

Stockholm, August 21<sup>st</sup> 2020

## **Carve liquidates and returns investor capital**

Carve Capital AB has decided to liquidate the funds Carve 1, Carve 2 and Carve Master. Reasons behind the closure are disappointing returns in recent years, a declining asset base and uncertain future opportunities. Annualised return from start (November 2012) to 2017 was 6.1% for Carve 1 and 5.5% for Carve 2, but since then performance has been unsatisfactory.

In a letter sent to investors in the beginning of April, we wrote that we expected strong returns given the extreme situation in financial markets. But the portfolio has not recovered quickly enough. The main reasons are:

- Massive central bank interventions that have broken down the normal relationships between equity and credit while leading to a sharp stock market rally.
- With our market-neutral exposure in capital structure investments, we have not managed to capitalise on the market rally we have seen in recent months.
- Our strategy of being long value stocks and short highly-valued stocks has contributed to a weak result in recent years, not least this year.

“Although a difficult decision to make, the logic behind liquidating Carve is clear. With a declining asset base, a continued unfavorable and difficult-to-assess relationship between equities and corporate bonds, the management company believes that the conditions no longer exist to deliver the investment goals both in the short and long term in the firm’s current format”, comments Per Josefsson, Chairman of Carve Capital AB.

“I still see great potential, but to build on this potential more time is needed which we do not have in this setting”, says Michael Falken, Chief Investment Officer.

Carve Master's portfolio has been de-risked since the decision to close the funds was made and as of August 14<sup>th</sup> 2020 the portfolio consists essentially of cash assets.

Carve Capital AB has also decided not to charge management fees from August 14<sup>th</sup> 2020 and to keep the funds open for an extra redemption on August 31<sup>st</sup> 2020 with full and final payment as soon as possible, which is expected to take place no later than ten banking days after the redemption date.

**Redemption – action needed by unit holders**

The Funds may be handed over to the custodian after the end of August 2020 for liquidation in accordance with the law. During the liquidation by the custodian, the redemption of units and consequently redemption payments may not take place. The liquidation may take time. It is therefore important that unit holders place a redemption order no later than August 28<sup>th</sup> 2020.

Please fill in a redemption form which must be received by Citco no later than August 28<sup>th</sup> 2020 for redemption on August 31<sup>st</sup> 2020.

[Redemption form for Carve 1](#)

[Redemption form for Carve 2](#)

These forms can also be requested from Investor Relations. If you have already submitted a request for 100% redemption, all your remaining shares will be automatically redeemed as of August 31<sup>st</sup> 2020. If, on the other hand, you have an order of an amount other than 100%, you will need to place another order.

For questions about redemption, please contact Investor Relations by phone 08-566 214 80 or [info@brummer.se](mailto:info@brummer.se)

Finally, we at Carve Capital AB would like to warmly thank you for the trust you have shown us during these years.

Kind regards

Peter Thelin

*Managing Director, Carve Capital AB*

