

DEMINOR ACTIVE GOVERNANCE FUND

ANNUAL REPORT

2009

Content

Key figures	3
Profile	4
Fund Manager Report	5
Investment Policy	14
Financial statements	
Balance sheet	15
Profit and loss account	16
Cash flow statement	17
Notes to the financial statements	18
Portfolio breakdown	28
Supplementary information	29
Dividend policy	29
Proposal profit destination	29
Manager's personal interest	29
Auditor's report	30

Deminor Active Governance Fund

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

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Key figures

	<u>31/12/2009</u>	<u>31/12/2008</u>
Net Asset Value EUR x 1.000		
Net Asset Value of the Fund	32.590	32.760
Total Units outstanding	393.721	494.869
in EUR		
Net Asset Value per unit	82,77	66,20
Dividend per unit	-	-
	<u>01/01/2009</u>	<u>01/01/2008</u>
	<u>31/12/2009</u>	<u>31/12/2008</u>
Profit and loss summary EUR x 1.000		
Income from investments	1.135	1.477
Capital gains/-losses	5.874	-18.503
Expenses	-595	-844
Total investment result	6.414	-17.870
Result per unit EUR *		
Total Units outstanding	393.721	494.869
Income from investments	2,88	2,98
Capital gains/-losses	14,92	-37,39
Expenses	-1,51	-1,71
Total investment result	16,29	-36,11

* 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 31 December 2009

Introduction

We are pleased to present you herewith the annual report of Deminor Investment Management regarding the activities of the Deminor Active Governance Fund (DAGF) for the financial year ended on 31 December 2009. The present report relates to the DAGF Master Fund (hereinafter the Fund).[1]

At the end of 2009, the investment portfolio represented 86.1% of the Fund Assets. During 2009, the Fund Manager progressively increased the size of the investment portfolio in order to benefit from the rebound on the stock exchanges. This shift in the investment strategy had already started during the first quarter of the year following the year 2008 marked by a cautious investment approach in a very difficult and challenging context. The Fund was therefore able to combine value preservation in a general downward trend (2008) with value creation (a 25% return in 2009) in a better environment on the stock markets. Furthermore, the value created in 2009 resulted to a very large extent from a selection of portfolio companies corresponding to the core investment themes of the Fund (e.g. event-driven, mother/daughter situations, communication, turnaround scenarios, etc.)

Total assets of the Fund amounted to € 32.7 million at the end of December 2009 (€ 26.8 million at the end of June 2009 and € 32.8 million one year ago).

Investment and operational review-Portfolio return

2009 was a better year for the financial markets than the previous year when the markets heavily suffered from the consequences of the credit crisis which erupted in 2007. Almost all countries (with the exception of emerging markets) went into recession in 2009 with some of them undergoing one of their biggest drops in GDP growth since the Second World War.

During the first half of the year, most European indices performed rather well thanks to a rebound during the second quarter of the year following a strong decline during the first two months. By 30 June 2009, stock markets had recovered almost all their losses since the beginning of the year. In July 2009, the upside trend on the stock markets was much stronger (+9.4% for the DJ Eurostoxx). The DJ Eurostoxx closed the year with a positive evolution of 21%. Europe's other main indices (France, Germany, etc.) also performed in a similar way.

The equity exposure of the Fund was gradually increased from 48.6% at the end of December 2008 to 73.9% (end of March 2009), 42.9% (end of June 2009), 86.3% (end of September 2009) and 86.1% (end of December 2009). The sudden drop at the end of the first half year was mainly due to the completion of the takeover bid on Cegedel which represented a significant part of the investment portfolio.

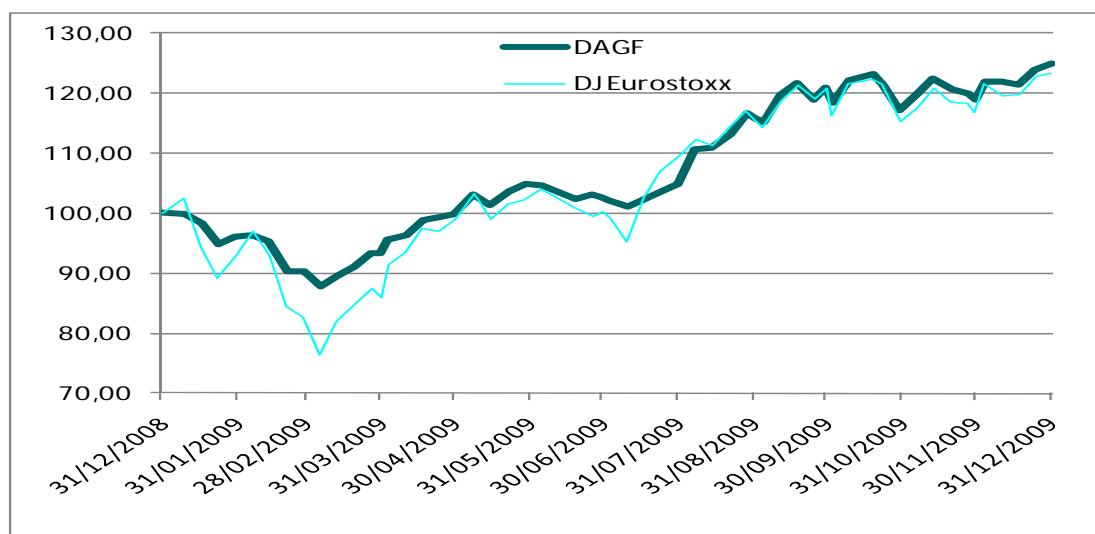
The Fund's performance was more or less in line with other stock markets during the first half of the year. The Fund performed very well during the month of August (+10.9%). The performance was then more or less in line with market indices during the last months of 2009 and the Fund ended 2009 with a performance slightly above the DJ Eurostoxx 50 although with a lower beta (i.e. the Fund showed a similar or even better performance with lower volatility).

[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.

Recent figures for the fourth quarter (Q4 2009 GDP growth in the US) seem to be encouraging although many economists do not want to extrapolate those (positive) figures and remain prudent for the medium term and particularly for 2010. Even though there is a consensus that the worst of the crisis would be over, lots of uncertainties remain on the magnitude, the timing and the sustainability of the recovery. The Fund Manager will therefore remain cautious in the coming months while searching for interesting investment opportunities in connection with its core investment themes.

The cash level (including options) was reduced to 13.9% at the end of December 2009 (from 51.4% as of 31 December 2008).

The Fund's return was positive and reached 25% (best year-on-year performance since the inception of the Fund). This is inline with or slightly better than the main European stock indices. The following graph shows the evolution of the DAGF compared to the evolution of the DJ Eurostoxx over the whole year 2009:



The table below shows the quarterly evolution of the Fund and the DJ Eurostoxx in 2009:

	DAGF	DJ Eurostoxx
Q1 2009	-6,6%	-14,0%
Q2 2009	9,8%	16,4%
Q3 2009	17,6%	18,7%
Q4 2009	3,3%	2,1%

More detailed information on the Fund's returns (including return on investment per company) was communicated to the shareholders on a quarterly basis as part of the Quarterly Report (Portfolio review).

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 in 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 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 had been announced during the summer of 2008 and was formally launched in April 2009 following the approval of the offer document by the CSSF. Soteg had the obligation to launch an offer as a result of its acquisition of the control of Cegedel through the contribution of 82% of Cegedel shares to Soteg by several former Cegedel shareholders (including the Luxembourg government, SNCI, Luxempart and Electrabel).

The launch of a mandatory bid also had implications on the price to be paid to other Cegedel shareholders. According to Luxembourg takeover law, the offer price must correspond to at least the highest price paid by the offeror for the company's shares during the 12 preceding months. In this case, the acquisition of 82% of Cegedel by Soteg was not paid in cash but in Soteg shares (contribution in kind in return for the issuance of new Soteg shares). The value of € 178,44 per Cegedel share had been agreed in July 2008 between the parties to the Transaction Agreement which formed the basis of the combination between Cegedel, Soteg and Saar Ferngas. The price was later adjusted to take into account the payment of a €14,87 dividend. Soteg did not acquire additional Cegedel shares for a higher price during the last 12 months. The price of € 163,57 (€ 178,44 less € 14,87) corresponded to the highest price paid by Soteg to acquire Cegedel shares over the last 12 months. The offer document contained additional information on the valuation of Cegedel for the purpose of the contribution to Soteg. Based on the information provided by Soteg, the offer price represented a premium of 20% towards the average of the valuations of Cegedel. The offer price also included a significant premium towards the average stock price of Cegedel.

The takeover bid was completed during the second quarter of 2009. Soteg had managed to hold 97.9% of the share capital of Cegedel following the takeover. 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 Brussels and Luxembourg stock exchanges.

- **RTL Group**

For many months the Fund has publicly supported a transaction that (1) would solve the existing conflict between RTL Group shareholders and Bertelsmann and (2) would be based on RTL Group's fair value.

The Fund considers that a solution would consist in removing the legal uncertainty created by the CSSF. In 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. 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/implemented.

The Fund contacted members of the 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. In October 2009, the Fund formally communicated to the Luxembourg Parliament its remarks and proposals on the draft bill of law introducing the squeeze out and sell out procedures in Luxembourg law.

DAGF's opinion on the draft bill of law also received exposure in the media. DAGF wants to make sure that the law will provide sufficient safeguards and protections to the minority shareholders, particularly on the fairness of the price to be offered.

In the meantime, the European Court of Justice (ECJ) has rendered a decision in the legal procedure between Bertelsmann and RTL Group minorities. Our understanding of this decision is that it is not favourable for the minority shareholders. The Luxembourg High Court (*Cour de cassation*) still needs to render its own decision but the outcome of the procedure before the ECJ may already be an argument to support a change to Luxembourg law as this would be the most efficient way to defend the interest of the shareholders. DAGF will therefore remain actively involved in the whole (legal) process.

- **Electrabel - GDF Suez**

In the procedure related to the squeeze-out of Electrabel shareholders, the Fund decided to appeal the decision of the Court of Brussels before Belgium's High Court (*Cour de cassation / Hof van cassatie*).

The Court of Brussels had confirmed that minority shareholders forced to transfer their shares because of a squeeze-out 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. However, the Court had added that the Fund should have also sued the Banking Commission.

The procedure before the High Court was formally launched during the second quarter of 2009. The decision to launch this procedure had been preceded by an analysis conducted by our lawyer. The conclusions of the lawyer were positive. The 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 the Fund, the High Court will overrule the decision of the Court of Brussels. The case will then be transferred back to a Court of appeals.

The Fund and other plaintiffs claim that the price paid by Suez 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.

The Fund also invested in GDF Suez. DAGF believes that the extension of the lifetime of some nuclear power plants in Belgium will have a positive impact on the value of GDF Suez (100% owner of Electrabel). The Fund gathered all available public information on those power plants and on nuclear energy in general. We conducted a thorough and detailed financial analysis of this information. The findings of our analysis were communicated to the press in December 2009. This extension (and its positive impact on the value of Electrabel) is an argument used in the procedure regarding the Electrabel squeeze out. We therefore consider that, as far as the Fund is concerned, we could benefit from this value potential both in the legal procedure and in our portfolio.

- **Theolia**

The Fund invested in convertible bonds (OCEANES) issued by the French group Theolia active in wind energy. In September 2009, Theolia had informed the market that it expected to have difficulty to reimburse its OCEANES (€253 million) in case the bondholders would ask for an early redemption on 1 January 2012.

The company had earlier requested the appointment of a "*mandataire ad-hoc*" in order to assist it in the renegotiation and the restructuring of its debt, including a renegotiation of the terms and conditions of the OCEANES. The Fund actively took part in the discussions which were kept strictly confidential. The Fund considered that it could certainly play a positive and constructive role in those discussions while making sure that its interests as bondholder were preserved.

On 29 December 2009, Theolia announced that bondholders representing 65.5% of the nominal issue amount had accepted a restructuring plan for the OCEANES. As part of this restructuring, Theolia also announced its intention to launch a capital increase up to a maximum of €100 million in order to support the company's development in the coming years. The modifications to the terms and conditions of the OCEANES were formally approved by a bondholders meeting. This meeting will be followed by a shareholders' meeting who will also have to approve the restructuring of the OCEANES. In the meantime an independent financial expert has already rendered an opinion confirming the fairness of the restructuring from both the shareholders' and bondholders' points of view.

Although the new terms and conditions imply some concessions from the bondholders, the Fund believes that the results achieved represent an improvement compared to the previous situation.

- **Caisses Régionales du Crédit Agricole**

The Fund invested in several Caisses Régionales du Crédit Agricole (cooperative banks) through *Certificats Coopératifs d'Investissement* (CCI). Those financial instruments do not carry voting rights but they do give right to a share in the reserves (contrary to cooperative shares). The CCI usually show a significant discount towards the banks' (consolidated) equity. The Fund also invested in Crédit Agricole SA (CASA).

In September 2009, two Caisses Régionales du Crédit Agricole decided to buy back their CCIs listed on the stock exchange. Following this announcement, the Fund contacted Credit Agricole and the AMF, in order to be sure that the buybacks respected the legal framework and were consistent with the interest of the holders of CCIs. Although the Fund was not invested in those two regional banks, it considered that there were many concerns to be raised in connection with the terms and conditions of those repurchases and particularly on the valuation of the CCIs. Early October 2009, the documents relating to those repurchases were made public. General meetings of holders of CCIs were called in order to approve the transactions. The meetings of both regional banks approved the transactions which were completed in November 2009.

The Fund believes that further evolutions could be possible within the group although Credit Agricole announced that the other regional banks had stated that they did not intend to pursue any similar programs "in the next few years".

The Fund's objective is to make sure that any transaction that would take place will lead to value creation at both levels (Credit Agricole SA and regional banks). The Fund will therefore pursue its constructive dialogue with the group.

- **Ciments Français**

On 16 February 2009, the boards of Italcementi and Ciments Français had announced that they had decided to propose to their respective shareholders to merge both companies (Italcementi would absorb Ciments Français). Since Italcementi owned more than 80% of the shares, it was able to impose this merger to the minority shareholders of Ciments Français. The Fund contacted the Autorité des Marchés Financiers (AMF) in order to raise several issues and to dispute the choice of a merger between two companies with one of those companies (Italcementi) controlling the other (Ciments Français).

The Fund considered that there were many arguments to dispute the fairness of the exchange ratio (8.25 Italcementi shares for every Ciments Français share). The Fund transmitted an extensive and documented analysis to the AMF in order to support its request for a fair treatment of Ciments Français' minority shareholders. The Fund also actively engaged with the board of Ciments Français, especially with the independent directors, and with the experts appointed by the Court in order to control the fairness of the merger terms. The Fund's arguments were presented and communicated to all parties involved.

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. This exceptional dividend represented an improvement for the shareholders of Ciments Français of the terms proposed for the merger. This was clearly an achievement for the Fund as this improvement could be considered as a result of its active and constructive engagement. 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 had been opposing the merger. Ciments Français and Italcementi were therefore forced to abandon their proposed merger.

- **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 company in order to help the group identify areas where its governance practices and structures could be improved.

Agfa and **Deceuninck** are busy with a turnaround process, after a very significant change of their respective management team, and a repositioning of their strategy. The Fund engaged with both companies, having regular contacts with the new management together with other shareholders on an informal basis.

In Italy, DAGF invested in **ENI**, following Knight Vincke's demand for a demerger of the downstream activities.

On **Aleo Solar**, the company was the target of a takeover bid launched by Bosch GmbH. The Fund challenged the valuation proposed by the German group. The Fund had also identified huge conflicts of interests existing between members of the management who were also major shareholders of Aleo Solar, the company itself, and another major participation of the group: Johanna Solar Technology. The Fund communicated its complaint and its arguments to Bafin, the German market authority. Bosch did not manage to convince more than 75% of the share capital to accept its offer.

As part of its investment philosophy, the Fund Manager participated in the AGMs and EGMs of the 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).

Financial performance and cash position at year end

The Fund capital was stable during 2009 (€ 32,589,673 compared to € 32,760,176 at the end of 2008). Net repurchases of units (€ 6,584,083) were almost compensated by profits for the year (€ 6,413,580).

Realized losses on investments amounted to €4,883,094 while unrealized gains represented € 10,757,176 as of 31 December 2009. The Fund received net dividends for an amount of € 949,153, interest income for an amount of €158,080 and distribution fees (subscription and redemption fees) for an amount of € 27,309.

Total expenses amounted to € 595,044, of which the major part consists of the Fund Manager's investment management fee for an amount of € 476,898 (down from € 698,493 in 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.

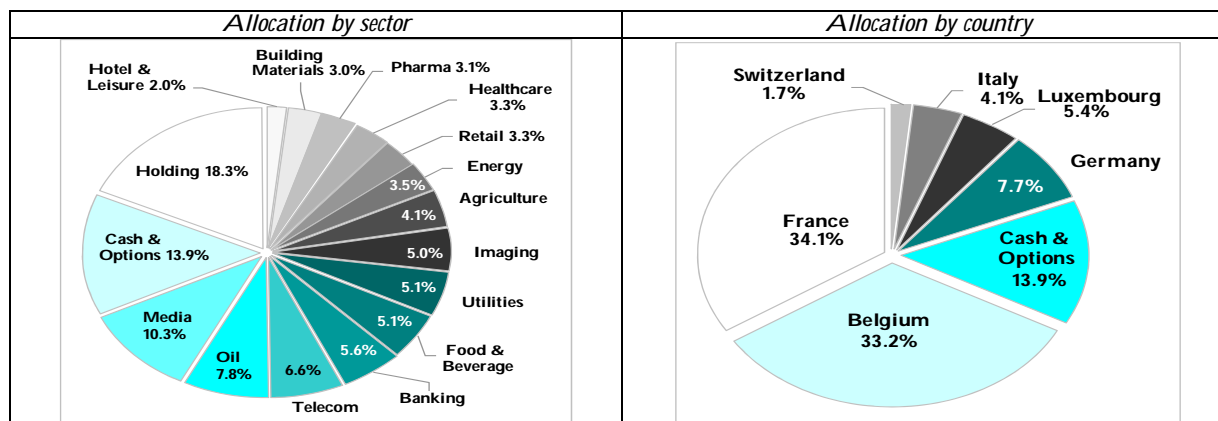
Net profit for the year amounted to € 6,413,580. Shareholders' equity amounted to € 32,589,673 which corresponds to a NAV per Unit of the Fund of € 82.77 (€ 66.20 at the end of 2008).

At the end of 2009, the total cash position amounted to € 4.35 million. The Fund had no financial debt outstanding as of 31 December 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).

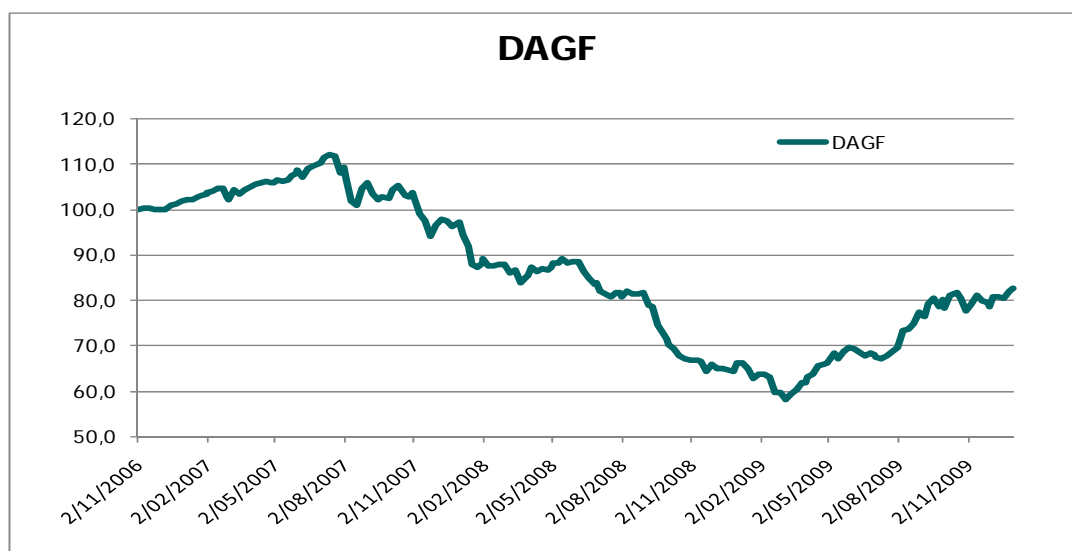
Current DAGF Allocation - as of December 31, 2009



The Net Asset Value (NAV) per Unit amounted to € 82.77 at the end of December 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 in 2009 were essentially:

- 1 the risks resulting from higher volatility on the stock markets,
- 2 the impact of the economic crisis and of the recession on companies' results and valuations, and
- 3 the persisting uncertainty regarding the evolution in the economy and on the financial markets for the medium 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 December 2009 amounted to 0,74 (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	0,6%
0.3 - 0.6	28,0%
0.6 - 0.8	35,5%
0.8 - 1.0	22,1%
1.0 - 1.4	13,8%

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
30 Sept 2009	0,80
31 Dec 2009	0,74

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	3,09%	4,36%	5,04%	5,91%

The theoretical weighted average unwinding period of the invested part of the portfolio was 4.10 days at the end of December 2009 (3.95 days at the end of December 2008).

In Control Statement (AO/IC-verklaring) - Fund Governance

Our activities are organized in accordance with a description of the operational structure which fulfils the requirements of the Act on Financial Supervision and the Decree on the Supervision of the Conduct of Financial Enterprises.

While conducting our review, we have not become aware of facts or other elements that would make us believe that the description of the operational structure as provided for under article 121 of the Decree on the Supervision of the Conduct of Financial Enterprises does not comply with the Act on Financial Supervision and the regulations adopted pursuant to such Act. We are therefore able to confirm, in our capacity as Manager of the Fund, that our activities are carried out based on a description of the operational structure as referred to under article 121 of the Decree on the Supervision of the Conduct of Financial Enterprises and that such description fulfils the requirements of the Decree on the Supervision of the Conduct of Financial Enterprises.

We have not become aware of any fact or other element that would make us believe that the operational structure was not carried out in an efficient way and in accordance with the description. We therefore state with a reasonable level of certainty that our operations were carried out effectively and in accordance with the description during the year 2009 under review.

The Manager applies certain principles to safeguard sound business operations and prudent provision of services within the meaning of sections 4:11, 4:14 and 4:25 of the Act (the "Principles of Fund Governance"). The Principles of Fund Governance are primarily aimed at the protection of interests of Unitholders and the limitation of conflicts of interest. The Principles of Fund Governance and information about such supervision are available on the Manager's website. The Principles of Fund Governance are based on the standards of the Dutch Fund Association (Dufas) and follow such standards to the extent these can reasonably be applied to the operations and size of the Fund.

Important events occurred after the end of the reporting period

There are no important events to be reported as of this date.

Expectations for the future and investment objective

Although the situation on the markets has improved, the outlook for 2010 remains uncertain. This is why the Fund will maintain a cautious investment policy although the Fund Manager believes that it could keep its equity exposure at similar levels as during 2009.

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, in line with the themes and targets that correspond to its core investment policy.

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, 14 April 2010

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.

The Fund aims at achieving this objective 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 15 to 20 core investments in target companies that it envisages to actively engage. The Fund will initially focus on Listed Companies in Europe with medium or large market capitalisations. Investments in small market capitalisations are also possible.

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 24 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. One member of the Board of Directors has been designated to act as the Fund's portfolio manager. 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	31/12/2009 EUR	31/12/2008 EUR
Investments			
Shares	(4.1)	26.516.809	14.916.307
Convertible Private Bonds	(4.2)	1.507.024	10.631.177
Options	(4.3)	261.750	115.650
Forward contracts	(4.4)	-	16.219
Futures	(4.5)	17.100	-
		28.302.683	25.679.353
Receivables			
Other receivables and prepaid expenses	(5.1)	50.146	85.234
		50.146	85.234
Other assets			
Cash at banks	(6.1)	4.354.208	7.090.456
Intangible assets	(6.2)	36.536	56.577
		4.390.744	7.147.033
Current liabilities (due within one year)			
Other liabilities	(7.2)	153.900	151.444
		153.900	151.444
Total of receivables and other assets less current liabilities		4.286.990	7.080.823
Total assets less current liabilities		32.589.673	32.760.176
Fund capital			
Issued capital	(8.1)	46.573.471	53.157.554
Legal reserve	(8.2)	36.536	56.577
General reserve	(8.3)	-20.433.914	-2.583.927
Undistributed earnings	(8.4)	6.413.580	-17.870.028
		32.589.673	32.760.176
Net Asset Value per Unit		82,77	66,20

Profit and loss account

	Note	2009 EUR	2008 EUR
Income from investments			
Dividends	(9.1)	949.153	727.643
Interest income	(9.2)	158.080	545.835
Distribution fees	(9.3)	27.309	203.159
		1.134.542	1.476.637
Results on investments			
Realized gains/-losses on Shares		-3.504.421	-10.425.744
Realized gains/-losses on Convertible Private Bonds		35.101	-253.110
Realized gains/-losses on Options		-1.382.530	427.994
Realized gains/-losses on Forward contracts		5.639	-11.020
Realized gains/-losses on Futures		-42.150	-1.552.280
Realized gains/-losses on Bank accounts		5.267	-166
		-4.883.094	-11.814.326
Unrealized gains/-losses on Shares		9.792.648	-5.365.902
Unrealized gains/-losses on Convertible Bonds		357.447	-965.774
Unrealized gains/-losses on Options		606.200	-372.790
Unrealized gains/-losses Forward contracts		-16.219	16.219
Unrealized gains/-losses Futures		17.100	-
		10.757.176	-6.688.247
Total income		7.008.624	-17.025.936
Expenses			
Investment management fees	(10.1)	476.898	698.493
Depository fee	(10.2)	5.902	5.950
Depreciation of intangible assets	(6.2)	20.041	20.041
Interest expenses		306	17.993
Other expenses	(10.3)	91.897	101.615
Total expenses		595.044	844.092
Result of operation		6.413.580	-17.870.028

Cash flow statement

	2009	2008
	EUR	EUR
Cash flow from investment activities		
Income from investments	1.134.542	1.476.637
Expenses	-595.044	-844.092
Depreciation of intangible assets	20.041	20.041
	<hr/>	<hr/>
Investment result	559.539	652.586
Purchases	-42.972.168	-73.164.918
Sales	46.254.164	77.952.135
	<hr/>	<hr/>
	3.281.996	4.787.217
Realized gains/-losses on Forward contracts	5.639	-11.020
Realized gains/-losses on Futures	-42.150	-1.552.280
Realized gains/-losses on Bank accounts	5.267	-166
	<hr/>	<hr/>
	-31.244	-1.563.466
Change in receivables	35.088	-85.234
Change in current liabilities	2.456	-129.474
	<hr/>	<hr/>
	37.544	-214.708
	<hr/>	<hr/>
<i>Cash flow from investment activities</i>	3.847.835	3.661.629
Cash flow from financing activities		
Received on shares issued	4.355.271	904.138
Paid on repurchased shares	-10.939.354	-8.593.428
	<hr/>	<hr/>
<i>Cash flow from financing activities</i>	-6.584.083	-7.689.290
Change in cash	-2.736.248	-4.027.661
Cash in bank 1 January	7.090.456	11.118.117
	<hr/>	<hr/>
Cash on 31 December	4.354.208	7.090.456

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 charge 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

	31/12/2009	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	39.647.933	52.352.261
Sales	-34.335.659	-67.837.765
Realized gains/-losses on investments	-3.504.421	-10.425.744
Unrealized gains/-losses on investments	9.792.649	-5.365.902
Balance at 31 December	26.516.809	14.916.307
Historical cost	24.159.176	22.351.323
<i>4.2 Statement of changes in convertible bonds</i>		
Balance at 1 January	10.631.177	1.202.760
Purchases	932.660	13.094.191
Sales	-10.449.650	-2.446.890
Realized gains/-losses on investments	35.391	-253.110
Unrealized gains/-losses on investments	357.446	-965.774
Balance at 31 December	1.507.024	10.631.177
Historical cost	2.112.591	9.924.000
<i>4.3 Statement of changes in options</i>		
Balance at 1 January	115.650	9.460
Purchases	2.391.575	7.718.466
Sales	-1.468.855	-7.667.480
Realized gains/-losses on investments	-1.382.820	427.994
Unrealized gains/-losses on investments	606.200	-372.790
Balance at 31 December	261.750	115.650
Historical cost	171.100	631.200
<i>4.4 Forward contracts</i>		
	-	16.219
Balance at 31 December	-	16.219
<i>(4.5) Overzicht futures</i>		
	Notioneel bedrag:	Reële waarde:
	31-12-2009	31-12-2009
	EUR	EUR
DJ Euro Stoxx 50	445.800	17.100
	-	-
Balance at 31 December	445.800	17.100

	31/12/2009	31/12/2008
	EUR	EUR
5 Receivables		
<i>5.1 Other assets and prepaid expenses</i>		
Other receivables and prepaid expenses	50.146	85.234
Dividends	-	-
Balance at 31 December	50.146	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	-20.041	-20.041
Balance at 31 December	36.536	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	153.900	151.444
Balance at 31 December	153.900	151.444

8 Fund capital

units

8.1 Issued capital

Balance at 1 January	494.869	53.157.554	60.846.844
Issued	55.561	4.355.271	904.138
Repurchased	-156.709	-10.939.354	-8.593.428
Balance at 31 December	393.721	46.573.471	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.

	31/12/2009	31/12/2008
	EUR	EUR
<i>8.2 Legal reserve</i>		
Balance at 1 January	56.577	76.618
Release	-20.041	-20.041
Balance at 31 December	36.536	56.577

The legal reserve relates to the capitalized foundation and introduction expenses.

8.3 General reserve

Balance at 1 January	-2.583.927	645.828
Transferred from Legal reserve	20.041	20.041
Transferred from undistributed result	-17.870.028	-3.249.796
Balance at 31 December	-20.433.914	-2.583.927

8.4 Undistributed result

Balance at 1 January	-17.870.028	-3.249.796
Transferred to General reserve	17.870.028	3.249.796
Result of the year	6.413.580	-17.870.028
Balance at 31 December	6.413.580	-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
	31/12/2009	31/12/2008
	EUR	EUR
10 Expenses		
<i>10.1 Investment management fees</i>		
Performance fee	-	-
Management fee	434.368	657.320
Other investment management fee	42.530	41.173
	476.898	698.493

• 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	39.336	45.814
Auditor and fiscal advisor fee	13.540	28.505
Publicity expenses	107	142
Commissions and bank charges	13.433	11.154
Lawyers and notary fees	25.481	16.000
	91.897	101.615

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 31 December 2009 of EUR 434,367.

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	434.368	434.368	0%
Administration Fee	39.336	39.336	0%
Depository Fee	5.902	5.902	0%
	<u>479.606</u>	<u>479.606</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, 30 June 2009, 30 September 2009 and 31 December 2009 weighted 0,5 : 1 : 1 : 1 : 0,5.

The Expense ratio of the Fund for the period from 1 January 2009 to 31 December 2009 amounts: 1,98% (1,72% in 2008).

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, 30 June 2009, 30 September 2009 and 31 December 2009 weighted 0,5 : 1 : 1 : 1 : 0,5.

The turnover ratio of the Fund for the period from 31 December 2008 to 31 December 2009 amounts to 255,18% (31 December 2008 296,82%).

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, 14 April 2010

The Fund Manager
Deminor Investment Management B.V.

Amsterdam, 14 April 2010

The Depositary
Stichting Bewaarder Deminor Active Governance Fund

Portfolio breakdown

as at 31 December 2009

		market value EUR	
Shares			
	17000 Accor SA	650.250	
	5000 Acino Holding	542.764	
	360.000 Agfa-Gevaert	1.630.800	
	10.000 Aleo Solar	91.500	
	60.000 Belgacom	1.519.200	
	21.400 Bollre Investissement	2.459.930	
	279.640 Canal +	1.588.355	
	4.000 Crcam Haute-Loire	163.120	
	8.581 Crcam Morbihan	362.976	
	20.500 Crcam Nord France	403.850	
	73.000 Credit Agricole	902.280	
	39.000 Danone	1.670.370	
	667.000 Deceuninck	967.150	
	880.000 Deceuninck Strip	2.640	
	8.530 Electrabel Strip	85	
	75.000 Eni SPA	1.335.000	
	55.000 Etablissements Maurel et Prom	697.125	
	24.800 Fresenius	1.077.560	
	54.500 GDF Suez	1.650.533	
	26.500 Groupe Bruxelles Lambert	1.750.325	
	20.100 Groupe Delhaize	1.077.762	
	7.700 Iliad	643.104	
	11.300 KWS	1.350.350	
	37.440 Rtl Group	1.759.680	
	26.000 Sofina Sa	1.768.000	
	30.000 Thrombogenics	452.100	
		<hr/>	
Total shares		26.516.809	93,7
		<hr/>	
Convertible Private Bonds			
	84.500 Theolia	1.007.084	
	28.000 Maurel	499.940	
		<hr/>	
Total Convertible Private Bonds		1.507.024	5,3
		<hr/>	
Options			
	150 DJ Eurostoxx 50 call Feb 10 2850	261.750	
		<hr/>	
Total Options		261.750	0,9
		<hr/>	
Futures			
	15 DJ Eurostoxx 50 Mar 10	17.100	
		<hr/>	
Total Futures		17.100	0,1
		<hr/>	
Total Investments		28.302.683	100,0
		<hr/>	

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 31 December 2009 the Fund manager as well as the direction of the Fund do not have any holdings admitted in the Fund's portfolio.

To: the Manager of Deminor Active Governance Fund.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Deminor Active Governance Fund, Amsterdam, which comprise the balance sheet as at December 31, 2009, the profit and loss account for the year then ended and the notes.

Management's responsibility

The Fund Manager is responsible for the preparation and fair presentation of the financial statements and for the preparation of the Fund Manager report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Act on Financial Supervision. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires 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 auditor's judgement, 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 auditor 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 management, 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, the financial statements give a true and fair view of the financial position of Deminor Active Governance Fund as at December 31, 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code and the Act on Financial Supervision.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required sub 4 of the Netherlands Civil Code.

Amsterdam, 14 April 2010

Ernst & Young Accountants LLP

/s/ J.C.J. Preijde