



Investment manager comments

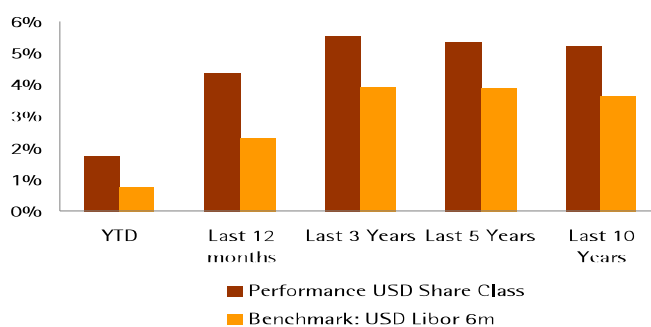
The Dexia Micro-Credit Fund received strong inflows into all share classes during the past quarter that have brought the fund's NAV to another record high, of more than USD 500 million. The fund's performance remained in line with target levels, at close to 6-month Libor + 200 bps on an annualized basis during Q2. Absolute return levels are lower than prior quarters due to the very sharp decline in 6-month USD Libor (from above 3% in October 2008 to 1% at the end of June 2009). While investment levels are lower than in recent periods as we progressively deploy investor inflows (the MFI portfolio averaged approximately 75% of NAV during Q2 versus 85% in Q1 2009), the impact on performance has been mitigated by higher spreads on new loans in the portfolio (currently, the average spread is near 430 bps versus 400 bps 6 months ago). As mentioned in June's monthly update, a small provision was taken in June 2009 against a position in the fund. BlueOrchard has worked to form a creditors' group to deal with this troubled situation, and while we expect full repayment on the USD 1.5 million loan exposure (all payments remain current), we felt it prudent to take a small provision equal to 25% of the loan value.

In total, new loans of over USD 37 million were extended over the quarter to 20 MFIs, diversified across 13 countries. The BlueOrchard analyst team and credit committee continue to monitor closely the impact of the global financial crisis on both prospective and current borrowers: The financial and operational performance of the MFIs in the portfolio remains quite strong, though we continue to see the effect of the crisis on portfolio growth levels, which have declined on an annual basis from the 60-70% level seen in past years, to current levels of 10-20% on average. This decline in growth has meant that loan demand among MFIs is lower than in previous periods - a prudent course of action given the current global uncertainties. In addition, portfolio quality has deteriorated for many MFIs, though the severity varies significantly from region to region, and on average portfolio quality remains high. PAR30 averaged 4.2% as of May 2009 for MFIs in the DMCF portfolio, an increase over last quarter's 3.2% but still very manageable.

Quarter-end snapshot

Total Net Asset Value (NAV)	USD 502,212,662.12
Share class NAV	USD 182,315,424.14
Net subscriptions/redemptions for quarter	
All share classes	USD 31,618,437.76
USD share class	USD 5,668,044.65
Net disbursements to microfinance institutions (MFIs) for quarter	USD 23,167,590.96
Return for the quarter	0.83%
Return year-to-date (YTD)	1.74%
Return last 12 months	4.38%

Performance vs. benchmark



Performance details - history

12-month rolling returns (USD share class)*

Year	Q1	Q2	Q3	Q4
2002	5.25	4.41	4.19	4.10
2003	3.94	3.86	3.22	3.26
2004	3.29	3.55	3.83	3.95
2005	4.05	4.42	4.56	4.70
2006	5.39	5.73	6.11	6.56
2007	6.41	6.30	6.34	6.21
2008	6.25	5.81	5.32	5.31
2009	4.70	4.38		

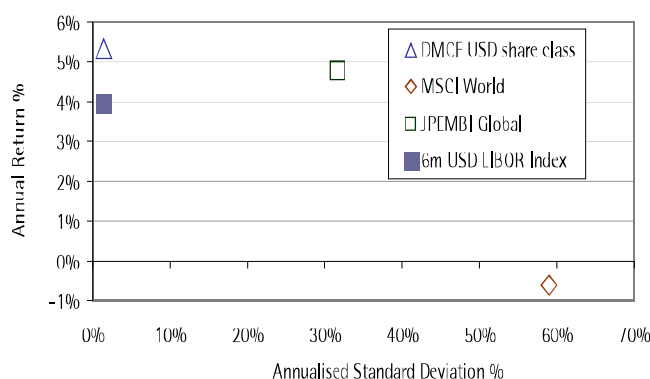
Spread over 6 month Libor (daily average for prior 12 months)

Year	Q1	Q2	Q3	Q4
2002	2.32	1.98	2.16	2.23
2003	2.26	2.41	1.92	2.04
2004	2.09	2.27	2.34	2.14
2005	1.73	1.61	1.26	0.88
2006	1.09	0.98	1.01	1.29
2007	1.03	0.92	1.00	1.00
2008	1.61	1.81	1.78	2.25
2009	2.00	2.07		

* The valuation date for the DMCF is the 1st Wednesday of each month, such that month-end data shown here is the NAV calculation on the 1st Wednesday of the following month.

Fund statistics (last 5 years)

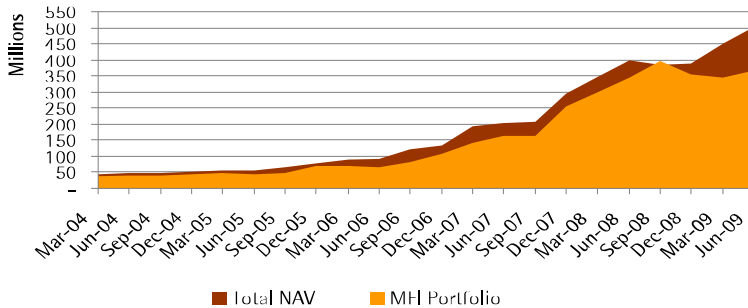
Average annualized return	5.34%
Average quarterly rolling return	1.31%
Average monthly return	0.43%
Best month	0.71%
Worst month	0.13%
Standard Deviation	1.49%
Sharpe Ratio*	1.57
* calculated using a risk free rate of 3.0%	
Correlation with:	
MSCI World	(0.10)
JP Morgan EMBI Global	0.03
6-month USD Libor Index	0.71





Portfolio evolution during past quarter

MFI portfolio and NAV growth, by quarter



Current MFI portfolio	USD	364,615,702.36
New disbursements this quarter		
Value	USD	37,720,941.00
Number		20
New disbursements in 2009		
Value	USD	38,320,941.00
Number		21
Repayments this quarter		
Repayments in 2009	USD	14,553,350.04
	USD	26,630,520.04

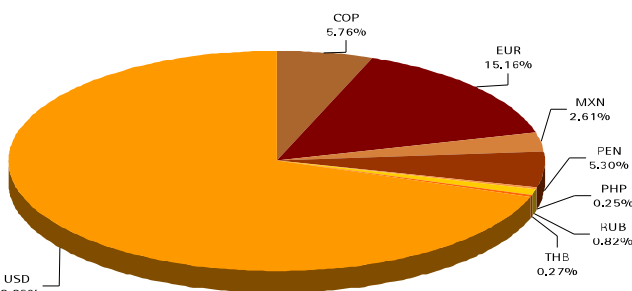
Current portfolio characteristics

Weighted average spread over Libor of MFI portfolio: 4.29%
Fixed/floating interest rate breakdown of MFI loan portfolio: 100% floating, 0% fixed rate

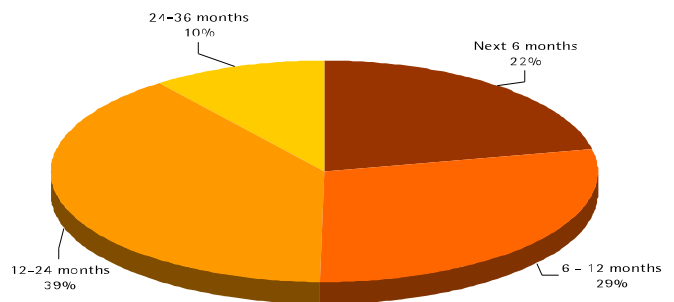
% of loan portfolio in loans to MFIs which are repeat borrowers from DMCF

by # of MFIs	60.42%
by volume of loans outstanding	68.18%

Currency composition of loans to MFIs*



Outstanding maturity breakdown of loans to MFIs



* All local currency loans are hedged and investors do not take on foreign exchange risk

MFI portfolio - summary statistics*

Financial indicators**

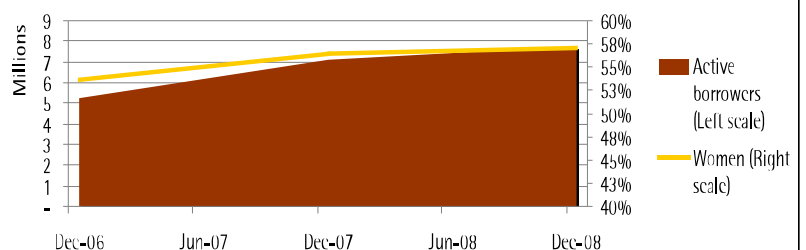
Asset growth (last 12 months)	23.80%
Portfolio growth (last 12 months)	19.90%
Return on assets (ROA) (last 12 months)	2.60%
Return on equity (ROE) (last 12 months)	14.00%

Portfolio at risk (PAR) 30	4.20%
Writeoffs (YTD)	0.70%
Debt/ equity ratio	6.18
Portfolio yield	28.60%

Social performance indicators***

Average outstanding loan size	USD 1,468
% women	57%
% rural	41%
% individual	81%
% group	19%

Number of active borrowers reached by MFIs in the DMCF



* Data presented are simple averages across MFIs in the portfolio except for Asset and Portfolio growth, which take medians across MFIs. **Data is for period ending 31 May 2009. ***Data is for period ending 31 Dec. 2008.