

DEMINOR ACTIVE GOVERNANCE FUND

SEMI-ANNUAL REPORT 2009

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Deminor Active Governance Fund

Semi open-end mutual fund, established on 2 November 2006

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Key figures

	<u>30/06/2009</u>	<u>31/12/2008</u>
Net Asset Value EUR x 1.000		
Net Asset Value of the Fund	26,794	32,760
Total Units outstanding	394,329	494,869
in EUR		
Net Asset Value per unit	67.95	66.20
Dividend per unit	-	-
	<u>01/01/2009</u>	<u>01/01/2008</u>
	<u>30/06/2009</u>	<u>30/06/2008</u>
Profit and loss summary EUR x 1.000		
Income from investments	919	984
Capital gains/-losses	4	-8,548
Expenses	-293	-446
Total investment result	<u>630</u>	<u>-8,010</u>
Result per unit EUR *		
Total Units outstanding	394,329	599,216
Income from investments	2.33	1.64
Capital gains/-losses	0.01	-14.27
Expenses	-0.74	-0.74
Total investment result	<u>1.60</u>	<u>-13.37</u>

* The calculation of the result per unit is based on the number of the outstanding units as of the end of the period under review.

Profile

The Deminor Active Governance Fund ("The Fund") is a semi-open end mutual fund ("fonds voor gemene rekening") under the laws of the Netherlands. It is transparent for Dutch corporate income tax purposes. Investors can invest in the Fund directly, or indirectly, through the Feeder. The Feeder is a limited liability company ("naamloze vennootschap") under the laws of the Netherlands and is structured to meet the criteria of a fiscal investment institution ("fiscale beleggingsinstelling") within the meaning of section 28 of the said Dutch Corporate Tax. The Feeder is an investment institution with variable capital ("beleggingsmaatschappij met veranderlijk kapitaal").

The Fund does not have legal personality. It comprises a contractual arrangement governed by the placing documents among the Manager, the Depositary and each Unitholder. The Units are governed by the placing documents. Upon the first subscription of Units, a prospective investor agrees to be bound by the terms of the placing documents.

The Fund Assets are managed by the Manager and held in the name of the Depositary for the account (ten titel van beheer) of the Unitholders. Unitholders have no proprietary interest in respect of the Fund's Assets. Pursuant (and subject) to the Placing Documents, Unitholders are beneficially entitled to the Fund's Assets pro rata the number of their respective Units. According to the placing documents, a Unitholder can not be held liable (i) by third parties for any of the Fund's obligations, and (ii) by the Manager and the Depositary for any of the Fund's obligations for any amount in excess to the amount of its Subscription Amount. The Fund is established for an indefinite period of time and may only be dissolved and liquidated pursuant to a resolution to that effect by the Manager and the Depositary.

Fund Manager Report as per 30 June 2009

Introduction

We are pleased to present you herewith the semi-annual report of Deminor Investment Management regarding the activities of the Deminor Active Governance Fund (DAGF) for the financial half year ended on 30 June 2009. The present report relates to the DAGF Master Fund (hereinafter the Fund).[1]

At the end of June 2009, the investment portfolio represented 42.9% of the Fund Assets. This is mainly the result of the completion of the takeover on Cegedel and the corresponding conversion of the investment in Cegedel shares into cash (the takeover was a full cash offer). The investment in Cegedel represented a significant percentage of the NAV (more than 16% of our portfolio).

Total assets of the Fund amounted to €26.8 million at the end of June 2009 (compared to €32.8 million at the end of 2008).

Investment and operational review-Portfolio return

After a difficult start of the year with stock markets all over the world pursuing their descent, there was a rebound that started at the end of the first quarter. Most stock markets have been able to regain some losses suffered in 2008. Stock indices are however still far below their levels one year ago (negative performance of around 20-30% compared to June 2008).

There are some preliminary indications that the worst of the financial crisis could be behind us. The question remains how the broader economy will now evolve. Some analysts and (international) public authorities consider that we have hit the bottom of the recession but there are still uncertainties as to when the growth will be back and how strong and sustainable it will be.

The evolution on the stock markets have led the Fund to adapt its investment approach. While the Fund Manager had been more cautious during the second half of 2008 in order to protect the Fund's assets, which had led to a high level of cash and equivalents (more than 50% at the end of 2008), the first half of 2009 was characterized by a higher exposure to equity investments. The figures as of the end of June 2009 may not fully reflect this reorientation of the portfolio but this is mainly the result of the takeover of Cegedel. Since the end of June 2009, a significant portion of the cash available (including the cash received from the Cegedel takeover) has been reinvested in equity.

Because of those exceptional circumstances, the cash level was at 57.1% at the end of June 2009 (from 52.2% as of 31 December 2008).

The Fund's year-to-date return was positive and amounted to +2.6% for the first half of 2009. This is more or less in line with or even slightly better than other European stock indices. The following graph shows the evolution of the DAGF compared to the evolution of the DJ Eurostoxx index since the beginning of 2009.

[1] The Deminor Active Governance Fund is comprised of a Master Fund and a Feeder Fund. All investments in the Fund Assets are undertaken by the Master Fund. The Feeder Fund has as only objective to invest in Units of the Master Fund. The assets of the Feeder Fund therefore consist of an indirect investment in the Master Fund's assets.



The Fund's performance does not take into account any possible outcome of pending legal procedures that have been launched as part of the Fund's active engagement policy (see further below).

Active engagement during the first half of 2009

The Fund's investment philosophy consists in investing in undervalued companies with value improvement potential with the objective to unlock this value by implementing an active shareholder engagement strategy.

During the first half of 2009, the Fund was actively involved and engaged with several companies. Different kinds of engagement strategies were implemented in function of the specific circumstances of each company. In what follows, we give an overview of the most important public cases in which the Fund was involved.

- **Cegedel**

Soteg's takeover bid on Cegedel was completed during the second quarter of 2009. Soteg's takeover bid on Cegedel had been formally launched on 6 April following the approval of the offer document by the CSSF. The offer period was supposed to end on 30 April but this period was extended up until 15 May 2009. Soteg had the obligation to launch an offer as a result of its acquisition of the control of Cegedel through the contribution of 82.5% of Cegedel shares to Soteg by several former Cegedel shareholders (including the Luxembourg government, SNCI, Luxempart and Electrabel). Soteg offered €178.44 per Cegedel share. This was consistent with the value agreed in July 2008 between the parties to the merger between Cegedel, Soteg and Saar Ferngas. The price was later adjusted to take into account the payment of a €14.87 dividend. The offer price represented a premium of 20% towards the average of the valuations of Cegedel based on usual valuation methods (between €133.8 and €163.6). The offer price also included a significant premium towards the average stock price of Cegedel (3, 6 and 12 months preceding the announcement of the merger in July 2008).

Following the takeover, Soteg held 97.9% of the share capital of Cegedel. Soteg therefore decided to exercise its squeeze-out right in order to force the remaining shareholders to transfer their shares under the same terms and conditions, i.e. a price of €163.57 per Cegedel share. Soteg also requested a delisting of Cegedel from the Brussels and Luxembourg stock exchanges. The whole group resulting from the merger between Soteg, Cegedel and Saar Ferngas has been renamed "Enovos".

- **Electrabel**

In the procedure related to the squeeze-out of Electrabel shareholders, DAGF has decided to appeal the decision of the Court of Brussels before Belgium's highest court (*Cour de cassation / Hof van cassatie*). DAGF formally launched an appeal (*recours en cassation / cassatieberoep*) against the decision of the Court of Brussels in May 2009.

In its decision of 1 December 2008, the Court of Brussels had confirmed that, as a matter of principle, DAGF had the right to claim a fair price and to seek compensation – which was the first confirmation of such right by the Court of appeals – but the Court had added that DAGF should have also sued the Banking Commission. The purpose of the appeal is therefore to dispute this part of the Court's decision. This appeal had been preceded by an analysis on the merits of an appeal conducted by our lawyer. The conclusions of the lawyer were positive which prompted our decision to launch the appeal.

The procedure before the High Court is technical and based on legal arguments (no fact findings). The procedure is expected to take between 12 and 18 months. Belgium's High Court will not decide on the merits of the case (including damages to be awarded) but will rather examine whether the decision of the Court of Brussels does not violate Belgian law. If that is the case, as argued by DAGF, the High Court will overrule the decision of the Court of Brussels. This will give us the opportunity to go back to the Court of Brussels in order to claim damages.

DAGF and the other plaintiffs claim damages based on the fact that the price paid in July 2007 was not a fair price (Suez paid €590 per Electrabel share while we consider that we should have received an additional €200, i.e. €790 per share). The potential gain for DAGF in case of a positive outcome of this legal procedure would contribute positively to the NAV as this potential gain is not valued in the current NAV of DAGF.

In the meantime, discussions are still ongoing concerning a possible extension of the lifetime of Belgium's nuclear power plants. A group of experts has been asked to give its opinion on the future of the Belgian electricity market. The analysis is still pending although a preliminary report has already been communicated to the minister. The outcome of this analysis will certainly have implications on the discussions relating to nuclear energy and the extension of the nuclear power plants.

- **Ciments Français**

On 16 February 2009, the boards of Italcementi and Ciments Français announced that they had decided to propose to their respective shareholders to merge both companies (Italcementi would absorb Ciments Français). Since Italcementi owns more than 80% of the shares, it was able to impose this merger to the minority shareholders of Ciments Français.

Following this announcement, DAGF actively engaged with the board of Ciments Français, and especially the independent directors, with the experts appointed by the Court in order to control the fairness of the merger terms and with the French market regulator (AMF). The Fund raised several issues and disputed the choice of a merger between two companies with one of those companies (Italcementi) controlling the other (Ciments Français). In the Fund's opinion, Italcementi had to offer a fair exit to minority shareholders. DAGF had transmitted an extensive and documented analysis to the AMF in order to support its request for a fair treatment of Ciments Français' minority shareholders.

In April 2009, DAGF actively participated in the annual general meeting of Ciments Français in order to voice once more its concerns. On this occasion the Fund also enjoyed media attention.

The constructive and professional attitude of DAGF, the pressure to obtain guarantees of a fair treatment and the arguments communicated to all parties involved produced interesting results. On 5 May 2009, the Board of Ciments Français approved an exceptional distribution of a dividend of €4 for each Ciments Français share conditional on the closing of the merger. Several shareholders of Ciments Français expressed their satisfaction and acknowledged the work accomplished by DAGF.

In its decision published on 15 May 2009, the AMF confirmed that the merger did not require a prior buy out of minority shareholders (*offre publique de retrait*). The decision of the AMF was based on elements including the opinion of the court-appointed experts who had confirmed the fairness of the proposed merger ratio after recognition of the exceptional dividend of €4 proposed by the board of directors. The opinion of the experts was more than probably influenced by the exceptional dividend. Unfortunately, Ciments Français announced at the end of June 2009 that it would not be possible to complete the merger (and distribute the €4 dividend) since some foreign bondholders of Ciments Français were opposing the merger. Because of this legal threat and the resulting uncertainty, Ciments Français and Italcementi decided to abandon their proposed merger.

- **RTL Group**

On 9 January 2009, the Government of Luxembourg filed a bill of law in order to introduce the squeeze out and the sell out in Luxembourg law. This corresponds to what the Fund had been requesting as soon as it had become clear that a new law was necessary to remove the legal uncertainty around the RTL Group case. While the decision to launch a takeover still lies with Bertelsmann, a new legislation could improve the position of RTL shareholders. This depends also on the legislation itself and how it will be drafted and implemented. The Fund has already contacted members of the Luxembourg Parliament in order to inform them that the text of the draft legislation could still be improved in order to take into account the interests of minority shareholders.

The Fund also participated in the annual general meeting of RTL Group in April 2009 where it met with the parties involved in this case. The Fund will now increase contacts with members of the Luxembourg Parliament. In the meantime, the Advocate General of the European Court of Justice has communicated its conclusions in the case launched by a group of RTL shareholders who want to force Bertelsmann to acquire their shares at the same conditions as those offered to GBL in 2001. DAGF is not involved in this procedure. The Advocate General has come to the conclusion that there is no general principle of European law which imposes an equal treatment of shareholders as argued by the plaintiffs and which would provide them with the right to sell their shares at the same conditions in case of a change of control. The Court of Justice will now have to render its decision.

- **Active engagement involving other companies**

The Fund Manager also engaged with other companies included in its portfolio in order to raise several issues related to their strategy, communication, cash management and corporate governance.

DAGF actively participated in the annual general meeting of Bolloré. DAGF decided not to approve certain resolutions on the agenda, including the appointment of two of Mr. Vincent Bolloré's children as directors, the approval of regulated agreements and the proposal to introduce double voting rights in certain circumstances. Further to the general meeting, DAGF sent a letter to the company in order to explain the motivations behind its votes. DAGF also proposed to engage in a constructive dialogue with the company in order to help the group identify areas where its governance practices and structures could be improved.

The Fund Manager also participated in the AGMs and EGMs of other companies in which the Fund invested, either by being present or represented at the meetings or by exercising the voting rights through other means (including voting by mail).

Discussions that were initiated with several other companies were still ongoing at the end of June 2009. Those companies usually see the Fund Manager as a valuable partner for a constructive dialogue. In many cases, the discussions have already produced some positive results without DAGF having had to make its intervention public. Where those discussions do not lead to any improvement or no longer represent the most efficient way to achieve the Fund's objectives, the Fund Manager had to consider taking more resolute actions as illustrated by the cases described above.

Financial performance and cash position as of 30 June 2009

The decrease of the Fund capital during the first half of 2009 (€5,966,604) was due to net repurchases of units.

Realized losses on investments during the first half of the year amounted to €3,949,997 but were fully offset by unrealized gains of € 3,954,341 as of 30 June 2009. The Fund received net dividends for an amount of €824,077 and interest income for an amount of €67,742.

Total expenses amounted to €293,425 (compared to €446,061 during the first half of 2008), of which the major part consists of the Fund Manager's fees for an amount of €222,384 (€392,731 during the first half of 2008). These fees were calculated by Fastnet, our independent Fund Administrator, in accordance with the Offering Memorandum. Other expenses consist of depositary fees, interest expenses, administration fees, fees paid to auditors and other advisors, publicity expenses, commissions and bank charges and depreciation of intangibles.

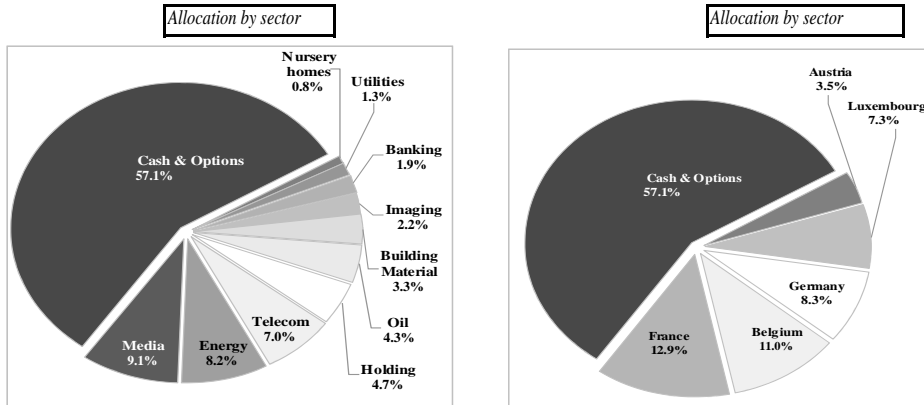
Net gain for the first half of the year amounted to €629,650 compared to a net loss of €8,010,014 during the first half of 2008. Shareholders' equity amounted to €26,793,572 which corresponds to a NAV per Unit of the Fund of €67.95.

At the end of the first half of 2009, the total cash position amounted to €15.2 million. The Fund had no financial debt outstanding as of 30 June 2009.

Composition of the investment portfolio and evolution of NAV

The Fund Assets are invested in European equity instruments spread over various sectors (see left hand graph below) and various countries (see right hand graph below).

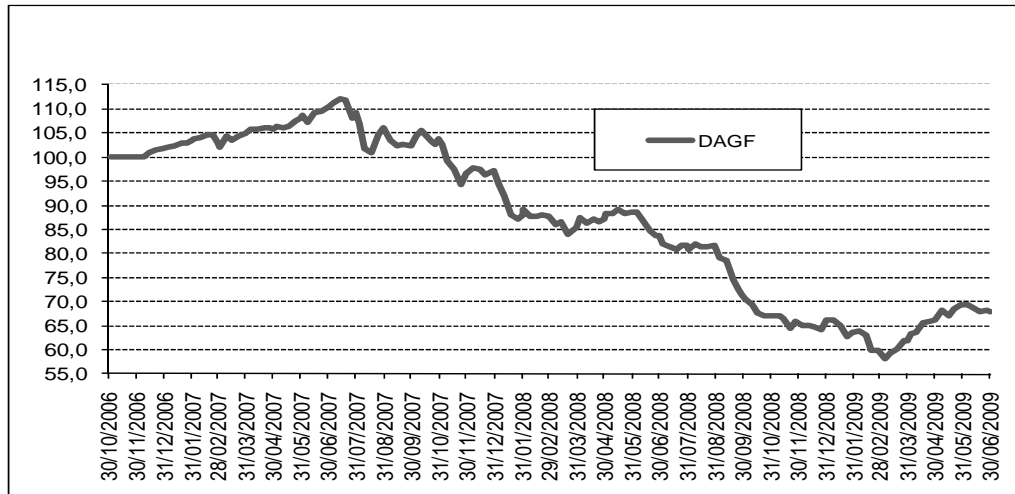
Current DAGF Allocation - as of 30 June 2009



The Net Asset Value (NAV) per Unit amounted to €67.95 at the end of June 2009.

The graph below shows the evolution of the NAV per Unit of the Fund (in euros) since inception.

Performance since inception



Risk review

The Fund's risks are subject to a regular review by the Portfolio Managers and the Risk & Compliance Officer, who reports to the Board of Directors. The Risk & Compliance Officer monitors compliance with the investment restrictions such as set forth in the Offering Memorandum.

The various risks to which the Fund is subject are described in more detail in the Offering Memorandum.

The main risks to which the Fund was subject during the first half of 2009 were essentially the risks resulting from the evolution of and the higher volatility on financial markets (though to a lesser extent than during the second half of 2008) and the persisting uncertainty regarding the evolution of the economy in the medium and long term.

The Fund Manager accepts market risk as a result of its investment strategy. It may protect the Fund against market risk, currency or sector risk at any given time on the basis of its own assessment of the portfolio's risk profile. The Fund Manager attempts to protect the Fund against specific company risk by investing in companies which present sound business fundamentals.

A well-balanced diversification of its portfolio, as illustrated by the sector and country allocation of the Fund's investments (see graphs above), also contributes to risk mitigation.

The Beta of the invested part of the portfolio at the end of June 2009 amounted to 0.66 (0.54 at the end of December 2008). The distribution of the Betas can be presented as follows:

Equity Beta	100,0%
0.0 - 0.3	2,9%
0.3 - 0.6	35,9%
0.6 - 0.8	21,0%
0.8 - 1.0	22,4%
1.0 - 1.4	12,9%

The table below summarizes the Betas of the portfolio at the end of each quarter during 2009.

	Beta
31 March 2009	0.58
30 June 2009	0.66

The VAR analysis of the portfolio can be presented as follows (5 % interval):

VaRs	2 Days	5 Days	7 Days	10 Days
% of total value	1,78%	2,81%	3,33%	3,98%

The theoretical weighted average unwinding period of the invested part of the portfolio was 4.19 days at the end of June 2009 (3.95 days at the end of December 2008).

Important events occurred after the end of the reporting period

On 2 August 2009, Robert Bosch GmbH announced that it would launch a takeover on all Aleo Solar shares following an agreement with the company's key shareholders to acquire their interests in the company (39.43 percent of the share capital) for EUR 9.00 per share. Bosch will make a voluntary public takeover offer for the company's shares at the same price in that connection. The takeover is subject to Bosch acquiring at least 75% of the share capital and obtaining the approval by antitrust authorities. Bosch also entered into an agreement with shareholders of Johanna Solar Technology GmbH (in which Aleo Solar has a stake) regarding the acquisition of the majority of their stakes, subject to certain conditions precedent.

Expectations for the future and investment objective

The outlook for the second half of 2009 seems to be more positive considering the recent evolutions on the markets and the multiplication of reassuring and rather optimistic (or less pessimistic) comments on the state of the economy and its expected evolution. This does not mean however that no further declines are to be anticipated on the stock markets. There is still some uncertainty in the medium to long term. Companies' results for the third quarter (and particularly their sales figures and forecasts) will certainly have an influence on investors' sentiment.

The Fund will keep screening the market for additional investment opportunities that offer interesting perspectives in terms of value creation. The Fund will also further implement its active engagement strategies that were initiated so far.

The Fund Manager's objective is to achieve long term capital appreciation. Given the specific investment strategy of the Fund such as set forth in the Offering Memorandum, the Fund's returns may substantially deviate from market returns.

The Fund Manager has as objective to increase the Fund's assets in the future.

Amsterdam, 28 August 2009

The Fund Manager
Deminor Investment Management B.V.

Investment Policy

The investment objective of the Fund is to achieve capital growth by investing primarily in listed companies within Europe that are fundamentally sound, but whose shares or other financial instruments trade at discount towards peers or estimated intrinsic values and where shareholder engagement or other external factors can lead to improved performance and creation of value for the shareholders, independent of overall market trends.

The Fund aims at producing long-term positive returns over multiple market cycles through a combination of traditional value analysis, governance assessment and active engagement.

The Fund will pursue an active voting policy as part of its active engagement programs.

When fully invested, the Fund will typically have 10 to 15 core investments in target companies that it envisages to actively engage. The Fund will initially focus on Listed Companies in Europe with market capitalisations between EUR 1,5 billion and 15 billion.

The number of core investments or their respective market capitalisation may increase as the Fund's assets under management grow over time. In addition, outside the group of core investments, the Fund may take positions in listed companies where external factors can lead to improved performance and value creation. Positions will typically be held between 6 and 36 months, with a clearly defined exit once the previously defined value creation target is realized or regarded no longer possible, though it may be a much shorter or longer period depending on particular circumstances. Holdings may represent a substantial part of the total share capital of the target companies. The Manager may take advantage of short term market price movements to increase or decrease the Fund's positions.

The Fund may use derivatives (primarily listed options and futures), or other techniques (short selling) to hedge market, sector and currency risk.

The Manager will act as the manager (beheerder) of the Fund, subject to the terms of the placing documents. The Manager will act in the interest of the Unitholders. The Manager is governed by its Board of Directors. Certain members of the Board of Directors have been designated to act as the Fund's portfolio managers. The Board of Directors comprises one person who will be the Fund's risk & compliance officer. Investment decisions will be made by the Board of Directors on the basis of proposals submitted to it by the portfolio managers. The Board of Directors may instigate one or more committees, including an investment committee. If instituted, the investment committee shall inter alia approve or disapprove proposed investments of the Fund and monitor the compliance by the Fund with the placing documents, in particular the compliance with the Fund's investment strategy and restrictions. Absent an investment committee, the Board of Directors will perform the tasks and duties of the investment committee.

The Fund Manager

Deminor Investment Management B.V.

Financial Report

Deminor Active Governance Fund

Balance sheet

(before profit appropriation)

	Note	30/06/2009 EUR	31/12/2008 EUR
Investments			
Shares	(4.1)	10,717,898	14,916,307
Convertible Private Bonds	(4.2)	760,281	10,631,177
Options	(4.3)	82,600	115,650
Forward contracts	(4.4)	-	16,219
		11,560,779	25,679,353
Receivables			
Other receivables and prepaid expenses	(5.1)	981,674	85,234
Dividends	(5.1)	7,875	-
		989,549	85,234
Other assets			
Cash at banks	(6.1)	15,202,272	7,090,456
Intangible assets	(6.2)	46,639	56,577
Cash and cash equivalents		15,248,911	7,147,033
Current liabilities (due within one year)			
Due to security transactions	(7.1)	864,148	-
Other liabilities	(7.2)	141,519	151,444
		1,005,667	151,444
Total of receivables and other assets less current liabilities		15,232,793	7,080,823
Total assets less current liabilities		26,793,572	32,760,176
Fund capital			
Issued capital	(8.1)	46,561,300	53,157,554
Legal reserve	(8.2)	46,639	56,577
General reserve	(8.3)	-20,444,017	-2,583,927
Undistributed earnings	(8.4)	629,650	-17,870,028
		26,793,572	32,760,176
Net Asset Value per Unit		67.95	66.20

Profit and loss account

	Note	30/06/2009 EUR	30/06/2008 EUR
Income from investments			
Dividends	(9.1)	824,077	700,552
Interest income	(9.2)	67,742	250,812
Distribution fees	(9.3)	26,912	32,505
		918,731	983,869
Results on investments			
Realized gains/-losses on Shares		-2,820,431	-7,283,595
Realized gains/-losses on Options		-1,120,020	332,823
Realized gains/-losses on Forward contracts		5,639	-
Realized gains/-losses on Futures		-21,000	-
Realized gains/-losses on Bank accounts		5,815	-
		-3,949,997	-6,950,772
Unrealized gains/-losses on Shares		3,693,114	-1,487,947
Unrealized gains/-losses on Convertible Bonds		-152,754	-241,898
Unrealized gains/-losses on Options		430,200	132,795
Unrealized gains/-losses Forward contracts		-16,219	-
		3,954,341	-1,597,050
Total income		923,075	-7,563,953
Expenses			
Investment management fees	(10.1)	222,384	392,731
Depositary fee	(10.2)	2,943	2,959
Depreciation of intangible assets	(6.2)	9,938	9,966
Interest expenses		298	1,460
Other expenses	(10.3)	57,862	38,945
Total expenses		293,425	446,061
Result of operation		629,650	-8,010,014

Cash flow statement

	30/06/2009	30/06/2008
	EUR	EUR
Cash flow from investment activities		
Income from investments	918,731	983,869
Expenses	-293,425	-446,061
Depreciation of intangible assets	9,938	9,966
	<hr/>	<hr/>
Investment result	635,244	547,774
Purchases	-10,936,125	-43,024,608
Sales	25,068,590	51,296,882
	<hr/>	<hr/>
	14,132,465	8,272,274
Realized gains/-losses on Forward contracts	5,639	
Realized gains/-losses on Futures	-21,000	
Realized gains/-losses on Bank accounts	5,815	
	<hr/>	<hr/>
	-9,546	-
Change in receivables	-904,316	-1,337,135
Change in current liabilities	854,223	2,385,678
	<hr/>	<hr/>
	-50,093	1,048,543
<i>Cash flow from investment activities</i>	14,708,070	9,868,591
Cash flow from financing activities		
Received on shares issued	33,100	832,472
Paid on repurchased shares	-6,629,354	-1,640,914
	<hr/>	<hr/>
<i>Cash flow from financing activities</i>	-6,596,254	-808,442
Change in cash	8,111,816	9,060,149
Cash in bank 1 January	7,090,456	11,118,117
	<hr/>	<hr/>
Cash on 30 June	15,202,272	20,178,266

Notes to the financial statements

General information

The Deminor Active Governance Fund has been incorporated on 2 November 2006 and has its corporate seat in Amsterdam, the Netherlands.

Investors can invest in the Deminor Active Governance Fund or indirectly, through the Feeder.

1 Principles of valuation of assets and liabilities

Financial statements have been drawn up in accordance with Dutch GAAP (Titel 9 Boek 2 BW and the Act on Financial Supervision).

General

Unless stated otherwise, assets and liabilities have been accounted at face value.

Investments and financial instruments

Investments are valued based on the following most important principles:

- listed securities with a regular marketability are valued at most recent stock market prices;
- any security which is neither listed nor quoted on any securities exchange or similar electronic system or if, being so listed or quoted, is not regularly traded thereon or in respect of which no regular prices are available, will be valued at its probable realisation value as determined by the Fund Manager in good faith having regard to its cost price, the price at which any recent transaction in the security may have been effected, the size of the holding having regard to the total amount of such security in issue and such other factors as the Fund Manager in its sole discretion deems relevant in considering a positive or negative adjustment to the valuation;
- Cash and deposits are valued at nominal value plus accrued interest;
- Investments, other than securities, which are not dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued on the basis of the latest available valuation provided by the relevant counterparty.

Any value other than Euros will be converted into Euros at the exchange rate which the Administrator in its absolute discretion deems applicable as at close of business on the relevant business day.

Expenses related to the purchase of investments are included in the cost of investments. These expenses are activated into the capital gains/losses due to the valuation at fair value. Sales charges, if any, are deducted from gross proceeds and will be expressed in the profit and loss account.

The Fund Manager and Depositary may, at their discretion, permit any other method of valuation to be used if they consider that such method of valuation better reflects the value and is in accordance with good accounting practice.

Intangible fixed assets

The foundation and introduction expenses are capitalized at the start of the Fund and are subsequently depreciated on a straight-line basis in 5 years.

Valuation foreign currency

Assets and liabilities in foreign currencies are translated into Euros at the exchange rate at the balance sheet date. Income and expenses in foreign currencies are translated at the exchange rate as per the transaction date. All exchange differences are taken to the profit and loss account.

Other assets and liabilities

Other assets and liabilities are stated at nominal value. If required, provisions have been taken for questionable receivables.

Principles of result determination

General

Income and expenditure are allocated to the financial year to which they relate.

Distributions fees

Distributions fees recognized in the income statement comprise subscription and redemption fees and are allocated to the year to which they relate.

Dividends

Dividend income is recorded on the ex-dividend date.

Interest income

Interest income and interest expenses are recognised in the income statement on an accrual basis using the original effective interest rate of the instrument and in line with the contractual terms. Interest is accrued on a daily basis.

Tax position

The Fund qualifies as a tax transparent mutual fund ('besloten fonds voor gemene rekening') for Dutch corporate tax purposes. Consequently, the Fund is not subject to Dutch corporate income tax. For Dutch tax purposes, the assets, liabilities, income, expenses and capital gains of the Fund are deemed to be assets, liabilities, income, expenses and capital gains of the Investors in the Fund pro rata to their interest in the Fund.

2 Risk factors

General

An investment in the Fund carries a substantial degree of risk. The value of the Fund's underlying investments is subject to market fluctuations on the financial markets and risks that are inherent to investments.

There is no assurance or guarantee that the Fund's investment policy will be successful or that the Fund will achieve its investment objectives. The Net Asset Value of Units may increase or decrease over time.

Unitholders should be aware that the return (if any) on their investment in the Fund is dependent on the value of the Fund's underlying investments. If the value of the underlying investments decreases, the return on a Unitholder's investment will also decrease. There is no assurance or guarantee that the Fund shall at all times be able to repay to a Unitholder any Redemption Amount.

Without prejudice to the foregoing, the value of the Fund's underlying investments may be affected inter alia if any of the risks identified below materialises, and, as a result, the Net Asset Value of a Unit may decrease.

Market risks

The value of the Fund's underlying investments is subject to market fluctuations on the financial markets.

The prices of securities may decrease globally, or on the stock markets in Europe. The Fund may however hedge market and other risks at the discretion of the Portfolio Managers and in accordance with the approved hedging and risk policies.

Concentration risks

The prices of securities of an investee company or group of investee companies within the same sector may decrease due to circumstances that affect that particular investee company or sector. As a result, the Fund may sustain significant losses if it holds a large position in a particular investee company or group of investee companies within the same sector. In addition, it may not at all time be possible to timely sell or otherwise liquidate large positions of securities or other investments.

The Fund will generally seek to spread its investments among various sectors. However, the Fund will not decline investment opportunities for the reason that they lead to an overexposure to a specific sector.

The Fund investments will also depend on the existence of investment opportunities corresponding to the Fund's specific investment policy and objective. These opportunities may therefore have an influence on the number of investments made, which may be less than 10 at certain times, and on the diversity of the investment portfolio. Derivatives or short selling techniques may be used to hedge portfolio risks.

There can be no insurance or guarantee that an optimal use of derivatives or short selling techniques will, or can, at all times be made.

Currency exposure

The value of the Fund's underlying investments may be affected by fluctuations in currency rates. The currency exchange rate of the Euro may increase in relation to the currency in which the Fund's underlying investments are denominated. Derivatives may be used to hedge currency exposure. There can be no assurance or guarantee that an optimal use of derivatives will, or can, at all times be made.

Lack of Liquidity

It may not at all time be possible to timely sell or otherwise liquidate securities or other investments for the prices quoted on the relevant stock market or for their expected value due to a lack of liquidity of those securities or investments on such markets. The Fund may invest in stocks with a limited liquidity.

Redemptions risks

Redemptions may cause the Fund to dispose of investments in order to satisfy the aggregate Redemption Amounts payable in respect thereof under less favourable conditions than the Fund would have otherwise enjoyed upon a disposal of such investments.

Counterparty, settlement risks and custody risks

An issuing institution, or counterparty to a derivative, may fail to comply with one or more of its obligations vis-a-vis the Fund and losses may be sustained by the Fund as a result thereof.

Settlement through a clearing system may not take place as expected due to a failure by the Funds counterparty to deliver the relevant securities or payment in respect thereof and losses may be sustained by the Fund as a result thereof.

Losses may be sustained by the Fund as a result of negligence, fraudulent behaviour and/or the liquidation, bankruptcy or insolvency, of the Depositary, the Custodian Bank and any sub-custodian banks engaged by the Custodian Bank.

Inflation

Due to inflation, the relative value of Units may decrease. The Fund will not specifically hedge inflation risk or take other measures to mitigate this specific risk.

Securities borrowing

Securities borrowing transactions may result in borrowed securities having to be returned to the lender on a date earlier than expected in which case such securities may need to be purchased in the market against prices which are higher than anticipated. Any re-call of securities by the lender may cause the Fund not being able to purchase securities in the market for redelivery in which case the Fund may incur fines or penalties, or, alternatively, it may have to pay significantly higher prices to buy back the securities.

Change in legislation

The tax and regulatory environment for investment funds is evolving and changes therein may adversely affect the Fund's ability to pursue its investment strategies. The regulatory and/or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

Active engagement programs may also require the Fund to comply with specific legal or regulatory provisions the breach of which may result in fines or other sanctions. The Manager will use its best efforts to have the Fund comply with such provisions. Changes in legislation may limit the Fund's ability to effectively conduct active engagement campaigns in the future.

The Feeder will opt for the status of a fiscal investment institution ("fiscale beleggingsinstelling"), pursuant to which it will be subject to a zero per cent rate of corporate income tax. If the Feeder will not comply with one of the conditions for the fiscal investment institution regime, it may lose its status and become subject to Dutch corporate income tax on its profits.

Uncertain outcome of active engagements - Litigation

The outcome of active engagements on behalf of the Fund is dependent on various factors and is difficult to predict. In some circumstances, active engagement programs may even lead to litigation, as it is the case for the Fund's investments in Arcelor and Electrabel. The outcome of litigation is typically subject to various factors outside the Fund Manager's control. It may have an adverse impact on the Fund's investments.

Lack of track record

The Manager has no track record in managing investment portfolios. The Manager is a subsidiary of Deminor International, which has extensive experience and a reputable track record in the field of corporate governance and the defence of shareholder rights. Deminor International will put its expertise available to the Manager pursuant to a service agreement. However, Deminor International's experience is no guarantee for achieving the Fund's investment objectives. The investment performance of the Fund is substantially dependent on the services of key individuals who are responsible for managing the investments of the Fund. These key individuals are connected with the Manager. In the event of death, disability, departure, insolvency or withdrawal of any of these key individuals, the performance of the Fund may be adversely affected.

Short selling

The Fund may use short selling techniques. As there is no limited downside to such transactions, the Fund may incur significant losses before short positions can be closed out. The Fund's vulnerability to potential losses incurred in short selling may be enlarged due to the illiquidity of the involved securities.

Losses on short selling may exceed the Net Asset Value of the Fund causing Unitholders to lose out on their entire investment in the Fund.

Notes to the balance sheet

	30/06/2009	31/12/2008
	EUR	EUR
4 Investments		
<i>4.1 Statement of changes in securities</i>		
Balance at 1 January	14,916,307	46,193,457
Purchases	8,948,436	52,352,261
Sales	-14,019,530	-67,837,765
Realized gains/-losses on investments	-2,820,431	-10,425,744
Unrealized gains/-losses on investments	3,693,116	-5,365,902
	<hr/>	<hr/>
Balance at 30 June	10,717,898	14,916,307
	<hr/>	<hr/>
Historical cost	14,459,798	22,351,323
<i>4.2 Statement of changes in convertible bonds</i>		
Balance at 1 January	10,631,177	1,202,760
Purchases	205,859	13,094,191
Sales	-9,924,290	-2,446,890
Realized gains/-losses on investments	290	-253,110
Unrealized gains/-losses on investments	-152,755	-965,774
	<hr/>	<hr/>
Balance at 30 June	760,281	10,631,177
	<hr/>	<hr/>
Historical cost	1,876,049	9,924,000
<i>4.3 Statement of changes in options</i>		
Balance at 1 January	115,650	9,460
Purchases	1,781,830	7,718,466
Sales	-1,124,770	-7,667,480
Realized gains/-losses on investments	-1,120,310	427,994
Unrealized gains/-losses on investments	430,200	-372,790
	<hr/>	<hr/>
Balance at 30 June	82,600	115,650
	<hr/>	<hr/>
Historical cost	167,950	631,200
<i>4.4 Forward contracts</i>		
	<hr/>	<hr/>
	-	16,219
	<hr/>	<hr/>
Balance at 30 June	-	16,219
	<hr/>	<hr/>

	30/06/2009	31/12/2008
	EUR	EUR
5 Receivables		
<i>5.1 Other assets and prepaid expenses</i>		
Other receivables and prepaid expenses	981,674	85,234
Dividends	7,875	-
Balance at 30 June	989,549	85,234

Other receivables and prepaid expenses comprise the interest receivable on convertible bonds and other receivables.

6 Other assets

6.1 Cash at banks

These include bank balances at free disposal of the Fund.

6.2 Intangible assets

Balance at 1 January	56,577	76,618
Depreciation intangible assets	-9,938	-20,041
Balance at 30 June	46,639	56,577

The foundation and introduction expenses capitalized at the start of the Fund are depreciated in over years.

7 Current liabilities (due within one year)

7.1 Liabilities due to security transactions

This includes payables from unsettled security transactions as per balance sheet date and subscriptions due to participants.

7.2 Other liabilities

Accrued performance fee	-	-
Accrued expenses	141,519	151,444
Balance at 30 June	141,519	151,444

8 Fund capital

units

8.1 Issued capital

Balance at 1 January	494,869	53,157,554	60,846,844
Issued	500	33,100	904,138
Repurchased	-101,040	-6,629,354	-8,593,428
Balance at 30 June	394,329	46,561,300	53,157,554

Redemption charge

Unitholders wishing to redeem one or more Units shall or be required to pay a Redemption Charge, save in the event that the Units proposed to be redeemed were acquired within a period of two years prior to the date of Redemption. The Redemption Charge shall accrue to the Fund.

The Redemption Charge (if any) payable subject to the terms of the Placing Documents equals:

- 5% of the relevant Redemption Amount during the first year.
- 4% of the relevant Redemption Amount during the first quarter of the second year.
- 3% of the relevant Redemption Amount during the second quarter of the second year.
- 2% of the relevant Redemption Amount during the third quarter of the second year.
- 1% of the relevant Redemption Amount during the fourth quarter of the second year.

Subscription

Units may be issued at the request of a Unitholder at their respective Net Asset Value. Subject to the terms of the placing document, units are issuable on the first business day of each calendar quarter (January, April, July and October), provided no suspension event shall have occurred or is continuing. The manager is authorised to fix additional dates for subscription of units.

Units will be issued against payment of the subscription amount. The number of units to be issued will be calculated by dividing the subscription amount by the Net asset Value per unit as per the business day immediately prior to the relevant date fixed for subscription. Fractions of units may be issued up to four decimal positions.

The minimum subscription amount payable by prospective investors wishing to invest in the Fund amounts to EUR 250,000. The manager may accept investments in the Fund for any lesser amount, provided no investor be permitted to invest in the Fund for an amount that falls below EUR 50,000. Unitholders can make further applications for units in one or more multiples of EUR 25,000.

	30/06/2009	31/12/2008
	EUR	EUR
<i>8.2 Legal reserve</i>		
Balance at 1 January	56,577	76,618
Release	-9,938	-20,041
Balance at 30 June	46,639	56,577
The legal reserve relates to the capitalized foundation and introduction expenses.		
<i>8.3 General reserve</i>		
Balance at 1 January	-2,583,927	645,828
Transferred from Legal reserve	9,938	20,041
Transferred from undistributed result	-17,870,028	-3,249,796
Balance at 30 June	-20,444,017	-2,583,927
<i>8.4 Undistributed result</i>		
Balance at 1 January	-17,870,028	-3,249,796
Transferred to General reserve	17,870,028	3,249,796
Result of the year	629,650	-17,870,028
Balance at 30 June	629,650	-17,870,028

Notes to the Profit and Loss account

9 Income from investments

9.1 Dividends

This refers to net cash dividend.

9.2 Interest income

This includes the interest income in respect of the liquid assets held in the context of the investment activities.

9.3 Distribution fees

This includes the subscription and redemptions fees.

	01/01/2009	01/01/2008
	30/06/2009	30/06/2008
	EUR	EUR
10 Expenses		
<i>10.1 Investment management fees</i>		
Performance fee	-	-
Management fee	195,161	377,416
Other investment management fee	27,223	15,315
	222,384	392,731

• *Performance fee*

The Performance Fee due to the Manager equals 20% of the increase in Net Asset Value of the Fund compared to the highest Net Asset Value of the Fund at the end of any calendar quarter in the preceding two years, adjusted for Subscriptions and Redemptions and distributions to Unitholders and after deduction of all cost and expenses (including the Management Fee) above a fixed hurdle rate of one quarter of the Euribor 3 months rate plus 50 bps. The relevant Euribor 3 months rate is the rate on the first Business Day of each calendar-quarter. The Performance Fee shall be calculated on a “high water mark” basis.

• *Management fee*

The Management Fee due to the Manager equals 0.375% of the Net Asset Value of the Fund (after deduction of the Performance Fee of the previous quarter) per quarter and is payable at the beginning of each quarter. Other investment fees are fees directly related to the management of investments, like custody fee, transaction cost, expenses for lending securities.

10.2 Depositary fee

The Depositary Charge of the Depositary equals EUR 5,000 (exclusive of VAT). The Depositary Charge shall be borne by the Fund.

10.3 Other expenses

Administration fee	18,915	23,669
Auditor and fiscal advisor fee	8,876	8,901
Publicity expenses	-	116
Commissions and bank charges	9,410	6,259
Lawyers and notary fees	20,661	-
	57,862	38,945

Related party information

Deminor Investment Management BV is the manager of the Fund. The manager is a fully owned subsidiary of Deminor International. The manager will enter into a contract with Deminor International pursuant to which Deminor International or any of its subsidiaries will provide research, investment advice and services related to the manager. The manager of the Fund earned a management fee for the period 1 January 2009 to 30 June 2009 of EUR 195,161.

Actual costs compared to prospectus

The table hereunder presents a cost comparison between costs as described in the prospectus with the actual costs. A specific calculation of these costs is not available in advance as these costs are mostly future and variable costs and contingent upon circumstances arising.

Expenses	Actual cost	Prospectus	Difference in %
Management Fee	195,161	195,161	0%
Administration Fee	18,915	18,915	0%
Depository Fee	2,943	2,943	0%
	<u>217,019</u>	<u>217,019</u>	<u>0%</u>

Management-, Performance-, Administration and Depository Fee are charged to the Fund in accordance with the Prospectus. All other fees and expenses are negotiated by the Manager in the best interest of the Unitholders.

Assets not shown in the balance sheet

As part of the Fund's active engagement policy the Fund has launched certain legal procedures. As the outcome of the pending legal procedures is uncertain per the balance sheet date, the Fund has not recognized assets related to the legal procedures in the balance sheet.

Other information

Expense ratio

The expense ratio is calculated as following : total expenses divided by the average Net Asset Value of the Fund.

- Total expenses are the costs which are reported at the profit and loss account. The expenses related to subscriptions and redemptions covered by a mark-up or down as well as depreciation and interest expenses, will not be taken into account.
- The average Net Asset Value of the Fund is calculated as the sum of the Net Asset Value's divided by the number of Net Asset Value's. The average Net Asset Value of the Fund is based on the values at the followings date : 31 December 2008, 31 March 2009 and 30 June 2009 weighted 0,5 : 1 : 0,5.

The Expense ratio of the Fund for the period from 1 January 2009 to 30 June 2009 amounts: 2,06%.

Turnover ratio

The turnover rate is calculated as follows: total purchases and sales minus subscriptions and redemptions divided by the average NAV of the fund.

- The average Net Asset Value of the Fund is calculated as the sum of the Net Asset Values divided by the number of Net Asset Values. The average Net Asset Value of the Fund is based on the values at the following dates: 31 December 2008, 31 March 2009 and 30 June 2009 weighted 0,5 : 1 : 0,5. (30 June 2008 0,83%).

The turnover ratio of the Fund for the period from 31 December 2008 to 30 June 2009 amounts to 106,66%. (30 June 2008 175,70%).

The Fund has outsourced the following duties :

Administration

The Fund has engaged Fastnet Netherlands N.V. to provide certain financial, accounting, administrative and other services to the Fund. The Administrator provides, subject to the overall direction of the Fund Manager, administrative services, for instance daily Net Asset Value calculation and general administration, of the Fund assets, register and transfer agent services. Furthermore, the Administrator provides information for the composition of the semi-annual and annual accounts. The Administrator receives a fee with a minimum of EUR 30,000 per year. The fee is based on the following applicable percentages related to the Net Asset Value:

EUR 25,000,000:	0,06%
in the range up to:	
EUR 50,000,000	0,05%
in the range up to:	
EUR 100,000,000	0,04%
in the range up to:	
EUR 200,000,000	0,03%

Depositary activities

Stichting Bewaarder Deminor Active Governance Fund is the Depositary.

Stichting Bewaarder Deminor Active Governance Fund is a foundation (stichting) under the laws of the Netherlands. Stichting Bewaarder Deminor Active Governance Fund is registered in the Trade Register at the Chamber of Commerce of Amsterdam under number 34145801. Stichting Bewaarbedrijf Guestos (Guestos) is acting as director of the Depositary.

The board of directors of Guestos presently comprises of:

J. van der Sluis

K.A.C. Wirschell

The Depositary is specialised in the safekeeping of assets and liabilities of contractual investment funds such as the Fund and is known for being professional and reputable. The Depositary has no shareholders and is not affiliated with any company within the Deminor Group.

The purpose of the Depositary is limited to acting as Depositary ('bewaarder') of investment funds, including the acquisition, holding and disposal of legal title securities and other assets for the account of of such fund's investors. The Depositary shall act with due observance of the Placing Documents, solely upon the instructions of the Manager and in the interest of the Unitholders.

The Depositary shall be liable for damages to the extent such damages are the direct result of the gross negligence ('grove schuld of toerekenbare nalatigheid'), fraud or wilful misconduct ('opzet') of the Depositary in the performance or non-performance by it under the Placing Documents. The Depositary will be indemnified out of the Fund Assets for damages incurred by the Depositary for which it is not liable.

This semi-annual report does not require an external auditor statement.

Employees

As previous years the Fund did not employ anyone.

Security Lending

The Fund has the possibility to create short positions. Therefore the Fund closed a loan contract. Due to this contract the Fund is able to borrow securities and resale these to create an "open" short position. For this facility the Fund is due a lending fee.

Amsterdam, xx August 2009

Amsterdam, xx August 2009

The Fund Manager
Deminor Investment Management B.V.

The Depositary
Stichting Bewaarder Deminor Active Governance Fund

Supplementary information

Distributions

Article 15 of the Agreement of Management and Custody states:

Dividend policy

The Fund's profits will, to the fullest extent possible, be re-invested and not distributed. Where distributions must be made, they shall be made pro rata to the number of Units held by a Unitholder. Distributions (if any) are declared due and payable by notification to the Unitholder and publication thereof on the Website. Distributions (if any) will be made in cash.

Proposal profit destination

The Fund Manager proposes not to distribute any interim dividend. The result of operation will be added to the General Reserve.

Manager's personal interest

As per 30 June 2009 the Fund manager as well as the direction of the Fund do not have any holdings admitted in the Fund's portfolio.