

**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**

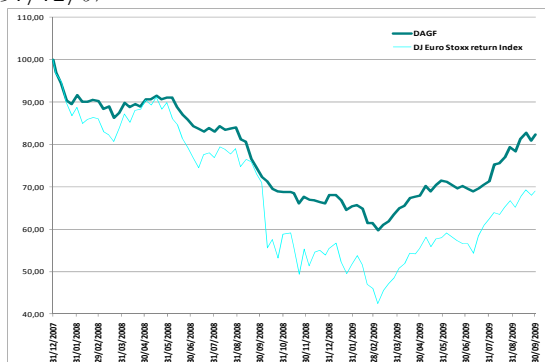
The Deminor Active Governance Fund (DAGF) aims to generate long term positive absolute returns by investing in undervalued listed companies with clear value improvement potential, to be unlocked via active shareholder engagement.

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.

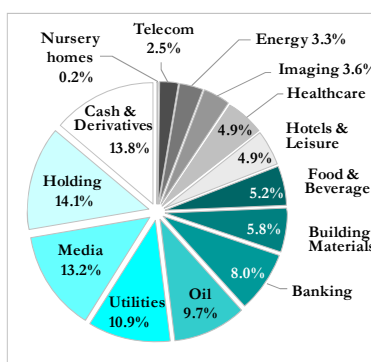
Deminor Active Governance Fund – fund performances in EUR since inception on November 2, 2006													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2006											0.0%	+1.9%	+1.9%
2007	+1.5%	-0.5%	+1.9%	+1.0%	+2.2%	+2.0%	-1.0%	-2.9%	-3.3%	+1.2%	-6.8%	+0.6%	-4.5%
2008	-9.5%	-0.4%	-2.8%	+2.3%	+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%				+21.0%

**Performance Year to Date – as of September 30, 2009**  
 DAGF vs DJ Euro Stoxx return Index, rebased at 100 on 31/12/07

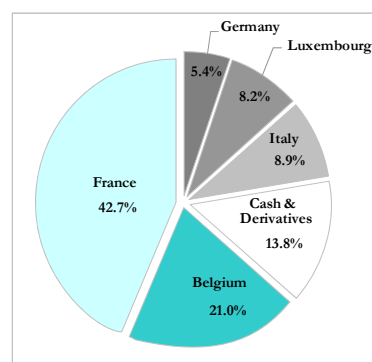


**Current DAGF Allocation - as of September 30, 2009**

Allocation by sector



Allocation by country



Stock	Total return	Return Q3	% NAV Sept.	% NAV June
RTL	0,16%	31,03%	8,20%	7,28%
GDF SUEZ	10,41%	10,41%	6,90%	0,00%
Credit Agricole	12,36%	12,36%	5,50%	0,00%
Danone	11,16%	11,16%	5,20%	0,00%
Canal +	14,40%	14,40%	5,00%	1,81%
ENI	-1,36%	-1,36%	4,90%	0,00%
ACCOR	-1,74%	-1,74%	4,90%	0,00%
GBL	21,69%	21,69%	4,90%	0,00%
Fresenius	-4,39%	-4,39%	4,90%	0,00%
Ciments Français	-58,01%	-8,71%	4,70%	3,29%
Bolloré	50,57%	24,51%	4,70%	2,93%
Other investments			26,5%	27,6%
<b>Total investments</b>			<b>86,3%</b>	<b>42,9%</b>
<b>Cash &amp; Options</b>			<b>13,7%</b>	<b>57,1%</b>
<b>Total Portfolio</b>			<b>100,0%</b>	<b>100,0%</b>

### Quarterly review

As of September 30, 2009, the Fund had a cash position of 13.7% versus 56.8% at the end of Q2/09. The invested part of the fund included also convertible bonds representing 5.8% of the portfolio. The return of the fund amounted to 17.6 % during the second quarter while the DJ Eurostoxx climbed by 18.75 % over the quarter. Since the start of the year, the NAV increased by 21 % in line with the DJ Eurostoxx (18.92 %). During the quarter, the Fund has invested a large portion of its cash position and has operated an important rotation in terms of investments. The volatility of the weekly return of the fund was about half of the volatility of the broad index since the start of the year. The NAV amounted to EUR 80.09 at end September 2009.

### Portfolio managers comment

During the month of September, the equity market continued its rally. The NAV of the Fund increased by +4.3 % during the month, in line with the DJ Eurostoxx which progressed by +4.4%.

On the side of the best performers, we find the Caisses Régionales du Crédit Agricole (+/- up 25 %) after the announcement of the buyback of the CCI of two Caisses Régionales, namely Aquitaine and Centre Loire. Alongside this investment, RTL (+15.4%), Credit Agricole (+10.5%) and Iliad (+7.8%) have also posted strong performances.

On the side of the weak performers, we find the convertible bond of Theolia (-5.7%). The company is still busy with its turnaround and is developing on a new business model. Fresenius posted a negative performance of -4.7% over the month. The company has a strong cash flow generation which should be resilient to the economical cycle. To a lesser extent, Accor (-1.7%) is still an interesting case after the announcement of a likely demerge between the hotel division and the prepaid services division and ENI (-1.4%) with Knight Vinck who is pleading for a demerger of the downstream activity (mainly the gas station in Italy).

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

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 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. No precise agenda has been communicated for the proceedings, but we hope to start the hearing early January 2010. On the other side, the decision of the Belgian government to extend the lifetime of three nuclear centrals is confirming our view that this residual value had to be taken into account in the squeeze out valuation organised by **Suez**. Valuing this, we noticed that GDF Suez had a significant upside coming from this extension, and the possible further extension of the other centrals in the future. That's the reason why DAGF invested also in **GDF Suez**.

In the **RTL Group** case, we are in contact with the Legal Commission of the Luxemburg Parliament, in charge of the (re)drafting of the squeeze out regulation. In October, the European Court of Justice gave a negative position on the case. The Administrative Court took also a challenging position on the case. The job of the Legal Commission is now crucial, in order to allow Bertelsmann to organise the squeeze out of RTL Group in a safe legal frame. We don't hope a green light before year end. The stocks enjoyed a strong speculation during Q3, mainly due to its undervaluation compared to peers.

Our fund is invested for long in the **Regionals Bank of the Credit Agricole (CASA)**. Two of them decided to buy back the CCI listed in the stock exchange. This is a part of a global plan that will allow reorganising the complex structure of CASA. We discussed the issue with the company, and with the AMF, in order to be sure that the buyback respect the legal frame, and the valuation standards, taking into account the huge discount existing in the Stock exchange and the book value of the Regional Banks. DAGF is also invested in **Credit Agricole**, considering that these changes will have a positive impact on the group efficiency and valuation.

On the **Aleo Solar** case, DAGF faced a takeover bid organised by Bosch GmbH. We challenged the valuation proposed by the German group. Moreover, the overall conditions of this acquisition were not acceptable, mainly due to the existence of huge conflict of interests existing between the major shareholders of Aleo, the company itself, and another major participation of the group: Johanna Solar Technology. We issued a complaint to Bafin, the German market authority. The stock price is now slightly above the price proposed by Bosch in the bid.

DAGF is still invested for a minor part in the **Theolia** Oceane. Some discussions take place for the moment in order to improve the financial structure of **Theolia**, and to allow shareholders and bondholders to recuperate part of their investment. Deminor is part of this discussion, which is in a confidential phase for the moment.

In Italy, DAGF has invested in the **ENI** case, following the Knight Vinck demand for a demerger of the ENI downstream activities. **Canal+** and **Vivendi** are fitting in the “mother/daughter” theme of the fund. Due to the legislation changes in France for broadcast companies, Canal+ is a participation of Vivendi that is a candidate for a global takeover by its mother company. We devoted no particular action on that case for the moment.

**Agfa** and **Deceuninck** are two examples of “soft activism” participations of DAGF. The two companies are busy with a turnaround process, after a very significant change of their respective management team, and a repositioning of their strategy. We follow narrowly both companies, having regular contact with the new management together with other institutional (and sometime family) shareholders.

Back in 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). At the end, Italcementi accepted to launch a bi on the remaining stock listed on the market, but this decision was challenged by US bond holders. The situation is still pending, depending of an agreement on that side. We consider that the difficult market conditions and the low visibility are also contributing to the very unclear agenda on that case.

## Risk Review

The Beta of the invested part of the portfolio amounted to 0.80 at the end of June (0.66 end of June). The distribution of the Betas can be presented as follows:

Equity Beta	100,0%
0.0 - 0.3	1,0%
0.3 - 0.6	27,6%
0.6 - 0.8	27,2%
0.8 - 1.0	19,1%
1.0 - 1.4	25,2%

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	3,68%	5,83%	6,89%	7,82%

The theoretical weighted average unwinding period of the invested part of the portfolio was 3.88 days at the end of September 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](mailto:dagf@deminor.com) or call us at +31- 20 30 12 340.

**Deminor Active Governance Fund** - Strawinskylaan 3051 - 1077 ZX Amsterdam – The Netherlands

**DISCLAIMER** - The information contained in this presentation should not be considered as a public offering of securities or as a recommendation to buy, hold or sell securities, or as a binding offering to invest in any particular investment fund or to make any investment. Deminor Investment Management circulated an offering memorandum which constitutes the only legally binding offer to subscribe to the Fund. The presentation and the information contained herein cannot be transmitted to any third party nor can it be made public through any means of communication whatsoever, be it written, verbal or electronic. DAGF is a Netherlands based mutual fund which is exempt from regulation by the AFM. This presentation and the offering memorandum have not been reviewed by the AFM nor by any other regulatory authority. Past returns of DAGF and performance of Deminor Active Value Research are no guarantee of future returns, which can deviate substantially from past returns or performance.