



### Investment manager's comments

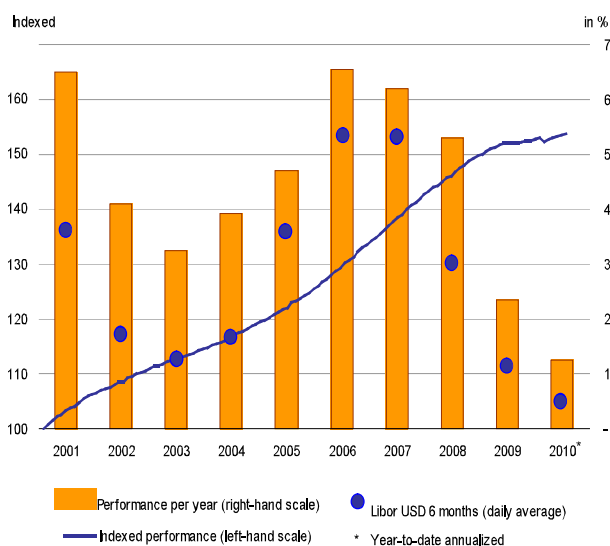
The net asset value of the Dexia Micro Credit Fund remained stable near 2010 highs in November as strong investor inflows were offset by a sharp appreciation in the USD, which reduced the value of the EUR and CHF share classes. Performance was stable in all share classes, and new loan placements exceeded amortizations slightly, maintaining the fund's investment level in microfinance at 82%. Nearly USD 33mm in new loans were placed during the course of the month to 9 MFIs located in Armenia, Azerbaijan, Bosnia, Ecuador, Ghana, Guatemala and Indonesia. Three of these MFIs are new borrowers to the fund, and we also renewed a loan to an international network to onlend funds to its subsidiaries throughout the world. A spike in the past-due portfolio of the Indian MFIs represented in the DMCF was the result of an ordinance passed by the government of the state of Andhra Pradesh requiring sudden and sweeping changes to the activities of MFIs operating in that state. Andhra Pradesh represents some 30% of the total microfinance market in India. The disruption to operations has led to widespread late repayments by borrowers in the state. The ordinance resulted from allegations of coercive collection practices by some lenders. BlueOrchard analysts have been in close contact with the MFIs borrowing from the fund and are monitoring the situation daily. We have been assured that payments due on loans maturing in coming months will be honored in full and on time. We are also in close contact with other microfinance actors in the country, and expect to see a negotiated solution between the stakeholders including the MFIs, the state government, the national government and the banks, that will aim to ensure the sustainability of the sector as well as a commitment to strong, responsible lending practices that protect the interests of the clients of MFIs.

### Summary Portfolio details

Net Asset Value (NAV)*	USD	518'560'313.20
Total Assets	USD	518'560'313.20
Microfinance loan portfolio	USD	423'355'518.00
Average loan size	USD	2'550'334.45
Portfolio average life (in months)		17.06
Number of countries		38
Number of MFIs		97
Number of loans outstanding		166
Total new disbursements	USD	32'980'299.02
Number of loans disbursed		10
Total disbursements since inception	USD	976'121'118.90
Number of loans disbursed since inception		706

\* Please note that the calculation of Total Assets has been changed to equal NAV plus borrowings from the credit line, in contrast to the previous definition which included outstanding net foreign exchange forwards.

### Performance chart - USD share class



### Performance data

	USD	EUR	CHF
NAV	176'227'520.00	214'934'924.23	62'334'865.06
Share Value	17'125.06	13'161.45	12'283.60
Monthly return (28 days)	0.16%	0.20%	0.14%
Return on investment year-to-date	1.20%	1.12%	0.86%
Last 12 months	1.36%	1.28%	0.99%
Last 3 years (annualized)*	3.08%	3.19%	2.32%
Last 5 years (annualized)*	4.40%	3.73%	2.50%
Since inception (total return)	71.25%	31.61%	22.29%
Inception date	September 1998	April 2003	December 2001

\*Calculation takes into account compounding effect.

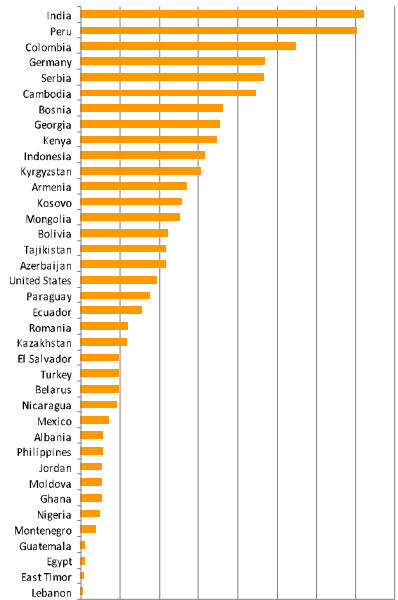
### Social performance indicators

Total # of microentrepreneurs reached by MFIs in the portfolio	16'914'161
# of microentrepreneurs reached by funding provided by DMCF	559'148
% of rural clients*	45%
% of female clients*	53%
Average loan outstanding in USD	1'861.57

\*Data as of 30 June 2010

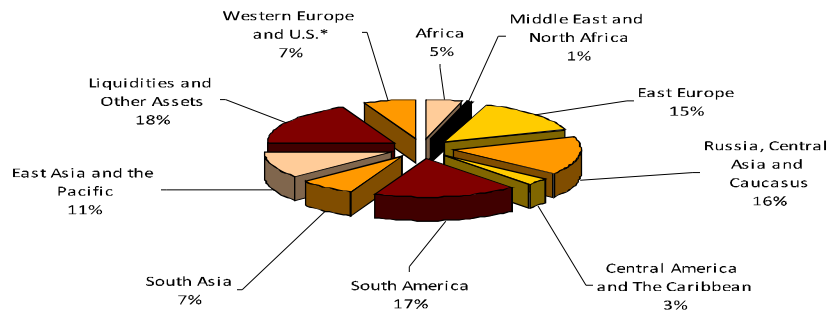


**Exposure by country (in % of NAV)**



\* Data is net of provisions

**Exposure by region (as % of total assets)**



\* Loans to microfinance networks for the purpose of on-lending to regional affiliates and liquidity management  
\*\* Data is net of provisions

**Five largest outstanding positions (as % of NAV)**

PROCREDIT HOLDING	Germany	4.68%*
PROCREDIT BANK SERBIA	Serbia	4.64%
MIBANCO	Peru	3.96%
WWB - BUCARAMANGA	Colombia	3.11%
SPANDANA	India	2.89%

\* additional information can be provided upon request

**Fund description, facts and information**



Structure: Luxemburg SICAV, part II  
 Inception date: September 1998  
 Registration: Luxemburg  
 Investment Managers: BlueOrchard Finance S.A.  
 www.blueorchard.com  
 Dexia Asset Management  
 www.dexia-am.com  
 Custodian Bank: RBC Dexia  
 Sponsor Bank/ Distributor: Dexia BIL  
 ISIN Number: USD share class – LU0091117944  
 CHF share class – LU0136928586  
 EUR share class – LU0164081316

Valuation Dates: 1<sup>st</sup> Wed. of each month  
 Subscriptions: Monthly (with 1 day's notice) effective the 1st Wed + 3 business days of each month  
 Issuing Fees: 0-4%  
 Redemptions: Monthly, with 30 days notice, effective the 1st Wed + 3 business days of each month  
 Income: Reinvested  
 Total Expense Ratio: approx. 1.8%  
 Minimum subscriptions: USD 10,000  
 CHF 15,000  
 EUR 10,000

For additional information, please contact:

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**Fund description**

The Dexia Micro Credit Fund (DMCF) invests in debt instruments of up to 3 years in maturity issued by microfinance institutions (MFIs) located in Africa, Asia, Eastern and Central Europe and Latin America. The MFIs provide small loans and other financial services to microentrepreneurs who lack access to traditional banking services. With the capital provided by these loans, micro-entrepreneurs are able to develop and grow productive businesses and improve their families' standard of living. Thus, the DMCF seeks to achieve an attractive return for investors while providing important social impacts, including poverty alleviation, empowerment of the working poor and the strengthening of inclusive financial systems. The target annual return of the fund is 6-month Libor plus 1-2%.