

NEYM Board of Managers of Investments & Permanent Funds

Presented to New England Yearly Meeting of Friends, 2008

2008 Annual Report for fiscal year 4/1/2007 through 3/31/2008

The Clerk, on behalf of the Board of Managers of Investment and Permanent Funds, is pleased to provide this 2008 Annual Report to New England Yearly Meeting.

In the fiscal year ended March 31, 2008, annual income distributed to constituents from the Pooled Funds after payment of expenses totaled \$9.85 per 100 units (*i.e.* \$0.0985 per unit). This distribution is in excess of the \$8.00 per 100 units (\$0.08 per unit) that the Board had suggested budgeting for Fiscal Year 2008. For the period April 1, 2008 through March 31, 2009 we suggest that you budget \$8.00 per 100 units (\$0.08 per unit) in distributions.

The Pooled Funds are a balanced fund, investing in both stocks and fixed income securities, and are managed primarily with the objective of generating a stable and predictable income stream for constituents. Moreover, the Board seeks to generate this income by investing in companies whose businesses are aligned with Quaker testimonies. The policies and procedures are described in the *Green Book*, which is available online at www.neym.org or by request from the Board of Managers.

In the first half of the year, the Board focused attention on the diversification of portfolio into international opportunities. It is often difficult to discern how well corporations outside of the United States follow responsible behavior consistent with our Quaker values. However, our objective is to identify those companies outside the US in order to promote responsible social and economic activity abroad. This year we added Suntech, a Chinese solar cell manufacturer, to the portfolio. The uncertainty in the markets here and abroad during the second half of the year kept our investments in stocks at a minimum.

The Board has continued to develop its proactive involvement on behalf of its constituents in: (1) community fund investments; (2) shareholder resolutions, particularly focusing on environmental policies of companies that use large amounts of nonrenewable resources; and, (3) vigilant proxy voting. In 2009 we will continue to consider these opportunities within our committee work and determine how best to insure that these activities continue even when the composition of the Board changes over time.

For the period from April 1, 2007 through March 31, 2008, the NEYM Pooled Funds had a total return (income plus change in market value of a unit) net of all expenses of 0.72%. This consists of a distribution of income per unit to beneficiaries of 3.23% and a decrease in the market value of 2.51%. A history of the performance of the Pooled Funds including income and capital appreciation is attached to this report.

As of March 31, 2008, the market value of the Pooled Funds was \$5.6 million with 29 participating organizations and a total of 36 accounts. Because of consolidation among NEYM's accounts, the number of accounts declined by 2. No new accounts were added this year. The market value of the fund decreased by \$116,000, while the total number of units increased by 8,819.

We invite you to attend our workshop, "Managing Quaker Money," at the New England Yearly Meeting in Smithfield, Rhode Island, Wednesday, August 6th. Members of all participating organizations and any other interested members of New England Yearly Meeting are welcome. The workshop will be an open discussion about the Board practices of selecting investment opportunities to create a portfolio with a reliable income stream while insuring those companies are in keeping with Quaker values. We will also discuss how the Board has taken steps to further social objectives consistent with Quaker values through community fund investing, voting proxies and submitting shareholder resolutions. More information about the workshop will be included in the enrollment packet sent by the NEYM Worcester office.

Yours in the Light,

Roberta Chicos

Clerk, NEYM Board of Managers of Investments & Permanent Funds, 2008

New England Yearly Meeting of Friends Pooled Funds

Comparative Figures for Fiscal Years Ending March 31

Income (per unit)	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Projected Distribution	\$0.0830	\$0.0810	\$0.0800	\$0.0810	\$0.0810	\$0.0720	\$0.0750	\$0.0780	\$0.0780	\$0.0800	\$0.0800
Actual Distribution	\$0.0865	\$0.0818	\$0.0835	\$0.0902	\$0.0812	\$0.0766	\$0.0797	\$0.0791	\$0.0869	\$0.0985	
Market Values											
Total Value (in thousands)	\$4,894	\$5,009	\$4,447	\$4,450	\$4,000	\$4,667	\$4,756	\$5,283	\$5,663	\$5,559	
Total # of Units (in thousands)	1,900	1,893	1,738	1,751	1,737	1,746	1,800	1,807	1,864	1,873	
Market Value Per Unit	\$2.5761	\$2.6469	\$2.5555	\$2.5414	\$2.3029	\$2.6601	\$2.6415	\$2.9238	\$3.0385	\$2.9684	
Returns											
Appreciation	1.35%	2.75%	-3.45%	-0.55%	-9.38%	15.51%	-0.70%	10.69%	3.92%	-2.51%	
Income	<u>3.40%</u>	<u>3.18%</u>	<u>3.15%</u>	<u>3.53%</u>	<u>3.19%</u>	<u>3.32%</u>	<u>3.00%</u>	<u>2.99%</u>	<u>2.97%</u>	<u>3.23%</u>	
Total	4.75%	5.92%	-0.30%	2.98%	-6.19%	18.84%	2.30%	13.68%	6.90%	0.72%	
Lipper Balanced Fund Average	6.47%	10.45%	-6.26%	1.46%	-13.29%	23.58%	4.28%	9.43%	8.8%	-1.7%	

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 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. The total return for FY 08 compounded quarterly is 0.67%.

3. On an annualized basis over the past five years, the NEYM Pooled Funds returned 8.27% per year after deducting management and administrative fees as compared to a return of 8.57% for the Lipper Balanced Fund Average. Over the past ten years, the Pooled Funds returned 4.75% per year net of fees as compared to a return of 3.88% per year for the Lipper Balanced Fund Index.