



THE CARNEGIE GLOBAL HEALTHCARE FUND

**FONDS COMMUN DE PLACEMENT
INCORPORATED UNDER LUXEMBOURG LAW**

AUDITED ANNUAL REPORT

DECEMBER 31, 2010

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

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THE CARNEGIE GLOBAL HEALTHCARE FUND

MANAGEMENT AND ADMINISTRATION

MANAGEMENT COMPANY

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

CUSTODIAN

Banque Carnegie Luxembourg S.A.
5, Place de la Gare
L-1616 Luxembourg

CENTRAL ADMINISTRATION AGENT

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

LEGAL ADVISOR

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

INVESTMENT MANAGER

Carnegie Asset Management
Fondsmaeglerselskab A/S
Denmark, Sweden Branch
Blasieholmsgatan 5
S-103 94 Stockholm, Sweden

RESEARCH ADVISOR

The Karolinska Institute
S-171 77 Stockholm
Sweden

AUDITOR

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

BOARD OF DIRECTORS OF THE MANAGEMENT COMPANY

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

PERFORMANCE

During the year, the net asset value per unit increased from EUR 115.66 to EUR 135.97, representing a return of 17.56%. The total net assets increased during the year from EUR 72.42 million to EUR 74.54 million. Net redemptions of units were EUR 9.60 million.

INVESTMENT STRATEGY

The Fund's investment objective is to seek capital appreciation by investing exclusively in equity securities of companies in the worldwide healthcare industry. The Fund's investments will generally focus on companies with a market capitalisation of less than USD 1 billion and which may be categorised within the following five subsectors: large pharmaceuticals, speciality pharmaceutical (e.g. drug-delivery companies), service (e.g. managed care companies), biotechnology and medical technology, as well as other subsectors within the global healthcare industry as the Investment Manager deems appropriate from time to time.

Luxembourg, February 15, 2011



Audit report

To the Unitholders of
THE CARNEGIE GLOBAL HEALTHCARE FUND

Following our appointment by the Board of Directors of the Management Company dated March 15, 2010, we have audited the accompanying financial statements of THE CARNEGIE GLOBAL HEALTHCARE FUND, 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 Management Company for the financial statements

The Board of Directors of the Management Company 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 Management Company 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 Management Company, 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 THE CARNEGIE GLOBAL HEALTHCARE 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', with a long horizontal flourish extending to the right.

Valérie Arnold

THE CARNEGIE GLOBAL HEALTHCARE FUND

STATEMENT OF NET ASSETS AS AT DECEMBER 31, 2010
(Expressed in EUR)

ASSETS

Securities portfolio at market value (Note 2.1)	79,072,303.22
Total Assets	<u>79,072,303.22</u>

LIABILITIES

Bank borrowings (Note 5)	(3,157,904.93)
Redemptions payable	(1,362,559.51)
Taxe d'abonnement payable (Note 4)	(9,607.95)
Total Liabilities	<u>(4,530,072.39)</u>

NET ASSET VALUE

74,542,230.83

NET ASSET VALUE PER UNIT AS AT DECEMBER 31, 2010
(Expressed in EUR)

Net asset value per unit	135.97
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The accompanying notes form an integral part of these financial statements

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Expressed in EUR)**

INCOME

Dividends, net (Note 2.4)	492,549.21
Total Income	<u>492,549.21</u>

EXPENSES

Management fee (Note 6)	(834,449.84)
Bank interest	(256,098.92)
Taxe d'abonnement (Note 4)	(38,819.24)
Total Expenses	<u>(1,129,368.00)</u>

Net loss from investments	<u>(636,818.79)</u>
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Net realised profit on sales of securities (Note 2.2)	4,800,657.54
Net realised profit on foreign exchange	5,214,811.12
Net realised profit	<u>9,378,649.87</u>

Variation in net unrealised appreciation/ depreciation on investments	2,342,837.12
Increase in net assets as a result of operations	<u>11,721,486.99</u>

Subscriptions	171,697.90
Redemptions	(9,767,223.67)
Equalisation attributable to subscriptions	(7,925.90)
Increase in net assets	<u>2,118,035.32</u>

Net assets at the beginning of the year	72,424,195.51
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NET ASSETS AT THE END OF THE YEAR	<u><u>74,542,230.83</u></u>
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The accompanying notes form an integral part of these financial statements

THE CARNEGIE GLOBAL HEALTHCARE FUND

**STATEMENT OF CHANGES IN NUMBER OF UNITS OUTSTANDING
FOR THE YEAR ENDED DECEMBER 31, 2010**

Units outstanding at January 1, 2010	626,166.3512
Units issued	1,360.9652
Units redeemed	(79,311.7189)
Units outstanding at December 31, 2010	548,215.5975

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

December 31, 2010	
Total net assets	74,542,230.83
Net asset value per unit	135.97
December 31, 2009	
Total net assets	72,424,195.51
Net asset value per unit	115.66
December 31, 2008	
Total net assets	68,399,999.09
Net asset value per unit	85.59

The accompanying notes form an integral part of these financial statements

THE CARNEGIE GLOBAL HEALTHCARE 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>Austria</u>		
82,396	Intercell	955,793.60	1.28
		<u>955,793.60</u>	<u>1.28</u>
	<u>France</u>		
85,100	Medica	1,180,337.00	1.58
		<u>1,180,337.00</u>	<u>1.58</u>
	<u>Greece</u>		
414,375	Alapis Holding Industrial and Commercial	215,475.00	0.29
		<u>215,475.00</u>	<u>0.29</u>
	<u>Ireland</u>		
144,831	Aurobindo Pharmaceuticals Call Warrant 22/10/12	3,172,766.17	4.26
		<u>3,172,766.17</u>	<u>4.26</u>
	<u>Sweden</u>		
184,038	Medivir B	2,853,737.64	3.83
		<u>2,853,737.64</u>	<u>3.83</u>
	<u>Switzerland</u>		
50,000	Actelion Registered	2,043,585.85	2.74
		<u>2,043,585.85</u>	<u>2.74</u>
	<u>United Kingdom</u>		
275,000	EastPharma GDR	174,232.26	0.23
		<u>174,232.26</u>	<u>0.23</u>
	<u>United States of America</u>		
85,000	Acorda Therapeutics	1,727,116.88	2.32
114,233	Air Methods Corporation	4,791,212.66	6.43
40,000	Alexion Pharmaceuticals	2,401,610.02	3.22
717,779	Alphatec Holdings	1,444,546.29	1.94
206,951	Auxilium Pharmaceuticals	3,254,819.69	4.37
351,955	CardioNet	1,227,750.00	1.65
159,972	Cepheid	2,712,703.49	3.64
600,000	Corcept Therapeutics	1,726,296.96	2.32
400,000	Health Management Associates	2,844,364.94	3.82

THE CARNEGIE GLOBAL HEALTHCARE 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 (continued)			
Shares & Warrants (continued)			
	<u>United States of America (continued)</u>		
175,000	ICON ADR	2,856,663.69	3.83
303,940	Insulet Corporation	3,511,531.01	4.71
15,000	Intuitive Surgical	2,881,820.21	3.87
319,452	MAKO Surgical	3,624,075.31	4.86
190,000	Masimo Corporation	4,116,949.91	5.52
40,000	Mednax	2,006,261.18	2.69
120,000	Mindray Medical International ADR	2,361,359.57	3.17
125,000	Momenta Pharmaceuticals	1,394,789.80	1.87
244,500	Myriad Genetics	4,162,477.64	5.58
245,325	NuVasive	4,690,359.46	6.29
125,000	Salix Pharmaceuticals	4,375,372.69	5.87
40,000	Shire Pharmaceuticals Group ADR	2,158,020.27	2.90
444,270	Spectranetics Corporation	1,708,730.77	2.29
59,400	United Therapeutics Corporation	2,799,096.60	3.76
125,000	Wright Medical Group	1,446,966.31	1.94
		<u>66,224,895.35</u>	<u>88.86</u>
	TOTAL SHARES & WARRANTS	<u>76,820,822.87</u>	<u>103.07</u>
	TOTAL TRANSFERABLE SECURITIES ADMITTED TO AN OFFICIAL EXCHANGE LISTING	<u>76,820,822.87</u>	<u>103.07</u>

THE CARNEGIE GLOBAL HEALTHCARE FUND

SECURITIES PORTFOLIO AS AT DECEMBER 31, 2010

NOMINAL	SECURITY DESCRIPTION	MARKET VALUE (EUR)	% OF NET ASSETS
Other Transferable Securities			
Shares			
	<u>Sweden</u>		
485,982	Cereal Base CEBA	1,941,231.84	2.60
16,758	Cereal Base CEBA BTA	66,939.03	0.09
		<u>2,008,170.87</u>	<u>2.69</u>
	<u>United States of America</u>		
609,000	Lumenis	243,309.48	0.33
		<u>243,309.48</u>	<u>0.33</u>
	TOTAL SHARES	<u>2,251,480.35</u>	<u>3.02</u>
	TOTAL OTHER TRANSFERABLE SECURITIES	<u>2,251,480.35</u>	<u>3.02</u>
	TOTAL SECURITIES PORTFOLIO	<u>79,072,303.22</u>	<u>106.09</u>

INDUSTRY SECTOR ANALYSIS OF PORTFOLIO AS AT DECEMBER 31, 2010

SECTOR DESCRIPTION	% OF NET ASSETS
Healthcare	55.73
Pharmaceuticals	41.24
Other Sectors	9.12
	<u>106.09</u>

A statement of changes in the composition of the portfolio is available to Unitholders 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

THE CARNEGIE GLOBAL HEALTHCARE FUND is an Unincorporated Open-ended Collective Investment Fund (“Fonds Commun de Placement”), created on July 31, 1998, under Part II of the Luxembourg amended law of March 30, 1988 and does not qualify as an Undertaking for Collective Investment in Transferable Securities. Since December 8, 2003, THE CARNEGIE GLOBAL HEALTHCARE FUND is governed by Part II of the Luxembourg amended law of December 20, 2002.

THE CARNEGIE GLOBAL HEALTHCARE FUND (“the Fund”) is an unincorporated co-proprietorship of its securities and other assets, managed by Carnegie Fund Management Company S.A. (“the Management Company”). The Management Company was incorporated in December 5, 1995 in Luxembourg as a “société anonyme”. The assets of the Fund are segregated from those of the Management Company.

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 of the Management Company 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.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Valuation of investments (continued)

As at December 31, 2010, certain assets included in the securities portfolio were valued at fair value:

<u>Security Description</u>	<u>Amount in EUR</u>	<u>% of Net Assets</u>
Cereal Base CEBA	1,941,231.84	2.60
Cereal Base CEBA BTA	66,939.03	0.09
Lumenis	<u>243,309.48</u>	<u>0.33</u>
	2,251,480.35	3.02

2.2 Realised profit and loss on investments

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

2.3 Foreign exchange

The financial statements of the Fund are maintained in Euro (EUR).

The market value of the investments and other assets and liabilities expressed in currencies other than the base currency of the Fund have been converted at the closing rates of exchange ruling as at December 31, 2010. The cost of investments in currencies other than the base currency of the 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.

2.4 Income from investments

Dividends are recognised as income on the date securities are first quoted ex-dividend, to the extent information thereon is reasonably available to the Fund.

3 EXCHANGE RATES AS AT DECEMBER 31, 2010

1 CHF	=	0.79827572	EUR	1 NOK	=	0.12817555	EUR
1 DKK	=	0.13417596	EUR	1 SEK	=	0.11095700	EUR
1 GBP	=	1.16618076	EUR	1 USD	=	0.74537865	EUR

4 TAX STATUS

The Fund is registered under the Luxembourg law as an Unincorporated Open-ended Collective Investment Fund ("Fonds Commun de Placement"). 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 Fund 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 BANK BORROWINGS AND PLEDGES

The Fund may borrow the equivalent of up to 35% of the total net assets for investment purposes. As at December 31, 2010 the Fund had borrowings totaling EUR 3.16 million, which represented 4.24% of the total net assets of the Fund. According to the pledge agreement entered with the Custodian on May 16, 2000, such borrowing is guaranteed by the assets of the Fund.

6 MANAGEMENT FEE

The Management Company is entitled to be paid a fee based on the net assets of the Fund as determined on each valuation date. The fee is accrued daily and payable monthly. The management fee applicable to the Fund is 1.1% per annum.

7 PERFORMANCE FEE

The Management Company is entitled to an annual performance fee, accrued monthly, from the Fund's assets and due as of the end of each fiscal year. The performance fee for any fiscal year is an amount equal to 20% of the net realised and unrealised appreciation, if any, in the Net Asset Value of the Units of the Fund (adjusted for the sale and redemption of Units) during the fiscal year, but only in the event the Fund's Net Asset Value has increased for that fiscal year and cumulatively since the issuance of Units by at least 5% per annum (pro-rated for a partial year). The Management Company is also entitled to an additional performance fee in respect of units issued during a fiscal year at a time when the Net Asset Value per Unit is less than the Net Asset Value at the beginning of the year. These adjustments are effected by redeeming a sufficient number of those Units at the end of the fiscal year so that the particular Unitholder is charged the appropriate performance fee.

The performance fee mechanism is described in detail in the Fund's Prospectus.

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

8 GENERAL EXPENSES

General expenses relating to the custody and administration of the Fund are borne by the Management Company.