



MicroVest News

AS OF NOVEMBER 15, 2008



Why MicroVest Remains Bullish on Microfinance

In light of the turmoil in our capital markets, I would like to share our view on how the global liquidity crunch has impacted MicroVest and our clients and why MicroVest's Board and I remain bullish on MicroVest's fund activities.

Gil Crawford, CEO

On Target. MicroVest's MFI clients continue to service their obligations as scheduled. MV I, LP continues to deliver an IRR to the limited partners above the 8 percent projected in 2004 and the MicroAccess Trust vehicle is performing as scheduled.

Continued Growth Our MFI clients have achieved strong growth over the years partly due to the availability of credit. It is clear that available funds will be curtailed in the coming months due to global de-leveraging. However, unlike troubled US financial institutions, MFIs borrow *long* and lend *short*, so we expect these institutions to have greater flexibility to adjust to a credit squeeze, although specific MFIs may be stressed.

Liquidity is King. Since many MFIs will be unable to fund their aggressive growth plans we are assuring our clients that until credit markets loosen, we value their ability to remain liquid above their ability to maintain growth rates.

Stable Portfolio Quality. Clients are required to manage foreign exchange risk and we are confident that unless there is a drastic depreciation in emerging market currencies, the quality of our portfolio will not deteriorate.

Continued on reverse ▶

MicroVest I, LP (MV I, LP)

At September 30, 2008, MV I, LP held investments in 26 MFIs located in 13 countries and two regional facilities. The two regional funds include investments in 10 MFIs in 7 countries where MV I, LP did not invest directly. MV I, LP's total assets stood at US\$35.4 million, with over 90% of assets invested in portfolio companies. Investments in equity represent 20% of the total portfolio with debt instruments, ranging in tenor from 1 to 5 years comprising the remaining 80%.

MV I, LP Investment Exposure by Country As of September 30, 2008

Country	Region	Total Exposure	% of MFI Portfolio
Azerbaijan	EECA	6,900,000	21.8%
Peru	LAC	5,188,455	16.4%
Ecuador	LAC	3,333,334	10.5%
El Salvador	LAC	2,725,000	8.6%
US - MFI	US	3,100,000	9.8%
Kyrgyzstan	EECA	2,000,000	6.3%
Regional	EECA	1,812,762	5.7%
Bosnia	EECA	1,083,398	3.4%
Georgia	EECA	1,000,090	3.2%
Nicaragua	LAC	1,420,747	4.5%
Mongolia	Asia	1,349,323	4.3%
Ghana	Africa	750,000	2.4%
Mexico	LAC	500,000	1.6%
Bolivia	LAC	500,000	1.6%
Total Carrying Value		US\$ 35,409,725	100.0%

MV I, LP Financial Summary

Balance Sheet			Income Statement		
	as of 6/30/08	as of 9/30/08	FYE 6/30/08	As of 9/30/08	
Cash & Equivalents	1,690,989	3,899,271	Investment Portfolio Income	2,943,077	759,783
MFI Investments at Fair Value (net of reserves)	35,356,550	31,380,900	Other Income	143,825	18,715
Other Assets	489,545	601,414	Total Income	3,086,902	778,498
Total Assets	37,537,084	35,881,585	Mgmt Fees & Other Op Exp	1,244,193	286,504
Borrowings	17,500,000	15,850,000	Cost of Borrowing	763,449	235,932
Accts Payable & Other Liabilities	698,788	290,594	Net Investment Income	1,079,260	256,062
Limited Partners' Capital	19,338,296	19,740,991	Realized Gains/ Losses	2,137,235	-
Total Liabilities and Partners' Capital	37,537,084	35,881,585	Unrealized Gains/Losses	101,473	146,632
			Total Net Income	3,317,968	402,694



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MFI Profile– CRAC CrediChavin

Gross Portfolio (US\$): 17.9 million
Average Loan Size (US\$): \$1,959
Number of Clients: 9,131
Country: Peru
Population: 27.6 million
Principal Export: Minerals
GDP per Capita (US\$): \$ 12,425

▶ Continued, CEO Gil Crawford:

Stable Portfolio Quality. Clients are required to manage foreign exchange risk and we are confident that unless there is a drastic depreciation in emerging market currencies, the quality of our portfolio will not deteriorate.

Opportunity for Equity. Activities financed by MFIs are relatively uncorrelated to global capital markets. We do not expect a global slowdown to have a significant impact on these underlying microfinance activities. Indeed, current conditions provide an excellent equity buying opportunity for us in our new business opportunities.

Continued Investor Confidence. MicroVest appreciates the confidence our investors and lenders have shown in supporting the Fund. While many banks and companies have seen liquidity dry up, MV investors have renewed and extended their investments. ■

US\$ 2 Million Investment Approved to Peru's CRAC CrediChavin

First syndicated investment between MicroVest I, LP and MicroPlace

MicroVest is pleased to announce the execution of a 3-year, US\$2 million syndicated loan to CrediChavin, the sixth largest "Caja Rural" in Peru. With 6.2 percent market share and a US\$ 17.9 million portfolio, CrediChavin is well-poised to build on its position as a leading MFI in a competitive and growing market.

Located in the city of Huaraz, CrediChavin was founded over 46 years ago and began operating as a privately-owned, regulated institution in 1994. MicroVest completed a due diligence visit in August 2008 which confirmed a positive outlook for the company.

MV I made a first investment for its own account, which it subsequently leveraged with a participated loan from MicroPlace. Founded in 2006, MicroPlace is the only online broker-dealer specializing in microfinance securities for retail investors. ■

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MicroVest is pleased to welcome two new investment analysts to our investment team.



Ms. Sharini Kulasinghe is Investment Analyst for Africa, Eastern Europe and Asia. She brings experience in emerging markets from her work at Seed Capital Development Fund and Banyan Global. Before that, she worked in Sri Lanka at the Institute of Policy Studies and John Keells Stockbrokers. She earned her M.S. in Global Finance at New School University and her B.A. in History from Bard College. Ms. Kulasinghe is fluent in English and Sinhalese.



Mr. Gabriel Mizrachi joined MicroVest's Latin American Investment Team and brings over six years of experience in Microfinance Institutions in that region. He earned his M.S. in Finance from the Carroll School of Management at Boston College. While there he worked at the Boston Private Bank and Trust as well as Root Capital. He was a founding investor in Financiera Finsol, an MFI with more than 410,000 customers in Mexico, Brazil and Argentina. Mr. Mizrachi is fluent in Spanish and English.