



LEELA FOUNDATION

ENDOWMENT INVESTMENT POLICY STATEMENT

AS OF MARCH 8, 2021

INTRODUCTION

Leela Institute of Kathak's endowment ("the Endowment") provides the financial infrastructure to sustain India's artistic and cultural heritage for current and future generations. The Endowment is a testament to the generosity of Leela Institute of Kathak patrons and supporters. The responsibility to prudently manage Endowment funds rests with the Board of Directors of the Institute. The activities of the Endowment (disbursements, reporting, etc.) will be executed through the Institute's subsidiary, The Leela Foundation ("the Foundation").

This Investment Policy Statement establishes objectives, policies and guidelines for the administration and investment of the Endowment. Its purpose is to document the policies and procedures that are intended to provide the greatest probability that the Endowment's purpose as established by the Institute and Foundation are met in a prudent manner, consistent with the established guidelines.

MISSION

The purpose of the Endowment is to support the mission of the Institute by providing a reliable source of funds for current and future use. The endowment has two primary goals. First, the purchasing power of the endowment's assets must be preserved in perpetuity; second, the endowment must achieve investment returns sufficient to sustain the level of spending necessary to support the Institute's operations. To the extent these first two goals are achieved, the Foundation endeavors to grow the endowment corpus so that it represents an even larger source of funding for future generations.

PHILOSOPHY

At the core of this Investment Policy Statement is a set of fundamental investment beliefs which are the underpinnings of all investment policies of the Foundation:

- Endowment assets have a perpetual time horizon. The Foundation should take a long-term view in setting investment policy.
- Given the objectives and time horizon, the Endowment should maintain a bias toward equity investments, which have historically produced higher long-term returns.

CHIEF INVESTMENT OFFICER

The Institute Board of Directors appoints a chief investment officer (CIO). The CIO is charged with the responsibility for the day-to-day management and fiduciary oversight of Endowment funds. The CIO is responsible for implementing the approved investment policies and the development of investment processes and procedures for asset allocation, risk management, investment manager selection and termination, allocation, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of the fund assets.

INVESTMENT OBJECTIVE

For the long-term, the primary investment objective for the Endowment is to earn a total return, within prudent levels of risk, which is sufficient to maintain in real terms the purchasing power of the Endowment's assets and support the defined spending policy. Therefore, the primary objective of the Endowment is to achieve a total return, net of fees, equal to or greater than the total spending rate, administration fees and inflation, calculated as follows:

Spending Rate 4.5%
Administration Fee 0.5%
Inflation Rate (CPI) 3.0%
Total Return 8%

STRATEGY

The Foundation understands the long-term nature of the Endowment and believes that investing in assets with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities and alternative investments, while maintaining broad diversification across major asset classes in order to avoid dramatic declines in portfolio value. Fixed income and absolute return strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the Endowment, but rather a residual to the investment process and is used to meet short-term liquidity needs.

ASSET ALLOCATION - CLASSES

The primary objective of the Foundation's asset allocation policy is to provide a strategic mix of assets which will produce investment returns that meet the Foundation's objectives within a prudent risk framework. Each asset class should not be considered alone, but by the role it plays in a diversified portfolio. Diversification among asset classes has historically increased returns and reduced overall portfolio risk. How asset classes relate/correlate to each other is the key to making asset allocation decisions within the context of overall endowment risk and return.

A core investment bias of the Endowment is to maintain a sizeable equity allocation. An equity bias is desirable as it offers capital appreciation and provides a viable long-term hedge against inflation. Historically, equities outperform fixed income over longer periods of time. In addition, the endowment's perpetual time horizon is well suited to exploiting illiquid, less efficient markets that offer higher potential returns. Given these factors, the Endowment will invest in the following key asset classes.

GLOBAL PUBLIC EQUITY: Includes publicly traded common stock from a combination of domestic, developed international and developing/emerging international markets.

REAL ASSETS: The Real Assets portfolio provides exposure to real estate. This strategy provides protection against unanticipated inflation and plays an important diversifying role in the portfolio.

CASH/FIXED INCOME: Cash is a risky investment for an institution with a long-time horizon due to its low return and the diminution of purchasing power as a result of inflation. It is prudent to minimize the use of cash in the overall endowment. The portfolio will be comprised of investment

grade securities and will contain, but not be limited to, bonds, equities, and other suitable securities. The portfolio will be liquid, have shorter duration, and be less volatile than other asset classes.

ALTERNATIVE INVESTMENTS: Investments in the alternative assets category may include digital alternatives such as emerging cryptocurrencies. These investments will be made judiciously and will not exceed 5% in any one currency and 10% overall.

ASSET ALLOCATION – DESIRED RANGES

The chart below outlines the targeted desired range for each asset class. The CIO and Board of Directors will review these classes and ranges on an annual basis.

ASSET CLASS	DESIRED RANGE
GLOBAL PUBLIC EQUITY	50% - 80%
REAL ASSETS	10% - 30%
CASH / FIXED INCOME	10% - 20%
ALTERNATIVE INVESTMENTS	0% - 10%

PORTFOLIO REBALANCING

The Foundation's Investment Policy Statement establishes the long-term asset allocation targets for the endowment and certain minimum and maximum constraints for each individual asset class. The Board of Directors will rely on the CIO to determine allocations within the stated ranges and to initiate rebalancing of the fund whenever minimum or maximum constraints are violated and/or as necessary based on market conditions and opportunities.

INVESTMENT DOCUMENTATION & REPORTING

The CIO will provide quarterly statements to the Board of Directors for review. These statements will also be made available for public consumption and will summarize:

- Performance for the quarter and trailing periods at the total portfolio and asset class levels
- Asset allocation of total portfolio
- Market value of the total portfolio