

Feoffees of Grammar School  
Portfolio Summary  
June 30, 2013

**Overview:**

The Feoffees of the Grammar School Trust began with initial corpus of \$22,021,338 in August 2012. After account activity the Trust ended 2012 with total assets of \$21,938,528. These assets were divided into two parts: 1) Working Capital reserve fund of \$71,858, 2) Investment Portfolio consisting of Mortgages/Loans of \$6,466,670 and funds allocated to investment managers of \$15,400,000.

In December 2012, the Trust completed the RFP selection of two investment managers. The two selected were Aureus Asset Management and High Vista. Together they have been engaged to manage the investment portfolio of the Feoffee Fund for the enhancement of the educational curriculum for the Ipswich public school children in accordance with the Trust Administration Order (TAO). In connection with the selection of these investment managers the Feoffees established an Investment Policy Statement (IPS). The IPS prescribes the focus and goals for the investment of the Feoffee Fund. It is subject to annual review and adjustment but reflects the Feoffees' best thinking in terms of relative asset class allocations for the fund. Briefly stated, the IPS outlines the allocation and risk targets: 55-70% equity allocation; 15-30% fixed income allocation; and 5-15% alternative, real assets and cash allocation. At present a material portion of the fund assets is in the form of mortgages and other loans to Little Neck residents which originated at the August 2012 closing and have been allocated to the Feoffee Fund in accordance with the terms of the IPS.

The investment managers, Aureus Asset Management and High Vista, were engaged to implement specific terms of the IPS. Aureus was engaged to manage an investment portfolio diversified by asset classes and geographies. To accomplish this, Aureus invests its portion of the Feoffee Fund primarily in a Core Equity Strategy and in the Aureus Fund. The Core Strategy provides exposure to a portfolio of primarily US common stocks. The Aureus Fund provides diversified exposure to both geographies outside of the US and alternative asset classes, such as hedge funds, debt instruments and commodities. High Vista was engaged to manage a broadly diversified set of asset classes (equities, fixed income and alternative assets) with an emphasis on providing liquidity while also controlling the risk of its portfolio composition and returns. Consistent with the IPS both managers place a priority on risk mitigation, primarily through broad diversification of the invested assets.

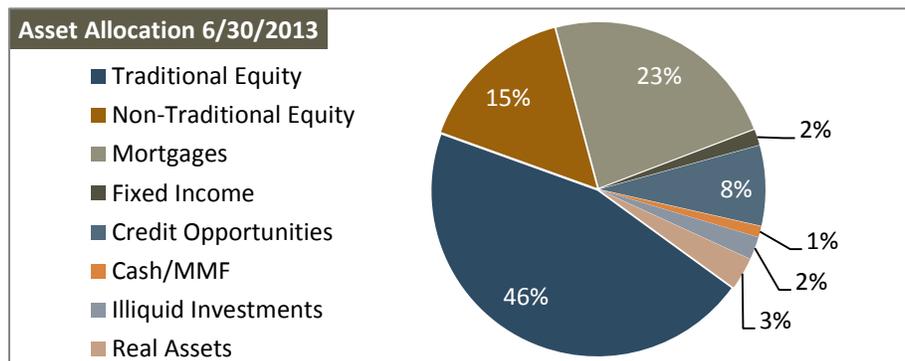
**Total Fund Summary:**

Summary	Loans & Working Capital	Aureus Total	High Vista Total	Total Fund
Market Value as of March 31, 2013	\$ 6,627,675	\$ 10,129,188	\$ 5,612,331	\$ 22,369,194
Interest & Dividends <sup>(1)</sup>	\$ 75,413	\$ 36,832		\$ 112,245
Mortgage & Loan Payments	\$ (508,141)			\$ (508,141)
Transfers to Working Capital	\$ 508,141			\$ 508,141
Fees & Expenses <sup>(2)</sup>	\$ (7,483)	\$ (22,069)		\$ (29,552)
Contributions (Distributions)	\$ (671,000)	\$ 671,000	\$ -	\$ -
Net Asset Appreciation (Depreciation)	\$ -	\$ 92,192	\$ (120,386)	\$ (28,194)
<b>Market Value as of June 30, 2013</b>	<b>\$ 6,024,605</b>	<b>\$ 10,907,143</b>	<b>\$ 5,491,945</b>	<b>\$ 22,423,693</b>
Less Working Capital Balance				\$ (807,917)
<b>Investment Fund Balance as of June 30, 2013</b>				<b>\$ 21,615,776</b>

(1) Interest & Dividends are not broken out for Aureus Fund and High Vista Fund

(2) Fees are not broken out for High Vista Fund.

**Investment Fund Asset Allocation Summary:**



**Investment Fund Allocation (%)**

Asset Class	6/30/2013		Policy Range (1)		
	\$ Total	% Total	Low	High	
Traditional Equity	\$ 9,732,987	45.0%	40.0%	—	50.0%
Non-Traditional Equity	\$ 3,286,726	15.2%	15.0%	—	25.0%
<b>Total Equity</b>	<b>\$ 13,019,713</b>	<b>60.2%</b>	<b>55.0%</b>	<b>—</b>	<b>75.0%</b>
Total High Quality Fixed Income	\$ 5,544,008	25.6%	10.0%	—	20.0%
<i>Mortgages</i>	\$ 5,216,688	24.1%			
<i>Fixed Income</i>	\$ 327,320	1.5%			
Credit Opportunities	\$ 1,672,772	7.7%	0.0%	—	10.0%
Cash/MMF	\$ 229,908	1.1%	5.0%	—	10.0%
<b>Total Fixed Income/Cash</b>	<b>\$ 7,446,688</b>	<b>34.5%</b>	<b>15.0%</b>	<b>—</b>	<b>40.0%</b>
Illiquid Investments	\$ 475,357	2.2%	0.0%	—	5.0%
Real Assets	\$ 674,018	3.1%	5.0%	—	10.0%
<b>Total Illiquid &amp; Real Assets</b>	<b>\$ 1,149,375</b>	<b>5.3%</b>	<b>5.0%</b>	<b>—</b>	<b>15.0%</b>
<b>Total</b>	<b>\$ 21,615,776</b>	<b>100.0%</b>			

(1) Investment Policy Guidelines established January 10, 2013. Reviewed annually.

Traditional Equity	Investments in both US and International stocks
Non-Traditional Equity	Investments in long/short hedge funds both US and International
Mortgages	Represents the holdings in direct mortgages
Fixed Income	Investments in high quality fixed income debt instruments
Credit Opportunities	Investments in high yield debt, distressed debt, and similar debt instruments
Cash/MMF	Investments in high quality, short-term debt instruments
Illiquid Investments	Investments in any asset where liquidity is beyond one year such as private equity or venture capital
Real Assets	Investments in commodities, inflation-adjusted bonds , and real estate

**Investment Performance Summary:**

For the quarter the Total Fund increased in value from \$22,369,194 to \$22,423,693 for a gain of 0.2%. For the six months ended June 30, 2013 the Total Fund returned 2.2%.

Performance detail for the Investment Managers is listed below. In the quarter, there were wide discrepancies as to performance results. US stocks rose by 2.9% and the Japanese stock market was up 10%; however, that was the extent of the positive numbers, as emerging markets equities were down 8%, the Pacific Basin ex Japan was off 10.9%, Latin America declined 8.8%, and Europe was virtually unchanged. The hedge fund of funds index was also unchanged in value. Bonds lost value for the first time in a number of years, with the Barclays Aggregate off 2.3% while the 10 year US Treasury was off a greater 4.6%. For the quarter the Feoffees total portfolio return was flat and in line with the benchmark. The Aureus total portfolio returned 2.0% for the quarter slightly ahead of its benchmark. Aureus equities by themselves were up 1.6% but trailed the S&P 500. The Aureus Fund returned 0.6% for the quarter ahead of its benchmark. The High Vista portfolio was down 2.2% slightly behind its benchmark.

For the year-to-date, Aureus figures are shown with an inception date of Feb. 1 while High Vista was fully invested on January 1. The difference is that Aureus waited until the IPS was reviewed and adopted by the Feoffees Board in mid-January, while the High Vista allocation went to an already existing fund. As in the second quarter, US equities were well ahead of every other geography and asset class. Aureus invested its equity portion diversified between US and foreign stocks, which hurt results when measured against a US only benchmark. Both Aureus and High Vista also diversified their investment portfolio between various asset classes, including fixed income, and areas outside the US.

**Investment Performance Net of Fees (1)**

Periods Ending 6/30/2013 Manager	Latest Quarter	Since Inception (2)	
		Aureus	High Vista
Aureus Equity	1.6%	4.1%	
<i>S&amp;P 500</i>	2.9%	8.2%	
Aureus Fund II, LLC	0.6%	1.4%	
<i>HFRI Fund of Funds Composite (3)</i>	0.0%	1.2%	
Aureus Total (4)	2.0%	2.3%	
<i>Custom Benchmark (5)</i>	1.5%	4.5%	
High Vista V LP	-2.2%		1.7%
<i>Custom Benchmark (6)</i>	-1.1%		2.2%
<b>Total Managed Assets (Net)</b>	<b>-0.01%</b>	<b>2.2%</b>	
<i>Custom Benchmark (7)</i>	<i>-0.03%</i>	<i>4.7%</i>	

(1) Excludes mortgages and working capital

(2) Aureus inception date 2/1/13; High Vista inception date 1/1/2013

(3) HFRI Fund of Funds Composite is an equal weighted composite of over 600 Fund of Funds tracked by Hedge Fund Research, Inc.

(4) Includes Equities, Aureus Fund II, Fixed Income and Cash

(5) 50% S&P 500, 40% HFRI Fund of Funds Composite, 10% Cash

(6) 50% MSCI ACWI (Net), 30% Merrill Lynch 5-7 year Treasury Index, 20% Cash

(7) 27% S&P 500, 18% MSCI ACWI (Net), 20% HFRI FoF Composite, 25% Merrill Lynch 5-7 year Treasury Index, 10% Cash