

Feoffes of the Grammer School Trust Performance Summary

March 31, 2021

Part 1: Trust Overview and Performance Summary

Performance Summary (from Aureus)

The total portfolio returned 4.7% in the first quarter and 43.8% for the last 12 months, net of fees. The trailing 3-year annualized return was 12.6% and trailing 5 years was 11.7%. Since inception the portfolio has produced an annualized return of 9.6%. Returns exceeded the custom benchmark for Q1 2021, and for all other reported periods.

Investment Commentary (from Aureus)

Both the US economy and the stock market have had astonishing rallies in the past twelve months. After a collapse in domestic demand, and an accompanying destruction of jobs in the early part of 2020, the economy began to show signs of recovery as early as the third quarter, which have continued and in fact accelerated into early 2021. The key reason was unprecedented stimulus on the part of both the Federal Reserve and the Federal Government. The monetary spigots were opened, interest rates fell in 2020 to record lows, and there was plenty of cash for businesses or consumers to borrow. On top of those actions by the Fed, the Government in the second half of 2020 passed a large stimulus bill, with direct payments to many individuals. Then, the new Administration in early 2021 passed an even greater spending bill, again with very considerable aid to both business and the consumer. By the end of this year, we should be back on track to where the economy was pre the COVID crisis, except for employment as we still must find jobs for between 6-7 million people now out of work.

This very good recovery has been exceeded by an even greater snapback in the equity market. For the twelve months ended March 31, 2021, the S&P "500" rose 56%, one of the largest gains in any historical one-year period. Propelled by high quality growth stocks in the first six months, the market's breadth expanded to include value and cyclical stocks starting around year-end and continuing into this year's first quarter. Looking at the Feoffees total portfolio, the Aureus equities, which are growth oriented, were up 61.0% for the twelve months just ended, while the passive portfolio, which is value in nature, rose 63.4%. Both happened to exceed the gain of 56.4% in the S&P.

International economies and markets mostly lagged the US, with the notable exception of China. Even so, the world ex-US equity index rose 49.4% over the twelve-month period, a notable gain.

Bond prices over the past year hardly moved, which comprises two distinct periods; from March through September of last year, interest rates reached historical lows and bond prices rose; then, starting in the fourth quarter, rates began to firm, and bonds retreated in price.

With large gains in corporate profits forecast for the rest of this year and through 2022, we think that equity markets still have attraction. In contrast, as inflation rises slowly but possibly steadily, we believe that bonds could come under some price pressure.

Investment Performance

Totals are Net of Fees Manager	Current Quarter	YTD 2021	1 Year	Annualized Since Inception		
				Total	Aureus	Passive
Aureus Equity-only	4.4%	4.4%	61.0%		17.5 %	
Aureus Fixed Income (BCA)	-0.7%	-0.7%	2.4%		2.2%	
Non-Traditional	5.3%	5.3%	25.1%		5.1%	
Aureus Total	4.0%	4.0%	44.9%		11.1 %	
<i>Custom Benchmark (3)</i>	<i>3.8%</i>	<i>3.8%</i>	<i>40.5%</i>		<i>9.5%</i>	
Passive Equities	8.6%	8.6%	63.4%			13.7 %
Passive Fixed Income	-0.6%	-0.6%	4.8%			2.7%
Passive Commodities	13.0%	13.0%	47.6%			6.8%
Passive Total	6.5%	6.5%	41.1%			9.2%
<i>Custom Benchmark (4)</i>	<i>5.7%</i>	<i>5.7%</i>	<i>33.2%</i>			<i>9.4%</i>
Total Equities	5.5%	5.5%	61.6%	16.5 %		
Total Fixed Income	-0.7%	-0.7%	4.9%	2.4%		
Total Non-Traditional	6.7%	6.7%	28.8%	4.7%		
Total Feoffees Net of Fees	4.7%	4.7%	43.8%	9.6%		
<i>Custom Benchmark</i>	<i>3.3%</i>	<i>3.3%</i>	<i>35.6%</i>	<i>7.7%</i>		

Endowment Summary

Endowment Items	Value as of 3/31/21
Actively invested Funds and cash held in accounts	\$40,005,611
Mortgages	\$191,584
Total	\$40,197,195

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.

Allocation vs. Investment Policy			Policy Allocation Range		Compliance to Policy
Asset Class	\$ Total	% Total	Low	High	
Cash	\$ 1,311,187	3.3%	2.0%	7.0%	Yes
Fixed Income	\$ 4,559,902	11.3%	10.0%	20.0%	Yes
<i>High Quality</i>	\$ 4,368,318	10.9%			
<i>Mortgages</i>	\$ 191,584	0.5%			
Total Fixed Income	\$ 5,871,089	14.6%	12.0%	27.0%	Yes
Domestic Equity	\$ 23,630,131	58.8%	40.0%	60.0%	Yes
International Equity	\$ 3,693,089	9.2%	5.0%	15.0%	Yes
Total Equities	\$ 27,323,220	68.0%	45.0%	75.0%	Yes
Directional Alternatives	\$ 2,459,578	6.1%	5.0%	10.0%	Yes
Absolute Return Alternatives	\$ 3,199,559	8.0%	5.0%	10.0%	Yes
Commodities	\$ 1,343,749	3.3%	0.0%	5.0%	Yes
Total Non-Traditional	\$ 7,002,886	17.4%	10.0%	25.0%	Yes
Total	\$ 40,197,195	100.0%			

Mortgage and Loan Update

The balance of mortgages due at March 31, 2021 is 191,584. This is comprised of one mortgage.