

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 fee & 20% performance fee above Euribor 3 months + 200 bp & high watermark
 Web site: www.dagfund.com

Investment Philosophy

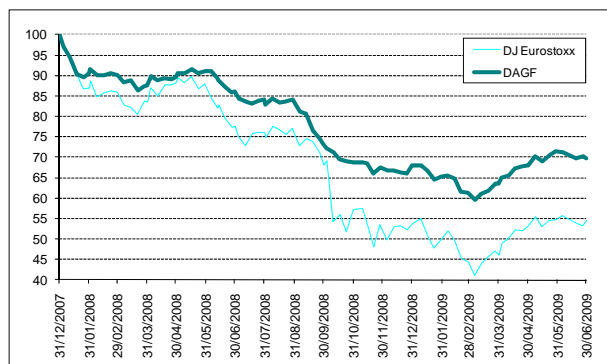
The Deminor Active Governance Fund (DAGF) aims to generate long term positive absolute returns by investing in undervalued listed companies with clear value improvement potential, to be unlocked via active shareholder engagement.

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

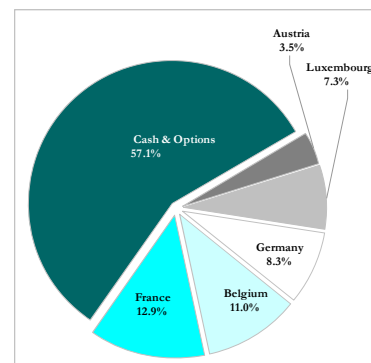
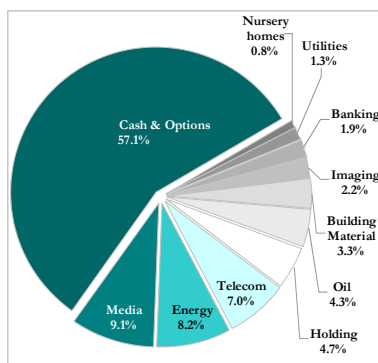
Furthermore, the discount must be attributable to clearly identifiable governance factors which can be improved through active engagement or external catalysts.

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%	-3.3%	+1.2%	-6.8%	+0.6%	-4.5%
2008	-9.5%	-0.4%	-2.8%	+2.3%	+1.5%	-5.4%	-2.4%	0.0%	-12.8%	-6.1%	-1.7%	+0.6%	-32.0%
2009	-3.9%	-6.0%	+3.5%	+6.9%	+5.1%	-2.2%							+2.6%

Performance Year to Date – as of June 30, 2009
 DAGF vs DJ Eurostoxx, rebased at 100 on 31/12/07



Current DAGF Allocation - as of June 30, 2009
 Allocation by sector Allocation by country



Portfolio review

Stock	Total return	Return Q2	% NAV June	% NAV March
RTL	-23,56%	27,17%	7,28%	9,82%
Aleo Solar	-25,30%	20,08%	6,13%	7,77%
Belgacom	7,29%	3,66%	3,73%	4,11%
OMV	-30,91%	9,61%	3,49%	8,73%
Ciments Français	-54,00%	14,36%	3,29%	5,36%
Mobistar	1,86%	1,86%	3,28%	0,00%
Bolloré	20,93%	27,03%	2,93%	3,71%
Other investments			12,8%	34,4%
Total investments			42,9%	73,9%
Cash & Options			57,1%	26,1%
Total Portfolio			100,0%	100,0%

Quarterly review

As of June 30, 2009, the Fund had a cash position of 56.8% due to the proceeds received from the takeover bid on Cegedel. Options represented 0.3 % of the fund. The invested part of the fund included also convertible bonds representing 2.9% of the portfolio. The return of the fund amounted to 9.84 % during the second quarter while the DJ Eurostoxx climbed by 16.4 % over the quarter. Since the start of the year, the NAV increased by 2.6 % while the DJ Eurostoxx was flat. The volatility of the weekly return of the fund was 46 % of the volatility of the broad index since the start of the year. The NAV amounted to EUR 67.95 at end June 2009.

Portfolio managers comment

During the month of June, the equity market has somewhat stabilized after a strong bear market rally. The NAV of the Fund declined by -2.2 % during the month, while the DJ Eurostoxx abandoned -2%.

On the side of the best performers, we find the Convertible Bond of Theolia (+22.6%) thanks to good news announced by the company regarding the sale of a portfolio of 100MW of wind farm. Later the company announced the sale of 32 MW of wind projects in France. We believe that the company is in the right direction for its turnaround. RTL (+4.8%) and Belgacom (+2.8%) have also posted positive performances.

On the side of the weak performers, we find Ciments Français (-11.4%) which has announced that the merger project between Ciments Français and Italcementi has been abandoned because of unbalanced and unacceptable demand coming from US bondholders. This is disappointing for us as DAGF have been successful in its active strategy which led to a better parity of exchange ratio through the conditional exceptional dividend of 4€/share. OMV declined by 6.8 % over the month underperforming its sector by 2.6 % after a strong outperformance in May (+14.4 %). Agfa (-5.6 %) and Aleo Solar (-4.1 %) also both gave back some of their outperformance achieved during May.

Engagement review and important events after the closing of the quarter

Soteg's takeover bid on **Cegedel** was completed during the second quarter of 2009. Soteg had managed to hold 97.9% of the share capital of Cegedel following the takeover. Soteg therefore decided to exercise its squeeze-out right in order to force the remaining shareholders to transfer their shares under the same terms and conditions, i.e. a price of €163,57 per Cegedel share. Soteg also requested a delisting of Cegedel from the Brussels and Luxembourg stock exchanges. The whole group resulting from the merger between Soteg, Cegedel and Saar Ferngas has been renamed "Enovos".

In the procedure related to the squeeze-out of **Electrabel** shareholders, DAGF has formally launched an appeal (*recours en cassation/cassatieberoep*) against the decision of the Court of Brussels. This appeal is based on several legal arguments. This appeal had been preceded by an analysis on the merits of an appeal conducted by our lawyer. The conclusions of the lawyer were positive which prompted our decision to launch the appeal. As we already indicated in previous communications, the procedure has a technical nature. Belgium's High Court (*Cour de cassation/Hof van cassatie*) will not decide on the merits of the case (including damages to be awarded) but will rather examine whether the decision of the Court of Brussels does not violate Belgian law. If that is the case, as argued by DAGF, the High Court will overrule the decision of the Court of Brussels. This will give us the opportunity to go back to the Court of Brussels in order to claim damages. Based on the current Court decision (against which we filed an appeal), DAGF and the other plaintiffs have the right to claim damages if they believe that the price paid was not a fair price (Suez paid €590 per Electrabel share while we consider that we should have receive an additional €200, i.e. €790 per share) but DAGF should claim those damages from the Banking Commission and not directly from Suez. The legal reasoning of the Court and its implications are strongly disputed by DAGF. The potential gain for DAGF in case of a positive outcome of this legal procedure would contribute positively to the NAV as this potential gain is not valued in the current NAV of DAGF.

Following the announcement by the boards of Italcementi and **Ciments Français** that they had decided to propose to their respective shareholders to merge both companies (Italcementi would absorb Ciments Français), DAGF actively engaged with the board of Ciments Français, and especially with the independent directors, with the experts appointed by the Court in order to control the fairness of the merger terms and with the French market regulator. The constructive and professional attitude of DAGF, the pressure to obtain guarantees of a fair treatment and the arguments communicated to all parties involved seemed to convince the board of Ciments Français. On 5 May 2009, the Board of Ciments Français approved an exceptional distribution of a dividend of €4 for each Ciments Français share conditional on the closing of the merger. This exceptional dividend represented an improvement for the shareholders of Ciments Français of the terms proposed for the merger. Several shareholders of Ciments Français expressed their satisfaction and acknowledged the work accomplished by DAGF. We were still waiting for the final decision of the French market regulator (the AMF) and the opinion of the court-appointed experts. In its decision published on 15

May 2009, the AMF confirmed that the merger did not require a prior buy out of minority shareholders (*offre publique de retrait*). The decision of the AMF was based on elements such as the opinion of the court-appointed experts who had confirmed the fairness of the proposed merger ratio after recognition of the exceptional dividend of €4 proposed by the board of directors. We came to the conclusion that the opinion of the experts had been influenced by the exceptional dividend and that the AMF's decision had been influenced by the opinion of the experts. This demonstrated that DAGF's decision to engage with all parties involved (the company's directors, the experts and the AMF) had been appropriate. Unfortunately, Ciments Français announced at the end of June 2009 that it would not be possible to complete the merger (and distribute the €4 dividend) since some foreign bondholders of Ciments Français were opposing the merger. Ciments Français and Italcementi were therefore forced to abandon their proposed merger.

DAGF actively participated in the annual general meeting of **Bolloré**. DAGF decided not to approve certain resolutions on the agenda, including the appointment of two of Mr. Vincent Bolloré's children as directors, the approval of regulated agreements and the proposal to introduce double voting rights in certain circumstances. Further to the general meeting, DAGF sent a letter to the company in order to explain the motivations behind its votes. DAGF also proposed to engage in a constructive dialogue with the company in order to help the group identify areas where its governance practices and structures could be improved.

During the second quarter, DAGF also participated in other annual general meetings of portfolio companies. DAGF exercised its voting rights based on an analysis of the resolutions and a comparison with corporate governance best practices.

Risk Review

The Beta of the invested part of the portfolio amounted to 0.66 at the end of June (0.58 end of March). The distribution of the Betas can be presented as follows:

Equity Beta	100,0%
0.0 - 0.3	2,9%
0.3 - 0.6	35,9%
0.6 - 0.8	21,0%
0.8 - 1.0	22,4%
1.0 - 1.4	12,9%

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	1,78%	2,81%	3,33%	3,98%

The theoretical weighted average unwinding period of the invested part of the portfolio was 4.19 days at the end of June 2009.

Contact

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- 20 30 12 340.

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