



MICROVEST NEWS

As of March 31, 2007



New and innovative strategies characterized the third quarter of the 2007 fiscal year. Our microfinance CDO is expected to close before the fiscal year end, as well as facilities for local currency vehicles, private label portfolios and partnership arrangements. The microfinance industry has engaged in interesting and thoughtful debates regarding the Credit Suisse-led IPO of Mexican-based Compartamos.



PARNASSUS INVESTMENTS

MV I received its second investment by a socially responsible mutual fund, less than three months after its first mutual fund investment. The Parnassus Equity Income Fund became MV I, LP's first US-based mutual fund investor.

Up to 2% of the Parnassus Mutual Fund's net assets are invested with intermediaries dedicated to community investing. Parnassus selected MicroVest because of the management team's on-the-ground expertise in the microfinance field and the thorough process used to screen their loan portfolio.

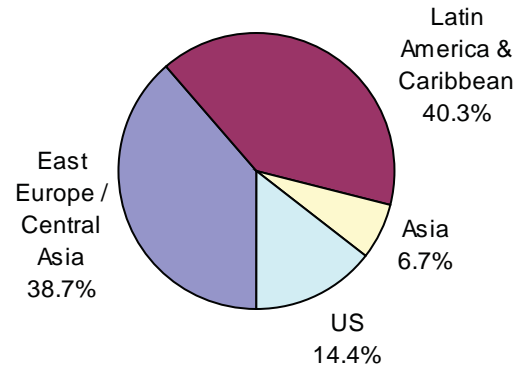
Who is Crowding Out Whom? A Continuation of the Debate



MicroRate recently published a report titled, "Role Reversal: Are Public Development Institutions Crowding Out Private Investment in Microfinance?" This paper struck at the core of an issue roiling the microfinance industry today and sparked a cross-sectoral debate that has played out in both public and private venues.

MicroVest emerged as a vocal supporter of the MicroRate study, and continues to address the issue by participating in debates and lectures. The company was tapped by an ad hoc group of microfinance investment vehicles (MIVs) to help negotiate the "rules of the road" for international financial institutions (IFIs) in the future. Gil Crawford, CEO of MicroVest, also joined a working group of public and private sector workers who came together to address the issue of crowding out and hope to work towards improved transparency and transfer of information.

MVI Total Exposure by Region



MV I, LP Investment Exposure by Country

Country	Total Invested	% of Total Portfolio
Peru	3,849,428	15.8%
Ecuador	2,500,000	10.3%
Kazakhstan	2,500,000	10.3%
El Salvador	2,500,000	10.3%
Rep. of Georgia	1,601,249	6.6%
Mongolia	1,635,835	6.7%
Nicaragua	1,000,000	4.1%
Bosnia	1,332,590	5.5%
US (microfinance)	1,100,000	4.5%
Kyrgyzstan	1,000,000	4.1%
Regional - EECA	1,085,845	4.5%
Russia	400,000	1.6%
Romania	562,500	2.3%
Azerbaijan	975,000	4.0%
US (cash equivalents)	2,415,490	9.9%
Hedge Instruments	-130,578	-0.5%
Total Carrying Value	24,327,360	100.0%

MicroVest I, LP Financial Summary

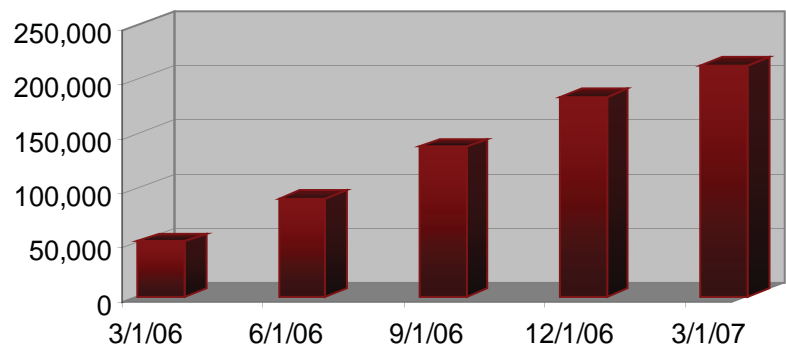
Balance Sheet	as of	as of	Income Statement	Year ending	Nine Months ending
	06/30/06	03/31/07		6/30/06	03/31/07
Cash & Equivalents	1,556,641	2,415,490	Investment Portfolio Income	1,516,718	1,819,922
MFI Investments at Fair Value (net of reserves)	20,293,888	21,842,568	Other Income	23,332	128,260
Other Assets	150,095	379,621	Total Income	1,540,050	1,948,183
Total Assets	22,000,624	24,637,678	Mgmt Fees and Other Oper Exp	910,967	688,137
Borrowings	7,250,000	9,150,000	Cost of Borrowing	239,817	364,138
Accts Payable & Other Liabilities	394,400	128,260	Net Investment Income	389,266	895,907
Limited Partners' Capital	14,356,224	15,050,934	Unrealized Gains/Losses	160,135	73,502
Total Liabilities and Partners' Capital	22,000,624	24,637,678	Total Net Income	549,401	969,410

The Portfolio:

MV I, LP is fully diversified with 18 microfinance companies in 13 countries, plus additional exposure via two regional facilities. These MFIs support 620,000 clients worldwide. The average loan size is \$2,093 and more than half of the clients (65%) are women.

Each \$1 million invested with MV I, LP creates an estimated 2,000 micro-loans of \$1,000 over the course of one year. At quarter end, the total portfolio stood at \$22 million, providing funding for 30,000 micro-loans this quarter and bringing the cumulative total of micro-loans funded to over 212,000.

Cumulative Loans Generated by MV I



On April 20, 2007, Banco Compartamos, a microlender in Mexico, sold 30% of their shares to the public. *Reuters* reported, "Shares of Compartamos, which specializes in lending to mom-and-pop businesses, surged as much as 34% in their \$407 million stock market debut". Some dissenters accused Compartamos of usury, charging their clients over 100% interest. However, Mr. Crawford points out that this merely shows the lack of competition in the Mexican market. "Competition in Bolivia and Peru brought rates down from over 100% to the mid-20s or lower." Compartamos is able to charge amounts that their customers are willing and able to pay. Furthermore the Compartamos IPO demonstrates that not only can an MFI be sold to fully commercial ventures, but it appears to be the first commercial MFI with a capitalization of over \$1 bn.

Spotlight: MFI Transparency Award

MicroVest is proud to announce that 11 of the 18 microfinance institutions in the MV I, LP portfolio received awards for CGAP's 2006 Financial Transparency Award — nearly two-thirds of our MFI clients.

CGAP announced and presented prizes to the last year's winners in March. Organizers of the contest received the highest number of applicants to date. Of the 231 MFIs from 62 different countries that applied, 20 ranked as Winners and another 83 received Merit Recognition for substantially complying with their criteria.

Two of MicroVest's MFI clients, Mi-Bospo in Bosnia and Herzegovina and ACODEP in Nicaragua, were among the 20 winners. Additional Merit Recognition was awarded to clients Banco Solidario (Ecuador), D-MIRO (Ecuador), AMC de R.L. (El Salvador), Apoyo Integral (El Salvador), Crear Tacna (Peru), Edyficar (Peru), KLF (Kazakhstan), XacBank (Mongolia), and FORA (Russia). Congratulations to all.



CGAP and SKS clients displaying Financial Transparency Award Honorable Mention plaque

Staff Spotlight: Sasidhar Thumuluri



Sasidhar Thumuluri grew up in the Indian state of Andhra Pradesh, today the country's microfinance hub. He was first introduced to this industry while studying at a management school specializing in tribal and rural issues. Mr. Thumuluri was among the early team of BASIX, one of India's most innovative leading MFIs. There he was responsible for managing

regional microfinance operations, launching greenfield ventures in some of the poorest regions of the country and negotiating funding deals. During this time he also worked with several other MFIs in the country while designing and implementing action research projects on rural livelihood promotion issues.

Mr. Thumuluri came to MicroVest in 2006 after receiving his M.A. in Public Affairs from the the Woodrow Wilson School of Public and International Affairs at Princeton. This quarter, Mr. Thumuluri has worked tirelessly on business prospecting in three new geographic regions for MV I. He conducted macro analysis and MFI checkings in Africa and the Middle East and worked aggressively to coordinate partnerships with regional banks in South East Asia. Several of these deals are in advanced stages of negotiations. In addition, Mr. Thumuluri traveled to Bosnia in February and Ghana in May to perform due diligence.