

**New Feoffees of the Grammar School in the Town of Ipswich Trust**  
**Statement of Investment Policy**  
**Adopted Jan. 9, 2013**

The primary objective for the endowment of the Feoffees of the Grammar School in the Town of Ipswich Trust (hereinafter referred to as the “Trust”) is to be a source of capital for “supplemental enrichment programs and uses that provide educational enhancement for Ipswich public school students” as provided in the Trust Administration Order (hereinafter the “TAO”). The Trust was established and exists under the TAO as a public trust. The Board of Feoffees (hereinafter the “Board”), which was also established by the TAO, administers the Trust under the TAO.

This Statement of Investment Policy (hereinafter the “Investment Policy”) has been adopted by the Board at their meeting on January 9, 2013 in accordance with the TAO. The purpose of the Investment Policy is to effect the terms of the TAO.

**I. Investment Objectives:**

The Trust has the following key objectives:

1. Provide funds for programs and uses that provide educational enhancement for Ipswich school students as set forth in the TAO.
2. Earn an average annual rate of return that will enable the Trust to maintain or grow in perpetuity the Principal of the Trust after inflation while taking into account distributions and expenses.

**II. Governance**

The Board is responsible for the establishment of an Investment Policy with appropriate investment guidelines and applicable benchmarks, for the selection and monitoring of investment managers and custodians, for the annual distribution to the Ipswich School Committee (hereinafter the “School Committee”), and reporting to the various town governing bodies.

Under the TAO, the Board will prepare regular reports regarding the performance of the Trust in relation to its goals and objectives.

All of the Trust’s portfolio assets will be managed by an external investment manager or managers. The Board will engage the services of a well qualified investment manager (or managers), with an established record of accomplishment in investing, either directly or indirectly, across the spectrum of asset classes that reflects the Trust’s desired asset allocation goals.

The Board shall hold and invest Trust assets through third party custodians independent of the Feoffees and investment advisors (unless the investment advisor is a national bank or trust company chartered by the Commonwealth of Massachusetts) as the Feoffees deem appropriate. All Trust assets are to be invested in accordance with the TAO, the Investment Policy and the standards set forth in M.G.L. c. 203C, the Massachusetts Prudent Investor Act, and M.G.L. c. 180A, the Massachusetts Uniform Institutional Funds Act and any successor statutes.

The investment manager(s) will be expected to report to the Board in detail every quarter. The Board will monitor the manager for consistency of investment philosophy, returns relative to benchmarks and objectives, investment risk as measured by asset concentration, exposure to extreme economic conditions, and market volatility. Absolute and relative performance will be reviewed on a quarterly basis, but evaluated over rolling three and five year periods. The Board shall periodically review and, if appropriate, rebalance the strategic asset allocation of the Trust and make tactical allocation decisions based on the Trust's Investment Policy, and information and advice provided by investment advisors.

### **III. Investment Policy**

The Board has adopted the following as the Investment Policy. It sets forth return objectives and asset allocation guidelines for the Trust based on long-term fundamental objectives.

#### Total Return Objective:

The Trust's average annual total return objective over the long-term (rolling three to five year periods) is to meet or exceed a proposed spending rate plus inflation, as defined by the Consumer Price Index, plus expenses as expressed above.

Given recent and projected rates of inflation, this should equate approximately to an average annual nominal return of 5% to 6.5% over appropriate time periods.

#### Asset Mix, Monitoring and Investment Management:

Because high quality fixed-income today provides a historically low rate of return, the Trust may have a somewhat greater emphasis on equity or equity-like asset classes. This may result in moderate intermediate-term volatility, which in turn can cause the Trust's total market value to fluctuate on a year-to-year basis. In order to mitigate the risks associated with volatility, the Trust will be diversified across asset classes and geographies to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the Trust's long-term performance.

In accordance with these goals, the Board has adopted the following temporary asset allocation parameters:

Non-Traditional Equity primarily refers to long/short equity hedge funds. Real assets include commodities, inflation-adjusted bonds, and real estate. Credit opportunities include distressed debt, high yield debt, and similar debt instruments. Illiquid assets include any asset investment where liquidity is limited beyond one year, such as private equity, or venture capital.

Asset Class	Allocation Range		
Traditional Equity	40%	-	50%
Non-Traditional Equity	15%	-	25%
Total Equity	55%	-	75%
High Quality Fixed Income	10%	-	20%
Credit Opportunities	0%	-	10%
Cash	5%	-	10%
Total Fixed Income / Cash	15%	-	30%
Illiquid Investments	0%	-	5%
Real Assets	5%	-	10%
Total Illiquid and Real Assets	5%	-	15%

For the initial five year investment period of the Trust, a substantial portion of the assets may be held in the form of mortgages granted to prior tenants of the land in Ipswich, until its sale in 2012. Most of these mortgages are for a five year term, at a 6% rate of interest with no principal payments over that period. As these mortgages are refinanced privately, and the original note is paid off, the proceeds from such payoffs will be added to the investment fund. While the mortgages are outstanding, they will be considered as part of the fixed income allocation.