

1 JANUARY–29 MARCH 2019

RETURN AND KEY FIGURES							
Return (after management and performance fees) <sup>1)</sup>	Carve 1nl (SEK) <sup>1)</sup>	HFRI Fund of Funds (USD) <sup>2)</sup>	Credit Corp. Investment Grade US (USD) <sup>3)</sup>	Credit Corp. Investment Grade EU (EUR) <sup>4)</sup>	MSCI World NDTR Index (local currency) <sup>2)</sup>	JP Morgan Global Gov't Bond Index (local currency)	GSGT3M (SEK) <sup>5)</sup>
1 January–29 March 2019, %	-3.16	4.99	5.25	3.14	13.31	2.42	-0.12
Year to date (1 January–29 March 2019), %	-3.16	4.99	5.25	3.14	13.31	2.42	-0.12
Last 12 months, %	-8.47	0.49	4.95	2.33	6.73	3.27	-0.63
Since inception (9 November 2012–29 March 2019), %	15.34	24.06	21.62	22.05	104.22	17.84	-0.71
Average annual return since inception, %	2.26	3.44	3.11	3.17	11.84	2.60	-0.11
<b>Hard-to-Value Assets<sup>6)</sup></b>							
Gross market value/NAV <sup>7)</sup> , %	-						

RISK EXPOSURE <sup>8)14)</sup> PER COUNTRY (AT 29 MARCH 2019), %							
	Equity net exposure	Equity gross exposure	Bond and credit net exposure	Bond and credit gross exposure	Total net exposure	Total gross exposure	
USA	-0.16	40.56	12.56	37.71	12.40	78.27	
Sweden	13.59	15.80	34.71	34.71	48.30	50.52	
UK	-0.28	16.04	7.92	13.65	7.64	29.68	
Denmark	-3.49	3.49	-9.73	16.97	-13.22	20.46	
France	0.54	5.79	-9.57	9.57	-9.02	15.36	
Finland	-1.96	1.96	-12.14	12.14	-14.10	14.10	
Spain	2.32	7.92	3.94	3.94	6.26	11.86	
Germany	5.82	8.07	3.46	3.46	9.28	11.53	
Ireland	1.53	1.53	-9.44	9.44	-7.91	10.97	
Norway	0.00	0.00	5.82	5.82	5.82	5.82	
Greece	1.27	1.27	-4.54	4.54	-3.27	5.81	
China	-3.80	3.80	0.00	0.00	-3.80	3.80	
Netherlands	2.56	2.56	0.83	0.83	3.38	3.38	
Euroland	-0.36	2.96	0.00	0.00	-0.36	2.96	
Japan	-0.34	0.34	2.04	2.04	1.70	2.38	
Mexico	0.00	0.00	2.28	2.28	2.28	2.28	
Switzerland	0.90	0.90	0.00	0.00	0.90	0.90	
Italia	0.00	0.00	-0.51	0.51	-0.51	0.51	
Total	18.13	113.00	27.64	157.62	45.77	270.62	

MONTHLY RETURN (SINCE INCEPTION AFTER MANAGEMENT AND PERFORMANCE FEES), %														
Year	Return full year, %	NAV <sup>7)</sup> SEK m	% Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	0.46	3,241	-	-	-	-	-	-	-	-	-	-	0.43	0.03
2013	14.66	4,642	1.55	1.21	1.22	1.49	0.84	-0.24	2.60	-0.22	1.39	1.23	0.97	1.75
2014	11.23	5,165	-0.45	2.59	0.07	2.08	1.04	-0.10	1.02	0.67	-0.66	2.06	0.74	1.72
2015	5.18	6,991	-1.07	3.13	0.06	1.01	1.17	-1.63	1.29	-1.39	-3.36	2.70	2.19	1.17
2016	-5.87	6,521	-3.92	-2.32	0.96	2.72	0.76	-1.64	-0.52	0.94	-2.29	0.75	-2.82	1.55
2017	6.59	6,886	0.66	2.87	0.82	0.72	3.50	-1.00	0.54	-0.59	-0.26	1.17	-2.53	0.64
2018	-11.91	4,571	-1.59	-2.02	-3.34	1.69	-1.80	-0.58	0.90	1.02	-0.43	-1.09	-2.42	-2.81
2019/03/29	-3.16	3,247	0.21	-0.46	-2.91									

VALUE-AT-RISK, %				
Parametric VaR (18 months)	Latest	Mean	High	Low
Current portfolio <sup>9)</sup>	1.07	-	-	-
Last month	-	0.67	1.07	0.57
Since inception	-	0.53	1.13	0.04
<b>Historic VaR (18 months)</b>				
Current portfolio <sup>9)</sup>	1.04	-	-	-
Last month	-	0.80	1.04	0.75
Since inception	-	0.58	1.18	0.07

STRESS TESTS <sup>14)</sup> (AT 29 MARCH 2019), %	
Interest rates <sup>10)</sup> -20bp	0.42
Interest rates <sup>10)</sup> +20bp	-0.41
Credit Spreads <sup>11)</sup> -10%	1.15
Credit Spreads <sup>11)</sup> +10%	-1.10
Equity <sup>12)</sup> -10%	-1.64
Equity <sup>12)</sup> +10%	1.99
Volatility <sup>13)</sup> -10pp	-0.12
Volatility <sup>13)</sup> +10pp	0.13

\*These stress tests reflect an isolated move in each respective risk factor. Total impact of a combination of stress tests can be obtained by aggregating the corresponding stress test results.

1) Refers to unit-holder with investments in the fund since inception. 2) HFR, www.hedgefundresearch. © 2019 Hedge Fund Research, Inc and MSCI, www.msci.com ©2019 MSCI Inc. All rights reserved. 3) Total return Credit index, BOFA Merrill Lynch US Corporate. 4) Total return Credit index, BOFA Merrill Lynch Euro Corporate. 5) Based on quarterly data. 6) Securities for which no market pricing information is available, e.g. some unlisted/private equity, or model priced instruments for which no industry standard software models are available, e.g. complex, structured, one-off contracts. 7) Net Asset Value. 8) All ratios are expressed as a percentage of the Master fund's NAV. When calculating "equity and commodity exposure" and "bond and credit exposure", positions with the same issuer only contribute to the gross exposure with their net exposure. Equities / commodities contribute to exposure with their market values and derivatives with their delta adjusted market exposure. Bonds contribute with their market values and CDSs contribute with their nominal adjusted market values, i.e. nominal of the CDS +/- the market value of the CDS (long / short position), and derivatives with their delta adjusted exposures. For total exposure the exposures in the two categories are summed. 9) The VaR refers to the portfolio at the end of the month. 10) Net change in a scenario where all interest rates shifts +/-20 basis points. 11) Net change in a scenario where all credit default swap spreads shifts +/-10%. 12) Net change in a scenario where all equities and equities indices shifts +/-10%. 13) Net change in a scenario where all underlying volatilities in equity derivatives shifts +/-10 percentage points. For definitions of other terms see www.brunnerse. 14) Refers to the Master fund.

**IMPORTANT INFORMATION**

Carve 1 is a special fund as defined in the Swedish Act (2013:561) on managers of alternative investment funds.

This material should not be regarded as a recommendation to subscribe for units in the fund or as investment advice. An investor planning to invest in the fund should first read the key investor information document, subscription documentation and information memorandum, including the fund rules, carefully. These documents are available on the fund's website [www.brummer.se](http://www.brummer.se).

Investments in funds are subject to risk. Past performance is no guarantee of future returns. The value of the capital invested in the fund may increase or decrease and investors cannot be certain of recovering all of their invested capital.

Returns shown in this report are not adjusted for inflation.

The units have not been registered in the United States, Canada, Japan Australia or New Zealand or elsewhere and may not be offered or sold in these countries or in countries where such offer or sale would be contrary to local law or regulation. Foreign law may prohibit an investment to be made by investors outside of Sweden. The investment manager has no responsibility whatsoever for determining that an investment from a country outside Sweden is being made in accordance with the laws of such country.

**EXECUTIVE SUMMARY**

Strategy	Absolute return
Goal	Generate positive absolute returns in all markets
Targets	12–15 per cent average annual return
	Risk (standard deviation): 10–15 per cent
	Correlation: n/a
Management team	4 portfolio managers
Owner	Brummer & Partners (47%), Carve Intressenter AB (53%)
CIO	Per Josefsson

**ASSET MANAGEMENT CONCEPT**

The Fund is a special fund which means it can have a more flexible investment mandate.

The Fund's target is to be fully invested in the special master fund Carve Master. The Fund invests at least 90 per cent of the value of the Fund in the special master fund Carve Master. The Fund and the special master fund have an absolute return target, which means that the funds aim to earn a profit in the long term, regardless of market fluctuations.

Assets of the Fund may be invested in transferable securities, money market instruments, units in collective investment undertakings, as well as deposits with credit institutions.

The special master fund invests primarily in equities, equity-related financial instruments and corporate bonds. The primary geographic focus is the Nordics/Europe followed by the United States.

The asset management activities of the special master fund Carve Master is based on an active research process, where business intelligence is an important part. The special master fund's research resources are concentrated mainly to companies and industries where the portfolio managers have long experience and to areas and situations where the portfolio managers believe that interesting valuations have arisen.

**RISK MANAGEMENT**

The fund management company seeks to ensure that the fund's average risk level, as measured by the annual standard deviation over a rolling twelve-month period, is kept at around 10–15 per cent. The fund aims at exploring possibilities to raise risks in periods of stress. At these occasions risk might be higher than the above mentioned range.

The board of the fund management company sets limits for the risks that the portfolio managers are allowed to take in their asset management activities. Analysis and control of market risks, using for example different Value-at-Risk models (VaR) are important parts of the portfolio manager's work.

**TYPICAL PORTFOLIO STRUCTURE**

VaR, % NAV (1-day, 95 % confidence)	
Number of individual positions	50–60
Position size, % NAV	5–10 %
Gross exposure, % NAV	400 %
Net exposure, % NAV	+50 % / –20 %

**WHY INVEST IN CARVE?**

- Experience, successful hedge fund management since 1996
- Solid track record and proven ability to overcome drawdowns
- Large team with broad sector coverage
- Strong external and internal information network
- Solid administration setup through Brummer & Partners
- Invests across all asset classes

**PORTFOLIO MANAGERS**

*Per Josefsson* – After graduating from the Stockholm School of Economics, Per Josefsson joined Investment AB Skrinet and Consensus Fondkommision. At the end of 1986, Per Josefsson joined Alfred Berg Fondkommision as an institutional broker. He was appointed head of the institutional brokerage unit in Stockholm in 1990, and in addition head of Alfred Berg's management group in 1991. Two years later, he was appointed head of all the group's equity trading, with responsibility for units in Stockholm, Oslo, Copenhagen, Helsinki, London and New York. Per Josefsson left Alfred Berg in April 1995 to set up Brummer & Partners. During his time with Brummer & Partners, Per has been Managing Director in Zenit Asset Management AB and Chief Investment Officer for the Zenit fund since 2005. Per left the management of Zenit in February 2012 to set up Carve Capital AB.

*Bo Börtemark* – After graduating from the Institute of Technology at Linköping University, Bo Börtemark started working as a financial analyst at Delphi Economics in 1990. In 1996 he was appointed managing director of Delphi Investment Advisory Services. Two years later he left Delphi to join Nordiska Fondkommision as an equity analyst. In 1999 he was appointed head of research and in October 2000 he left Nordiska Fondkommision to start working at Zenit Asset Management AB. At Zenit Bo has worked as head of research, as a portfolio manager and as an analyst. In February 2012 Bo left Zenit to set up Carve Capital AB.

*Michael Falken* – In 1995, after completing his degree at the University of Colorado in Denver, Michael Falken was recruited by NatWest Markets in London as a credit analyst. In 1997 he moved to Chase Manhattan in London. In 1998 he left Chase Manhattan to work with Smith Management in New York and then at a Smith Management subsidiary, Orris Capital in London, as Senior Credit Analyst. In 2005 Michael Falken moved to Amaranth Advisors, where he was Director and Head of Credit Research. In 2006 he and two colleagues from Amaranth Advisors founded the Novator Credit Opportunities Fund in London. In 2009 Michael Falken moved back to Sweden, where he started working for Öhman Fonder as a fund manager and then as head of the fixed income team. From 1 November 2012 Michael Falken has been an employee of Carve Capital AB.

*Fredrik Juntti* – After completing an M.Sc. in financial economics from the Stockholm School of Economics in 1995 and a LL.M. from Stockholm University the same year, Fredrik Juntti started working at Morgan Stanley Investment Banking until 1999. Thereafter, Fredrik started working as investment director at AB Custos, which he later left in 2003 to become portfolio manager within European value and event driven investing at Citadel Investment Group in London. He stayed there until 2006 when he commenced a more entrepreneurial manner within hedge funds. Later in 2006, Fredrik co-founded Montrica Investment Management where he was partner and portfolio manager until 2012. After that, Fredrik was employed as Chief Investment Officer at Abberton Capital. As of Spring 2019, Fredrik works as portfolio manager at Carve Capital AB.

**PRODUCT STRUCTURE**

ISIN	SE0004871598
Management fee	0.5 % p.a.
Performance fee	20% over hurdle rate (high watermark)
Minimum investment	10 MSEK
Lock-up	3 year lock-in
Depositary	Citibank
Auditor	KPMG AB
Inception date	12 November 2012

**CARVE CAPITAL AB**

Address	Box 7030, SE-103 86 Stockholm, Sweden
Visiting address	Norrmalmsgata 14
Phone	+46 8 566 214 80
Website	<a href="http://www.brummer.se">www.brummer.se</a>
E-mail	<a href="mailto:info@brummer.se">info@brummer.se</a>
Contact	Client Desk

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLP ("S&P") and is licensed for use by B & P Fund Services AB. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

In this report we use HFR, [www.hedgefundresearch.com](http://www.hedgefundresearch.com) © 2019 Hedge Fund Research, Inc. and MSCI, [www.msci.com](http://www.msci.com) © 2019 MSCI Inc. All rights reserved. Neither MSCI, HFR nor any other party involved in or related to compiling, computing or creating the data makes any express or implied warranties or representations with respect to the data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data.