

POWERFUL INVESTMENTS PRACTICAL EMPOWERMENT

In this issue

Annual Election and Meeting.....	1
B Local Wisconsin.....	1
Portfolio Update.....	2
Welcome, Elizabeth Rodriguez.....	3
Thank you, Jennifer Lazarus.....	3
Welcome, Lili Tangwall.....	4
Thank you, Felipe Arratia.....	4

ANNUAL

Thursday,
September 30,
2021



MEETING

7 pm CDT online

Save the Date for Envest Microfinance Cooperative's next annual meeting on September 30, 2021

We have made the decision to keep the annual meeting online in September 2021 due to the COVID-19 pandemic. We will send connection details at a later date. The annual election will be done by mail. We will again miss sharing a meal with our local supporters and hope to get together with the membership in subsequent years. We look forward to seeing everyone online in September.

Annual Election and Meeting

By Sarah Lesar and Jon Bishop

Sylvia Panek and Kevin Egolf were elected to Envest's Board of Directors on Saturday, September 26, 2020, during Envest's first virtual annual meeting. These new members bring the Board roster to six. The Envest team is thrilled to welcome both Sylvia and Kevin to the Board.

Sylvia is an investment advisor based in Chicago, Illinois, and she is affiliated with Natural Investments, a nationwide portfolio management firm that has been a leader in aligning client portfolios with a sustainable economy. She has consulted on several socially responsible investment projects. During our annual meeting, Sylvia voiced her appreciation for Envest's mission to provide access to credit across the world so that borrowers can make better lives for themselves and contribute to improving their communities from within.

Kevin serves as Treasurer of the Board. He is an impact finance professional who focuses on social enterprises. Currently, he is exploring the world of Community Development Financial Institutions (CDFIs) as the Vice President of Investor Relations at Capital Good Fund. During our meeting, Kevin elaborated on his career and how his impact investing experience and passion will guide his time with Envest. Kevin lives in Providence, Rhode Island.

Kevin and Sylvia served as members of our Advisory Board during the past year and had expressed interest in joining the Board of Directors this fall.

(Continued on page 5)

New Partner in India

We are excited to announce that Envest established its first partnership in India in March 2021. There will be a description of our new partner in the next newsletter.

Sarah Lesar Elected Chair of B Local Wisconsin

By Sarah Lesar, Jon Bishop, and Sarah Odden

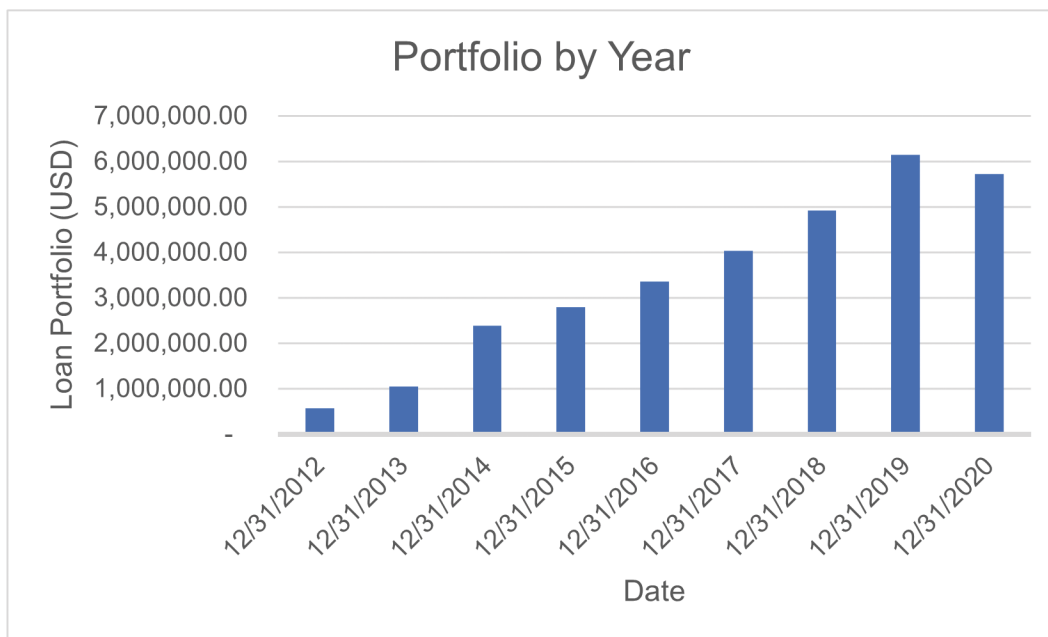
B Corps are for-profit businesses that have demonstrated their commitment to economic, environmental, and social progress through a rigorous certification process administered by B Lab, a non-profit organization. Companies seeking B Corp certification are scored on a long list of parameters. A company must achieve a minimum score on the evaluation to receive B Corp status. A strength of the B Corp certification is that it acknowledges that companies are not perfect. The assessment instrument shows the company where improvements can be made in social and environmental performance. A company must be recertified every two years, a requirement which provides the incentive and opportunity for continual improvement. Similar to the "USDA Organic" label, the B Corp certification denotes a company's third-party verification of social and environmental responsibility.

(Continued on page 5)



Portfolio Update

By Jon Bishop and Sarah Lesar



Envest's loan portfolio grew relatively constantly from the initiation of financial operations in November 2012 through the end of 2019. The portfolio decreased somewhat in 2020 due to a reduced demand for loans from Envest's partner MFIs. All Envest partners experienced a reduction in demand for loans from borrowers when the COVID-19 pandemic surged in the spring of 2020. Some partners had enough demand to continue requesting loans from Envest, but the majority stopped requesting loans.

Envest's partners were uniformly communicative and forthright about their situations. There was a great deal of uncertainty in the spring and early summer, but the open communications and responsiveness of Envest's partners prevented a period of concern from feeling like a full-blown crisis. Several partners requested extensions on principal payments at the height of the uncertainty during the summer, and all were granted. All partners made all of their interest payments on time. None of our partners requested principal payment extensions in the first quarter of 2021, because there is increased certainty in the business environment.

The creditors of three of Envest's most severely affected partners met via conference calls during the height of the uncertainty to discuss coordinated efforts to extend principal payments. In all cases, the creditors were eager to support the MFI in question. The creditors drafted handshake agreements through which each creditor would extend principal payments and refrain from calling loans due to covenant breaches. The extensions were somewhat complicated because the creditors had different fund structures. Some creditors had to request investor approval to extend the payments. All creditors negotiated in good faith to assure that the needs of all creditors and the MFI were met. Importantly, the handshake agreements included clauses stipulating that communications regarding financial and business health would be conducted as a group to avoid inundating the management of the MFI with repetitive questions from each creditor. The agreements relieved the pressure from creditors on the MFIs and allowed MFI management teams to concentrate on the health of their organizations rather than the concerns of nervous creditors. It was very encouraging to see the creditors work together with a strong focus on maintaining the viability of the MFIs and assuring access to credit for end borrowers. As a result of these negotiations, Envest forged several valuable relationships with fellow creditors.

The uncertainty in the microfinance sector is still elevated compared to the pre-COVID-19 period, but it is decreasing. Demand from Envest's partners is increasing slowly. Envest entered 2021 under-deployed and remained so at the end of the first quarter. We see a pathway toward being effectively fully deployed by the middle of 2021, with growth in assets and deployment in the second half of the year. We are exploring partnerships in new countries to increase our placement capacity with high impact MFIs.

Welcome, Elizabeth Rodriguez



We are pleased to announce that Elizabeth Rodriguez joined the Envest team in February 2021 as our Portfolio Manager. She has a BA in International Business from Illinois Wesleyan University and an MA in Globalization, Business and Development from the Institute of Development Studies at Sussex University in Brighton, England. Elizabeth grew up and lives in Chicago and will eventually move to Madison when the team can safely return to working in the office. She has prior internship and volunteer experience in microfinance with a social enterprise and NGO in the Philippines. She is committed to working toward poverty alleviation by empowering individuals and communities to engage in income generating activities.

Elizabeth is participating in the processing and analyzing of quarterly partner financial statements and in creating the quarterly portfolio report. Further, she is assisting with due diligence projects requisite to disbursing loans to both existing and potential partners along with several other projects. She is a native speaker of Spanish, which is helpful in partner conversations. We are excited to have Elizabeth at Envest and look forward to the contributions she will add to our small but strong team.

Thank you, Jennifer Lazarus



We would like to express our sincere gratitude to Jennifer Lazarus for her four years of service on the Envest Board of Directors. Jennifer plans to continue active participation in Envest's vision and strategy as a member of the Envest Advisory Board, on which she served for four years before joining the Board of Directors. She chose not to run for another term on the Board of Directors to dedicate more time to her mentorship activities in the impact investing sector. Jennifer's innovative ideas and collegial approach to governance have added richly to Envest's strong board.

Jennifer is an independent investment advisor and fee-only financial planner who specializes in sustainable and responsible investing. She entered the financial services industry in 2003 and founded Lazarus Financial Planning in Durham, North Carolina in 2005. Jennifer has been on the vanguard of the effort to include high impact investments in managed investment portfolios while maintaining high fiduciary standards. Her perspective as a financial fiduciary and an advocate for social and environmental justice has been invaluable in shaping Envest's governance and strategy.

Envest's practice of treating microfinance institutions (MFIs) as partners and respecting their sovereignty as organizations resonated strongly with Jennifer and drew her to our community. As a Peace Corps volunteer in Chad, she was involved with many projects that were well intentioned but did not include community input in the planning and implementation. This misguided approach rarely achieved local buy-in, which prevented the projects from generating long-lasting, positive results. Jennifer recognized Envest's practice of respecting the expertise of partner MFIs and leaving lending decisions to their discretion as the missing conceptual element in her Peace Corps experience. Jennifer has been an enthusiastic supporter of the notion of supporting local MFIs to create impact with a local vision.

We are grateful for Jennifer's service and look forward to her continued involvement and insights in Envest's efforts.

Welcome, Lili Tangwall



Lili Tangwall joined the Envest Advisory Board in October 2020. She started her microfinance career working with rural families in her native country of Moldova. She helped them form and grow financial cooperatives as part of a strategy to forge pathways for low income people to gain financial independence. Lili's previous work at World Council of Credit Unions included collaboration with credit unions and their associations, regulators, and young leaders. She is currently the membership director of the International Credit Union Regulators' Network, where she builds capacity for regulators to help strengthen institutions and protect members' savings. Lili speaks French, Romanian, Russian, and English, and she has worked in 15 countries.

Lili's knowledge of the microfinance sector and credit unions combined with her Romanian and Russian language skills will bring enormous benefit and perspective to Envest. She has translated conversations in Romanian with one of our Moldovan partners and with one of our Tajikistani partners in Russian. Additionally, she has provided invaluable insights into the nuances of social and political aspects of doing business in Moldova. We look forward to her continued counsel and suggestions as an Advisory Board member.

Thank you, Felipe Arratia



Felipe Arratia joined the Envest team as a consultant in August 2020. After a 20-year career in the finance and investing sector, Felipe decided to make the transition to dedicate his talent and experience to the economic development and/or impact investment sectors. He has a long-standing interest in international economic development with a particular emphasis in microfinance. In addition to his professional experience, he is a chartered financial analyst (CFA) with a BS in International Relations from Georgetown and MBA from the Wharton School of the University of Pennsylvania.

Felipe worked pro bono for Envest to gain experience in microfinance and, in particular, to assess how principles and processes of the conventional financial sector can be applied to the economic development and financial inclusion sectors to increase impact. He collaborated with the team to evaluate loan requests and draft loan recommendations. Felipe also spent time evaluating Envest's practices and procedures to determine ways to strengthen them. It has been a very fruitful relationship. Discussions during team meetings presented the opportunity to examine Envest from a new perspective with considerable expertise.

We are grateful that Felipe chose to contribute his efforts and knowledge to Envest. We appreciated working with him in the second half of 2020 and wish him all the best as he builds a career in the impact investing space.

By Sarah Lesar and Jon Bishop

Through participation in important conversations and emails Sylvia and Kevin were integrated into Envest's organization and operation. They have made insightful contributions to the Envest team and Board throughout the past year. We are pleased that they choose to continue dedicating time and talents to Envest's mission through service on the Board of Directors.

The remainder of the annual meeting was fruitful, though not quite the same without the usual Thai buffet and ice cream dessert. Zoom sufficed and allowed many faces – new and familiar – to connect. The Envest management team presented a financial update and provided insight into the COVID-19 situation and its effects on partner MFIs. We introduced attendees to our renewed relationship with MiCrédito and watched a video about another Nicaraguan MFI partner, Pana Pana. Finally, Jon Bishop presented our case for an optimistic 2021 given our dedicated team, improved processes, and eagerness to grow our portfolio and investments. Questions were entertained and answered, and laughs were shared before people logged off.

While the COVID-19 pandemic is unpredictable, the Envest team plans to host the 2021 Annual Meeting virtually to continue protecting the health of meeting attendees and the community at large. We plan to hold this meeting on Thursday, September 30, 2021. More information and reminders will be sent as we approach that date. We hope to (virtually) gather many people in the growing Envest community.



Sarah Lesar Elected Chair of B Local Wisconsin

(Continued from page 1)

By Sarah Lesar, Jon Bishop, and Sarah Odden

Envest was engaged in the certification process when Sarah Lesar joined the team in May of 2019. In a previous position, she interned with Wisconsin's first certified B Corp, Vista Global Coaching & Consulting, during its recertification process as a B Corp. Founder and Principal, Mary Stelletello, mentored Sarah during the recertification process. Sarah assumed leadership of Envest's certification effort immediately when she joined our team. Sarah continued to collaborate with Mary and drew upon her expertise to obtain Envest's certification in March 2020. Envest's status as a B Corp emphasizes its commitment to the triple bottom line (social, environmental, & financial results) and places it among thousands of socially and environmentally focused companies across the globe.

Envest is one of 15 certified B Corps in Wisconsin, over half of which have been certified within the last three years. To bring these businesses together, B Local Wisconsin was established in 2017 by several B Corps through the leadership of Mary Stelletello. The group aims to build connections and share resources among Wisconsin B Corps that represent a variety of industries. There are similar "B Locals" across the country and globe. Upon Envest's official certification, Mary invited Sarah to join the B Local Wisconsin Board. Sarah spent the second half of 2020 as the communications coordinator for B Local Wisconsin on a volunteer basis. Envest welcomed the opportunity to be a member of the growing B Corp movement.

The B Local Wisconsin Board held its 2021 planning meeting in December 2020. It was a meeting of unknowns, as the group's "big dream" planning was essentially on hiatus during 2020 due to Covid-19. The Board decided to call upon more B Corp leaders both to grow the Board and to take over previous leadership roles. Sarah expressed her willingness to take on a bigger leadership role than her communications position entailed. The Board offered her the chair position which she accepted.

Alongside a few new faces on the Board from Tribe 9 Foods, Lakefront Brewery, Rebel Green, Just Coffee Cooperative, and Journey of Collaboration, Sarah hopes to help drive B Local Wisconsin forward in a way that is realistic in 2021. It can serve as a knowledge base for certification, a support system, and a source of optimism in a time of global chaos. Sarah has a longer-term vision of B Local Wisconsin as an organization that will provide learning opportunities and inspire other Wisconsin businesses to consider pursuing B Corp certification.

Envest is delighted with Sarah's participation and leadership in B Local Wisconsin. We are pleased to be part of the B Corp movement and support its advancement.



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Jon Bishop - Vice President
Kevin Egolf - Treasurer
Wayne Orthwein - Secretary
John Giegel - Member
Sylvia Panek - Member



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Georgette Frazer	Anna Schaefer
Julia Glad Pooler	Jennifer Servoss-Pecard
Kathy Hankard	Holly Skog
Mirzo Khashimov	David Szakonyi
Jennifer Lazarus	Ann Terlaak
Andy Loving	Lili Tangwall



MANAGEMENT TEAM

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Sarah Lesar - Director of Operations
Sarah Odden - Director of Investments
Elizabeth Rodriguez - Portfolio Manager
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