

NEYM Board of Managers of Investments & Permanent Funds

2019 Annual Report for fiscal year 4/1/2018 through 3/31/2019

The Board of Managers of Investments and Permanent Funds, is pleased to provide this 2019 Annual Report to New England Yearly Meeting.

This report marks the end of our first year of basing our distributions on the value of the fund rather than just distributing our income from interest and dividends which have decreased significantly over the years as a result of the low interest rates maintained by the Federal Reserve since 2008. The new basis for distributions is 4% of the average unit value at the end of the 3 previous years, or 1% each quarter which means the distribution amount is set at the beginning of the year.

In Fiscal Year 2019 ending on third month 31, 2019, annual income distributed to constituents from the Pooled Funds totaled \$0.1683577 per unit. The unit value rose from \$4.423645 to \$4.742263, an increase of 7.2%, which when combined with the distribution is a total return of 11.2% for the FY19. A history of the performance of the Pooled Funds including income and capital appreciation is attached to this report.

The distribution for FY2020 (fourth month 1, 2019 to third month 31, 2020) will be \$0.177424 per unit. It will be paid at a rate of \$0.0446560 per unit each quarter.

As of Third Month 31, 2019, the total market value of the Pooled Funds was \$11,154,951 with 50 separate constituent accounts. This was an increase of \$556,565 over the total value of \$10,598,386 in 2018. The total of the quarterly distributions to our constituents were \$405,172. More funds were withdrawn this year than invested resulting in a net withdrawal of \$196,174.

Expenses during the fiscal year ended on Third Month, 31, 2019 amounted to \$83,783 or 0.79% of the value of the fund at the beginning of the year. These expenses are generally lower than comparable investment vehicles.

For the benefit of the constituents, the Board of Managers manages the portfolio primarily to produce and distribute income and, through principal appreciation, increase the level of income distributed at a rate equal to or greater than the rate of inflation over the long term. Secondly, the Board seeks to increase the value of the principal invested. The Board seeks to generate this income by investing in companies whose businesses are aligned with Quaker testimonies. The Board seeks companies that are making a positive contribution to the world's need for goods and services and are providing work in a healthy, equal opportunity environment. Furthermore, The Board of Managers avoids investments that are inconsistent with Friends' testimonies, including companies that depend upon war materials, alcoholic beverages, tobacco or gambling, and companies that conduct unfair employment practices or pollute the environment. The policies and procedures are described in the Board of Manager Investment Guidelines & Procedures page which is available online at: <https://neym.org/board-managers/investment-guidelines-procedures>.

The Board of Managers reviews each company based on these principles before adding it to the Approved List. In addition, the Board follows a review process which is intended to insure harmony throughout the full lifespan of our investment in any company. Stock holdings (including preferred stocks) held in the portfolio will be reviewed by sector in a cycle so that all holdings are rescreened on a triennial basis after initial inclusion on the Approved List. The Board remains committed to investing a portion of the Pooled Funds in community developments. Currently, the Pooled Funds community investments amount to approximately 3% of the total portfolio.

Please be advised that I can provide any deposit, withdrawal and mailing information. If you have any questions or comments, please email the Board of Managers at neympooledfunds@neym.org, or call me at (617) 775-2338.

Yours in the Light,

Shearman Taber, Treasurer, NEYM Board of Managers of Investments & Permanent Funds

New England Yearly Meeting of Friends Pooled Funds - 2019

Comparative Figures for Fiscal Years Ending March 31

Income (per unit)	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Projected Distribution	\$0.0780	\$0.0720	\$0.0685	\$0.0600	\$0.0600	\$0.0495	\$0.0510	\$0.0490	\$0.0550	\$0.1684
Actual Distribution	\$0.0741	\$0.0683	\$0.0641	\$0.0630	\$0.0614	\$0.0519	\$0.0518	\$0.0451	\$0.0400	\$0.1684
Market Values										
Total Value (in thousands)	\$5,312	\$6,098	\$7,017	\$8,455	\$9,509	\$10,568	\$10,973	\$10,803	\$10,982	\$11,322
Total # of Units (in thousands)	1,837	1,887	2,105	2,450	2,512	2,622	2,701	2,609	2,482	2,387
Market Value Per Unit	\$2.8911	\$3.2309	\$3.3336	\$3.4510	\$3.7847	\$4.0297	\$4.0623	\$4.1409	\$4.4236	\$4.7422
Returns										
Appreciation	24.92%	11.75%	3.18%	3.52%	9.67%	6.47%	0.81%	1.93%	6.83%	7.20%
Income	<u>3.20%</u>	<u>2.36%</u>	<u>1.98%</u>	<u>1.89%</u>	<u>1.78%</u>	<u>1.37%</u>	<u>1.28%</u>	<u>1.11%</u>	<u>0.97%</u>	<u>3.81%</u>
Total	28.12%	14.12%	5.16%	5.41%	11.45%	7.84%	2.09%	3.05%	7.79%	11.01%
Lipper Balanced Fund Average	35.6%	11.9%	4.0%	9.0%	11.2%	6.1%	-2.3%	10.2%	8.1%	3.7%

Notes:

1. Except for the Lipper returns, return figures are rounded to the nearest .01%.

2. NEYM returns are simple annual rates of return, calculated net of expenses. The appreciation return is calculated by dividing the change in the market value per unit during the year by the beginning market value. The income return is calculated by dividing the income distributed per unit during the year by the beginning market value.

3. Please note that the NEYM Pooled Funds are subject to social and other constraints which are not applicable to the Lipper Balanced Fund Average.

NEYM Pooled Funds

FY 2019 –Year End Financial Report

	Total
<u>Market Value – April 1, 2018</u>	\$10,598,385.61
<u>Change in Market Value (before Dist.)</u>	\$1,019,786.45
Income for Qtr:	
Dividends & Interest	\$215,671.91
Community Funds	\$6,235.61
Total Income	<u>\$221,907.52</u>
Expenses for Qtr:	
Bank fee	(\$5,135.69)
Advisor fee	(\$77,397.00)
Bookkeeper fee	(\$1,250.00)
Other Expenses	\$0.00
Total Expense	<u>(\$83,782.69)</u>
Net Income:	\$138,124.83
Quarterly Distribution	(\$405,171.61)
Adj'd Market Value	\$11,351,125.28
Additions to Pool	
Net Deposits	(\$254,526.60)
Total Reinvestments	\$58,352.67
Net Additions	<u>(\$196,173.93)</u>
Market Value – March 31, 2019	\$11,154,951.35
Expense - % of Assets	0.79%

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NEYM Pooled Funds

FY 2020 – Q1 (Apr-June) Financial Report

		Total Value	Unit Value	# of Units
<u>Market Value (April 1)</u>		\$11,154,951.35	4.742263	2,352,242
Change in Market Value		\$400,360.27		
Income for Qtr:				
Dividends & Interest	\$38,984.59			
Community Funds ^A	<u>\$1,356.64</u>			
Total Income	\$40,341.23			
Expenses for Qtr:				
Bank fee	(\$1,343.82)			
Advisor fee	(\$19,989.00)			
Bookkeeper fee	(\$250.00)			
Other Expenses	\$0.00			
Total Expense	<u>(\$21,582.82)</u>			
Net Income:		\$18,758.41		
Quarterly Distribution ^B		<u>(\$104,336.10)</u>		
Adj'd Market Value (June 30)		\$11,469,733.93	4.876085	2,352,242
Additions to Pool				
Net Deposits	(\$6,373.17)			
Total Reinvestments ^C	\$18,029.62			
Net Additions		\$11,656.45		
Market Value (July 1)		\$11,481,390.38	4.876085	2,354,633

Footnotes:

- A A small portion of the Fund is in bonds issued by community based non-profit organizations located in New England
- B Distribution is based on \$0.04208943 per Unit held during the Quarter – This level will be held constant thru the fiscal year which ends March 31
- C The total Distributions for the accounts reinvesting their income in the Fund

NEYM Pooled Funds

FY 2020 – Q2 (Jul – Sept) Financial Report

		Total Value	Unit Value	# of Units
<u>Market Value</u>	1-Jul-19	\$11,481,390.36	4.876085	2,354,633
<u>Change in Market Value</u> (before Distribution)		\$40,503.47		
Income for Qtr:				
Dividends & Interest	\$ 49,704.93			
Community Funds ^A	<u>\$1,300.00</u>			
Total Income	\$51,004.93			
Expenses for Qtr:				
Bank fee	(\$1,390.60)			
Advisor fee	(\$20,255.00)			
Bookkeeper fee	(\$250.00)			
Other Expenses	<u>\$0.00</u>			
Total Expense	(\$21,895.60)			
Net Income:		\$29,109.33		
Quarterly Distribution ^B		(\$104,442.13)		
Adj'd Market Value	30-Sept-19	\$11,446,561.03	4.861293	2,354,633
Additions to Pool				
Net Deposits	\$86,008.00			17,692
Total Reinvestments ^C	\$18,147.12			3,733
Net Additions		\$104,155.12		
Market Value	1-Oct-19	\$11,550,716.15	4.861293	2,376,058

Footnotes:

- A A small portion of the Fund is in bonds issued by community based non-profit organizations located in New England
- B Distribution is based on 0.044356015 per Unit held during the Quarter – This level will be held constant thru the fiscal year which ends March 31
- C The total Distributions for the accounts reinvesting their income in the Fund