



## Why invest?

The Dexia Micro-Credit Fund was launched in 1998 as the first private and fully commercial microfinance investment fund. It allows investors to obtain stable financial returns and contribute to developing financial inclusion in emerging economies.

## Financial Investment Thesis

DMCF invests in debt instruments with a maximum maturity of 3 years issued by microfinance institutions located in Africa, Asia, Eastern Europe and Latin America. The investment manager establishes a diversified portfolio of debt instruments to mitigate credit risk, country risk and liquidity risk while optimizing the social performance of the portfolio investments. The DMCF return target is 6M LIBOR + 100 – 200 basis points p.a. Shares are available in USD, EUR and CHF, with non-USD share classes hedged for the investor back in to the share class currency.

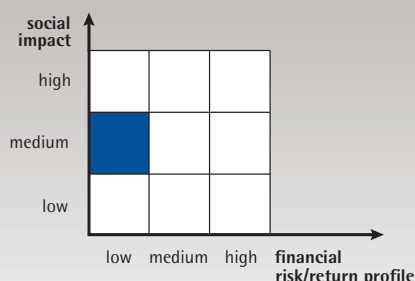
## Social Impact Thesis

Microfinance institutions offer access to financial services to low income groups often unserved by mainstream banks, thus enabling them to develop and grow income-generating activities. Through its investments, DMCF aims to support microfinance institutions to expand and to extend their outreach to poorer people, improve the quality and appropriateness of financial services, and encourage the development of savings, insurance and payment services.

## Risks involved

The fund is exposed to country (political, economic and regulatory) and credit risk. Volatility has been minimal since inception, but may rise temporarily due to political, economic and regulatory developments or MFI-specific events and circumstances.

## Style box



## Regional Focus

Africa, Asia, Eastern Europe and America



## Impact Focus

Financial inclusion



## Asset Class

Debt investments

## Fund Facts

Fund Facts		Terms	Security Numbers
		<b>Liquidity:</b> Monthly	<b>ISIN:</b>
		<b>Subscriptions:</b> Monthly, 1 day notice	USD share class LU0091117944
		<b>Redemptions:</b> Monthly, 30 days notice	CHF share class LU0136928586
		<b>Lock-up:</b> no	EUR share class LU0164081316
		<b>Min. investment:</b>	<b>Bloomberg:</b>
<b>Legal Structure</b>		USD 10,000	USD share class DEXMCR LX EQUITY
<b>Legal Structure:</b>	SICAV, part II	EUR 10,000	CHF share class DEXORCH LX EQUITY
<b>Domicile:</b>	Luxembourg	CHF 15,000	EUR share class DEXORCE LX EQUITY
<b>Fund Management</b>		<b>Fees</b>	
<b>Investment Manager:</b>	Dexia Asset Management	<b>Management Fee:</b> up to 1.8%	
<b>Investment Advisor:</b>	BlueOrchard Finance S.A.	<b>Distribution Fee:</b> up to 0.5%	
<b>Custodian Bank:</b>	RBC Dexia	<b>Subscription/Redemption Fee:</b> n/a	
		<b>TER (05.07.2011):</b> 1.89%	



## Fund Management

BlueOrchard Finance S.A., founded in 2001, is a specialized investment management company headquartered in Geneva, Switzerland, with offices in the United States, Peru, Kyrgyzstan and Cambodia. It manages microfinance investments with the double objective of social impact to low-income populations and financial returns for private and institutional investors globally.

Dexia Asset Management is the asset management centre of the Dexia financial group. Its services span all asset classes, and its four management centres (based in Belgium, France, Luxembourg and Australia) serve a broad client base.

## Financial Investment Process

BlueOrchard's investment analyst team is comprised of professionals with extensive experience in the field of microfinance investing and a clear regional focus, identifies financially sustainable microfinance institutions, carry out in-depth due diligence on potentially investable candidates and prepare investment proposals. All loans to microfinance institutions must be approved by a credit committee composed of well-seasoned investment professionals under the leadership of the Chief Credit Officer at BlueOrchard Finance S.A. Successful investment proposals are referred to the investment committee at BlueOrchard Finance S.A., which is in charge of building a diversified portfolio and ensuring an adequate liquidity and term structure. All portfolio positions are continuously monitored by the investment analysts to ensure timely repayment. Loans are preferably extended in local currency, or alternatively in EUR or in USD. At the fund level, local-currency risk is systematically and fully hedged into USD.

## Social Monitoring Process

BlueOrchard has developed a Social Performance Scorecard (SPIRIT) to assess the social performance of MFIs in the portfolio and prospective investments. Social criteria are an integrated part of the research and due-diligence process during the pre-investment evaluation of a microfinance institution. Post-investment, these indicators are monitored and reported on a regular basis. SPIRIT assesses the professional practices of staff, transparency of MFI pricing, MFI supervision and governance. It also examines client protection practices, gender outreach, the activity and geographical location of clients, average loan size, diversity and appropriateness of product and services and methodology, among other aspects.

## Risk Management

Risk Management is an integral part of the fund management process and is carried out at various levels: Analysts at BlueOrchard monitor on a monthly basis financial and social risk indicators at the regional, country and MFI level from the initial stages of the research process to the final repayment of the loan. The portfolio manager at BlueOrchard monitors daily and actively manages fund's liquidity, portfolio allocation and diversification. An independent risk manager within BlueOrchard is responsible for monitoring and analyzing applicable risk metrics as well as lead workouts. Operational and compliance risk is monitored and management by the risk management department of Dexia Asset Management.

## Disclaimer

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