

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.

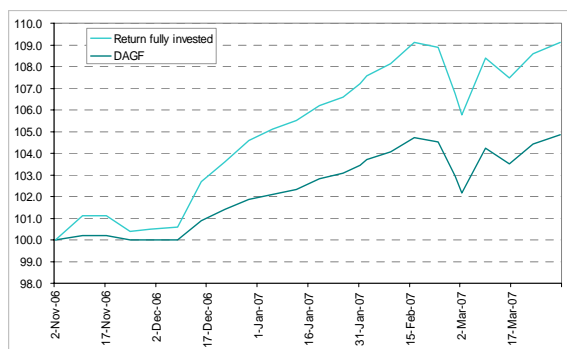
Deminor Active Governance Fund – fund performances in EUR since inception on November 2, 2006

	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%										+2.9%

DAGF performances differ from returns on portfolio fully invested since investments are made progressively.

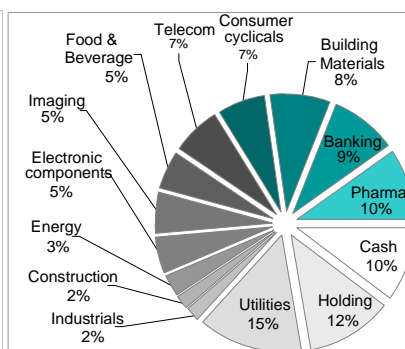
Performance since inception

DAGF vs Portfolio fully invested

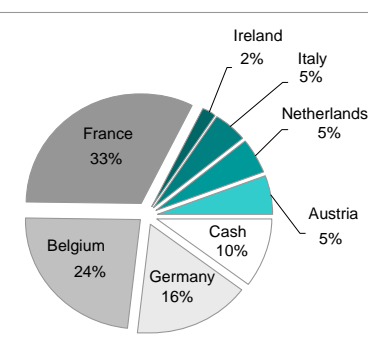


Current DAGF Allocation - as of March 30, 2007

Allocation by sector



Allocation by country



Portfolio review

Stock	Total return	Return Q1	Return March	% NAV March	% NAV Dec 06
Electrabel	19.5%	9.3%	14.7%	10.4%	10.5%
Ciments Français	8.0%	8.5%	-1.4%	8.3%	5.0%
Depfa	-1.5%	-1.2%	4.9%	7.1%	9.6%
Investment A (*)	-2.3%	-1.4%	1.0%	6.7%	3.9%
Paris Orleans	16.6%	19.0%	1.2%	6.0%	0.0%
Investment B (*)	7.6%	8.5%	11.0%	5.8%	0.0%
Investment C (*)	-1.0%	1.7%	-1.3%	5.5%	4.9%
Oce	11.5%	10.7%	9.1%	5.5%	4.0%
Omega Pharma	4.0%	0.9%	-1.4%	5.2%	4.5%
Barco	-1.2%	0.2%	-0.4%	4.9%	0.0%
Investment D (*)	-0.2%	-0.4%	0.2%	4.2%	0.0%
Investment E (*)	-0.3%	-2.1%	-0.9%	3.3%	0.0%
Completel	18.3%	6.9%	5.1%	3.3%	2.7%
Investment F (*)	27.3%	56.3%	-7.1%	3.2%	0.0%
Investment G convertible (*)	-1.3%	NA	-0.5%	2.6%	0.0%
CIC	7.4%	4.0%	-1.6%	2.0%	0.0%
Abbeey	-0.4%	7.5%	-2.6%	2.0%	0.0%
Investment G (*)	1.1%	2.2%	0.5%	2.0%	0.0%
Investment H (*)	1.0%	-3.8%	-2.4%	1.9%	4.0%
Total investments				89.8%	
Put Option (**)				0.1%	
Cash				10.1%	
Total Portfolio				100.0%	

(*) Investment which is still in a build up phase as at 30 March

(**) The put option corresponds to an out of the money protection that was taken early March

Quarterly review

DAGF continued to invest gradually its cash over the Quarter to reach 90 % of investment at the end of March versus 51.6 % end December 2006 and 78.9 % end February. The invested part of the fund includes a convertible bond representing 2.6 % of the assets. The return of the fund amounted to 2.9 % during the first quarter while the return of the invested part of the fund amounted to 4.3 % ahead of the DJ Eurostoxx which grew by 3.4 % over the first 3 months. The evolution of the portfolio was stronger and less volatile than the general index. This shows the good relative resistance of the stocks in the portfolio in adverse conditions. The cumulative outperformance of the invested part of the fund since inception compared to the DJ Eurostoxx amounts to 0.7 % at the end of March. The NAV amounted to 104.86 at end March. The month of March witnessed a negative evolution until the 14th March and then the market rebounded strongly. In this difficult context, the invested part of our portfolio grew by 0.7 % during the first 2 weeks while the market was down 1.8 %. During the last 2 weeks, our equity investments continued their growth at 1.5 % but at a lower pace than the market. The beta of the portfolio to achieve this performance amounted to 0.66 well below the market level.

The size of the portfolio amounted to EUR 45.2 m at end March 2007. At the end of Q1, the fund received additional subscriptions for EUR 4.25 m bringing the size of the fund to EUR 49.4 m at the start of Q2. The fund witnessed a net redemption of EUR 3.4m mid February because one of our investors faced a compliance issue that brought it to temporarily reduce its stake in DAGF awaiting a further increase of total assets under management of the fund.

Portfolio managers comment

The main event of March was the proposed squeeze out transaction at EUR 590 on Electrabel which is the biggest weight in our portfolio. This investment provided a return of almost 20 % in 4 months with a limited risk.

After a strong run in January, Ciments Français consolidated in February and March following the prudent guidance of the company for 2007. Depfa's performance continues to be weak in a context of financial communication which has much room for improvement. Investment A stagnated in the first quarter after it gave a conservative outlook for 2007. Paris Orleans performed nicely in view of the increased interest by investors for this quality holding of the Rothschild family which is not covered by analysts. This renewed interest is explained by the willingness of the company to increase its transparency. Investment B rose thanks to the improvement of its fundamentals and the trends towards a reduction of the complexity of the Group structure. Investment C lags the market while the underlying fundamentals are progressing positively. Investors are expected to realise this in the medium term.

Océ's stock price jumped in a context of expected better financials for 2007. Either the company delivers in 2007, or the independency of Océ is at stake.

Engagement review

We are currently active on the following investments: Electrabel, Ciments Français, Depfa, Investment C, Océ, Omega Pharma, Barco, Investments D, E and F.

Deminor analysed the prospectus of the proposed squeeze out transaction in Electrabel. We fund asked several questions to the local authority regarding the valuation and the procedure of the transaction. Our analysis has been relayed by the Belgian press. Answers are expected in the coming week. A separate press release will be sent regarding this investment when all elements are known.

Discussions with Ciments Français were held. The fund proposed corporate governance improvements which are considered by the company. In Depfa, DAGF participated to the AGM and asked questions regarding the remuneration of the Executives, the transparency of the financial communication and the dividend policy. The intervention of DAGF was well received by the press (including the front page of the Financial Times Deutschland). Regarding Investment C, the fund sent a letter with proposed improvements towards serious governance issues. After a first defensive written answer by the company, a follow up meeting will be held soon to determine milestones to achieve structural changes.

Besides participating to the AGM of Océ, we met the company to express our view that the weak performance of the company has to be solved this year or that the independency of the company has to be reconsidered. Defence mechanisms should also be reviewed especially in the context of a weak operating performance. Other important shareholders seem to be sharing these concerns.

Regarding Omega Pharma, meetings are organised with Mr Coucke to propose corporate governance improvements. Investment F is a company with a young history on the stock market. DAGF makes permanent proposals to increase the corporate governance aspects of the company and results are already achieved (prudent guidance for outlook, plan to reduce conflict of interests...).

For Barco, investments D and E, engagement plans are in their early phase and will be commented in Q2 report.

Risk Review

The Beta of the invested part of the portfolio at the end of March 2007 is well below the market level and amounted to 0.66. The distribution of the Betas can be presented as follows:

Equity Beta	100%
0.0 - 0.3	3.6%
0.3 - 0.6	36.7%
0.6 - 0.8	46.4%
0.8 - 1.0	13.3%

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	1.16%	1.83%	2.16%	2.58%

The theoretical weighted average unwinding period of the invested part of the portfolio was 3.66 days at the end of March 2007.

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 +31-23-750.5220.

Deminor Active Governance Fund – A.. Hofmanweg 5A NL - 2031 BH Haarlem – The Netherlands

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