

DAGF N.V.

ANNUAL REPORT

2009

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DAGF N.V.

Strawinskylaan 3051
1077 ZX Amsterdam
The Netherlands
Tel : +31 20 3012340
Fax: +31 20 3012344

<http://www.dagfund.eu>

Board of Directors

Deminor Investment Management B.V.

Fund Manager

Deminor Investment Management B.V.
Strawinskylaan 3051
1077 ZX Amsterdam
The Netherlands

Administrator

Fastnet Netherlands N.V.
De Ruyterkade 6-i
1013 AA Amsterdam
The Netherlands

Auditor & Tax Advisor

Ernst & Young Accountants LLP
Ernst & Young Belastingadviseurs LLP
Antonio Vivaldistraat 150
1083 HP Amsterdam
The Netherlands

Legal Advisor

Civilence
Jachthavenweg 109H
1081 KM Amsterdam
The Netherlands

Profile

The DAGF N.V. ('Feeder') is a limited liability company ('naamloze vennootschap') under the laws of the Netherlands and is structured to meet the criteria of fiscal investment institution ('fiscale beleggings-instelling') within the meaning of section 28 of the said Dutch Corporate Tax.

The Feeder is an investment company offering investors the opportunity to invest in an actively and professionally managed portfolio of listed European companies. The Feeder Fund invests its assets exclusively in Units of the Deminor Active Governance Fund ('Master').

The Feeder is managed by the Manager. No separate depository shall be appointed to hold legal title to the Feeder Fund Assets. The Feeder Fund Assets will be held by the Feeder. The Feeder Fund Assets are managed by the Manager in the interest of the Feeder Unitholders.

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 DAGF N.V. for the financial year ended on 31 December 2009.

DAGF N.V. is an investment company whose objective is to invest in Units of the Deminor Active Governance Fund. The Deminor Active Governance Fund (hereafter the 'Fund') invests in European listed companies in accordance with the Offering Memorandum issued by Deminor Investment Management. The assets of DAGF N.V. therefore consist of an indirect investment in the Fund's assets.

Since DAGF has no other activities than to invest in the Fund, the review contained in this report directly relates to the activities of the Fund (with the exception of a specific section on DAGF's financial performance and position at the end of December 2009).

Total assets of the Fund amounted to € 32.7 million at the end of December 2009 (compared to € 32.8 million at the end of 2008).

Investment and operational review

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.

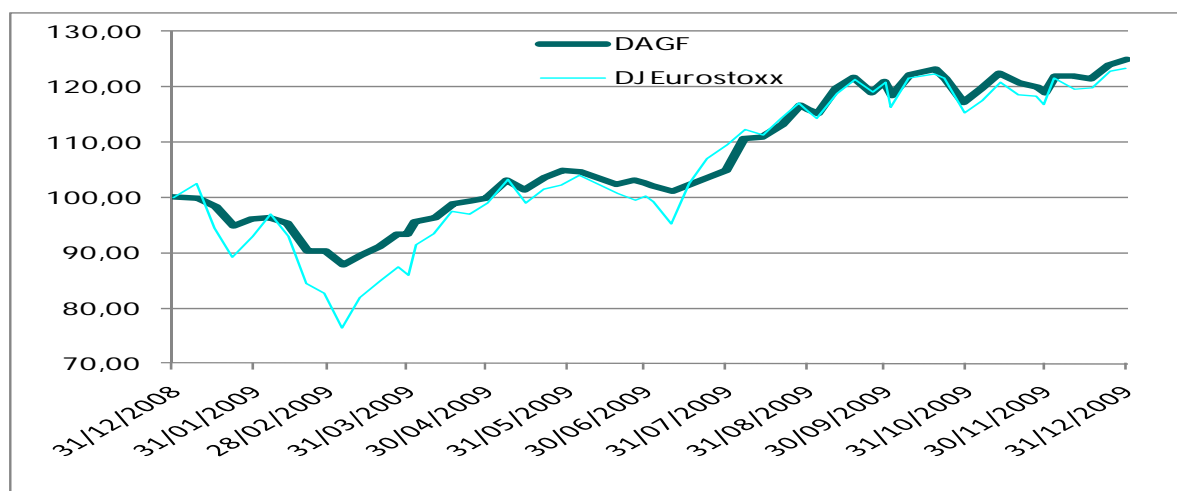
The Fund's performance was more or less in line with other stock markets during the first half of the year. The Fund performed very well during the month of August (+10.9%). The performance was then more or less in line with market indices during the last months of 2009 and the Fund ended 2009 with a 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 index 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

Since DAGF's assets exclusively consist of an investment in the Fund, its income exclusively consists of investment income from the Fund. The Fund did not pay any dividends in the reporting year 2009. The value of DAGF's investment in the Fund remained stable during 2009: €13 million as of 31 December 2009 compared to €13.2 million as of 31 December 2008. The impact of repurchases of shares (net outflow of €2.8 million) was almost fully compensated by undistributed earnings (€2.6 million).

DAGF N.V. does not bear any costs directly. All fees and expenses related to the management of the Fund's investment portfolio and its administration are borne directly by the Fund.

DAGF's shareholders' equity decreased by €2.8 million in 2009 as a result of share repurchases.

We briefly comment herebelow the financial performance and financial position at year end of the Deminor Active Governance Fund (Master Fund, hereafter the "Fund").

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.

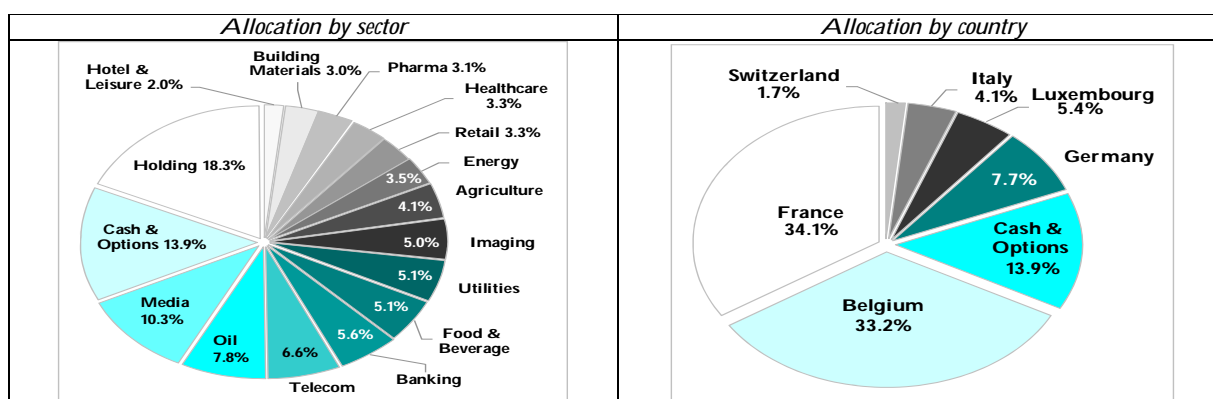
Net profit for the year amounted to € 6,413,580. Shareholders' equity amounted to € 32,589,673 which corresponds to a NAV per Unit of the Fund of € 82.77 (€ 66.20 at the end of 2008).

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).

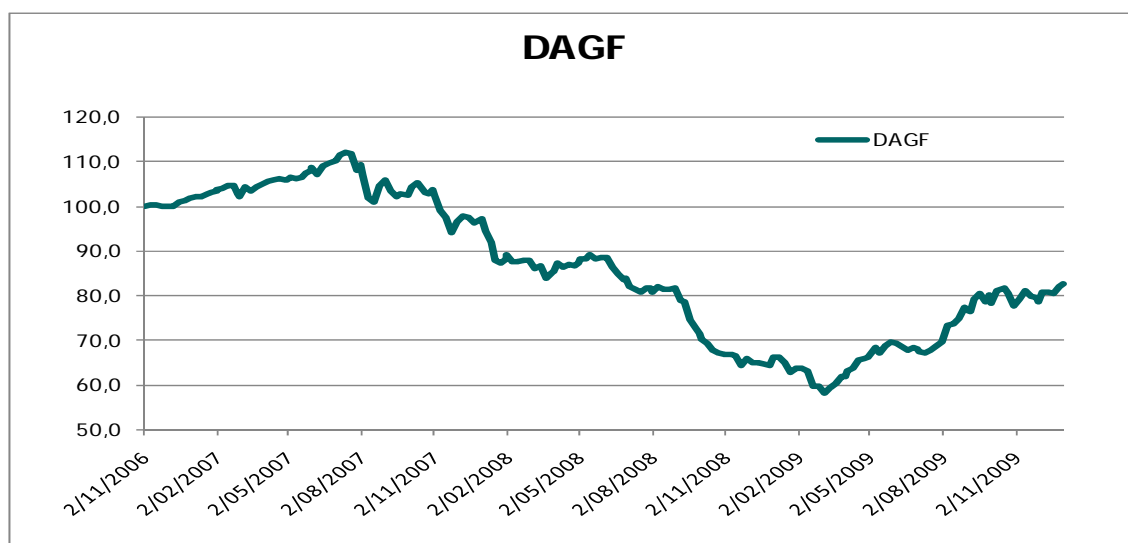
Current DAGF Allocation - as of December 31, 2009



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 Feeder Fund invests its assets exclusively in shares of Deminor Active Governance Fund (The Fund). Investors can invest directly in the Fund or through the Feeder Fund.

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 smaller 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 manager. 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. Any reference to the investment committee throughout this offering memorandum shall apply to the Board of Directors if so and so long no investment committee has been instituted.

The Fund Manager

Deminor Investment Management B.V.

Financial Report DAGF N.V.

Balance sheet

(before profit appropriation)

	Note	31-12-2009 EUR	31-12-2008 EUR
		<u> </u>	<u> </u>
Investments			
Shares	(4.1)	<u>13.003.250</u>	<u>13.201.273</u>
		13.003.250	13.201.273
Other assets			
Cash at banks		-	32.500
Current liabilities (due within one year)			
Due to participants		-	32.500
Total of receivables and other assets less current liabilities		<u>-</u>	<u>-</u>
Total assets less current liabilities		<u>13.003.250</u>	<u>13.201.273</u>
Shareholder's equity			
Issued capital	(5.1)	18.606.231	21.362.563
General reserve	(5.2)	-8.161.290	-1.093.177
Undistributed earnings	(5.3)	<u>2.558.309</u>	<u>-7.068.113</u>
		<u>13.003.250</u>	<u>13.201.273</u>
Net Asset Value per Share		<u>82,77</u>	<u>66,20</u>

Profit and loss account

	2009	2008
	EUR	EUR
	<hr/>	<hr/>
Results on investments		
Realized gains/-losses	-1.659.903	-1.035.925
Unrealized gains/-losses	4.218.212	-6.032.188
	<hr/>	<hr/>
	2.558.309	-7.068.113
Total income	2.558.309	-7.068.113
	<hr/>	<hr/>
Result of operation	2.558.309	-7.068.113
	<hr/>	<hr/>

Cash flow statement

	2009	2008
	EUR	EUR
Cash flow from investment activities		
Purchases	-208.071	-
Sales	2.964.403	2.854.081
	2.756.332	2.854.081
<i>Cash flow from investment activities</i>	2.756.332	2.854.081
Cash flow from financing activities		
Received on shares issued	208.071	-
Paid on repurchased shares	-2.964.403	-2.854.081
Due to participants	-32.500	32.500
<i>Cash flow from financing activities</i>	-2.788.832	-2.821.581
Change in cash	-32.500	32.500
Cash in bank 1 January	32.500	-
Cash on 31 December	-	32.500

Notes to the financial statements

General information

The DAGF N.V ("Feeder"), has been incorporated on 2 November 2006 and has its corporate seat in Haarlem, 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 statement 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 value and is in accordance with good accounting practice.

Other assets and liabilities

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

2 Risk factors

General

An investment in the Fund carries a substantial degree of risk. The value of the Fund's underlying investment 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 realise 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 accepts market risks as inherent to its investment strategy and in general does not aim to protect against it by using market neutral hedging strategies.

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 times 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 times 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 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 Depository, 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 percent 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 (please see p. 5 and 7 for more details). 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 investment.

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 Assets Value of the Fund causing Unitholders to lose out their entire investment in the Fund.

3 Tax position

The Feeder Fund has opted for the tax status of fiscal investment institution ("FBI") within the meaning of article 28 of the Dutch Corporate Tax Act 1969. As a fiscal investment institution, the Fund will be subject to a 0% Dutch Corporate Tax rate. In order to qualify as a fiscal investment institution, the Fund has to comply with certain conditions. The Manager believes to the best of its knowledge that it has applied with all conditions. It cannot be excluded that, following certain changes in the shareholding structure of the Fund, the investment manager will have to take certain measures in the future in order to benefit from the 0% Dutch Corporate Tax rate. The Manager may also decide alternatively in a year in which it does not comply with the FBI Conditions to opt for the status of exempted investment institution ("VBI"), which is exempted from Dutch Corporate Income Tax.

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	13.201.273	23.123.467
Purchases	208.071	
Sales	-2.964.403	-2.854.081
Realized gains/-losses on investments	-1.659.903	-1.035.925
Unrealized gains/-losses on investments	4.218.212	-6.032.188
Balance at 31 December	13.003.250	13.201.273
Historical cost	15.910.402	20.326.638

This relates to 157,101 of the 393,721 outstanding participations of DAGF (the Master Fund). The balance sheet of DAGF is attached to these financial statements.

	units	31-12-2009	31-12-2008
		EUR	EUR
5 Shareholder's equity			
<i>5.1 Issued capital</i>			
Balance at 1 January	199.415	21.362.563	24.216.644
Issued	3.075	208.071	
Repurchased	-45.389	-2.964.403	-2.854.081
Balance at 31 December	157.101	18.606.231	21.362.563

Redemption charge

Shareholders wishing to redeem one or more Shares shall not be required to pay a Redemption Charge, save in the event that the Shares proposed to be redeemed were acquired within a period of two years prior 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

Shares may be issued at the request of a Shareholder at their respective Net Asset Value. Subject to the terms of the placing document, shares 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.

Shares will be issued against payment of the subscription amount. The number of shares to be issued will be calculated by dividing the subscription amount by the Net asset Value per share as per the business day immediately prior to the relevant date fixed for subscription. Fractions of shares 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. Shareholders can make further applications for shares in one or more multiples of EUR 25,000.

	31-12-2009	31-12-2008
	EUR	EUR
<i>5.2 General reserve</i>		
Balance at 1 January	-1.093.177	265.406
Transferred from undistributed result	-7.068.113	-1.358.583
Balance at 31 December	-8.161.290	-1.093.177
<i>5.3 Undistributed result</i>		
Balance at 1 January	-7.068.113	-1.358.583
Transferred to General reserve	7.068.113	1.358.583
Result of the year	2.558.309	-7.068.113
Balance at 31 December	2.558.309	-7.068.113

Notes to the Profit and Loss account

- *General*

The Feeder Fund invests its assets exclusively in shares of Deminor Active Governance Fund, therefore the results of DAGF NV (Feeder) are dependent from Deminor Active Governance Fund.

The profit and loss account of DAGF is attached to these financial statements.

Other information

- *Expense ratio*

The expense ratio is not calculated for the fund, as there are no costs involved for DAGF N.V.

- *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: 0%. Because of subscriptions will be invested immediately in participations of DAGF (the Master Fund), turnover ratio equals 0%. The turnover ratio of the Master Fund amounts 255,18%.

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 received a fee with a minimum of EUR 30,000 per year. The fee is based on the following applicable percentage 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.

Amsterdam, 14 April 2010

The Fund Manager

Deminor Investment Management B.V.

Attachments

Deminor Active Governance Fund

Balance sheet

(before profit appropriation)

	31-12-2009	31-12-2008
	EUR	EUR
Investments		
Shares	26.516.809	14.916.307
Convertible Private Bonds	1.507.024	10.631.177
Options	261.750	115.650
Forward contract	-	16.219
Futures	17.100	-
	28.302.683	25.679.353
Receivables		
Other receivables and prepaid costs	50.146	85.234
	50.146	85.234
Other assets		
Cash at banks	4.354.208	7.090.456
Intangible assets	36.536	56.577
Cash and cash equivalents	4.390.744	7.147.033
Current liabilities (due within one year)		
Other liabilities	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	46.573.471	53.157.554
Legal reserve	36.536	56.577
General reserve	-20.433.914	-2.583.927
Undistributed earnings	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

	31-12-2009 EUR	31-12-2008 EUR
Income from investments		
Dividends	949.153	727.643
Interest income	158.080	545.835
Distributions fees	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	0
	10.757.176	-6.688.247
Total income	7.008.624	-17.025.936
Expenses		
Investment management fees	476.898	698.493
Custody fee	5.902	5.950
Depreciation of intangible assets	20.041	20.041
Interest expenses	306	17.993
Other expenses	91.897	101.615
Total expenses	595.044	844.092
Result of operation	6.413.580	-17.870.028

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	31-12-2008
	EUR	EUR
DJ Euro Stoxx 50	445.800	17.100
	-	-
Balance at 31 December	445.800	17.100

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 Bollore 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	
Total shares	26.516.809	93,7
Convertible Private Bonds		
84.500 Theolia	1.007.084	
28.000 Maurel	499.940	
Total Convertible Private Bonds	1.507.024	5,3
Options		
150 DJ Eurostoxx 50 call Feb 10 2850	261.750	
Total Options	261.750	0,9
Futures		
15 DJ Eurostoxx 50 Mar 10	17.100	
Total Futures	17.100	0,1
Total Investments	28.302.683	100,0

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 dividend for the year 2009. 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 Board of Directors of Deminor Active Governance Fund N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Deminor Active Governance Fund N.V., 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 N.V. 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

/s/ J.C.J. Preijde