



ADDING VALUES TO STRONG PERFORMANCE.

July 7, 2017

**Dear Friends,**

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

**2017 Second Quarter Commentary and Performance Summary:**

Global stock markets enjoyed strong performance in the first half of 2017 as world economies expanded, central banks continued to support expansionary policies, and reported corporate profits improved from year ago levels. Investors in the Consolidated and Quaker Green Funds participated in the worldwide market moves through their significant exposures to international stocks. As measured by the EAFE Index (Europe, Australasia, and Far East), developed market stocks increased +14.2%, while stocks of smaller emerging economies posted an impressive +18.6% gain. The S&P 500 Index of large cap stocks led all domestic markets with a +9.3% increase followed by mid cap stocks (+8.0%) and small cap (+5.0%). Given the strong first half results, it would not be surprising—and, in fact, it would be healthy—to see markets pull back and consolidate their gains. Contrary to post-election predictions, inflation has remained subdued, allowing bond yields to drift lower and prices higher. The Bloomberg Barclays Aggregate Bond Index notched a modest gain of +2.3%. The Federal Reserve Bank increased its target fed funds rate in June by +0.25% to a range of 1.00%-1.25%, and with further rate increases likely later this year, we shortened the duration of our fixed income exposure with additions to the Short Term Investment Fund (STIF).

Continuing the positive trend from the first quarter, the Consolidated Fund unit price increased throughout the second quarter from \$49.35 on March 31 to \$50.64 on June 30. The Quaker Green Fund moved higher as well with an increase from \$36.51 to \$37.32. As shorter term bond yields rose from 1.19% to 1.38%, the Short Term Investment Fund (STIF) posted positive results with the unit value increasing from \$10.27 to \$10.29.

	Unit Values*		
	<u>Consolidated Fund</u>	<u>Quaker Green Fund</u>	<u>Short Term Fund</u>
March 31, 2017	\$49.35	\$36.51	\$10.27
April 30, 2017	\$49.89	\$36.89	\$10.29
May 31, 2017	\$50.46	\$37.13	\$10.30
June 30, 2017	\$50.64	\$37.32	\$10.29

\* 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.

[Continued on reverse]

Friends Fiduciary Corporation  
2<sup>nd</sup> Quarter 2017 Update  
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**Changes at Friends Fiduciary:**

**Shareholder Engagement** - I am very happy to report that Kate Monahan, who has been working at Friends Fiduciary as a Quaker Voluntary Service Alumni Fellow, has been hired to fill the new position of Shareholder Engagement Associate. This new position ensures that Friends Fiduciary has the ability to engage consistently and robustly with companies in our portfolios on the issues that the Friends care about. Kate has distinguished herself the past year, helping to highlight our work within our existing partnerships. In this past proxy season, with the capacity provided by Kate, Friends Fiduciary has filed shareholder resolutions with 29 companies and engaged another 11 in dialogue.

**Planned Giving Program** - Mimi Blackwell, J.D. has joined Friends Fiduciary as our Planned Giving Program Manager to expand and grow our Planned Giving Program. Mimi will work closely with existing organizations and introduce new organizations to Friends Fiduciary's planned giving services. These services include assisting in completion of and administering charitable gift annuities, pooled life income funds, and charitable trusts. Most recently, Mimi served as Head of School at Goshen Friends School in West Chester; she has a law degree and is looking forward to working with donors, monthly meetings, and Friends organizations to build the financial resources of the Quaker organizations we serve. The Planned Giving Program was started in early 2000 as part of Friends Fiduciary's commitment to serve and support Quaker meetings and organizations. It is a separate cost center within Friends Fiduciary and does not impact the expense ratio our commingled funds.

**Annual Independent Audit:**

Copies of the Friends Fiduciary 2016 audit were emailed to all account fund representatives last week. 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](mailto:info@friendsfiduciary.org) or 215-241-7272.

Sincerely,

*Jeff Perkins*

Executive Director