

POWERFUL INVESTMENTS PRACTICAL EMPOWERMENT

In this issue

Partnering with Small Microfinance Institutions	1
Investing through an IRA	1
Where we work	2
Annual meeting recap	4

ANNUAL

Saturday, Sept 26, 2020
Dinner at 6 pm
Meeting at 7 pm



MEETING

BoardmanClark
Law Office.
1 South Pinckney Street,
Madison,
Wisconsin

Save the date for Envest Microfinance Cooperative's next annual meeting on September 26, 2020.

The meeting will take place at 1 South Pinckney Street, Madison, Wisconsin at the BoardmanClark law offices. This is a change from previous years that will give us a great view to the state capitol building. More details will be provided in terms of logistics, parking, etc., closer to the event. We look forward to seeing you there.

Partnering with Small Microfinance Institutions

By Sarah Lesar, Jon Bishop, and Angelica Lozano

Envest's total assets grew more than 50% in 2018 and the first half of 2019. Much of the additional resources was lent to Envest's smallest partners that have a strong social focus and solid financial performance. The result is that Envest is a significant lender for several of our small partners. Six of our 18 partner institutions receive over half of their debt financing from Envest. All six of these microfinance institutions (MFIs) are serving borrowers who would otherwise not have access to credit.

Envest is currently the only lender to two MFIs, SARPARAST in Tajikistan and Rafode in Kenya. SARPARAST was heavily affected by a financial downturn in Tajikistan in 2015 and 2016. Its management team demonstrated a mixture of grit and skill to keep the organization viable. The organization has returned to profitability in 2019 and is poised for growth in 2020. It is unlikely that SARPARAST would have survived without continued loans from Envest.

Rafode in Kenya is the epitome of a strong MFI with limited access to credit. As of September 2019, 71% of its borrowers are rural and 69% are women. Typically, nearly 20% of its portfolio is dedicated to green loans, which include solar panels and high efficiency wood stoves. The portfolio quality is excellent, and the organization is very profitable. The management team is a joy to work with, and payments and financial information arrive punctually with no reminders. Nevertheless, no other microfinance lender has chosen to lend to Rafode. We hope that other lenders will recognize Rafode's quality as a partner, but we are prepared to be the sole lender in the meantime.

(Continued on page 3)

Investing through an IRA

By Jon Bishop

In August 2018, Envest Public Benefit Corporation (Envest PBC) began financial operations to benefit investors wanting to invest via their IRAs and other retirement accounts. As a corporation, this legal structure is most appropriate for IRA investors.

How does an investment in the PBC work? IRA investors buy shares in Envest PBC, and the PBC funds are pooled and invested in Envest LLC. Envest LLC makes an annual distribution to Envest PBC. The PBC pays its corporate tax, then divides the remaining net distribution among PBC shareholders as a stock dividend.

(Continued on page 3)

(608) 216-9898

306 E. Wilson Street, Suite 2E
Madison, WI 53703 USA

<https://envestmicrofinance.org/>
investments@envestmicrofinance.org



WHERE WE WORK

By Angelica Lozano

Envest is currently active in ten countries. The portfolio is diversified across 18 independent microfinance institutions located in five geographic regions: Central America, South America, Eastern Europe, Central Asia, and Sub-Saharan Africa.

Envest's niche is lending to small MFIs that are financially sound and have a strong social focus. As of September 2019, the average size of our partners' assets was \$5.5M. The smallest partner in terms of assets is SARPAST, a small MFI headquartered in Khujand, Tajikistan. Salym is the largest partner with \$29.2M of assets. Our partners serve very low-income borrowers. Average loan sizes range from \$140 to \$1,757 with the average being \$800. This indicates that our partners operate at the lower end of the economic spectrum where financial inclusion is inadequate. This represents an opportunity for Envest to carry out its social mission of providing access to credit to underserved people via financially stable partners.

COUNTRY	PARTNER	ASSETS	AVERAGE LOAN SIZE	NUMBER OF BORROWERS	RURAL BORROWERS	WOMEN BORROWERS
CENTRAL AMERICA						
Honduras	AHSETFIN	\$ 6.1 M	\$559	10,058	35%	68%
	FINSOCIAL	\$ 2.1 M	\$1,031	15,613	49%	62%
Nicaragua	FUNDEMUJER	\$ 898 K	\$555	1,312	36%	66%
	LEON 2000	\$ 1.4 M	\$448	1,729	68%	74%
	PANA PANA	\$ 1.8 M	\$606	2,330	100%	69%
Panama	PROCAJA	\$ 7.0 M	\$1,308	4,354	100%	41%
SOUTH AMERICA						
Peru	IDER	\$ 2.6 M	\$639	2,244	9%	61%
EASTERN EUROPE						
Moldova	PRIMINVESTNORD	\$ 2.6 M	\$952	1,992	26%	61%
	SMART CREDIT	\$ 4.5 M	\$1,420	2,742	70%	54%
CENTRAL ASIA						
Kyrgyzstan	ARYSH	\$ 1.7 M	\$1,031	1,437	0%	75%
	ELET	\$ 16.7 M	\$890	16,951	88%	50%
	SALYM	\$ 29.2 M	\$1,757	13,847	76%	57%
Tajikistan	FURUZ	\$ 4.6 M	\$675	4,525	84%	31%
	MEHNATOBAD	\$ 1.1 M	\$832	907	87%	35%
	SARPAST	\$ 119 K	\$511	194	71%	41%
SUB SAHARAN AFRICA						
Kenya	RAFODE	\$ 1.8 M	\$140	9,774	71%	69%
Uganda	RUSHERE SACCO	\$ 2.4 M	\$585	3,023	98%	29%
Zimbabwe	QUEST	\$ 18 M	\$426	8,743	3%	44%

At the end of September 2019, 55% of Envest partners' borrowers were women. Arysh has the highest representation of women borrowers; 75% of its borrowers are women, which is unusual in a Muslim country.

In general, our partners in Latin America have high proportions of women borrowers, typically around 70%. PROCAJA is an exception to this trend with 41%, women borrowers. This is due to the focus on rural borrowers. Rushere SACCO has the lowest proportion of women in its portfolio at 29%. It is worth noting that this value was 15% when Envest began lending to Rushere in February 2018. The increase in lending to women was facilitated by Envest's two loans.

About 61% of Envest's borrowers live in rural areas as of September 2019. It is important to mention that 100% borrowers of PROCAJA and PANA PANA live in rural areas. In contrast, 100% of the borrowers of Arysh live in urban areas.

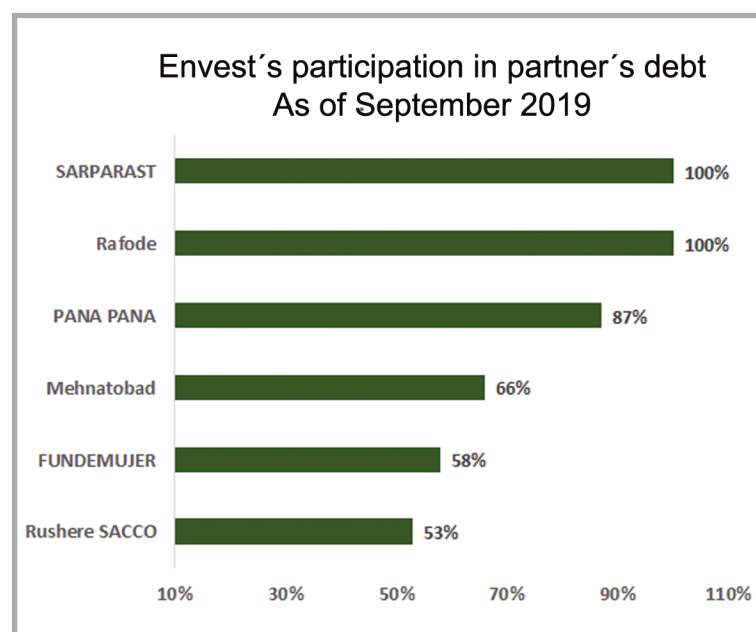
The other four partners for which Envest represents over half of the debt provide credit to chronically underserved borrowers. PANA PANA on the Atlantic coast of Nicaragua serves a largely indigenous population that faces discrimination and has limited economic opportunities. Mehnatobad in southern Tajikistan serves largely rural borrowers who have few options for credit. FUNDEMUJER in northern Nicaragua has grown over the last two years despite a political and economic crisis in Nicaragua, and growth is largely due to additional loans from Envest. Rushere SACCO in western Uganda has diversified its portfolio and increased its share of loans to women as a result of the two loans from Envest.

One partner, Arysh Invest in Kyrgyzstan, gets 35% of its debt from Envest. Arysh has a unique focus to help their borrowers finance housing in areas surrounding Bishkek, the capital. With housing comes access to social services that are otherwise unattainable for many. Envest is proud to partner with such a financially strong and community-minded institution.

Five partners, PROCAJA in Panama, Priminvestnord in Moldova, Finsocial in Honduras, IDER in Peru, and Leon 2000 in Nicaragua, get over 10% of their debt from Envest. These five MFIs each have unique strengths in their respective geographic areas which aid both their financial and social success.

Envest's portfolio of slightly over \$6M is tiny in comparison to the global financial system. Nonetheless, the graphic representation above combined with descriptions of the underlying circumstances of our partners suggest that Envest is serving a need that is having critical impact in a few places in the world. It is our hope that other lenders will see the strength of such institutions and choose to partner with them as well.

It is an accepted tenet in the financial sector that businesses should have diversified sources of financing. Ideally, Envest's small partners would have more options for financing than they do presently. However, the reality is that there are few lenders who will consider lending to small but strong MFIs. Envest remains dedicated to working with such small institutions and demonstrating the business case for strengthening this segment of the microfinance sector.



Can I choose a cash dividend to fulfill my Required Minimum Distribution (RMD)? No, the PBC is not structured to allow for this. The best way to plan for your RMD is to invest only a portion of your total IRA assets in Envest PBC, and thus take your RMD from your IRA's other liquid assets.

How easy is this to implement? Fairly easy. It's just a matter of paperwork. We can work with your current IRA custodian to include an Envest PBC investment in your account. Or, since some custodians have narrow requirements for alternative investments that exclude Envest PBC, we can recommend another custodian which our investors have successfully used.

Envest PBC has received \$841,000 in investments, which allowed us to increase the loan amount to several of our small, high-impact partner institutions in late 2018 and early 2019 (see story on page 1). If you are interested in learning more about investing in Envest through a retirement account, we would love to hear from you.



ANUAL MEETING RECAP

By Sarah Lesar and Jon Bishop

Envest Microfinance Cooperative held its annual meeting on Saturday, September 28, 2019, at Madison's Goodman Community Center. The evening began with a dinner of local Thai food and dessert of homemade treats. The dinner has come to be an excellent opportunity for the Madison-based members of the Envest community to meet and catch up.

The formal meeting program began with the election of board members. John Giegel, Wayne Orthwein, and Laura Dreese were re-elected to two-year terms. John, Wayne, and Laura have had a strong influence on establishing the vision and culture of Envest over most of its existence. We are pleased that they will continue to lend their efforts to the success of Envest.

Board president John Giegel began the presentations with remarks about the social impact of Envest loans and the progress Envest has made in his 12 years of involvement.

We were pleased to have board treasurer Jennifer Lazarus join us for the evening. Jennifer is a financial planner and investment advisor in Durham, North Carolina. She was able to align professional travel with a stop in Madison to attend the annual meeting and meet with board members in person. She gave a short presentation explaining her motivation for serving on the Envest board as an opportunity to develop a company that simultaneously creates value for investors and provides economic opportunity to people excluded from financial markets. Jennifer expressed her support for Envest's practice of lending money to local institutions and letting the management of the institution decide how the money will be deployed. Her experience as a Peace Corps volunteer in Chad often involved implementing projects that were developed without input from local stakeholders and ended up not addressing issues perceived to be needed by the recipients. She explained that the value that first drew her to Envest was our emphasis on having local stakeholders decide how to deploy the resources. This results in better economic outcomes, and it assures that decisions on the ground are made by local experts rather than foreigners who are unfamiliar with the local reality.

Jon Bishop described the changes and growth since the 2018 annual meeting. He explained that the additional financial resources received in the previous year were used to increase the loan sizes of several of Envest's smallest partners that have tremendous impact. Jon described the visit to a small, socially focused MFI in India on behalf of Envest in May 2019 by board member Laura Dreese. Jon ended the meeting by presenting the challenges and vision for 2020. He told attendees that Envest needs to grow to consider possible new partners in Uganda, India and Pakistan. Most of these potential new partner institutions have solar panel lending products, an activity that Envest has long sought to support. The annual meeting is a wonderful opportunity to interact with local members and investors. As always, it was a delightful evening with old friends and a few new ones. Next year's annual meeting will be held September 26, 2020. It will be livestreamed again with some refinements. The Envest member and investor community spans from Vermont to Hawaii, and we look forward to including more folks across the country in next year's meeting.



CEO Jon Bishop, Board Treasurer Jennifer Lazarus, and Director of Operations Sarah Lesar



Jon Bishop leads the evening's discussion.

If you are interested in getting more Envest news, we invite you to follow us on social media. Please visit us at the following links:

Website: envestmicrofinance.org

Facebook: facebook.com/envestmicrofin

LinkedIn: linkedin.com/company/envest-microfinance

Welcome Anna Schaefer



We are pleased to announce that Anna Schaefer has joined the Envest Advisory Board. Anna transitioned onto the Advisory Board in May 2019 after being a part of the Envest team in various capacities, including Latin American Regional Representative and Director of Marketing. She is now an Investment Officer with EcoEnterprises Fund, a Latin American investment fund for nature-based and community-based businesses. Prior to joining Envest, Anna worked in both Brazil and Chile with a focus on market analysis and international trade. She graduated from the University of Wisconsin – Madison with a BBA in Marketing and a certificate in Spanish. We are deeply grateful that Anna has chosen to continue contributing her time and knowledge to Envest.

Welcome Kevin Egolf

We would like to extend a warm welcome to Kevin Egolf who has joined the Envest Advisory Board. Kevin is an impact finance professional focusing his efforts on supporting social enterprises and mission-oriented businesses. Kevin is the Vice President of Investor Relations at Capital Good Fund, a Community Development Financial Institution (CDFI) based in Providence, Rhode Island. He began his career in traditional finance and transitioned to impact investing in 2012 when he joined the team at Iroquois Valley Farmland REIT, PBC, a leader in triple bottom line impact farmland investing. He was an integral part of the effort to grow Iroquois Valley Farms from a small fund to a \$50 million fund today.

During his tenure in the impact investing sector, Kevin saw the need for more impact investing ventures and support across the industry. In response, he created Local Farms Fund, an emerging farmer land access fund, and Trellis Capital L3C, a consulting firm designed to help impact-focused businesses achieve financial success and financial sustainability.

Kevin is a graduate of Wesleyan University with a Bachelor of Arts in both Economics and Computer Science. At Wesleyan University, he was an Academic All-American wrestler. He continues to promote and teach the sport of wrestling as a wrestling coach, currently as coach of Nathan Bishop Middle School, a 6-8 public school in Providence, Rhode Island. Kevin lives in Providence with his wife, Amy, and daughter, Aurora.



Kevin's knowledge and dedication to impact investing combined with his success in growing a fund very similar to Envest will be beneficial to our organization. He guided the Envest team through the adoption of a legal status that resulted in increased growth for Envest. We look forward to his insights and suggestions as an advisory board member.

Welcome Sylvia Panek



We are pleased to welcome Sylvia Panek to the Envest Advisory Board. Sylvia began her career at Nonprofit Financial Center. She entered the sustainable and responsible investing sector working at Green America, an organization dedicated to promoting a sustainable economy and planet. Later, she worked at the Forum for Sustainable and Responsible Investments (US SIF), which promotes the sustainable investment sector by focusing on public policy. She has consulted on several socially responsible investment projects. Currently, Sylvia is an investment advisor in Chicago affiliated with Natural Investments, a nationwide portfolio management firm that has been a leader in aligning client portfolios with a sustainable economy.

Sylvia has a BS in International Business and Marketing from Illinois State University and an MBA in Green Development and Urban Planning from Marylhurst University. She is involved in several sustainability efforts in her personal time, including being a member of the board of directors of the Chicago chapter of 350.org.

Sylvia's knowledge of the sustainable and responsible investment sector combined with her dedication to the restoration and protection of the planet will bring a tremendously beneficial skillset and perspective to Envest.

BOARD OF DIRECTORS

Jon Giegel – President
Jon Bishop – Vice President
Jennifer Lazarus – Treasurer
Wayne Orthwein – Secretary
Laura Dreese – Member

ADVISORY BOARD

Franciso Aguilar	Sergio Loureiro
Richard Brooks	Mel Miller
Justin Conway	Doug Morrison
Kevin Egolf	Sylvia Panek
Read Eldred	Paul Sager
Nick Engen	Anna Schaefer
Julia Glad Pooler	Jennifer Servoss-Pecard
Kathy Hankard	Holly Skog
Mirzo Kashimov	David Szakonyi
Andy Loving	Ann Terlaak
Malaika Maphalala	



MANAGEMENT TEAM

Jon Bishop – CEO and Founder
Sarah Lesar – Director of Operations
Angelica Lozano – Director of Marketing
Francis Soza Huete – Regional Representative Latin America

(608) 216-9898

Webmaster & Graphic Designer
Francisco Fulco

306 E. Wilson Street, Suite 2E
Madison, WI 53703 USA

<https://envestmicrofinance.org>
investments@envestmicrofinance.org