

Fund Information

Jurisdiction: The Netherlands, semi-open ended FGR
 Inception date: November 2nd, 2006
 Subscriptions: Quarterly
 Redemptions: Quarterly
 Notice period: 45 days
 Min. investment: EUR 250'000 Feeder - ISIN NL0000687044
 Master - ISIN NL0000687036
 Administrator: Fastnet Netherlands
 Custody Bank: Kas Bank N.V., The Netherlands
 Auditor: Ernst & Young
 Manager: Deminor Investment Management BV
 Fees: 1.50% mgt fees & 20% performance fee above Euribor 3 months + 200 bp & high watermark
 Web site: www.dagfund.com

Investment Philosophy

The Deminor Active Governance Fund (DAGF) aims to generate long term positive absolute returns by investing in undervalued listed companies with clear value improvement potential, to be unlocked via active shareholder engagement.

The DAGF invests in European companies that represent sound business fundamentals, yet are valued at a substantial discount towards their peers.

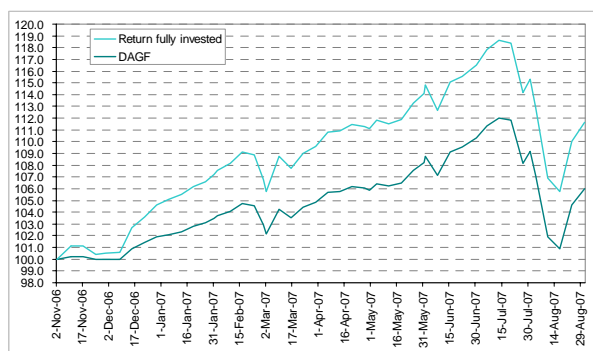
Furthermore, the discount must be attributable to clearly identifiable governance factors which can be improved through active engagement or external catalysts.

Deminor Active Governance Fund – fund performances in EUR since inception on November 2, 2006

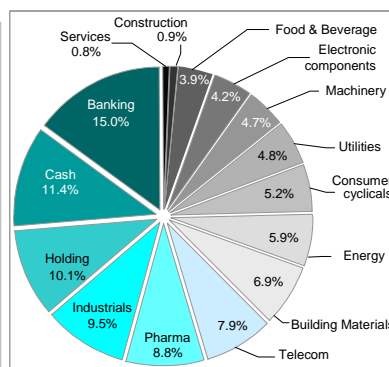
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006											0.0%	+1.9%	+1.9%
2007	+1.5%	-0.5%	+1.9%	+1.0%	+2.2%	+2.0%	-1.0%	-2.9 %					+4.1%

DAGF performances differ from the return fully invested since investments were made progressively.

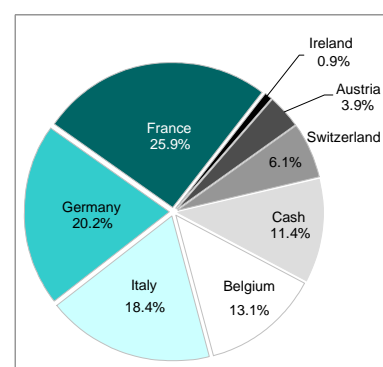
Performance Year to Date - as of August 31, 2007
DAGF vs Portfolio fully invested



Current DAGF Allocation - as of August 31, 2007
Allocation by sector



Allocation by country



Monthly review

In August, the market suffered from a liquidity crisis. Our positions witnessed a higher than usual correlation to the general market and the historical low beta of the different investments did not protect from the downside as it did in the previous corrections. Small and mid cap stocks were particularly hit in this context amid fears of liquidity issue and still large gains which triggered sales of quality assets disregarding underlying valuation. After relative strong months in June and July, the fund lost 2.9 % during the month and was invested at 88.6% at end August. The invested part of the fund includes also a convertible bond representing 2.1 % of the assets. The convertible bond increased in value during the month. The NAV amounted to EUR 106.02 at end August. The performance of the fund year to date amounts to 4.1 % while the return of the invested part of the fund amounts to 6.7 %. Since end May, the portfolio is down 2.1 % (fund – 2 %) while the DJ Eurostoxx Small Cap Value is down by 8.4 % showing that the active strategy of our fund is starting to pay (see Quarterly report of June 07).

The month of August was characterised by the take over bid on Completel at EUR 35.5. The fund achieved a return of 65 % on this investment. Omega Pharma announced strong results and rose nicely during the month. EnBW resisted particularly well in the turbulent market and rose slightly. Paris Orleans announced a simplification of its structure in July but its stock price suffered following the anticipation of a more difficult M&A market. Depfa suffered from the stock component of its offer by Hypo Real Estate in a turbulent German banking market exposed to the subprime crisis. Ciments Français announced mixed results which provoked a sell off somewhat compensated by aggressive shares buy backs and buying by Italcementi reinforcing its position proving that the stock offers good value at current levels. Our active engagement plans will emphasis even more now the implementation of share buy back programs for companies with strong balance sheet and limited investment opportunities in order to create value for shareholders and to reduce the volatility of the stock prices.

To receive the prospectus and subscription documents or for more information about the Fund, please send us an e-mail at dagf@deminor.com or call us at +31-23-750.5220.

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