



Investment manager comments

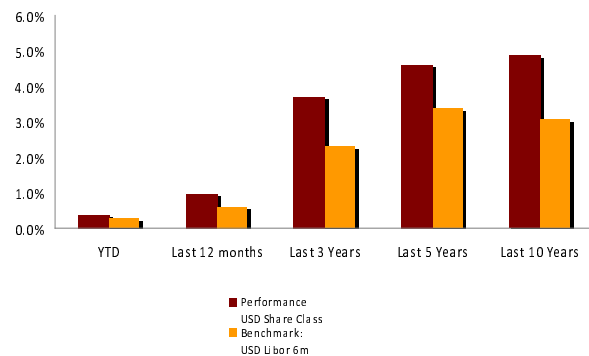
Investment levels in the Dexia Microcredit Fund remained steady over the quarter, with the microfinance portfolio equal to approximately 80% of NAV and the average spread on loans stable at 433 bps. Placement activity slowed down somewhat from Q1, and new loan exposures were offset by amortizations and maturities in the portfolio. The pipeline for new loans is strong, however, as we are seeing increased demand for financing across most regions by microfinance institutions. Portfolio growth is returning to the market following the conservative positioning that we saw in much of 2009 and markets have largely stabilized in most regions. Some countries continue to experience difficulties, however: Nicaragua and Bosnia Herzegovina in particular are suffering high delinquency rates and shrinking portfolios, and DMCF's exposure to these two countries has declined significantly in recent months. We continue to emphasize high geographical diversification in the fund, and this has been helped by enhanced foreign exchange capabilities: in the past quarter loans were extended for the first time in Kazakh Tenge and Georgian Lari, and the portfolio now includes loans in seven different local currencies in addition to USD and EUR. All foreign exchange exposures in the portfolio are fully hedged back to USD.

Investor returns were negatively impacted by increased provisioning, principally against exposure to an MFI in Nicaragua, whose performance continued to deteriorate despite a restructuring in January. Returns for the quarter were therefore flat in the USD share class and slightly negative in the EUR and CHF share classes and the fund's performance has now fallen below targeted levels of 6 month Libor + 1-2%. This is most evident in the EUR share class: forward rates used for hedging the EUR share class result in very similar performances between the USD and EUR share classes in absolute terms, but 6-month Euribor is approximately 40bps higher than 6-month USD Libor, which hurts the EUR share class performance when looked at on a relative basis as a spread to Libor. We expect to recoup much of the performance lag in the coming months, though full-year performance will still likely be below the target of Libor + 1-2%.

Quarter-end snapshot

Total Net Asset Value (NAV)	USD	491'385'225.37
Share class NAV	USD	184'033'888.58
Net subscriptions/redemptions for quarter		
All share classes	USD	7'575'072.02
USD share class	USD	88'822.37
Net disbursements to microfinance institutions (MFIs) for quarter		
	USD	-14'101'725.97
Return for the quarter		0.01%
Return year-to-date (YTD)		0.38%
Return last 12 months		0.96%

Performance vs. benchmark



Performance details - history

12-month rolling returns (USD share class)*

Year	Q1	Q2	Q3	Q4
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	3.61	2.33
2010	1.79	0.96		

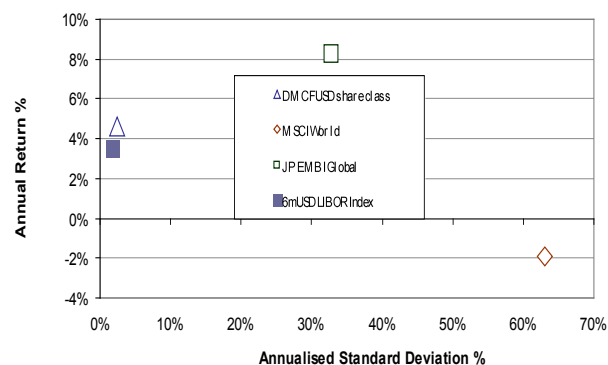
Spread over 6 month Libor (daily average for prior 12 months)

Year	Q1	Q2	Q3	Q4
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	1.91	1.22
2010	1.00	0.37		

* 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)

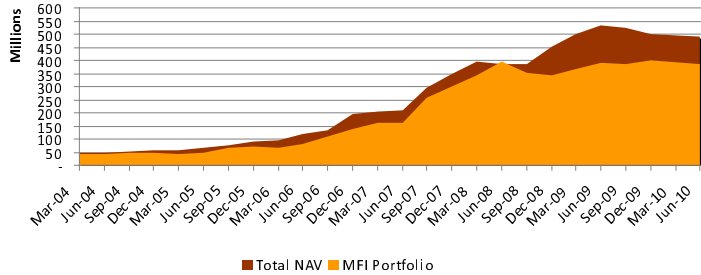
Average annualized return		4.61%
Average quarterly rolling return		1.16%
Average monthly return		0.38%
Best month		0.71%
Worst month		-0.39%
Standard Deviation		2.43%
Sharpe Ratio*		1.08
* calculated using a risk free rate of 2.0%		
Correlation with:	MSCI World	-0.15
	JP Morgan EMBI Global	-0.17
	6-month USD Libor Index	0.85





Portfolio evolution during past quarter

MFI portfolio and NAV growth, by quarter



Current MFI portfolio	USD	384'092'346.42
New disbursements this quarter		
Value	USD	38'357'480.92
Number		13
New disbursements in 2010		
Value	USD	103'281'414.00
Number		34
Repayments this quarter	USD	52'459'206.89
Repayments in 2010	USD	103'663'798.06

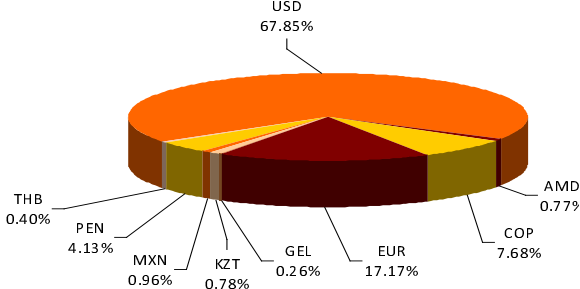
Current portfolio characteristics

Weighted average spread over Libor of MFI portfolio: 4.33%
Fixed/floating interest rate breakdown of MFI loan portfolio: 100% floating, 0% fixed rate

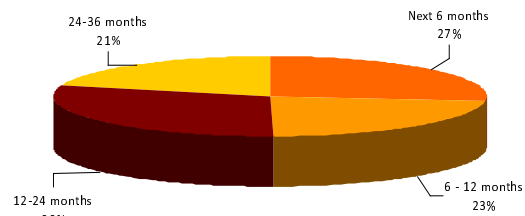
% of loan portfolio in loans to MFIs which are repeat borrowers from DMCF

by # of MFIs 64.04%
by volume of loans outstanding 67.47%

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*

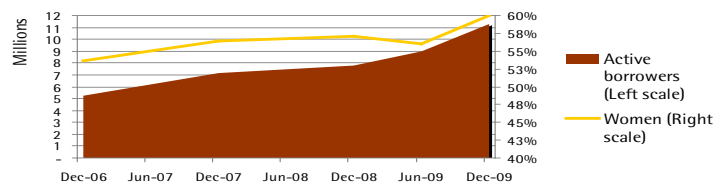
Asset growth (last 12 months)	14.5%
Portfolio growth (last 12 months)	13.9%
Return on assets (ROA) (last 12 months)	2.3%
Return on equity (ROE) (last 12 months)	12.7%

Portfolio at risk (PAR) 30	3.0%
Writeoffs (YTD)	0.1%
Debt/ equity ratio	3.86x
Portfolio yield	32%

Social performance indicators**

Average outstanding loan size	USD 1'603.00
% women/% men***	58%/42%
% rural	45%
% individual	77%
% group	23%

Number of active borrowers reached by MFIs in the DMCF



*Data presented are medians across MFIs in the portfolio for period ending 30 April 2010. **Data presented are simple averages across MFIs in the portfolio for period ending 31 Dec 2009.

*** Excludes clients classified as 'legal entities'.