

Overview of the Microfinance Industry

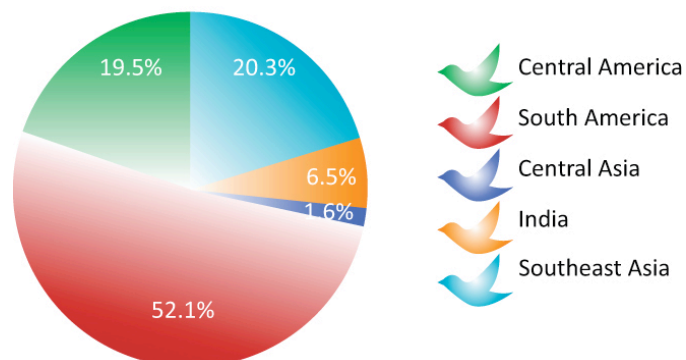
The past year continued to hold many challenges for our investees and the microfinance industry as a whole. According to CGAP, beginning in January 2009, MFI portfolio delinquency levels for the industry began to deteriorate rapidly and profitability dropped significantly. Since June 2009, however, delinquency in the industry has moderated and profitability has improved from its low and stabilized. Most of our investees weathered the financial crisis quite well, maintaining solid reserve and capitalization levels.

Portfolio Investments | December 31, 2009

MFI/Country	Amount Invested	% of Total
ACODEP/Nicaragua	\$400,000	8.7%
Ajiwika/India	300,000	6.5%
Confianza/Peru	747,930	16.2%
D-MIRO/Ecuador	166,667	3.6%
Edyficar/Peru	750,000	16.2%
FIS/Argentina	250,000	5.4%
KAMURJ/Armenia	75,000	1.6%
Lifebank/Philippines	200,000	4.3%
MBK/Indonesia	738,144	16.0%
PRISMA/Peru	491,610	10.7%
Pro Mujer/Mexico	500,000	10.8%
Subtotal Investments	4,619,351	100.0%

MFI Loan Portfolio

Facilities by Region



Financial Results

- **The Dignity Fund has been profitable since inception.**
- **The Dignity Fund has had no MFI loan portfolio defaults since inception.**
- With reduced deployment of capital, primarily due to loans maturing or being prepaid, the fund's average investment income yield for Class A limited partners fell from 8.4% to 7.5% for the fiscal years ended 12/31/08 and 12/31/09, respectively.
- Cash revenues declined from \$400,620 to \$367,698 for the fiscal years ended 12/31/08 and 12/31/09, respectively, due to a reduction in deployed capital and low money market rates available on excess cash.
- General partner and operating expenses were \$81,178, or 1.5% of total assets, in the fiscal year ended 12/31/09
- Fund net income declined from \$326,106 to \$286,520 in the fiscal years ended 12/31/08 and 12/31/09, respectively, or a **net return of 6.4% to Class A Limited Partners.**

	12/31/07	12/31/08	12/31/09
Total loans and guarantees to MFIs	\$5,353,935	\$4,639,143	\$4,619,351
Total assets	\$5,795,809	\$6,312,131	\$5,447,017
Total partners' equity	\$5,778,785	\$6,310,761	\$5,444,378
Total revenues	\$380,229	\$400,620	\$367,698
Fund operating expenses	\$151,973	\$74,514	\$81,178
Net income	\$189,735	\$326,106	\$286,520
Loans and guarantees/total assets	92.4%	73.5%	84.8%
Interest income and guarantee fees/earning assets	7.9%	8.4%	7.5%
Fund expenses/total assets	2.7%	1.2%	1.5%
Net return to Class A Limited Partners	4.1%	6.1%	6.4%

