This year marks the 20th anniversary of the phased withdrawal of the Assisted Places Scheme. The achievements of our first cohorts of bursary-funded Old Mancunians in medicine, engineering and the arts, to name but a few, are impressive, and clear evidence that MGS is not only an engine for social mobility, but also making a great contribution to the UK economy.

‘MGS HAS THE PROUD DISTINCTION, AMONGST OLD FOUNDATIONS, OF HAVING KEPT NEARER THAN ANY OTHER TO THE INTENT AND SPIRIT OF ITS FOUNDER THAT IT SHOULD PRIMARILY GIVE TO BOYS WHO HAD NOT MUCH FINANCIAL BACKING A CHANCE OF DISTINGUISHING THEMSELVES.’

J L Paton

Trustees

R Shackleton (resigned 25 January 2017)
G W R Lees-Jones (Chairman)
M N G Evans
M J Seal
N J Richens (appointed 10 November 2016)
J H Tully (appointed 25 January 2017)
R F W Flower (to be appointed January 2018)
I Thorpe (to be appointed January 2018)

Secretary

G L Griffiths (appointed 25 January 2017)
G L Griffiths (appointed 25 January 2020)

Governors (No Off) G

A Beardsworth
M C Bolton*
Professor D A Cardwell
B Dixon CBE
Professor T A Hinchcliffe*
J M Kingsley
J C Luca
J Prag
R Race
J P Watkins CBE (Chairman)*
E M Watkins CBE (Chairman)
J Young

*Member of the Finance Committee

Representative

T W Westlake (University of Manchester)

The Dean of Manchester
The President of Corpus Christi College, Oxford
The Lord Mayor of Manchester

High Master

Martin Boulton

Director of Development

Simon Jones
0161 224 7201 Ext 240
s.jones@mgs.org

Development Administrator

Julie Wright
0161 224 7201 Ext 241
j.wright@mgs.org
Dr Martin Boulton

It is now twenty years since the Assisted Places Scheme stopped helping boys like me from having access to some of the country’s best schools. It is not therefore a great surprise to see that social mobility has stalled, and whilst the Department for Education is now starting to look at ways to enable social change, it is unlikely that we are going to see the return of any state funding in the near future.

I think that as members of the MGS community we can be very proud of our response to that change. Since 1997, our alumni and supporters of the School have gone further than any other school in the scale of their giving, and over 500 pupils have benefited from a means-tested bursary provided by the MGS Trust.

Over 250 bursary recipients have now completed their MGS journeys and are enjoying life in higher education or in the early years of their careers. The Bursary Impact Report on pages 04-07 of this annual report highlights the amazing contribution that our bursary fundraising has had, both for the School and our wider community.

The achievements of our first cohorts of bursary-funded Old Mancunians in medicine, engineering and the arts, to name but a few, are impressive, and clear evidence that MGS is not only an engine for social mobility, but also making a great contribution to the UK economy.

The School aims to ensure that it remains a meritocracy in the years to come, providing boys from all backgrounds with the opportunity to make their mark in the world. I am delighted that the MGS Trust formally established a bursary endowment fund in January 2017 to provide financial assistance to support bright boys regardless of their parents’ income, for the next 500 years. Our ‘Drive US to Endowment Appeal’ was launched in the USA in March 2017, and I look forward to reporting you all of the progress of this initiative later this year.

This is our second annual report; I would like to record my thanks to Simon Jones and his team for producing this hugely informative document and, more generally, for all the work they do. Finally, I should like to thank all of you for your continued generosity, as well as the wisdom and time you freely give to support our wonderful School.

Maurice Watkins CBE

The School is delighted that William Lewis-Jones, Managing Director of JW Lees, has accepted the position of Chairman of the MGS Trust following Francis’s retirement. He takes up the reins at an exciting point in our fundraising journey as the School announced plans in January to grow a bursary endowment fund over the coming decades, thereby enabling the School to achieve its ultimate aim of establishing a needs-blind admissions policy.

Peter Ainsworth has been succeeded by a new Secretary, Gillian Griffiths, and William has appointed three new Trustees. Former School Captain, Jim Tully (OM 79-86), was appointed as a Trustee in November and in January 2018 Rowland Flower from Rathbones will join the board of Trustees; Ian Thorpe (OM 62-69), who retired in September after 40 years on the MGS staff, worked in the English Department, as Lower School Master, Surmaster and the School’s Pre-Development Director from 2004-10, will be joining the board in January 2018.

We are enormously grateful for the work carried out by the MGS Trust in safeguarding our bursary funds for the benefit of current and future MGS pupils.
In the two decades since the Bursary Fund was established, some 258 bursary recipients have passed through the School and gone on to make their way in the world.

How do you measure the impact of an MGS bursary? 253 of these bursary recipients went on to university – a remarkable figure. 210 took up places at elite Russell Group* universities, with many gaining access to the most competitive courses. The diversity of the courses studied is testimony to the individuality and breadth of learning MGS fosters. The testimonials on the following pages paint another picture which is altogether more personal.

In the last 20 years 1 in 6 boys in the Senior School have benefited from a means-tested bursary place.

258 BURSARY RECIPIENTS ARE NOW MANCUNIANS, currently studying at university or in the early stages of their career.

258 BURSARY RECIPIENTS

253 WENT ON TO UNIVERSITY

210 TOOK PLACES AT RUSSELL GROUP* UNIVERSITIES

18 ENROLLED IN POSTGRADUATE COURSES

*The Russell Group was formed in 1994 by 17 British research universities – Birmingham, Bristol, Cambridge, Durham, Glasgow, Imperial College London, Leeds, Liverpool, London School of Economics, Manchester, Newcastle, Nottingham, Oxford, Sheffield, Southampton, University College London and Warwick

Since the Bursary Fund was established, 258 bursary recipients have passed through the School and gone on to make their way in the world.
ANDRE REIHANI
(02-09)

A bursary at MGS opened a world of opportunities that would have otherwise been unavailable to my family and me, that undoubtedly gave me the ability to reach my full potential through benefiting not only from the world-class education on offer, but to mix with bright and engaging teachers and boys.

MHARAB CHOUNDHYR
(09-17)

An excerpt from Mharab’s speech at Founders’ Day 2007. Teachers and pupils have no idea, and they won’t ever be able to tell who was or wasn’t on a bursary. We are all pupils of MGS. And that’s what I believe is part of what makes MGS so special.

ALEX AZIZ
(02-09)

I grew up in Swinton, Salford, with my mum and sister. I was lucky that my family was always determined and they instilled that in me. I started at MGS in 2002, sang in the choir, performed in several plays and was a keen lunchtime footballer.

I was made a school officer in Sixth Form and later to study Medicine at Jesus College, Cambridge. At Cambridge, I became a College supervisor for the first and then my fifth year medical students; and lectured on one of the clinical schools’ optional modules. Since then, I have worked for the CSC in China, presented papers at international conferences and completed my foundation training in London. Now I am back and studying for a master’s degree in oncology at the Cancer Research UK Manchester Institute.

I know that my life would not have been the same without MGS; that I could not have studied at Cambridge University and accepted to Harvard University and moved to Massachusetts. Following my graduation in 2013, I lived in Boston, MA, for a while, travelled around Europe, and eventually landed in Canada. I have now settled in Toronto where I work as an associate in a risk advisory and audit role.

I’m enormously grateful for the opportunities MGS afforded me, and I certainly wouldn’t be where I am today without the support of my parents and, of course, the assistance of the MGS bursary. As someone who has benefited from the generosity of the bursary, I am so grateful for it this day. The Bursary Fund plays a crucial role in developing diversity of thoughts, beliefs, character, and socio-demographic backgrounds at MGS, and my brothers and I could not have attended if not for support from the Fund to our family. I look forward to supporting the Fund in any way possible, and to see its continued growth and success.

ADAM CHEKROUD
(03-10)

I grew up in Middleton, Manchester, with my parents and twin brothers, Sammi and Ameen. It would be a gross understatement to say that our house was lively growing up – I am sure anyone that knew one of us could give you a more vivid description.

I played rugby, visited Russia, France and Germany, and became school Vice-Captain in my final year. The wealth of opportunities available helped foster my intellectual curiosity and prepare me for a life after MGS. With the support of MGS, I was accepted to Harvard University and moved to Massachusetts. Following my graduation in 2013, I lived in Boston, MA, for a while, travelled around Europe, and eventually landed in Canada. I have now settled in Toronto where I work as an associate in a risk advisory and audit role.

I’m enormously grateful for the opportunities MGS afforded me, and I certainly wouldn’t be where I am today without the support of my parents and, of course, the assistance of the MGS bursary. As someone who has benefited from the generosity of the bursary, I am so grateful for it this day. The Bursary Fund plays a crucial role in developing diversity of thoughts, beliefs, character, and socio-demographic backgrounds at MGS, and my brothers and I could not have attended if not for support from the Fund to our family. I look forward to supporting the Fund in any way possible, and to see its continued growth and success.
Funding from the Direct Grant Scheme and Assisted Places Scheme has helped MGS to be accessible to boys from poorer families at different times in our history. Our objective in embarking upon the Bursary Appeal in 1998, in the context of the withdrawal of the Assisted Places Scheme, was to establish a capital fund that would produce income in perpetuity to subsidise the fees of suitably able boys from families of modest means.

The ‘Next 500 Bursary Appeal’ reached its £10 million target in July 2006, and the Governors took the decision that the appeal should continue indefinitely until the MGS Trust has sufficient resources to provide investment income each year to support all deserving boys. We believe that we need to build a fund worth over £100 million to achieve our ultimate aim of having a fund worth over £100 million to provide investment income each year to support all deserving boys.

By the end of November 2017 the total value of the Bursary Fund stood at £18.2 million, with £5 million of the existing assets treated as an endowment portfolio. We are enormously grateful to all Old Mancunians and supporters of the School who have contributed to this success.

In next year’s annual report we shall report on the new bursary endowment fund which was established in January 2017, and the ‘Drive US to Endowment’ campaign which was launched in January 2016, and the Governors took the decision that the appeal should continue indefinitely until the MGS Trust has sufficient resources to provide investment income each year to support all deserving boys. We believe that we need to build a fund worth over £100 million to achieve our ultimate aim of having a fund worth over £100 million to provide investment income each year to support all deserving boys.

The Trustees can distribute both income and capital from the general fund, with the average support being 95% of the subscriber. This is a truly remarkable achievement. However, in spite of the success that we have achieved, we expect that each year we have to disappoint about 30 deserving boys because we have insufficient funds.

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In January 2017, at the School’s request, the MGS Trust set up a separate endowment fund to enable donors to make donations on an endowed basis, thereby ensuring that the capital donation will remain intact in perpetuity. Following the establishment of this fund donors will now be given the choice whether they wish their donation to be treated as an endowment or used for more immediate impact through the general fund.

Whilst the Trustees can distribute both income and capital from the general fund, in order to support the School’s fundraising initiatives, they have agreed to treat £5 million of the general fund as if held on an endowed basis.

THE BURSARY FUND
FINANCIAL OVERVIEW 1997-2017

£1,427,662 in gifts to support MGS Special Educational Needs and Disabilities (SEND) Department
£200,000 legacy gift from James Norris (28-30) and his wife, Margaret, to support the Astro Turf project
£224,340 Bursary gifts to School for immediate use
£955,822 donated to the MGS Trust Bursary Fund
£36,000 in gifts to support MGS Business and Entrepreneurship Department
£10,000 to support the trips and travel fund for bursary pupils
£500 support for pupils involved in entrepreneurship
£10,000 to support the MGS Prize Fund
$1,000,000 from Old Mancunians and supporters of the School

£30 MILLION
£25 MILLION
£20 MILLION
£15 MILLION
£10 MILLION
£5 MILLION
£0 MILLION

£5 million of the general fund as if held on an endowed basis.

TOTAL VALUE OF BURSARY FUND SINCE 1997

£25 MILLION
£20 MILLION
£15 MILLION
£10 MILLION
£5 MILLION
£0 MILLION

The MGS Trust & Development Office
08/09

£30 MILLION
£25 MILLION
£20 MILLION
£15 MILLION
£10 MILLION
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£20 MILLION
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£10 MILLION
£5 MILLION
£0 MILLION

£5 million of the general fund as if held on an endowed basis.
Investing in our Facilities

Whilst always being mindful of the importance of keeping school fees as low as possible, so that we maintain access to the School without compromising the quality of the education we offer, we seek to invest sensibly in our facilities and site, thinking both of the needs of boys currently in the School, and those of generations to come.

We are now in our fourth year of vital, expensive but unglamorous work, repointing and re-roofing the ageing main building. We have also continued a major programme of work to improve the drainage of our pitches, the benefits of which are being directly felt by boys, with fewer fixtures cancelled because of waterlogged pitches. Investment over recent years in sport has led to a big rise in participation, representation and enjoyment.

We have two major projects that we would like to realise in the coming years. Plans are now well advanced for the creation of a new all-weather hockey pitch, with further provision for tennis and football. The next major development will be work on a new Pavilion, to create new facilities for cricket and a dedicated Sixth Form Centre, with study and recreational areas for pupils, as well as teaching and office space. This project will also include the redevelopment of the Sieff Theatre, to provide a new performance space for music and academic lectures.

REDEVELOPING THE PAVILION

The Original Pavilion was built in 1956 to commemorate Old Mancunians who gave their lives in the Second World War. The building was funded from a variety of sources, including £7,000 from a war memorial fund of donations made by Old Mancunians, £1,000 from parents and £10,000 from the proceeds of the sale of Long Millgate buildings to the Manchester Corporation.

Plans are at an early stage to redevelop the Pavilion to create improved facilities for cricket, a dedicated Sixth Form Centre and a redeveloped Sieff Theatre.

INVESTING IN OUR FACILITIES

HOW OUR NEW ALL-WEATHER FACILITIES COULD LOOK

WE SHALL keep our supporters informed

AS THESE PLANS DEVELOP IN THE COMING YEARS
serving the wider community.

Our Contribution to the Community

The MGS Trust & Development Office

MGS has a long and proud history of serving the wider community.

We believe that we go further than any other school in this regard...

Our Contribution to the Community

12/13

Our Contribution to the Community

12/13

serving the... as well as offering work experience courses for Sixth Form students to help prepare them for university entrance.

STAFF OUTREACH

Teaching staff provide university interview practice for Sixth Form students from local schools and Sixth Form colleges. In a personal capacity MGS staff volunteer in the community in a wide range of capacities.

Twenty-three staff are school governors, twenty are involved in volunteering or serve as trustees for charities; seven volunteer in a sporting capacity, eighteen volunteer for community groups (religious and others). Twenty are public examiners, sixteen have published academic journals or books; one is a Justice of the Peace and local councillor.

COMMUNITY ACTION

Seventy-six boys from Years 9 to 11 spend a lunchtime each week working in local primary schools. Ninety-seven Sixth Formers are involved in Community Action at lunchtime or in Sixth Form option time, offering mentoring and coaching in special needs, Maths and English as an additional language in primary and secondary settings.

As part of our Community Action programme we collect and distribute food to families in Salford at Harvest and presents at Christmas.

MGS has a long-standing relationship with The Bujagala College in Uganda. This year it won a report of 5 tonnes of books, along with a donation of £2,000.

At MGS is seconded to develop an historic site and home of the author Alan Garner. A member of staff at MGS weekly for music sessions with our specialist primary music teacher.

28 new boys in receipt of a means-tested bursary place joined the School in September 2017. The average support that they have received is 95% of the school fee.

PUBLIC LECTURES (HUGH OLDHAM SERIES)

The School offers weekly academic lectures for all in the school and the wider community. These hour-long talks cover a wide range of challenging topics and disciplines from all subject areas.

Two local schools have used our athletics track for their sports days.

Our Contribution to the Community

12/13

MGS was rated Outstanding in all categories in its first Ofsted inspection in June 2015. In August 2016, NIFS successfully moved to its permanent site on Hugh Oldham Way.

Bursary Support

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Manchester Swire Chinese Language Programme

The Manchester Swire Chinese Language Centre is a partnership between MGS, the Chinese Language Foundation and Manchester Metropolitan University.

The Foundation is funding the employment of Chinese teachers across the United Kingdom. A member of staff at MGS is coordinating the Manchester hub of the project and supporting participating schools.

We are currently working with Manchester Creative and Media Academy, Manchester Enterprise Academy and Manchester Enterprise Academy Central. We are also helping MMU with their new FQCE course in Mandarin/Chinese, which started this September.

Five schools take part in days we run for very able and talented pupils.

Children from St James’ Primary School visit MGS weekly for music sessions with our specialist primary music teacher.

400 children in Years 4 and 5 visit the School for the annual Bexwyke Lecture and workshops; this year the title was ‘The Day in the Life of an Art Gallery’.

We also host rugby and football tournaments for local primary schools.

Our Contribution to the Community

12/13

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Thanking our Supporters

Members of the Hugh Oldham Society have donated substantial sums to help re-found the School through gifts to the Bursary Endowment or by funding large-scale building projects. We would like to welcome Arnold Thackray to the Hugh Oldham Society this year. We are enormously grateful to all of our modern day Founders:

**LEON HOWARD** (53-62)
**HUGH OLDHAM SOCIETY**
**ANTHONY PRESTON CBE** (66-73)
**JON AISBITT** (68-75)
**PATRICK CRYNE** (FORMER PARENT)
**PETER BRACEWELL** (35-41)
**IAN BAILEY** (27-32 AND STAFF 49-07)
**MURIEL MORRISON** (FRIEND OF THE SCHOOL)
**GEORGE ENTWISLE** (32-39)
**ARNOLD THACKRAY** (49-57)

**LANGWORTHY SOCIETY**

Edward Langworthy, a wealthy cotton businessman, became known as ‘our second Founder’ after he saved the School from bankruptcy in the 1870s. It is fitting that we use his name to recognise those Old Mancunians and supporters who wish to support MGS by leaving a gift in their will. We are enormously grateful that, since the launch of the Langworthy Society, a significant number of OMs have indicated that they intend to support the School in their will. The names of members of the Langworthy Society can be seen in the Old Mancunians’ section of mgs.org.

**BEXWYKE SOCIETY**

The current cost of endowing a bursary place in perpetuity is £400,000, a sum which we expect to produce an annual investment return equivalent to a school fee. Those individuals endowing one or more places will have their name inscribed on the Boards of Refoundation and be invited to be recognised as a member of the Bexwyke Society. The Bexwyke family made a substantial contribution to the School’s original endowment fund along with Hugh Oldham. It is fitting, therefore, that we use the Bexwyke family name to recognise those Old Mancunians and friends who have made a substantial gift to the School, equivalent to endowing a bursary place in perpetuity. The names of members of the Bexwyke Society can be seen in the Old Mancunians’ section of mgs.org.

**WE WISH TO THANK ALL OUR CURRENT DONORS**

**INCLUDING ALL NEW DONORS WHO HAVE JOINED US IN THE LAST YEAR**

**BENEFACTORS AND DONORS**

The names of all our supporters can be seen in the Old Mancunians’ section of mgs.org, or in the ‘Book of Refoundation’ on display at the School.

**MAJOR DONORS**

Each year we update the major donor boards in the Quad to recognize the names of supporters who have gifted £50,000 or more to the School. The majority of donors choose to support the Bursary Fund. If you would like to look at our virtual major donor board, please visit the Old Mancunians’ section of mgs.org.

**THE MGS TRUST & DEVELOPMENT OFFICE**

Thanking our Supporters

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**FUND MANAGEMENT REPORT**

**INVESTMENT POLICY**

The Fund is managed on the basis that although income is a key requirement of the portfolio, the overall need is for a balance of capital growth and income sufficient to meet the Trust’s revenue commitments and to provide real long term growth in the value of the investments. Therefore, a ‘total return’ strategy has been agreed in relation to the assets, with a medium risk tolerance.

In order to ensure an adequately balanced portfolio and a reasonable diversification of risk, the following asset allocation guidelines have been put in place within which the portfolio must be managed:

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0%</td>
<td>15%</td>
</tr>
<tr>
<td>UK Equities</td>
<td>30%</td>
<td>50%</td>
</tr>
<tr>
<td>Overseas Equities</td>
<td>10%</td>
<td>30%</td>
</tr>
<tr>
<td>Bonds</td>
<td>20%</td>
<td>45%</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>5%</td>
<td>25%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>15%</td>
</tr>
</tbody>
</table>

* The total commitment to equities should not exceed 75%.

**Alternative assets may include property, infrastructure, hedge funds and structured products.

Performance is measured with reference to the following benchmarks:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>UK Equities (FtSE All Share)</th>
<th>Overseas Equities (MSCI World ex UK)</th>
<th>Bonds (UK Gilts) (FT Govt All Stocks)</th>
<th>Corporate Bonds (界定: 基於非政府外資)</th>
<th>Cash Social Authority 7 Day Notice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 10 Holdings</td>
<td>40%</td>
<td>20%</td>
<td>15%</td>
<td>15%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**ASSET ALLOCATION AS AT 30 SEPTEMBER 2017**

**TOP 10 HOLDINGS**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>51%</td>
</tr>
<tr>
<td>ETFS Physical Gold</td>
<td>5.20%</td>
</tr>
<tr>
<td>Franklin Park American</td>
<td>3.16%</td>
</tr>
<tr>
<td>PowerShares REIT US 1000</td>
<td>2.95%</td>
</tr>
<tr>
<td>Twenty/Four Absolute Return</td>
<td>2.51%</td>
</tr>
<tr>
<td>Old Mutual UK Smaller Companies</td>
<td>2.32%</td>
</tr>
<tr>
<td>Royal Dutch Shell</td>
<td>2.26%</td>
</tr>
<tr>
<td>Invesco Corporate Bond</td>
<td>2.06%</td>
</tr>
<tr>
<td>MSCI Inflation Linked Corp. Bond</td>
<td>1.37%</td>
</tr>
<tr>
<td>Baring Europe Select</td>
<td>1.03%</td>
</tr>
</tbody>
</table>

**TOP 10 UK EQUITY HOLDINGS**

<table>
<thead>
<tr>
<th>Fund</th>
<th>Proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Royal Dutch Shell</td>
<td>6.32%</td>
</tr>
<tr>
<td>HSBC</td>
<td>4.70%</td>
</tr>
<tr>
<td>Lloyds Banking Group</td>
<td>4.64%</td>
</tr>
<tr>
<td>Equities</td>
<td>4.55%</td>
</tr>
<tr>
<td>GlencoreSmithKline</td>
<td>4.44%</td>
</tr>
<tr>
<td>BP</td>
<td>3.85%</td>
</tr>
<tr>
<td>Unilever</td>
<td>3.73%</td>
</tr>
<tr>
<td>Prudential</td>
<td>3.47%</td>
</tr>
<tr>
<td>Legal &amp; General</td>
<td>3.41%</td>
</tr>
<tr>
<td>Nest</td>
<td>3.07%</td>
</tr>
</tbody>
</table>

**STATEMENT OF FINANCIAL ACTIVITIES 2012-2017**

2017 accounts have yet to be audited. The current value of the Fund is £26.2 million.

<table>
<thead>
<tr>
<th>Period</th>
<th>Net movement in funds</th>
<th>Net gains on revaluations</th>
<th>Net rent receivable</th>
<th>Net interest receivable</th>
<th>Total Income</th>
<th>Total Expenditure</th>
<th>Net resources</th>
<th>Total funds carried forward at 31 December</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,019,302</td>
<td>970,449</td>
<td>814,049</td>
<td>2,205,332</td>
<td>2015,580</td>
<td>2,118,711</td>
<td>97,869</td>
<td>£1,625,809</td>
</tr>
<tr>
<td>2013</td>
<td>622,289</td>
<td>61,115</td>
<td>67,345</td>
<td>410,416</td>
<td>108,948</td>
<td>111,000</td>
<td>55,656</td>
<td>£1,900,000</td>
</tr>
<tr>
<td>2014</td>
<td>104,592</td>
<td>589,323</td>
<td>64,671</td>
<td>592,980</td>
<td>109,147</td>
<td>113,218</td>
<td>2,205,217</td>
<td>£2,165,174</td>
</tr>
<tr>
<td>2015</td>
<td>50%</td>
<td>722</td>
<td>5,012</td>
<td>12,726</td>
<td>11,294</td>
<td>2,070,232</td>
<td>1,686,993</td>
<td>£2,227,017</td>
</tr>
<tr>
<td>2016</td>
<td>4,909</td>
<td>3,222</td>
<td>2,063</td>
<td>2,875</td>
<td>1,613,538</td>
<td>1,671,538</td>
<td>1,671,538</td>
<td>£2,651,754</td>
</tr>
<tr>
<td>2017</td>
<td>3,520</td>
<td>2,063</td>
<td>2,875</td>
<td>1,613,538</td>
<td>1,671,538</td>
<td>1,671,538</td>
<td>1,671,538</td>
<td>£2,651,754</td>
</tr>
</tbody>
</table>

**OVERSEAS EQUITY 21%**

- **UK Equities**
  - Performance is measured with reference to the following benchmarks:
  - **Top 10 Holdings**
    - Cash: 51.13%
    - ETFS Physical Gold: 5.20%
    - Franklin Park American: 3.16%
    - PowerShares REIT US 1000: 2.95%
    - Twenty/Our Absolute Return: 2.51%
    - Old Mutual UK Smaller Companies: 2.32%
    - Royal Dutch Shell: 2.26%
    - Invesco Corporate Bond: 2.06%
    - MSCI Inflation Linked Corp. Bond: 1.37%
    - Baring Europe Select: 1.03%

**UK EQUITY 40%**

- **Alternative Assets**
  - Performance is measured with reference to the following benchmarks:
  - **Top 10 UK EQUITY HOLDINGS**
    - Royal Dutch Shell: 6.32%
    - HSBC: 4.70%
    - Lloyds Banking Group: 4.64%
    - Equities: 4.55%
    - GlencoreSmithKline: 4.44%
    - BP: 3.85%
    - Unilever: 3.73%
    - Prudential: 3.47%
    - Legal & General: 3.41%
    - Nest: 3.07%
Indeed, despite returning 12% during the period, the FTSE All-share was the laggard – perhaps reflecting Brexit concerns – with Wall Street and many continental bourses making gains in excess of 20%. The somewhat erratic nature of the Trump Presidency has so far failed to deter US investors, who have instead chosen to focus on the possibility of a business-friendly tax-cutting package and greater infrastructure spending, although we have recently seen some weakness in the dollar. Europe has finally begun to deliver a genuine economic recovery, having trailed behind the rest of the developed world since the Financial Crisis.

Much investor attention over the last year has focused on the outlook for monetary policy, with US interest rates on an upward trend and most central banks looking to gradually withdraw the ‘QE’ support that has been a major feature since the Crisis. This has meant a much more difficult environment for fixed-income, with most major sovereign bond markets (including gilts) registering negative returns.

We have held a negative view on bond markets for some time, and this positioning helped the fund to outperform its composite benchmark by 0.5% over the period, with a return of 8%. We continue to prefer European over US equities on the basis of relative valuation, whilst the position in Japanese equities was also a positive factor. However, the UK equities lagged slightly behind the London market, primarily due to weakness in the pharmaceuticals sector and the strong recovery in resources, which was under-represented in the fund relative to the wider market.

Overall, we feel that the global economic background is generally supportive of equities and company results have, in aggregate, been strong this year. Looking forward, the key factor will be whether central banks across the world manage the transition from ultra-loose monetary policy to a more ‘normal’ regime without choking off economic growth. The prospect of ‘quantitative tightening’ and rising interest rates is clearly negative for bonds but could also be damaging for stock markets if it is mishandled. From a UK perspective, the continued uncertainty of the Brexit negotiations presents an additional risk factor. We therefore retain a broadly neutral position in equities, and prefer absolute-return type products as an alternative to bonds in the lower-risk part of the portfolio, with an exposure to gold as a hedge against major policy error.