

**Named portfolio manager(s):**

Mikael Randel (since launch)

**Peer group:** Global Mainstream Equities

**Location:** Copenhagen

**Launch date:** April 1995

**Fund size (June 2010):** US\$2.4bn

**Contact group:** +352 404 030 268 or

www.carnegieam.com

Further information on S&P's fund coverage can be found at [www.FundsInsights.com](http://www.FundsInsights.com)



Report date July 2010

### Investment style

	Value	Blend	Growth
Large-Cap			
Mid-Cap			
Small-Cap			

### Performance statistics

	Three years
Fund	-27.5%
Standard & Poor's peer median	-30.2%
Index**	-26.3%
Fund rank	1556/4406
Volatility adjusted ranking	1875/4406

Note: returns are cumulative

### Three-year risk characteristics

Maximum drawdown (%)	-17.8
Volatility	22.4
Correlation	0.9
Beta	0.9

### Calendar year decile ranks



Decile ranking in discrete annual periods. First decile shown as rank 10, second decile as rank nine, with tenth decile as rank one.

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### Standard & Poor's opinion (July 2010)

Given this fund's emphasis on quality names with strong cashflow, it was not surprising to see it struggle in the low-quality, cyclically driven rally of 2009. This followed a lacklustre 2008, where it fractionally underperformed the S&P peer group median fund. Two consecutive years of underperformance relative to both peers and benchmark is undoubtedly putting pressure on the management team.

This experienced team, nevertheless, is sticking to the process that has generated returns in excess of benchmark for 11 years out of 15 since launch and produced a five-year top quartile ranking in the S&P peer group. The six managers most closely concerned with global equities, led by managing director Mikael Randel, average over 25 years in the investment industry and have experienced a variety of market conditions. The approach remains team driven and bottom-up, with thematic research guiding portfolio construction. The portfolio has remained concentrated, in terms of holding numbers, and the team continues to focus on finding companies with stable business models, long-term earnings visibility and proven management.

We note that corporate issues at Carnegie following its acquisition by Altor Fund III and Bure Equity are nearing a conclusion, and are reassured that during this time no team members have left and that Mikael Randel remains firmly at the helm. We continue to hold the team in extremely high regard and this, combined with the highly consistent and clearly defined approach and impressive long-term track record, ensures that the fund retains its S&P AAA rating.

### Fund manager & team

Mikael Randel is managing director of Carnegie Asset Management (CAM) and heads the equity team of 10 (six global, two Asia and two Nordic portfolio managers). The team follows more than 400 companies. Stock ideas are discussed informally every day, and there is a weekly global stockpicking meeting when decisions are taken, where appropriate, across the fund range.

Mikael Randel - fund manager - MSc (University of California), MA (Lund University), was the managing director of Skandifond at SE-Banken, before becoming a co-founder of CAM in 1986.

Bengt Seger - MA law (Lund University), worked as an analyst/portfolio manager with Sparbanken for two years, before joining Carnegie in 1988.

Bo Knudsen - MSc economics & business admin (Aarhus School of Business), has worked within global equities since 1989. This includes five years at Danske Capital as head of international investments, then four years with Carnegie, before moving to Nordea in 1998 and rejoining Carnegie in 2000.

Lars Wincentzen - diploma in business administration (Copenhagen Business School), worked as a portfolio manager at Danske Capital for eight years, before joining Carnegie in 1998.

### Management style

The fund is run bottom-up, drawing on the collective input of the experienced equity team and making good use of thematic research to guide portfolio construction.

Trends emphasise change in areas such as demographics, technology and globalisation and the team interprets these as investable themes. Stock selection within these themes focuses on companies that are undervalued in terms of free cashflow yield after adjusting for capital structure and pension liabilities. Stocks with an attractive dividend yield are also favoured, as are companies with strong business models and long-term earnings visibility.

The portfolio is concentrated in 25 to 30 mostly large- and mid-cap (minimum \$3bn) holdings, with up to 20% invested in emerging markets. The investment horizon is long-term, resulting in low turnover. Position size is built by conviction and hence the benchmark MSCI World index is used solely for performance comparison purposes.

Risk controls are largely common sense and include investing around half of the portfolio in solid, defensive names with the remainder in more aggressive areas of the market. Currency exposure is unhedged.

# CARNEGIE WORLDWIDE FUND

Sub-fund of Luxembourg registered FCP - Part 1

Fund owner: Banque Carnegie

Fund manager: Carnegie Asset Management

# STANDARD & POOR'S



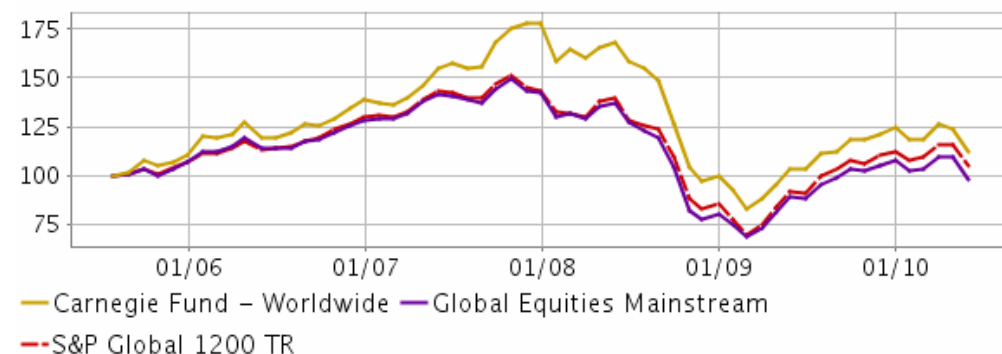
## Portfolio & performance analysis (June 2010)

Unsurprisingly, given its focus on quality names with strong cashflow generation and earnings visibility, the fund struggled in 2009's cyclical rally, lagging the S&P peer group median fund by just under 9% and ranking bottom quartile for the year. A few changes were made to increase portfolio beta where the team found stocks that fitted its fundamental criteria (eg, Bank of America was substituted for Procter & Gamble), but the effect of these was marginal. This followed a lacklustre 2008 in which the fund fell fractionally more than the peer group median. However, on a five-year cumulative view, the fund ranks clearly top quartile, nearly 17% ahead of median; since launch it has outperformed its benchmark in 11 out of 15 years, returning 918.5% versus the index's 190.6% since launch in December 1995.

At review, the fund remained highly focused, with 29 names representing themes such as stable growth (eg, Nestlé, Japan Tobacco), energy (eg, Transocean, Peabody), connected lives (eg, Vodafone, Samsung Electronics) and demographics (Roche). New ideas in the connected lives theme included Apple, Cisco and Google, while the financial recovery theme was represented by Allianz and Bank of America. Unusually, the team entered and exited Nokia (connected lives) relatively swiftly as it realised that its original investment case no longer held good. Direct emerging markets exposure focused on Asia, including China, with a notably large holding (6.8%) in the relatively illiquid HDFC, reflecting the team's high degree of conviction in the stock. Emerging markets exposure, including indirect exposure through holdings listed elsewhere, was estimated at over 35%. Evolving themes included the macroeconomic environment, looking at stocks that would do well in a low-growth scenario.

The fund has continued to struggle, lagging both peers and benchmark in the five months to the end of May 2010.

## Cumulative performance



## Portfolio characteristics (1 June 2010)

No. of holdings	29
Turnover ratio (%)	N/A
% in top 10	52

## Asset allocation

	%
Basic materials	6.5
Consumer discretionary	3.7
Consumer staples	25.8
Financials	21.5
Healthcare	4.1
Industrials	7.0
Oil & gas	7.2
Technology	18.5
Telecoms	2.5
Others*	3.2

## Top 10 holdings

	%
Nestlé (registered) *	7.9
British American Tobacco	7.6
Housing Development Finance Corp *	6.8
Japan Tobacco *	4.6
Holcim *	4.5
Praxair *	4.2
Allianz *	4.1
Roche Holding Genussscheine *	4.1
Google A *	4.0
Cisco	3.8

\* In top 10 holdings a year ago

## Discrete performance (calendar years)

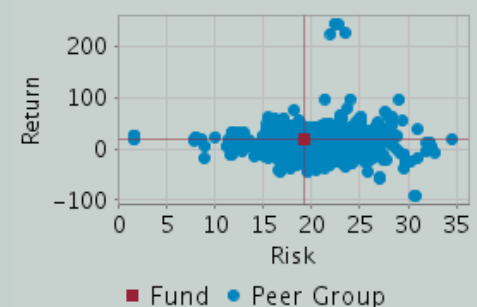
	2006		2007		2008		2009		YTD 31/05/2010	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank
Fund	25.2	747/3341	28.3	112/4037	-43.6	2498/5075	24.6	4966/6066	-10.1	4484/6642
Index**	21.5		10.2		-40.1		31.7		-6.6	
Median	20.7		10.5		-43.2		33.2		-8.4	

\*\* S&P Global 1200 (Industry)  
Fund benchmark: MSCI World index

## Share class information

	Initial charge	Exit charge	Annual charge	Expense ratio	Lump sum	Savings plan	ISIN
Ord	5.00%	0%	1.60%	1.65%	US\$1,000	none	LU0086737722
Registered for sale							Austria, Finland, Germany, Iceland, Luxembourg, Netherlands, Sweden, United Kingdom

## Risk return (standard deviation) over five years



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## Symbols and definitions

### Long-only fund ratings

**AAA** The fund demonstrates the highest standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

**AA** The fund demonstrates very high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

**A** The fund demonstrates high standards of quality in its sector based on its investment process and management's consistency of performance as compared to funds with similar objectives.

### Fund-of-hedge-funds ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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### Absolute return fund ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process, risk awareness and consistency of performance relative to its own objectives.

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### Specialist fund ratings

**AAA** The fund demonstrates the highest standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

**AA** The fund demonstrates very high standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

**A** The fund demonstrates high standards of quality based on its investment process and management's consistency of performance relative to its own objectives.

### All fund ratings

**Not Rated (NR)** Funds designated as Not Rated currently do not meet the requisite performance standards and/or the minimum qualitative criteria to achieve a fund rating.

**Under Review (UR)** Ratings are placed Under Review when significant management changes occur at the fund manager or fund management team level and Standard & Poor's Fund Services has not had the opportunity yet to evaluate their impact on the qualitative appraisal.

**(New)** Signifies where a major event has occurred for which there is no fund-specific track record available. This includes: funds recently launched, the implementation of a new investment process or mandate and may include structural changes within a fund team.

**Tenure Review (TR)** The fund manager/team involved in the management of the fund does not currently have the minimum 12 months relevant investment management experience required to be eligible to be considered for a rating.

**Long-term fund management rating** The fund has been rated in the A/AA/AAA fund rating band for five consecutive years or more, and continues to hold a rating.

### Bond fund volatility ratings

The bond fund volatility rating is our current opinion of a fund's sensitivity to changing market conditions. Volatility ratings evaluate the fund's sensitivity to interest rate movement, credit risk, investment diversification or concentration, liquidity, leverage and other factors. For V1-V4 categories, risk is considered relative to a portfolio composed of government securities and denominated in the base currency of the fund.

**V1** Bond funds that possess low sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within one to three years, and denominated in the base currency of the fund. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising the highest quality fixed income instruments with an average maturity of 12 months or less. Within this category, certain funds are designated with a plus sign (+), indicating extremely low sensitivity to changing market conditions.

**V2** Bond funds that possess low to moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within three to seven years, and denominated in the base currency of the fund.

**V3** Bond funds that possess moderate sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing within seven to 10 years, and denominated in the base currency of the fund.

**V4** Bond funds that possess moderate to high sensitivity to changing market conditions. These funds possess an aggregate level of risk that is less than or equal to that of a portfolio comprising government securities maturing beyond 10 years and denominated in the base currency of the fund.

**V5** Bond funds that possess high sensitivity to changing market conditions. These funds may be exposed to a variety of significant risks including high concentration risks, high leverage, and investments in complex structured and/or less liquid securities.

**V6** Bond funds that possess the highest sensitivity to changing market conditions. These funds include those with highly speculative investment strategies with multiple forms of significant risks, with little or no diversification benefits.

### Absolute return fund N ratings

The N rating is Standard & Poor's indication of a fund's potential capital stability in normal markets. It is a qualitative rating but is based on annualised weekly downside deviation. N1 is the most stable and N9 the least.