

**Fund Information**

Jurisdiction: The Netherlands, semi-open ended FGR  
 Inception date: November 2<sup>nd</sup>, 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.

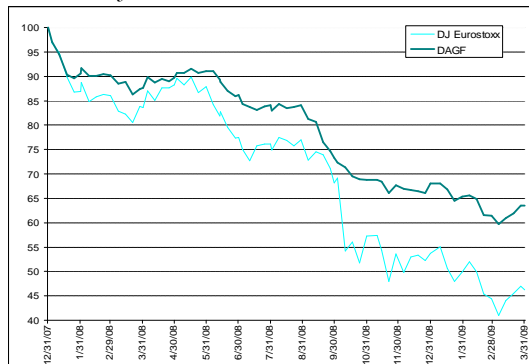
The DAGF invests in European companies that represent sound business fundamentals, yet are valued at a substantial discount towards their peers.

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**

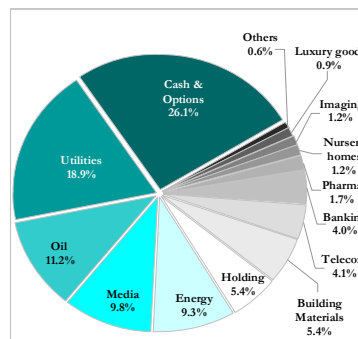
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2006</b>											0.0%	+1.9%	+1.9%
<b>2007</b>	+1.5%	-0.5%	+1.9%	+1.0%	+2.2%	+2.0%	-1.0%	-2.9%	-3.3%	+1.2%	-6.8%	+0.6%	-4.5%
<b>2008</b>	-9.5%	-0.4%	-2.8%	+2.3%	+1.5%	-5.4%	-2.4%	0.0%	-12.8%	-6.1%	-1.7%	+0.6%	-32.0%
<b>2009</b>	-3.9%	-6.0%	+3.5%										-6.6%

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

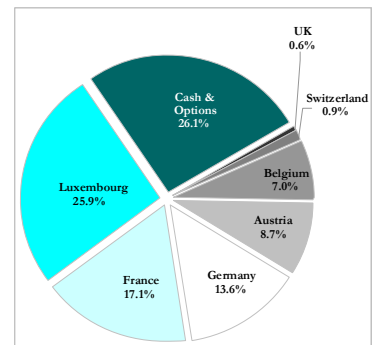


**Current DAGF Allocation - as of March 31, 2009**

*Allocation by sector*



*Allocation by country*



**Portfolio review**

Stock	Total return	Return Q1	% NAV March	% NAV Dec
<b>Cegedel</b>	65,01%	6,24%	16,07%	12,60%
<b>RTL</b>	-39,89%	-15,50%	9,82%	6,80%
<b>OMV</b>	-36,97%	31,90%	8,73%	4,40%
<b>Aleo Solar</b>	-37,79%	-21,80%	7,77%	7,30%
<b>Ciments Français</b>	-59,78%	-6,00%	5,36%	0,00%
<b>Belgacom</b>	3,50%	3,50%	4,11%	0,00%
<b>Caisses Régionales Crédit Agricole</b>	-47,72%	15,20%	4,03%	3,20%
<b>Bolloré</b>	-4,80%	-4,80%	3,71%	0,00%
<b>EnBW</b>	-39,06%	-4,46%	2,86%	2,30%
<b>Other investments</b>			11,5%	14,3%
<b>Total investments</b>			<b>73,9%</b>	<b>48,6%</b>
<b>Cash &amp; Options</b>			<b>26,1%</b>	<b>51,4%</b>
<b>Total Portfolio</b>			<b>100,0%</b>	<b>100,0%</b>

**Quarterly review**

As of 31 March 09, the Fund had a cash position of 25.9% and 16.1% of the portfolio consisted of Cegedel shares for which there is a pending takeover bid. Options represented 0.2 % of the fund. The invested part of the fund included also a convertible bond representing 1.6%. The return of the fund amounted to -6.6 % during the first quarter while the DJ Eurostoxx declined by -14 % over the quarter. This represents a relative outperformance of +8.6 % with a much lower volatility level. The NAV amounted to EUR 61.86 at end March 2009.

The size of the portfolio amounted to EUR 25.2 m at end March 2009. At the start of Q2, the Fund witnessed limited redemptions representing 3% of the Fund.

**Portfolio managers comment**

After a difficult start in March, where many equity indices reached multi years lows, the rest of the month saw a rebound led by the financial sectors. The equity rally was spurred by the proposal of the US Treasury Secretary Timothy Geithner to finance with public money private investors willing to buy distressed assets from financial institutions. The NAV of the Fund climb by 3.5% during the month, while the DJ Eurostoxx rose by +4.0%. This is a strong performance for the Fund in view of its conservative and cautious exposure to the equity markets.

On the side of the best performers, we find Oil&Gas companies, like Maurel & Prom (+24.8%) which announced its successful disposal of its Columbian oil assets and OMV (+23.3%) which communicated the sale of its stake in the Hungarian energy group MOL. Both stocks outperformed strongly the oil sector which was flat over the month. Our investment in Richemont has strongly recovered as the luxury sector. The financial sector made a strong performance and our investments in the Caisses Régionale du Crédit Agricole evolved positively with performances between +3% to +13.4%.

On the side of the weak performers, we find Agfa Gevaert (-29.8%) and the Theolia convertible bond (-11.8%). For this latter there are many uncertainties regarding among others announced very weak 08 results, the liquidity issue of the company and the prolongation of the mandate of the new General Manager, Marc van't Noordende which was finally confirmed early April 09.

**Engagement review and important events after the closing of the quarter**

Soteg's takeover bid on **Cegedel** was formally launched on 6 April following the approval of the offer document by the CSSF. The offer period was supposed to end on 30 April but this period could be extended in some circumstances. Soteg has already announced that it would extend the offer period up until 15 May 2009. Soteg had the obligation to launch an offer as a result of its acquisition of the control of Cegedel through the contribution of 82% of Cegedel shares to Soteg by several former Cegedel shareholders (including the Luxembourg government, SNCI, Luxempart and Electrabel). The launch of a mandatory bid has also implications on the price to be paid to other Cegedel shareholders. According to Luxembourg takeover law (implementing the European directive), the offer price must correspond to at least the highest price paid by the offeror for the company's shares during the 12 preceding months. In this case, the acquisition of 82% of Cegedel by Soteg was not paid in cash but in Soteg shares (contribution in kind in return for the issuance of new Soteg shares). The value of €178,44 per Cegedel share had been agreed in July 2008 between the parties to the Transaction Agreement which formed the basis of the combination between Cegedel, Soteg and Saar Ferngas. The price was later adjusted to take into account the payment of a €14,87 dividend. Soteg did not acquire additional Cegedel shares for a higher price during the last 12 months. The price of €163,57 (€178,44 less €14,87) corresponds to the highest price paid by Soteg to acquire Cegedel shares over the last 12 months. The price is therefore deemed to be "fair" according to Soteg as it meets the legal requirement with respect to the fairness of the offer. Nevertheless, the offer document contains additional information on the valuation of Cegedel for the purpose of the contribution to Soteg. Based on the information provided by Soteg, the offer price would represent a premium of 20% towards the average of the valuations of Cegedel based on usual valuation methods (between €133,8 and €163,6). The offer price also includes a significant premium towards the average stock price of Cegedel (3, 6 and 12 months preceding the announcement of the takeover in July 2008). The fairness of the offer would also be confirmed by the implicit multiples of the transaction (LTM EV/EBITDA) compared to current market multiples and the evolution of the stock markets since the announcement of the takeover in July 2008. Soteg has already announced that in case it would acquire at least 95% of the shares it would launch a subsequent squeeze out procedure in order to acquire 100% of Cegedel. Soteg may also seek a delisting of the Cegedel shares (if it acquires less than 95% of the shares). The final results of the takeover bid should be made public in the course of May 2009.

In the procedure related to the squeeze-out of **Electrabel** shareholders, DAGF has decided to appeal the decision of the Court of Brussels before Belgium's highest court (High Court, *Cour de cassation/Hof van cassatie*). The Court of Brussels had confirmed that DAGF had the right to claim a fair price and to seek compensation – which was the first confirmation of such right by the Court of appeals – but the Court had added that DAGF should have also sued the Banking Commission. The purpose of the appeal is therefore to dispute this part of the Court's decision. The procedure before the High Court is technical and based on legal arguments (no fact findings). DAGF has hired one lawyer who has the ability to plead before the High Court.

DAGF's lawyer, Mr François 't Kint, is also a university professor and the president of the association of High Court lawyers. Our lawyer is currently preparing the appeal which should be launched before the end of May 2009. The procedure is expected to take between 12 and 18 months. In case the High Court would find in favour of DAGF, the case will be once more transferred to the Court of appeals. The decision of the High Court (which is considered as the highest source of "case law") should however influence strongly the reasoning of the Court of appeals. The potential gain for DAGF in case of a positive outcome of this legal procedure would contribute positively to the NAV.

On 16 February 2009, the boards of Italcementi and **Ciments Français** announced that they had decided to propose to their respective shareholders to merge both companies (Italcementi would absorb Ciments Français). Since Italcementi owns more than 80% of the shares, it will be able to impose this merger to the minority shareholders of Ciments Français. The Fund has already contacted the Autorité des Marchés Financiers (AMF) in order to raise several issues and to dispute the choice of a merger between two companies with one of those companies (Italcementi) controlling the other (Ciments Français). In the Fund's opinion, and in accordance with the AMF's general rules (art. 236-6 of the *Règlement Général*), Italcementi should be forced to launch a takeover on Ciments Français in order to offer a fair exit to minority shareholders. The Fund considers that there are many arguments to dispute the fairness of the exchange ratio (8.25 Italcementi shares for every Ciments Français share). DAGF has transmitted an extensive and documented analysis to the AMF in order to support its request for a fair treatment of Ciments Français' minority shareholders. The Fund has also contacted the court-appointed experts who are in charge of reviewing the share exchange ratio for the merger, as well as all the company's independent directors. The Fund's arguments were presented and communicated to all parties involved. DAGF actively participated in the annual general meeting of Ciments Français in order to voice once more its concerns. On this occasion the Fund also enjoyed media attention. DAGF currently awaits the conclusions of the court-appointed experts and the decision of the AMF before considering any further steps and actions.

Other annual general meetings of portfolio companies have already taken place (Belgacom, RTL Group, Agfa Gevaert). DAGF exercises its voting rights based on an analysis of the resolutions and a comparison with corporate governance best practices. This means that, on some occasions, DAGF may vote against resolutions put forward by the board of directors.

### Risk Review

The Beta of the invested part of the portfolio amounted to 0.58 at the end of March (0.54 end of December). The distribution of the Betas can be presented as follows:

Equity Beta	100,0%
0.0 - 0.3	22,8%
0.3 - 0.6	24,7%
0.6 - 0.8	13,3%
0.8 - 1.0	24,6%
1.0 - 1.4	14,7%

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	2,81%	4,44%	5,25%	6,27%

The theoretical weighted average unwinding period of the invested part of the portfolio was 5.24 days at the end of March 2009 (Cegedel has been excluded from the calculation in view of the pending takeover in cash).

### 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](mailto:dagf@deminor.com) or call us at +31- 20 30 12 340.

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