

d e m i n o r
active governance fund

PROSPECTUS

DEMINOR ACTIVE GOVERNANCE FUND

a mutual fund (*fonds voor gemene rekening*)
under the laws of The Netherlands
(the "**Fund**")

DAGF N.V.

an investment institution with variable capital
(*beleggingsmaatschappij met veranderlijk kapitaal*)
under the laws of The Netherlands
(the "**Feeder**")

APRIL 2010

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DEPOSITARY

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1. DEFINITIONS

Capitalised terms used in this Prospectus shall have the following meanings with plural forms including singular forms and vice versa:

Accountant	an accountant within the meaning of section 2: 393, paragraph 1 Dutch Civil Code, duly appointed as accountant of the Fund and the Feeder
Act	the Act on Financial Supervision (<i>Wet op het financieel toezicht</i>)
Administrator	Fastnet Netherlands N.V., or its duly appointed successor
Administration Agreement	the administration agreement dated 1 November 2006 between the Administrator and the Manager in its capacity as Manager of the Fund and the Feeder, as amended from time to time
AFM	the Financial Markets Authority (<i>Autoriteit Financiële Markten</i>)
Annual Accounts	the balance sheet, the profit and loss account and the notes thereto of the Fund or the Feeder
Articles of Association	the articles of association of the Feeder, dated 1 November 2006 (as amended from time to time), available on the Website and incorporated by reference in this Prospectus
Business Day	any day Euronext Amsterdam N.V. is open for business
Conditions	(i) in case of the Fund: the Prospectus and the Terms and Conditions; (ii) in case of the Feeder: the Prospectus and the Articles of Association
Custodian Bank	Kas Bank N.V, or its duly appointed successor
Custody Agreement	the custody agreement between the Custodian Bank and the Manager in its capacity as Manager of the Fund and the Depositary in its capacity as Depositary of the Fund, as amended from time to time
Decree	the Decree on the supervision of the conduct of financial undertakings under the Wft (<i>Besluit gedragstoezicht financiële ondernemingen Wft</i>)
Deminor Group	Deminor International and its group companies within the meaning of section 2: 24 b Dutch Civil Code
Deminor International	Deminor International CVBA, a limited liability company under the laws of Belgium, with registered office at: Avenue Van Nieuwenhuyselaan 6, B-1160 Brussels, Belgium
Depositary	Stichting Bewaarder Deminor Active Governance Fund, or its duly appointed successor
Feeder	DAGF N.V., an investment institution with variable capital (<i>belegingsmaatschappij met veranderlijk kapitaal</i>) under the laws of The Netherlands

Feeder Unit	a share in the Feeder, reflecting the interest of a Feeder Unitholder in the Feeder Fund Assets
Feeder Unitholder	the record owner of one or more Feeder Units
Feeder Fund Assets	the assets (<i>vermogensbestandelen</i>) from time to time held by the Feeder, including Feeder Units
Fund	Deminor Active Governance Fund, a mutual fund (<i>fonds voor gemene rekening</i>) under the laws of The Netherlands
Fund Assets	the assets (<i>vermogensbestandelen</i>) from time to time held by the Depositary in its capacity as Depositary (<i>bewaarder</i>) of the Fund
Fund Unit	a participation interest in the Fund reflecting the beneficial interest of a Fund Unitholder in the Fund Assets
Fund Unitholder	the record owner of one or more Fund Units
Listed Companies	Companies whose shares are traded on a regulated market in the sense of EU Directive 2004/39 or on another stock exchange approved by the Manager
Manager	Deminor Investment Management B.V.
Management Fee	the amount calculated in accordance with chapter 7.1 hereof
Monthly Investor Report	the report made available to the Unitholders on a monthly basis and containing the information and data as set out in chapter 11 hereof
Net Asset Value or NAV	the intrinsic value (<i>intrinsieke waarde</i>) of the Fund Assets or (if applicable) the Feeder Fund Assets from time to time calculated by, or on behalf of, the Manager in accordance with the Valuation Methods
Performance Fee	the amount calculated in accordance with chapter 7.1 hereof
Prospectus	this prospectus, including its annexes that form an integral part thereof, as amended or supplemented from time to time
Quarterly Investor Report	the report made available to the Unitholders on a quarterly basis and containing the information and data as set out in chapter 11 hereof
Redemption	a redemption (<i>inkoop</i>) of Units by the Fund or of Feeder Units by the Feeder
Redemption Amount	the amount due to a Fund Unitholder or a Feeder Unitholder in respect of a Redemption in accordance with the Conditions
Redemption Charge	the charge as referred to in chapter 7.2 hereof that may according to the Conditions be due by a Fund Unitholder to the Fund or a Feeder Unitholder to the Feeder in respect of a Redemption
Redemption Form	the form available on the Website to be used by a Unitholder in order to apply for a Redemption

Subscription	any issue (<i>emissie</i>) of Units
Subscription Amount	the amount due by a Unitholder in respect of a Subscription
Subscription Form	the form available on the Website to be used by a Unitholder in order to apply for a Subscription
Suspension Event	in relation to a Subscription, Redemption or Valuation, any event according to the Conditions that causes a suspension of such Subscription, Redemption or Valuation, respectively
Register	the register of Fund Unitholders or the register of Feeder Unitholders maintained by the Manager
Terms and Conditions	the terms and conditions of management and administration (<i>voorwaarden van beheer en bewaring</i>) of the Fund, dated April 2010 (as amended from time to time), available on the Website and incorporated by reference in this Prospectus
Unit	a Fund Unit or a Feeder Unit
Unitholder	a Fund Unitholder and/or a Feeder Unitholder
Valuation	the valuation by the Manager, or to the order of the Manager by the Administrator, of the Fund Assets and the Feeder Fund Assets in accordance with the Valuation Methods
Valuation Methods	the methods of valuation of the Fund Assets and the Feeder Fund Assets as set out in chapter 8 hereof
Website	www.dagfund.com or any other site as notified by the Manager to the Unitholders

2. IMPORTANT INFORMATION

An investment in the Fund (directly or through the Feeder) involves financial risks. Prospective investors in the Fund or the Feeder are advised to read this Prospectus carefully and in its entirety.

This Prospectus is being circulated to a limited number of sophisticated investors and is solely prepared for the purpose of providing information on the Fund (and its Fund Units) and the Feeder (and its Feeder Units) that is instrumental in the assessment by an interested investor of the costs, fees and risks associated with an investment in the Fund or the Feeder. The contents of this Prospectus should not be construed as financial, tax or legal advice. Each prospective investor should consult its professional advisors as to the financial, tax and legal consequences, requirements and restrictions related to the purchase, holding or disposal of Units applicable to it.

Given the Fund's investment strategy and objectives (investments primarily consist of long positions in Listed Companies within Europe), an investment in Units carries a high degree of risk and is suitable only for persons who can assume the risk of losing a substantial part of their investment.

With respect to any quotation of expected returns throughout this Prospectus, it must be noted that these are generated from past research and cannot be guaranteed and that the value of an investment in the Fund and the Feeder may fluctuate. Forward looking statements in this Prospectus by nature comprise risks and uncertainties since they are related to events and circumstances that may, or may not, materialise in the future.

No person, other than the Manager, has been authorised to provide any information or make any statement in connection with the Fund and the Feeder, other than as contained in this Prospectus. Any such other information or statement, if given or made, should not be relied upon as having been authorised by the Fund, the

Feeder or the Manager. Neither the delivery of this Prospectus nor the purchase, sale, issue or redemption of Units will, under any circumstances, constitute a representation that the information contained in this Prospectus is correct at any time subsequent to the date of this Prospectus as printed on the cover of this Prospectus. The Manager will update or supplement this Prospectus when there is cause to do so. In that event, this Prospectus is superseded by the information contained in the updated or supplemented version hereof.

The minimum Subscription Amount payable by prospective investors wishing to invest in the Fund (directly or through the Feeder) amounts to EUR 125,000. The Manager may accept investments in the Fund or the Feeder for any lesser amount, provided no investor be permitted to invest for an amount that falls below EUR 25,000. If one or more prospective investors invest through a financial institution which participates in its own name, the aggregate minimum amount to be subscribed by the financial institution is € 125,000, regardless of the amount invested by each individual beneficial owner. Unitholders can make further applications for Units in one or more multiples of EUR 25,000.

The Manager has been granted a licence as manager ("*beheerder*") under the Dutch Act on Financial Supervision (*Wet op het financieel toezicht*) on 17 April 2008 to manage the Fund and the Feeder.

This Prospectus is governed by Dutch law and will be published in the English language only.

Selling restrictions

The distribution of this Prospectus and the offering of Units may be restricted in certain jurisdictions other than The Netherlands. Persons obtaining this Prospectus are required to be informed as to such restrictions and to ascertain compliance by them thereof. The Manager accepts no liability for any violation by any person, whether or not a prospective purchaser of Units, of any such restrictions.

The Units (the "Fund Interests") have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be retained, offered, sold, delivered or otherwise be alienated or held directly or indirectly in the United States of America, its territories or possessions, any State of the United States of America and the District of Columbia (the "United States"), except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. The Fund and the Feeder will not accept subscriptions from persons in the United States, subject to certain limited exceptions.

3. SUMMARY OF PRINCIPAL TERMS AND CONDITIONS

This summary of principal terms is a selection of the terms applicable to the Fund and the Feeder and is qualified in its entirety by the information contained in this Prospectus.

The Fund and the Feeder

The Fund

The Fund is a semi-open end mutual fund (*fonds voor gemene rekening*) under the laws of the Netherlands. It is tax transparent for Dutch corporate income tax purposes. The Fund is not listed on any stock exchange.

Investors can invest in the Fund directly or indirectly, through the Feeder.

The Feeder

The Feeder is an investment institution with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under the laws of the Netherlands and has opted for the status of a fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of section 28 of the Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*). The Feeder is not listed on a stock exchange or other regulated market.

Investments of the 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 a discount towards peers or estimated intrinsic values and where shareholder engagement or other external factors can lead to improved performance and creation of value for the shareholders, independent of overall market trends.

The Fund will pursue an active voting policy as part of its active engagement programs. (See below, chapter 4.10 'Active Voting Rights and Voting Policy'.)

When fully invested, the Fund will typically have 10 to 20 core investments in target companies that it envisages to actively engage. The Fund will primarily invest in Listed Companies within Europe with medium to large capitalizations although investments may also be made in smaller capitalizations. 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. Positions 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. (See below, chapter 5.3 'Financial Instruments'.). The Fund may not invest in other funds.

Investments of the Feeder

The Feeder will only invest in Fund Units.

Governance of the Fund

The Manager will act as the manager (*beheerder*) of the Fund, subject to the terms of the Conditions. The Manager will act in the interest of the Fund Unitholders. The Manager is governed by its Board of Directors. A member of the Board of Directors has been designated to act as the Fund's Portfolio Manager. Additional Portfolio Managers may be designated by the Board of Directors.

Investment decisions will be made in accordance with the investment guidelines and procedures set by the Board of Directors. The Board of Directors may instigate one or more committees, including an Investment Committee. If instituted, the Investment Committee shall supervise the implementation of the investment guidelines and procedures. Absent an Investment Committee, the Board of Directors will perform the task of the Investment Committee. Any reference to the Investment Committee throughout this Prospectus shall apply to the Board of Directors if and so long no Investment Committee has been instituted. See below, chapter 'Management'.

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 Manager may establish a dedicated supervisory committee, designate non-executive members of the Board of Directors or appoint an independent third party to act as the Fund's oversight entity with respect to the Principles of Fund Governance and to supervise the Fund's compliance with those Principles. The supervisory committee and the non-executive members of the Board of Directors may seek the advice of an independent third party to help them fulfil their duties. 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.

The Depositary will act as the depositary (*bewaarder*) of the assets and liabilities of the Fund, subject to the terms of the Conditions and will hold legal title to the Fund Assets for the account of the Fund Unitholders. The

Depository will act in the interest of the Fund Unitholders. The Depository will act solely upon the instructions of the Manager.

The Manager has engaged the Administrator and delegated to it certain financial, accounting, administrative and other services in relation to the Fund, subject to the terms of the Administration Agreement.

The Custodian Bank will provide certain financial services to the Fund, such as the execution and clearing of transactions, securities lending and borrowing, reporting and ancillary services in relation to the Fund, subject to the terms of the Custody Agreement.

Governance of the Feeder

The Manager is the sole director of the Feeder.

The Manager has engaged the Administrator and delegated to it certain financial, accounting and administrative services in relation to the Feeder, subject to the terms of the Administration Agreement.

No Purchase and Sale of Fund Units

Fund Units can only be purchased by the Fund. (See below, chapter 4.8 'Redemption'.) This limitation does not apply to Feeder Fund Units.

Issue and Redemption

Units may be issued at the request of a (prospective) Unitholder at their respective Net Asset Value. Subject to the terms of the Conditions, Units are issuable on the first Business Day of each calendar month (or such other Business Day as decided by the Manager in its absolute discretion).

Units may be redeemed at the request of a Unitholder at their respective Net Asset Value (decreased by a Redemption Charge (if any)). Unitholders wishing to redeem one or more Units shall not be required to pay a Redemption Charge, save in the event that the Units proposed to be redeemed were acquired within a period of one year prior the date of Redemption. Any Redemption Charge charged to former investors who have reinvested in the Fund or in the Feeder following a previous – total or partial – redemption of their Units (prior investment) will be reduced by an amount up to the Redemption Charge, if any, they have already paid in connection with their prior investment in the Fund or in the Feeder. Subject to the terms of the Conditions, Units are redeemable on the first Business Day of each calendar month.

Under certain exceptional circumstances, the Manager shall be entitled to cause the Redemption of all (but not less than all of) Fund Units of a Fund Unitholder. The Manager has the same right towards Feeder Unitholders (See below, chapters 4.7 'Issue' and 4.8 'Redemption').

Fees and Expenses

The fees in relation to the management (and the operations) of the Fund and the Feeder comprise the Management Fee and the Performance Fee, which fees are only charged to the Fund. The Manager will bear the fees and expenses in relation to:

- research, advice and execution of shareholder engagements
- costs for maintaining and hosting the Website
- marketing costs
- litigation and indemnification expenses and extraordinary expenses incurred in connection with the execution of active engagement programmes
- costs of service providers otherwise not explicitly mentioned herein, such as Bloomberg and other financial information service providers

The Fund will bear all fees, costs and expenses of the Fund and the Feeder that are not due and payable by the Manager (out of the Management Fee or Performance Fee), such as, but without limitation to, the fees to be paid to the Administrator, Depository and Custodian Bank, brokerage commissions, custody costs, financing costs, securities borrowing costs, accountant's fees, costs of the supervision by AFM and DNB, legal fees and expenses, compliance fees and expenses of the Fund and the Feeder.

Subject to the Conditions, a Redemption Charge may be payable upon a Redemption of Units by the relevant Unitholder. Other transaction costs (if any) will be borne by the Fund. (See below, chapter 7. 'Fees and Expenses'.)

Net Asset Value

In order to determine the Net Asset Value per Fund Unit and per Feeder Unit, the Fund Assets and the Feeder Fund Assets will be calculated by the Manager, or on behalf of the Manager by the Administrator, in accordance with the Valuation Methods by the close of business on the last Business Day of each week, and will be published on the Website as soon as practically possible thereafter. (See below, chapter 8. 'Valuation'.) The Net Asset Values will be expressed in Euro.

Profits

Profits of the Fund

The proceeds on the Fund's investments and the fees and expenses allocated to a reporting period, will be debited or credited, respectively, on the Fund's profit and loss account in relation to that reporting period. The profits of the Fund comprise the (positive) balance between the Net Asset Value of the Fund as per 1 January and the Net Asset Value of the Fund as per 31 December. Accordingly, the Valuation Methods to determine the Net Asset Value equally apply to determine the Fund's profits. Reporting shall be established in accordance with generally accepted accounting principles in the Netherlands. (See below, chapter 9. 'Profits'.)

Profits of the Feeder

The same applies to the Feeder.

Dividend Policy

Of the Fund

As the investment objective of the Fund is to achieve capital growth, the Fund's (for the purpose hereof not including Feeder) profits will, to the fullest extent possible, be re-invested and not distributed.

Of the Feeder

The Feeder will only make distributions to the extent required in order for it to meet the criteria of a fiscal investment institution (*fiscale beleggingsinstelling*). If distributions are required to be made, the Feeder will make such distributions within eight months after the end of its financial year. (See below, chapters 4.5 'Feeder' and 13 'Tax Considerations'.)

Distributions

Distributions (of profits or otherwise) shall be made pro rata to the number of Units held by a Unitholder. Distributions are declared due and payable by notification to the Unitholder and publication thereof on the Website. Distributions will be made in cash. (See below, chapter 10. 'Dividend Policy'.)

Reporting

The Annual Accounts for each fiscal year (calendar year) will be prepared within four months after the end of the fiscal year in accordance with generally accepted accounting principles in the Netherlands. The Annual Accounts will be audited by the Auditor.

The Manager will draw up the semi-Annual Accounts for the Fund and the Feeder within nine weeks after the end of each half fiscal year (accounting period from 1 January until 30 June).

In addition to the Annual Accounts and the semi- Annual Accounts, Unitholders will be informed on a monthly and quarterly basis on *inter alia* the Fund's and the Feeder's performance, the composition of the (Feeder)Fund Assets, the Net Asset Value of the Fund and the Feeder, by means of the Monthly Investor Report and the Quarterly Investor Report.

Dissolution and liquidation

Of the Fund

Unitholders can not cause the dissolution or liquidation of the Fund. The Fund may only be dissolved and liquidated by a resolution to that effect by the Manager and the Depositary, acting jointly. (See below, chapter 4.11 'Dissolution and Liquidation'.) The proposed dissolution of the Fund will be notified to the Unitholders and will be published on the Website.

Of the Feeder

The Feeder may only be dissolved and liquidated by a resolution to that effect by the Feeder Unitholders. (See below, chapter 'Dissolution and Liquidation'.) The proposed dissolution of the Feeder will be notified to the Feeder Unitholders and will be published on the Website. (See below, chapter 4.13 'The Fund and the Feeder'.)

Amendment of the Prospectus and Terms and Conditions

This Prospectus and the Terms and Conditions may be amended by the Manager and the Depositary, acting jointly. Any amendment will be notified to the Unitholders and will be published on the Website.

4. THE FUND AND THE FEEDER

4.1 PROFILE

The Fund is offering professional and experienced investors the opportunity to invest (directly, or through the Feeder) primarily in a portfolio of Listed Companies within Europe that represent sound business fundamentals but whose shares or other financial instruments trade at a discount towards peers or estimated intrinsic values.

The value discount will be typically attributable to governance factors such as: poor communication, holding or other complex structures (conglomerate, etc.), squeeze-outs, related-party transactions, excess cash, inefficient use of capital resources, merger exchange ratio, spin-offs, past value destruction through reckless management, conflicts of interest at management or shareholder level, takeover bid, event-driven situations, antitakeover defences, legal disputes, regulatory issues, insider dealings, etc.

The Fund will invest if a catalyst can be identified that can help reduce or even erase the value discount. The catalyst will typically consist of an active shareholder engagement program; although in some cases the desired change may be induced by external factors such as regulatory change, ownership change or activism by other investors.

4.2 FUND STRUCTURE

The Fund is a semi-open end mutual fund (*fonds voor gemene rekening*) under the laws of the Netherlands. It is tax transparent for Dutch corporate income tax purposes. The Fund was incorporated on 1 November 2006. It is not listed on a stock exchange or other regulated market.

Investors can invest in the Fund directly, or indirectly, through the Feeder.

The Feeder is an investment institution with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*) under the laws of the Netherlands, incorporated on 1 November 2006 and registered in the Trade Register at the Chamber of Commerce of Amsterdam under number 34258011. It is not listed on a stock exchange or other regulated market. The Feeder has opted for the status of a fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of section 28 of the Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*).

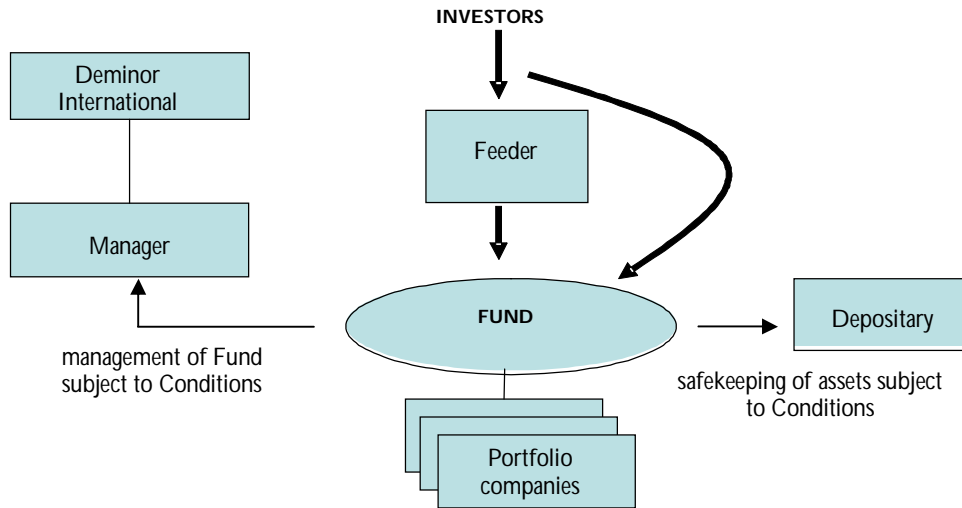
The Fund does not have legal personality. It comprises a contractual arrangement governed by the Conditions among the Manager, the Depositary and each Unitholder. The Fund Units are governed by the Conditions. Upon the first subscription of Fund Units, a prospective investor agrees to be bound by the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

The Fund Assets are managed by the Manager and held in the name of the Depositary for the account (*ten titel van beheer en bewaring*) of the Unitholders. Unitholders have no proprietary interest in respect of the Fund Assets. Pursuant (and subject) to the Conditions, Unitholders are beneficially entitled to the Fund Assets pro rata the

number of their respective Units. According to the Conditions, 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, acting jointly.

The structure of the Fund can be visualised as follows.



4.3 MANAGEMENT

Deminor Investment Management B.V. is the Manager. The Manager is registered in the Trade Register at the Chamber of Commerce of Amsterdam under number 34256978.

The issued and outstanding capital of the Manager amounts to at least EUR 125,000.

The corporate purpose of the Manager is inter alia to manage the Fund Assets and the Feeder. The Manager is primarily responsible for the implementation of the investment objectives of the Fund, in accordance with the Fund's investment strategy and restrictions, and decides on the Fund's investment activities. At present, the Manager does not manage any other assets than the Fund Assets. The Manager shall however be authorised to take assets other than the Fund Assets under management.

The Manager is a fully owned subsidiary of Deminor International. The Manager has concluded a contract with Deminor International pursuant to which Deminor International or any of its subsidiaries will provide research, investment advice, services related to the active engagements of the Fund and certain administrative services to the Manager.

The Manager will act as the manager (*beheerder*) of the Fund and the Feeder, subject to the terms of the Conditions. The Manager will act in the interest of the Unitholders. The Manager is governed by its Board of Directors.

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 Manager may establish a dedicated supervisory committee, designate non-executive members of the Board of Directors or appoint an independent third party to act as the Fund's oversight entity with respect to the Principles of Fund Governance and to supervise the Fund's compliance with those Principles. The supervisory

committee and the non-executive members of the Board of Directors may seek the advice of an independent third party to help them fulfil their duties.

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.

The Manager 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 Manager in the performance or non-performance by it of its duties under the Conditions. The same applies if the Manager has delegated or entrusted a third party with any of its tasks or duties. The Manager will be indemnified out of the Fund Assets for damages incurred by the Manager for which it is not liable.

The fiscal year of the Manager is the same as the calendar year. The Annual Accounts of the Manager will be published within four months after the close of its fiscal year. The articles of association of the Manager are deposited at its office, can be downloaded from the Website and copies are available free of charge.

Board of Directors

The Manager is managed by its Board of Directors, presently comprising the following members:

Erik Bomans
Olaf Ephraim
Pierre Nothomb
Charles Demoulin
Joe Tabbers

The key responsibilities of the Board of Directors include determining the Fund's strategy and reviewing its performance and risk profile. It sets and reviews the Fund's budget and makes all business decisions that are part of day-to-day management. The Board of Directors has established the Fund's risk management policy and structure and, whenever needed, will make the appropriate changes to the policy and structure. It has determined the Fund's leverage policy and risk hedging policy and, where needed, will make changes to these policies. The Board of Directors has approved a list of eligible financial instruments, including hedging instruments. The Board of Directors has approved the Manager's code of conduct.

The Manager is represented (and can only be bound vis-a-vis third parties) by two members of the Board of Directors, acting jointly, or by Pierre Nothomb (managing director), acting individually within powers of day-to-day management conferred by the Board. Pierre Nothomb has been designated to act as the Fund's Portfolio Manager. The Board of Directors may designate additional Portfolio Managers.

Investment decisions will be made in accordance with the investment guidelines and procedures set by the Board of Directors. The Board of Directors may instigate one or more committees, including an Investment Committee.

If instituted, the Investment Committee shall supervise the implementation of the investment guidelines and procedures.

The Board of Directors may delegate (outsource) all or part of its duties and tasks to third parties, among others to one or more depositories, administrators, custodian banks and brokers. To the extent the Board of Directors have so delegated such tasks and duties, it shall remain responsible for the performance or non performance of these tasks and duties.

The credentials of the members of the Board of Directors are set out below.

Erik Bomans (1968) joined Deminor International as a consultant in 1995 and became a partner in 2000. Erik has advised investors on corporate finance transactions, special situations and investor protection. Within the partnership, Erik was in charge of setting up Deminor's Italian office in collaboration with Umberto Mosetti in August, 2001. More recently, Erik has started developing Deminor's activities in Germany. Prior to joining Deminor, Erik practised as a lawyer at the corporate law department of Linklaters De Bandt in Brussels (1993-1995). Erik was admitted to the Brussels bar in 1996.

Erik has a law degree from the University of Leuven (Belgium) where he graduated in 1991. In 1993 he graduated from the Johns Hopkins University (Washington, D.C.) as a Master of Arts in international politics and economics. In 1997-1999 he pursued a two year executive program in financial analysis organised by the Belgian Association of Financial Analysts (ABAF) and subsequently obtained the European diploma of certified financial analyst (1999). Erik is a Belgian citizen.

Olaf Ephraïm (1965) held various senior management positions in investment banking. He started in the financial industry in 1987 as a bond trader for the Dutch merchant bank, Mees Pierson, which was later acquired by Fortis. Olaf's experience includes (proprietary) trading, risk management, derivatives and venture capital. His last position with Fortis was Co Head Global Securities Lending and Arbitrage, GSLA, a successful international proprietary trading department with offices in Europe the US and Asia. Olaf obtained a degree in Business Economics from the University of Amsterdam (1987). He has been a speaker and teacher on various seminars, work shops and courses, mostly for the Dutch Institute of Banking and Securities (NIBE). Olaf is Dutch citizen.

Pierre Nothomb (1962) joined Deminor International at its launch in 1991. He has been a partner of Deminor International for more than 18 years. Pierre is specialised in corporate finance. He initiated the creation of the voting services for institutional investors in 1998. Since he joined Deminor, Pierre has been involved in a number of assignments to assist shareholders of public and privately held companies.

Prior to joining Deminor, he spent three years as a corporate finance consultant with Petercam Securities, a leading corporate finance group in Belgium. He participated in IPOs, takeovers, bond issues, and classical M&A transactions. He was also in ongoing contact with institutional shareholders in the block trading management. After his academic career, he spent three years with Coopers & Lybrand (now PricewaterhouseCoopers) as an auditor. He was based in Brussels and had several assignments in Luxembourg, in the field of financial and accounting assistance for investment funds.

Pierre obtained a degree in applied economics at the Université Catholique de Louvain (IAG) in 1986. He is a Belgian citizen.

Charles Demoulin (1973) joined Deminor International in 1999 and became a partner in 2008. Within the Deminor partnership, Charles is in charge of shareholder engagement activities involving listed companies. He is a director of the Governance Platform, a Dutch foundation which engages with European blue chips on behalf of large Dutch institutional investors. Prior to joining Deminor, Charles was an attorney-at-law at the law firm Loeff Claey's Verbeke (now Allen & Overy Belgium) between 1997 and 1999. Charles holds a Master of Laws from the University of Louvain (Belgium) which he obtained in 1996. He also holds a postgraduate in corporate finance from the University of Leuven (2000). Charles is a Belgian citizen.

Joe Tabbers (1948) held various senior positions in commercial and private banking with various banks. The last 20 years of his career he was mainly acting in the investment fund industry where he was involved in all kind of issues (legal, tax, operations, governance). His last (2001-2009) position was Managing Director of Fastnet Netherlands N.V. in which he was responsible for the (operational) servicing of a great number of listed as well as non-listed Dutch investment Funds. He also was a board member of a Depository and an executive member of the Board of a Euronext listed investment fund. Joe has a great experience in the field of investment fund operations, structuring and governance.

Portfolio Manager(s)

Pierre Nothomb is appointed by the Board of Directors as the Fund's Portfolio Manager. The Portfolio Manager is in charge of implementing the investment strategy of the Fund subject to the guidelines and procedures set by the Board of Directors, buying and selling of financial instruments within the parameters of the Fund's hedging policy set by the Board of Directors, protecting the Fund against certain risks by making use of hedging techniques, taking up debt, engaging in securities borrowing and lending, and all other decisions that relate to day-to-day portfolio management. He may be assisted by several analysts and outside advisors.

The Portfolio Manager will use Deminor International's research and analysis regarding valuation, corporate governance assessment and shareholder activism services. Deminor International will also assist the Portfolio Manager in implementing the shareholder engagement programmes designed to unlock the company's underlying intrinsic value on behalf of the Fund.

The Board of Directors has delegated and outsourced most of its research, active engagement and administrative tasks and duties, as follows:

- research and active engagement: to Deminor International and its subsidiaries
- fund administration, portfolio monitoring, reporting and calculation of the NAV: to the Administrator
- trading and execution: to local brokers and/or the Custodian Bank.

Risk & Compliance Officer

The Manager has a Risk & Compliance Officer. The Risk & Compliance Officer will act as secretary of the Board of Directors. He will keep the minutes on record for three years and will procure that the minutes of the meetings of the Board of Directors are circulated to all members of the Board of Directors.

The Risk & Compliance Officer will have at any time access to the Fund's portfolio, either through on-line access to the Custodian Bank's platform, or through the reports sent by the Custodian Bank to the Portfolio Manager(s). The Risk & Compliance Officer will be notified by the Depositary on any irregularities as regards the integrity of the data contained in the Custodian Bank's reporting and the compliance with the Fund's Conditions, in particular the Fund's investment objectives, strategy and restrictions. Whenever irregularities are reported to the Risk & Compliance Officer (or otherwise come to his attention), the Risk & Compliance Officer will ask for an explanation from the Portfolio Manager. The Risk & Compliance Officer will keep this information (requests and answers received) on record for three years. The Risk & Compliance Officer will report any irregularities to the Board of Directors (save in the event of matters that have no substantive effect on the Net Asset Value of the Fund Assets).

The Risk & Compliance Officer will monitor compliance with the Manager's code of conduct (adopted by the Board of Directors), outlining the rules and regulations as regards the trade of securities that form part of the Fund Assets applicable to the members of the Board of Directors, the Investment Committee, and certain of the Manager's employees, officers or agents.

Depositary

Stichting Bewaarder Deminor Active Governance Fund is the Depositary of the Fund. It is a foundation (*stichting*) under the laws of the Netherlands, registered in the Trade Register at the Chamber of Commerce of Amsterdam under number 34288190. The board of directors of the Depositary is Stichting Bewaarbedrijf Guestos. The members of the board of Stichting Bewaarbedrijf Guestos are:

Karina Wirschell; and
Jasper van der Sluis.

Mrs Wirschell has been working in several accountancy and management functions in the financial sector since 1995. At this moment she is also the operational manager of the Administrator. Mr van der Sluis has been working in several accountancy and administrative functions since 2000, mainly servicing investment funds. At this moment he is also manager accounting of the Administrator.

The Depositary has no shareholders and is not affiliated with any company within the Deminor Group.

The sole purpose of the Depositary is to act as depositary (*bewaarder*) of the Fund, including the acquisition, holding and disposal of legal title securities and other assets for the account of the Fund Unitholders. The Depositary shall act with due observance of the Conditions, solely upon the instructions of the Manager and in the interest of the Fund 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 of its duties under the Conditions. The Depositary will be indemnified out of the Fund Assets for damages incurred by the Depositary for which it is not liable.

The fiscal year of the Depositary is the same as the calendar year. The Annual Accounts of the Depositary will be published within four months after the close of its fiscal year. The articles of association of the Depositary are deposited at its office and at the offices of the Manager, can be downloaded from the Website and copies are available free of charge.

Administrator

The Manager has engaged Fastnet Netherlands N.V. as the Fund's and the Feeder's Administrator and delegated to it certain financial, accounting, administrative and other services to the Fund and the Feeder, subject to the terms of the Administration Agreement. Pursuant to the Administration Agreement, the Administrator will perform the following services under the supervision of the Manager and, where appropriate, the Depositary:

- general administration of the Fund Assets and the Feeder Fund Assets
- general administration of the Register of the Fund
- weekly calculation of the Net Asset Value of the Feeder and the Fund and the Net Asset Value per (Feeder) Unit
- provide information to the Manager to enable the Manager to comply with reporting requirements
- provide information to the Manager for the composition of the (semi-) Annual Accounts, the Quarterly Investor Report and the Monthly Investor Report
- monitor compliance by the Fund and the Feeder with the Conditions, in particular the Fund's investment objective, strategy and restrictions

The Administrator will not provide any investment advisory or management service and therefore will not be in any way responsible for the Fund's performance.

The Administrator belongs to the Fastnet organisation, the European market leader in the area of financial administrative service providing to mostly large and international operating investment managers, insurance companies and pension funds. The conduct of the administration of investment funds forms part of the core business of the Administrator. The Fastnet organisation has branches in Luxembourg, France, The Netherlands, Belgium, Ireland and Switzerland. The shareholders of Fastnet Netherlands N.V. are Fortis and Caceis. Caceis is a 50/50 participation of Crédit Agricole and Natixis. The Administrator is not affiliated with any company within the Deminor Group.

The Administrator 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 Administrator in the performance or non-performance by it of its duties under the Conditions. The Administrator will be indemnified out of the Fund Assets for damages incurred by the Administrator for which it is not liable.

Custodian Bank

The Manager has delegated to the Custodian Bank certain financial services, such as the execution and clearing of transactions, providing leverage, keeping the Fund's cash balance, securities lending and borrowing, reporting and ancillary services in relation to the Fund, subject to the terms of the Custody Agreement.

The Fund Assets may serve as collateral to the Custodian Bank to secure payment of any of the Fund's obligation vis-à-vis the Custodian Bank in respect of the duties and tasks performed by the Custodian Bank pursuant to the Custody Agreement. The recourse of the Custodian Bank may not exceed, and is limited to, the Fund Assets.

The Custodian Bank 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 Custodian bank in the performance or non-performance by it of its duties under the Custody Agreement. The Custodian Bank will be indemnified out of the Fund Assets for damages incurred by the Custodian Bank for which it is not liable.

4.4 FUND ASSETS AND FUND UNITS

The Depositary will acquire, hold or dispose of, legal title to the Fund Assets for the account of the Fund Unitholders. Fund Unitholders have no proprietary interest in respect of the Fund Assets. Pursuant (and subject) to the Conditions, Fund Unitholders are beneficially entitled to the Fund Assets pro rata the number of their respective Fund Units.

4.5 FEEDER

General

The Feeder qualifies as an investment institution with variable capital (*beleggingsmaatschappij met veranderlijk kapitaal*). It is governed by the laws of the Netherlands and its Articles of Association. The issued capital of the Feeder amounts to at least EUR 45,000.

Fiscal status

Dependent on its tax status an investor may invest in the Fund directly, or indirectly, through the Feeder. The Feeder has opted for the status of a fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of section 28 of the 1969 Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*).

Investment policy, management

The corporate purpose of the Feeder is confined to investing in Fund Units. No separate depository shall be appointed to hold legal title to the Feeder Fund Assets. The Feeder will be managed by the Manager in the interest of the Feeder Unitholders. The Manager shall be authorised to issue, acquire and dispose of Feeder Units without any authorisation of the meeting of Feeder Unitholders.

Feeder Unitholders entitled pro rata to Feeder Fund Assets

Pursuant (and subject) to the Conditions, Feeder Unitholders are beneficially entitled to the Feeder Assets pro rata the number of their respective Feeder Units.

Transferability Feeder Units

Subject to the terms of the Articles of Association, Feeder Units are transferable.

Issue or redemption Feeder Units followed by issue or redemption Fund Units

Upon any issue or redemption of Feeder Units, the Manager shall cause the Fund to issue or redeem Fund Units, accordingly. Upon any issue or redemption of Fund Units to be held, or held by the Feeder, the Manager shall - to the fullest extent permitted under the laws of the Netherlands and the Articles of Association - cause the Feeder to issue or redeem Feeder Units, accordingly.

Limitation on redemptions

Subject to the Articles of Association, the Feeder can only redeem Feeder Units to the extent the issued capital, increased with the aggregate nominal amount of the Feeder Units to be redeemed or held by the Feeder, is not less than one tenth of the Feeder's authorized capital ("*maatschappelijk kapitaal*"). Any proposed redemption of Feeder Units that would cause the Feeder's issued capital, increased with the aggregate nominal amount of the feeder Units to be redeemed or held by the Feeder, to become less than one tenth of the Feeder's authorized capital, can only be made (in one or more tranches) following a cancellation ("*intrekking*") of Feeder Units. (See below, "Cancellation of Feeder Units".)

Payment of Subscription Amount or Redemption Amount

Upon any issue or redemption of Feeder Units, the Manager shall cause the Subscription Amount or the Redemption Amount (decreased with the Redemption Charge (if any)) payable in respect thereof to be paid to the Fund, or the Feeder Unitholders, as the case may be. Payments to the Feeder Unitholders shall be made as soon as practically possible within ten Business Days following the date they are due and payable to the Feeder Unitholders according to the Conditions. If the Feeder fails to pay the Subscription Amount due in consideration of the Feeder Units or fails to fulfill any of its obligations under the Conditions, by reason of the failure of any of its Feeder Unitholders to make a payment to the Feeder in accordance with the Conditions, the applicable sanctions and penalties shall apply only to the relevant proportion of the Fund Units held by the Feeder equal in the relevant proportion of Feeder Units in respect of which the relevant Feeder Unitholder(s) have failed to make payment to the Feeder as aforesaid. The Manager may, in its absolute discretion, give the Feeder time so as to enable the Feeder to remedy the default.

Cancellation of Feeder Units

Feeder Units may be cancelled pursuant to a resolution to that effect by the meeting of Feeder Unitholders.

Authorization Manager

On the basis of the Articles of Association, the Manager is authorized to redeem Feeder Units, to cancel Feeder Units and to dispose of (*vervreemden*) Feeder Units held by the Feeder.

Distribution of profits

The profits of the Feeder shall be at the disposal of the meeting of Feeder Unitholders. The meeting of Feeder Unitholders may, at the proposal of the board of directors, resolve that the profits are reserved, provided however that to the extent (part of the) profits must be distributed so as to meet the criteria of a fiscal investment institution (*fiscale beleggingsinstelling*) these will be distributed within eight months after the end of the Feeder's fiscal

year. See below, chapter 13. 'Tax Considerations'. To the extent the Feeder does not have sufficient liquid assets to distribute that part of the profits that must be distributed according to the preceding sentence, it may cause a Redemption of Fund Units such that the Redemption Amount payable to the Feeder in respect thereof shall equal the amount of the profits that must be distributed.

Where distributions will be made, they shall be made pro rata to the number of Feeder Units held by a Feeder Unitholder. Distributions are declared due and payable by notification to the Feeder Unitholder and publication thereof on the Website. Distributions will be made in cash.

4.6 NO PURCHASE AND SALE OF FUND UNITS

Fund Units can only be purchased by the Fund. (See below, chapter 4.8 'Redemption'.) This limitation does not apply to Feeder Units.

4.7 ISSUE

Subscription Dates

Units may be issued at the request of a Unitholder at their respective Net Asset Value. Subject to the terms of the Conditions, Units are issuable on the first Business Day of each calendar month, provided no Suspension Event is occurring. The Manager is authorised to fix additional dates for Subscription of Units.

Subscription Amount and Number of Units Issuable

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 Fund Units may be issued up to four decimal positions. No fractions of Feeder Units will be issued, amounts paid in excess of the Net Asset Value of the Feeder Units issued will be repaid to the respective Feeder Unitholder.

The minimum Subscription Amount payable by prospective investors wishing to invest in the Fund (directly or through the Feeder) amounts to EUR 125,000. The Manager may accept investments in the Fund or the Feeder for any lesser amount, provided no investor be permitted to invest for an amount that falls below EUR 25,000. If one or more prospective investors invest through a financial institution which participates in its own name, the aggregate minimum amount to be subscribed by the financial institution is EUR 125,000, regardless of the amount invested by each individual beneficial owner. Unitholders can make further applications for Units in one or more multiples of EUR 25,000.

Suspension of Issue

The Manager and the Depositary, acting jointly, may determine that each of the following events qualifies as a Suspension Event:

- if one or more stock markets or exchanges, on which the securities that form part of the Fund Assets are listed, is closed other than for ordinary holidays, or dealings thereon are restricted or suspended
- if the means of communication or calculation models that are usually available for the purpose of calculating the Net Asset Value are out of order or deficient due to any cause other than the performance or non-performance by the Manager, or if for any other reason the Net Asset Value can not be timely or prudently calculated
- if a political, economical, military or monetary situation outside the control of the Manager prevents the Manager from being able to calculate the Net Asset Value

In case a Suspension Event is occurring, the application to subscribe for Units shall be considered as having no (further) force and effect and the relevant Subscription Amount paid in respect thereof shall be returned without interest as soon as practically possible.

Subscription Procedure

Applications to subscribe for Units must be received in the form of a Subscription Form by the Manager - with a copy to the Administrator - at least ten Business Days prior to the first Business Day of each calendar month. Payment of the Subscription Amount must be made such that it is received in Euro in the account with the Custodian Bank (as identified in the Subscription Form) at least two Business Days prior to the first Business Day of each calendar month and otherwise made in accordance with the instructions identified in the

Subscription Form. The Manager may in its absolute discretion decide to accept an application if the Subscription Amount and/or the Subscription Form are received later than the period mentioned above but before the relevant Subscription Date. If either (i) the relevant completed and signed Subscription Form or (ii) payment of the Subscription Amount have not been received timely, the application shall be considered as null and void and any paid Subscription Amount shall be reimbursed or, at the choice of the applicant Investor, the Subscription shall be carried forward to the following Subscription Date, in which case any paid Subscription Amount shall be kept by the Fund and the relevant Units will then be issued at the Net Asset Value per Unit on the following applicable Subscription Date, provided the Subscription Form and the Subscription Amount shall then have been received by the Manager in accordance with the Subscription Procedure applicable to the following Subscription Date.

Subscription Forms that are duly completed and signed are irrevocable once received by the Manager. Subscription Forms are accepted by the Manager once duly signed by an authorised signatory on behalf of the Manager. The Manager reserves the right to reject any application for any or no reason. The application will be rejected if:

- the Subscription Form, or the payment of the Subscription Amount in respect thereof, is not timely received
- the application is made in violation of the client identification and anti-money laundering requirements pursuant to the Dutch Act for the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van witwassen en financiering van terrorisme*).

When an application is rejected, it shall be considered as having no (further) force and effect and the Subscription Amount paid in respect thereof will be returned without interest as soon as practicably possible.

In the Subscription Form an applicant must *inter alia* represent and warrant that:

- the applicant has reviewed the Conditions and agrees to be bound thereby
- the execution and performance by the applicant of the Conditions do not contravene, or constitute a violation under any provision of law applicable to the applicant
- the applicant has the knowledge and expertise in business and financial matters and is eligible to assess and evaluate the merits and risks associated with investing in the Fund or the Feeder
- the applicant has independently assessed, evaluated and verified the merits and risks associated with investing in the Fund or the Feeder and the transactions contemplated thereunder
- the applicant is willing to assume and will be able to bear the full financial and economic risk of its subscription, while maintaining adequate means of providing for its current needs and foreseeable contingencies, even in the event of a loss of its entire investment in the Fund or the Feeder
- to the extent the applicant is an intermediate vehicle, that each of its shareholders, unitholders, members, or beneficiaries will individually (indirectly) invest in the Fund for an minimum Subscription Amount of EUR 25,000
- to the extent the applicant is an intermediate vehicle, that it complies with any applicable client identification and anti-money laundering requirements

Upon issuance of the Units in accordance with a relevant Subscription Form, the Administrator will confirm the number and Net Asset Value per Unit of the Units so issued.

Prevention of Money Laundering

Measures aimed at the prevention of money laundering will require an applicant for Units to confirm its identity to the Manager. The procedure used by the Administrator on behalf of the Manager is compliant with the Dutch Act for the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van witwassen en financiering van terrorisme*). Investors should be aware that an investor's failure to comply with applicable client identification and anti-money laundering requirements may cause the Subscription Amount not to be fully recoverable from the Fund.

4.8 REDEMPTION

Redemption Dates

Units may be redeemed at the request of a Unitholder at their respective Net Asset Value (decreased with a Redemption Charge (if any)). Subject to the terms of the Conditions, Units are redeemable on the first Business Day of each calendar month, provided no Suspension Event is occurring. The Manager is authorised to fix additional dates for Redemption of Units.

Redemption Charge

Unitholders wishing to redeem one or more Units shall not be required to pay a Redemption Charge, save in the event that the Units proposed to be redeemed were acquired within a period of one year prior the date of redemption. The Redemption Charge shall accrue to the Fund or the Feeder (and shall be set off against the amount payable by the Fund or the Feeder upon Redemption).

Any Redemption Charge charged to former investors who have reinvested in the Fund or in the Feeder following a previous – total or partial – redemption of their Units (prior investment) will be reduced by an amount up to the Redemption Charge, if any, they have already paid in connection with their prior investment in the Fund or in the Feeder.

Redemption Amount and number of Units Redeemable

Units will be redeemed against payment of the Redemption Amount. The Redemption Amount payable by the Fund or the Feeder in respect of a Redemption shall be calculated by multiplying the number of Units to be redeemed with the Net Asset Value per Unit, after deduction of the Redemption Charge (if any).

The minimum Redemption Amount is EUR 25,000, save in the event the application for Redemption relates to all (but not less than all) Units of a Unitholder. The Manager may accept an application for Redemptions for any lesser amount from the Feeder.

Sufficient safeguards for fulfilment obligations

There are sufficient safeguards in place for enabling the Fund and the Feeder to fulfil their obligations to redeem Units and to pay the Redemption Amounts, except in the case of statutory provisions prohibiting Redemption or Redemption being suspended as foreseen in this Prospectus.

Suspension of Redemption

The Manager and the Depositary, acting jointly, may determine that each of the following events qualifies as a Suspension Event:

- if one or more stock markets or exchanges, on which the securities that form part of the Fund Assets are listed, is closed other than for ordinary holidays, or dealings thereon are restricted or suspended
- if the means of communication or calculation models that are usually available for the purpose of calculating the Net Asset Value are out of order or deficient due to any cause other than through the performance or non-performance by the Manager or if for any other reason the Net Asset Value of the Fund Assets can not be timely or prudently calculated
- if a political, economical, military or monetary situation outside the control of the Manager prevents the Manager from being able to calculate the Net Asset Value
- if a proposed Redemption of Units would be prejudicial to the interests of the Unitholders as a whole or individually

In case a Suspension Event is occurring, the Redemption Form shall be considered as having no (further) force and effect.

Redemption Procedure

Applications to redeem Units must be received in the form of the Redemption Form by the Manager -with a copy to the Administrator - at least one calendar month (30 days) prior to the first Business Day of each calendar month. The Manager may in its absolute discretion decide to accept a Redemption Form that is received later but before the relevant Redemption Date. The Redemption Form must express the number of Units to be redeemed or the amount to be redeemed. Payment of the Redemption Amount shall be made in Euro in the account of the Unitholder (as identified in the application form) as soon as practically possible within ten Business Days following the relevant date of Redemption.

Redemption Forms that are duly completed and signed are irrevocable once received by the Manager. Redemption Forms are accepted by the Manager once duly signed by an authorised signatory on behalf of the Manager. The application will be rejected, or where appropriate partially rejected, if:

- the Redemption Form is not timely received;
- the application would affect the fiscal status of the Fund or the Feeder;
- in the opinion of the Manager, the application would interfere or prevent the orderly liquidation of the Fund Assets proposed by the Manager upon dissolution of the Fund;

- and to the extent, the aggregate redemptions at any given date of redemption would cause the aggregate Redemption Amounts payable by the Fund to exceed 20% of the Fund's Net Asset Value. In such case the aggregate Redemption Amounts shall be reduced such that the aggregate Redemption Amounts payable by the Fund equals or falls below 20% of the Fund's Net Asset Value pro rata the number of Units held by the Unitholders that made the application;
- and to the extent, the application would cause the remaining investment paid by a Unitholder to fall below EUR 25,000, save in the event the application for Redemption relates to all (but not less than all) Units of a Unitholder;
- the application is made in violation of the client identification and anti-money laundering requirements pursuant to the Dutch Act for the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van van witwassen en financiering van terrorisme*);
- the application is otherwise made in violation of the Conditions.

When an application is rejected, the Redemption Form shall be considered as having no (further) force and effect.

Upon a Redemption of the Units in accordance with a relevant Redemption Form, the Administrator will confirm the Redemption Amount, the Redemption Charge (if any) and the Net Asset Value per Unit of the Units so redeemed.

Redemption by the Manager

The Manager and the Depositary, acting jointly, shall be entitled to redeem all, but not less than all, Units of any Unitholder, if :

- said Unitholder is dissolved, becomes insolvent, is unable to pay its debts, institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy, any other relief under any bankruptcy, insolvency or similar law;
- in the opinion of the Manager, the tax position of the Depositary, the Fund, the Feeder or any of the other Unitholders is or will become negatively affected due to the tax status or position or any change therein of the relevant Unitholder or any other circumstance concerning such Unitholder;
- in the opinion of the Manager, the performance or non-performance of said Unitholder violates the Conditions;
- in the opinion of the Manager, said Unitholder fails to comply with any requirement applicable to it by law, including the client identification and anti-money laundering requirements pursuant to the Dutch Act for the prevention of money laundering and financing of terrorism (*Wet ter voorkoming van van witwassen en financiering van terrorisme*);;
- in the opinion of the Manager, the participation of said Unitholder in the Fund or the Feeder is detrimental to the Fund's, the Feeder's or the Manager's reputation or the general affairs of the Fund or the Feeder.

4.9 MEETING OF UNITHOLDERS

The Fund

Within four months following the close of the Fund's fiscal year, a meeting of Fund Unitholders will be held to consider and discuss the Fund's audited Annual Accounts. Additional meetings of Fund Unitholders may be convened if such is considered desirable by the Manager, the Depositary, or by one or more Unitholders representing (directly or indirectly, through the Feeder) at least 75% of the Fund Units on issue. Each Feeder Unitholder will be invited to visit such meetings.

According to the Terms and Conditions, no initiative, veto- or consensual rights are conferred upon the meeting of Fund Unitholders. The meetings of Fund Unitholders shall be of an informative nature.

Meetings of Fund Unitholders will be convened through a notice to each Fund Unitholder and Feeder Unitholder and publication on the Website, at least fourteen days in advance, the day of publication of the notice and the day of the meeting not included. The issues to be discussed at the meeting are mentioned in the notice convening said meeting.

The Feeder

Meetings of Feeder Unitholders shall be convened in accordance with the Articles of Association in the same manner as the meetings of Fund Unitholders and will always coincide with meetings of Fund Unitholders.

According to the Articles of Association the following rights are *inter alia* conferred upon the meeting of Feeder Unitholders:

- the appointment, suspension, dismissal of the Manager*
- the amendment of the Articles of Association with the prior approval of the board of directors*
- the adoption of the Annual Accounts of the Feeder
- the allocation of profits at the proposal of the Manager
- the dissolution of the Feeder with the prior approval of the Manager*

Meetings of Feeder Unitholders may only take resolutions provided at least 50% of the issued share capital is present or represented. Resolutions of the meeting of Feeder Unitholders are taken with a simple majority vote, In respect of *inter alia* the resolutions marked with an asterix (*), a qualified majority of at least two thirds of the votes cast is required (representing at least 50% of the issued share capital) in a meeting where at least 50% of the issued share capital is present or represented. When the presence quorum requirement as referred to in the preceding sentences is not met a second meeting shall be held where no such quorum requirement shall apply.

4.10 POLICY REGARDING VOTING RIGHTS AND VOTING POLICY

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

The active engagement programs will take various forms and will differ depending on the objectives to be achieved. It is therefore not possible to give a comprehensive definition or description of the active engagements of the Fund.

Typically, an active engagement program may be carried out in a gradual approach beginning with contacts and meetings with the target companies (executive directors, senior management and/or reference shareholders) to discuss proposals aiming at creating value. Where the outcome of such contacts and meetings is positive, they may be followed by a monitoring of the implementation of the proposal. Where the response is negative or evasive, discussions may take place with independent board members and other shareholders, with a view to building support for the Fund's proposals. In certain cases, collaboration with other shareholders who share the same objectives and strategies may be instrumental in executing the engagement program. If, over time, no progress is made, the engagement may require more public campaigns including a call for an Extraordinary General Meeting (EGM) or a proxy contest. In some cases, more aggressive means of persuasion and, if appropriate, legal action may become necessary though court action should be regarded as the last and ultimate mean after all other attempts have failed.

4.11 DISSOLUTION AND LIQUIDATION

The Fund

Unitholders can not cause the dissolution or liquidation of the Fund. The Fund is dissolved and liquidated by a resolution to that effect by the Manager and the Depositary, acting jointly. The Manager shall cause a meeting of Unitholders to be convened wherein Unitholders shall be informed on the reasons of the proposed dissolution, the proposed liquidation procedure, in respect of the Fund Assets and the allocation of the liquidation proceeds. The Manager must liquidate the Fund Assets. During the dissolution of the Fund and the liquidation of the Fund Assets, the Conditions remain in force. The Fund's liquidation proceeds must be distributed to the Fund Unitholders (including the Feeder) pro rata the number of Fund Units. Once so distributed, the Fund is dissolved.

The Feeder

In case of liquidation of the Fund, the Manager shall propose the meeting of Feeder Unitholders to decide to dissolve the Feeder also and to liquidate it in accordance with the Articles of Association and applicable law..

4.12 CONFLICTS OF INTERESTS

It is possible that the Manager, the Depositary or the Administrator may, in the course of business, have conflicts of interest with the Fund. Each will, at all times, have regard in such event to its obligations to the Fund and will

endeavour to ensure that such conflicts are resolved fairly. In addition, subject to applicable law, any of the foregoing may deal, as principal or agent, with the Fund, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis.

Directors, shareholders and employees of the Manager as well as other persons connected with the Manager may invest in Units. The Manager, the members of its Board of Directors and its Investment Committee, as well as certain of its employees, officers or agents may invest in, directly or indirectly, or manage or advise other investment funds or accounts which invest in assets which may also be purchased or sold by the Fund. Active engagement programs typically involve contacts with other investors or potential investors in portfolio companies. The Manager as well as other persons connected with the Manager may advise such other investors in connection with their investments or engagements with target companies.

Neither the Manager nor any person connected with it is under any obligation to offer investment opportunities of which any of them becomes aware to the Fund or to account to the Fund in respect of (or share with the Fund or inform the Fund of) any such transactions or any benefit received by any of them from any such transaction, but will allocate such opportunities on an equitable basis between the Fund and other clients.

All members of the Board of Directors, the Investment Committee, and certain of the Manager's employees, officers or agents will adhere to a code of conduct, outlining the rules and regulations as regards the trade of securities that form part of the Fund Assets.

4.13 AMENDMENT OF THE PROSPECTUS, THE TERMS AND CONDITIONS AND THE ARTICLES OF ASSOCIATION

This Prospectus and the Terms and Conditions may be amended by the Manager and the Depositary, acting jointly.

A proposed amendment of the investment policy of the Fund, of the Terms and Conditions or of the Articles of Association will be notified to each Unitholder: (i) at its e-mail address and/or by mail; or (ii) by an advertisement in a nationally distributed newspaper. It will also be published and explained on the Website.

Notice of the fact that the investment policy of the Fund, the Terms and Conditions or the Articles of Association have been amended will be notified to each Unitholder at its e-mail address and/or by mail and will be published and explained on the Website.

An amendment causing a reduction of a Unitholder's rights or security, imposing costs on a Unitholder or causing a change to the investment policy of the Fund, will only become effective vis-a-vis the concerned Unitholder after the lapse of a period of three months following the date of the notification thereof. During said three months period, Unitholders have the right to redeem their Units at their respective Net Asset Value without a Redemption Charge being payable. If the dates fixed for Redemption in accordance with the Conditions are not sufficient to allow Unitholders to redeem their Units during such (full) three months period, the Manager will fix one or more additional dates for Redemption.

5. INVESTMENT STRATEGY AND RESTRICTIONS

5.1 INVESTMENT OBJECTIVES

The investment objective of the Fund is to achieve capital growth by investing in a wide variety of financial instruments and by using various investment techniques.

The Fund may have returns significantly divergent from market returns (large "tracking error"). As a result, the Fund has no benchmark.

5.2 INVESTMENT STRATEGY

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 a discount

towards peers or estimated intrinsic values and where shareholder engagement or other external factors can lead to improved performance and creation of value for the shareholders, independent of overall market trends.

The active engagement programs will take various forms and will differ depending on the objectives to be achieved. It is therefore not possible to give a comprehensive definition or description of the active engagements of the Fund.

Typically, an active engagement program may be carried out in a gradual approach beginning with contacts and meetings with the target companies (executive directors, senior management and/or reference shareholders) to discuss proposals aiming at creating value. Where the outcome of such contacts and meetings is positive, they may be followed by a monitoring of the implementation of the proposal. Where the response is negative or evasive, discussions may take place with independent board members and other shareholders, with a view to building support for the Fund's proposals. In certain cases, collaboration with other shareholders who share the same objectives and strategies may be instrumental in executing the engagement program. If, over time, no progress is made, the engagement may require more public campaigns including a call for an Extraordinary General Meeting (EGM) or a proxy contest. In some cases, more aggressive means of persuasion and, if appropriate, legal action may become necessary though court action should be regarded as the last and ultimate mean after all other attempts have failed.

The Fund will essentially take long positions but can hedge market, sector and currency risk. When fully invested, the Fund will typically have 10 to 20 core investments in target companies that it envisages to actively engage. In addition, outside the group of core investments, the Fund may take positions in companies where external factors can lead to improved performance and value creation. The number of core investments may increase as the Fund's assets under management grow over time.

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 and, moreover, may actively manage its positions with the view of enhancing the Fund's returns or managing its risk.

The Fund will focus on Listed Companies within Europe with medium to large market capitalisations. The Fund may however also invest in smaller or larger companies.

The Fund is entitled to invest in any Listed Companies in Europe. The focus of the investments will be, at least in a first phase, primarily in France, Germany, Italy, the Netherlands, Belgium, Luxembourg, Switzerland and Austria and, to a lesser extent, Spain and Scandinavian countries. However, the Fund may also seize investment opportunities in other European countries. Investments in these other countries are not expected to take up an important share of the Fund in the first years of its existence.

5.3 RISK HEDGING AND FINANCIAL INSTRUMENTS

The Fund will focus on financial instruments issued by Listed Companies within Europe. The Fund is not restricted in investing in any type of financial instruments issued by such companies but will primarily invest in listed equity instruments. The Fund may, however, also invest in other types of financial instruments if the Manager is of the opinion that this benefits the investment objective.

The Fund may use hedging techniques to protect against certain risks, such as an over-exposure to a certain sector or a high sector valuation relative to the market. In general, the Fund will use listed futures and options to cover such risks. Exceptionally over-the-counter options and performance swaps can be used upon approval by the Board of Directors of a specific proposal made by the Portfolio Manager.

In specific cases, when listed futures and options do not offer adequate protection, the Fund may engage in short selling of specific securities. The Fund may also use long/short strategies in cases where it envisages to exploit price differences between various classes of shares or assets related to governance issues (such as, but without limitation to, holding company arbitrage spreads where the Fund is long on the holding company's stock and

short on the underlying stock remaining delta neutral or preference shares versus ordinary shares). The Fund does not plan to utilise short selling as a source of profits.

Amendments to the hedging policy may be made by the Board of Directors. The Portfolio Manager may propose changes to the hedging policy to the Board of Directors, it being understood that the objective of the Fund is to be risk averse and that hedging techniques will be used to mitigate certain types of risk and not to take on additional risk. The Unitholders will be notified of any such changes by way of the Manager's monthly and quarterly reporting.

The Fund may (up to a maximum of 50% of the portfolio) enter into securities borrowing transactions with the following objectives:

- to finance the Fund's long positions, i.e. by means of a securities finance trade
- to borrow stocks in order to execute a shareholder engagement programme at a corporate event (e.g. general meeting of shareholders)
- to short sell certain securities as part of a specific hedging strategy

The Fund may (up to a maximum of 50% of the portfolio) enter into securities lending transactions with the objective of increasing its portfolio returns. The Fund will only contract with respected parties (financial institutions in the European Union, supervised by the relevant authorities) under conditions customary in the market for similar transactions, including the providing of sufficient collateral to the satisfaction of the Manager (such as liquidities, state bonds and listed shares).

The Fund will not engage in securities borrowing and lending because of special situations, i.e. "specials/hot stocks" in the securities lending market nor will the Fund engage in specialised arbitrage strategies based on securities borrowing and lending.

5.4 INVESTMENT RESTRICTIONS

The Fund has built in both quantitative and qualitative restrictions to manage the risks inherent to the investment portfolio. The following quantitative restrictions apply:

- the Fund may borrow, but only up to a maximum of 20% of the Net Asset Value of the Fund
- the net long position in a company, either through listed shares and/or derivative instruments and/or (convertible) bonds, shall at the moment of acquisition not exceed 10% of the total assets of the Fund at that time
- the net long position in a company, either through listed shares and/or derivative instruments and/or (convertible) bonds, shall not exceed 15% of the total assets of the Fund at any time. If due to special circumstances this limit is exceeded, the Manager will aim to undo this within three months. As long as the net long position is 15% or more of the total assets of the Fund, the Manager shall not be allowed to further purchase any financial instruments of such company
- the Fund will be considered to have an overexposure to a given sector whenever investments in a specific sector represent more than 25% of the Fund's total assets, with the exception of the banking sector, for which a 35% exposure is accepted. In case of over-exposure, the Fund will use hedging techniques to reduce its net exposure to the specific sector
- given its long term approach, the Fund is willing to invest in stocks offering limited liquidity. As a rule of thumb, the theoretical unwinding period is set on thirty Business Days given the daily average traded volumes over the last ninety trading days. The Fund may nonetheless invest in equities offering less liquidity than the above mentioned parameters upon specific approval of the Board of Directors. When the Fund proposes to invest in such an illiquid stock, it will weigh (the lack of) liquidity against other risk/return parameters such as the level of undervaluation (discount), the company's fundamentals, and the strength of the active engagement program and/or the possibility to rely on external factors
- the Fund will only accept counterparty or credit risk with financial institutions which have a minimum Moody's, IBCA or S&P rating of A. There will be a list of such counterparties approved by the Board of Directors. Regarding credit risk, a credit limit per counterparty will be set and monitored
- the Fund may (up to a maximum of 50% of the portfolio) enter into securities borrowing transactions
- the Fund may (up to a maximum of 50% of the portfolio) enter into securities lending transactions with the objective of increasing the portfolio returns of the Fund

- the Fund will not engage in securities borrowing and lending because of special situations, i.e. “specials/hot stocks” in the securities lending market nor will the Fund engage in specialised arbitrage strategies based on securities borrowing and lending.

6. RISK FACTORS

6.1 GENERAL

An investment in the Fund or the Feeder carries a substantial degree of risk. The value of the Fund's and the Feeder'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 (and therefore the Feeder) 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 or the Feeder 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 Fund or the Feeder 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.

6.2 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. The Fund may or may not hedge market and other risks at the discretion of the Portfolio Manager and in accordance with the approved hedging and risk policies.

6.3 UNCERTAIN OUTCOME OF ACTIVE ENGAGEMENTS

Active engagements are complex. The outcome thereof is dependent on various factors and is difficult to predict. In some circumstances, active engagement programs may even lead to litigation. The outcome of litigation is typically subject to various factors outside of the Manager's control. It may have an adverse impact on the Fund's investment. The Fund will attempt to mitigate the risk inherent to long term active engagements by focusing on companies with sound fundamentals. It will also subject its investment strategy to monthly reviews and updates. Investors will receive a quarterly update on the evolution of active engagement programs. There is however no guarantee that the Fund will be successful in bringing active engagements to a positive end and to create value.

6.4 RISK RELATED TO THE ASSESSMENT OF CORPORATE GOVERNANCE AND CORPORATE FRAUD

The Fund aims to invest in companies with sound fundamentals whose value is discounted as a result of corporate governance weaknesses. Although the Manager, with the assistance of Deminor International and its subsidiaries, has developed a methodology to measure and assess a company's corporate governance, it cannot be guaranteed that the Manager's corporate governance analysis is or will remain correct. While the Manager aims to undertake corporate governance due diligence prior to making an investment, such due diligence heavily relies on publicly available information the quantity and quality of which can be incomplete or flawed. Companies with poor governance standards are more likely to become victim of corporate fraud, which increases the risk of the Fund's investments. The shares of companies which become the subject of corporate fraud may be dumped by the market when such fraud is made public, making it difficult for the Fund to dispose of its investment at the expected value. In addition, it may take a long time before the target company can restore trust among the investor community, leading to long-term depressed share prices. A lack of liquidity of the shares of the target company may exacerbate the problem and lead to even lower share prices. It is also not excluded that, as a result of corporate fraud, an entire equity investment be lost. Legal actions to recover losses due to corporate fraud are costly and inefficient, especially in the European jurisdictions where the Fund will focus its investments.

6.5 CHANGE IN LEGISLATION

The tax and regulatory environment for investment funds is evolving and changes therein may adversely affect the Fund's ability to pursue its investment strategies. The regulatory and/or tax environment for derivative and

related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. The effect of any future regulatory or tax change on the Fund is impossible to predict.

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

The Feeder has opted for the status of a fiscal investment institution (*fiscale beleggingsinstelling*) within the meaning of section 28 of the Dutch Corporate Tax Act (*Wet op de vennootschapsbelasting 1969*), pursuant to which it is 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 special status and become subject to Dutch corporate income tax on its profits. In particular, there is a risk that the Fund's activities will be perceived by the Dutch tax authorities as going beyond the scope of passive investments (*beleggen*) (see below chapter 13 'Tax Considerations').

6.6 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's 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 assurance or guarantee that an optimal use of derivatives or short selling techniques will, or can, at all times be made.

6.7 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. (See above, Chapter 5.4 'Investment Restrictions'.)

6.8 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.

6.9 LEVERAGE

The Fund may use borrowings for investment purposes or for financing its obligations, including the payment of any Redemption Amounts, up to a maximum of 20% of Net Asset Value of the Fund. If income and appreciation on investments made with borrowed funds are lower than the cost of the leverage, the Net Asset Value of the Fund and the Net Asset Value per Unit will decrease. Accordingly, any event which adversely affects the value of an investment by the Fund will be magnified to the extent leverage is employed. The Fund Assets serve as collateral for the repayment obligations to funding parties and accordingly, the funding parties will be preferred creditors of the Fund.

6.10 SECURITIES BORROWING AND SECURITIES LENDING

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.

The risk of securities lending is that a loss may be sustained by the Fund as a result of the failure of another party to comply with its obligations under the securities lending contract.

6.11 REDEMPTION 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.

6.12 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.

6.13 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-à-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.

6.14 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.

7. FEES AND EXPENSES

7.1 FEES

Management Fee

The Management Fee due by the Fund 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 the end of each calendar quarter and is payable at the beginning of each succeeding quarter.

Performance Fee

The Performance Fee due by the Fund 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 Fund Unitholders (including the Feeder) and after deduction of all costs 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 will be the rate on the first Business Day of each calendar quarter. The Performance Fee shall be calculated on a "high water mark" basis.

The Performance Fee will be calculated and shall be payable on a quarterly basis. It shall be calculated on the first Business Day of the month following the end of a calendar quarter for which the Performance Fee is due. The calculation of the Performance Fee shall be based on the Net Asset Value of the Fund (adjusted for subscriptions and redemptions and distributions to Fund Unitholders (including the Feeder) and after deduction of all costs and expenses including the Management Fee) of the last Business Day of the calendar quarter for which the Performance Fee is due.

In the event the Fund is liquidated prior to the last Business Day of a quarter, the Performance Fee will be computed as though the determination date were the last Business Day of the quarter. The Performance Fee is calculated and payable quarterly in arrears. Reservations for the Performance Fee will be made on a weekly basis in the calculation of the Net Asset Value.

Prospective Unitholders should note that certain inequities may arise from the method of Performance Fee calculation. The Performance Fee is charged to the Fund as a whole and is not calculated in respect of the gain or loss achieved by individual Fund Units.

No Fees due by the Feeder

There will be no fees to be paid by the Feeder to the Manager.

7.2 EXPENSES

Expenses payable by the Manager

The Manager will bear the fees, costs and expenses of the Fund and the Feeder in relation to:

- research, advice and execution of shareholder engagements
- costs for maintaining and hosting the Website
- costs for marketing
- litigation and indemnification expenses and extraordinary expenses incurred in connection with the execution of active engagement programmes
- costs of service providers otherwise not explicitly mentioned herein, such as Bloomberg and other financial information service providers

Expenses payable by the Fund

The Fund will bear all fees, costs and expenses of the Fund and the Feeder that are not due and payable by the Manager (out of the Management Fee or Performance Fee), such as, but without limitation to, the fees, costs and expenses addressed below.

Initial Fee, Costs and Expenses and Taxes

The incorporation fees, expenses and taxes in connection with the incorporation of the Fund and the Feeder have amounted to EUR 100,000, shall be borne by the Fund and are recorded as an investment that will be depreciated over a period of five years.

Redemption Charge

Unitholders wishing to redeem one or more Units shall not be required to pay a Redemption Charge, save in the event that the Units proposed to be redeemed were acquired within a period of one year prior the date of Redemption. The Redemption Charge shall accrue to the Fund or the Feeder.

The Redemption Charge (if any) payable subject to the terms of the Conditions equals 3% of the relevant Redemption Amount during the first year.

In case a Unitholder who redeems one or more Units would have already paid a Redemption Charge in connection with a prior investment in the Fund or in the Feeder, the Redemption Charge, if any, in connection with any subsequent investment in the Fund or in the Feeder, will be reduced by an amount up to the Redemption Charge, if any, such Unitholder has already paid in connection with a prior investment in the Fund or in the Feeder.

Administration Fee

Until 1 July 2010, the fee of the Administrator is composed of:

- the following fee for NAV calculations of the Fund and the Feeder, with a minimum of EUR 20.000 per annum:

<u>NAV's from</u>	<u>to</u>	<u>fee per tranche</u>	<u>Total/month (Eur)</u>
0 -	25,000,000	1/12 x 0,06% of the NAV	1,250
25,000,001 -	50,000,000	1/12 x 0,05% of the NAV	2,291
50,000,001 -	100,000,000	1/12 x 0,04% of the NAV	3,958
100,000,001 -	200,000,000	1/12 x 0,03% of the NAV	6,458
200,000,001 -	more	none	6,458

- a fixed administration fee for the Feeder of EUR 10,000 per annum
- a fixed fee for administration costs (including maintaining the (Feeder)Unitholders register) of EUR 100 per Unitholder per annum and EUR 25 per transaction (Redemptions or Subscriptions)

As from 1 July 2010, the fee of the Administrator is composed of:

- the following fee for NAV calculations of the Fund and the Feeder, with a minimum of EUR 25.000 per annum (1/12th of EUR 25,000 per month):

<u>NAV's from</u>	<u>to</u>	<u>fee per tranche</u>	<u>Total/month (Eur)</u>
0 -	25,000,000	1/12 x 0.055% of the NAV	1,145.83
25,000,001 -	50,000,000	1/12 x 0.045% of the NAV	1,875
50,000,001 -	100,000,000	1/12 x 0.035% of the NAV	2,916.67
100,000,001 -	250,000,000	1/12 x 0.02% of the NAV	4,166.67
250,000,001 -	more	1/12 x 0.01% of the NAV	>4.166,67

- a fixed administration fee for the Feeder of EUR 10,000 per annum
- a fixed fee for administration costs (including maintaining the (Feeder) Unitholders register) of:
 - for the Fund: EUR 50 per Unitholder per annum and EUR 25 per transaction (Redemptions or Subscriptions)
 - for the Feeder: EUR 50 per Unitholder per annum and EUR 50 per transaction (Redemptions or Subscriptions)

The administration fee shall be borne by the Fund and is payable in monthly instalments.

Depositary Fee

Until 1 July 2010, the Depositary is entitled to receive a fee of EUR 5,000 (exclusive of VAT) per annum, which fee shall be borne by the Fund.

As from 1 July 2010, The Depositary is entitled to receive an annual fixed fee of EUR 5,000 (exclusive of VAT) per annum as well as an annual variable fee of 0.01% of the NAV per annum, which fees shall be borne by the Fund.

Custody Fee

The Custodian Bank shall charge its fees at normal commercial rates. For safekeeping of assets, the Custodian Bank shall charge a fee in percentage basis points of the assets under management, depending on the country where those assets are located. Safekeeping fees range between 1 percentage basis point and 2 percentage basis points in the Benelux, France, Germany, Italy and vary between 1.50 and 5 percentage basis points in other European markets. For markets of Central and Eastern Europe, where the Fund's investments are not likely to be important during the first years of its existence, safekeeping fees are substantially higher (in the range of 10 tot 25 percentage basis points, with the exception of Austria). Other fees for reporting, securities borrowing and lending, risk and performance measurement, tax reclaims and other ancillary services shall be charged at normal commercial rates which have been negotiated by the Manager in the best interest of the Unitholders.

Other fees, costs and expenses

The Fund will bear the costs, fees and expenses of the Fund and the Feeder, such as, without limitation to:

- brokerage commissions and transaction costs
- financing costs
- securities borrowing costs
- expenses related to corporate actions (such as participating to general meetings)
- administrative expenses
- charges, fees and expenses of legal and tax advisers and auditors

- transfer taxes or stamp duties chargeable in connection with securities transactions
- all taxes and fees payable to governments or agencies
- interests on borrowings
- all expenses of meetings of Unitholders and of preparing, printing and distributing financial and other reports, proxy forms, information memorandums and similar documents
- fees and expenses of supervisory authorities
- any other organisational and operating expenses

All these fees, costs and expenses shall be negotiated by the Manager in the best interest of the Unitholders.

A specific calculation of the above costs is not available as these costs are mostly future and variable costs and contingent upon circumstances arising. Not taking into account any special circumstances that may arise, the Fund Manager does not expect that these costs will exceed 0.5% of the yearly average Net Asset Value of the Fund.

Total Expense Ratio (TER)

The level of costs of the Fund (including the costs of the Feeder, which were borne by the Fund) in the last financial year, ending 31 December 2009 related to the average net Asset Value of the Fund (the Total Expense Ratio) was 1,98% (unaudited).

For the next financial years (2010 and further) the Total Expense Ratio will be shown in the Annual Report and the semi-Annual Report of the Fund, which report shall be deemed to form part of this Prospectus.

8. CALCULATION OF THE NET ASSET VALUE AND VALUATION METHODS

Net Asset Value

The Net Asset Value (and the Net Asset Value per Unit) will be expressed in Euro and determined at the close of business on the last Business Day of each week by the Administrator in accordance with the Valuation Methods, provided no Suspension Event shall have occurred or is continuing.

The Manager and the Depositary, acting jointly, may determine that each of the following events qualifies as a Suspension Event:

- if one or more stock markets or exchanges, on which the securities that form part of the Fund Assets are listed, is closed other than for ordinary holidays, or dealings thereon are restricted or suspended
- if the means of communication or calculation models that are usually available for the purpose of calculating the Net Asset Value are out of order or deficient due to any cause other than through the performance or non-performance by the Manager or if for any other reason the Net Asset Value of the Fund Assets can not be timely or prudently calculated
- if a political, economical, military or monetary situation outside the control of the Manager preventing the Manager from being able to calculate the Net Asset Value

The Net Asset Value and the Net Asset Value per Unit will be notified to the Unitholders and will be published on the Website on a weekly basis, as soon as practicably possible after calculation of the Net Asset Value by the Administrator. The Net Asset Value and the Net Asset Value per Unit will also be included in the Monthly Investor Report that will be made available to the Unitholders.

Compensation for incorrect Calculations of the Net Asset Value

In case of any errors in the calculation of the Net Asset Value, the Manager will within three Business Days prepare a report on the errors that were made and which correction will need to be made to the Net Asset Value. If a correction is required of more than 3% of the Net Asset Value, and the Unitholders incurred losses by a Subscription or Redemption against the erroneously calculated Net Asset Value the Manager will provide compensation (in cash or in Units) for the relevant Unitholder for the actual losses incurred, provided such damages are the direct result of the gross negligence (*grove schuld of toerekenbare nalatigheid*), fraud or wilful misconduct (*opzet*) of the Manager in the performance or non-performance by it under the Conditions.

Valuation Methods

Fund Assets will be valued in accordance with the following Valuation Methods:

- any security which is listed or quoted on any securities exchange or similar electronic system and regularly traded thereon will be valued at its last traded price on the relevant Business Day or, if no trades occurred on such day, at the closing bid price if held long by the Fund and at the closing offer price if sold short by the Fund, as at the relevant Business Day, and as adjusted in such manner as the Manager, in its sole discretion, thinks fit, having regard to the size of the holding, and where prices are available on more than one exchange or system for a particular security the price will be the last traded price or closing bid or offer price, as the case may be, on the exchange which constitutes the main market for such security or the one which the Manager in its sole discretion will determine as providing the fairest criteria in ascribing a value to such security
- investments, other than securities, which are dealt in or traded through a clearing firm or an exchange or through a financial institution will be valued by reference to the most recent official settlement price quoted by that clearing house, exchange or financial institution. If there is no such price, then the average will be taken between the lowest offer price and the highest bid price at the close of business on any market on which such investments are or can be dealt in or traded, provided that where such investments are dealt in or traded on more than one market, the Manager may determine at its discretion which market shall prevail
- 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 prices as described above are available, will be valued at its probable realisation value as determined by the 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 Manager in its sole discretion deems relevant in considering a positive or negative adjustment to the valuation
- 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
- deposits will be valued at their cost plus accrued interest
- any value (whether of an investment or cash) otherwise than in Euros will be converted into Euros at the rate (whether official or otherwise) which the Administrator in its absolute discretion deems applicable as at close of business on the relevant Business Day, having regard, among other things, to any premium or discount which it considers relevant and to costs of exchange

The Manager may determine that another method of valuation qualifies as a Valuation Method if it deems such method of valuation to be appropriate, adequate and in accordance with good accounting practice.

Reservations for the Performance Fee will be made in the calculation of the Net Asset Value.

9. PROFITS

The Fund

The proceeds on the Fund's investments and the fees and expenses allocated to a reporting period, will be debited or credited, respectively, on the Fund's profit and loss account in relation to that reporting period. The profits of the Fund comprise the (positive) balance between the Net Asset Value as per 31 December and the Net Assets Value as per 1 January in each fiscal year (with the exception of the first fiscal year of the Fund which started on 1 November 2006 and ended on 31 December 2006). Accordingly, the Valuation Methods to determine the Net Asset Value equally apply to determine the Fund's profits.

The Feeder

The same applies to the Feeder.

Distributions

Distributions (of profits or otherwise) shall be made pro rata to the number of Units held by a Unitholder. Distributions are declared due and payable by notification to the Unitholder and publication thereof on the Website. Distributions will be made in cash. See below, chapter 10. 'Dividend Policy'.

10. DIVIDEND POLICY

The Fund

The investment objective of the Fund is to achieve capital growth. Accordingly, 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.

The Feeder

The Feeder will only make distributions to the extent required in order for it to meet the criteria of a fiscal investment institution (*fiscale beleggingsinstelling*). If distributions are required to be made, the Feeder will make such distributions within eight months after the end of its financial year. (See below, chapter 13 'Tax Considerations'.) 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, distributions by the Feeder are subject to withholding tax.

11. REPORTING

In addition to the (semi-) Annual Accounts, Unitholders will be informed on a monthly and quarterly basis on *inter alia* the Fund's performance, the composition of the Fund Assets and the Net Asset Value of the Fund and the Feeder, by means of the Monthly Investor Report and the Quarterly Investor Report. The NAV calculation will be provided by the Administrator. Some of the other data above may be provided by the Administrator or the Custodian Bank.

Transparency Feeder

In the (semi)annual accounts of the Feeder and in other publications, all relevant and legally required information about the Fund will be disclosed.

Annual Accounts and Semi-Annual Accounts

The fiscal year of the Fund and the Feeder will coincide with the calendar year, except for the first fiscal year, which started on 1 November 2006 and ended on 31 December 2006. The Manager will draw up the Annual Accounts in accordance with generally accepted accounting principles in the Netherlands after the end of the fiscal year (accounting period from 1 January until 31 December). The Annual Accounts will be audited by the Auditor. The Annual Accounts will be available for the Unitholders, free of charge, within four months after the end of the fiscal year, and will also be placed on the Website. The Annual Accounts of the three most recent calendar years are, by reference, incorporated in this Prospectus.

The Manager will draw up the semi-Annual Accounts for the Fund and the Feeder in accordance with generally accepted accounting principles in the Netherlands within nine weeks after the end of each half fiscal year (accounting period from 1 January until 30 June). The semi-Annual Accounts will not be audited by the Auditor. The semi-Annual Accounts will be available for the Unitholders, free of charge, within nine weeks after the end of each half fiscal year, and will also be placed on the Website. The semi-Annual Accounts of the most recent first half of the calendar year are, by reference, incorporated in this Prospectus.

Monthly Investor Report

Unitholders will receive summary monthly reports. These reports will be prepared by the Portfolio Manager and will be reviewed by the Risk & Compliance Officer. The report will contain the following information and data:

- an overview of the monthly performance of the investment portfolio of the Fund
- a breakdown of the portfolio among cash, stocks and other financial instruments (without the names of individual investments)
- a summary explanation of important events that have had a material impact on the performance of the portfolio over the last month
- the Net Asset Value of the Fund and of the Feeder
- the total number of Fund Units and Feeder Units
- Net Asset Value per Fund Unit and per Feeder Unit

The Fund reserves the right not to disclose in this report the name of an investee company in which the Fund is in the process of building a position.

Quarterly Investor Report

Unitholders will receive summary quarterly reports. These reports will be prepared by the Portfolio Manager and will be reviewed by the Risk & Compliance Officer. The report will contain the following information and data:

- a detailed composition of the investment portfolio of the Fund
- quarterly changes due to buying and selling
- the performance of individual stocks (since the start of the investment and since the last date of reporting)
- the Net Asset Value of the Fund and of the Feeder
- the total amount of assets under management of the Fund and impact of recent entries and exits of investors
- an overview of risk ratios
- a short comment by the Portfolio Manager(s) as regards the evolution of the investment portfolio of the Fund
- an overview of pending active engagement programs

The Fund reserves the right not to disclose in this report the name of an investee company in which the Fund is in the process of building a position.

12. NOTICES AND OTHER INFORMATION, COMPLAINTS PROCEDURE

12.1 Notices and other information

All notifications to the Unitholders will be made through mail or e-mail at the address identified in the Register. Notifications in respect of a proposed dissolution or an amendment of the Conditions will also be made through mail or e-mail at the address identified in the Register.

On the Website the following information will be published:

- any notification that must according to the Conditions be made to the Unitholders and the Feeder Unitholders
- the Net Asset Value of the Fund and the Feeder
- any new information regarding the Units
- this Prospectus, the Terms and Conditions, the Articles of Association and any (proposed) amendments or supplements thereto
- the Annual Accounts of the Fund and the Feeder over the past three years
- the most recent semi-Annual Accounts of the Fund and the Feeder
- the most recent Quarterly Investor Report
- the most recent Monthly Investor Report
- the permit granted by the AFM to the Manager
- information about distribution payments by the Feeder or the Fund (date and manner of payment, composition of the distribution)
- notifications for meetings of Unitholders
- the most recent Annual Accounts of the Manager and the Depositary
- the most recent semi-annual accounts of the Manager
- the information about the Manager, the Depositary, or the Feeder that must be published in the Trade Register
- the most recent registration document of the Manager as meant in section 4:48 of the Act and section 117 of the Decree

The information published on the Website shall also be made available free of charge at the offices of the Manager.

Complaints procedure

Any complaints on the Fund, the Feeder, the Manager, the Depositary or the Administrator can be made in writing (which includes by e-mail) with the Board of Directors of the Manager. The Manager will confirm receipt

of a complaint within 2 Business Days. At the same time, the Manager will indicate in which manner the complaint will be dealt with.

13. TAX CONSIDERATIONS

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this Prospectus and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a Unitholder, and does not purport to deal with the tax consequences applicable to all categories of Unitholders.

Unitholders should consult their professional advisers on the tax consequences of their acquiring, holding and disposing of Units.

Taxation of the Fund and the Feeder

Depending on their tax status, Investors may invest in the Fund either directly, or indirectly through the Feeder.

The Fund

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.

The Feeder

The Feeder has opted for and intends to maintain the status of a fiscal investment institution (*fiscale beleggingsinstelling* or "FBI") as described in article 28 of the Dutch Corporate Income Tax Act 1969. This implies, inter alia, that Dutch corporate income tax at the rate of 0% is applicable, provided that certain conditions are fulfilled. Only investment funds that restrict their activities to passive investments (*beleggen*) are eligible for the fiscal investment institution regime. The Feeder's tax inspector has confirmed in writing on November 20, 2007 that, on the basis of the Fund's known investment policy, the Feeder qualifies as a "passive investor" and can therefore opt for the FBI status.

One of these conditions is that profits available for distribution must be paid out within eight months after the Fiscal Year-end. The net capital gains are not subject to this distribution obligation, but may be added to a tax free re-investment reserve after deducting a pro rata part of the costs attributable to the management of the investments. The profits available for distribution must be divided equally amongst all Feeder Units. In order to meet the above described distribution obligation, the Feeder may be required to annually redeem Units in the Fund.

A 'fiscale beleggingsinstelling' that is operating under a permit as meant in section 2:65 of the Act must also meet certain requirements regarding the Feeder Unitholders. One of these requirements is that a single Feeder Unitholder, being an individual person, may not have an interest of 25% or more in the Feeder. Furthermore, no more than 45% of the Feeder Units may be held by an entity subject to corporate income tax. The management of the Feeder will attempt to ensure, for as much as it is in his power, that these requirements are met at all times. Certain other (shareholders') requirements apply.

Please note that pursuant to Dutch legislation, it is possible for the Feeder to opt for the tax status of an exempt fiscal investment institution (*vrijgestelde beleggingsinstelling* or "VBI"). Under this fully exempt tax regime, the Feeder would be exempt from corporate income tax and not subject to a distribution obligation, or shareholders' requirements. However, the Feeder would lose the advantages of double taxation treaties from which it would currently benefit under the "FBI" status. The regime of the 'vrijgestelde beleggingsinstelling' will exist next to the classic 'fiscale beleggingsinstelling' and the Feeder can, subject to certain conditions being fulfilled, switch between the two tax statuses as it sees fit. The Fund Manager may at its discretion cause the Feeder to convert to the fully tax exempt regime when this is in the interest of the Feeder and its investors.

To the extent dividend income is received by the Feeder from a foreign company, the Feeder may, pursuant to an applicable tax treaty, be entitled to lower withholding tax rates. (The possibility for an FBI to claim a refund of

Dutch and foreign withholding taxes incurred on income, was abolished as from 1 January 2008. Instead, relief for these Dutch and foreign withholding taxes is now, subject to certain conditions, provided by effectively reducing the Dutch dividend tax liability on profit distributions by an FBI to its participants).

Dividend Withholding Tax

The Fund

The Fund qualifies as a tax transparent mutual fund (*besloten fonds voor gemene rekening*) for Dutch dividend tax purposes. Consequently, (deemed) distributions by the Fund to its Unitholders are not subject to Dutch dividend withholding tax.

The Feeder

Distributions by the Feeder are initially subject to Dutch dividend withholding tax (rate 15% as of 1 January 2007). Distributions from the reinvestment reserve, if any, are generally not subject to dividend withholding tax.

Taxation of Unitholders

General

As indicated above, the Fund qualifies as a tax transparent mutual fund (*besloten fonds voor gemene rekening*) for Dutch tax purposes. Consequently, for Dutch tax purposes, dividend income and capital gains received by the Fund are deemed to be dividend income and capital gains received by the Fund Unitholders pro rata of their investment in the Fund. In the same respect, to the extent dividend income is received by Dutch Unitholders, these Investors can generally credit the Dutch dividend withholding tax against their personal or corporate income tax, or obtain a refund.

It should be noted that the Fund should be deemed tax transparent in most foreign countries as well. Consequently, foreign countries should treat the income received by the Fund as being received directly by Unitholders and provide for a credit of any withholding tax due in respect of the dividends allocable to such foreign Unitholders.

Unitholders investing directly in the Fund should consult their professional advisers on these potential tax consequences.

Residents of the Netherlands

If a corporate Unitholder is resident or deemed to be resident of The Netherlands for Dutch tax purposes and is fully subject to Dutch corporate tax, or is only subject to Dutch corporate tax in respect of its Dutch enterprise to which the Units are attributable, income derived from Units and gains realised upon redemption or disposal of Units are generally taxable in The Netherlands.

If an individual Unitholder is resident or deemed to be resident of The Netherlands for Dutch tax purposes, including the individual Unitholder who has opted to be taxed as a resident of The Netherlands, income derived from Units and gains realised upon redemption or disposal of Units are subject to Dutch income tax, if:

- the Unitholder has an enterprise or an interest in an enterprise to which the Units are attributable, or
- the income or gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*), which include the performance of activities with respect to the Units that exceed regular portfolio management (*normaal vermogensbeheer*).

If neither condition (i) nor condition (ii) above apply to the individual Unitholder, the taxable income with respect to the Units is determined on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realised. This deemed return amounts to 4% of the average value of the Unitholder's net assets in the relevant fiscal year (including the Units), insofar as this average exceeds a certain threshold. Subject to application of personal allowances, the deemed return shall be taxed at a rate of 30%.

Dividend withholding tax incurred by Dutch resident Unitholders can be credited against the income tax due. Any excess withholding tax is refundable.

Non-resident of The Netherlands

A Unitholder who is not, is not deemed to be, and has not elected to be treated as resident of The Netherlands for Dutch tax purposes will not be subject to Dutch taxation in respect of income derived from the Units and gains realised upon redemption or disposal of Units unless:

- such income or gain is attributable to an enterprise or part thereof which is either effectively managed in The Netherlands or carried on through a permanent establishment (*vaste inrichting*) or permanent representative (*vaste vertegenwoordiger*) in The Netherlands, or
- the Unitholder is a corporate tax payer and holds a substantial interest (*aanmerkelijk belang*) in the Feeder, or
- the Unitholder is an individual and such income or gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) in The Netherlands, which include the performance of activities in The Netherlands with respect to the Units that exceed regular portfolio management.

Non-resident Unitholders should consult their own tax advisor with respect to the taxation of income derived from the Fund and the Feeder in their home country.

Gift, Estate or Inheritance Taxes

Dutch gift, estate or inheritance taxes will not be levied on the occasion of the transfer of Units by way of gift by, or on the death of, a Unitholder, unless:

- the Unitholder is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions, or
- the transfer is construed as an inheritance or as a gift made by, or on behalf of, a person who, at the time of the gift or death, is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions, or
- such Unit is attributable to an enterprise or part thereof that is either effectively managed in The Netherlands or carried on through a permanent establishment or a permanent representative in The Netherlands.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Unitholder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings in or the performance of the Fund's or Feeder's obligations with respect to the Units.

Value Added Tax

There will be no value added tax due in respect of payments in consideration for the acquisition, ownership or disposition of Units or in respect of payments under the Units.

Residence

A Unitholder will not be treated as resident of The Netherlands by reason only of the holding of a Unit or the execution, performance, delivery and/or enforcement of the Units.

14. Unqualified assurance report

To: the Manager of Deminor Active Governance Fund and the Board of Directors of DAGF N.V.

ASSURANCE REPORT

Assurance report (pursuant to Section 4:49(2)(c) of the Dutch Financial Supervision Act)

Introduction and responsibilities

We have performed an assurance engagement concerning the content of the Prospectus Deminor Active Governance Fund and DAGF N.V. In connection with this, we examined whether the Prospectus dated 31 March 2010 issued by Deminor Active Governance Fund and DAGF N.V., Amsterdam contains at least the information required under Section 4:49(2)(a) to (2)(e) of the Financial Supervision Act. With respect to Section 4:49(2)(b) to (2)(e), this assurance engagement is aimed at providing reasonable assurance. Unless expressly stated otherwise in the Prospectus, the information included in the Prospectus has not been audited.

The responsibilities were allocated as described below.

- The manager of the entity is responsible for drawing up a prospectus that contains at least the information required pursuant to the Financial Supervision Act;
- Our responsibility is to express a conclusion as referred to in Section 4:49(2)(c) of the Financial Supervision Act.

Scope

We conducted our examination in accordance with Dutch law, including Standard 3000, "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". Based on the foregoing, we performed the procedures we deemed necessary in the circumstances to express a conclusion.

We checked whether the Prospectus contained the information required under Section 4:49(2)(b) to (2)(e) of the Financial Supervision Act.

This Act does not require that the auditor perform additional procedures with respect to Section 4:49(2)(a). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our procedures performed and the matters discussed in the Introduction and responsibilities section of this report, we conclude that the Prospectus contains at least the information required under Section 4:49 (2)(b) to (2)(e) of the Financial Supervision Act.

With respect to Section 4:49(2)(a) of the Financial Supervision Act, we would note that, to the best of our knowledge, the Prospectus contains the information required.

Amsterdam, 31 March 2010

for Ernst & Young Accountants LLP

signed by J.C.J. Preijde

15. DECLARATION OF THE MANAGER

The Manager declares that the Fund, the Feeder, the Depository and the Manager itself are compliant with the rules and regulations laid down by and pursuant to the Act.