

FRIENDS FIDUCIARYSM

Financial Services for Quaker Organizations since 1898

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www.friendsfiduciary.org

New Executive Director

The board of directors of Friends Fiduciary has named Jeffery W. Perkins as Executive Director, effective June 6, 2011.

Jeff's selection was the culmination of a nationwide search that drew exceptionally well-qualified candidates. He has a long and distinguished career in prominent nonprofit organizations, most recently as the Senior Vice President – Finance and Administration at the Franklin Institute, and before that in a similar capacity at the Philadelphia Foundation. Jeff is a double-degree graduate of Purdue University (B.A. in German, Phi Beta Kappa; B.S. in Accounting and General Management, 1980). He earned his M.B.A. in Finance at Golden Gate University in San Francisco.

Jeff is a longtime member of the Religious Society of Friends and an active member of Chestnut Hill Monthly Meeting (Worship and Ministry Committee; Peace and Social Concerns Committee; former Treasurer). His activities as a member of Philadelphia Yearly Meeting include serving on the Working Group for the PYM Spiritual Formation Program.

Jeff impressed the board's search committee with his leadership qualities, strategic vision, and passionate commitment to our mission of applying Quaker values to provide prudent, cost-effective management of financial assets for Friends organizations. In each step of a rigorous search process, he demonstrated excellence across all areas of the demanding requirements for leading Friends Fiduciary.

Announcing the appointment, FFC board chair Louise Williams Senopoulos said, "We are very proud of our record of consistently superior investment performance, faithfulness to Quaker testimonies and values, and exceptional service. We look forward to building on that record and offering an expanded range of services to our growing base of constituents under Jeff's leadership."

June 14, 3 pm is the date and time of our annual meeting at the 4th and Arch Street Meeting House in Philadelphia. We hope you can join us for the exciting program. Jeff will be one of the speakers, along with John Gillespie, co-author of the provocative new book, *Money for Nothing; How the Failure of Corporate Boards is Ruining American Business and Costing Us Trillions*.

Annual Meeting Agenda

2:30 pm	Reception
3:00 pm	Introduction – Louise Williams Senopoulos
	What's Wrong with Corporate Boards? – John Gillespie
	Why do the Crises Keep Coming? – John M. Coleman
	Screening Good Governance: the FFC Approach – Richard B. Kent
	FFC Investment Performance – Richard B. Kent
	Remarks of Executive Director – Jeffery W. Perkins
	FFC Internal Governance Matters
5:00 pm	Adjournment

Friends Fiduciary Corporation

Consolidated Fund

Total Return for the Period Ending March 31, 2011

Fund Results	1st Q	1-Year	3-Years	5-Years	7-Years	10-Years
Total Fund	4.15	13.27	3.65	3.69	5.45	5.29
Blended Benchmark	3.83	12.19	2.23	3.01	4.64	4.50
Blended 65/35 Index	3.97	11.86	3.37	3.79	4.56	4.08
Large Cap Domestic Stocks	6.63	15.20	2.79	2.18	5.03	4.19
Large Cap Benchmark	5.92	15.65	1.12	1.78	4.38	3.80
Fixed Income	0.69	7.22	4.88	6.17	4.79	5.62
Barclays Aggregate Bond Index	0.43	5.14	5.31	6.03	4.78	5.57
Performance by Manager	1st Q	1-Year	3-Years	5-Years	7-Years	10-Years
Large Cap Domestic Stocks						
Chicago Equity Partners	7.15	15.72	2.64	2.07	5.08	3.73
S&P 500	5.92	15.65	2.35	2.62	4.45	3.29
Brandywine Global	5.19	12.50	3.38	2.87	4.53	4.33
Russell 1000	6.24	16.70	2.98	2.93	4.95	3.83
Great Lakes Advisors	7.33	17.17	2.86	2.26	6.12	
Russell 1000 Value	6.46	15.16	0.61	1.37	4.63	
Small Cap Domestic Stocks						
Columbia Management	5.36	28.53	8.75	4.64		
Russell 2000	7.93	25.78	8.56	3.35		
International Stocks						
Boston Common	3.36	10.83	-0.15	1.80		
MSCI EAFE	3.36	10.42	-3.01	1.30		
REITs						
Urdang	7.61	29.24	7.37	5.04		
DJ US Select RESI (float adj)	6.63	24.86	1.58	0.72		
Fixed Income						
Payden & Rygel*	0.74	6.78	4.48	5.91	4.63	5.47
Barclays Aggregate Bond Index	0.43	5.14	5.31	6.03	4.78	5.57
Lazard Asset Management	0.47	7.25				
Barclays Global Aggregate Index	1.25	7.17				

*Payden & Rygel's performance includes trailing performance for previous domestic fixed income portfolio manager.

All returns are in percent. Returns for periods exceeding one year are annualized.
No predictions are made for the future and past returns are no guarantee of future results.

Blended Benchmark

42% S&P 500, 5% Russell 2000, 15% MSCI EAFE (Europe, Australasia & Far East),
33% Barclays Aggregate Bond Index, 5% DJ US Select RESI

Blended 65/35 Index

65% S&P 500, 35% Barclays Aggregate Bond Index

Large Cap Domestic Benchmark

100% S&P 500, as of April 1, 2009, formerly 50% S&P 500/50% Russell 1000 Value

Consolidated Fund Update

March 31 Snapshot

Consolidated Fund Unit Value	3/31/11	\$42.10
Next Cash Distribution	6/20/11	\$0.96

Asset Allocation 3/31/2011

Equities	63%
Fixed Income	31%
REITs	6%

With the modest equity gains realized in March, broad-market indexes posted their seventh consecutive monthly increase – an occurrence that has been repeated only twice in the past decade. Conditions for US equities remain attractive with corporate balance sheets trimmed of excesses, consumer spending on the rise, a weak dollar encouraging export trade and employment showing signs of repair. Further support came from the

Philadelphia Fed's February release of the Survey of Professional Forecasters where nearly 50 prognosticators offered a positive outlook for economic growth and unemployment throughout 2011. However, in our world of interconnected economies, further gains will not come easily in the face of rising oil prices, unresolved credit troubles in Europe and slowing growth in China. On balance, the trajectory for the markets appears upward, but the slope will be gentle and the path uneven.

In the first quarter, the Consolidated Fund posted a 4.15% gain versus a 3.83% gain for its blended benchmark. The Fund's trailing comparisons are also favorable (details on page 2). Strength in the quarter was seen in our large cap domestic equity allocation with both Chicago Equity and Great Lakes Advisors surpassing their respective benchmarks. Our allocation to real estate, managed by Urdang, continued to perform well, and our fixed income allocation outperformed with Payden & Rygel posting solid results.

Year-to-date we reviewed 30 purchase recommendations from our domestic equity managers for adherence to our investment guidelines. Of those received, 27 were approved and three were rejected for poor environmental, employee safety and governance records.

As a reminder, the June 2011 semi-annual distribution will be \$0.96 per unit. Our total return payout rate is 5.0% this year and will decrease ¼ point in 2012 and 2013 when a payout rate of 4.5% is reached. As always, we thank you for your support and look forward to serving your needs in the future.

Consolidated Fund Current Holdings

By Manager and including the Income & Deposit Account As of March 31, 2011

Manager	Asset	Investment Style	% Assets	\$
Chicago Equity Partners	Stocks	Growth at a Reasonable Price	19.6%	49,000,000
Brandywine Global	Stocks	Relative Value	13.7%	34,200,000
Great Lakes Advisors	Stocks	Value	7.5%	18,700,000
Columbia Management	Stocks	Small Cap Core	6.8%	17,000,000
Boston Common	Stocks	International Core	14.1%	35,400,000
Urdang	REITs	Real Estate Investment Trusts	5.8%	14,500,000
Payden & Rygel	Bonds	Domestic Core	23.2%	58,100,000
Lazard Asset Mgmt.	Bonds	Global	7.3%	18,300,000
Income & Deposit Acct	Cash	Cash	2.0%	5,000,000
			100.0%	250,200,000

Consolidated Fund

Unit Value History

Quarter Ending	Beginning Unit Value	Ending Unit Value Before Distributions	One-half Distribution Accrued	Ending Unit Value	Semi-annual Distribution
June 2010	39.51	36.98	\$0.555	36.42	\$1.11
Sept 2010	36.42	39.72	\$0.530	39.19	—
Dec 2010	39.19	41.43	\$0.530	40.90	\$1.06
Mar 2011	40.90	42.58	\$0.480	42.10	—

The Consolidated Fund pays out a total return distribution each June and December.


The distribution for 2011 is based on a 5.0% payout ratio and a 12-quarter rolling average of unit value.

June 2011 distribution = $(5.0\% \times \$38.59)/2 = \0.96 .

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Friends Fiduciary's sole mission is to assist Friends organizations in the stewardship of their financial resources.

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Friends Fiduciary is pleased to welcome

Butternuts Monthly Meeting (NY)
Poughkeepsie Monthly Meeting (NY)

and

West Richmond Friends Meeting (IN)
as a new constituents in the Consolidated Fund

Friends Fiduciary Corporation

1650 Arch Street, Suite 1904
Philadelphia, PA 19103
(215) 241-7272

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