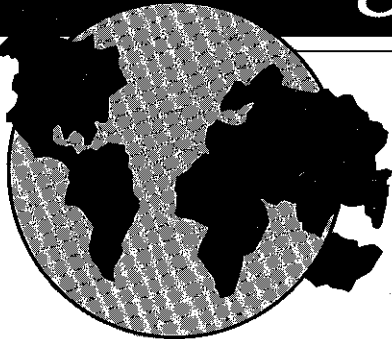


Franklin's insight
Investing for a Better World



In This Issue:
Gifting/War Toys

December 15, 1988

Dear Reader,

Make the rich richer, the theory goes and guilt or some other motivation will cause them to give money to the poor. Invest in the growth of companies through tax breaks and other incentives and they will hire more people, invest more in educating them and keeping them healthy, and in general improve the lot of the lower classes and disenfranchised. "Trickle down" economics is a theory we've all lived with for several years.

The trouble is, it doesn't work. Those of us that are more fortunate are too apt to consult our accountants before making charitable contributions, and in the same past several years, tax law changes have made it less economically advantageous to gift to charities. Then there is the problem of living up to your income. I know myself that every time I've gotten a raise, I've managed to build my expenses enough to always feel on the edge of sufficiency. Somehow, there is never quite enough. Meanwhile, the richest 5% of the population continues to grab more and more of the nation's wealth.

Perhaps most important, though, is the mind set that allows us to dream up the phrase "trickle down" in the first place. One conjures up the image of a fur clad bejewelled nobleperson dripping milk or coins from some elevation into the upturned mouths or hands of the less fortunate. Thinking in terms of "trickle down" allows the more fortunate to distance themselves from the realities of accidental poverty or illness. The truth is, though, that there, but for fortune, go you or I! "Trickle down" also distances us from the environment, which is a part of all of us and totally essential for our well being.

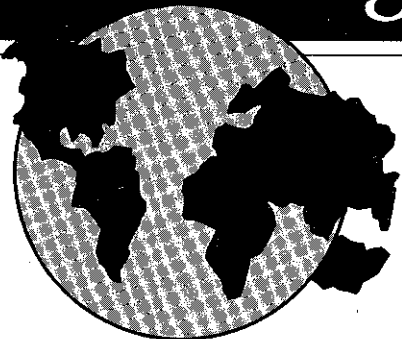
This is the Holiday Season. We are reminded now more than at any time of the year of the many worthwhile causes forced to beg for our "trickle" of charity. If we can collectively reject the alienating and elitist idea behind "trickle down" and integrate generosity, caring and responsibility into our lives all year long, together we can work miracles. As we move into 1989, let's resolve to coin a new phrase to describe the responsibility that we have to integrate into our lives caring for the Earth and all that inhabit it! And even before 1989, let's all reach into our pocketbooks just one more time....

Sincerely,

Joan Bavaria

Joan Bavaria
President
Franklin Research and Development

Franklin's insight
Investing for a Better World



In This Issue:
Community Banking

July 15, 1989

Dear Reader,

If there is such a street as Main Street, U S A., I grew up on it. As a kid I lived at number 56 Main Street in a small town in Western Massachusetts that was (and still is) populated by 3000 people. Everyone knew everybody...and so much about each other's business that it was downright uncomfortable at times! The postman knew when you got mail from someone new, the grocer knew everyone's Saturday night menu, the pharmacist the inner workings of your body, and, last but not least, the bank president knew your balances!

As for banking, all this intimacy translated into many deals built on trust and on community needs. When my father wanted to expand his bakery, everyone knew his solid character. And they knew the community wanted his bread and pastries, so they loaned him money without a whole lot of credit history. His business had its ups and downs, but in the end was a great success. The bank had done its job; it had made money on the loan, contributed to the community, and helped along an entrepreneur.

Life in the age of multinational and superregional banks isn't quite that ideal. Money moves around the globe at lightning speed; deposits placed in what used to be the First National Bank with the town's name on the letterhead now find their way instantly to Boston and the "superregional" that bought the bank a few years back. Do those deposits go back to the town? Not necessarily. And if my father appeared on the scene now, would the local loan officer be able to grant my father credit? Probably not. In this age of global money transactions, a fledgling industry is blossoming that meets the banking needs of communities, and entrepreneurs, housing developers, and others who might not appeal to a big bank loan committee. We profile some of them in this issue because investors can help usually at no cost or risk. The idea is simple...target deposits down on Main Street where they are needed the most!

Sincerely,

Joan Bavaria

Joan Bavaria
President
Franklin Research & Development

Franklin's insight
Investing for a Better World



In This Issue:
Mutual Fund Update

February 15, 1990

Dear Reader:

All my life, I have been trying to figure out what my father meant when he said, "You're too independent for a girl!"

I was taught by my father to bait a hook, turn over the garden soil, catch a softball, and use an electric drill. Also, I was definitely expected to get the same grades in school as George Johanssen, for instance, who arrived in my town wearing a white shirt with a collar when we were all in sixth grade and immediately catapulted to the top of the class. Yet, when it came time to apply for college, my father assumed that I would not want to direct my efforts towards a career, as opposed to a nice female occupation like art or teaching. Then, and now, I puzzle over who he thought I should remain dependent on?

It was quite a surprise when I encountered the dominantly male world of financial services, but it did lend a possible meaning to the phrase "too independent for a girl." In the old world of finance, women were expected to be very dependent. And women, sadly, play into this myth by thinking it is outside the scope of their natural abilities to understand investing or high finance.

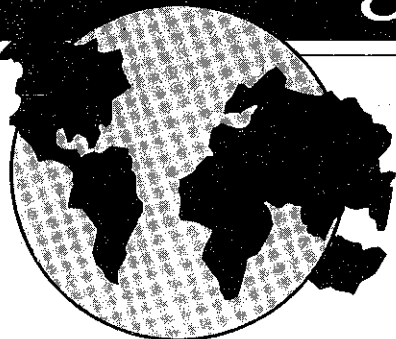
Still, I couldn't stop wondering, who **are** these people we women are supposed to be dependent on? I was pretty sure that in school I had gotten better grades than most of them. And it was clear that some of them had never even baited a hook! The Emperor had no clothes, it seemed to me. So I kept on learning, ignoring the fact that men often refused to talk business with me at investment lunches.

I wish I could say that financial services is now crowded with women in high places. It should be, because we bring balance and a caring perspective to any discipline. My advice to women: think back to sixth grade. Would you really want to turn over your financial life to the guy who sat back of you in homeroom? Can anyone ever be too independent?

Sincerely,

Joan L. Bavaria
President
Franklin Research & Development

Franklin's insight
Investing for a Better World



In This Issue:
Insurance Industry

March 15, 1990

Dear Reader:

In just a few hours, I will be on my way to Belize. The past few days have been spent frenetically pulling together all the details—shots, passport, travel arrangements—that you must do when you journey to a Central American country. I'm going to Belize partly for vacation and partly to see a tropical rain forest. Hopefully, I'll be able to write on this theme a month from now with all sorts of new insights. Right now, though, my mind is preoccupied with much more mundane sorts of things than the global warming.

For instance, there are malaria pills, typhoid shots, and the little pink Pepto-Bismol tablets I have in my luggage. I've heard some pretty scary things while preparing for this trip. One thing that was obvious, "don't drink the water, drink the beer," was also scary because I don't ordinarily drink beer. What will I be like if I drink the usual eight cups of fluid a day in the form of beer? And then there are the scorpions. I have learned to love spiders, slowly, but scorpions???

While standing in the passport line the other day I couldn't help thinking how lucky I am to be an American. The passport was processed efficiently and in a friendly manner, I walked into my doctor's office and was given appropriate medication quickly, which was paid for by my HMO insurance, and I fully expect that if I should have a run in with an errant six-legged beast or ghastly disease, I will be completely covered. I will receive excellent medical care at little or no cost to me.

That is, I was thinking how lucky to be this particular American. Thirty-five million Americans are not covered by health insurance, and if they become chronically ill they often do not have access to adequate medical care. Something to think about when reading, in this issue, about insurance.

Sincerely,

Joan L. Bavaria
Joan L. Bavaria
President

Franklin Research & Development

Franklin's insight
Investing for a Better World



In This Issue:
Mutual Fund Update

May 15, 1992

Dear Reader:

Two days ago in Washington, D.C., The Coalition for Environmentally Responsible Economies (CERES) sponsored the first conference for the 42 companies who have signed the Valdez Principles. In order to honor these firms for having taken the risk of publicly affirming a very high environmental standard, CERES asked Senator Al Gore if he would address the audience. His new book, *Earth in the Balance*, is an impressive summary of our environmental challenges and an outline of a "Marshall Plan" to begin to tackle them.

Since I am the co-chair of CERES, I was privileged to be the person to introduce Senator Gore. I am a real neophyte at Washington politics, so I was hyper-aware of all that happened. What struck me the most about the experience was intensely personal, though, since I relate on a very small scale to a quasi-political life by traveling and meeting lots of people. When Senator Gore entered the room, with all the usual charisma, poise and flawless grooming (I myself had flown in from Minnesota with no "entourage" and had hardly combed my hair), I recognized in his eyes the effort to focus ("Where am I?"), the veneer of calm (which may in this case be real), and the aura of impermanence (he was only passing through). But he was gracious, appropriate, eloquent, and very much in the moment. I was impressed, as I have been in earlier meetings with him.

I kept thinking throughout the meeting how difficult it must be to be a leader in this country at the very moment when we so desperately need leadership. Congress has been blamed, in an age of finger pointing, for just about everything in the past decade. Rather than address substantive and complex issues, we, the voters, focus on what we can relate to: checkbooks, airplane fares, health club memberships, and, the all time favorite, sexual behavior. Of course, our political leaders deserve to be scrutinized and reminded sometimes that they are, in fact, public servants. The 1980s, the decade of decadence, encouraged the proliferation of limousines with drawn curtains, PACs, and poll-dictated image-makers with little emphasis on leadership. But it is now the 1990s, as the rioters in Los Angeles are trying to tell us. If this decade is not to be the decade of disturbance, old answers will not suffice, because anarchy leads to chaos. What can you and I do? I believe we have to pay much more attention to content. We have to learn what the issues are, educate ourselves, vote with our ballots and our money, and start to separate substance from trivia.

Sincerely,

Joan L. Bavaria, President
Franklin Research & Development

Franklin's insight
Investing for a Better World



In This Issue:

Toycott

December 15, 1992

Dear Reader:

I'll do almost anything to avoid shopping. Just after Thanksgiving, having spent a month or so buying day-to-day necessities from the local Mom and Pop store, at great expense, I ventured to the local supermarket to lay in supplies like flour, dog food and household cleaners. Always grumpy in this process, I rarely acknowledge my fellow shoppers, unless their carts block the aisles, and converse minimally with the store clerks. On my way out of the store, wheeling my full basket, which by then included fresh vegetables and other non-staples, I had to pass the Salvation Army solicitor. She sat patiently and without expression with her tambourine in her lap, her face more wizened than the faces of most of her counterparts. Normally, I send money via check to the Salvation Army, since that creates a paper trail of use when filing tax returns. But today I reached in my pocket, felt paper money, and pulled it out. Halfway to the tambourine, I realized it was a \$20 bill. I was painfully aware of an involuntary pause as my arm moved toward her. Then I made a quick executive decision and put the whole bill in her tambourine.

Her sad face has automatically begun to form the words "thank you" when she saw the bill and looked up. By then, though, I had moved on, forming a visage halfway between martyr and cavalier. I never looked back, but wondered what she thought and whether the \$20 might inspire others in my affluent suburb to ante up more than the coins that were typically collected. Wheeling the cart to my car I spent a moment feeling guilty about my accountant...I'd given a "wasted" gift that the IRS will never see! I also realized I might as well have bought the whole cart of provisions at my local Mom and Pop store. I had flunked at my own profession--money management.

A couple of weeks later, I had the honor of attending a reception for a company in Pittsfield, Massachusetts, that Franklin Research & Development had helped its workers purchase. About forty jobs were saved in the short run and it is hoped that many more will be created. The investment made by the union pension fund and other parties was ground-breaking, risky and very non-conventional. But last night I looked into the faces of the workers, mostly over 40, whose jobs had been saved. It was *everything* to them; the pride of ownership and hope of future success was palpable. Directly in back of this decision to invest money were families, human dignity, self-sufficiency, hope, and last, but by no means least, a Happy Holiday Season with bread on the table. I wish the same for all of you.

Sincerely,

Joan L. Bavaria, President
Franklin Research & Development

Franklin's insight
Investing for a Better World



In This Issue:
Minority Empowerment

September 15, 1993

Dear Reader:

The way I got started in the financial services business couldn't have been more accidental. I headed off to college to study art when I was just 17, right out of high school. I didn't give much thought to career paths, job placement or any of that because artists tend to think that planning of any sort, especially financial, is mercenary and the antithesis of the creative process. Thanks to my Dad though, there were enough business genes in me so that when it later became obvious that art was forcing me to make choices *between* food and drink, I shuffled into the nearest solid looking business and applied for a job. At the time, I was living with other less nervous artists on the edge of the poorest part of Roxbury, Massachusetts.

The safest looking place I could find was the First National Bank of Boston. I was hired in the beginning to do jobs that I'm certain are now done by computers; repetitious routines that numb your brain after ten minutes. But, as Personnel said, what can you do with an artist in a bank? They gave me intelligence and other tests, scratched their chins, and eventually moved me to the Trust Division, where, after a few months, I found myself managing money.

In my newfound financial responsibility, working among the scions of Boston's elite, many of whom were beneficiaries of some of the accounts we guarded carefully, I decided to establish a personal credit record. To do so, I applied for a small loan of \$500. I intended to purchase a coffee table with the money and pay it back religiously. I was horrified when I was turned down, in spite of the fact that the bank touted such loans as a benefit of being an employee, and was appalled when I learned that the reason was my Roxbury address. The loan officer had never seen me, my undercover informer told me, and assumed I was a black welfare mother. Later, after my father's signature secured the loan, I could not decide which made me angrier... the fact that I was initially turned down for that horrible reason or the fact that I got the loan after they were sure I was white.

I am pleased to say that such practices no longer exist at this bank. In fact, I might say they *especially* don't exist at this bank, because the Bank of Boston is becoming a model in community lending, with full support from the highest management. In fact, I am proud to be a "graduate" of that institution these days.

But I never forgot how that rejection felt. It felt extremely unfair. I wish all lending institutions were doing as well as my *alma mater*, for I know all too well that even though I was insulted and inconvenienced for a few days, most who have that experience can't reverse it.

Sincerely,

Joan L. Bavaria, President
Franklin Research & Development