

Feoffes of the Grammer School Trust Performance Summary

September 30, 2021

Part 1: Trust Overview and Performance Summary

Performance Summary (from Aureus)

The total portfolio returned -0.4% for the third quarter, 11.8% year-to-date (YTD) and 22.3% for the last 12 months, net of fees. The trailing 3-year annualized return was 12.5% and trailing 5 years was 12.4%. Since inception the portfolio has produced an annualized return of 9.9%. Returns exceeded the custom benchmark for all reported periods, except for the third quarter.

Third Qtr Checking Account Transactional History

Simple Checking Account (9846) Transactional History				
<u>Source</u>	<u>Date</u>	<u>Check No</u>	<u>Amount</u>	<u>Balance</u>
Hamilton Bookkeeping	4/17/21	1132	\$112.50	
Hamilton Bookkeeping	5/3/21	1133	\$150.00	
Hamilton Bookkeeping	6/3/21	1134	\$187.50	
Starting Balance				\$2,849.90
Catherine Tinsley< Sec'y	6/24/21	1135	-\$200.00	
Hamilton Bookkeeping	7/4/21	1136	-\$206.25	
Hamilton Bookkeeping	7/27/21	1137	-\$112.50	
Service Charge	7/30/21		-\$10.00	
Service Charge	8/31/21		-\$10.00	
Hamilton Bookkeeping	9/10/21	1138	-\$318.75	
Transfer from Mon Mkt (9386)	9/20/21		\$5,000.00	
Hamilton Bookkeeping	9/23/21	1139	-\$262.50	
Service Charge	9/30/21		-\$10.00	
Closing Balance				\$6,719.90

Money Market Account (9386) Transactional History

<u>Source</u>	<u>Date</u>	<u>Amount</u>	<u>Balance</u>
Starting Balance			\$100,422.94
Mortgage Payment	7/13/21	\$1,531.10	
Interest	7/31/21	\$12.91	
Mortgage Payment	8/3/21	\$1,530.10	
Interest	8/31/21	\$13.12	
Mortgage Payment	9/20/21	\$3,060.20	
Transfer to 9846	9/20/21	-\$5,000.00	
Interest	9/30/21	\$12.68	
Closing Balance			\$101,583.10

Investment Commentary (from Aureus)

Up to the COVID crisis, all seemed quite quiet on the economic front. However, over the past eighteen months, the global economy has been challenged in unprecedented ways, which have brought significant change here in the US and abroad. Change is illustrated in the financial markets as well as the economy. In the domestic economy, we saw first a marked pullback in activity in the first quarter of 2020, followed by extraordinary fiscal and monetary stimulus on the part of the government. Almost as quickly as economic activity fell, it snapped back in the second half of last year and all of this year. But that has led to shortages in both labor and in manufactured goods, made more painful by ongoing supply chain disruptions. In turn, we are experiencing much more inflation in both wages and finished products than we have seen in the past couple of decades. In financial markets, bonds are finally exhibiting some concern about inflation and enormous Federal budget deficits. Yet US Treasury prices still appear to show that market participants are relatively sanguine about these pressures. At the same time, the equity markets globally, with one major exception, are at or very near all time highs. The exception is in China, where an official clampdown on the independence of corporate leaders has brought a wave of profit-taking. It is going to be very difficult in the near future to come close to the pace of market returns of the past several years. Profit growth may be limited by inflation in all forms of corporate costs, which may not be totally offset by selling price increases. Valuations may also be challenged eventually by higher yields on fixed income securities. We remain of the opinion that equities continue to be more attractive than bonds. But we caution that the pace of stock market gains may well be less than we have been accustomed to. We would not reduce equity positions from the 67% share of total portfolio. A very diversified equity portfolio has proven its worth recently and will most likely continue to do so.

Investment Performance						
Totals are Net of Fees						
Manager	Current Quarter	YTD 2021	1 Year	Annualized Since Inception		
				Total	Aureus	Passive
Aureus Equity-only	10.9%	15.8%	40.6%		18.4%	
Aureus Fixed Income (BCA)	0.5%	-0.3%	0.6%		2.2%	
Non-Traditional	2.5%	7.8%	18.8%		5.3%	
Aureus Total	8.1%	12.5%	31.5%		11.8%	
<i>Custom Benchmark (3)</i>	<i>5.7%</i>	<i>9.9%</i>	<i>29.4%</i>		<i>10.1%</i>	
Passive Equities	5.1%	14.2%	46.0%			13.2%
Passive Fixed Income	0.6%	0.0%	1.4%			2.6%
Passive Commodities	15.9%	31.0%	56.4%			8.4%
Passive Total	5.1%	12.0%	32.5%			9.4%
<i>Custom Benchmark (4)</i>	<i>6.2%</i>	<i>10.0%</i>	<i>26.7%</i>			<i>9.8%</i>
Total Equities	9.3%	15.2%	41.7%	17.2%		
Total Fixed Income	0.5%	-0.1%	1.1%	2.4%		
Total Non-Traditional	5.0%	12.0%	25.1%	5.2%		
Total Feoffees Net of Fees	7.2%	12.3%	31.8%	10.3%		
<i>Custom Benchmark</i>	<i>5.5%</i>	<i>9.1%</i>	<i>26.7%</i>	<i>8.3%</i>		

Endowment Summary

Endowment Items	Value as of 9/30/2021
	\$
Actively invested Funds	42,336,433
Simple Checking Account Balance (9846)	\$6,720
Money Market Account Balance (9386)	\$101,583
Returned from Schools and not counted toward 12 Qtr avg	<u>\$347,000</u>
Net Value to be used in Distrib Model	\$42,097,736
Mortgages	<u>\$187,511</u>
Total	\$42,285,247

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	\$ 1,392,527	3.3%	2.0%	7.0%	Yes
Fixed Income	\$ 4,589,464	10.8%	10.0%	20.0%	Yes
<i>High Quality</i>	\$ 4,399,029	10.4%			
<i>Mortgages</i>	\$ 190,435	0.4%			
Total Fixed Income	\$ 5,981,991	14.1%	12.0%	27.0%	Yes
Domestic Equity	\$ 24,127,717	57.0%	40.0%	60.0%	Yes
International Equity	\$ 4,163,326	9.8%	5.0%	15.0%	Yes
Total Equities	\$ 28,291,043	66.8%	45.0%	75.0%	Yes
Directional Alternatives	\$ 2,595,197	6.1%	5.0%	10.0%	Yes
Absolute Return Alternatives	\$ 3,835,640	9.1%	5.0%	10.0%	Yes
Commodities	\$ 1,632,562	3.9%	0.0%	5.0%	Yes
Total Non-Traditional	\$ 8,063,399	19.0%	10.0%	25.0%	Yes
Total	\$ 42,336,433	100.0%			

Mortgage and Loan Update

The balance of mortgages as of September 30, 2021 is \$190,435. This is comprised of one mortgage.