

Fund Information

Jurisdiction: The Netherlands, semi-open ended FGR
 Inception date: November 2nd, 2006
 Subscriptions: Monthly
 Redemptions: Monthly
 Notice period: 30 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 returns by investing in undervalued listed companies with clear value improvement potential, to be unlocked via active shareholder engagement or other external factors.

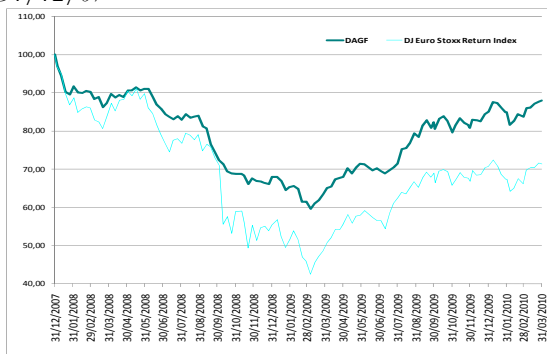
The DAGF invests in European companies that represent sound business fundamentals, yet are valued at a substantial discount towards their peers.

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

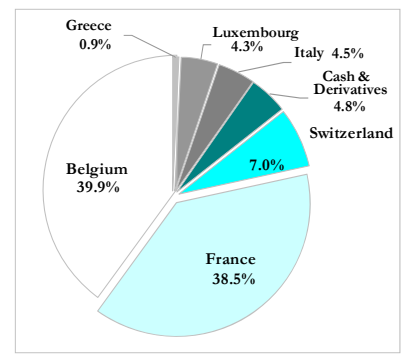
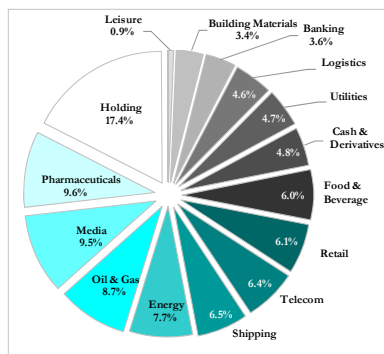
Deminor Active Governance Fund – fund performances in EUR since inception on November 2, 2006

	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%	+2.2%	+10.5%	+4.3%	-3.1%	+1.4%	+5.2%	+25.0%
2010	-0.2%	-1.4%	+5.1%										+3.5%

Performance Year to Date – as of March 31, 2010
 DAGF vs DJ Euro Stoxx return Index, rebased at 100 on 31/12/07



Current DAGF Allocation - as of March 31, 2010 (net of inflow & outflow)
 Allocation by sector Allocation by country



Stock	Return Q1	Total return	% NAV March	% NAV Dec.
Deceuninck	21,82%	321,33%	3,40%	2,97%
RTL	16,99%	5,89%	4,30%	5,40%
CA Morbihan	12,40%	-19,79%	1,40%	1,11%
CA Nord de France	11,40%	5,65%	1,60%	1,24%
Belgacom	9,99%	11,24%	4,00%	4,70%
Delhaize	8,61%	28,25%	6,10%	3,31%
Theolia Convertible	7,10%	-28,99%	7,70%	3,09%
Eurotunnel	6,48%	6,48%	4,60%	0,00%
Thrombogenics	5,71%	4,82%	2,60%	1,39%
Canal +	4,83%	22,20%	5,20%	4,90%
Bolloré	4,70%	20,00%	4,80%	7,50%
Danone	4,45%	20,75%	6,00%	5,10%
Sofina	3,56%	29,70%	6,40%	5,40%
Euronav	2,66%	2,66%	5,10%	0,00%
Other investments			31,90%	39,99%
Total investments			95,1%	86,1%
Cash & Options			4,9%	13,9%
Total Portfolio			100,0%	100,0%

Quarterly review

As of March 31, 2010, the Fund had a cash position of 4.9% versus 13.9% at the end of Q4/09. The invested part of the fund included also convertible bonds representing 9.6% of the portfolio. The return of the fund amounted to +3.5% during the first quarter while the DJ Euro Stoxx Return Index climbed by 1.0 % over the quarter. Since the start of the year, the Fund has shown a good resilience with a much lower volatility. During the quarter, the Fund remained largely invested like the previous quarter and has adopted many new investment themes and has applied a partial portfolio rotation with the aim to lower the risk profile of the Fund. The volatility of the weekly return of the fund was much lower than the volatility of the broad index since the start of the year. The NAV amounted to EUR 85.64 at end March 2010.

Portfolio manager comment

During the month of March, the equity market recovers from its poor performance of January and February. The NAV of the Fund increased by +5.1% during the month broadly in line with the DJ Eurostoxx which progressed by +7.95%.

During this month, all the investments posted a positive contribution to the performance of the Fund at the exception of Iliad (-1.9%) which knew a slightly negative performance. On the side of the best performers, we find Deceuninck (+22.1%) for which the share price has found new support levels and RTL (+14.7%) which seems to have attracted the interest of different investors due to the significant discount to its fair value.

Regarding the Macro perspective, we see a lot of potential area of risks that we could call “market derailleurs”. Within those risks, we find more and more often the sovereign risk which seems in certain case to be material. Despite those risks, the market, during March, has ignored those signals, being encouraged by Q1 publications of companies which are globally of good quality. In the future, we will be careful regarding the risk/return profile of our investments and prospects by privileging quality assets by avoiding to be too much exposed to “market derailleurs”.

Engagement review and important events after the closing of the quarter

As reported in our previous quarterly report, DAGF had entered into discussions with **Theolia**'s management in order to renegotiate the terms of the convertible bond issue. Those discussions led to a proposal for the restructuring of the convertible debt. During the first quarter of 2010, our focus was mainly on the realization of first conditions precedent in order for the restructuring plan to become effective. The general meeting of bondholders unanimously approved the restructuring plan on 18 February 2010. On 19 March 2010, the plan was also approved by the general meeting of shareholders with more than 99% of the votes. The positive outcome of both general meetings confirmed the support of all stakeholders for the capital restructuring which already represents a significant achievement. DAGF also had contacts with the company's board of directors and management in order to raise several core issues with respect to the next steps of the restructuring plan and particularly the capital increase which could take place as early as June 2010. The coming into force of the restructuring plan is subject to the successful completion of such capital increase. In the meantime, DAGF has, to the extent possible, slightly increased its investment in Theolia while waiting for the capital increase to be launched.

As decided when the first investment took place in **Deceuninck**, DAGF took part in meetings with the management and the Chairman of the board together with family members, in order to have a good understanding of the decisions and actions taken to restore growth, to improve the margins and to provide the company with a better governance structure and organisation. The company also gradually succeeded to explain to the market that a new era had begun from a management and governance point of view.

This evolution is more or less similar to what **Agfa Gevaert** recently experienced. DAGF decided to exit the company after the first signs of very encouraging recovery became visible and were reflected in the company's valuation. In the same time, Mr Cornu announced his departure from the management of the company.

In the **Eurotunnel** case, we met with the management to update our view on and our understanding of the evolution of the group. Some negative events had occurred in December, affecting the good valuation of the stock so far. We are reassessing our investment in the company since the main value and governance triggers are now more or less anticipated by the market.

We exited from **Credit Agricole** during the first quarter in order to reduce our exposure to financials more particularly as a result of the many uncertainties surrounding the (consequences of the) Greek debt crisis. On the other hand, we decided to keep our investment in several Credit Agricole Regional Banks which are less volatile and far less exposed to the capital markets. We also met the management of the bank in order to have a better understanding of the possible challenges to which it will be confronted as a

consequence of the new regulatory frameworks (“Basel III” and “Solvency II”) which are currently being discussed.

In the **RTL Group** case, news seems to be better on several aspects: the results of the company are improving and we expect the political process that will help redraft the Luxembourg legislation on squeeze outs to be completed in the coming months. We met the management of RTL together with investors. There seems to be lots of buyers of the stock in a very illiquid market. This results in a very positive evolution of the stock price, in line with the evolution of RTL’s peers.

The procedure before Belgium’s High Court (Cour de cassation/Hof van cassatie) is still pending in the **Electrabel** case (squeeze out of Electrabel minority shareholders in 2007). The legal arguments have been exchanged between the parties. We now await the pleadings in this procedure.

Risk Review

The Beta of the invested part of the portfolio amounted to 0.73 at the end of March (0.74 end of December). The distribution of the Betas can be presented as follows:

Equity Beta	100,0%
0.0 - 0.3	0,6%
0.3 - 0.6	21,6%
0.6 - 0.8	43,1%
0.8 - 1.0	23,0%
1.0 - 1.4	11,7%

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	1,95%	3,08%	3,65%	4,36%

The theoretical weighted average unwinding period of the invested part of the portfolio was 4.79 days at the end of March 2010.

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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