

**INVESTMENT POLICY OF PURPLE ROSE THEATRE COMPANY
(the “Organization”)**

PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy is to provide a clear statement of the Organization’s investment objectives, to define the responsibilities of the Board of Directors and other parties involved in managing the Organization’s investments, and to identify or provide asset allocation ranges, permissible investments and diversification requirements.

INVESTMENT OBJECTIVE

The overall investment objective of the Organization is to maximize the return on invested assets commensurate with acceptable risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

GENERAL PROVISIONS

- The Board shall review the investment policy on an annual basis, with advice from the Investment Committee, and update the policy as needed.
- The Board shall conduct an annual review of the Organization’s investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Organization’s financial statements.
- Any investment not expressly permitted under this Policy must be formally reviewed and approved by the Investment Committee and the Board.

DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS

- The Board has ultimate responsibility for the investment and management of the Organization’s investment assets.
- The Board may delegate authority over the Organization’s investments to a properly formed and constituted Investment Committee, being a Board Committee comprised only of directors.
- The Board or Investment Committee may hire outside experts as investment consultants or investment managers.

RESPONSIBILITIES OF THE BOARD, OR IF AUTHORITY IS DELEGATED, THE INVESTMENT COMMITTEE

- The Board, or if authority is delegated, the Investment Committee, is charged with the responsibility of managing the investment assets of the Organization. The specific responsibilities of the Board or the Investment Committee, as applicable, include:

1. Selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
2. Communicating the Organization's financial needs to the Investment Managers on a timely basis.
3. Determining the Organization's risk tolerance and investment horizon and communicating these to the appropriate parties.
4. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment progress.
6. Periodically meet with investment manager(s), investment consultants and other outside professionals.
7. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

RESPONSIBILITIES OF INVESTMENT MANAGERS

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.
- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:
 1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
 2. Reporting, on a timely basis, monthly investment performance results.
 3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of the investment process.
 4. Informing the Investment Committee of changes in portfolio management personnel, ownership structure, and investment philosophy.

5. Voting proxies, if requested by the Investment Committee, on behalf of the Organization.
6. Administering the Organization's investments at a reasonable cost.

GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to all Investment Managers.
- The Organization is a tax-exempt organization as described in section 501(c)(3) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Organization investments.
- The Organization is expected to operate in perpetuity and thus has a long term investment horizon.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for anticipated expenses.
- All individuals responsible for managing and investing funds of the Organization must do so in good faith and with the care that an ordinary prudent person in a like position would exercise under similar circumstances.
- In making decisions relative to the investment or expenditure of Organization funds, each of the following factors should be considered:
 1. General economic conditions.
 2. Possible effect of inflation or deflation.
 3. The role that each investment plays within the overall investment portfolio.
 4. Expected total return.
 5. Other resources of the organization.
 6. The needs of the Organization to fund and make distributions and preserve capital.
 7. An asset's special relationship or value, if any, to the Organization's purpose.
- All asset classes are permitted, consistent with this investment policy.

DIVERSIFICATION

- The Organization will maintain reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity or corporate debt securities of any one company or issuer shall not exceed 5% of the portfolio nor shall the total securities position (debt and equity) in any one company or issuer exceed 10% of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than 20% of the entire portfolio may be invested in the securities of any one sector.

ASSET ALLOCATION

- The asset allocation policy shall be predicated on the following factors:
 1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
 2. The correlation of returns among the relevant asset classes.
 3. The perception of future economic conditions, including inflation and interest rate assumptions.
 4. Liquidity requirements for anticipated expenditures.
 5. The relationship between the current and projected assets of the Organization and projected liabilities.

ALLOCATION RANGE

Asset Allocation Range		
Cash & Equivalents		0-25%
Fixed Income		20-50%
Marketable equities		25-60%
All other asset classes (PE, hard assets, hedge funds)		5-25%

OTHER CONSIDERATIONS

- The Board of Directors and the Investment Committee intend to accumulate an endowment of at least \$2 million. Toward that goal, the Board intends not to spend from its endowment until it has accumulated at least \$2 million, at which point the Board will review and implement a spending policy to further the mission of the Organization and grow the endowment.
- In all instances, donor intent shall be respected when decisions are rendered concerning the investments or expenditure of donor restricted funds.
- Although the investment fund is considered to support the long-term viability of the Organization, the Board of Directors shall have the authority to remove unrestricted funds for the organization's operating purposes.

Purple Rose Theatre Company - Investment Manager Questions

1. Provide a description of your firm and your latest Form ADV.
2. To what extent does your firm use in-house v outside research?
3. Describe methods your firm uses to measure historical performance
4. What requirements in terms of time and information do you have of your clients
5. Provide 3 client references.
6. Provide data on your average holding period and portfolio turnover.
7. Who would be our primary contact?
8. Who will custody assets?
9. Provide an example of reporting we can expect both in form and interval.
10. Can you assist us in evaluating our current investment policy?
11. How will you communicate with the organization?
12. Provide sample historical performance information.