



DIGNITY FUND

Report from Management

Investment Activities: In April 2007, we closed two new facilities: an Indonesian Rupiah 5.4 billion (US\$600,000) loan to MBK, Indonesia, and a US\$500,000 guarantee for SOCREMO, Mozambique. See descriptions of both facilities and MFIs in the column to the right and on page 2. In January and March 2007, we also funded the balance of our US\$500,000 commitment to D-MIRO, Ecuador.

Elizabeth Funk is appointed Board Chair for Unitus: We are pleased to report that the Dignity Fund's co-founder and CEO has assumed the position of non-executive Board Chair for microfinance accelerator and innovator, Unitus. Elizabeth replaces outgoing Board Chair and Unitus co-founder, Mike Murray (also a board member of the Dignity Fund), and transitioned into her new role on January 15. Unitus selects high-potential microfinance institutions and provides technical assistance and financial support to help them increase their capacity and enhance their ability to reach even more of the world's working poor. With Unitus' support, its 13 MFI partners are growing at over 100% per year—8 times faster than their peers. With Elizabeth's leadership at Unitus, we are pleased that the relationship between Unitus and the Dignity Fund will grow even closer.

Portfolio Investments

April 30, 2007

MFI / Country	Amount Invested	% of Total
Confianza / Peru	\$500,000	9%
D-MIRO / Ecuador	500,000	9%
FIS / Argentina	327,969	6%
Grama Vidiyal Trust / India	300,000	5%
KLF / Kazakhstan	500,000	9%
MBK / Indonesia	300,000	5%
SOCREMO / Mozambique	500,000	9%
Commitments to be funded (a)	1,325,000	24%
Liquid Assets	1,285,910	23%
Total Investment Assets	\$5,538,879	

(a) Funds for the following commitments to be disbursed: \$500,000 to Pro Mujer Mexico, \$300,000 to MBK, and \$525,000 to Grameen Koota, India

INVESTOR UPDATE

As of March 31, 2007

SOCREMO Banco de Microfinancas, Mozambique

In April 2007, we funded a US\$500,000 guarantee on behalf of SOCREMO, allowing them to obtain a loan from Standard Bank, S.A.R.L., a South African commercial bank that is lending 150% of the guarantee amount in local currency, Meticaís. The transaction was facilitated by the Deutsche Bank managed Global Commercial Microfinance Consortium ("GCMC"), which issued a stand-by-letter-of-credit on our behalf. GCMC has also issued a US\$3 million guarantee to SOCREMO on the same terms.

SOCREMO is one of the two leading microfinance focused banks in Mozambique, serving over 10,000 clients (average loan size of US\$1,000). SOCREMO operates from 8 branches and provides microloans (over 60% of the loan portfolio) and small business loans (30% of the loan portfolio) to low and middle income clients (approximately 60% are women). Registered as a bank, SOCREMO also offers savings products and is beginning to introduce housing improvement loans to its clientele.

Photos of a SOCREMO branch in Chimoio and of one of the MFI's borrowers running a small shop (taken by David Gough from Deutsche Bank).



MBK, Indonesia (www.mbk-ventura.com)

In April, partnering with Unitus and MicroCredit Enterprises, the Dignity Fund closed on an Indonesian Rupiah 10.9 billion (US \$1.2 million) loan to PT Mitra Bisnis Keluarga Ventura ("MBK"), a fast growing Indonesian MFI. We funded the Indonesian Rupiah equivalent of US\$300,000 of the loan in April and expect to fund an additional US\$300,000 in July this year. MicroCredit Enterprises, facilitated through Unitus, is funding the balance of the loan. Unitus announced its partnership with MBK in December 2005 and provides technical assistance to help MBK achieve its growth objectives. MBK began operations in early 2003 and since then has grown rapidly to serve almost 30,000 rural women. Founded by an economist and his wife who had been working in Indonesia for over a decade, MBK applies a hybrid Grameen-ASA microfinance methodology to impact the lives of its clients. MBK's average loan size is US\$37 and management remains firmly committed to serving the poorest of the poor. Following are stories and photos of some of MBK's borrowers:

Mulafiyah worked in a factory until her first child was born and then decided to start her own business, selling vegetables in front of her house as her husband did not have regular employment. In 2003, she obtained her first loan from MBK which allowed her to increase the amount of vegetables sold. Especially after she her second loan, the family income increased, allowing her to improve the nutrition and education of her children. Mulafiyah says: "My life has changed dramatically since I joined MBK. I still work hard, waking up at 2.30 in the morning ... to go to the vegetable market, and then hawking vegetables around the village in the morning and afternoon. But with working capital from MBK, my husband and I can now run four businesses: selling vegetables, well stocked kiosk, selling fuel, and motorcycle air pump service. With larger loans from MBK I can further expand my businesses." She is now able to save US \$22 per week and wants to use these savings for the education of her children.



Above: Mulafiyah and her family in front of their kiosk.

Below: Soimi and her husband at her sewing machine.

Soimi's husband does not have full-time employment, so she used her skill as seamstress, taking in sewing jobs at home. With her meager savings, Soimi also purchased some ducks and chicken to sell eggs. Since joining MBK in 2003, Soimi's life has improved markedly. She purchased some second-hand sewing machines and invested in her hardboiled salted duck eggs business. She also began teaching young girls to sew at her home for a fee. She used her profits to repair her house and makes a point of saving 11 cents everyday, for her children's education.



The Dignity Fund, L.P.

Balance Sheet (unaudited)

	3/31/2007
Total Loans Receivable	\$1,697,969
Interest in MFI Obligation to GCMC	500,000
Certificate of Deposits (for Guarantees & other)	472,762
Cash and Equivalents	2,854,001
Other Current Assets	19,485
Total Assets	5,544,216
Fair value of foreign currency exchange contracts	12,952
Total Liabilities	12,952
Total Net Assets	
Limited Partnership Interests	5,494,980
Retained Earnings	36,283
Distributions	-
Total Equity	5,531,263

The Dignity Fund, L.P.

Income Statement (unaudited)

	Fiscal Year Ended		Quarter end
	12/31/05	12/31/06	3/31/07
Total Revenues	\$13,880	\$214,236	\$65,637
Operating Expenses	3,190	193,188	35,418
Non-cash Expenses	-	9,953	5,031
Net Income	\$10,690	\$11,095	\$25,188

During the first quarter of 2007, facilities to microfinance institutions increased to \$2.7 million (including certificates of deposit backing guarantees). Income was generated primarily from interest income and guarantee fees related to facilities provided to MFIs and interest income from funds in money market deposits. Operating expenses reflect reimbursement of general partner expenses incurred on behalf of The Dignity Fund during the quarter.