

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

Version 2.0
28 January 2022

Part 1. Limits on currency allocations of the endowment portfolio

Currency	Min limit	Max limit
RUB	40%	70%
USD	20%	40%
EUR	0%	20%
Other currencies	0%	0%

Part 2. Limits on credit and interest rate risks of the endowment portfolio

Covenants	Min limit	Max limit
Minimal credit rating of a bond / banking counterparty	BB-	
Top1 concentration of credit risk		20%
Top3 concentration of credit risk		35%
Average weighted duration of the bond part of the portfolio	2 years	4 years

Part 3. Limits on asset types in the endowment portfolio

Covenants	Min limit	Max limit
Share of deposits in the portfolio	0%	20%
Share of bonds in the portfolio	50%	90%
Share of non-tradable assets/assets without daily MTM in the portfolio	0%	0%
Share of stocks in the portfolio	0%	30%

Part 4. Limits on the annual spending rate for the endowment portfolio

Covenants	Min limit	Max limit
Spending rate for the RUB part of the portfolio	0%	8%
Spending rate for the foreign currency part of the portfolio	0%	4%

Part 5. 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. In particular, 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.