

Wikimedia Foundation Investment Policy

Introduction

This statement of investment policy was adopted by the Board of Directors of the Wikimedia Foundation on April 25, 2014, to provide for the creation of, and guidelines for the management of, various funds held by the organization. These policies supersede any and all prior actions regarding investment policies.

For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools:

1. Operating Fund
2. Short-term Reserve Fund
3. Long-term Reserve Fund

Procedures

The following procedures will be followed to ensure the investment policy statement is consistent with the mission of the Wikimedia Foundation and accurately reflects current financial conditions:

1. The Audit Committee shall review this investment policy periodically.
2. The Audit Committee will recommend any changes in this policy to the Board of Trustees.
3. The Wikimedia Foundation Board of Trustees must approve any changes to this policy.

The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.

1. The Treasurer will manage the dollar amounts to be held in the Operating Fund and Short-term Reserve Fund.
2. The Treasurer will manage the dollar amounts to be held in the Long-Term Reserve Fund.

Delegation of Authority

The Board of a non-profit organization is ultimately responsible for its investments. The Audit Committee, acting as a committee of the Board of Trustees of the Wikimedia Foundation, authorizes the Treasurer to execute investment transactions directly or via professional investment managers consistent with the “Delegations of Financial and Spending Authority” approved July 11, 2012 by the Board of Trustees which is incorporated into this Investment Policy by reference.

It is anticipated that the services of investment managers and or advisors may be sought to manage portions of the funds. The Treasurer is authorized to hire, fire or replace investment managers and/or advisors with notification to the Chair of the Audit Committee.

Restrictions

In implementing this policy, the Treasurer or designated professional investment advisors may not buy securities on margin, may not incur debts of any other kind, may not leverage and may not sell securities short. Alternative investments such as hedge funds, private equity funds and private real estate funds could involve the use of margin, debt, leverage and short sales, but would be eligible for investment only upon explicit approval of the Board of Trustees on a case-by-case basis.

Duty of Care

Assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.

Operating Fund

Purpose of the Operating Fund

The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of the Wikimedia Foundation in a timely manner.

Investment Objectives

The investment objectives of the Operating Fund are: Preservation of Capital, Liquidity, and the optimization of the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Treasurer will invest the Operating Fund as follows:

1. Interest bearing savings account.
2. Insured Certificates of Deposit at registered commercial banking organizations.
3. Registered money market mutual funds.
4. Checking accounts.
5. Direct obligations of the U.S. Government, its agencies and instrumentalities.
6. Repurchase agreements collateralized by U.S. Treasury obligations.

Maturity

The maturities of investments for the Operating Fund shall be 12 months or less.

Reporting

The Treasurer will provide a copy of the investment statement(s) to the Chair of the Audit Committee on a quarterly basis with reports available to the Board of Trustees upon request.

Short-term Reserve Fund

Purpose of Short-term Reserve Fund

The purpose of the Short-term Reserve Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five years.

Investment Objectives

The investment objectives of the Short-term Fund are:

1. Preservation of capital.
2. Liquidity.
3. The optimization of the investment return within the constraints above.

Investment Guidelines

Allowable Investments

The Treasurer will invest the Short-term Fund as follows:

1. Domestic fixed and variable rate bonds, notes and bills issued by the U.S. Government or its Agencies.
2. Domestic fixed and variable rate bonds and notes issued by U.S. domiciled corporations, non-U.S. based corporations and governments and multinational organizations (e.g. World Bank, IADB, EDB).
3. Instruments issued by foreign issuers may be denominated in U.S. dollars or foreign currencies.
4. Mortgage-backed securities (MBS) issued by U.S. government agencies or government sponsored enterprises (i.e. GNMA's, FNMA's, FHLMC's) or by corporate issuers, collateralized mortgage obligations collateralized by otherwise eligible mortgage-backed securities ("CMO's"), interest only (IO) and principal only (PO) securities are also eligible.
5. Asset-backed securities ("ABS").
6. Taxable or tax-exempt municipal bonds and other municipal fixed income issues.
7. Cash equivalent instruments including registered money market mutual funds, U.S. Treasury bills, bank certificates of deposit, time deposits or similar depository funds and commercial paper.
8. Repurchase agreements collateralized by U.S. Treasury obligations.

Diversification, Credit Quality, Maturity and Other Guidelines

1. While there is no restriction on the credit quality of individual holdings, the weighted average credit quality of the fixed income holdings as a whole should be at least investment grade, that is, BBB- or better (Standard and Poor's) or Baa3 or better (Moody's) or the equivalent.
2. With the exception of U.S. Government and Agency securities, fixed income issues of a single issuer and its Affiliates (defined below) shall at time of purchase constitute no more than 5% of the market value of surplus cash.
3. Derivative securities such as but not limited to MBS, ABS and CBOs shall not contain underlying leverage.
4. For purposes of diversification restrictions, "Affiliates" are companies in which one company has an ownership stake of 20% or more in the other company and/or vice

versa.

Maturity

The Short-term Fund shall have a weighted average maturity of three years or less with no restriction on the maturity of any single security in the Short-term Fund.

Reporting

The Treasurer will provide a copy of the investment statement(s) to the Chair of the Audit Committee on a quarterly basis with reports available to the Board of Trustees upon request.

Long-term Reserve Fund

Purpose of Long-term Reserve Fund

The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of the Wikimedia Foundation. The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the organization's goals and objectives as outlined by the Board of Trustees.

Investment Objectives

In order to meet its needs, the investment strategy of the Long-term Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividends, interest and other income.

Specifically, the primary objective in the investment management of the Long-term Reserve Fund shall be:

1. Long-term growth of capital - To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
2. Preservation of purchasing power - To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve the purchasing power of the assets of the Long Term Reserve fund. Risk control is an important element in the investment of Trust assets.

Investment Guidelines

General Principles

1. Investments shall be made solely in the interest of the Wikimedia Foundation and the Long-term Reserve Fund.
2. Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to diversify in such a manner. The Wikimedia Foundation may employ one or more investment managers of varying styles and philosophies to attain the Long-term Reserve Fund's objectives.
3. Cash is to be employed productively at all times by investment in short-term cash equivalents to provide safety, liquidity and return.

Specific Investment Goals

The goal of any investment managers selected to invest the assets of this fund shall be to meet or exceed the market index selected and agreed upon by the Treasurer that most closely corresponds to the general principles stated above and the specific assignment of the investment manager.

Allowable Assets

The Long-term Reserve Fund requires that all investment assets be invested in marketable securities, defined as securities that can be traded quickly and efficiently for the Long-term Reserve Fund, with minimal impact on market price. It is generally expected that the Treasurer will invest the assets in funds of accounts managed by third party investment firms, and will not be involved in the day-to-day buying and selling of individual securities.

1. Cash Equivalents
 - a. Treasury bills.
 - b. Registered money market funds.
 - c. Commercial paper.
 - d. Banker's acceptances.
 - e. Repurchase agreements.
 - f. Certificates of deposit and time deposits.
2. Fixed Income Securities
 - a. Domestic fixed and variable rate bonds, notes and bills issued by the U.S. Government or its Agencies.
 - b. Domestic fixed and variable rate bonds and notes issued by U.S. domiciled corporations, non-U.S. based corporations and governments and multinational organizations (e.g. World Bank, IADB, EDB).
 - c. Instruments issued by foreign issuers may be denominated in U.S. dollars or foreign currencies.
 - d. Mortgage-backed securities (MBS) issued by U.S. government agencies or government sponsored enterprises (i.e. GNMA, FNMA, FHLMC) or by corporate issuers, collateralized mortgage obligations collateralized by otherwise eligible mortgage-backed securities ("CMOs"), interest only (IO) and principal only (PO) securities are also eligible.
 - e. Asset-backed securities ("ABS").
 - f. Taxable or tax-exempt municipal bonds and other municipal fixed income issues.
 - g. Cash equivalent instruments including registered money market mutual funds, U.S. Treasury bills, bank certificates of deposit, time deposits or similar depository funds and commercial paper.
 - h. Repurchase agreements.
3. Equity Securities
 - a. Stocks issued by domestic corporations and/or foreign corporations are eligible for investment, including instruments enumerated below.
 - b. Convertible notes and bonds.
 - c. Preferred stocks.
 - d. American Depository Receipts of non-US companies (ADRs).
 - e. Global Depository Receipts of US and non-US companies (GDR).
4. Real Estate Securities
 - a. Real estate investment trusts - domestic and/or foreign.

5. Registered mutual funds or privately offered funds that invest in securities that are otherwise allowed in this statement.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, NYSE MKT, NASDAQ or similarly recognized foreign exchanges.

Performance Reporting

The Treasurer will provide a copy of the investment statement(s) to the Chair of the Audit Committee on a quarterly basis with reports available to the Board of Trustees upon request.