



Month in review

Global markets were sharply lower this month on fears over the European debt crisis and poor economic performance in the U.S. Emerging markets equity and debt were also highly volatile in a generalized atmosphere of risk aversion. Microfinance institutions were largely unaffected by the market turbulence and we feel that most MFIs are well-placed to cope with potential economic slowdowns due to their moderate positioning over the past couple of years in response to the 2009 crisis: While annual growth rates have recovered to the 20-30% level, these are much lower than in prior years and portfolio at risk is well controlled in most regions. In India, the corporate debt restructuring process is now finalized and agreements have been signed for participating MFIs and banks. As expected, restructurings include a conversion of a portion of outstanding senior debt for preferred shares (ranging from approximately 30% to 45% for DMCF portfolio MFIs) and a lengthening of maturities for unconverted debt to seven years.

Investment manager's comment

DMCF remains fully invested, and well diversified across 103 MFIs located in 44 countries. September's returns are in line with performance targets on an annualized basis, though provisions year-to-date, principally against Indian exposures, mean that such targets will likely not be reached for 2011. With current risk spreads and investment levels, however, we expect to return to targeted return levels over the coming months.

Social performance updates from the field, a few examples:

Pulse Financial Services Limited (PFSL) Zambia is known for its customer oriented products and services. In 2010, PFSL Zambia implemented an innovative Client Share Ownership Program that allows clients to progressively become part owners of the microfinance institution. Borrowers with a good repayment history are eligible to receive an incentive of 10% to 13% of the total interest paid on their loan. Clients can choose between four different options combining cash and shares. As an added incentive, PFSL contributes an incremental bonus on the amount invested by the borrower.

This year, **Apoyo Integral (El Salvador)** has begun offering loans of less than USD 100 to low income families to buy Salva Sol basico, a solar lamp that also serves to charge batteries and mobile phones. This product offers social and environmental benefits, including health improvements (it replaces highly polluting kerosene lamps). With both this product and its micro insurance products (life and health insurance), Apoyo Integral is demonstrating how an MFI can finance and distribute sustainable products and services that improve the lives of the low income communities it serves. The MFI is also overseeing projects such as the reintegration of juvenile delinquents from criminal bands (maras) and contributing to raise awareness against preventable diseases (such as HIV/AIDS).

Fund facts

Net Asset Value (NAV) in USD	414,844,222
Average exposure per MFI	3,686,929
Portfolio average life (in months)	17
Number of countries	44
Number of MFIs	103
Number of loans outstanding	164
% investment in microfinance	90

Activity Report

Total new disbursements	
Since inception	1,096,892,130
Number of loans disbursed	
Since inception	761

Social performance indicators

Total # of microentrepreneurs by MFIs in the portfolio	15,428,305
# of microentrepreneurs reached by funding provided by DMCF	431,903
% of rural clients*	41%
% of female clients*	58%
% of individual lending*	78%
% of group lending*	22%
Average loan outstanding for microentrepreneurs in USD	2,688

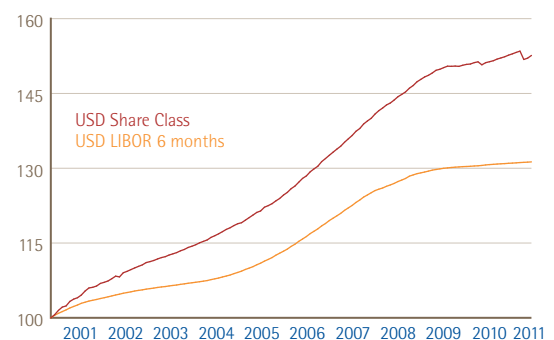
*Data as of 30 June 2011.

Performance

	USD	EUR	CHF
NAV	127,450,895	154,077,863	76,221,314
Share Value	17,143	13,220	12,224
Monthly return (28 days)	0.19%	0.21%	0.03%
Return on investment YTD	-0.11%	0.22%	-0.63%
Last 12 months	0.43%	0.81%	-0.22%
Last 3 years (annualized)	1.68%	1.63%	0.99%
Last 5 years (annualized)	3.34%	3.12%	1.97%
Since inception (total return)*	71.43%	32.20%	22.24%
*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%	0.33%
EUR share class				4.40%	3.60%	4.38%	4.77%	5.67%	2.46%	1.34%	0.22%
EUR LIBOR 6 months				1.93%	1.95%	3.04%	4.29%	4.73%	1.39%	1.03%	1.16%
CHF share class		1.64%	2.15%	2.74%	2.05%	2.68%	2.85%	4.14%	1.81%	1.01%	-0.63%
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 5 October 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)	23.40%
Portfolio growth (last 12 months)	33.34%
Return on assets (ROA) (last 12 months)	3.25%
Return on equity (ROE) (last 12 months)	16.44%
Portfolio at risk 30 days (PAR 30)	2.60%
Write-offs (YTD)	0.33%
Debt/ equity ratio	3.30x
Portfolio yield	30.54%

*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)

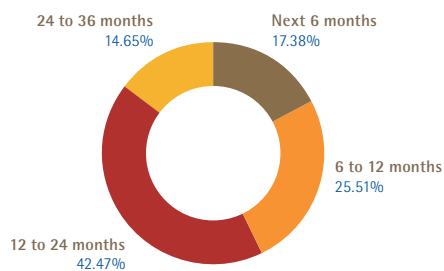
Mibanco	Peru	4.95%
ProCredit Bank Georgie	Georgia	3.62%
BTPN	Indonesia	3.57%
Inecobank	Armenia	3.31%
Equity Bank	Kenya	3.13%

Fund statistics (last 5 years)

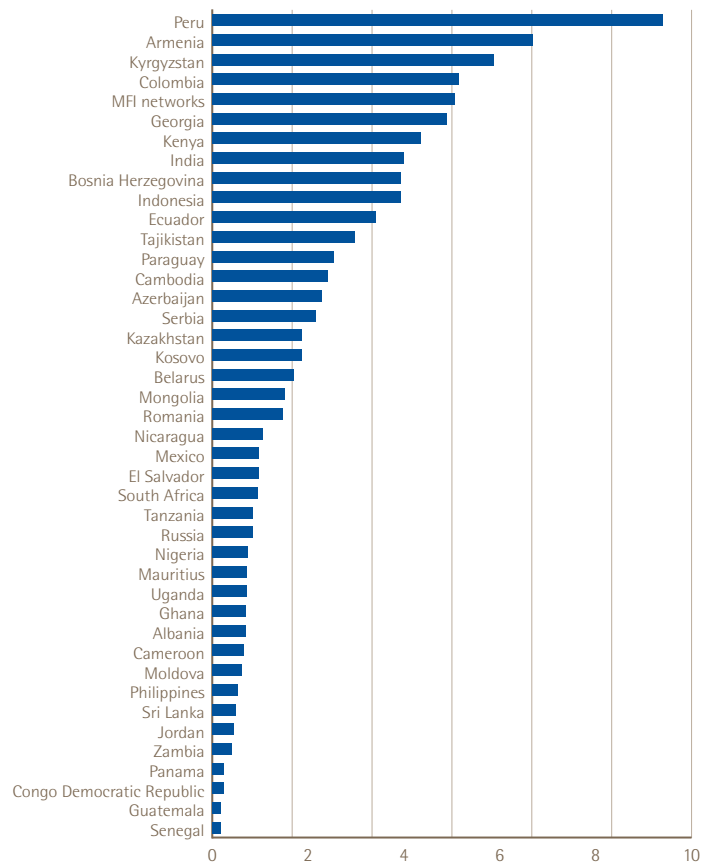
Annualized return	3.34%
Average monthly return	0.28%
Best month	0.71%
Worst month	-1.09%
Standard Deviation	0.97%
Sharpe Ratio*	1.40
Correlation with	
MSCI World	-0.06
JP EMBI Global	-0.10
6-month USD Libor Index	0.68

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

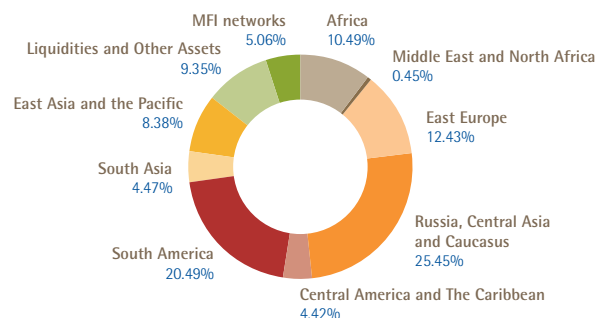
Exposure by maturity (as % of MFI portfolio)



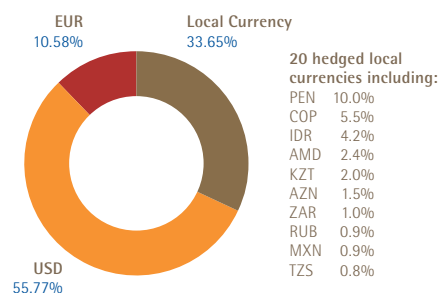
Exposure by country (as % of NAV)



Exposure by regions (as % of NAV)



Exposure by currency (as % of MFI portfolio)



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