INVESTMENT POLICY

Mar 2021

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I. PURPOSE

This Investment Policy Statement (hereafter referred to as the "Policy") has been developed to ensure that the investment assets of the Indian Institute of Technology (Banaras Hindu University) Foundation, Inc. ("Foundation") are invested in a manner consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Not-For-Profit Corporation Law of the State of New York, and to assure grantors, donors and potential donors that their funds will be managed prudently to support the long-term viability of the Foundation's programs. This Policy has also been developed to identify the responsibilities of the Foundation's Board of Directors and of related parties.

II. GOVERNANCE, ROLES AND RESPONSIBILITIES

A. Board of Directors. All powers and activities of the Foundation under the Policy shall be exercised and managed by the Board of Directors of the Foundation. The Board of Directors is ultimately responsible for all investment activities, but may delegate the investment and management of its funds to the Investment Committee, officers, employees, and third-party agents.

B. Investment Committee. The Investment Committee ("IC") shall have at least two members, and may be comprised of directors and non-directors. The activities, affairs, and powers of the IC shall be exercised under the ultimate direction of the Board of Directors. Subject to the ultimate direction of the Board of Directors, the IC shall have the authority to Direct, monitor and execute the Foundation's investments~~.~~

Members of the IC need not be registered "Investment Advisors" under the Investment Advisors Act of 1940. Notwithstanding this, any person who has special skills or expertise, or is selected by the Board of Directors to serve on the IC in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing institutional funds.

III. INVESTMENT POLICY.

A. Investment Standards. When investing and managing the Foundation's investment assets, and when delegating the investment and management of the assets, the Directors and other parties responsible for the investment and management shall act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of like character and with like aims to accomplish the Foundation's purposes. In the course of administering the investment assets pursuant to this standard, the Directors and other parties shall consider the charitable purposes of the Foundation as well as:

i. General economic conditions;
ii. The possible effect of inflation or deflation;
iii. The expected tax consequences, if any, of investment decisions or strategies;
iv. The role that each investment or course of action plays within the overall portfolio;
v. The expected total return from income and appreciation of investments;
vi. The Foundation's other resources;
vii. The needs of the Foundation to make distributions and to preserve capital; and
viii. An asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

Decisions about an individual investment shall be made not in isolation, but rather in the context of the Foundation's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.

B. Overall Investment Policy. Subject to the terms of this section, the overall investment policy of the Foundation shall be to establish and maintain an appropriate balance between the goals of preserving capital, liquidity, and growth, considering the projected cash flow needs of the Foundation.

1. Return Objectives. Total return (the aggregate return from capital appreciation, dividends, interest income, and other returns) shall be the standard of measurement for investment performance, to be achieved through a well-diversified portfolio, as described herein. Over the long term, the portfolio is expected to generate a total return equal to or in excess of the Foundation's annual average spending rate of its investment assets, determined in accordance with the Foundation's spending policy, if any, in order to grow and provide for the long-term needs of the Foundation.

2. Liquidity. While the Foundation has a very long investment horizon, it must maintain sufficient short-term liquidity, either through choice of investment vehicles and/or prudent asset allocation to be able to meet its obligations and to fund the Foundation's expenses in the event of a shortfall in revenues over expenses.

3. Risk Objectives. Asset allocation and portfolio construction are expected to reflect a moderate to conservative risk management approach with the resulting portfolio expected to be more strategic than tactical, and more diversified than concentrated. Given the long-term nature of the Foundation and its modest liquidity needs, the Foundation has an above average tolerance for volatility. Therefore, when reviewing and approving asset allocations under this Policy, the Board of Directors is willing to accept short term value fluctuation in order to achieve long-term total return over full economic cycles. The Board of Directors may change the asset allocation if and when risk objectives change in the future.

4. Other Commitments. The Foundation, in selecting its investments, is also committed to:

i. global investments as a source of return and diversification;
ii. equities, in general, as a source of long-term capital appreciation and dividend income;
iii. high quality, fixed-income securities as a source of low volatility;
iv. higher yielding fixed-income securities as a source of current income;

C. Asset Allocation. Based on the Overall Investment Policy, the investment assets of the Foundation shall be divided per the asset allocations that the IC determines to be prudent and is approved by the Board of Directors.

D. Rebalancing. Because the asset classes do not move concurrently, deviations from the target allocations will occur through normal market activity.

IV. EVALUATION & REPORTING

A. Investment Committee Meetings. The IC shall meet at least once per quarter (in person or by telephone conference) to conduct a thorough review of the portfolio and make investment changes deemed appropriate.

B. Investment Committee Reports. The IC shall report to the Board of Directors quarterly on the investment performance of the portfolio. The IC shall perform an annual review of this Policy and bring any recommended changes to the Board of Directors for review and approval.