Dear Friends,

Thank you for investing with Friends Fiduciary! This is the 2018 fourth quarter update with important news and information about Friends Fiduciary and your account with us.

2018 Fourth Quarter Summary:
Even the casual observer probably couldn’t help but notice the sharp spike in stock market volatility in the fourth quarter 2018. Brought on by growing investor anxiety over rising interest rates and trade tensions with China, the often referenced Dow Jones Industrial Average saw daily moves of more than ±1% on 44% of the trading days in 4Q18 compared to just 22% of the trading days in the first three quarters of the year. Other measures of market volatility like the CBOE Volatility Index hit extreme levels seen only five times in the past ten years and usually reserved for big events like the global commodity melt down of 2015 or the 2008 financial crisis. While daily gyrations of the stock market may stoke fears of broader economic problems, the underlying fundamental data continues to point to an expanding domestic economy, albeit at a slower expected GDP growth rate of about +2% in 2019 compared to +2.9% in 2018. There are pockets of weakness in some sectors of the economy, most notably residential housing; but, unemployment is expected to remain below 4% in 2019 and consumer spending should equal the 2018 rate of growth +2.7%. Ignoring positive fundamentals, equity benchmarks dropped sharply in 4Q18 with the S&P 500 falling -13.5%, the Russell 2000 Index of small cap stocks dropping -20.2%, and international equities dropping -11.5%. On a positive note, fixed income markets moved slightly higher with domestic bonds appreciating +1.6% and global bonds rising +2.5%.

Favorable diversification offered by the Quaker Growth & Income Fund allowed investors to participate in the positive moves in the bond market and helped to offset some of negative moves in equities; however, not totally immune from market weakness, the unit price of the Quaker Growth & Income Fund closed out the fourth quarter at $48.64, down from $54.39 at the beginning of the quarter. The Quaker Green Fund also ended the quarter lower at $35.61, as did the Quaker Index Fund at $36.89. The Short Term Investment Fund posted a positive quarter with an increase of $0.08 per unit, closing at $10.44.

<table>
<thead>
<tr>
<th>Fund Unit Values</th>
<th>Growth &amp; Income</th>
<th>Quaker Green</th>
<th>Quaker Index</th>
<th>Short Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2018</td>
<td>$54.39</td>
<td>$39.88</td>
<td>$42.32</td>
<td>$10.36</td>
</tr>
<tr>
<td>October 31, 2018</td>
<td>$50.90</td>
<td>$37.55</td>
<td>$39.53</td>
<td>$10.36</td>
</tr>
<tr>
<td>November 30, 2018</td>
<td>$51.80</td>
<td>$38.09</td>
<td>$40.53</td>
<td>$10.38</td>
</tr>
<tr>
<td>December 31, 2018</td>
<td>$48.64</td>
<td>$35.61</td>
<td>$36.89</td>
<td>$10.44</td>
</tr>
</tbody>
</table>
Friends Fiduciary Corporation  
4th Quarter 2018 – Update  
January 9, 2019

2019 Standard Distribution Rates:  
The 2019 standard distribution rates are 4.0% and 3.5% for the Quaker Growth & Income Fund and Quaker Green Fund, respectively. The June 2019 per-unit distributions will be $1.00/unit and $0.64/unit for the Quaker Growth & Income Fund and Quaker Green Fund, respectively. Constituents may take more or less than the announced standard distribution rate. Each constituent group can decide the proper distribution levels for their meeting or organization. To request a distribution rate other than the standard rate, please contact Tim McElroy at tmcelroy@friendsfiduciary.org or 215-241-7272.

*REMINDER* Tell Us When Your Officers Change:  
Please tell us when you have a new treasurer or other authorized individual who will have authority over your account(s) at Friends Fiduciary. To notify us of a change, please complete an account authorization form found on our website under “Our Funds” on the home page and then click on “Constituent Forms.”

Planned Giving Update  
Friends Fiduciary is ready to partner with your meeting or organization with on-site, in-person presentations. These can be at a meeting for business, a “lunch and learn”, or a simple gathering following fellowship. Friends Fiduciary’s supportive role takes pressure off members of the meeting to introduce basic concepts such as:

- One does not need to be wealthy in order to make a meaningful planned gift.
- Most have the capacity to create a legacy gift through their will or other beneficiary designation.
- Many deferred giving options allow Members to purposefully support the future needs and vitality of their Meeting with little or no impact to their current income.
- A popular choice for giving is the charitable gift annuity that pays lifetime income to the donor, or a person that they designate, and the remainder to the Quaker organizations of the donor’s choice at their death.

Deferred gifts and bequests to Quaker Meetings are vital to the future of the Religious Society of Friends. If you are interested in having Friends Fiduciary make a presentation to your Meeting, Church, School, CCRC or other Quaker organization, please contact Mimi Blackwell, Planned Giving Program Manager, at mblackwell@friendsfiduciary.org or 215-241-7272 to get started.

Annual Independent Audits:  
Copies of the Friends Fiduciary audits are sent to all fund representatives of constituent investor organizations in mid-June, following completion of the audit and acceptance by the Friends Fiduciary Board of Directors. In addition, quarterly holdings lists are available to constituent investor organizations upon request; simply email us at info@friendsfiduciary.org or call us at 215-241-7272.

If you have any questions about your statement, account, or Friends Fiduciary, please don’t hesitate to contact us at info@friendsfiduciary.org or 215-241-7272.

Sincerely,

Jeff Perkins  
Executive Director