



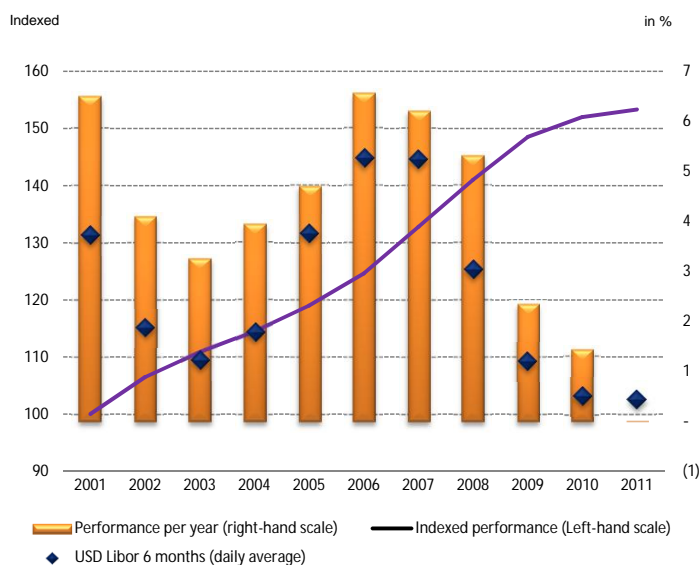
**Investment manager's comments**

We continue to see strong demand for financing by microfinance institutions (MFIs) and the Dexia Micro-Credit Fund placed over USD 10mm in new loans this month. Disbursements were to a geographically diverse group of MFIs, located in Armenia, Azerbaijan, Cameroon, Serbia, Uganda and for the first time from DMCF, the Democratic Republic of the Congo and Panama. The fund now lends to 114 MFIs in 45 countries, historical highs on both counts. DMCF's performance was strong this month due both to higher investment levels (the fund ended the month 90% invested in microfinance) and to recoveries received on a defaulted position. While the microfinance market is buoyant in most regions, the Indian situation remains uncertain. There have, however, been two notable developments: Banks and MFIs were able to come to reach an agreement by the 6 June deadline for the Corporate Debt Restructuring, though the formal documentation has yet to be signed and terms have not been publicly released. Also, a draft of the Micro Finance Institutions Development and Regulation Bill was made public on July 6<sup>th</sup>. If approved by parliament in its current form, the Bill would confirm the Reserve Bank of India's oversight of the microfinance market essentially nullifying the Andhra Pradesh Ordinance issued last fall.

**Summary portfolio details**

Net Asset Value (NAV)	USD	503'549'107
Total Assets	USD	503'549'107
Microfinance loan portfolio	USD	452'105'302
Average loan size	USD	2'484'095
Portfolio average life (in months)		17.97
Number of countries		45
Number of MFIs		114
Number of loans outstanding		182
Total new disbursements	USD	10'043'506
Number of loans disbursed		8
Total disbursement since inception	USD	1'092'847'312
Number of loans disbursed since inception		758

**Performance chart - USD share class**



**Performance data**

	USD	EUR	CHF
NAV	173'059'216	167'977'662	74'901'866
Share value	17'162.66	13'214.49	12'279.20
Monthly return (35 days)	0.36%	0.49%	0.30%
Return on investment year-to-date	0.00%	0.18%	-0.18%
Last 12 months	1.04%	1.24%	0.60%
Last 3 years (annualized) *	2.11%	2.12%	1.51%
Last 5 years (annualized) *	3.67%	3.31%	2.17%
Since inception (total return)	71.63%	32.14%	22.79%
Inception date	September 1998	April 2003	December 2001

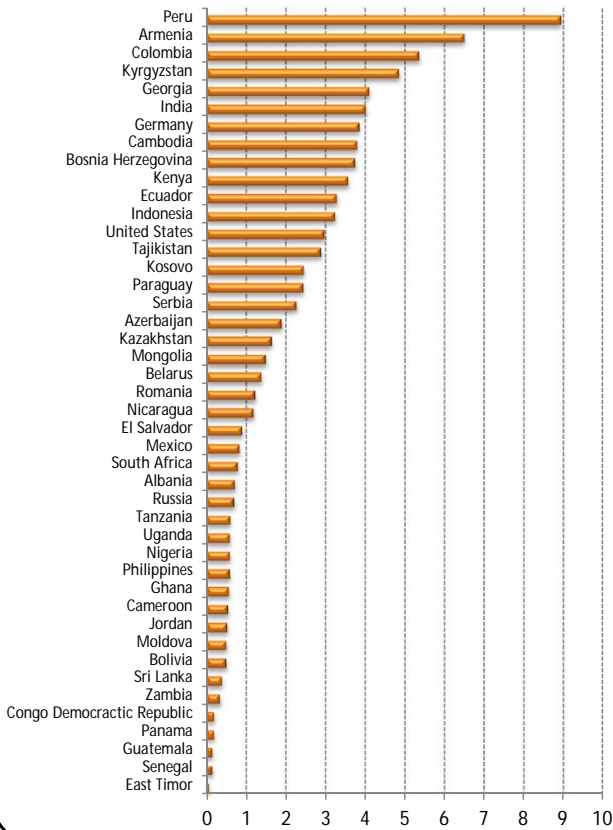
**Social performance indicators**

Total # of microentrepreneurs by MFIs in the portfolio	16'124'508
# of microentrepreneurs reached by funding provided by DMCF	498'362
% of rural clients*	44%
% of female clients*	58%
Average loan outstanding in USD	2'327.29

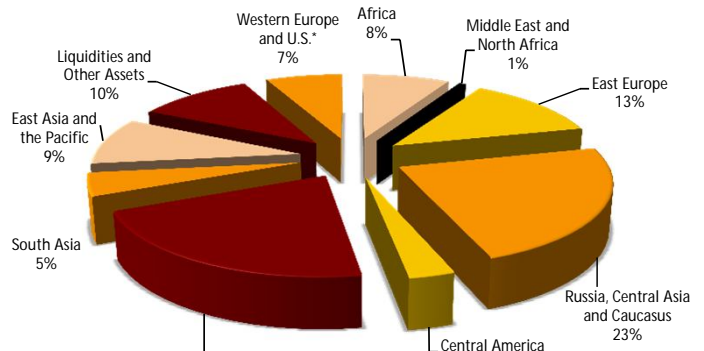
\*Data as of 31 December 2010



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



**Exposure by country (as % of Total Assets)**



\*Loans to microfinance networks for the purpose of on-lending to regional affiliates and liquidity management.

Data are net of provisions

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

MIBANCO	Peru	4.08%
ProCredit Holding	Germany	3.85% *
Inecobank	Armenia	2.98%
PROCREDIT BANK GEORGIE	Georgia	2.98%
BTPN	Indonesia	2.94%

\*Additional information can be provided upon request

**Fund description, facts and information**

Structure : Luxembourg SICAV, part II  
 Inception date : September-98  
 Registration : Luxembourg  
 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: 1st Wed. of each month  
 Subscriptions: Monthly (with 1 day's notice)  
 effective the 1st Wed + 3 BD  
 Issuing Fees: 0-4%  
 Redemptions: Monthly, with 30 days notice,  
 effective the 1st Wed + 3 BD  
 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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 At RBC Dexia Investor Services: David Rossi, Client Service Manager, David.Rossi@rbcdexia-is.net

**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, microentrepreneurs 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%.