



**INVESTMENT POLICY STATEMENT  
FOR THE INVESTMENT PORTFOLIOS MAINTAINED BY  
MYRIAD USA**

**1. Introduction**

Myriad USA is a U.S. Section 501(c)(3) public charity whose charitable mission is to facilitate thoughtful, effective giving across borders. Myriad USA maintains various investment portfolios (together, the 'Portfolios'), which are each associated with a specific fund - such as Operational endowment funds, Donor-advised funds, Legacy funds, and American friends funds.

The Board of Myriad USA (the 'Board') has established an Investment Committee to assist Myriad USA in all matters relating to investments of long-term assets and short-term cash management (the 'Committee'). The Board has adopted this Investment Policy Statement to provide guidelines for the investment and management of the assets of its Portfolios. This document sets forth the policies to be followed by all persons charged with investment and management of Myriad USA assets, including without limitation the Board, the Committee, and any asset managers retained by Myriad USA to manage its Portfolios (the 'Managers').

**2. Duty of Care**

All assets of Myriad USA must be managed in a manner that is consistent with (a) the duty of care owed by the members of the Board to Myriad USA, (b) Myriad USA's charitable purposes, and (c) sound and prudent practices commonly employed in investing the institutional funds of a charity. In seeking to attain the investment objectives set forth in this document, the Board, the Committee and the Managers and any other persons responsible for managing and investing Myriad USA assets shall act with good faith and with the care, skill, prudence and diligence that an ordinarily prudent person in a like position would use in similar circumstances. Investment decisions shall be based solely on the interests of Myriad USA and not on the personal interests of any party. Any actual or potential conflicts of interest with respect to any Myriad USA investment must be disclosed and resolved pursuant to Myriad USA's Conflict of Interest Policy as applicable.

### **3. Investment Objectives**

The primary, overall investment objective of Myriad USA is the preservation of the principal of invested assets. To maintain purchasing power and increase available amounts for its future charitable programs, Myriad USA also seeks long-term capital appreciation and a reasonable rate of investment return, which are traditionally associated with 'moderate risk' investment strategies.

Specific investment objectives may apply to individual Portfolios. Subject to the intent of a donor expressed in a gift instrument, the following factors, if relevant, will be considered in managing and investing the Portfolio of an individual fund: (i) the purposes, terms, distribution requirements, and other circumstances of the fund; (ii) general economic conditions; (iii) the possible effect of inflation or deflation; (iv) the expected tax consequences, if any, of investment decisions or strategies; (v) the role that each investment plays within the Portfolio; (vi) the expected total return from income and the appreciation of investments; (vii) the needs of Myriad USA and of the particular fund to make distributions and to preserve capital; (viii) an asset's special relationship or special value, if any, to the charitable purposes of Myriad USA or to the donor.

Myriad USA will reasonably manage and minimize the risk of concentrated holdings by investing the assets of each Portfolio in a broad and diversified range of securities, unless the Committee prudently determines that, because of the special circumstances of a specific fund, or because of its specific purposes, terms or distribution requirements, the purposes of such fund are better served without such diversification.

### **4. Integrating Environmental, Social and Governance (ESG) Factors**

Myriad USA realizes the importance of incorporating sustainability in investment decisions. In addition to complying with the overall investment objectives described above, each Portfolio maintained by Myriad USA will consider integrating environmental, social and governance (ESG) factors in its decisions.

### **5. Investment Committee**

The primary responsibility of the Committee is to ensure that there is a secure framework for all investments, and that Myriad USA assets are managed using reasonable and prudent investment practices.

The Committee's specific duties are: (a) Selecting the Managers; (b) Monitoring and evaluating the performance of the Managers, reviewing their fees for reasonableness, and deciding about their replacement when needed; (c) Reviewing recommendations of the Managers, paying particular attention to prudent asset-class choices and diversification of the Portfolios, and adherence to the guidelines and standards set forth in this policy; (d) Establishing performance benchmarks and reviewing and evaluating the performance of the Portfolios; (e) Periodically reviewing the Investment Policy Statement and recommending changes to the Board when needed; and (f) Reporting to the Board on a regular basis.

Membership and organization of the Committee: (a) The Committee shall consist of a minimum of three and a maximum of five members; the Executive Director of Myriad USA serves on the Committee ex officio; (b) The members of the Committee are selected for their investment knowledge and expertise, for their common sense and broader view on the economic climate, and for their understanding of the specific needs associated with the management of non-profit endowments; (c) The members of the Committee are appointed by the Board; they serve for renewable four-year terms and are not compensated for their service; (d) The Committee meets twice a year and reports to the Board on an annual basis, or more frequently if circumstances require.

## **6. Four Investment Pools**

The Board has approved four investment pools for the allocation of the assets of the Portfolios it maintains: Money Market Pool, Income Pool, Growth & Income Pool, and Growth Pool.

The Committee shall decide on the allocation of each Portfolio to a specific investment pool, taking into consideration the factors described above.

For Portfolios associated with a Donor-advised fund or a Legacy fund, the Committee welcomes advice from the donor as to the selection of the investment pool that is most appropriate for their fund.

The four investment pools and their asset allocations are described below:

		<u>Cash &amp; Cash equivalents</u>	<u>Fixed income - Short</u>	<u>Fixed income - Long</u>	<u>Equities - Growth</u>	<u>Equities - Value</u>
<b>Investment Pools</b>	<u>1 Money Market Pool</u>	[100%]	-	-	-	-
	<u>2 Income Pool</u>	[0-10%]	[20-35%]	[60-75%]	-	-
	<u>3 Growth &amp; Income Pool</u>	[0-10%]	[0-20%]	[20-40%]	[10-30%]	[20-40%]
	<u>4 Growth Pool</u>	[0-10%]	-	-	[25-45%]	[50-70%]

**7. Donors can Recommend an External Investment Advisor**

A donor establishing a Donor-advised fund or a Legacy fund with assets over \$750,000 may make a nonbinding recommendation that Myriad USA engage a qualified investment advisor of their choice to manage the fund’s Portfolio, instead of the Portfolio being allocated to one of the four investment pools described above.

To be eligible, an investment advisor must be authorized by applicable law to function in that capacity. Further, the investment advisor must, at the determination of the Committee, have the requisite experience, qualifications and investment performance track record.

An eligible, qualified investment advisor cannot include the donor or any family member of the donor. In addition, any entity in which the donor or his or her family members collectively own more than 35% of the total outstanding interests is not eligible to be nominated as the investment advisor. A family member is a spouse, sister or brother (including half-sisters and half-brothers), ancestor, child, grandchild, or great-grandchild or a spouse of a sister, brother, child, grand-child, or great-grandchild.

If the Committee decides to approve the recommendation and engage the investment advisor recommended by the donor, such arrangement between Myriad USA and the Manager shall be subject to the following rules:

- i. Signing of agreement: The arrangement shall be formalized through the signing of an agreement between Myriad USA and the Manager.
- ii. Exclusive ownership and legal control over investment Portfolio: Each separately managed account shall be held in the legal name and tax identification number of Myriad USA, and the Manager shall take instructions (both written and verbal) only from authorized employees of Myriad USA, and never from the donor.
- iii. Adherence to this Investment Policy Statement: The Manager shall strictly adhere to the guidelines of this Investment Policy Statement and manage the Portfolio in accordance with the policies described in this Investment Policy Statement.
- iv. Integration of ESG factors: The Manager is strongly encouraged to integrate environmental, social and governance (ESG) factors in the investment decisions pertaining to the Portfolio.
- v. Expenses for investment advisory services: Myriad USA may pay the Manager a mutually agreeable and reasonable fee for their advisory services. These fees and any direct investment expenses (such as brokerage fees and commissions, operating expenses for mutual funds, clearing and custody expenses, etc.) will be allocated to the Portfolio under management. Aggregate fees and expenses shall be reasonable, considering the total value of the Portfolio, the investment strategy, the type of investments employed, and fees charged by other investment advisors for comparable services.
- vi. Insurance requirements: The Manager will procure and maintain, at their own expense, policies of insurance as determined by Myriad USA.
- vii. Quarterly reports: The Manager shall submit quarterly reports to Myriad USA, to include a detailed overview of the total return of the Portfolio and of all commissions and fees paid for the management of the Portfolio.
- viii. Evaluation of investment performance: Myriad USA expects the Manager to perform competitively over time. Performance will be measured on a regular basis, since inception and, once enough history is available, over concurrent three-year and five-year periods, in comparison with all other Portfolios maintained by Myriad USA and certain market indexes.
- ix. Termination of the Manager: Myriad USA may terminate its relation with the Manager at any time, for any reason and without cause. Failure to meet performance expectations or to adhere to the guidelines of this Investment Policy Statement will result in termination. Upon

termination of the Manager, Myriad USA will notify the donor and discuss options for the management of the Portfolio associated with their fund. The donor may elect to recommend a new investment advisor, subject to the eligibility requirements and Committee approval described above.

- x. Decrease in value of the investment Portfolio: If the balance of the Donor-advised fund or Legacy fund falls below the required minimum of \$750,000, Myriad USA may decide to terminate its relationship with the Manager and re-allocate the Portfolio to one of its four investment pools.

## **8. Permitted and Prohibited Investments**

In order to ensure that its assets are invested in a prudent manner, Myriad USA has set forth the following investment guidelines for the Portfolios it maintains.

Assets of Portfolios maintained by Myriad USA may be invested in any of the following:

- i. Cash equivalents, such as U.S. Treasury bills, money market funds, certificates of deposit, and interest-bearing checking and savings accounts;
- ii. Publicly traded fixed income securities, such as securities issued by U.S. or foreign government agencies, and corporate notes and bonds. *(Minimum criteria for fixed income investments: par value of issue of \$100 million or higher; rating of at least AA (Standard & Poor's) or Aa (Moody's); no single maturity longer than 30 years, with average maturity not exceeding 10 years);*
- iii. Publicly traded equity securities, such as domestic or foreign common stocks, preferred stocks, and convertible preferred stocks. *(Minimum criteria for equity investments: market value of company of \$500 million or higher; annual revenues of at least \$500 million);*
- iv. Mutual funds or exchange-traded funds which invest the majority of their portfolio in above listed securities, in real estate or in commodities.

Diversification: The equity and fixed income investments shall be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. Weightings in each individual security (except for securities issued by the U.S. government or its agencies) will be limited to not more than 10% of the market value of the Portfolio. Investments in individual industries will not exceed 25% of the equity or equity-related assets.

Except when held in a diversified REIT, ETF or mutual fund position, the following investment activities are prohibited without prior written approval of the Committee:

- i. Direct investments in short sales;
- ii. Any transaction on margin;
- iii. Non-publicly traded structured products;
- iv. Derivative instruments, including options and futures contracts (Note that only the following options are authorized: selling covered call and buying long put exchange-traded/listed equity options for hedging a long equity position);
- v. Unregistered or restricted stocks;
- vi. Non-negotiable securities, or securities with trading restrictions;
- vii. Commodities, precious metals or gems;
- viii. Oil, gas, or other mineral exploration or development programs or mineral leases;
- ix. Real estate;
- x. Investments in companies for the purpose of exercising control or management;
- xi. Publicly traded, pass-through entities (including Master Limited Partnerships and Publicly Traded Partnerships) that generate Unrelated Business Income Tax (UBIT) for tax-exempt investors;
- xii. Borrowing for investment purposes, pledging of assets, and investing in speculative option strategies or in strategies where there is a risk of loss of more than the amount invested are also prohibited.

Hedge Funds and Private Equity Funds: A hedge fund or private equity fund may not be held in a Portfolio without prior approval by Myriad USA. A Manager recommending a hedge fund or private equity fund must have extensive prior experience in recommending and conducting due diligence on alternative investments. The Manager will be responsible for conducting initial and ongoing due diligence. A complete set of offering and subscription documents, marketing materials and due diligence documents (including the Manager's due diligence report and investment recommendation) must be provided to the Committee for review and approval.

Unless approved by the Committee, a Manager may not invest assets of the Portfolio in any corporation, partnership, trust, or other unincorporated business enterprise if that Portfolio would hold, as a result of such investment, (a) more than 2% of the outstanding voting stock of any corporation or more than 2% in value of all outstanding shares of all classes of stock of that corporation, (b) more than 2% of the outstanding profit interest of a partnership, or (c) more than 2% of the outstanding benefit interest of a trust or other unincorporated business enterprise. This policy also applies to investments in hedge funds or private equity funds.

Managers are required to obtain approval from Myriad USA prior to investing assets in any security in which they maintain a beneficial ownership interest or receive any financial compensation for recommending.

In addition to the guidelines above, Managers may not engage in transactions that are not expressly in the best interest of Myriad USA, and may not engage in transactions, investments, or activities that are prohibited by applicable law.

#### **9. Contributions of Equities and Other Investment Assets**

From time to time, Myriad USA receives contributions in the form of equities or other investment assets. As a general rule, these investment assets shall be sold as soon as they are received by Myriad USA. The Committee may however decide to waive this requirement if motivated by exceptional circumstances and in all events subject to the terms of the gift instrument.

#### **10. Amendment of the Investment Policy Statement**

This Investment Policy Statement shall be reviewed annually by the Committee. Any recommendations for changes or amendments shall be submitted to the Board, for further discussion and formal approval.

*The Board of Directors of Myriad USA reserves the right to add, replace, or modify any aspect of this Investment Policy Statement at any time and without prior notice.*

*Updated version - as of January 2024*