ORCHESTRE SYMPHONIQUE DE MONTRÉAL FOUNDATION

Investment Policy

INTRODUCTION

1. General Investment Philosophy

The Orchestre symphonique de Montréal Foundation's endowment fund (the "Fund") is to be invested such that a prudent diversification of its portfolio is maintained. Diversification is to be ensured by the selection of a variety of asset classes, industrial sectors, and securities.

A protection of capital requires the exercise of prudence in investment, as concerns both fluctuations in fair market value and credit risk, among other considerations.

The Fund deems it as vital that its accumulated capital not be used. To this end, it aspires to fulfill its ongoing financial commitments and needs through donations received from its benefactors and through the returns obtained on its funds.

A significant proportion of the investments made are to be selected with a view to long-term capital growth.

2. Tax Status

While subject to the tax laws of the federal and provincial governments, the Fund is exempt from income tax, by virtue of its status as a charitable organization.

The nature of income (interest, dividends, realized capital gains or losses) thereby bears no impact as concerns taxation.

A. – RETURN OBJECTIVES AND REFERENCE PORTFOLIO

1. Return Objectives

The primary objective in managing the Fund is to optimize returns.

The combination of a higher return objective and a need for stability requires a measure prudence concerning the level of risk that the Fund can tolerate, relative to its expected gains. The Fund's objective is to obtain, net of fees, returns that are at minimum equal to the greater of:

1. 6.0% per year over rolling three-year periods;
2. at least 3.5% per year over rolling three-year periods, i.e., returns higher than the inflation rate (CPI).

2. Reference Portfolio

Asset Class	Target
Balanced Funds	5%
Subtotal - Balanced Funds	**5%**
Cash/Liquid Assets	0%
Fixed Income	18%
Subtotal - Fixed Income	**18%**
Canadian Equity	14%
Foreign Equity	33%
Emerging Market Equity	7%
Subtotal - Equity	**54%**
Direct Property	15%
Diversified Private Investments	8%
Other – Opportunistic Investments	0%
Subtotal – Alternative Investments	**23%**
Total	***100%***

N.B. As a disbursement policy, the equity Manager, or any other Manager named by the Investment Committee, shall provide for one (1) withdrawal per year on an agreed-upon date (or period) for an amount representing 3.5% of the Fund's market value in the previous year, or any appropriate % as determined by the Fund's Board of Directors.

3. Benchmark Indexes

The reference portfolio rate of return is obtained by using the market index of each investment type according to the appropriate weighting. These indexes are:

Balanced Funds:	Reference portfolio – Balanced funds[1]
Cash/Liquid Assets:	FTSE Canada – 91-day T-bills
Fixed Income:	FTSE Canada – Universe
Canadian Equity:	S&P TSX
Foreign Equity:	MSCI – World (CAD)[2]
Emerging Market Equity:	MSCI Emerging Markets (CAD)[2]
Direct Property:	MSCI/REALPAC Canada Property Fund Index
Diversified Private Investments: net of fees	7% return (unhedged USD converted to CAD),
Opportunistic Investments – Preferred Equity:	S&P TSX Preferred shares

[1] 5% FTSE Canada – FTSE Canada – 91-day T-bills + 40% FTSE Canada – Universe + 18% S&P TSX + 37% MSCI World (CAD)

[2] With dividends, net of taxes

Expected Relative Return Rate

Given the discretion granted to Managers regarding minimum and maximum limits allocated for asset classes (see B.1), choice of sectors, and choice of securities, the Board expects the Fund to generate an average annual return 100 basis points (1.00%) higher than the return of the entire reference portfolio over a rolling three-year period. The Board nonetheless acknowledges the portfolio's total return may fall short of this expectation in a given year, and it is understood that Managers cannot guarantee that this objective will be met.

4. Active Portfolio Management

The reference portfolio represents a benchmark for Managers. Several factors may cause the Fund's portfolio to temporarily deviate from the weights of the reference portfolio. Slight variation in the market value of an asset class can move the actual weight of a class away from its target weight. Managers' active management within the permitted minimum and maximum limits can also be a cause of deviation.

B. – ASSET ALLOCATION AND CONSTRAINTS

1. Asset Allocation Policy

Investments shall be prudently diversified and balanced between various security issuer types.

To allow for active portfolio management and thereby expect additional returns, management mandates have been granted to specialized management firms. In pursuit of these same objectives, the following minimum and maximum limits have been set based on the market value of the Fund's portfolio:

Asset Class	Minimum	Target	Maximum
Balanced Funds	0%	5%	10%
Liquid Assets	0%	0%	10%
Fixed Income	3%	18%	33%
Canadian Equity	0%	14%	29%
Foreign Equity	18%	33%	48%
Emerging Market Equity	0%	7%	12%
Direct Property	10%	15%	20%
Diversified Private Investments	0%	8%	12%
Other – Opportunistic Investments	0%	0%	10%
Total		***100%***	

2. Rebalancing

The Fund's portfolio is to be rebalanced semiannually if the weighting of a management mandate deviates from its target by more than ± 5%.

The above notwithstanding, opportunistic investments and diversified private investments are excluded from the periodic rebalancing process. The target weighting of each management mandate is set out in Appendix A.

3. Authorized Investments: Types and Constraints

Only investments included under the following types shall be authorized:

Cash/Liquid Assets

- cash, short-term notes and Treasury bills, bankers' acceptances and government papers, term deposits and guaranteed investment certificates or other equivalent financial instruments issued by chartered banks or credit unions.

Fixed Income

- bonds, debentures, coupons, bank loans and strip bonds issued or granted by the Government of Canada, a province, a municipality, or corporations (which may be denominated in foreign currencies);

- each borrower's security, with the exception of the federal and provincial governments, are limited to 10% of the market value of the Fixed Income portfolio.

Canadian Equity

- Canadian shares traded on recognized stock exchanges, including common shares, preferred shares and convertible debentures, as well as income trusts;

- equity investments in companies must not exceed in value 10% of the market value of the Canadian Equity portfolio.

Foreign Equity

- non-Canadian shares, including common shares, income trusts, preferred shares and convertible debentures, American Depository Receipts (ADRs), Global Depository Receipts (GDRs) traded on a recognized stock exchange in the MSCI World Index;

- equity investments in companies must not exceed in value 10% of the market value of the Foreign Equity portfolio.

Emerging Market Equity

- Emerging market shares, including common shares, income trusts, preferred shares and convertible debentures, American Depository Receipts (ADRs), Global Depository Receipts (GDRs) traded on a recognized stock exchange in the MSCI Emerging Markets Index;

- equity investments in companies must not exceed in value 10% of the market value of the Emerging Market Equity portfolio.

Direct Property and Infrastructure

- Investments in real assets or infrastructure must be made through the purchase of participation units in global real estate or infrastructure mutual funds.

Diversified Private Investments

- Investments in diversified private placements must be made through the purchase of participation units in funds, which may employ one or more of the following strategies: types investments authorized in this section of the present Investment Policy, private placements (debt and equity).

Opportunistic Investments

- Investments in asset classes not specifically authorized in this section are permitted to up to 10% of the Fund, provided the risk-return relationship of the Fund is not significantly altered;

- opportunistic investments may be exercised to enhance returns, diversify risks, temporarily access an asset class following market dislocation, or to test a new strategy.

Use of Mutual Funds

- Mutual funds holding any of the authorized investment types mentioned above are authorized;

- the foregoing notwithstanding, the provisions of a mutual fund’s investment policy take precedence over those of this Policy. A mutual fund’s investment policy of these mutual funds must be appended to the present Policy.

4. Investment Constraints and Quality Ratings

A Manager may invest in the authorized investment types listed above, subject to the following quality rating constraints:

- investments in short-term notes and Treasury Bills must be rated R-1 by the Dominion Bond Rating Services agency or another recognized agency;
- investments in Canadian bonds and debentures must be rated BBB+ or higher, according to the DBRS or another recognized agency. Notwithstanding the foregoing, bank loans may hold credit ratings lower than BBB when purchased, as defined by the Dominion Bond Rating Service or an equivalent;
- corporate bonds rated BBB+ must in no case represent more than 10% of the total market value of the Fixed Income portfolio;
- the Fixed Income portfolio must be well diversified in terms of both maturities and issuers;
- each of the Equity and Real Asset portfolios must be well diversified in terms of sectors, securities, and locations;
- any investment that is not explicitly authorized in this Investment Policy is prohibited unless expressly authorized by the Investment Committee.

C. – PERFORMANCE EVALUATION

1. Evaluation Criteria

The returns obtained by each of the Managers are to be compared against the returns of their reference portfolios, as determined by both parties.

The performance for each asset class is to be compared to the indexes set out in the "Benchmark Indexes" paragraph to measure each asset class's contribution to the portfolio's total market value.

2. Manager Reports

Managers shall submit the following documents to the Fund's Executive Director no later than 20 working days after the end of the evaluation period:

a) Monthly Reports

- a detailed account of transactions;

- a portfolio statement that includes complete and detailed information concerning:
  - the securities held;
  - accumulated income;
  - nominal values;
  - book values (amortized cost);
  - market values.

b) Quarterly Reports

- A complete list of securities with cash balances, their cost value and their fair market value, as well as the income accumulated on the portfolio;

- a quarterly performance analysis of the portfolio as compared to the reference portfolio.

c) Biannual Reports

- All managers shall also provide a compliance report specifying the degree to which they were able to comply, by the end of the biannual period, with the constraints set forth in the present Investment Policy. Any significant discrepancy will be subject to explanation before the investment committee.

d) Annual Report

- A complete list of securities with cash balances, their cost value and their fair market value, as well as the income accumulated on the portfolio;

- an annual performance analysis of the portfolio as compared to the reference portfolio;

- a compliance report specifying the degree to which they were able to comply, by the end of the year, with constraints set forth in the present Investment Policy. Any significant discrepancy will be subject to explanation before the investment committee.

3. Calculating and Presenting Returns

All calculations and presentation of returns must comply with CFA Institute standards.

4. Investment Committee Meetings with Managers

The Investment Committee shall meet with each Manager periodically to review their mandated portfolio's performance and the Investment Policy's adequacy.

5. Evaluation of Managers

The Investment Committee shall evaluate the performance of Managers in view of the present Investment Policy. Compliance with its set objectives and constraints, the quality of reports provided, the content of compliance reports, and whether there are conflicts of interest, shall be subject to evaluation by the Investment Committee, which will report to the Board of Directors.

D. – VARIA

1. Custodian

Managers shall entrust all securities to an independent Custodian selected by the Fund's Investment Committee.

2. Managers' Fees

All fees invoiced by Managers to the Fund shall be as stipulated in their respective management agreements.

3. Exercise of Voting Rights

Managers are entitled to exercise the voting rights attached to securities in the Fund's portfolio, subject to any exception indicated in writing by the Investment Committee.

The foregoing notwithstanding, the Investment Committee may exercise all or some voting rights attached to the Fund's investments.

4. Conflicts of Interest

All members of the Board of Directors, Investment Committee, the Fund's administrative services, as well as portfolio Managers are subject to the following guidelines concerning conflicts of interest.

All persons mentioned in the preceding paragraph shall declare any interest in a company or organization as an administrator of such, or member of an executive committee.

Persons subject to these guidelines shall exercise the prudence, diligence and skill that a reasonable person would exercise in similar circumstances; they must also act with honesty and loyalty in the best interest of the Fund.

All persons subject to the present guidelines shall disclose in writing without delay to the Investment Committee any material benefit derived from the Fund's investments or any enterprise that may cause a conflict between their personal interests and the interests of the Fund.

The Investment Committee shall keep a register of all matters disclosed in accordance with the present guidelines and, where appropriate, make the decisions that apply and take warranted action.

5. Effective Date of the Investment Policy

The present Investment Policy replaces the previous one and took effect on July 1, 2024, following its approval by the Board of Directors on May 7, 2024.

6. Modifications to the Investment Policy

This Investment Policy may be revised at any time if warranted by market conditions, if Managers consider a modification of the Investment Policy to the Fund's advantage, or if the Investment Committee, in agreement with the Board of Directors, deems it appropriate.

E. – ROLES ET RESPONSIBILITIES

1. Board of Directors

The Board is responsible for accumulated funds and shall:

1. approve the investment policy prepared by the Investment Committee;
2. approve the Investment Committee's recommendations on:
   a. appointing alternative investments Managers (debt and private equity, hedge funds or any other category deemed less liquid);
   b. appointing a Custodian;
3. periodically review its delegation to the Investment Committee concerning the following responsibilities of the Board of Directors:
   a. selecting Managers of liquid asset classes (shares, bonds)
   b. terminating managers of low-liquid asset classes (private investments, infrastructure, hedge funds, etc.)
   c. subscribing to the next vintage of an existing Manager's alternative investment fund;
   d. operationalizing of the Fund's management;
   e. transferring and rebalancing between Manager accounts;
4. receive periodic reports from the Investment Committee.

2. Investment Committee

The Investment Committee shall:

1. formulate the Investment Policy and submit it to the Board of Directors for approval;
2. recommend on the appointment/termination of alternative investment Managers and the Custodian;
3. select or terminate, as needed, Managers of liquid asset classes (shares, bonds)
4. terminate managers of low-liquid asset classes (private investments, infrastructure, hedge funds, etc.)
5. subscribe to the next vintage of an existing Manager's alternative investment fund;
6. operationalize the Fund's management;
7. transfer and rebalance between Manager accounts;
8. monitor the compliance of Managers' portfolios;
9. periodically meet with Managers;
10. evaluate Managers' performance;
11. periodically re-evaluate the Investment Policy;
12. report on the Fund's management in the form and with the frequency required by the Board of Directors.

3. Portfolio Managers

All the Fund's portfolio Managers shall:

1. manage the Fund's assets as entrusted to them such as to produce optimum returns, in keeping with the Investment Policy;

2. present the results of their management as frequently as agreed upon with the Investment Committee;

3. make any relevant recommendations to the Investment Committee concerning the Investment Policy and each asset class's performance evolution;

4. advise as to any arrivals or departures among their team's strategic personnel or about any event affecting the corporate environment within which funds are managed.

4. Custodian

The Custodian shall:

1. hold all securities included in each Manager's portfolio and record their specified transactions;

2. produce transaction and financial reports for Managers on a monthly and quarterly basis, and annually on a consolidated basis.

Updated May 7, 2024

Appendix A

1. Management Structure

The target weight of each management mandate is set out in the table below:

Mandate	Manager	Target Weight	Added Value Objective
Balanced Funds - Outreach	Letko Brosseau	5 %	0.60 %
Canadian and Emerging Market Equity	Letko Brosseau	21%	1.00 %
Fixed Income and Foreign Equity	Fiera Capital	29%	1.30 %
Fixed income – Bank Loans	Alphafixe	7%	0.40 %
Canadian Direct Property	Crestpoint	15%	0.00 %
Diversified Private Investments	TCC	8%	3.00 %
Global Index Equity	GPTD	15 %	0.00 %
Opportunistic Investments and Preferred Equity	Optimum	0%	0.35 %

2. Asset Allocation Limits of Management Mandates

a) The target weights and asset allocation limits of the Letko Brosseau equity mandate (excluding the Outreach Fund invested in Balanced Funds) are laid out in the table below:

Asset Class	Minimum	Target	Maximum
Liquid Assets	0%	0%	10%
Canadian Equity	56%	66%	76%
Emerging Market Equity	24%	34%	44%
Total		***100%***	

b) The target weights and asset allocation limits of Fiera's mandate are laid out in the table below:

Asset Class	Minimum	Target	Maximum
Liquid Assets	0%	0%	10%
Fixed Income	30%	40%	50%
Foreign Equity	50%	60%	70%
Total		***100%***	

c) The reference portfolio of the Fixed Income – Bank Loans mandate is defined as follows:

Benchmark	Weight
FTSE Canada – 91 Day T-Bills 5%	5%
Credit Suisse BB ex-energy, mining and metals (CAD Hedged)	76%
Credit Suisse B+ ex-energy, mining and metals (CAD Hedged)	19%

d) All management mandates apart from the mandates of Letko Brosseau and Fiera are presumed to be invested in full, considering the Fund holds participation units in its respective Managers' pooled funds.