

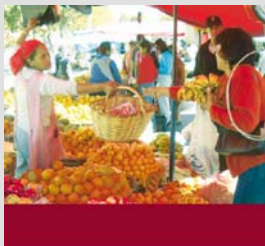


MICROVEST NEWS

Fall 2009

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MICROVEST
ANNUAL REPORT JUNE 2009

**MicroVest 2009
Annual Report**

is available on our
website at
www.microvestfund.com

Message from the CEO



Gil Crawford, CEO

The first months of MicroVest’s fiscal year 2010 have brought a new set of challenges and successes. We believe we are about a third of the way through a cyclical adjustment in the microfinance industry. MFI demand for senior loans is down; however, investors have demonstrated confidence in the sector with continued investments in microfinance investment vehicles.

MicroVest total portfolio assets grew slightly over the quarter to \$133.2 million including commitments from our MVII Investors.

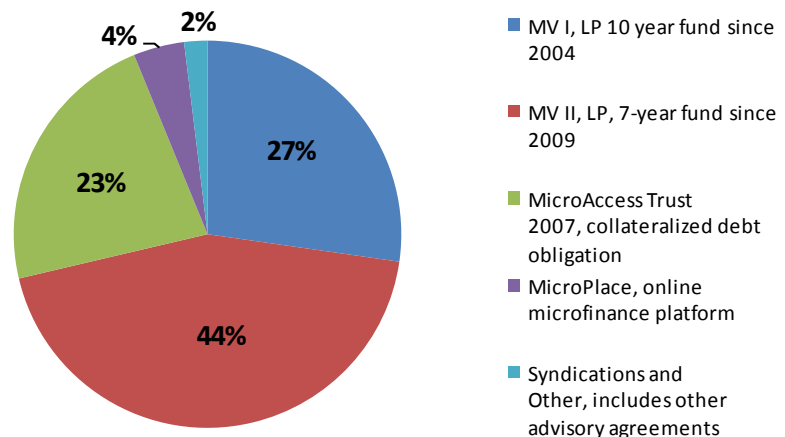
Our second fund, MicroVest II, LP closed in December at \$60 million with almost 80% of the investment coming from institutional investors. The successful closing of the Fund was positively noted by investors, competitors and potential investees. We have made two portfolio investments since the Fund started operations on January 2009 and have completed a number of due diligence missions in Eastern Europe and Africa with the expectation of placing new investments in the first half of calendar year 2010.

Our flagship fund, MicroVest I, LP held steady over the quarter recognizing a small loss at September 30th. By October, the Fund completed the sale of an equity holding in Peru- the resulting capital gains will be included in the next quarterly report. While the loan portfolio continues to perform with no payment defaults or arrears, MicroVest has been closely monitoring borrowers that are in technical default of financial or other covenants. The Fund is expected to reach \$48 million by fiscal year end.

The MicroAccess Trust 2007 (MAT2007) portfolio began amortizing in November 2009. As MAT2007 winds down, other investment vehicles will be added to the MicroVest family of funds including a CARE supported high-impact fund in Africa.

Aggregate Funds and Commitments

as of September 30, 2009



**MV I, LP
Summary**

As of September 30, 2009

Investments:

- Total MFI Investments:
US\$ 32 million (*carrying value*)
- Number of Obligors: 25
- Investment Allocation:
79% Debt; 21% Equity Holdings

**MFI Activity in MV I LP
Portfolio:**

- Aggregate Number of Clients: 731,800
- Weighted Average Loan Size: US\$2,800
- Average Share of Women Borrowers: 55%



- Country: Mexico
- Population:
106.7 million (2008)
- GDP per capita:
US\$ 10,177 (2008)
- MV I, LP Exposure:
US\$1,500,000

www.mejorenConfianza.com

MicroVest I, LP (MV I, LP)

MV I continues to perform steadily while facing challenges in finding new portfolio placements. In October, the Fund completed the sale of an equity holding in Peru at a significant multiple during microfinance's first cyclical downturn. We have continued our commitment to making prudent investment, and have slowed the development of the fall pipeline. This temporary slowdown is expected to turn around in the second half of the fiscal year. The Investment Team has placed special emphasis on monitoring the current portfolio and risk mitigation.

As of September 30, 2009, total assets of the Fund stood at \$37.7 million. The Fund is geographically diversified among 23 microfinance institutions in 12 countries, and 2 regional funds representing indirect exposure to an additional 9 MFI's in 8 countries. The Fund completed three investments over the quarter including a new partner, *ProCredit Bank Mexico*.

MicroVest I, LP Balance Sheet

	<u>as of 6/30/09</u>	<u>as of 9/30/09</u>
Cash & Equivalents	7,714,384	5,391,101
MFI Investments at Fair Value	30,112,542	32,186,527
Other Assets	103,933	90,560
Total Assets	37,930,859	37,668,188
Borrowings	17,640,000	17,655,000
Accts Payable & Other Liabilities	865,813	611,606
Limited Partners' Capital	19,425,046	19,401,582
Total Liabilities and Partners' Capital	37,930,859	37,668,188

MFI Profile: enConfianza Microfinanciera

enConfianza Microfinanciera "enConfianza" is based in México City and was incorporated in early 2007 as a non-banking financial intermediary. At September 30, 2009, enConfianza had 38 branches including 6 regional centers and 12 mobile units serving 7,800 clients. The combined loan portfolio is over US\$7.4 million. enConfianza is pursuing alternative legal structures that could allow it to become a regulated and deposit-taking institution.

MicroVest made its first investment with enConfianza in October 2009 in the form of a 2 year US\$1.5 million loan. With a strong corporate culture, impressive growth and good portfolio quality, MicroVest expects to grow its relationship with this institution as it expands its services and client base in the region.

**MV II, LP
Summary**

As of September 30, 2009

Investments:

- Total MFI Investments:
US\$3 million
- Number of Investments:
1
- Investment Allocation:
100% Equity Holdings

MicroVest II, LP (MV II, LP)

In December, the MV II fund closed with \$60 million in capital commitments from investors. The Investment Team is seeking and evaluating sound investments for MV II, LP. At this point, MicroVest sees good value opportunities in India's thriving microfinance sector as well as in Eastern Europe and Sub-Saharan Africa. At September 30th, the Fund had one portfolio investment in *Grama Vidiyal* (India). Our second equity investment was placed in early December with an MFI located in Peru, which will be highlighted in the next publication.

***MicroVest Welcomes New Members to the
Investment Team*****Santiago Arias**

Mr. Arias is a Junior Investment Associate responsible for supporting the MicroVest Latin America Investment team. He participates in financial analysis of MFI market potential, current portfolio and country risk. He has extensive experience in commercial banking and financial markets in Latin America and Spain. Mr. Arias holds a Master's degree in International Finance and Economics from SAIS at Johns Hopkins University and a Graduate Diploma in International Relations from Universidad Torcuato Di Tella in Argentina.

**Andreas Eichin**

Mr. Eichin is an Investment Associate on MicroVest's Latin America team. He brings to MicroVest a strong background in microfinance, most recently eight years with Frontier Finance International as the U.S. Representative for ProCredit Holding and IPC. Mr. Eichin served as the liaison between U.S. capital markets and the financing needs of ProCredit Holding AG. Mr. Eichin holds a Masters of Arts in Economics from Albert-Ludwig University, Germany and a Master of Science in Finance from the George Washington University, Washington, DC.

**Varun Parmar**

Mr. Parmar is a Junior Investment Associate supporting the Eastern European/Asia team. He supports the team with portfolio management and maintains ongoing client relations and participates in due diligence on potential investments in Europe and Asia, particularly India. While attending the University of North Carolina Mr. Parmar was an Investment Analyst with the UNC Endowment's student-run fund. Mr. Parmar earned his MBA, from the University of North Carolina at Chapel Hill, majoring in Investment Management and Sustainable Enterprise.



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***“Building capital markets
that work for the
entrepreneurial poor.”***

About MicroVest

The MicroVest family of funds links capital markets to the entrepreneurial poor by funding select microfinance institutions (MFIs) in emerging markets. MicroVest has made loans to and investments with 49 institutions in 22 countries. MicroVest is increasingly becoming a global financial intermediary that provides financial capital to institutions serving the population at the base of the economic pyramid beyond microfinance.

MicroVest embraces a market-oriented approach to development, focusing on the bottom 4 billion people living in poverty as producers and consumers. MicroVest is headquartered in the Washington, DC metropolitan area and was founded by CARE, MEDA, and the Seed Capital Development Fund, three non-profit organizations with long-standing dedication to the microfinance industry.

Client Story: enConfianza

Gamaliel Bustamente approached enConfianza because he was in search of a loan to expand his toy manufacturing company. The MFI extended a credit line to Mr. Bustamente’s business allowing him to import more raw materials from overseas.

In addition to being a hardworking person, Mr. Bustamente is a visionary and is continuously innovating in the toy manufacturing sector. enConfianza loan officers visited his workshop where he showed new toy models and 32,000 meters of stuffing he purchased for production. He also produced animal-shaped mouth covers to prevent the spread of the flu virus. Mr. Bustamente was recognized by the federal government for his success and innovations in his industry.

Mr. Bustamente dreamed of success and with enConfianza’s help and full dedication to his work, he has managed to live out this dream.



MICROVEST SENIOR STAFF

GIL CRAWFORD– CHIEF EXECUTIVE OFFICER
CANDACE SMITH– CHIEF FINANCIAL OFFICER
MICHAEL EDBERG– DIRECTOR OF INVESTMENTS

INVESTMENT TEAM

DOUGLAS YOUNG– SR. INVESTMENT OFFICER
RADOIL MITOV– SR INVESTMENT ASSOCIATE
ANDREAS EICHIN– INVESTMENT ASSOCIATE
IRIS KOROVESI– INVESTMENT ASSOCIATE

INVESTMENT TEAM (CONTINUED)

SHARINI KULASINGHE– INVESTMENT ASSOCIATE
GABRIEL MIZRACHI– INVESTMENT ANALYST
SANTIAGO ARIAS– JR. INVESTMENT ASSOCIATE
VARUN PARMAR– JR INVESTMENT ASSOCIATE
JONATHAN LANDESMAN– INVESTMENT INTERN

PORTFOLIO MANAGEMENT

CECELIA BEIRNE– PORTFOLIO MANAGER
Y. JAY KHAN– PORTFOLIO INTERN

BUSINESS DEVELOPMENT

CHRISTOPHER LAURENT– BUSINESS DEV. OFF.
DAVID WEDICK– BUSINESS DEV. ASSOC.

FINANCE AND ADMINISTRATION

MONICA SLOVIK– EXECUTIVE ASST TO CEO
TIFFANY YEP– FINANCE AND ADMIN ASSOC
CHASE SMITH– ADMIN ASSOC.
SUSAN BLAKE– DIR OF HUMAN RESOURCES