

NEYM's Board of Managers for Investment and Permanent Funds

Understanding Quaker Meeting Finances and the Role of the Pooled Funds



W • E • B • I • N • A • R

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Our Presenters

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Who we are

The Board of Managers of Investment and Permanent Funds is a committee of New England Yearly Meeting and is responsible for management and investment, consonant with Friends principles, of Yearly Meeting funds and funds entrusted to it by meetings, schools, and other Friends organizations for the purpose of maintaining a source of continuing income and growth. The Board uses the services of a professional investment advisor and a sound bank as custodian for protection and safekeeping of the assets.

What we do

- *The purpose of the Pooled Funds is to provide an investment vehicle to New England Friends' organizations or to other organizations serving Friends' purposes which:*
 - Affirms Friends' testimonies;
 - Provides professional long-term investment management;
 - Distributes income quarterly; and,
 - Offers participation in a diversified portfolio to individual organizations that may not be able to achieve adequate diversification by investing their funds alone.

We are Friends

- We represent our constituents in New England Yearly Meeting
- Our meetings are open to all in NEYM
- We are flexible and can respond quickly to Friend's interests
 - When YAFs came to us with climate change concerns we were able to modify our investment policies and use their guidance to look at related issues
 - Pooled Funds have never invested in U. S. Treasury instruments, because of their intimate connection to financing warfare and war making, which is in conflict with Friends' Peace Testimony
 - We are currently looking at the Pharmaceutical industry in light of drug pricing and CEO salaries
 - We stopped investing in Facebook when we became aware of their data privacy issues

Distribution process

- In February 2018, the Board of Managers revised the procedure to calculate quarterly distributions to the meetings participating in the fund. Having listened to the needs and concerns of many treasurers of participating meetings, the new formula is designed to:
 - Provide a predictable income stream to each participating meeting
 - Optimize the amount of income distributed
 - Preserve and grow the total value of the fund
- The new process distributes **4% of the total value of your individual account fund** (including all interest, dividends, and capital gains or losses), as calculated at the end of the fiscal year based on a rolling average of the prior three years' fund balances.

Starting an account or Withdrawing funds

- Fund transactions occur only at the close of the quarter, based on unit value calculations as of that date. So, any deposits received during the course of the quarter will be placed in a holding account until then.
- The minimum investment to join the Pooled Funds is \$5,000
- In order to keep our fees low, funds will be distributed approximately two weeks after the end of a quarter.
- Request can be made anytime but should be received at least two weeks before the end of the quarter.

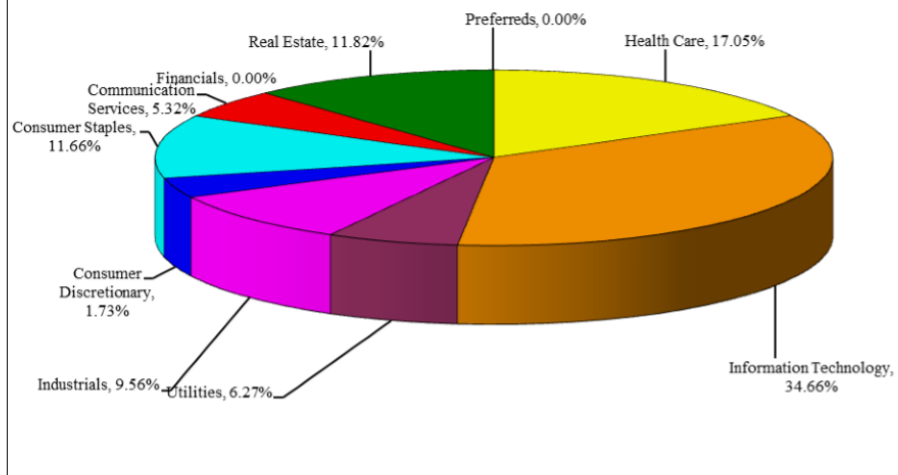
Returns

- 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.
- 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.

Asset Allocation as of 9/30/19

Asset Class	6/30/19 \$ Mkt Val.	6/30/19 Allocation	9/30/19 \$ Mkt Val.	9/30/19 Allocation
Cash	431,546	3.73%	682,748	5.86%
Equity				
Domestic Stock	6,749,375	58.31%	6,506,565	55.86%
Int'l Stock	0	0.00%	0	0.00%
Real Estate	783,180	6.77%	871,905	7.49%
Total Equity	7,532,555	65.08%	7,378,470	63.34%
Fixed Income				
Domestic	3,269,969	28.25%	3,247,023	27.88%
International	0	0.00%	0	0.00%
Com. Lending	340,000	2.94%	340,000	2.92%
Total Fixed	3,609,969	31.19%	3,587,023	30.79%
Total	11,574,070	100.00%	11,648,241	100.00%

Equity Holdings as of 9/30/19



How we invest

- 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.

We review all investments

- Our equities review includes research on their standing with:
 - **Calvert US Large Cap Responsible Index Fund**
 - **Center for Political Accountability**
 - **Newsweek's Green Ranking**
 - **Carbon Disclosure Project**
 - **CSR Hub**
 - **Censible**
 - **Interfaith Center for Corporate Responsibility**
 - **Ethisphere Institute**
 - **Human Rights Campaign**
 - **Diversity Inc.**

Using our Quaker lens

- We look at equities for:
 - **Social responsibility**
 - **Political accountability**
 - **Environmental impact**
 - **LGBTQ inclusion**
 - **Board diversity**
 - **Data privacy**
 - **Working environment and employee ratings**

Community loans investments

- The Board of Managers is committed to investing for impact in our New England community.
- Community loans were 9.5% of our Bond Portfolio as of 9/30/19.
- For example, we are invested in the **New Hampshire Community Loan Fund**. They turn investments loans and education to create opportunity and transform lives across New Hampshire. The New Hampshire Community Loan Fund collaborates with a wide range of donors and investors, and with business, nonprofit and government partners. This fund focuses on:
 - Manufactured-Home Loans
 - Resident-Owned Communities
 - Small Business
 - Local Food
 - Nonprofits
 - Child Care Providers
 - Multi-Family Housing
- A CDFI (Community Development Financial Institutions) Industry Analysis Summary Report produced by the Carsey Institute estimated the charge-off's for all types of community loans was 2.0% or less.

Our expenses

- **The total fee for our fund is 0.765%**, or 76.5 basis points.
- The breakdown for managing the pooled funds is as follows:
 - 0.70% for The de Burlo Group to manage the portfolio;
 - 0.05% to US Bank for custodial services;
 - 0.008% for book keeping services;
 - 0.007% for institutional brokerage commission charges

Returns example

Investment returns through 9.30.19 for a constituent with \$100,000 invested

- It would cost **\$765 annually for us to manage \$100,000**. As point of comparison, Friends Fiduciary charges 0.78% for their Growth & Income Fund and 0.90% for their Green Fund. The costs for managing \$100,000 in the F.F. Growth & Income is \$780 annually; and the cost for managing the F.F. Green Fund is \$900 annually. Most mutual funds charge between 0.75% up to 1.1%, or even higher.
- **NEYM's return over 1 year**, ending 9.30.19 was 7.5%. On \$100K invested, there would be a gain of \$7.5K. This return is stated gross of fees. Therefore, the return net of fee is approximately 6.735%, or a gain, net of fee of \$6,7K.
- **NEYM's return over 3 years annualized** was 9.6% gross of fees, each year over the past 3 years ending 9.30.19. On \$100K invested, there was a gain of \$9.6K each year for 3 years, or a total of approximately \$28.8K. Net of Fee, the return was: approximately 8.835% per year for 3 years. The dollar return was therefore: \$8,835 each year, or a total of approximately \$26,500 for the 3 years time period.
- **NEYM's return over 10 years annualized** was 9.1% gross of fees, each year over the past 10 years. On \$100K invested, there was a gain of \$9.1K each year for 10 years, or a total of approximately \$91K. Net of Fee, the return was: 8.335% per year for 3 years. The dollar return was therefore be: \$8,335 each year, or a total of approximately \$83,350.

For comparison

- **Friends Fiduciary's Growth & Income Fund***
 - **Friends Fiduciary's Growth & Income Fund** appreciated by 4.58% gross of fees over the 1 year, ending 9.30.19. With a fee of 0.78%, the net return was 3.80%. On \$100K, the net return in dollar terms was \$3,800.
 - **The F.F. Growth & Income Fund over the 3 years** ended 9.30.19: The F.F. Growth & Income Fund appreciated by 9.05% on an annualized basis, gross of fees over 3 years. With a fee of 0.78%, the net returns was 8.27% on an annual basis over 10 years. On \$100K, the net return in dollar terms was \$24,800.
 - **The F.F. Growth & Income Fund over the 10 years** ended 9.30.19: the Fund appreciated by 9.10% on an annualized basis, gross of fees over 10 years. With a fee of 0.78%, the net returns was 8.32% on an annual basis. On \$100K, the net return in dollar terms was \$83,200 over 10 years.
- **Friends Fiduciary's Green Fund***
 - (b) **Friends Fiduciary's Green Fund** appreciated by 3.49% gross of fees over the 1 year ending 9.30.19. With a fee of 0.9%, the net return was 2.59%. On \$100K, the net return in dollar terms was \$2,590.
 - **Friends Fiduciary's Green Fund** appreciated by 8.55% gross of fees over the 3 year ending 9.30.19. With a fee of 0.9%, the net return was 7.65%. On \$100K, the net return in dollar terms over the 3 years was a total of \$22,950.
 - **Friends Fiduciary's Green Fund** ,did not exist 10 years ago and therefore does not have performance information.
- **Another Benchmark is the Lipper Balanced Fund Index**
 - This does not include fee information, and therefore, no net of fee return calculations
 - For the **Lipper Balanced Fund Index**: the **1 Year** return ending on 9.30.19, was 4.10%.
 - The **3 year** return on an annualized basis ending on 9.30.19, was 7.0% on an annualized basis over 3 years.
 - The **10 year** return on an annualized basis ending on 9.30.19, was 7.30% on an annualized basis over 10 years.

**Information regarding investment returns and fees was provided by The de Burlo Group and taken from the Friends Fiduciary website (January 2020).*

BOM Communications

- Constituents receive a NEYM Pooled Funds Report end of each quarter.
- We provide our annual report on the NEYM website at <https://neym.org/committees/board-managers>.
- You will find more information including our investment guidelines on the NEYM website also.
- This webinar is the first in what is intended to be an annual January event for all members and affiliates of NEYM, whether they are currently Pooled Fund constituents or not.
- We welcome feedback on how the Board can improve this communication approach and be more responsive to your Meeting's need for information.

BOM Meeting Schedule

2nd Wednesday of the month
1:45 pm Beacon Hill Friends House

Meeting Date	Discussion
February 12, 2020	Quarter Four 2019
May 13, 2020	Quarter One 2020
August 2020	Sessions Meeting
September 9, 2020	Quarter Two 2020
November 11, 2020	Quarter Three 2020
February 10, 2021	Quarter Four 2020
May 12, 2021	Quarter One 2021

Board of Managers Members

Name	Home Meeting
Roberta Chicos	Friends Meeting at Cambridge
Matthew Hackman	Providence Monthly Meeting
Ian Harrington	Friends Meeting at Cambridge
Edward Mair	Amesbury Monthly Meeting
Kathleen Malin, clerk	Smithfield Monthly Meeting
Jeanne McKnight	Wellesley Monthly Meeting
Rowan Spivey	Brunswick Friends Meeting
Robb Spivey	Brunswick Friends Meeting
Shearman Taber, treasurer	Beacon Hill Friends Meeting
Joseph Tierney	Friends Meeting at Cambridge

We need you...

- Please let us know if you would be interested in serving on the BOM.
- We work with NEYM's Nominating Committee to find members.
- We are looking for your feedback.
 - Please let us know your thoughts on our communications and reporting
 - Our goal is to provide timely and helpful information to our constituents

Thank you!

- Please feel free to contact neympooledfunds@neym.org
- Visit the NEYM BOM website for our materials
- <https://neym.org/committees/board-managers>