

Minnesota Sinfonia

Investment Policy Statement

Purpose

The purpose of the Investment Policy Statement (*IPS*) is to establish guidelines for security investments and cash management activities of the Minnesota Sinfonia (*the Sinfonia*). The IPS codifies the objectives, constraints and responsibilities that govern these activities. To wit, it provides clarity and guidance to those responsible for overseeing the Sinfonia's finances and promotes prudent and effective stewardship of its financial assets.

Background

The Sinfonia is funded primarily through government grants and generous cash donations from individuals, foundations and corporations. While most of those funds are in turn used to cover current program and administration expenses, a small portion is periodically set aside in an Organizational Reserve account to cover potential future revenue shortfalls or unforeseen expenses. The Sinfonia also occasionally receives in kind donations of securities (e.g. common stock). The IPS is written with the primary goal of governing decisions within those two contexts - the management of the organizational reserve funds and donated equity securities. It will be periodically reviewed and updated as future circumstances dictate.

Objectives

I. Preservation of Capital

The Sinfonia greatly appreciates the generosity of its benefactors and first and foremost seeks to protect funds from loss, so they can be used to further the Sinfonia's mission of serving the musical and educational needs of Minnesota. Conservatism and principal protection are given precedence in all investment decisions but most especially so in decisions involving the organizational reserve funds.

II. Purchasing Power

Without eschewing the first objective, funds that are not intended to be used in the near term are invested in a way that mutes the impact of inflation and preserves the real purchasing power of the funds.

III. Diversification

Following modern portfolio theory, idiosyncratic risk is reduced and superior risk adjusted return is achieved through proper diversification of risky assets. Individual equity holdings are ideally liquidated in exchange for a diversified portfolio of securities (or a single diversified

security such as a mutual fund or ETF). However, those decisions are made in consideration of certain constraints (e.g. transaction costs), and in some circumstances, it may be deemed acceptable to maintain small, undiversified positions.

Constraints

I. Liquidity

With the potential exception of in-kind donations of non-liquid assets (e.g. stock in a private company), funds are invested exclusively in liquid, publicly traded securities with an active market or in FDIC insured deposit accounts. This constraint is particularly important for Reserve Account funds which must be readily accessible without fees, penalties or potential loss of principal.

II. Transaction Costs

All investment decisions are made with full knowledge of applicable transaction cost and fees. Potential investment and cash management strategies are evaluated on the basis of the expected net incremental return after fees, charges and expenses.

III. Fiduciary Time and Resources

Certain investment strategies require time and resources to effectively implement and manage. Investment and cash management strategies are only undertaken if the required time and personnel cost is commensurate with the expected incremental return.

IV. Socially Responsible Investing

Investment decisions are made with the intent to avoid exposure to companies or industries deemed to have an overtly negative social or environmental impact. While financial return is the primary consideration, care is taken to avoid intentionally making investments, however small, indirect or temporary, that current and potential benefactors might reasonably find objectionable.

Duties & Responsibilities

I. Minnesota Sinfonia Staff

The General Manager holds primary responsibility for maintaining financial accounts, executing transactions and reporting current positions to the Board of Directors. Investment decisions are made in consultation with the Treasurer and the wider Board of Directors as necessary.

II. Board of Directors

The Board of Directors is responsible for investment consultation and oversight. The Treasurer and Finance Committee serve primary role for advising the General Manager on investment

decisions as needed. Any decision involving a significant nominal \$ amount or one that is or could be perceived to be a deviation from stated policy requires full Board of Directors advisement and approval.

Review of Policy

This policy may be reviewed periodically if warranted by internal or external events or changes. Changes to the policy require approval of the Board of Directors.

Approved: May 2015