



Month in review

Microfinance institutions continue to show strong performance in most regions. In India, the microfinance industry continues to face considerable stress in the state of Andhra Pradesh (AP), however. The corporate debt restructuring deadline is now set for this coming month and is expected to involve conversion of a portion of senior debt to preferred shares and an extension of maturity on unconverted debt. The finalization of the debt restructurings should reduce the current uncertainty, but conversion levels are expected to be in the 30-45% range for most MFIs operating in AP.

Investment manager's comment

The DMCF remains nearly fully invested, and currently has exposures to 103 MFIs in 44 countries. Performance was hurt this month by additional provisions taken on Indian positions due to the increased certainty of the conversion levels that will be used by the portfolio MFIs in the corporate debt restructuring. After taking these provisions, which effectively valued the preferred shares at zero, the overall India exposure in the fund dropped to 3.4%. Offsetting this slightly was the reversal of provisions against a Nicaraguan position, where additional recoveries are expected shortly.

Social performance updates from the field

- After a successful pilot phase, U-IMCEC (Senegal) is extending its credit offer for crop producers in order to increase its outreach in rural areas. The product enables crop farmers to maximize their income while lowering the cost of food and softening the annual price cycle.
- In line with their mission to strengthen rural communities through sustainable development, Kompanion Financial Group (Kyrgyzstan) created a development department with full time agronomists, veterinarians and construction specialists. This department provides consultation on livestock management, agricultural support, family budget and other topics.
- Xac Bank (Mongolia) has launched "Eco Products" that offer low interest rates loans for energy efficient products to low income clients, such as fuel efficient stoves, solar panels, warm housing covers, and energy efficient fuels. These products provide an affordable means for households to lower fuel costs, breathe cleaner air, and stay warm in the depths of the long winter months.
- Banco Fie (Bolivia) received Best Microfinance Institution in Latin America and the Caribbean 2010 award from the Inter-American Development (IDB) Bank.

Fund facts

Net Asset Value (NAV) in USD	440'333'032
Average exposure per MFI	2'435'257
Portfolio average life (in months)	17
Number of countries	44
Number of MFIs	103
Number of loans outstanding	164
% investment in microfinance	90

Activity Report

Total new disbursements	
Since inception	1'096'892'130
Number of loans disbursed	
Since inception	761

Social performance indicators

Total # of microentrepreneurs by MFIs in the portfolio	15'591'999
# of microentrepreneurs reached by funding provided by DMCF	444'235
% of rural clients*	43%
% of female clients*	58%
% individual*	78%
% Group*	22%
Average loan outstanding for microentrepreneurs in USD	2'717

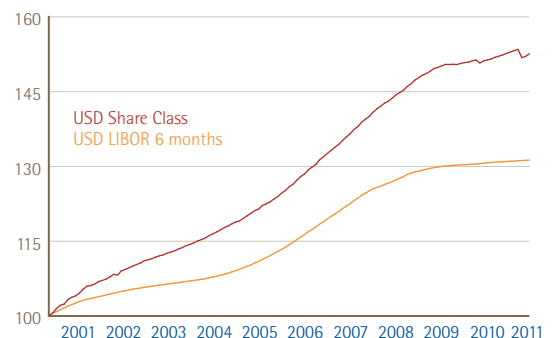
*Data as of 30 June 2011.

Performance

	USD	EUR	CHF
NAV	127'212'088	159'159'181	76'881'326
Share Value	17'111	13'192	12'220
Monthly return (35 days)	-0.32%	-0.25%	-0.46%
Return on investment YTD	-0.30%	0.01%	-0.66%
Last 12 months	0.47%	0.82%	-0.07%
Last 3 years (annualized)	1.74%	1.73%	1.09%
Last 5 years (annualized)	3.39%	3.14%	2.00%
Since inception (total return)*	71.11%	31.92%	22.20%
*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%	-0.30%
USD LIBOR 6 months	3.68%	1.86%	1.25%	1.81%	3.76%	5.27%	5.20%	3.06%	1.09%	0.52%	0.29%
EUR share class				4.40%	3.60%	4.38%	4.77%	5.67%	2.46%	1.34%	0.01%
EUR LIBOR 6 months				1.93%	1.95%	3.04%	4.29%	4.73%	1.39%	1.03%	1.01%
CHF share class		1.64%	2.15%	2.74%	2.05%	2.68%	2.85%	4.14%	1.81%	1.01%	-0.66%
CHF LIBOR 6 months		1.18%	0.35%	0.53%	0.71%	1.20%	2.61%	2.68%	0.49%	0.26%	0.16%

*YTD as of 7 September 2011. Note that Libor is also presented based on the number of days year to date to allow for a direct comparison.



MFI Financial indicators*

Asset growth (last 12 months)	24.51%
Portfolio growth (last 12 months)	28.62%
Return on assets (ROA) (last 12 months)	2.41%
Return on equity (ROE) (last 12 months)	15.18%
Portfolio at risk 30 days (PAR 30)	2.10%
Write-offs (YTD)	0.15%
Debt/ equity ratio	3.26x
Portfolio yield	28.48%

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

Five largest outstanding positions (as % of NAV)

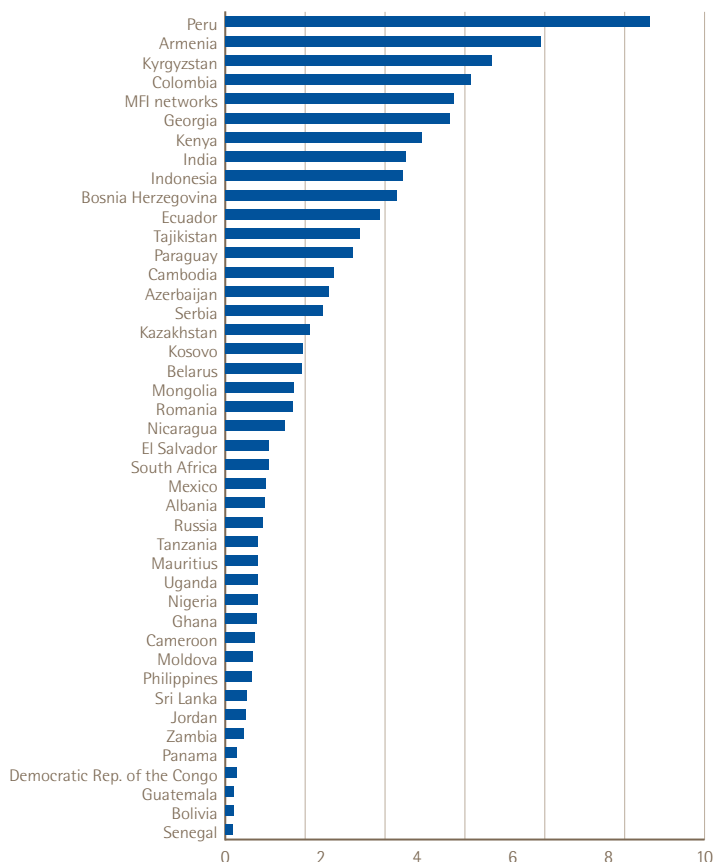
Mibanco	Peru	4.66%
ProCredit Bank Georgie	Georgia	3.41%
Inecobank	Armenia	3.41%
BTPN	Indonesia	3.36%
Equity Bank	Kenya	2.95%

Fund statistics (last 5 years)

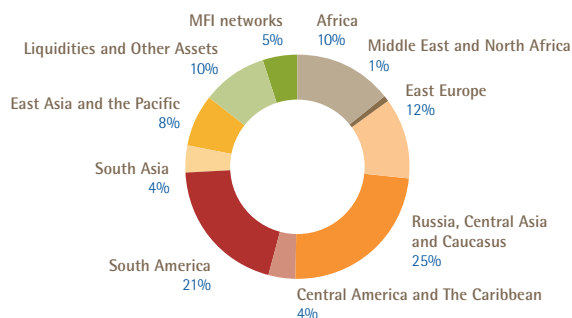
Annualized return	3.39%
Average monthly return	0.29%
Best month	0.71%
Worst month	-1.09%
Standard Deviation	0.98%
Sharpe Ratio*	1.44
Correlation with	
MSCI World	-0.06
JP EMBI Global	-0.10
6-month USD Libor Index	0.69

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

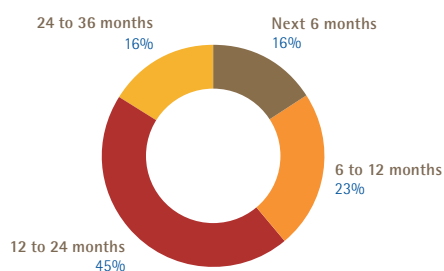
Exposure by country



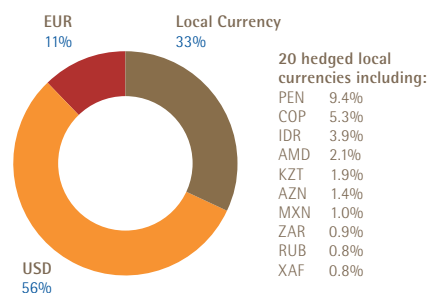
Exposure by regions



Exposure by maturity



Exposure by currency as % of NAV



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