



## **RainFrog Ethical Investment Partnership**

[www.rainfroginvestment.com](http://www.rainfroginvestment.com)

*Set up by JETs for JETs interested in environmentally friendly and socially responsible investment.*

### **Are you trying to save money for your future? Are you interested in the environment we will have when that future arrives?**

Most JETs are trying to save money, and most JETs are concerned about our human and natural environments. However, if you are keeping your money in a conventional bank or post office account, it is likely to be reinvested with little concern for the social and environmental consequences of that investment. Through their accounts, most JETs are unknowingly investing in oil and coal, toxic chemicals, logging and mining, tobacco, and exploitative labor practices.

### **Socially Responsible Investment**

Fortunately, there is an alternative. Socially Responsible Investment (SRI) is a practice that is gaining momentum both in green circles and in the investment marketplace as a whole. An increasing number of SRI options are available in Japan and abroad. If you live in the Tokyo area one option is Mirai Bank, which will invest your deposits in socially and environmentally sustainable projects. With a bit more effort, you can invest your yen directly in publicly traded companies that are environmental leaders in their fields, such as Shimano and Canon Corporation. For those of you who are US or European citizens, there are a growing number of SRI banks, stocks, and mutual funds in your home countries. Australia too was one of the early leaders in SRI, and Australian citizens have access to a number of investment funds with environmental screens of varying strictness.

### **Group Investment**

If you have a lot of money and the time and interest to invest it, you can create a portfolio that minimizes the negative social and environmental impact of your savings while still offering a strong return. If your time and money are limited, you may find responsible investment more challenging. Group investment offers a solution. In group investment, a number of individuals pool their knowledge, time, and money to create a single portfolio that is more diverse and has lower expenses than any one of them could achieve on his or her own. Each person maintains ownership of his or her own investment and earns a yield proportional to that investment, while all partners benefit from the sharing of work and costs. One option for group investment is RainFrog Ethical Investment Partnership ([www.rainfroginvestment.com](http://www.rainfroginvestment.com)).

## **RainFrog Ethical Investment Partnership**

Because it was founded by JETs, RainFrog is designed specifically for JETs. We are a volunteer organization. Our meetings are conducted online so members can participate wherever they may be. There is no minimum investment. JETs can invest yen directly from their local post office or by bank transfer, and can later withdraw their investments in US dollars. It is also possible to withdraw in other currencies, although the partner may be responsible for conversion fees. Many JETs continue investing in RainFrog even after leaving the JET Programme.

## **RainFrog's Philosophy**

### **► Environmental**

RainFrog believes that our market economy can help solve the environmental crisis we face today. Through our investment, we are taking a leadership role to make that happen. RainFrog does not invest in industries that contribute to environmental degradation. Our portfolio does not include petroleum, toxic agrochemicals, or unsustainably harvested resources. Instead, we invest in renewable energy, organic agriculture, and recycling.

### **► Social**

RainFrog does not invest in socially damaging industries such as weaponry and tobacco. We do not invest in companies that employ child labor, sweatshops, or discriminatory hiring and promotion practices. In fact, we take this a step further. RainFrog uses our capital to actively support social justice. By investing in companies like Wainwright Bank, we help to provide jobs and microcredit to the communities that need it most. Our investments earn a profit while making our communities a better place to live.

### **► Investment**

Most investors intend to "buy low, sell high." While this should certainly be a goal, RainFrog does not believe it is sufficient as a strategy. An investment should yield a return because it has intrinsic value. RainFrog hopes to make money because the true value of our investments increases, not just because investor perceptions of value have changed. For this reason, RainFrog avoids speculation. We look for investments with real growth potential or attractive earnings yields. And, we invest for the long term, not the quick gain. RainFrog's portfolio will become more or less aggressive as the goals of the members evolve. In general, we intend to develop a portfolio that will create a solid yield while maintaining the security of our initial investment. We seek to balance income and growth stocks and interest-bearing vehicles. As our capitalization increases, we hope to add more direct community investment to our portfolio.

## **How RainFrog Works**

The members of RainFrog pool their investment capital to obtain the advantages of collective investment. In structure, RainFrog is a general partnership. This means that every member has a voice in the government of the partnership. Each action RainFrog takes, from investment decisions to the election of officers, is determined by the partners in monthly electronic meetings.

### **► Elected Officers**

RainFrog's elected officers play a key role in the day to day operation of the partnership. Officers facilitate the monthly meetings and carry out investment decisions between meetings. Officers are bound by the Agreement of Partnership to act on behalf of the partnership in accordance with the instructions of the partners.

### **► Working Together**

All RainFrog members share equally in the results of the partnership. It is impossible for one member to make money while another loses. Thus, we believe that the role of every partner is important. Partners contribute more than just capital. They contribute investment research and the knowledge specific to their own areas of expertise. RainFrog's members are more than an investment partnership--we're a team.

## Frequently Asked Questions

### Does RainFrog charge a management fee?

To encourage participation and share the workload, RainFrog asks each partner to contribute one hour of service each year for every \$500 he or she invests. Partners not wishing to make contributions of service may opt instead to pay a 1% annual management fee. Fees collected are redistributed among partners who exceed their work commitments.

RainFrog pays commissions to assume its investment positions, and all RainFrog members share equally in those commissions just as they share in the investments of the partnership. New members or current members adding to their investments pay their share of commissions as a one-time front-end load on their capital contributions. The front-end load varies with the value of RainFrog's investment portfolio, generally going down as the portfolio value goes up and vice versa. The current front-end load is 1.29% on The Growth Portfolio, and 0.72% on The Income Portfolio.

Because members pay their share of commissions when they join the partnership, RainFrog does not need to pass on commissions when members withdraw their capital. Thus, members receive the full value of their capital accounts when they cash out.

### Who can join RainFrog?

RainFrog is open to anyone with a genuine concern for environmental responsibility and social justice. No prior investment experience is necessary. RainFrog partners may be citizens of any country, and current partners include citizens of the United States, Australia, Japan, and Canada.

### What is the minimum investment?

There is no minimum investment. RainFrog believes that Socially Responsible Investment should be for everyone, regardless of wealth. By working together, RainFrog partners are able to overcome the obstacles of "small" investment.

### What criteria does RainFrog use when considering an investment?

RainFrog considers its investments using the triple bottom line of social, environmental, and financial return. We carefully research each potential investment to determine whether it is financially sound and whether it is likely to provide the return we seek. We examine risk and reward, and try to create a balanced portfolio with a competitive return and a reasonable amount of stability.

On the social and environmental side, RainFrog uses a positive screen evaluation. Not only do we strictly avoid socially and environmentally damaging investments like fossil fuel exploration, weaponry, and tobacco, but we actively seek out investments with positive social and environmental returns. Currently, the RainFrog portfolio includes investments in renewable energy, organic agriculture, recycling, and community microcredit.

RainFrog's investment criteria are constantly evolving. As a member-run organization, we are able to set investment screens that reflect the specific concerns of our members. We pride ourselves on being the most progressive and responsive investment option available.

### Do RainFrog's members have a voice in how their money is invested?

Absolutely! RainFrog is a member-run investment organization. Our partners research and discuss each potential investment. Then, we vote on our investment options by email at our monthly meeting. No investment is made until every member has had the opportunity to comment and vote. RainFrog's participatory investment system means that our decision-making process is slower than that of speculators and day-traders. However, in the long-term investments that RainFrog favors, we believe that care and forethought provide the greatest returns.

## **I am a beginner at managing my own investments. Is RainFrog right for me?**

RainFrog is an excellent opportunity for novices and experts alike. Experienced investors will have the opportunity to directly manage their own investments, while beginners will get the chance to "learn by doing."

We believe everyone can benefit from RainFrog's community format. Ultimately however, whether RainFrog is right for you is something only you can decide.

## **I am working outside the United States. Can RainFrog accept investment in non-dollar currencies like the Euro or Japanese yen?**

RainFrog can accept capital contributions in US dollars or in Japanese yen. In the case of yen, the contributing member pays for the conversion of their yen to US dollars. Conversion through RainFrog is generally cheaper than members can achieve on their own. RainFrog is not currently set up to accept capital contributions in currencies other than yen or US dollars. Members wishing to invest other currencies are responsible for the conversion of those currencies to US dollars. All RainFrog capital accounts are denominated in US dollars. Members hoping to achieve savings in non-dollar currencies bear some risk due to the fluctuation of those currencies relative to the dollar. Members will benefit if the dollar strengthens versus their target currency, but may suffer if the value of the dollar falls.

## **How do I join RainFrog?**

If you think you might like to join RainFrog, the first step is to join our mailing list by letting us know your name, e-mail address, and nationality, either via: (i) e-mail [info@rainfrog.com](mailto:info@rainfrog.com) (ii) online contact form [www.rainfroginvestment.com](http://www.rainfroginvestment.com) or (iii) signing up at the EcoSIG and RainFrog table at the Info Fair at JET Tokyo Orientation A or B. Once you have been added to the group mailing list, you will be asked to send a brief self-introduction so the current partners can get to know you. Through the members' mail group, you will have the opportunity to watch how the partnership really works. Joining the group does not put you under any obligation to invest in RainFrog. If after joining the members' mail group, you decide that you would like to become a full partner and invest in RainFrog, you can apply for membership by signing our Agreement of Partnership and mailing it to our address in the US (see final page). The current members will vote on your application, and if you are accepted you can make an initial investment of any amount. From the point of initial investment, a new member becomes equal in all rights and responsibilities to the existing partners.

There is no mandatory waiting period for a person wishing to join RainFrog. You can join the members' mail group and apply for membership on the same day. However, we encourage prospective members to take some time and ask lots of questions before making an initial investment.

## **How do I make capital contributions?**

Capital contributions to RainFrog can be made in yen at any post office in Japan, or bank transfer, to RainFrog's Japanese bank account: RAINFROG-JAPAN 18320-20643511. Contributions can also be made in US dollars made by check made out to "RainFrog Ethical Investment Partnership" or by bank transfer into RainFrog's US bank (details provided upon request).

## **How do I cash out?**

Partners can withdraw some or all of their investment from RainFrog at any time. To make a withdrawal, a partner must notify the treasurer 2 weeks prior to the meeting at which the withdrawal will become effective. This gives the partnership time to decide which assets should be liquidated to pay the withdrawing partner. After the withdrawal becomes effective, the partnership has 20 days to make payment to the withdrawing partner. Payment may be faster than this if the selected assets can be readily liquidated. RainFrog is never entitled to deny a partner's request to withdraw funds. However, the total time from the notice of withdrawal to payment may be more than one month. It is best not to invest any money that you think you might need on short notice.

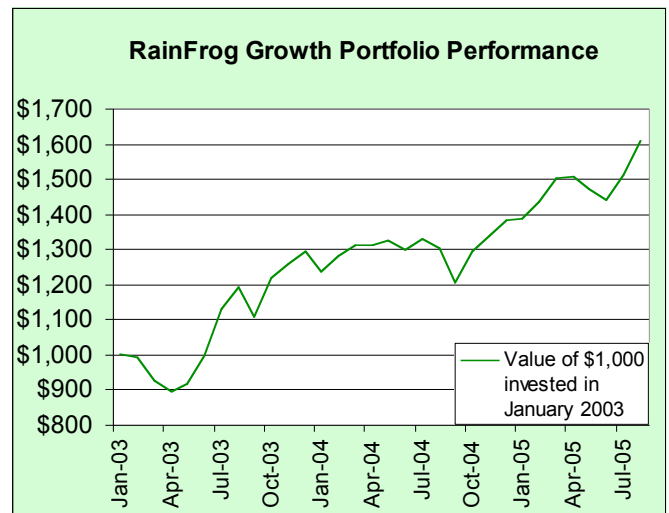
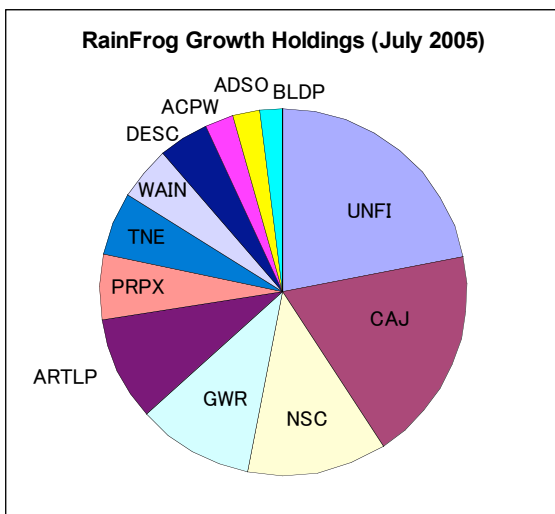
## RainFrog's Portfolio

RainFrog has 2 kinds of investment portfolios: RainFrog Income Portfolio and RainFrog Growth Portfolio. Each has a different degree of risk, thereby allowing partners to adjust their investment according to their own needs. Partners state how they would like to allocate their investment at their time of application and can make changes to their allocation by notifying the officers two weeks prior to the meeting at which the change will become effective.

### 1. RainFrog Growth Portfolio

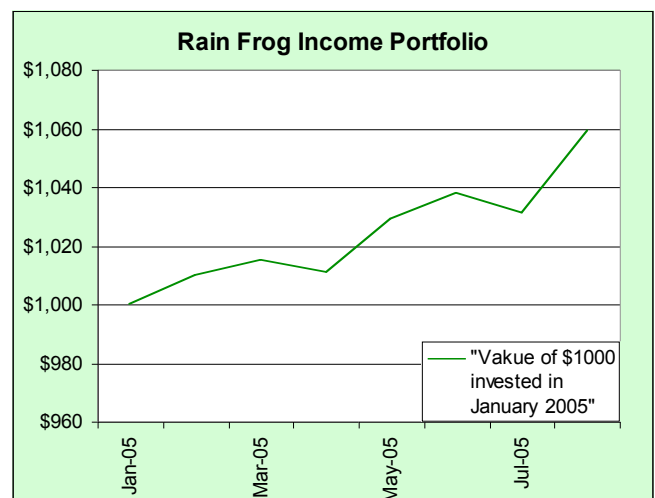
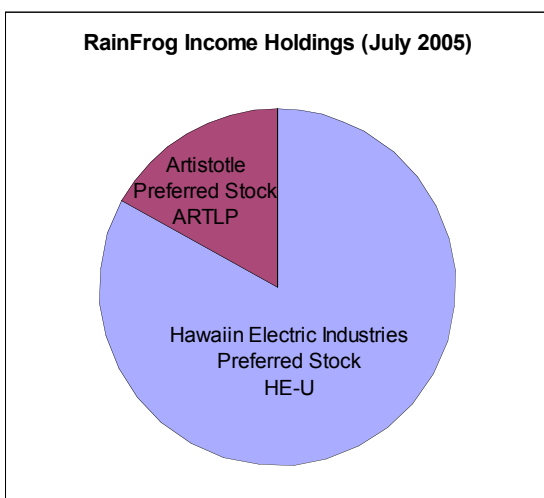
The Growth Portfolio is comprised primarily of equity investments. It currently holds the following stocks:

- |         |                           |          |                           |          |                       |
|---------|---------------------------|----------|---------------------------|----------|-----------------------|
| 1. UNFI | United Natural Foods      | 5. ARTLP | Aristotle Preferred Stock | 9. DESC  | Distributed Energy    |
| 2. CAJ  | Canon                     | 6. PRPX  | Portec Rail Products      | 10. ACPW | Active Power          |
| 3. NSC  | Norfolk Southern          | 7. TNE   | Tele Norte Lest           | 11. ADSO | Adsero                |
| 4. GWR  | Genesee & Wyoming Railway | 8. WAIN  | Wainwright Bank           | 12. BLDP | Ballard Power Systems |



### 2. RainFrog Income Portfolio

A minimum of 80% of the net assets of the Income Portfolio is required to be held in government-backed or investment grade accounts, bonds or preferred stocks. Therefore, the Income Portfolio experiences significantly lower risk and generally a lower yield than the Growth Portfolio.



## Significant Risks

All Investments are subject to risks. Changes in value can be significant and they can happen quickly.

## RainFrog Officers

### **R. Tucker Gilman, president**

**tucker@rainfroginvestment.com**

Tucker is a former JET and a former coordinator of both EcoSIG and Bicycle for Everyone's Earth. After returning to the United States, Tucker worked for World Wildlife Fund in Washington, DC. He is now based in Madison, Wisconsin where he is pursuing a PhD in Theoretical Ecology. Tucker has been studying finance since managing his first investment partnership while he was still in high school.

### **Douglas Emmett, treasurer**

**d.j.emmett@rainfroginvestment.com**

Douglas was a JET for two years in the Gunma Prefecture before bringing the Bicycle for Everyone's Earth ride back to life with the help of RainFrog President, Tucker Gilman, in 2001. Douglas continues to live in Gunma (Maebashi City) where he teaches immersion English at the Chuo Secondary School.

### **Craig Robertson, vice-president**

**craig@rainfroginvestment.com**

Craig graduated from Melbourne University, Australia with a Bachelor of Commerce. He worked in the financial sector as a strategic management consultant for Accenture and an analyst for Merrill Lynch Mercury Asset Management. He is now going into his 3rd year as a CIR in Saitama. He has volunteered with environmental organisations, particularly, WWOOF and ECO PLUS, a Japanese NGO focusing on environmental education.

### **Joey Pittoello, webmaster**

**webmaster@rainfroginvestment.com**

Joey is by no means a "master" of the web but he hopes to at least sufficiently manage the RainFrog web site eventually. Joey is currently beginning his third year as a JET in rural Shikoku. Putting his rural situation to good use, he enjoys farming, hiking, biking as well as the fine art of Japanese cooking. After completing a degree in Astrophysics in Canada and realizing that, in fact, he had no interest in astrophysics, he decided to come to Japan to pursue his interest in teaching and farming. In his spare time Joey goes on WWOOFing expeditions to various organic farms around Japan and assists his fiancé in teaching yoga to the elderly. After eventually returning to Canada, Joey hopes to begin an organic farm/yoga retreat centre with his fiancé in Atlantic Canada.

**If you have any questions, please feel free to contact any of the above RainFrog officers via e-mail, or write or call us:**

#### ***In Japan:***

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