



Month in review

Performance of microfinance institutions remains strong, with healthy growth, portfolio quality and profitability in most regions. As the year draws to a close, we see positive developments across a wide range of countries and institutions and the stabilization, if not yet full resolution, of the crisis in India. Concerns over the global economic outlook mean that we may see more conservative posturing into 2012, and we remain vigilant of such risks, while continuing to focus on well positioned, well run MFIs making a strong contribution in their communities.

Investment manager's comment

2011's full year return in the DMCF is now set to come in below targeted levels, due principally to reserves taken on Indian exposures. The damage of the crisis in Andhra Pradesh has been significant, and as MFIs operating in the state rebuild, it is important to ensure the growth of a healthy, sustainable sector under a predictable and fair regulatory framework. While this is still very much a work in progress, we remain hopeful that there will be important lessons learned by all stakeholders. Elsewhere in the portfolio, performance has been in line with expectations, with high investment levels in the fund (averaging 85% over the year) and stable risk spreads. A key positive development this year has been the expansion of (hedged) local currency investing in DMCF: In the past year, the local currency portfolio of the fund has increased from 28% to 34%, and the number of currencies hedged has increased from 14 to more than 20. This has in turn led to greater geographical diversification: 44 countries are currently represented in the fund, versus 39 at the end of 2010, with African exposure doubling from 5% to 10%. Local currency lending remains a priority for us, as it allows MFIs to best match their assets and liabilities, and lend to their clients in the currency in which they earn their incomes.

Social performance updates from the field, a few examples:

On December 2nd, 2011, the Cambodia Microfinance Association conducted its Annual Workshop with the focus "To Promote the Client Protection Principles for Microfinance in Cambodia". The workshop brought together key microfinance stakeholders including practitioners (MFIs, Banks, and Credit Operators), government institutions (National Bank of Cambodia, Ministry of Economic and Finance,...), funders, donors, investors and other relevant organizations (Credit Bureau Cambodia Co, Ltd., International Labour Organization). Its goal was to determine an approach for protecting microfinance clients and promoting responsible microfinance products and practices. Sathapana, Prasac, Hattha Kaksekar Ltd (HKL) and AMK all participated to the workshop. After the group discussions, all participants committed to a detailed action plan in order to implement the Client Protection Principles together.

We wish you all the very best for the upcoming holiday season, and look forward to a rewarding and successful 2012.

Fund facts

Net Asset Value (NAV) in USD	415,976,569
Average exposure per MFI	3,788,862
Portfolio average life (in months)	19.21
Number of countries	44
Number of MFIs	99
Number of loans outstanding	151
% investment in microfinance	87

Activity Report

Total new disbursements	
Since inception	1,101,432,130
Number of loans disbursed	
Since inception	767

Social performance indicators

Total # of microentrepreneurs by MFIs in the portfolio	14,596,797
# of microentrepreneurs reached by funding provided by DMCF	401,754
% of rural clients*	41%
% of female clients*	58%
% of individual lending*	78%
% of group lending*	22%
Average loan outstanding for microentrepreneurs in USD	2,757

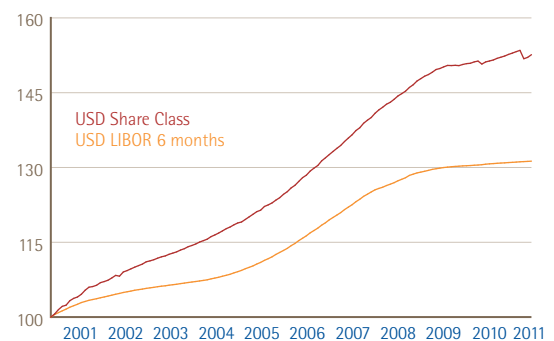
*Data as of 30 June 2011.

Performance

	USD	EUR	CHF
NAV	127,417,913	155,737,358	74,304,719
Share Value	17,181.75	13,259.08	12,235.05
Monthly return (35 days)	0.12%	0.18%	0.05%
Return on investment YTD	0.11%	0.52%	-0.54%
Last 12 months	0.33%	0.74%	-0.40%
Last 3 years (annualized)	1.46%	1.53%	0.86%
Last 5 years (annualized)	3.15%	3.01%	1.89%
Since inception (total return)*	71.82%	32.59%	22.35%
*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%	0.11%
USD LIBOR 6 months	3.68%	1.86%	1.25%	1.81%	3.76%	5.27%	5.20%	3.06%	1.09%	0.52%	0.44%
EUR share class				4.40%	3.60%	4.38%	4.77%	5.67%	2.46%	1.34%	0.52%
EUR LIBOR 6 months				1.93%	1.95%	3.04%	4.29%	4.73%	1.39%	1.03%	1.44%
CHF share class		1.64%	2.15%	2.74%	2.05%	2.68%	2.85%	4.14%	1.81%	1.01%	-0.54%
CHF LIBOR 6 months		1.18%	0.35%	0.53%	0.71%	1.20%	2.61%	2.68%	0.49%	0.26%	0.18%

*YTD as of 7 December 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)	29.70%
Portfolio growth (last 12 months)	36.00%
Return on assets (ROA) (last 12 months)	3.20%
Return on equity (ROE) (last 12 months)	15.70%
Portfolio at risk 30 days (PAR 30)	2.50%
Write-offs (YTD)	0.50%
Debt/ equity ratio	3.33x
Portfolio yield	28.90%

*Data presented are medians across MFIs in the portfolio for period ending September 30, 2011 and from unaudited management reports provided by MFIs.

Five largest outstanding positions (as % of NAV)

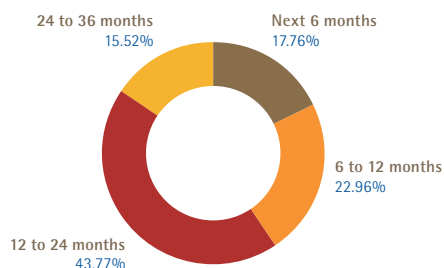
Mibanco	Peru	4.94%
ProCredit Bank Georgie	Georgia	3.61%
BTPN	Indonesia	3.56%
Inecobank	Armenia	3.31%
Equity Bank	Kenya	3.13%

Fund statistics (last 5 years)

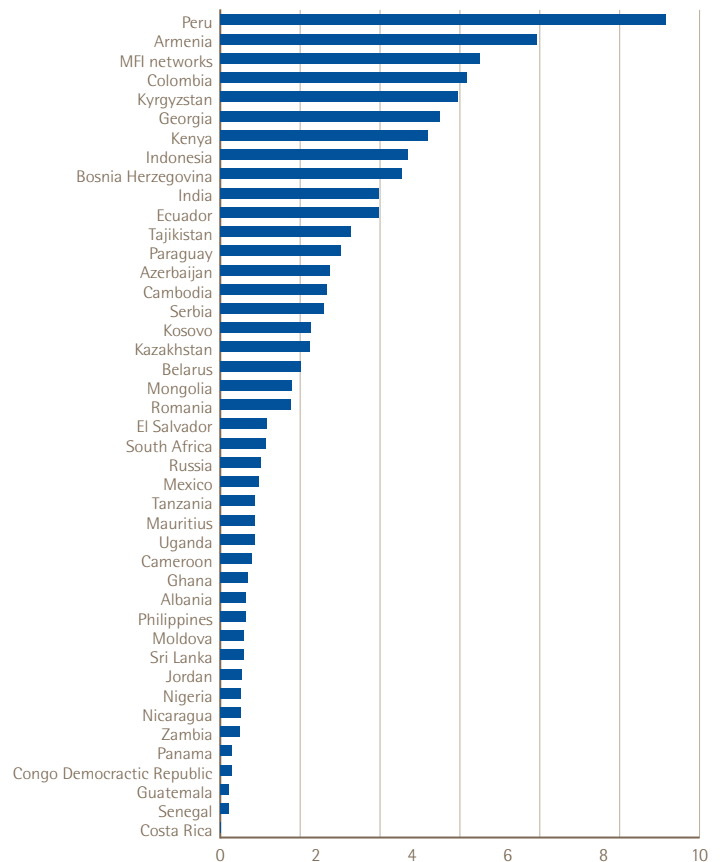
Annualized return	3.15%
Average monthly return	0.27%
Best month	0.71%
Worst month	-1.09%
Standard Deviation	0.97%
Sharpe Ratio*	1.21
Correlation with	
MSCI World	-0.08
JP EMBI Global	-0.10
6-month USD Libor Index	0.68

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

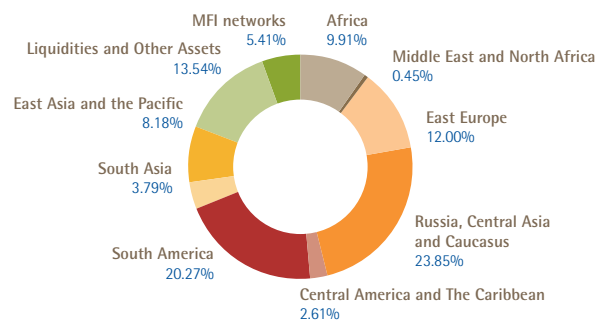
Exposure by maturity (as % of MFI portfolio)



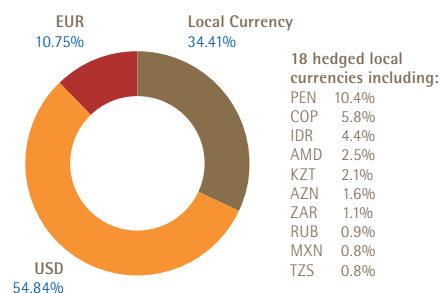
Exposure by country (as % of NAV)



Exposure by regions (as % of NAV)



Exposure by currency (as % of MFI portfolio)



For additional information, please contact:

> **BlueOrchard Finance S.A.** Heide Jimenez Davila, Head of Investor Relations • Heide.JimenezDavila@blueorchard.com • Tel.: +41 22 596 4789
> **RBC Dexia Investor Services** David Rossi, Client Service Manager • David.Rossi@rbcdexia-is.net