

CHARITABLE GIFT ANNUITY POOL



ADDING VALUES TO STRONG PERFORMANCE.

Total Net Assets \$ mil, September 30, 2018	\$8.539
Unit Value, September 30, 2018	\$49.54
Asset Mix 9/30/18:	
Equity	54.3%
Fixed Income	45.2%
Cash	0.5%
Number of active contracts	249
CGA Program Inception	December 2001
Gifts issued to date	502

For more information on the CGA pool and the assets backing the charitable gift annuity contracts, please refer to Friends Fiduciary's CGA disclosure statement.

OVERVIEW

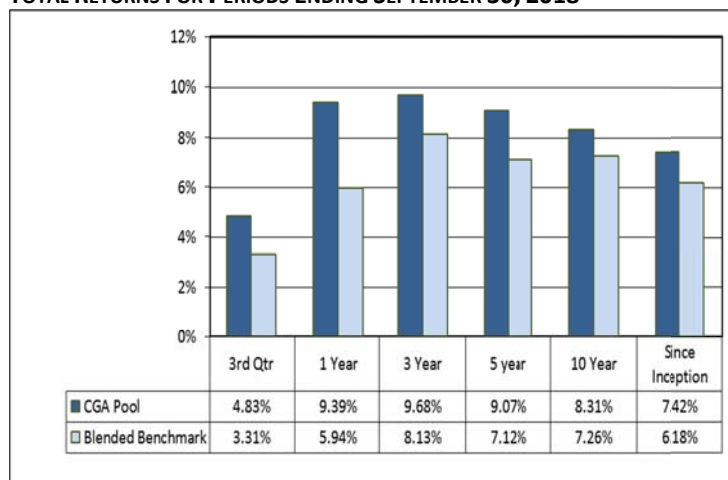
The Charitable Gift Annuity (CGA) Pool holds the assets of contracts issued by Friends Fiduciary Corporation. FFC is responsible for the stewardship of these assets, monitoring risk levels, making ongoing contractual payments to annuitants, and preserving a remainder for the charitable beneficiaries. Launched in June 2006, the CGA pool is a co-mingled fund composed of a moderately conservative mix of stocks and bonds. Quaker values guide FFC's investment activities. We actively screen out companies that do not meet our rigorous socially responsible investment guidelines, we vote shareholder proxies to communicate Quaker values on environmental, social, and governance issues, and we join other institutional and faith-based investors in company dialogues and shareholder resolutions to encourage reforms.

Friends Fiduciary Corporation (FFC) is a Pennsylvania-based not-for-profit organization that has been serving the Religious Society of Friends since 1898. FFC's mission is to provide high-quality, cost-effective financial services to Quaker organizations. Our investment philosophy is grounded in the beliefs of the Religious Society of Friends, among them the testimonies of simplicity, peace, integrity and justice.

Why Friends Fiduciary?

- We serve over 390 Friends meetings, churches, schools, and organizations through our financial services.
- More than 375 individuals have established Charitable Gift Annuities with FFC knowing that the gift will be managed in a socially responsible manner consistent with Quaker values and principles.
- More than 70 Quaker organizations are charitable beneficiaries of the gifts in the CGA investment pool.
- Annuity payments are backed by assets of \$8.5 million at 9/30/2018.
- The CGA pool is invested in-line with FFC's Quaker guidelines and in accordance with the laws of the states in which we offer gift annuities.

TOTAL RETURNS FOR PERIODS ENDING SEPTEMBER 30, 2018



Blended Benchmark: 25% S&P 500 Index, 25% Russell 1000 Value Index, 50% Barclays Capital Aggregate Bond Index.

Inception date: June 30, 2006.

No predictions are made for the future and past returns are no guarantee of future results.

CGA DONOR FREQUENTLY ASKED QUESTIONS

WHAT IS A CHARITABLE GIFT ANNUITY?

A charitable gift annuity (CGA) is a simple irrevocable contract between the donor and a nonprofit organization (Friends Fiduciary Corporation is a 501c3). In exchange for the donor's(s) contribution, the charity promises to make fixed payments for life to one or two annuitants (usually, but not necessarily, the donor(s)). The amount paid is based on the age(s) of the annuitant(s), with maximum rates set by the American Council on Gift Annuities, a national non-profit organization of charities that has been in existence since 1927.

HOW DOES A CGA THROUGH FFC BENEFIT THE QUAKER CHARITY I CHOOSE?

Friend Fiduciary (FFC) issues the contract to you and assumes the risk and liability of making the payments to the annuitants. The donor clearly designates the Quaker organization(s) they wish to benefit as the charitable beneficiary. When the final annuitant has died, FFC will pay the remainder of the contract to the charitable beneficiary's designated account at Friends Fiduciary.

WHY CAN'T MY MEETING OR ORGANIZATION ISSUE THIS DIRECTLY TO ME?

Charities issuing CGA's are regulated by each state, on behalf of the donors who reside there, and complying with state regulations and administration of the gift can be burdensome. About a dozen states require special permits to issue CGA's and many others have notification and annual filings. FFC complies with state regulations and is also able to manage and invest the funds in a common investment pool, which follows our socially responsible guidelines. Investment and administrative fees are assessed on the assets of the gift annuity investment pool and not from the annual payment to the donor(s). The admin fees cover the cost of the state filings, other expenses of the program, and future payment liabilities of the Charitable Gift Annuity program.

WILL I GET A CHARITABLE DEDUCTION AND HOW ARE THE ANNUITY PAYMENTS TAXED?

The fact that you are making a charitable gift may provide you with tax benefits, including a current federal income tax charitable deduction (if you itemize your deductions) for the amount by which the value of the gift exceeds the investment in the annuity contract. If the donor or their spouse is also the annuitant, the annuity payments received each year are partially tax-free for the duration of your life expectancy. Each year annuitants receive an IRS Form 1099 that documents the taxable portion of their payments for tax filing purposes. Additionally, if long-term appreciated securities are given to establish the CGA, a portion of the capital gain is avoided entirely, and the reportable capital gain is spread over the annuitant's actuarial life expectancy at the time of the gift. Each donor and annuitant should consult his or her own legal/tax advisor to determine how entering into a charitable gift annuity contract will affect his or her individual tax situation.

IS A CHARITABLE GIFT ANNUITY THE SAME AS A COMMERCIAL ANNUITY?

Charitable Gift Annuity rates are not comparable to the rates of commercial annuities offered by insurance companies or other financial institutions because of the substantial charitable contribution component. Therefore, the act of establishing a gift annuity with FFC is not, and should not be viewed as, an investment. Rather, it is a way to receive annuity payments while making a charitable donation. In this respect and others, a gift annuity issued by FFC is different from a commercial annuity. The CGA rates are calculated such that approximately half of the original gift will remain at the end of the annuitants' lives for the charitable beneficiary.

HOW CAN I MAXIMIZE MY GIFT TO THE CHARITABLE ORGANIZATION OF MY CHOOSING?

As stated above, Friends Fiduciary follows the ACGA recommended gift annuity rates for payments. You may, however, elect a payout rate less than the ACGA's recommended rates. If a lesser rate is requested, you may receive a larger charitable income tax deduction in exchange for a more modest annuity payment, and your selected charity will likely receive a larger gift.

Friends Fiduciary Corporation
1650 Arch Street, Suite 1904, Philadelphia, PA 19103
Tel. 215-241-7272 Fax 215-241-7871
info@friendsfiduciary.org; www.friendsfiduciary.org