# **Investment Policy**

#### Effective Altruism Foundation

Approved by the board: December 2019

Last update: -

Inquiries: info@ea-foundation.org

# General background

The Effective Altruism Foundation (EAF) is a charitable foundation located in Basel, Switzerland, and London, United Kingdom. Its board members are Ruairí Donnelly (President), Max Daniel (Vice President), David Althaus, Tobias Baumann, and Linh Chi Nguyen. For more background, see EAF's <a href="mailto:transparency page">transparency page</a>.

# Investment powers

EAF's assets must be invested in accordance with the Foundation charter.

# Investment policy

- Altruistic actors <u>are generally less risk-averse</u> than ordinary investors. For this
  reason, EAF can tolerate a high volatility of its investment portfolio, especially if it is
  able to meet its short-term commitments through either income or cash reserves.
- The overall objective is to invest reserves exceeding short-term liquidity needs to create capital growth at an expected long-term nominal rate of return of 5% (based upon historical rates of return).
- Short-term liquidity needs equal to 9-12 months of expenses are held in cash to ensure continued financial security and to provide for contingencies.
- Reserves in excess of short-term liquidity needs are invested in index funds that track the global stock market (such as the <u>Vanguard Total World Stock ETF</u>, which tracks the FTSE Global All Cap Index).
- The investment time horizon is at least two years.
- The investment portfolio is rebalanced annually in December if the cash reserves are outside the target range (9-12 months of expenses).

# Policy review

• The foregoing policy and arrangements will be reviewed annually by the board.