

# FRIENDS FIDUCIARY CORPORATION

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July 9, 2015

**Dear Friends,**

This is the second quarter update with important news and information about Friends Fiduciary and your account with us.

### **2015 Second Quarter Commentary and Performance Summary:**

By the end of May it looked as if the markets had successfully shrugged off winter doldrums that featured a West Coast dock worker's strike, a rising dollar, weak oil prices and an impending rise in interest rates; but the tide turned quickly as investors became gripped by fears of Greece defaulting on its debt, China's decelerating stock market and economy, and mediocre U.S. economic data. As events unfolded in June, domestic and international stocks dropped sharply with the both the S&P 500 and MSCI EAFE (Europe Australasia Far East) Indexes declining by -1.9% and -2.8%, respectively. Earlier second quarter gains faded with the S&P 500 eking out +0.3% and EAFE posting a +0.6% gain for the quarter. Bond prices also stumbled with the Barclays Aggregate Bond Index dropping -1.7% for the quarter following three consecutive negative monthly declines - a clear indication that bond investors continue to adjust portfolios in anticipation of the Fed raising rates. After facing negative -0.2% GDP growth in the first quarter, the economy continued to expand in the second quarter, albeit at a tepid pace. Excluding the oil & gas industry, manufacturing trends improved; retail sales rebounded in May after flat results in April; and the unemployment rate dropped to 5.3%, although economists worry about the drop in the participation rate. Housing trends were mixed and wage gains were paltry.

After exhibiting stability in April and May, the Consolidated Fund unit value declined to \$48.53 in June reflecting general weakness in the capital markets. The Short Term Investment Fund (STIF) displayed a similar pattern of stability, but also closed down modestly in June to \$10.14 per unit. Bucking the trend, the Quaker Green Fund posted a modest rise in May led by solid performance in the fund's 'cleantech' component, but by quarter's end the fund unit value declined slightly in June to \$36.81.

	Unit Values		
	<u>Consolidated Fund</u>	<u>Quaker Green Fund</u>	<u>Short Term Fund</u>
April 30, 2015	\$49.43	\$37.24	\$10.16
May 31, 2015	\$49.43	\$37.47	\$10.16
June 30, 2015	\$48.53	\$36.81	\$10.14

### **Annual Independent Audits & Holdings Lists:**

*Copies of the Consolidated Fund and Quaker Green Fund audits are now available.* Simply email us at [info@friendsfiduciary.org](mailto:info@friendsfiduciary.org) or call us at 215-241-7272 and we will send you a copy. In addition, quarterly holdings lists are available to constituent investor organizations upon request. The quarterly holdings for all funds are available by the third week following each quarter end.

[Continued on reverse]

Friends Fiduciary Corporation  
2<sup>nd</sup> Quarter 2015 – Update  
July 9, 2015

**2016 and 2017 Standard Distribution Rates for the Consolidated Fund:**

*As announced in April of 2014, the standard distribution rate of the Consolidated Fund will decrease to 4.25% in 2016. (from the current 4.5%) and to 4.0% in 2017.* The standard rate is intentionally conservative to preserve the purchasing power of principal. In reaching the decision to adjust the standard rate effective in 2016 and 2017, the FFC Board of Directors took into account concerns about inflation and projected expectations for capital market returns in the future. Constituents may, and some do, take more or less than the announced standard distribution rate. Each constituent group must decide the proper distribution levels for their meeting or organization based on their unique financial situation and spending needs. If you have questions or concerns about the standard distribution rate please contact Rich Kent or me at 215-241-7272.

FFC’s shareholder advocacy work is featured in the most recent Friends Journal. Check it out on the Friends Journal website: [www.friendsjournal.org/main-street-activism-and-wall-street-advocacy-strange-bedfellows/](http://www.friendsjournal.org/main-street-activism-and-wall-street-advocacy-strange-bedfellows/)

If you have any questions about your statement, account or Friends Fiduciary, please don’t hesitate to contact us at [info@friendsfiduciary.org](mailto:info@friendsfiduciary.org) or 215-241-7272.

Sincerely,

*Jeff Perkins*

Executive Director

**JOIN US FOR THE 2015 QUAKER FUNDRAISERS GATHERING!**

 <p><b>QUAKER FUNDRAISERS GATHERING</b>   <i>Fundraising as a Spiritual Practice</i></p>	
<b>September 30 - October 2, 2015</b>	Wyndham Philadelphia Historic District, Philadelphia, PA
<ul style="list-style-type: none"><li>✓ Increased Giving</li><li>✓ Capital Campaigns</li></ul>	<ul style="list-style-type: none"><li>✓ Fundraising Communications</li><li>✓ Special Events</li></ul>
<p>If any of these are important at your Monthly Meeting, join us at the <b>Quaker Fundraisers Gathering</b>.</p> <p>See the whole program at <a href="http://www.FriendsFiduciary.org">www.FriendsFiduciary.org</a>. Register online or by mail.</p> <p>Early Bird registration ends August 7, 2015.</p> <p>Obtain more information at <a href="mailto:info@friendsfiduciary.org">info@friendsfiduciary.org</a> or call (215) 241-7272.</p>	
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