



MicroVest News

As of December 31, 2008



Vigilant Oversight and Slower Growth

CEO Gil Crawford

Over the last quarter, our investment team focused on how the economic turmoil might negatively affect the MFIs in which we invest. We reviewed asset/liability maturity mismatches, performance indicators and sovereign risk factors. The team instituted monthly portfolio review meetings to continue this high level of vigilance.

Portfolio Performs as Scheduled. MVI's portfolio continues to perform as scheduled with no arrears. The team closely monitors company compliance with financial and other covenants and will work with clients to ensure any covenant breaches are addressed. As shown in the table at right, MicroVest I, LP is fully diversified with investments in 24 microfinance institutions (MFIs) in 13 countries, plus additional indirect exposure to 10 MFI's via two regional facilities.

Strong New Business Pipeline. Given the uncertainties in credit markets MicroVest took a cautious approach to booking investments with a net increase of 1% in new portfolio assets this quarter. A strong pipeline of new business has now been identified and we expect to enlarge the fund's portfolio by \$5-\$10 million over the next six months. That growth is contingent on new debt funding, currently under negotiation. ■

SNAPSHOT: MicroVest I, LP (MV I, LP)

At December 31, 2008 MV I, LP held investments in 24 MFIs located in 13 countries and two regional facilities. MV I, LP's total assets stood at US\$35.6 million, with 90% of assets invested in portfolio companies. Investments in equity represent 23% of the total portfolio; with debt instruments, ranging in tenor from 1 to 5 years, comprising the remaining 77%.

MV I, LP Investment Exposure by Country As of December 31, 2008

Country	Region	Total Exposure	% of MFI Portfolio
Peru	LAC	6,555,179	18.4%
Azerbaijan	EECA	6,400,000	18.0%
Ecuador	LAC	3,333,334	9.4%
US - MFI	US	3,100,000	8.7%
El Salvador	LAC	2,725,000	7.7%
Regional	EECA	1,868,169	5.2%
Kyrgyzstan	EECA	1,750,000	4.9%
Georgia	EECA	1,500,380	4.2%
Mongolia	Asia	1,349,323	3.8%
Nicaragua	LAC	1,170,747	3.3%
Bosnia	EECA	704,765	2.0%
Ghana	Africa	500,000	1.4%
Mexico	LAC	500,000	1.4%
Bolivia	LAC	500,000	1.4%
US (cash equivalents)	US	3,344,500	9.4%
Hedge Instruments		319,207	0.9%
Total Carrying Value		US\$ 35,620,604	100.0%

MV I, LP Financial Summary

Balance Sheet	as of		Income Statement	FYE	
	6/30/08	12/31/08		6/30/08	12/31/08
Cash & Equivalents	1,690,989	3,344,500	Investment Portfolio Income	2,943,077	1,467,890
MFI Investments at Fair Value (net of reserves)	35,356,550	31,674,688	Other Income	143,825	32,465
Other Assets	489,545	886,931	Total Income	3,086,902	1,500,355
Total Assets	37,537,084	35,906,119	Mgmt Fees & Other Op Exp	1,244,193	569,664
Borrowings	17,500,000	16,850,000	Cost of Borrowing	763,449	479,418
Accts Payable & Other Liabilities	698,788	548,875	Net Investment Income	1,079,260	451,273
Limited Partners' Capital	19,338,296	18,507,244	Realized Gains/ Losses	2,137,235	-
Total Liabilities and Partners' Capital	37,537,084	35,906,119	Unrealized Gains/Losses	101,473	142,570
			Total Net Income	3,317,968	593,843



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Parnassus Mutual Funds Invests an Additional \$1.1 Million

Founder and President Jerome Dodson Visits MicroVest Client in Peru

PARNASSUS INVESTMENTS™

Last summer the Founder and President of Parnassus Funds, Jerome Dodson, accompanied MicroVest Senior Investment Officer Doug Young on a visit to Financiera Edyficar in Peru to get a first-hand look at Parnassus' investment capital at work. In 2007 Parnassus became the first American mutual fund to invest in MicroVest I, LP with a \$1 million subscription of fixed term notes, later adding another \$500,000. MicroVest uses funds raised from Parnassus and other holders of its private placement notes to help microfinance institutions such as Edyficar, a MicroVest client since 2004, expand the reach of basic financial services to the working poor in Peru and other developing countries.

San Francisco-based Parnassus Funds, recently listed in *SmartMoney* magazine's "Top 100 Battle Tested Funds," is a pioneer in socially responsible investing. With over \$1 billion in assets under management, its fundamental research process seeks to identify companies that respect the environment, have ethical business dealings, treat their employees fairly and demonstrate good community involvement.

In December of 2008, Parnassus showed its continued confidence in MicroVest, investing an additional \$1.1 million. With a total investment of \$2.6 million, Parnassus is the third largest investor in MicroVest I, LP, after founding partners CARE (Cooperative for Assistance and Relief Everywhere) and MEDA (Mennonite Economic Development Associates). ■

New Director of Investment Brings Microfinance Expertise and Leadership to MicroVest



Michael A. Edberg

Michael A. Edberg joined MicroVest in December as Director of Investments after 13 years at the International Finance Corporation. As senior investment officer there, he structured equity investments, quasi-equity and corporate finance transactions. In the past seven years, he led teams in due diligence, appraisals and negotiations to develop new investments in micro and small business financial institutions in Southern Europe, Central Asia, and Latin America and the Caribbean. During that time, he invested \$160 million over 30 assets in 15 countries.

"Michael went from investing first in operating companies, then in mainstream financial institutions and ultimately was inspired to bring his considerable know-how to microfinance," explains CEO Gil Crawford. "As an early adaptor, Michael worked under the best microfinance people at IFC."

"Michael will bring an experienced hand to steer MicroVest's investment team"

- Board Vice President, Gerhard Pries

Edberg holds a BA in Government and International Relations from Clark University in Worcester, Massachusetts, and an MBA in International Business Finance from The George Washington University in Washington, D.C. He is also a CFA charterholder. ■

Find more on our web site.....

- *MicroVest Surpasses \$100 Million in Assets and Commitments*
- *2008 Annual Report*
- *MicroVest's 2008 Conference Presentations*
- *Microfinance Industry News*



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About MicroVest:

The MicroVest family of funds link capital markets to the entrepreneurial poor by funding select microfinance institutions (MFIs) in emerging markets. MicroVest has made loans to and investments with 31 institutions in 15 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 reputation in the microfinance industry.