



Month in review

Microfinance institutions remain largely unaffected by global economic uncertainty and the year finished on a stable, positive note. In an important development, the long-awaited registration of Cambodia's credit bureau (CBC) took place in December 2011 and it is expected to receive its operating license from the National Bank of Cambodia shortly. Banks and MFIs will have until March 2012 to submit their existing customers' data to the CBC, which will start organizing trainings for MFI staff regarding how to use the data in order to take better credit decisions. Having access to comprehensive credit data on borrowers is a key tool to help maintain a healthy microfinance industry, particularly in dynamic and competitive markets such as Cambodia's. In addition, December saw the microfinance sector in India adopt a uniform code of conduct and adopted best practices for client protection, part of significant ongoing efforts to rebuild a healthy and transparent industry following the Andhra Pradesh crisis.

Investment manager's comment

December's performance was boosted slightly by a recovery payment on a defaulted position and the fund remains fully invested, with stable risk spreads and well diversified across 44 countries. We feel that the DMCF is well-positioned with a healthy, well-diversified portfolio as we enter 2012 and we look forward to a successful year.

Social performance updates from the field, a few examples:

The Smart Campaign recently published a report on the implementation of the Client Protection Principles offering a first systematic look at the actual client protection practices of MFIs across the world. BlueOrchard contributed data to this analysis. The report commends DMCF client FMM (Popayan, Colombia) on leading a client consultation process to define the collection practices considered by them as disrespectful. These practices are now listed in the collection manual as unacceptable. FMM Popayan is the recipient of the 2011 Inter-American Awards for Microenterprise Development for best rural microfinance institution.

Fund facts

| | |
|------------------------------------|-------------|
| Net Asset Value (NAV) in USD | 394,376,984 |
| Average exposure per MFI | 3,686,432 |
| Portfolio average life (in months) | 18.47 |
| Number of countries | 44 |
| Number of MFIs | 96 |
| Number of loans outstanding | 148 |
| % investment in microfinance | 90 |

Activity Report

| | |
|----------------------------------|---------------|
| Total new disbursements | |
| Since inception | 1,101,432,130 |
| Number of loans disbursed | |
| Since inception | 767 |

Social performance indicators

| | |
|---|------------|
| Total # of microentrepreneurs by MFIs in the portfolio | 14,120,277 |
| # of microentrepreneurs reached by funding provided by DMCF | 379,937 |
| % of rural clients* | 41% |
| % of female clients* | 58% |
| % of individual lending* | 78% |
| % of group lending* | 22% |
| Average loan outstanding for microentrepreneurs in USD | 2,911 |

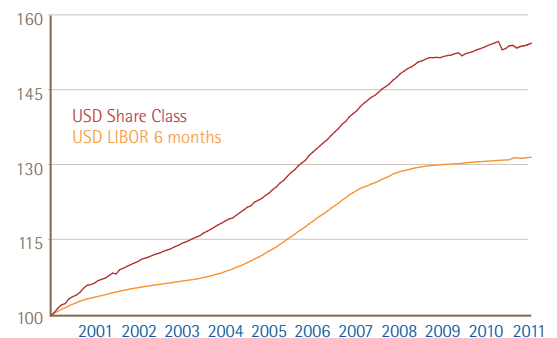
*Data as of 30 June 2011.

Performance

| | USD | EUR | CHF |
|---------------------------------|-------------|-------------|------------|
| NAV | 125,449,380 | 145,626,804 | 73,449,439 |
| Share Value | 17,217.21 | 13,280.65 | 12,250.50 |
| Monthly return (28 days) | 0.21% | 0.16% | 0.13% |
| Return on investment YTD | 0.32% | 0.68% | -0.42% |
| Last 12 months | 0.32% | 0.68% | -0.42% |
| Last 3 years (annualized) | 1.36% | 1.50% | 0.80% |
| Last 5 years (annualized) | 3.09% | 2.96% | 1.87% |
| Since inception (total return)* | 72.17% | 32.81% | 22.50% |
| *Inception date | Sept. 98 | April 03 | Dec. 01 |

Performance history

USD Share Class vs USD Libor 6 months Indexed since Jan 2001



| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| USD share class | 6.50% | 4.10% | 3.26% | 3.95% | 4.70% | 6.56% | 6.21% | 5.31% | 2.33% | 1.43% | 0.32% |
| USD LIBOR 6 months | 3.68% | 1.86% | 1.25% | 1.81% | 3.76% | 5.27% | 5.20% | 3.06% | 1.09% | 0.52% | 0.49% |
| EUR share class | | | | 4.40% | 3.60% | 4.38% | 4.77% | 5.67% | 2.46% | 1.34% | 0.68% |
| EUR LIBOR 6 months | | | | 1.93% | 1.95% | 3.04% | 4.29% | 4.73% | 1.39% | 1.03% | 1.58% |
| CHF share class | | 1.64% | 2.15% | 2.74% | 2.05% | 2.68% | 2.85% | 4.14% | 1.81% | 1.01% | -0.42% |
| CHF LIBOR 6 months | | 1.18% | 0.35% | 0.53% | 0.71% | 1.20% | 2.61% | 2.68% | 0.49% | 0.26% | 0.19% |



MFI Financial indicators*

| | |
|---|--------|
| Asset growth (last 12 months) | 28.70% |
| Portfolio growth (last 12 months) | 36.40% |
| Return on assets (ROA) (last 12 months) | 2.90% |
| Return on equity (ROE) (last 12 months) | 14.90% |
| Portfolio at risk 30 days (PAR 30) | 2.70% |
| Write-offs (YTD) | 0.50% |
| Debt/ equity ratio | 3.23x |
| Portfolio yield | 27.90% |

*Data presented are medians across MFIs in the portfolio for period ending October 31, 2011 and from unaudited management reports provided by MFIs.

Five largest outstanding positions (as % of NAV)

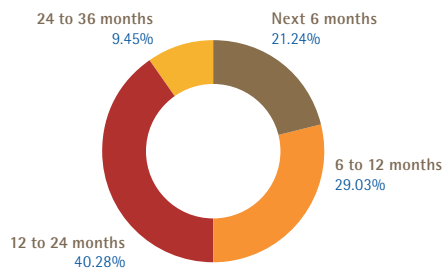
| | | |
|------------------------|-----------|-------|
| Mibanco | Peru | 5.21% |
| ProCredit Bank Georgie | Georgia | 3.80% |
| BTPN | Indonesia | 3.76% |
| Inecobank | Armenia | 3.36% |
| Equity Bank | Kenya | 3.30% |

Fund statistics (last 5 years)

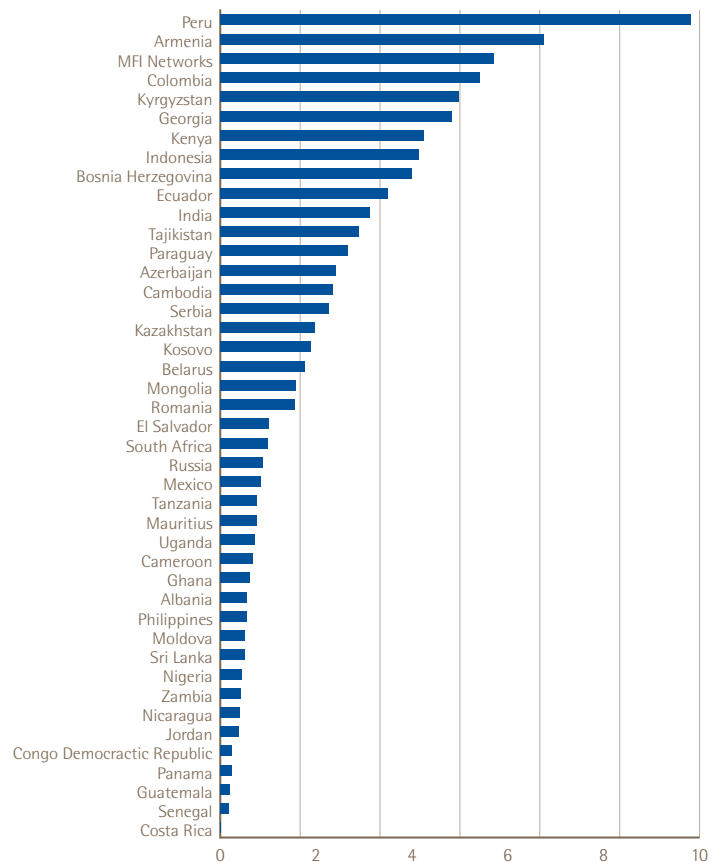
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|-------------------------|--------|
| Annualized return | 3.09% |
| Average monthly return | 0.26% |
| Best month | 0.66% |
| Worst month | -1.09% |
| Standard Deviation | 0.95% |
| Sharpe Ratio* | 1.18 |
| Correlation with | |
| MSCI World | -0.09 |
| JP EMBI Global | -0.11 |
| 6-month USD Libor Index | 0.67 |

*Calculated using a risk-free rate of 2.0%.

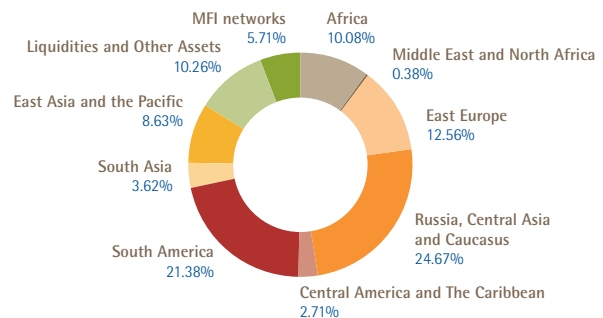
Exposure by maturity (as % of MFI portfolio)



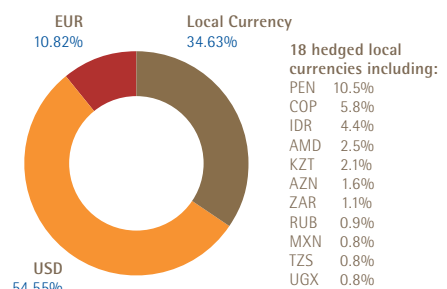
Exposure by country (as % of NAV)



Exposure by regions (as % of NAV)



Exposure by currency (as % of MFI portfolio)



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