International Institute of Minnesota
Investment Policies

Approved by the Board of Directors on: March 11, 2013

I. Purpose

All funds of the International Institute of Minnesota (IIM) are managed by the Fiscal and Administration Committee of the Board of Directors as a fiduciary for the express purpose of carrying out the mission of IIM. The following investment objectives and directions are to be judged and understood in light of that overall sense of stewardship.

II. Statement of responsibility and authority

The Board of Directors has delegated primary authority over its financial affairs to the Fiscal and Administration Committee of the Board. The Fiscal and Administration (F&A) Committee is responsible for monitoring the performance of the investments. In carrying out its responsibilities, the F&A Committee and its agents will act in accordance with the Investment Policies and all applicable laws and regulations. The Board reserves to itself the exclusive right to revise the Policies.

The Fiscal and Administration Committee is authorized to retain one or more Investment Counselors to assume the investment management of funds and assets owned or administered by IIM. The F&A Committee is responsible for establishing operational procedures designed to set direction, expectations and responsibilities for the Executive Director who is responsible for the implementation of the organization's Investment Policies.

III. Investment process

The Executive Director will serve as the liaison between the F&A Committee and the Investment Counselor(s). He/she will be responsible for communicating the objectives and constraints to the Counselor(s) and relaying all financial reports to the Committee. Under normal circumstances, communications between the three parties will take place quarterly. The F&A will be responsible to review the relationship with the Counselor(s) every two years.

Earnings may be distributed quarterly to General Operations, unless reinvested or otherwise restricted.

IV. Objectives

The primary investment objective of IIM is to preserve and protect its assets, by earning a total return for each fund appropriate to each fund's time horizon, liquidity needs, and risk tolerance.

V. Asset allocation guidelines

To accomplish IIM's investment objectives, the Counselor is authorized to utilize portfolios of equity securities (common stocks and convertible securities), fixed-income securities, and short-term (cash) investments. As a guide to accomplishing these objectives, the Counselor shall remain within the ranges provided in the following table. These ranges can be modified from time to time by the Fiscal and Administration Committee with approval by the Board. The actual investment targets shall be set within those limits by the Counselor in conjunction with IIM's Executive Director.

Reserves	Target Amount	Asset Classes		
		Equity Securities	**Fixed-income securities**	**Short-term reserves**
Operating	3 months of current operating budget	Up to 60%	0-50%	50-100%
Endowment Fund (permanently restricted)		30-80%	15-70%	0-20%

Temporarily restricted funds may be included with Operating Reserves up to approximately one month prior to the assets being released from the restriction, at which time they are moved to Operating Reserves.

VI. Security selection parameters

As a general policy, the Counselor will maintain reasonable diversification at all times. The Counselor may not allow the investments in the equity securities of any one company to exceed five percent of the portfolio nor the total securities position (debt and equity) in any one company to exceed ten percent of the portfolio. The Counselor shall also maintain reasonable sector allocations and diversification. In that regard, no more than 25 percent of the entire portfolio may be invested in the securities of any one sector. All purchases of securities will be for cash and there will be no margin transactions, short selling, or commodity transactions.

IIM desires to invest in companies whose business conduct is consistent with the organization's goals and beliefs. Therefore, the Counselor will use best efforts to avoid investing directly in the securities of any company known to participate in businesses the Board deems to be morally offensive.

VII. Results and measurement

The Fiscal and Administration Committee and Executive Director will meet annually to set performance goals and risk tolerance for each of the funds.

Monthly, the Counselor will provide the Executive Director with a written statement containing all pertinent transaction details for each separately managed portfolio for the preceding month, including:

- the name and quantity of each security purchased or sold, with the price and transaction date;
- an analysis for each security: description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield (%) at market; and
- an analysis for the entire portfolio of the current asset class allocation.

Quarterly, the Counselor will provide the Executive Director detailed information to be shared with the Fiscal and Administration Committee about:

- asset allocation;
- investment performance;
- future investment strategies, and
- any other matters of interest to the Committee.

Annually, the Counselor shall provide an annual summary of all transactions in the fiscal year, together with a report of investment performance for the year by portfolio.

VIII. Portfolio balancing and adjustment

The Fiscal and Administration Committee will adjust portfolio allocations as deemed appropriate based upon Counselor's report.

IX. Proxy voting

As part of its fiduciary responsibilities, the Board of Directors has the authority to approve and revise decisions of the Fiscal and Administration Committee. These decisions will adhere to the guidelines regarding quorum and voting as outlined in the organization's by-laws. Proxy voting is not defined in the by-laws and hence is not allowed for decisions regarding this policy or its implementation.

X. Ethics and conflicts of interest

The Executive Director and the Board of Directors must avoid any real or perceived conflicts of interest in making any investment decisions. Any individual who feels that there is a potential conflict of interest, must remove him/herself from any decisions related to that conflict.