



CARNEGIE FUND III
Société d'Investissement à Capital Variable

UNAUDITED SEMI-ANNUAL REPORT

JUNE 30, 2011

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

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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

CARNEGIE FUND III

STATEMENT OF NET ASSETS AS AT JUNE 30, 2011

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
ASSETS		
Securities portfolio at market value (Note 2.1)	146,861,495.68	146,861,495.68
Cash at banks and liquidities	5,689,021.60	5,689,021.60
OTHER ASSETS		
Dividends receivable	406,207.48	406,207.48
Total Other Assets	406,207.48	406,207.48
Total Assets	152,956,724.76	152,956,724.76
LIABILITIES		
Bank borrowings	(40,560,602.66)	(40,560,602.66)
Short sales of securities (Note 2.2, 6)	(6,785,150.73)	(6,785,150.73)
Redemptions payable	(1,826,405.76)	(1,826,405.76)
Unrealised loss on financial futures (Note 5)	(1,325,707.83)	(1,325,707.83)
Investment management fee payable (Note 8)	(85,385.50)	(85,385.50)
Taxe d'abonnement payable (Note 4)	(12,950.13)	(12,950.13)
Custodian and administration fee payable	(12,745.49)	(12,745.49)
Unrealised loss on contracts for differences (note 6)	(239,850.00)	(239,850.00)
Other payables	(54,072.34)	(54,072.34)
Total Liabilities	(50,902,870.44)	(50,902,870.44)
NET ASSET VALUE	102,053,854.32	102,053,854.32

NET ASSET VALUE PER SHARE AS AT JUNE 30, 2011

	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
Net asset value per share	189.20

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE PERIOD ENDED JUNE 30, 2011**

	COMBINED (EUR)	CARNEGIE WORLDWIDE LONG/SHORT FUND (EUR)
INCOME		
Dividends, net (Note 2.5)	2,693,138.88	2,693,138.88
Total Income	2,693,138.88	2,693,138.88
EXPENSES		
Investment management fee (Note 8)	(545,174.89)	(545,174.89)
Bank charges	(246,555.71)	(246,555.71)
Bank interest	(229,870.24)	(229,870.24)
Dividends paid on short sales	(140,323.06)	(140,323.06)
Custody and administration fee	(68,217.04)	(68,217.04)
Taxe d'abonnement (Note 4)	(26,994.75)	(26,994.75)
Professional expenses	(7,736.00)	(7,736.00)
Audit fees	(5,070.00)	(5,070.00)
Total Expenses	(1,269,941.69)	(1,269,941.69)
Net profit from investments	1,423,197.19	1,423,197.19
Net realised profit on securities	8,391,248.00	8,391,248.00
Net realised loss on financial futures	(386,367.38)	(386,367.38)
Net realised loss on contracts for differences	(884,756.30)	(884,756.30)
Net loss on foreign exchange	(3,656,314.73)	(3,656,314.73)
Net realised profit	4,887,006.78	4,887,006.78
Variation in net unrealised appreciation/ on investments	(11,694,369.23)	(11,694,369.23)
Variation in net unrealised appreciation/ depreciation on financial futures	(1,352,597.16)	(1,352,597.16)
Variation in net unrealised appreciation/ depreciation on contracts for differences	(239,850.00)	(239,850.00)
Decrease in net assets as a result of operations	(8,399,809.61)	(8,399,809.61)
Subscriptions	1,830,752.99	1,830,752.99
Redemptions	(10,983,083.04)	(10,983,083.04)
Decrease in net assets	(17,552,139.66)	(17,552,139.66)
Net assets at the beginning of the period	119,605,993.98	119,605,993.98
NET ASSETS AT THE END OF THE PERIOD	102,053,854.32	102,053,854.32

The accompanying notes form an integral part of these financial statements

CARNEGIE FUND III

**STATEMENT OF CHANGES IN NUMBER OF SHARES OUTSTANDING
FOR THE PERIOD ENDED JUNE 30, 2011**

CARNEGIE
WORLDWIDE
LONG/SHORT FUND

Shares outstanding at January 1, 2011	586,945.9041
Shares issued	9,484.0206
Shares redeemed	(57,035.5933)
Shares outstanding at June 30, 2011	539,394.3314

The accompanying notes form an integral part of these financial statements

SECURITIES PORTFOLIO AS AT JUNE 30, 2011

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	3,416,463.85	3.35
		<u>3,416,463.85</u>	<u>3.35</u>
	<u>Denmark</u>		
253,333	Danske Bank	3,221,514.86	3.16
		<u>3,221,514.86</u>	<u>3.16</u>
	<u>France</u>		
40,000	Schneider Electric	4,570,000.00	4.48
		<u>4,570,000.00</u>	<u>4.48</u>
	<u>Germany</u>		
40,000	Allianz	3,841,200.00	3.76
95,000	Daimler	4,921,000.00	4.82
		<u>8,762,200.00</u>	<u>8.58</u>
	<u>Hong Kong</u>		
6,000,000	Sinopec H	4,172,031.93	4.09
		<u>4,172,031.93</u>	<u>4.09</u>
	<u>India</u>		
42,000	Asian Paints	2,068,454.62	2.03
1,219,260	Housing Development Finance Corporation	13,315,551.74	13.05
		<u>15,384,006.36</u>	<u>15.08</u>
	<u>Japan</u>		
30,000	Fanuc Corporation	3,441,948.21	3.37
		<u>3,441,948.21</u>	<u>3.37</u>
	<u>Malaysia</u>		
1,400,000	Genting	3,598,048.42	3.53
		<u>3,598,048.42</u>	<u>3.53</u>
	<u>Netherlands</u>		
285,000	Koninklijke KPN	2,838,315.00	2.78
		<u>2,838,315.00</u>	<u>2.78</u>
	<u>Norway</u>		
350,000	DNB NOR	3,353,748.67	3.29
		<u>3,353,748.67</u>	<u>3.29</u>
	<u>South Korea</u>		
6,500	Samsung Electronics	3,475,320.10	3.41
		<u>3,475,320.10</u>	<u>3.41</u>

SECURITIES PORTFOLIO AS AT JUNE 30, 2011

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Transferable Securities Admitted To An Official Exchange Listing (continued)			
Shares & Warrants (continued)			
	<u>Spain</u>		
50,000	Industria de Diseno Textil (Inditex)	3,147,500.00	3.08
		<u>3,147,500.00</u>	<u>3.08</u>
	<u>Sweden</u>		
274,500	ABB	4,891,075.64	4.79
295,000	Swedish Match	6,883,848.98	6.75
		<u>11,774,924.62</u>	<u>11.54</u>
	<u>Switzerland</u>		
64,575	Holcim Registered	3,355,831.94	3.29
277,400	Nestlé Registered	11,855,867.83	11.62
		<u>15,211,699.77</u>	<u>14.91</u>
	<u>Turkey</u>		
97,999	BIM Birlesik Magazalar	2,191,577.57	2.15
		<u>2,191,577.57</u>	<u>2.15</u>
	<u>United Kingdom</u>		
265,000	BG Group	4,140,579.20	4.06
398,700	British American Tobacco	11,974,098.74	11.73
372,100	Diageo	5,235,685.45	5.13
247,500	Standard Chartered	4,458,509.86	4.37
2,250,000	Vodafone Group	4,102,968.99	4.02
		<u>29,911,842.24</u>	<u>29.31</u>
	<u>United States of America</u>		
15,000	Apple	3,462,407.57	3.39
52,000	Freeport-McMoRan Copper & Gold	1,886,172.34	1.85
8,300	Google A	2,890,506.12	2.83
116,000	Hewlett-Packard	2,933,667.33	2.87
150,000	Microsoft	2,672,241.03	2.62
92,000	Newmont Mining Corp	3,412,728.91	3.34
85,000	Philip Morris International	3,896,807.41	3.82
48,000	Praxair	3,571,391.06	3.50
135,000	Suncor Energy	3,664,432.31	3.59
		<u>28,390,354.08</u>	<u>27.81</u>
	TOTAL SHARES & WARRANTS	<u>146,861,495.68</u>	<u>143.92</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>146,861,495.68</u>	<u>143.92</u>
	TOTAL SECURITIES PORTFOLIO	<u>146,861,495.68</u>	<u>143.92</u>

SECURITIES PORTFOLIO AS AT JUNE 30, 2011

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	-2,157,000.00	-2.11
		<u>-2,157,000.00</u>	<u>-2.11</u>
	<u>Sweden</u>		
-80,000	Electrolux B	-1,319,699.35	-1.29
		<u>-1,319,699.35</u>	<u>-1.29</u>
	<u>United States of America</u>		
-170,000	Alcoa	-1,879,621.31	-1.84
-14,000	Salesforce.com	-1,428,830.07	-1.40
		<u>-3,308,451.38</u>	<u>-3.24</u>
	TOTAL SHORT SALES OF SHARES	<u>-6,785,150.73</u>	<u>-6.64</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>-6,785,150.73</u>	<u>-6.64</u>
	TOTAL SHORT SALES OF TRANSFERABLE SECURITIES	<u><u>-6,785,150.73</u></u>	<u><u>-6.64</u></u>

INDUSTRY SECTOR ANALYSIS AS AT JUNE 30, 2011

SECTOR DESCRIPTION	% OF NET ASSETS
Automobiles	4.82
Banking	10.82
Communication	6.80
Computer Software & Services	7.44
Construction & Building Materials	3.29
Energy	15.24
Food, Drink & Tobacco	41.20
Forestry	-2.11
Holding & Investment Companies	0.00
Hotels & Leisure	3.53
Household Goods	-1.29
Insurance	3.76
Machinery	12.14
Mining & Metals	3.35
Miscellaneous Finance	13.05
Miscellaneous Goods	2.03
Miscellaneous Industrials	3.37
Miscellaneous Wholesale	3.41
Textiles	3.08
Transportation	3.35
	<hr/> 137.28 <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 June 30, 2011.

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, 2011.

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, 2011. 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 JUNE 30, 2011

1 CAD	=	0.71581961	EUR	1 KRW	=	0.00064729	EUR
1 CHF	=	0.82033109	EUR	1 MYR	=	0.22905834	EUR
1 DKK	=	0.13406982	EUR	1 NOK	=	0.12853305	EUR
1 GBP	=	1.10618245	EUR	1 SEK	=	0.10924664	EUR
1 HKD	=	0.08880443	EUR	1 TRY	=	0.42596694	EUR
1 INR	=	0.01546228	EUR	1 USD	=	0.69103725	EUR
1 JPY	=	0.00857486	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.

CARNEGIE FUND III

NOTES TO THE FINANCIAL STATEMENTS

5 FINANCIAL FUTURES

As at June 30, 2011, 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 400	DJ Euro Stoxx 50 Sep 11	EUR (344,000.00)	EUR 11,328,000.00
Sale 570	DJ Stoxx 50 Sep 11	EUR (160,030.00)	EUR 14,500,800.00
Sale 100	Nasdaq 100 E-mini Sep 11	EUR (91,355.12)	EUR 3,193,283.12
Sale 230	Russell 2000 Mini Sep 11	EUR (<u>730,322.71</u>)	EUR <u>13,079,054.66</u>
		(1,325,707.83)	42,101,137.78

6 CONTRACTS FOR DIFFERENCES

As at June 30, 2011, Carnegie WorldWide Long/Short Fund had entered into the following outstanding contracts for differences:

<u>Quantity</u>	<u>Contract</u>	<u>Unrealised Loss</u>	<u>Commitment</u>
Purchase 82,000	SAP	EUR (239,850.00)	EUR 3,407,920.00

7 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 2,157,000.00
80,000	Electrolux	EUR 1,319,699.35
170,000	Alcoa	EUR 1,879,621.31
14,000	Salesforce.com	EUR <u>1,428,830.07</u>
		EUR 6,785,150.73

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.

For the period ended June 30, 2011, no performance fee is due by the Fund.