

Board of Managers for Investment and Permanent Funds

Permanent Board Report for Second Month 2020

Uniqueness of the NEYM Pooled Funds

The NEYM Pooled Funds is unique in its commitment to making the creative tension between providing a market competitive rate of return and distributing income to those Meetings that depend on it. As stated in the Investment Guidelines, posted on the NEYM website:

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.

The NEYM Pooled Funds is a community effort: Each participating Meeting is expanding the benefit of its invested funds to help all the Meetings in New England.

The Role of the Board of Managers

The Board of Managers (BOM) is unique in itself in that it is comprised of members from all NEYM Meetings to reflect the interests of NEYM as a whole. The BOM insures that investments are made that affirm NEYM Friends' testimonies. Before being approved for investment, each equity and bond vehicle is reviewed by the Board on a continuous basis to ensure that the company and the products it offers are consistent with NEYM beliefs. BOM also reviews every three years its relationships with its investment advisor, the deBurlo Group, and its trustee institution, US Bank, to insure that these companies are providing the best service available in the marketplace and that the companies follow practices consistent with our NEYM Quaker values.

Also, because of strong convictions of past BOM members, social actions have been instituted, such as: maintaining 3% of the funds are invested in local New England social enterprises; and, voting all stockholder proxies. No other fund is this proactive in insuring that investments are working for our beliefs.

Furthermore, the BOM takes actions to support the individual needs of Meetings. For example, when the Beacon Hill Friends House needed to secure a loan for renovations, the BOM and the deBurlo Group, worked with BEFH and its loan institution to determine how its share of the Pooled Funds could be used as collateral. No other pooled fund management group would get involved in this manner to help a particular meeting.

Board of Managers Update

- Currently the Board of Managers is comprised of nine representatives from our constituents and three ex-officio members. We have an opening to replace Andrew Pang who completed his term in August 2019.

- On November 17, 2019, Winthrop Center Friends became our latest constituent when they approved moving their investment funds to the NEYM Pooled Funds.
- In January 2020 we held a webinar for anyone interested in the Board of Managers. We shared a copy of the presentation slides with everyone who attended and they are available on the NEYM website.

Financials

The de Burlo Group are our investment advisors. Mike Shade, CFA **Senior Portfolio Manager**, works directly with our Committee. We regularly look at our options and members of our committee have meet with Friends Fiduciary and Everence.

- **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
- 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.
- At the end of Quarter 3 2019, the total market value of the Pooled Funds was **\$11,648,241**.
- 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
- This distributes 4% of the total value of individual account funds (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.

We are honored to represent our constituents in New England Yearly Meeting. 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

Our next meeting is May 13, 2020 at Beacon Hill Friend House at 1:45 pm. Everyone is welcome to join us.

In peace,

Kathy Malin

Clerk, Board of Managers for Investment and Permanent Funds