



ADDING VALUES TO STRONG PERFORMANCE.

April 6, 2017

Dear Friends,

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

2017 First Quarter Commentary and Performance Summary:

Constituents who have invested with Friends Fiduciary for any period of time are likely aware of our staunch belief in and support of portfolio diversification. The benefits of maintaining exposure to different asset classes and investment styles are clearly on display through a comparison of first quarter 2017 investment returns with returns from the fourth quarter 2016. Small cap stocks were the best performing group in 4Q16 (Russell 2000 +8.8%) following the November election, while international stocks posted declines in the face of slowing Chinese economic growth and the potential for higher trade barriers (MSCI EAFE -0.7% and MSCI Emerging Market -4.2%). In the first quarter 2017, the markets experienced a reversal as international stocks lead the way with a +7.4% increase and emerging markets surged ahead +11.5%. Small cap stocks lagged, ending the first quarter with a modest gain of 2.5%. It is important to note that during both quarters, investors in FFC's co-mingled funds benefitted from broad portfolio diversification. While diversification does not necessarily guarantee positive results, it provides the opportunity to benefit from a range of market movements among asset classes. Investment managers who emphasize different styles, like growth and value, also provide opportunities to benefit from diversification. In 1Q17, "growth stocks", i.e. companies that exhibit steady sales and earnings growth regardless of the economic environment, increased +8.9%, while "value stocks", those that see better sales and earnings growth when the economy improves, increased +3.3%. In contrast, "value" beat "growth" in the fourth quarter, +8.0% versus +1.0%, respectively. Again, our funds participated in the higher upside moves during both periods through our allocations to growth manager, Brown Advisory, and value manager, Great Lakes Advisors. Whether by asset class (stocks, bonds, REITS), size (large cap, mid cap, small cap), geography (domestic and international), manager approach (active and passive) or style (growth and value), our broadly diversified approach to fund management ensures strong participation in market moves while protecting against inevitable volatility.

After closing out 2016 at \$47.47, the Consolidated Fund unit price showed a steady increase throughout the first quarter to \$49.35 on March 31. The Quaker Green Fund followed the same steady pattern rising from \$35.25 on December 31 to \$36.51 on March 31. The Short Term Investment Fund (STIF) posted strong results with the unit value increasing from \$10.23 to \$10.27 during the first quarter, even as short term interest rates moved higher.

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Friends Fiduciary Corporation
1st Quarter 2017 Update
April 6, 2017

	Unit Values*		
	<u>Consolidated Fund</u>	<u>Quaker Green Fund</u>	<u>Short Term Fund</u>
December 31, 2016	\$47.47	\$35.25	\$10.23
January 31, 2017	\$48.27	\$35.84	\$10.25
February 28, 2017	\$49.22	\$36.42	\$10.27
March 31, 2017	\$49.35	\$36.51	\$10.27

* Unit values are presented net of fees. Consolidated and Quaker Green Fund unit values are also net of an accrual factor for the semi-annual distributions.

2017 Annual Investor Meeting:

Please join us for our Annual Investor Meeting on Wednesday, April 26, 2017 at the Wyndham Philadelphia Historic District, 400 Arch Street, Philadelphia, PA. This year's keynote speaker is Caitlin Webber, a government analyst at Bloomberg Intelligence specializing in international trade and immigration. She publishes research for investors on public policy impacts on companies and capital markets. Caitlin is a frequent guest on radio and television, and her work has appeared in The New York Times, The Washington Post, and Vanity Fair, among other media outlets. In addition to Caitlin's talk on "Trade and Immigration," Friends Fiduciary staff will share updates on our investment management and performance and highlight our shareholder advocacy work on behalf of Friends. For more information or to register, please contact us at info@friendsfiduciary.org or 215-241-7272.

2017 Standard Distribution Rates for the Consolidated and Quaker Green Funds:

The standard distribution rate for the Consolidated Fund in 2017 is 4.0%. The Consolidated Fund distribution amount per unit is \$0.94 in June 2017 and \$0.95 in December 2017.

The standard distribution rate for the Quaker Green Fund in 2017 is 3.5%. The Quaker Green Fund distribution amount per unit is \$0.62 in June 2017 and \$0.62 in December 2017.

If you have questions or concerns about the standard distribution rate, please contact our Chief Investment Officer, Rich Kent, or me at 215-241-7272.

Annual Independent Audit:

Copies of the Friends Fiduciary 2016 audit will be available to all constituent investor organizations by the end of May 2017. Simply email us at info@friendsfiduciary.org or call us at 215-241-7272. In addition, quarterly holdings lists are available to constituent investor organizations upon request.

If you have any questions about your statement, account or Friends Fiduciary, please don't hesitate to contact us at info@friendsfiduciary.org or 215-241-7272.

Sincerely,

Jeff Perkins

Executive Director