

Covenants and risk limits on management of assets in the investment portfolio of the NES endowment

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Part 1. Asset allocations by type of asset

Share of the portfolio, %	Min limit	Max limit
Cash, RUB	5%	100%
Shares (stocks)	10%	30%
Bonds (RUB) and money market instruments (RUB)	50%	100%
Currency and foreign currency bonds (including BRICs ccys, – CNY, etc)	20%	50%
Subordinated debt in any currency	0%	0%
Alternative investments (gold, active strategies, BRICs markets with stable financial infrastructure)	0%	10%
Illiquid assets and private equity	0%	0%

Part 2. Other covenants

Category	Min limit	Max limit
Average weighted duration of bonds, years	0 years	5 years
Maximal duration of bonds, years	0 years	10 years
Minimal credit rating of bonds from Russian rating agencies	A	
Maximal concentration of credit risk per bond issuer (OFZ excluding), %	0%	5%
Maximal concentration per share (stock) position, %	0%	7%
Minimal position in shares (stocks) from the MICEX index, %	90%	100%
Minimal position in bonds from the first level MICEX quotation list, %	95%	100%
Minimal rating of the asset manager from Russian rating agencies	A+	

Part 3. Responsible investment

Other things being equal and subject to the restrictions imposed by this document, the Endowment Fund of the New Economic School encourages the asset manager, formally in charge of the School's investment portfolio, to be guided by the principles of responsible investment. This means that the strategy and practice of portfolio management should incorporate ESG factors into investment decisions and active management of financial instruments, in the event that that does not prevent achieving the minimum required return stipulated by the agreement with the asset manager.