the same period. The extra return of 60 percentage points is considered to be satisfactory. At the same time, the fund has had substantially lower risk exposure, with the fluctuations in the fund being only two-thirds of the fluctuations in the MSCI All Country World Index.

We continue to believe that it is easier to make a profit with long positions in the market but anticipate a turbulent summer before the emerging markets presumably will have gained enough strength to advance the global economy from its current stage.

Carnegie WorldWide Long/Short Fund Second quarter 2010

Long/Short Fund

CWW Long/Short Fund since inception



Performance during the quarter

The fund gained 6.0% (EUR) in the past quarter. The MSCI All Country World Index fell by 2.9% and the short-term European money market rate rose by 0.2%. The return was achieved despite a significant net long position throughout the quarter.

Good stock picking was the most important factor of the positive return. Several of our biggest weightings performed well. HDFC and Newmont Mining were the two biggest contributors during the quarter, although most of our positions were profitable in a quarter of difficult investment conditions. We also made a profit from increasing and reducing our futures positions although within a limited range. We suffered no major losses during the quarter. BHP, Google and Sadrill were the most negative contributors.

Risk factors and expectations

Visibility remains low. The major themes in the market are whether growth can be sustained at a level high enough to keep the global economy going. China's economic growth is attracting a lot of media coverage. One day, the country can be described as being close to collapse, while the next day it is apparently at risk of overheating. In our view, the truth is rather in-between, and we continue to believe that China has a strong underlying growth trend driven by public sector investment and consumer spending.

Europe is under pressure due to its weak links; Greece and Ireland in particular. There is a great need for structural reforms, especially in Southern Europe and the current debt crisis is pushing through much needed reforms, specifically within the pension area. The risk lies in a too slow and insufficient response to the banks' financing problems. The ECB looks capable of navigating this environment and to some extent to being content with the weaker euro which benefits an export-driven growth scenario. Visibility remains low and the overall risks are basically unchanged. We see good opportunities for both long and short positions with a long-side bias, which is consistent with the fund's historical performance.

Banking reform

The banking system plays a key role in the Western world's economic model. The economy can grow very fast during short periods of time, even with the banking system on crutches, as witnessed during the period from March 2009 to the second quarter of 2010. Longer term, the banking system must have its wheels greased in order that healthy businesses can sustain and expand their activities. Most of the world's job creation originates from small businesses with no direct access to the financial markets. Instead, they are compelled to apply to the banks for loans. That is why in the long term the state of health in the financial sector is so crucial. The politicians have blamed the banks for the financial crisis. Can the politicians, especially those in the USA and Europe, reform the financial sector without causing it to paralyse? The experts in the field that we have consulted indicate that reforms passed and implemented in the USA has a 5–15% impact on earnings. But the banks are not just standing on the sideline in this process. They

Expectations - Long/Short Fund

The structural debt problems are only gradually being solved and that provides a basis for moderate, yet competitive returns on equities.

will probably try to compensate for the potential loss of earnings through higher prices and other measures. For example, in a transaction that signals confidence in the future, JP Morgan paid USD 1.6 billion to acquire RBS Sempra Commodities, an energy and metals trader that is very active in derivatives trading. In connection with the transaction, JP Morgan indicated that the new legislation is workable and will not have a major impact on the trading business.

Current investment strategy

The Long/Short Fund remains focused on a long-term strategy with special emphasis on structural growth companies. We believe that large, well-funded businesses that continue to invest throughout the downturn will emerge the strongest from the current crisis. Special focus is on direct and indirect positive exposure to emerging markets. In the eternal balancing act between short-term risk cover and long-term upside potential, we have retained a positive net exposure.

Important changes made to the short and long sides

We established five new positions and closed three during Q2.

The existing position in Standard Chartered has been paired with a new short position in BBVA. Despite its strong international business, BBVA is still mainly a Spanish bank when measured by its balance sheet. Spain is facing a macroeconomic challenge with falling property prices and large macroeconomic imbalances. We believe that over the next three years Standard Chartered will fundamentally generate better results from its exposure, especially to Asia, whereas Spain and BBVA will have to go through a difficult adaptation period after the boom times of the past ten years. For example, Moody's recently put Spain under review for a possible downgrade.

We have also paired Electrolux with our existing position in Schneider, taking a structural pair position in two rather different areas of the capital goods sector. While Schneider has exposure to growth areas involving energy efficiency in products and services, Electrolux plays an active role in more mature and competitive product areas within the production and sales of white goods.

We closed out the short position in UPS and sold our long positions in Monsanto and Reed Elsevier. We can only have up to 30 long positions, and we saw better opportunities in Asian Paints (India), BIM (Turkey) and in the rig company Seadrill.

Asian Paints and BIM both benefit from our Emerging Markets theme. We see the growing consumer spending in emerging markets as a key driver of the world economy, and both are well-run growth companies with a strong position in their respective local markets. Asian Paints is a leading paints manufacturer in India, while BIM is a fast growing chain of discount stores in Turkey with regional growth potential. Seadrill operates a portfolio of drilling rigs compliant with new and tougher quality and safety requirements for deepwater oil drilling worldwide.

Correlation and standard deviation

The fund had a correlation to the world market of 0.6 during the quarter. Its risk, as expressed by the standard deviation, was 13.9%, which remains lower than the standard deviation of the MSCI All Country World Index of 18.6%.

Annual report and the prospectus of the fund can be downloaded on www.cww-hedge.com. We must emphasise that the figures in this quarterly report are historical, and that past returns cannot be used as a reliable indicator of future returns. At the same time it should be noted that the value of Carnegie WorldWide Long/Short Fund is calculated in euro, and that gains may be increased or reduced as a result of fluctuations in the exchange rate.

This report for the 2nd quarter of 2010 was filed on 19 July 2010.

Long/Short Fund

Investment philosophy

It is the goal of the Fund to generate a good long-term absolute return irrespective of developments in the equity market. Our investment approach is highly focused. Typically the Fund's investments are placed in a maximum of 30 long positions, 10 pair trades and 30 short positions. The Fund's positions are based on in-depth analyses and on long-term perspectives. The Fund has a low turnover rate.

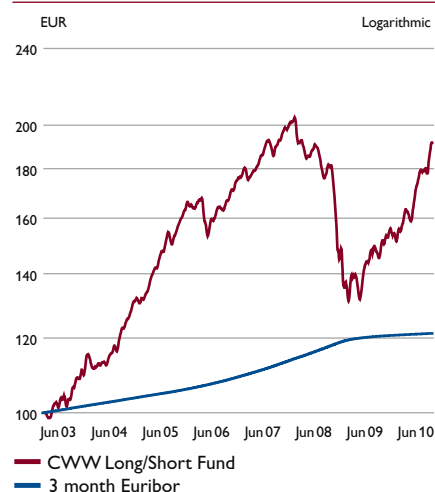
Key ratios	30.06.10	31.03.10
NAV (1,000 EUR)	115,500	108,039
No. of units	613,612	608,602
NAV per unit	188.23	177.52

ISIN code **LU0171715930**

Developments in gross and net exposure

Exposure (%)	Apr	May	Jun
Gross exposure	170	155	166
Net exposure	91	99	90
Gross exposure beta-adjusted	166	156	169
Net exposure beta-adjusted	86	96	85

CWW Long/Short Fund since inception



Return and standard deviation in EUR

	Apr	May	Jun	Q1	Q2	Year to date	12 mth.	2008	2009	Since launch*	P.a.
CWW L/S return after all fees (%)	0.9	1.6	3.4	8.6	6.0	15.2	28.0	-34.6	23.1	88.2	9.5
Benchmark Return (Euribor 3 month) ** (%)	0.1	0.1	0.1	0.2	0.2	0.3	0.7	4.8	1.2	21.1	2.8
MSCI ACWI (including net div.) *** (%)	1.9	-1.9	-2.9	9.4	-2.9	6.2	26.7	-37.6	25.8	28.2	3.6
Standard deviation CWW L/S (%)	13.1	17.2	11.1	10.0	13.9	12.1	11.6	21.7	14.3	12.0	11.9
Standard deviation MSCI ACWI *** (%)	15.2	23.4	16.2	10.7	18.6	15.1	13.6	31.4	19.2	17.2	17.2
CWW L/S correlation to MSCI ACWI ***	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5
r ² to MSCI ACWI *** (%)	62.2	31.5	36.0	31.3	38.2	35.5	32.8	31.6	20.7	24.5	24.5
Sharpe ratio CWW Long/short							2.1	-2.8	1.0	0.5	0.5

* Since launch is calculated from 24 June 2003. / ** Benchmark is the 3 month Euribor rate.

*** From 1 January 2010 MSCI World (EUR) has been changed to MSCI All Country World Index (EUR) incl. reinvested net div.

The portfolio as per 30 June 2010

	USA & Canada	Japan	Other Far East	United Kingdom	Continental Europe	"Emerging Markets"	Total	Beta
Energy			Sinopec 3.2		Seadrill 2.0		5.2	6.2
Materials	Alcoa -1.2 Freeport-McMoRan 1.1 Newmont Mining 4.1		Asian Paint 1.3	BHP Billiton 3.5	Stora Enso -1.6 Holcim 4.1		11.3	10.4
Industrials	Praxair 3.9 Canadian Pacific Railway 3.1				ABB 3.0 Schneider Electric 2.9		12.9	13.3
Consumer - Discretionary			Genting Berhad 2.0		Daimler 3.5 Electrolux -1.3 Valeo -1.9		2.3	3.6
Consumer - Staples	Lorillard 4.2	Japan Tobacco 4.2	Hengan International 1.9	BAT 9.0 Diageo 4.2	Nestlé 9.5 Swedish Match 4.7	Bim Biresik Magazalar 2.0	39.7	31.1
Health Care					Roche 3.6 Novo Nordisk 3.8		7.4	7.5
Finance	Bank of America 3.0		China Life 3.1 HDFC 11.0 ICBC 3.5	Standard Chartered 3.4	Allianz 3.6 BBVA -1.3		26.3	30.0
Information Technology	Google 3.2 Apple 3.7	Canon 2.8	Samsung Electronics 3.0				12.7	16.0
Telecommunication				Vodafone 2.6	Deutsche Telekom -2.3		0.3	0.3
Utilities							0.0	0.0
Market Index	Russell 2000 Mini (Future) -4.1				DJ Stoxx 50 (Future) -13.1 DJ Euro Stoxx 50 (Future) -11.3		-28.5	-33.9
Total	21.0	7.0	29.0	22.7	7.9	2.0	89.6	-
Beta-adjusted	20.4	5.3	34.7	17.7	4.0	2.4	-	84.5

Note: The figure after the name of the share denotes the percentage proportion of the hedge fund. Shares for which the figure is negative are short positions.