

**Investment Procedures
for Current & Prospective Constituents
New England Yearly Meeting Pooled Funds**

1. What are the New England Yearly Meeting Pooled Funds and their purpose?

The Pooled Funds are assets held by New England Friends' organizations or by other organizations serving Friends' purposes which are commingled and managed as a single portfolio in a manner similar to a mutual fund by the Board of Managers for the benefit of the constituent organizations. Each constituent retains its share of ownership of the Pooled Funds proportional to the total portfolio.

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:

1. Affirms Friends' testimonies;
2. Provides professional long-term investment management;
3. Distributes income quarterly, and
4. Offers participation in a diversified portfolio to individual organizations that may not be able to achieve adequate diversification by investing their funds alone.

2. Who should be interested in the Pooled Funds?

Friends' organizations or other organizations serving Friends' purposes looking for investments with the characteristics listed above should consider investing in the Pooled Funds. These funds are intended to provide a predictable flow of income, achieve some capital appreciation for assets that are to be invested over a long period of time, and are especially appropriate for organizations with a minimum of \$2,000 to invest, but do not have sufficient sums, nor sufficient expertise to manage funds professionally. They are not appropriate for funds that will be invested for less than five years, nor for funds that cannot tolerate substantial fluctuation in the value of the principal, nor funds that are primarily interested in growth of principal.

3. Who manages the Pooled Funds?

The Pooled Funds are managed by the Board of Managers of Investments and Permanent Funds. The New England Yearly Meeting Nominating Committee selects ten New England Yearly Meeting members who serve staggered terms of five years each on the Board. The Board is assisted and guided by a professional advisor, currently The de Burlo Group, Inc., Boston, Massachusetts. Also, the NEYM Treasurer and the Clerk of the Finance Committee are ex officio members of the Board. A bank custodian (currently Charles Schwab) holds the securities and cash, collects the income and distributes income and principal on instruction from the Board of Managers Treasurer.

4. How does an organization participate?

Organizations may "buy" units in the Pooled Funds as they would buy shares in a mutual fund. The price of a unit is determined on the last day of each calendar quarter, rather than daily. These are the steps:

- a. An authorized member of the organization wishing to participate should contact the Board Clerk or Treasurer to discuss the suitability of the proposed participation. The New England Yearly Meeting office can provide the name and phone number of the current Clerk of the Board of Managers. Contact information is available on the NEYM website.
- b. The Board Clerk will ask for a minute from the participating organization stating the amount and intent of the participation. For the sake of this explanation, the funds to be added will be called “New Fund.”
- c. The Board Clerk or Treasurer will direct the participant to send the assets constituting the New Fund to the Pooled Funds Custodian and will let the Custodian and Investment Advisor know when to expect the New Fund assets. If you wish to make the deposit by wire transfer or ACH, please contact the Treasurer for instructions. Please note that you must make the Treasurer aware of any deposits you make independent of any contact with the Custodian.
- d. The New Fund assets will be held until the end of the calendar month in which they were received, if the assets are cash. If the assets are not cash but other liquid securities (non- liquid assets will not be accepted), those securities will be sold, and the net proceeds will be held until the end of the calendar month unless, upon consultation, the Investment Advisor recommends that the securities be added to the Pooled Funds. The new funds will be held in a cash account until the end of the calendar month.
- e. At the end of the month the value of the assets in the Pooled Funds will be appraised and a unit value will be established by the Treasurer of the NEYM Pooled Funds Board of Managers. This value is calculated by taking the total market value of the principal of the Pooled Funds and dividing it by the total number of units already invested. The New Fund assets will purchase shares in the Pooled Funds as of the first day of the following month, and thereon will be added to the Pooled Funds. The number of shares will be determined by taking the value of the New Fund assets and dividing the total by the unit value.

5. Can subsequent additions be made?

Subsequent additions can be made by the same process. Only one addition may be made per month, and it must be at least \$500. The price per unit will be the unit value at the end of the month in which the addition is made.

6. How can an organization withdraw assets from the Pooled Funds?

- a. The Treasurer or Clerk of the Board of Managers should be informed that the organization wishes to withdraw some or all of its funds. The Treasurer or Clerk will ask for a copy of the minute documenting the request for withdrawal and directions as to disbursement and will inform the Investment Advisor and Custodian as to the amount of the withdrawal request.
- b. At the end of the calendar month in which the request was made, the Treasurer will calculate the number of units being withdrawn by dividing the dollars requested by the month end unit value. The Custodian will disburse the funds according to the Treasurer’s instructions as soon as possible after the close of the quarter. If a constituent wishes to withdraw completely, the Treasurer will calculate the dollar amount by multiplying the month end unit value by the number of units the participating organization holds.

It is important to note that only one withdrawal may be made per calendar month, and it must be no less than \$500. The number of units withdrawn will be based upon the unit value as of the month end following the request.

If the total being withdrawn constitutes more than 10% of the total value of the Pooled Funds, the participating organization may be charged for the costs of liquidating securities.

7. What is a unit value?

A unit value is the equivalent of a mutual fund share price, where the Pooled Funds constitute the mutual fund. When the Pooled Funds were set up in 1968 the unit value was established at \$10 per share. In 1975 there was a ten-for-one split. Unit values are calculated at the end of each calendar month by taking the total market value of the principal and dividing it by the total number of participating units.

8. How is income distributed?

All income earned on the Pooled Funds during each calendar month net of expenses is distributed to the participating organizations in the month following the end of the month. Management fees, custodial fees and any other administrative fees are subtracted from income before the income is distributed. The amount distributed is determined by the number of units each organization holds. Monthly income is distributed only to units that have participated for the entire month.

At the beginning of each fiscal year (which starts April 1) the Board estimates the income per unit for the coming year and, in the Annual Report, informs each constituent so that the organization may budget accordingly. While this is only an estimate, in past years the Board has usually been able to distribute more income than it had originally projected. If an organization so chooses, it may purchase additional units with its monthly income instead of taking the income as a distribution.

9. How have the Pooled Funds performed and how much do they cost?

The Pooled Funds have performed well over the long-term relative to their investment objectives. Current and historical data showing the annual unit values and income earned per unit after expenses are shown on the Pooled Funds annual reports available on the NEYM website. Past performance, however, is not a guarantee of future performance.

All members of the Board of Managers serve gratis. The costs of management, including advisor, custodial and meeting place fees, are paid out of income prior to distribution.

Thus each participating organization pays its proportional share.

10. Where and When does the Board Meet?

Currently, meetings are held via video conference although generally the August meeting is held at New England Yearly Meeting Sessions. Visitors are always welcome at meetings, but should contact the Clerk of the Board for the time of the meeting.

11. How does the Board of Managers make decisions?

In accordance with the Investment Guidelines included in this document, the Investment Advisor in consultation with the Board of Managers selects stocks and bonds to purchase or sell in order

to meet the objectives of the Pooled Funds. Execution of transactions is done by the Investment Advisor.

Between meetings the Board may decide after discussion by telephone or email to take action in consultation with the Investment Advisor if circumstances warrant it.

12. How and what information is reported to the participating organizations?

After the end of each calendar month the Administrator sends each participating organization a statement as of the end of the month showing the current market value of that constituent's investment in the Pooled Funds and the constituent's share of net income for the month. The report includes the constituent's total number of units invested in the Pooled Funds during the month. In addition, the Administrator distributes a quarterly Fact Sheet for the Pooled Funds to each constituent's Treasurer.

In June of each year, following the close of the Pooled Funds' March 31 fiscal year, the Treasurer in conjunction with the Investment Advisor prepares an annual report which is distributed to all participating organizations, and published in the NEYM Annual Report. The Pooled Funds Annual Report 1) comments on the events of the fiscal year, 2) provides a projection of the new fiscal year's income distribution and 3) reports the market value per unit, total income distributed per unit for the fiscal year just ended, total return per unit and comparable information for prior years.