

d e m i n o r
active governance fund

Quarterly report as per 31 December 2006

Summary review

The first quarter of the fund counts only 2 months since the fund was launched on 2 November 2006. The launching period is characterized by the gradual investment of the portfolio. At the end of December the portfolio was invested at 51.6 %. At the end of January, the investment level amounts to 70 %.

The NAV of the fund increased by 1.9 % in December. Since November 2 the net performance (after deduction of all costs and fees) of the invested part of the portfolio was in line with the general market. The beta of the portfolio to achieve this performance amounted to 0.64 well below the market level. The NAV amounted to 101.88 EUR at the end of December.

2006	November	December
DAGF	0.0%	1.9%
Invested part DAGF	0.5%	4.1%
DJ Euro Stoxx	0.7%	4.1%

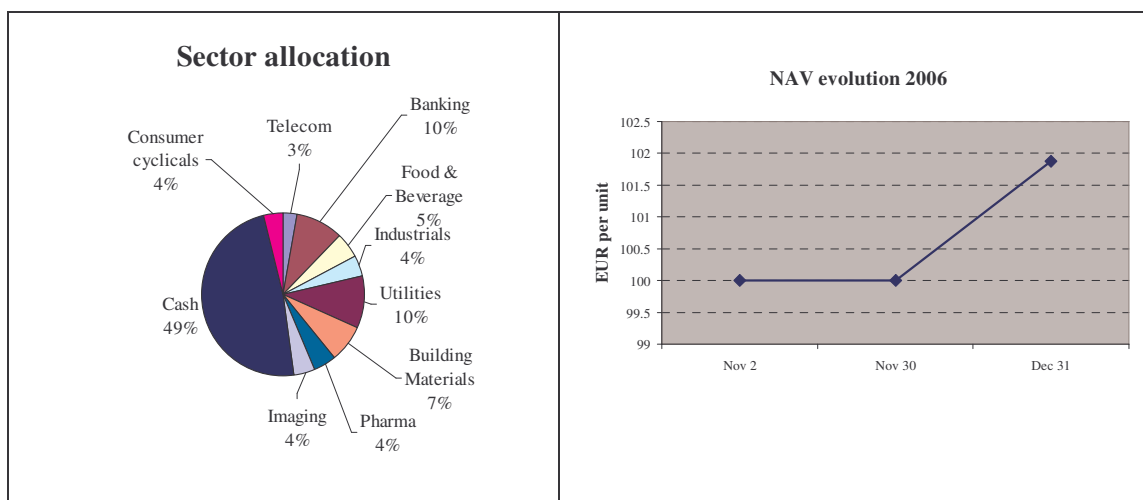
Despite a strong run of the market, we continue to find undervalued companies with corporate governance triggers and to make further investments as opportunities arise.

The size of the portfolio amounted to EUR 43.6 m at end December 2006 of which EUR 25 m were subscribed at the beginning of November and EUR 18 m during December. At the end of December, the fund received additional subscriptions of EUR 3.7 m bringing the size of the fund to EUR 47.3 m at the start of the year.

Portfolio and performance review

Stock	Total return	Return Dec 06	Weight
Electrabel	11.6%	10.6%	10.5%
Depfa	-0.2%	-1.0%	9.6%
Ciments Français	1.6%	3.3%	5.0%
Investment A (*)	-3.3%	-0.1%	4.9%
Investment B (*)	4.2%	9.5%	4.5%
Investment C (*)	2.7%	2.5%	4.0%
Investment D (*)	2.6%	-1.6%	4.0%
Investment E (*)	-0.2%	6.0%	3.9%
Completel	12.4%	14.4%	2.7%
Italcementi savings	0.7%	3.8%	2.4%
Total investments			51.6%
Cash			48.4%
Total Portfolio			100%

(*) Investment which is still in a build up phase as at 31 December



Portfolio managers comment

Within the portfolio, Electrabel distributed a dividend of EUR 17.8 in December and its stock price headed higher than the cum dividend price rapidly afterwards as investors are beginning to recognize that the major part of the rerating of Suez since the bid by Suez on Electrabel in 2005 is explained by this later while the stock price of Electrabel did not follow the stock price of Suez. Investors are starting to look at squeeze out valuations and options by Suez. Nevertheless, the transferability of Electrabel shares following capital increases of 2001-2002 reserved to employees starts in February 2007. This could result in a temporary stock price weakness if a number of those decide to sell in a thin market.

Completel reacted positively to the analyst meeting held at the beginning of December as a first external catalyst. Investors are reassured by the comments of the management regarding the business plan presented in 2005. Following this, the undervaluation explained by the misperception of the market regarding the potential of the company is gradually decreasing. The increase of the stake of John de Mol through its Cyrte holding above 10 % also woke up again investors regarding the attractiveness of Completel in terms of M&A appeal in a medium term consolidating sector which should bring additional potential for shareholders as a second external catalyst (potential change of control).

Regarding other investments, no major events impacted their stock price in a significant way.

Engagement review

The portfolio at the end of December included 10 investments of which 2 are part of the same Group. Engagement plans are built up for 6 companies in the portfolio: Depfa, Investments A, B, C, D and E. In view of the early stage of the engagement plans, no significant milestones were achieved for the different plans during the first 2 months.

Beside the engagement activity and as a standard procedure for our investment procedure, we visited the management of the companies in which we invested in order to get precise answers to our specific fundamental and corporate governance questions. We also participated among others to conference calls after results publications.

Risk review

The Beta of the invested part of the portfolio at the end of December is well below the market level and amounted to 0.64. The distribution of the Betas can be presented as follows:

Equity Beta	100%
0.3 - 0.6	45%
0.6 - 0.8	40%
0.8 - 1.0	10%
1.0 - 1.1	5%

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

VaRs	2 Days	5 Days	7 Days	10 Days
% of total value	0.95%	1.22%	1.45%	1.73%

The theoretical weighted average unwinding period of the invested part of the portfolio was 2.36 days at the end of December 2006.

Fact Sheet

Legal structure: semi-open ended Dutch "FGR"
(common contractual fund)
Country of establishment: The Netherlands
ISIN Codes: NL0000687036 (Master)
 NL0000687044 (Feeder)

Manager: Deminor Investment Management
Depositary: Stichting Bewaarbedrijf Guestos
Administrator: Fastnet Netherlands
Custodian Bank: Kas Bank
Auditor: Ernst & Young

Contact

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