



### Month in review

The positive trends in most microfinance markets continued in October, and the global backdrop stabilized somewhat though uncertainties persist in both Europe and the U.S.. The Inter-American Development Bank's 14th annual "Foromic" conference was held this month, this year in San Jose, Costa Rica. The Foromic brings together microfinance and SME professionals across the globe to discuss developments in inclusive finance in Latin America and the Caribbean. This year more than 1,200 participants attended and key focus areas included issues related to women entrepreneurs, responsible microfinance, innovative technology for financial inclusion, rural finance, and value chains. Current and historical DMCF borrowers were among the recipients of awards granted at the conference: Banco FIE in Bolivia, for "Best Microfinance Institution," and FMM Popayán in Colombia for "Best Rural Microfinance Institution".

### Investment manager's comment

Performance in the DMCF was stable over the month, with provisioning reducing returns slightly. The fund added exposure this month to CHF International network, bringing the total of such investments to five, and representing 5.2% of the full portfolio. Loans to these networks are on-lent to affiliated MFIs, allowing DMCF to finance smaller institutions and support microentrepreneurs in countries that it would otherwise not reach directly and in a risk-mitigated fashion, with the parent network as the borrower of record.

### Social performance updates from the field, a few examples:

Created in 1992 as non-banking financial institution, **VISION Paraguay** transformed into a Bank in 2008 and has grown to become a leading bank with an extensive network of agencies providing credit and savings to previously underserved customers (86'186 borrowers, 79'321 depositors). VISION is committed to supporting the financial education of its micro and small-enterprise borrowers, providing free technical training to small farmers, offering support to disabled individuals, and offering environmental education both within the bank and with external parties, such as schools. Vision's corporate social responsibility engagements include promotion of education, health, nutrition, youth leadership and other community programs.

**MiBanco (Peru)** established its strategic social objectives for 2011-2012:

- › To launch a dashboard of indicators for social performance management
- › To score as Leader in a social rating
- › To increase coverage of progress out of poverty measurement
- › To obtain a score with the Global Reporting Initiative
- › To increase the number of microentrepreneurs trained
- › To increase the number of staff participating in MiBanco's staff volunteer program

### Fund facts

Net Asset Value (NAV) in USD	433,338,640
Average exposure per MFI	3,736,462
Portfolio average life (in months)	20
Number of countries	44
Number of MFIs	102
Number of loans outstanding	156
% investment in microfinance	84

### Activity Report

<b>Total new disbursements</b>	
Since inception	1,099,162,130
<b>Number of loans disbursed</b>	
Since inception	764

### Social performance indicators

Total # of microentrepreneurs by MFIs in the portfolio	15,480,977
# of microentrepreneurs reached by funding provided by DMCF	416,469
% of rural clients*	41%
% of female clients*	58%
% of individual lending*	78%
% of group lending*	22%
Average loan outstanding for microentrepreneurs in USD	2,847

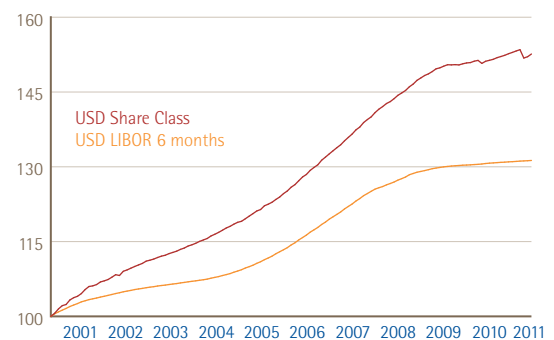
\*Data as of 30 June 2011.

### Performance

	USD	EUR	CHF
NAV	127,527,708	161,142,994	76,064,166
Share Value	17,161.34	13,236.71	12,230.54
Monthly return (28 days)	0.10%	0.12%	0.05%
Return on investment YTD	-0.01%	0.34%	-0.59%
Last 12 months	0.38%	0.77%	-0.30%
Last 3 years (annualized)	1.55%	1.65%	0.98%
Last 5 years (annualized)	3.27%	3.05%	1.96%
Since inception (total return)*	71.61%	32.36%	22.30%
*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%	-0.01%
USD LIBOR 6 months	3.68%	1.86%	1.25%	1.81%	3.76%	5.27%	5.20%	3.06%	1.09%	0.52%	0.38%
EUR share class				4.40%	3.60%	4.38%	4.77%	5.67%	2.46%	1.34%	0.34%
EUR LIBOR 6 months				1.93%	1.95%	3.04%	4.29%	4.73%	1.39%	1.03%	1.30%
CHF share class		1.64%	2.15%	2.74%	2.05%	2.68%	2.85%	4.14%	1.81%	1.01%	-0.59%
CHF LIBOR 6 months		1.18%	0.35%	0.53%	0.71%	1.20%	2.61%	2.68%	0.49%	0.26%	0.17%

\*YTD as of 2 November 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)	29.10%
Portfolio growth (last 12 months)	33.30%
Return on assets (ROA) (last 12 months)	2.80%
Return on equity (ROE) (last 12 months)	16.40%
Portfolio at risk 30 days (PAR 30)	2.60%
Write-offs (YTD)	0.40%
Debt/ equity ratio	3.31x
Portfolio yield	30.20%

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

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

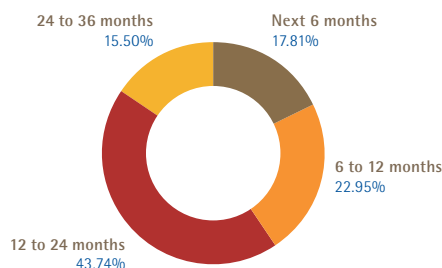
Mibanco	Peru	4.74%
ProCredit Bank Georgie	Georgia	3.46%
BTPN	Indonesia	3.42%
Inecobank	Armenia	3.17%
Equity Bank	Kenya	3.00%

### Fund statistics (last 5 years)

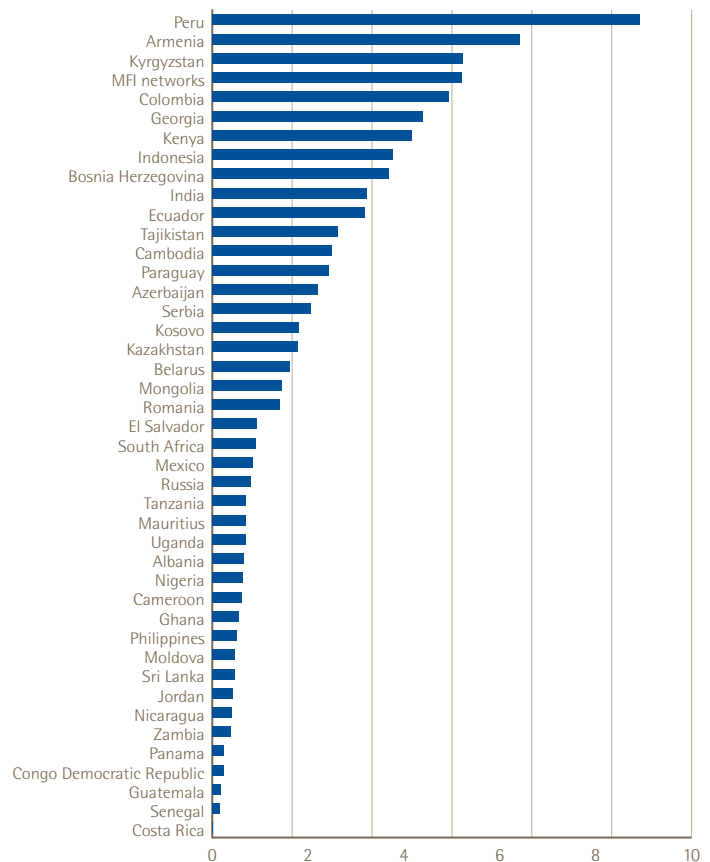
Annualized return	3.27%
Average monthly return	0.27%
Best month	0.71%
Worst month	-1.09%
Standard Deviation	0.97%
Sharpe Ratio*	1.34
Correlation with	
MSCI World	-0.07
JP EMBI Global	-0.11
6-month USD Libor Index	0.68

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

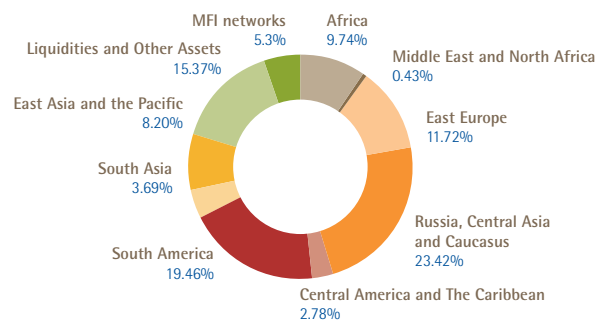
### Exposure by maturity (as % of MFI portfolio)



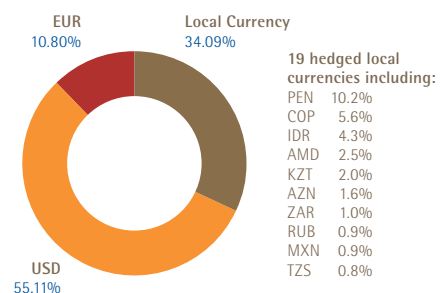
### Exposure by country (as % of NAV)



### Exposure by regions (as % of NAV)



### Exposure by currency (as % of MFI portfolio)



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