

# Feoffees of the Grammar School Trust Performance Summary

## December 31, 2018

### Part 1: Trust Overview and Performance Summary

#### Investment Commentary

For the fourth quarter of 2018, net of fees, the total portfolio returned -10.7%. For the calendar year, the total portfolio returned -3.8%. Returns for the fourth quarter trailed the custom benchmark; however, for the longer periods the returns were better than the custom benchmark. The rates of return for the year based on the portfolio segments were as follows: Aureus Equities 1.1%; Aureus Fixed Income 1.6%; Aureus Fund II -8.4%; and Passive Portfolio -6.6%.

**Table 1: Investment Performance**

Totals are Net of Fees	Current Quarter	YTD 2018	Annualized Since Inception		
Manager			Total	Aureus	Passive
Aureus Equity-only	-14.2%	1.1%		12.4%	
Aureus Fixed Income	1.5%	1.6%		1.5%	
Aureus Fund II, LLC	-7.4%	-8.4%		3.2%	
<b>Aureus Total</b>	<b>-11.0%</b>	<b>-2.8%</b>		<b>6.9%</b>	
<i>Custom Benchmark</i>	<i>-9.2%</i>	<i>-4.9%</i>		<i>6.7%</i>	
Passive Equities	-14.6%	-11.2%			10.2%
Passive Fixed Income	1.0%	1.0%			1.3%
Passive Commodities	-18.3%	-11.6%			6.7%
<b>Passive Total</b>	<b>-9.8%</b>	<b>-6.6%</b>			<b>7.0%</b>
<i>Custom Benchmark</i>	<i>-7.4%</i>	<i>-4.5%</i>			<i>6.4%</i>
<b>Total Equities</b>	<b>-14.3%</b>	<b>-2.0%</b>	<b>12.2%</b>		
<b>Total Fixed Income</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.6%</b>		
<b>Total Non-Traditional</b>	<b>-9.3%</b>	<b>-9.0%</b>	<b>2.8%</b>		
<b>Total Feoffees Net of Fees</b>	<b>-10.7%</b>	<b>-3.8%</b>	<b>6.1%</b>		
<i>Custom Benchmark</i>	<i>-7.9%</i>	<i>-4.8%</i>	<i>5.2%</i>		

**Table 2: Endowment Summary**

Endowment Items	Value as of 12/31/2018
Actively Invested Funds and cash held in accounts	\$27,935,547
Mortgages	\$551,441
<b>Total</b>	<b>\$28,486,988</b>

**Mortgage and Loan Update**

The balance of mortgages due at December 31, 2018 is \$551,441. This is comprised of three mortgages. During the past quarter, one owner refinanced with another lender and paid their mortgage in full.

**Part 2: Investment Allocation**

The overall endowment is allocated based on the asset class targets set forth by the Feoffees in the Investment Policy Statement created in 2013. This mix is reviewed quarterly. The goal of the allocation is to provide long term growth with an emphasis on risk management. The allocation of the portfolio is listed below.

**Table 3**

Allocation vs. Investment Policy			Policy Allocation Range	
Asset Class	\$ Total	% Total	Low	High
Cash	\$ 1,749,746	6.1%	5.0%	10.0%
Fixed Income	\$ 4,530,743	15.9%	10.0%	20.0%
<i>High Quality</i>	\$ 3,979,302	14.0%		
<i>Mortgages</i>	\$ 551,441	1.9%		
<b>Total Fixed Income</b>	<b>\$ 6,280,490</b>	<b>22.0%</b>	<b>15.0%</b>	<b>30.0%</b>
Domestic Equity	\$ 13,904,913	48.8%	35.0%	55.0%
International Equity	\$ 3,473,210	12.2%	5.0%	15.0%
<b>Total Equities</b>	<b>\$ 17,378,123</b>	<b>61.0%</b>	<b>40.0%</b>	<b>70.0%</b>
Directional Alternatives	\$ 2,537,562	8.9%	5.0%	15.0%
Absolute Return Alternatives	\$ 1,118,573	3.9%	0.0%	5.0%
Commodities	\$ 1,172,241	4.1%	0.0%	5.0%
<b>Total Non-Traditional</b>	<b>\$ 4,828,375</b>	<b>16.9%</b>	<b>5.0%</b>	<b>25.0%</b>
<b>Total</b>	<b>\$ 28,486,988</b>	<b>100.0%</b>		