

Homewood Investment Funds

Trustees have decided that we should invest in mutual funds rather than individual stocks, so that professional managers are managing our funds for us. Our decisions about which mutual funds to invest in is **guided by four major concerns:**

- 1) A fund must be a **socially responsible fund managed to be in keeping with our Quaker values.** Munitions, polluting energy companies, etc. must be excluded or minimized. Funds are favored if they invest in alternative energy companies and other environmentally protective companies.
- 2) **A fund must invest in companies that meet our standards of corporate governance.** The invested businesses should have stated policies and demonstrated practices in consonance with Quaker values such as equal-opportunity hiring practices; respect for employees; a reasonable ratio of management/employee compensation; providing health care, vacation, profit-sharing and other progressive benefits to their employees. In short, is it a good place to work for both management and employees?
- 3) The fund management should engage in **shareholder advocacy** by actively seeking to influence their invested companies to improve their policies in both social responsibility and corporate governance. All mutual funds that label themselves as socially responsible claim to work in shareholder advocacy, but many only piggy-back their efforts on the initiatives of other funds or merely give lip-service to the concept.
- 4) Financial returns. We seek to get the **greatest possible financial return** for the Meeting. One way to do this is to invest only in funds that have either an average or smaller than average management fee. Funds that charge hidden fees or transactions fees, such as the Templeton Social ResponsibilityFund, are therefore easily eliminated from consideration.

How do our current investment funds comply with these guidelines?

The Trustees currently have investments in three mutual funds:

Trillium Asset Management

- Very socially responsible
- In-house funds managers, but primarily Cheryl Smith (founder). General management philosophy, but individually tailored to our specific requests.
- Strongest advocacy work among our three funds - most initiative advocacy (not a tag-along to other funds advocacy initiatives).
- Fees standard at 1% - no other fees
- Performance - well overall (above S&P and other averages), but better in a down market than PAX.
- Most of Meeting's withdraws for operating funds are from this fund, because they are so easy to work with.

Pax World Balanced Fund

- Long-standing socially responsible fund. Many other Quaker organizations have invested with them.
- We rely on their stated screening standards and a careful review of their invested companies to ensure that they maintain quality in their social responsibility.
- Not as active in share holder advocacy as the other funds, but they have been improving over the years.
- **Fees** – not explicitly stated in quarterly statements, but .92% - .95%
- **Performance** - Generally the best performer of our three funds, particularly in an up market.
- Somewhat **difficult to work** with because of imposed limitations on withdraws and their strict signature requirements.

Friends Fiduciary Fund

- Added this fund in 2014, gradually transfer from Pax to Friends Fiduciary.
- Invested in ***Sustainable Opportunities*** fund one of three options. Will consider moving to ***Green Fund*** after it has more of a performance track record. Quaker run fund with the highest level of screening standard of the 3 funds in excellent correspondence with our Quaker values.
- Unique management approach - screening standards are communicated with several different outside management companies with expertise in specific market areas, (like small cap growth funds or banking and financial) FF managers then review their screening performance and request changes as necessary.
- **Advocacy work** = only slightly behind that of *Trillium* and is gradually getting more comprehensive. They communicate their advocacy via a quarterly newsletter.
- **Performance** - still getting more of a reading on their performance, but they outperformed the other two funds in the generally down market of 2015.
- **Fees** -not explicitly stated in reports, are pegged at 75 basis points or .75%, the lowest of our three funds.
- Send us money every six months based on a low percentage of total value (currently 4.25% annual)