



## Advertising Securities

On July 10, 2013 the Securities and Exchange Commission (SEC) lifted an 80 year old ban on the public advertising of securities that are not registered. These restrictions were put in place in by Rule 144 of the Securities Act of 1933 with the intent of protecting investors from losing money on startups that often involve higher risk than larger companies. Registration of securities is prohibitively expensive for a grass roots organization such as Invest that has a small securities offering. Therefore, Invest must rely on exemptions that have limitations, such as a ban on public advertising.

“Public advertising” has been defined broadly by the SEC. A description of a securities offering on an organization’s website is considered public advertising. This rule has prevented Invest from presenting information on past offerings on the website, because our securities offerings were not registered with the SEC.

The lifting of restrictions on soliciting investments from accredited investors by approving a rule that Congress included in the Jumpstart Our Business Startups (JOBS) Act, is meant to help small businesses such as Invest grow after the financial crisis. The rule is anticipated to go into effect in late 2013 or early 2014.

## Invest Annual Membership Meeting 2013

Come celebrate Invest's accomplishments of 2013 and discuss the vision for 2014. This will be an excellent chance to meet others who are passionate about Invest and its vision.

**Light dinner will be provided**

**When:** Saturday, November 23  
Doors open at 6pm, meeting begins at 7pm

**Where:** Home Savings Bank, east branch location  
3762 E Washington Ave  
Madison, WI 53704

## Formation of Invest Microfinance Fund LLC

Invest Microfinance Fund, LLC was formed in late 2012 and began operations on November 1, 2012. Invest LLC is a for-profit company that will provide most of the loans to partner institutions going forward, and any future securities offerings will be made by Invest LLC. Invest Microfi-

nance Cooperative will serve as the manager of Invest LLC.

In 2012, Invest Coop reached the point that it had to grow to become financially sustainable, but such growth was impossible because Invest had virtually no equity. The board concluded

that the most viable option was to form an entity that could offer investors an ownership interest and raise equity. Invest LLC raised \$870,000 in the initial offering phase between November 1, 2012 and March 31, 2013. As of July 31, 2013, Invest LLC had reached slightly over \$1.2M in equity.

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This new structure gives Invest a more conventional capital structure that will play a crucial role in being able to scale up to the point of financial sustainability. The social mission and the dedication to



Laura joined Invest as Portfolio Manager in August, 2013

## Laura Joins the Invest Team

Laura Dreese joined the Invest team as the Portfolio Manager on August 1, 2013. Laura brings an excellent set of qualifications and experiences to Invest. Laura graduated from the University of Wisconsin Madison in May 2013 with a BS in Agricultural Economics and a Certificate in Business. Laura studied abroad for one semester in 2011 at the Tecnológico de Monterrey in Queretero, Mexico, which gave her Spanish language capabilities that will be essential in her position with Invest.

Additionally, she interned with a microfinance institution in Kenya called KADET in the summer of 2012 where she assumed the duties of a loan officer and became intimately familiar with the day to day operations of rural microfinance. Laura interned with Invest from September of 2012 until

she started her new position with us. Thus, she is very familiar with Invest as well as our partner institutions. Laura has taken the lead on the due diligence evaluations since May, and she has had a key role in the budgeting and financial forecasting for the second half of 2013.

Invest's vision of bridging the gap between microfinance and capital markets is a perfect fit for Laura's vision of economic empowerment and poverty alleviation. She has already taken ownership of Invest's mission and provided leadership to Invest's intern team. Laura is a valuable addition to the Invest team. Invest is absolutely delighted to have her as colleague so that we can develop our full potential.

## Board of Directors

Jon Bishop  
Kathy Hankard  
Georgette Frazer  
John Giegel  
Francisco Aguilar  
Paul Sager

## Advisory Board

Richard Brooks  
Justin Conway  
Howard Finkelstein  
Julia Pooler  
Sue Good  
Sergio Loureiro  
David Szakonyi  
Megan Snyder  
Ann Terlaak  
Jennifer Lazarus  
Jeni Servoss-Pecard  
Doug Morrison  
Wayne Orthwein

"INVEST'S VISION OF BRIDGING THE GAP BETWEEN MICROFINANCE AND CAPITAL MARKETS IS A PERFECT FIT FOR LAURA'S VISION OF ECONOMIC EMPOWERMENT"



Elias Gonzalez, a PROCAJA credit officer, meets with a potential borrower during a verification visit.

## Visit to PROCAJA

By Jon Bishop

I had the opportunity to visit PROCAJA, Invest's partner institution in Panama, on August 6, 2013. My wife is from Panama, and we still own the house that we lived in for five years, which means that I am in Panama at least yearly. As a result, I visit PROCAJA on an annual basis.

PROCAJA's headquarters are in Santiago de Veraguas, which is 95 kilometers west of my house and 245 kilometers west of the capital Panama City. Typically, I visit the home office in Santiago during my stay in Panama. In September 2012, PROCAJA opened a branch in Penonome in the province of Coclé. My house is 8km outside of Penonome. This has given me a chance to

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## Visit to PROCAJA *continued from page 2*

visit the newest branch of PROCAJA very close to home.

The opening of a new branch is often a difficult process for a microfinance institution (MFI). It represents a considerable up-front expense, and then there is a delay before significant revenue can be generated. The other common pitfall for a new branch is that the portfolio quality is poor due to the inexperience of new loan officers.

PROCAJA's new branch in Penonome has avoided these pitfalls. The office is staffed by two people, Yamileth Fernandez and Elias Gonzalez who are both bright and personable. Yamileth had no prior experience in microfinance, but she does have a background in banking and finance. She is the office manager and loan analyst. Elias is the loan officer who visits clients and potential clients on motorcycle. He was a loan officer at a different branch and moved to Penonome temporarily to get the office established under the guidance of an experienced loan officer.

He has come to like Penonome and has decided to remain there indefinitely.

The day of my visit, I accompanied Elias on a visit to three potential clients. It was his verification visit before recommending the three loans to the credit committee. The visits were in the village of Boca de Tucue, almost an hour out of Penonome. All three of the potential borrowers grew a mix of crops with coffee being the cash cow. Elias interviewed each person for an hour and a half, and we walked the entire farm plot to verify that there was as much land on the ground as there was on the application form. In all three cases, there indeed was as much land as the borrowers said. Elias was friendly but very thorough. It was an impressive process for three loans of \$500 each.

The thorough verification process has the obvious advantage that it avoids lending money to people who have no way of repaying it. It has a

less obvious but equally important advantage that became clear during our visit. Several people approached Elias while we were in Boca de Tucue asking about the possibility of a loan. They had been sent to him by one of the loan applicants. In each case, the person inquiring was already aware of the extensive application and verification process and was prepared to work through it. The thorough process acts as a filter that dissuades people who are not able or willing to repay. This prevents Elias from wasting his time on doomed credit applications.

The thorough verification process was reassuring. The nearly impeccable portfolio quality in the Penonome branch is strong evidence that PROCAJA's system is effective. I left the branch office with a great deal of confidence in PROCAJA.



PROCAJA lends exclusively in rural areas such as this house and farm in Boca de Tucue, Cocle, Panama.

"I LEFT THE BRANCH OFFICE WITH A GREAT DEAL OF CONFIDENCE IN PROCAJA."

## Invest's Visit to Honduras

By Jeni Servos-Pecard

During the week of September 24, 2012, Francis Soza Huete, Invest's representative in Nicaragua, and I met in Honduras to visit a few MFIs operating in and around the capital, Tegucigalpa. During the course of our visit in September, we met with three MFIs in Honduras. We met with FUNED (Gross

Loan Portfolio \$5.6M) at their offices located in

We then visited a wonderful MFI called ADICH (\$1.7M) in the department of Olancho. ADICH has several impressive social programs with an interesting application of appropriate technology. A group of entrepreneurs living in mountainside communities

realized almost everyone had cell phones. Regardless of financial struggles, people will spend much of their income to be able to communicate with friends and family. Each day, large groups of people would wait for a truck that they could all pile into so they could head into town to charge their cell phones.

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Elias Gonzalez verifies the size of the farm and the status of the coffee crop of a potential borrower.

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## Visit to Honduras *continued from page 3*



Francis Soza Huete, (left) Invest Nicaragua Representative, and Jeni Servoss-Pecard, (right) Invest Advisory Board Member, meet between visits to potential partner institution in Honduras.

*"THIS PROGRAM SERVES AS AN EXCELLENT EXAMPLE OF USING AN EXISTING MARKET STRUCTURE, TO LEVERAGE A BUSINESS." -JENI SERVOS -PECARD*



Meanwhile, the government and other community members began to explore the use of solar panels. ADICH, with a 2% subsidy from the government helped pilot a small program in which an individual would take a loan to receive one small solar panel. They would charge a nominal fee per cell phone battery-charge to service the loan. I think this is a wonderful way to introduce a technology, such as solar panels. The fixed costs are not huge, and the benefits can be translated in a tangible way in a short period of time. This program serves as an excellent example of using an existing market structure, to leverage a business.

Invest has reached an agreement in concept to form a partnership with Microlumbia, a microfinance club at Columbia University founded and run by MBA students. Microlumbia seeks to give its members an understanding of microfinance and poverty alleviation while giving them the opportunity to manage a small microfinance portfolio and perform the due diligence and loan monitoring that is essential to portfolio management.

Howard Finkelstein, who sits on Invest's Advisory Board and who has provided

We also met with FUNDAMICRO (\$4.4M) in Tegucigalpa. They were very professional and informative regarding regulation in Honduras. They educated us on the pros and cons of being regulated and unregulated. They also provided insightful opinions on upcoming legislation that would affect the way we are able to value portfolio. We received updated financial reports from FUNDAMICRO. Their indicators are looking stronger, and Francis and I both see a lot of potential in Honduras.

One of the highlights of the trip was having the

opportunity to work with Francis directly. Our backgrounds are miles apart, but we both brought our skills to the table. She was able to provide a professional opinion on the internal processes of the MFIs as well as the structure of the staff and their roles. I was able to discuss some of what we look for in the Madison office. It was a great way to further establish our relationship with the one-woman Nicaraguan team working directly for Invest.

## Microlumbia

By Jon Bishop

critical support to Invest over the years, also sits on the Board of Microlumbia. Howard will be key in facilitating our partnership.

The details of the partnership remain to be defined entirely, but they will almost certainly include collaboration in due diligence analysis and co-lending. Visits to existing and potential partner institutions will likely be part of Microlumbia's contribution as well. The partnership will begin to take shape in the fall when the students return to campus.

We are pleased and excited that the members of Microlumbia chose to partner with Invest. We look forward to a long and productive relationship.

This partnership resonates with me personally because I got my first hands-on experience in microfinance as part of a microfinance student club when I was a business student at Thunderbird.



## New Board and Advisory Board Members

### **Georgette Frazer joins Invest Board.**



Georgette Frazer was elected to the Invest Board of Directors at the Invest Microfinance Cooperative annual meeting in November 2012. Georgette has been involved with Invest since its founding in 2006. Her election to the board allows her to take an active role in planning and executing the vision and strategy of Invest. Georgette founded an investment advisory firm specializing in socially responsible investing affiliated with First Affirmative Financial Network which she operated for 21 years until her retirement in 2012. Previously, she was an associate professor of business and economics at the University of Wisconsin-Marshfield for sixteen years. She remains active as a consultant and advocate of impact investing. She has been active in numer-

ous civic organizations in Marshfield, Wisconsin. Georgette joined John Giegel, Kathy Hankard, Francisco Aguilar, Paul Sager, and Jon Bishop in charting the direction of Invest. We welcome her to the Board.

### **Jeni Servoss-Pecard Joins Invest Advisory**



#### **Board.**

Jeni joined the Invest Advisory Board in May 2013. Jeni has volunteered with Invest since December 2011. Her financial background from Loyola University Chicago was invaluable in preparing the launch of Invest LLC in September 2012. She was a US advisor with Global Brigades that worked on a water extension project in rural Honduras that helped prevent communicable diseases in communities that have limited access to clean water, and has also traveled to Guatemala and Ghana. Jeni is a Strategy Analyst at Tribune Interactive in Chicago. We are delighted that Jeni will continue to be part of the Invest community.

### **Julia Pooler Joins Invest Advisory Board.**



Julia joined the Invest Advisory Board in May 2013. Julia is known to the Invest community as Julia Glad. Julia got married on August 17, 2013 – Congratulations Julia! Julia became involved with Invest as an undergraduate student while studying sustainable business, socially responsible investing, and communications at the University of Wisconsin-Madison in 2006. When Julia began interning with Invest, Invest was still a just an idea. She was intensively involved with Invest for many years, focusing on developing Invest's marketing materials and communications capacity. Julia earned her MBA from the Thunderbird School of Global Management in 2013. Her Continued involvement with Invest is tremendously appreciated.

## Invest Interns 2013

### Ian Frye



Ian interned with Envest during the summer of 2013, after

### Natalia Tucholska

Natalia interned with Envest during the summer of 2013 and is a junior at Boston University, where she plans on majoring in Math and Economics. After learning about alternative means of investing during her internship at Merrill Lynch Wealth Management last summer, she

### Jenna Delesha



### Lisa Fillingame

Lisa is in her senior year at University of Wisconsin-Madison pursuing a degree in International Studies and Spanish, with a Certificate in Global Health. She has focused a lot of her studies specifically on Latin America and has had the opportunity to participate in various activities abroad. She has studied in

returning from an eventful semester in Venezuela (he strongly recommends avoiding any business with the country). He became interested in microfinance after reading Poverty Capital by Ananya Roy and realized his education needed to include more about microfinance and the mobilization of capital to the global south. Ian is a senior at UW-Madison majoring in International Studies and

read about microfinance and became interested in MFIs' impact on economic development. Her other interests include tutoring elementary school students in Boston Public Schools and traveling, especially to Poland to visit her family.

Jenna has interned with Envest since July 2013 and is a senior at UW Madison majoring in Community and Environmental Sociology with an Environmental Studies certificate. She became interested in microfinance after traveling to

Argentina and participated in an economic development project in Ecuador and community health project in Guatemala. Her passion lies at the intersection of economic development and health, which is a perfect fit for Envest. After graduation, she hopes to be working in Washington DC in the realm of public policy, before eventually heading to grad school.

Environmental Studies with focuses on global security and sustainable energy. In addition to his semester in Venezuela, last summer Ian conducted field research in Bhutan on glacial lake outburst flood vulnerability and the impacts of hydroelectricity. Ian now works in UW's study abroad office and enjoys biking, hiking, vinyl records, gardening, and reading on the Union terrace during a summer afternoon.



thirteen different countries around the Atlantic Ocean during Semester at Sea and seeing how a microloan can significantly help out impoverished communities. She also enjoys working at the Willy Street Coop, running, reading, and any type of adventure.

