

Feoffees of the Grammar School Trust Performance Summary 10/1/2015-12/31/2015

Part 1: Trust Overview and Performance Summary

Endowment Growth

For the fourth quarter, the Feoffee Trust increased in value from \$25,082,719 to \$26,071,677. The changes in the Endowment and U&O funds combined for the last quarter are shown in Table 1. For the quarter, total expenses attributed to mortgage servicing and general bookkeeping were \$2,200. The Endowment numbers listed are net of portfolio management fees.

Mortgage and Loan Update

During the quarter, the Mortgage and U&O Loans held by the Feoffees decreased from \$1,912,660 to \$1,725,816. This change of \$186,844 reflects principal payments on mortgages and U&O loans during the quarter. As of 12/31/2015, the Feoffee Trust holds 13 mortgages and 9 U&O notes.

The mortgage loans are structured as “interest only” with a yearly rate of 6% for a term of 5 years. The U&O notes are amortized over 5 years at an annual rate of 4%

Table 1: Endowment Summary

Endowment Items	Value as of Oct. 1, 2015	Net gain (loss)	Value as of Dec. 31, 2015
Actively Invested Funds and cash held in accounts	\$23,170,059	\$1,175,802 ¹⁾	\$24,345,861
Mortgages + Usage & Occupancy Loans	\$1,912,660	(\$186,844) ⁽²⁾	\$1,725,816
Total	\$25,082,719	\$988,958	\$26,071,677

(1) Includes investment gains/losses net of fees, interest and payouts of mortgages and U&O loans

(2) Payoffs of mortgages and U&O loans during the quarter.

Part 2: Managed Investment Performance, 10/1/2015-12/31/2015

The Feoffees retain Aureus and High Vista as investment managers. Collectively, the two managers combine to achieve a single investment strategy consistent with the Feoffees’ Investment Policy (detailed in Part 3). For the quarter, the Aureus Equities were gained 9.7%. The Aureus Fund, which invests in a diversified group of long/short, credit, absolute return and commodity managers, was up .6% for the quarter. The Aureus Fixed Income strategy lost 0.7%

for the quarter. In total, Aureus managed assets gained 4.8% for the period. High Vista managed assets gained 1.3% for the quarter.

Since inception, the assets managed by Aureus and High Vista have an annualized gain of 6.7% (8.6% for Aureus, 2.8% for High Vista). The combined performance of both managers exceeds the return of our custom benchmark (see Table 2).

Table 2: Investment Performance

Net of Fees (1) Manager	Latest Quarter 12/31/2015	YTD 2015	Trailing 1 Year	Annualized Since Inception (2)	
				Aureus	High Vista
Aureus Equity-only	9.7%	5.0%	5.0%	14.6%	
<i>S&P 500</i>	<i>7.0%</i>	<i>1.4%</i>	<i>1.4%</i>	<i>13.2%</i>	
Aureus Fixed Income (BCA)	-0.7%	0.8%	0.8%	0.7%	
<i>Barclays US Aggregate</i>	<i>-0.6%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>1.8%</i>	
Aureus Fund II, LLC	0.6%	0.0%	0.0%	3.1%	
<i>HFRI Fund of Funds Composite (3)</i>	<i>0.6%</i>	<i>-0.4%</i>	<i>-0.4%</i>	<i>3.3%</i>	
Aureus Total (4)	4.8%	2.4%	2.4%	8.6%	
<i>Custom Benchmark (5)</i>	<i>3.8%</i>	<i>0.6%</i>	<i>0.6%</i>	<i>8.1%</i>	
High Vista V LP	1.3%	-4.4%	-4.4%	2.8%	
<i>Custom Benchmark (6)</i>	<i>2.5%</i>	<i>-0.6%</i>	<i>-0.6%</i>	<i>5.0%</i>	
Total Feoffees	3.9%	0.2%	0.2%	6.7%	
<i>Custom Benchmark (7)</i>	<i>2.6%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>6.5%</i>	

(1) Excludes mortgages

(2) Aureus inception date 2/1/2013; High Vista inception date 1/1/2013; Total Feoffees 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) 60% MSCI ACWI (Net), 40% Merrill Lynch 5-7 year Treasury Index

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

Part 3: Managed Investment Portfolio Composition

The Endowment investment portfolio, managed by Aureus and High Vista, is allocated based on the Investment Policy Statement (IPS) established by the Feoffees in 2013. This allocation includes the mortgages and U&O notes held by the Endowment. The goal of the portfolio is solid long term growth with an emphasis on managing risk. Simply put, the mix of investments seeks to minimize the reduction in Endowment value when the market is down, even if that means slower growth when the market is up. The Feoffees work with the investment managers on a regular basis to adjust allocations in order to meet policy guidelines. The current allocations are shown in Table 3.

Table 3: Investment Fund Allocations vs. Investment Policy

Allocation vs. Investment Policy Asset Class	12/31/2015		Policy Allocation Range	
	\$ Total	% Total	Low	High
Traditional Equity	\$ 11,775,516	46.4%	40.0%	50.0%
Non-Traditional Equity	\$ 6,946,556	27.4%	15.0%	25.0%
Total Equity	\$ 18,722,072	73.8%	55.0%	75.0%
Total High Quality Fixed Income	\$ 3,401,728	13.4%	10.0%	20.0%
<i>Mortgages</i>	1,725,816	6.8%		
<i>Fixed Income</i>	1,675,912	6.6%		
Credit Opportunities	\$ 1,197,121	4.7%	0.0%	10.0%
Cash/MMF	\$ 1,410,882	5.6%	5.0%	10.0%
Total Fixed Income/Cash	\$ 6,009,731	23.7%	15.0%	40.0%
Illiquid Investments	\$ -	0.0%	0.0%	5.0%
Real Assets	\$ 632,694	2.5%	5.0%	10.0%
Total Illiquid & Real Assets	\$ 632,694	2.5%	5.0%	15.0%
Total	\$ 25,364,497	100.0%		
Total Cash In Banks	\$ 707,180			
Total Trust Value	\$ 26,071,677			

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