Investment Policy Statement

Effective Date of this Document	October 1, 2024
Relationship Name	Lumpkin Family Foundation
Entities Covered by this Policy	The Lumpkin Family Foundation, a not-for-profit corporation, (the Foundation) was established in 1953. This statement of investment policy reflects the investment policy, objectives, and constraints applicable to The Lumpkin Family Foundation. The Foundation's Board of Trustees (the Board) is responsible for managing the investment process of the Foundation in a prudent manner with regard to preserving principal while providing commensurate returns.

Governance and Oversight

The Board of Trustees is charged with the responsibility for the management of the assets within its endowment (the Fund). The Board shall discharge its duties solely in the interest of the Fund, with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent investor, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The responsibilities of the Board of Trustees, or the Foundation’s Investment Committee acting on the Board’s behalf in accordance with the committee’s Terms of Reference, include:

1. Projecting the Fund's financial needs and communicating such needs to the appropriate parties on a timely basis.
2. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Fund's assets and reviewing on a periodic basis.
3. Prudently and diligently selecting qualified investment professionals, including investment manager(s), investment advisor(s), and custodian(s).
4. Evaluating the performance of the investment manager(s) and the advisor(s) quarterly to ensure adherence to policy guidelines and monitor investment objective progress.
5. Periodically reviewing and modifying these statements and the attached exhibits with the approval of the Board as appropriate, given experience and lessons learned.
6. Terminating existing managers, advisors, and/or custodians and retaining new ones.

The Board of Trustees of The Lumpkin Family Foundation is a fiduciary and is responsible for directing and monitoring the investment management of Fund assets. As such, the Board may employ professional experts ("interested parties") in various fields to perform assigned tasks. These include, but are not limited to:

1. **Investment Advisor(s).** The advisor may assist the Board in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; authorizing the movement of assets from one manager to another; measuring and evaluating investment performance; and other tasks as deemed appropriate.

2. **Investment Manager(s).** The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.

3. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.

4. **Investment Committee.** The Investment Committee is appointed by the Board and composed of members of the Board of Trustees and other individuals that provide guidance to the Board of Trustees of The Lumpkin Family Foundation. The Board may assign to the Investment Committee specific duties as outlined herein, or other tasks which in the Board's discretion can be better performed by the Investment Committee.

5. **Additional specialists** such as attorneys, auditors, and others may be employed by the Board or the Investment Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

All expenses for such experts must be customary and reasonable and will be borne by the Fund as deemed appropriate and necessary.

The Board will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives stated herein. While it is not expected that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

Definition of Investment Instructions

The Foundation's goals and objectives with regard to risk, income, capital growth, and taxation will be described in written documents ("the **Investment Instructions").** The Investment Instructions include, for example, this Investment Policy Statement, emails, and notes from periodic investment reviews with the Investment Committee.

Exhibits

Exhibit A lists the asset allocations by asset class along with the target percentage guidelines that apply to the aggregate asset allocation of the accounts covered by this Investment Policy Statement.

Exhibit B lists the asset classes' descriptions, and the principal risks associated with each asset class.

Exhibit C provides additional clarification on the Foundation's impact investment preferences.

Investment Goals and Objectives

The Board of Trustees is committed to a balanced approach in its grantmaking strategy, vigorously pursuing its mission in the present but mindful of meeting unforeseen needs in the future. This approach ensures that the Foundation maintains its capacity or purchasing power after distributions and operating expenses while providing flexibility to meet its grantmaking goals in the present. The Board has the authority to determine the weight given to the Foundation’s grantmaking priorities at any given time, via the annual budget process.

In order to meet its needs, the investment objective of The Lumpkin Family Foundation is, exclusive of contributions and required distributions, to grow the Fund over the long-term (defined as a period of 10 or more years) at a rate to exceed the Consumer Price Index (CPI) net of investment fees and Foundation expenses.

State for Determining State Tax Rate Illinois

Legal & Tax Considerations

From a legal standpoint, the Foundation should adhere to regulations related to its formation, operation, governance, and charitable activities. This includes filing for tax-exempt status with the IRS, maintaining accurate records, and fulfilling reporting requirements. In terms of taxes, the Foundation may be subject to federal excise taxes on its investment income, as well as state tax lawsgoverning charitable organizations.

Environmental and Social Impact Goals

The Foundation recognizes that all investments have an impact and that investors should not compromise on what matters to them in exchange for financial return. The Foundation will use its full spectrum of assets to build an economy that is sustainable and that takes care of people and the planet, together.

The investment objective of the Foundation is to preserve capital to be able to support its granting policy. To the extent possible the Foundation seeks to align all investments and other financial decisions with its values and seek competitive financial returns.

Investment Time Horizon

The Foundation is expected to exist in perpetuity. Investments should be made to reflect the long-term horizon of the Foundation, while at the same time providing adequate liquidity to support the Foundation's spending policy.

Spending Policy

Future giving (contributions) to the Foundation is expected to be inconsistent, and therefore, unpredictable. As a result, the Board of Trustees has set an investment strategy with the objective of maintaining purchasing power of the Fund before consideration of gifts.

During December of each year, the Board of Trustees approves the annual budget based on input from members and committees in a process overseen by the Foundation's Investment Committee. During that budget review process the minimum distribution requirement (5%) as set forth by the IRS is estimated to ensure that annual spending exceeds this minimum threshold.

Investment Discretion - Securities Not Publicly Traded

The Board of Trustees (or, if so empowered, the Investment Committee) will make all decisions regarding private, illiquid investments. The advisor cannot make commitments to private, illiquid investments without the Board's prior consent.

Prohibited Investments

These investments are explicitly prohibited unless prior approval is received from the Board of Trustees:

- Digital assets
- Margin loans
- Options, futures, interest rate swaps, and other derivative investments (unless purchased by an approved manager with authority to trade these instruments)
- Other investments that the Board may designate as "prohibited" from time to time.

Rebalancing

From time to time, the Foundation portfolio will need to be rebalanced to conform to the stated asset class targets in the Investment Instructions, to reflect a particular portfolio tilt, or to capitalize on a perceived investment opportunity. Rebalancing may require a shifting of assets from one manager to another or providing specific instructions to a manager to implement a modification to the manager's strategy. As long as rebalancing activities remain within the ranges specified in Exhibit A, the investment advisor is authorized to implement all rebalancing changes without explicit approval from the Board, except for movement of cash and/or securities out of the Foundation portfolio.

Restrictions and/or Additional Instructions

The Foundation has maintained a longstanding position in First Mid-Illinois Bancshares, Inc. (FMBH). FMBH is headquartered in Mattoon, Illinois and has a service area encompassing East Central Illinois. The Foundation believes in the capabilities of a locally owned bank to foster economic and community development and believes a stable ownership base is one way that we can continue to encourage and facilitate that development. **The holding of FMBH should not exceed 10% of the total Fund, unless authorized by the Board of Trustees.**

The Board has established a target of 20% and a maximum of 30% of the Foundation's corpus for private, illiquid impact investments (based on invested value). Illiquid investments are defined as those investments that cannot be converted to cash within a 5-day period.

Past investment performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that the future performance of any specific investment or investment strategy, including those recommended by investment advisors, will be profitable.

I (we) accept this Investment Policy Statement effective as of the effective date written on page 1 of this document.

[signature]	10/28/2024
Board President	**Date**
Richard Dewyngaert	10/31/2024
Investment Committee Chair	**Date**
Bruce D. Karmazin	10/25/2024
Executive Director - Lumpkin Family Foundation	**Date**

Exhibit A: Asset Allocation

Asset Class	Minimum	Target	Maximum
Equities	47%	62%	77%
Real Assets	3%	5%	10%
Alternatives	0%	3%	5%
Fixed Income	0%	25%	35%
Cash and Equivalents	2%	5%	15%
Total		100%	

The portfolio valuation at the end of each quarter will be used to determine if the portfolio is in compliance with this investment policy. The percentages shown in the above chart are guidelines that apply to the aggregate asset allocation of the Foundation portfolio, and not to any individual account in the portfolio account group. For example, an individual account may hold only a single investment and therefore may not be diversified.

In the case of private investments, such as private real estate and private equity funds, the portfolio allocation may deviate from the targets while new investments are identified, or while the investment is in its capital call phase, or before a successful private investment liquidates and distributes cash. Also, most private investments in semi-liquid assets (hedge funds, managed futures, commodity funds, etc.) have a lock-up period following an initial investment. The lock-up period makes it impossible to reduce the allocation to those assets until the lock-up expires. After the lock-up ends, withdrawal restrictions may apply.

10/28/2024

Board President **Date**

Richard Dewyngaert

11/1/24

Investment Committee Chair **Date**

Bruce D. Karmazin

10/25/2024

Executive Director - Lumpkin Family Foundation **Date**

Exhibit B: Investment Risks

There are multiple risks associated with the purchase of any security and it is important to understand those risks. This exhibit discusses only the principal risks associated with each asset class. Every investment involves the risk of loss.

Investments are classified based on the underlying investments rather than the type of vehicle in which the investment activity occurs. For example, private equity funds are classified as equities rather than as hedge funds or alternative investments.

The following list shows examples of investments for each asset class. Additional categories of investments may be added to an asset class at any time.

Equities: The role of equity investments is primarily capital appreciation with some current income. Examples include ownership interests in US, foreign-developed and emerging market companies across the market capitalization spectrum. Public equities are generally purchased in the form of Exchange Traded Funds ("ETFs") or mutual funds. Private equity investments are generally made through funds sponsored by private equity investment firms.

Principal risks include market risk, valuation risk, specific business risk, and exchange rate risk (foreign stocks), manager risk and liquidity risk.

Fixed Income: The role of fixed income investments is primarily to provide a source of income, stability, and diversification. Examples include debt instruments issued by US federal and state governments, foreign governments, agencies of governments, and corporations. Some debt instruments may not be traded on the public markets.

Principal risks include credit risk, default risk, exchange rate risk (foreign investments), inflation risk, insurance failure risk, interest rate risk, liquidity risk, manager risk and market risk.

Real Assets: The role of real asset investments is primarily to provide inflation protection, income, and diversification. Examples include US and foreign investment companies and private partnerships that own commercial, industrial, and/or residential real estate, funds that invest in commodities, funds that purchase tracts of timber and conduct logging operations, funds that invest in energy investments, and funds that invest in infrastructure projects.

Principal risks include business risk, exchange rate risk (foreign investments), leverage, commodity price risk, liquidity risk, valuation risk, manager risk and market risk.

Alternative Investments: The role of alternative investments is primarily to provide diversification to the portfolio through accessing managers and strategies that behave differently than traditional bonds and stocks. Examples include managed futures, equity long-short funds, event driven funds, global macro funds, relative value funds and distressed investment funds and certain types of hedge funds.

Principal risks include business risk, exchange rate risk (foreign investments), leverage, liquidity risk, valuation risk, manager risk and market risk.

Cash: The role of cash is to provide short-term access to ready money. Examples include cash, money market funds, and certificates of deposit.

Exhibit B: Investment Risks

Principal risks include exchange rate risk (foreign investments), liquidity risk, valuation risk, manager risk and market risk.

An asset may suddenly become illiquid due to market failure or market closure. Under some market conditions, it may be impossible to find a buyer at any price for an asset that was thought to be liquid.

Private offerings, hedge funds, private equity funds, etc., are typically illiquid assets. Private investments will be held in one or more of the Foundation's non-discretionary accounts.

This Exhibit is intended to be a guide and may not be fully inclusive of all risks.

Exhibit C: Impact Addendum

Impact Addendum

Purpose

The purpose of this policy addendum is to set forth the objectives for the Foundation's Impact Investment Portfolio, including risk/return expectations, permitted investments and strategies, and diversificationguidelines.

The Foundation's primary investment objective is to maintain purchasing power in real (inflation-adjusted) terms after distributions and operating expenses. Within that goal, the Foundation takes a, first, do no harm attitude, maintaining the largest share of its endowment in socially responsible, or impact, investments.

Definition of Impact Investments

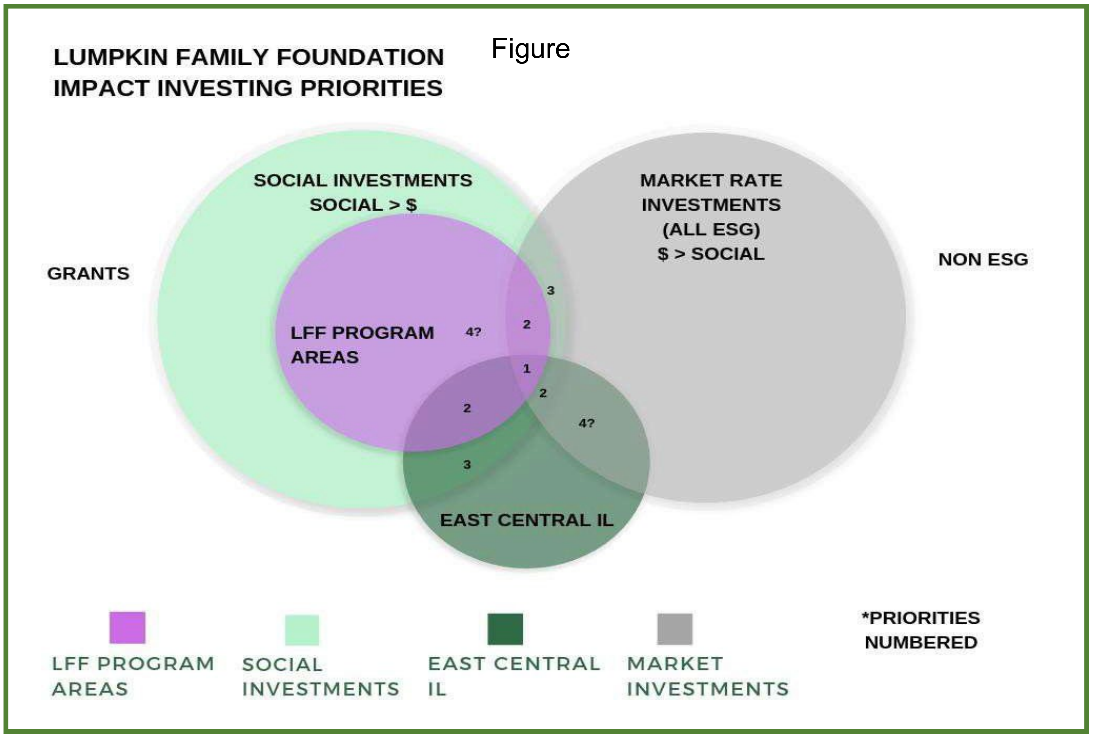
For purposes of this policy, the term **"Impact Investments"** means investments made into companies, organizations, and funds across markets with a deliberate intention to generate economic, social, or environmental benefits for a particular population, community or society at large - in other words, not only for the owners of or investors in a particular enterprise or project. For purposes of this statement, the Foundation defines program areas broadly to include *Health and Well-being, Sustainable Agriculture, Sustainable Supply Chains and Environmental Protection,* although we will consider competitive, market-rate investments outside those areas.

Impact investments may include both publicly traded securities (e.g., common stocks and bonds), and private, illiquid investments. Impact investments include but are not limited to Program-related Investments[1] (PRIs) and mission-related investments[2] (MRIs).

The Board has established a target of 20% and a maximum of 30% of the Foundation's corpus for private, illiquid impact investments (based on invested value). Illiquid investments are defined as investments that cannot be converted to cash within a 5-day period.

The Foundation will aim to activate the total portfolio to support economic, social, and environmental causes. The Foundation recognizes that all investments have an impact. The Foundation will consider financial returns, social impact, and risk as part of a whole. For example, the closer an impact investment comes to reaching a program goal or priority in a meaningful and measurable way, the greater the risk or the lower financial return the Foundation may be willing to accept. The more distant the investment is from a program priority the less willing it is to concede on return or to accept higher risk. This relationship, illustrated in Figure 1, identifies our priorities according to program areas and geography defined below.

Exhibit C: Impact Addendum



Approval Process for Impact Investments

1. The Investment Committee will receive recommendations from committee members, staff, and investment advisors they employ to identify opportunities.
2. The advisor will provide a preliminary analysis of the investment to the Committee, and the Committee will decide if further due diligence is appropriate.
3. The Committee will review the analysis provided by the advisor(s) to determine the quality of the investment. The scope of due diligence will, in general, consider the amount at issue, the risks involved, the nature of the organization, familiarity of the Foundation with the entity and the sector, the structure of the transaction and similar issues. The level of due diligence will vary with the size of the investment.
4. The Committee will submit its recommendations and its findings to the Board for approval.
5. Should the Committee decline a PRI, the Committee may refer it to a grantmaking committee for consideration out of a grants budget.

In addition to its regular duties, the pursuit of Impact Investments will require the Board to approve:

a. All Direct Investments
b. All Impact Investments to an intermediary
c. Any investment made in a newly formed entity
d. Forgiveness of indebtedness
e. The terms and conditions for workouts and write-offs
f. Any decision potentially affecting the portfolio as a whole; Financial returns on below-market rate investments will be evaluated on an individual case basis; and,
g. Material changes to this policy addendum.

Exhibit C: Impact Addendum

A Direct investment is an investment in an entity in which the Foundation's investment is expected to be used directly for the conduct of the activities of the recipient organization and not to be re-loaned or invested in other entities.

As with the Foundation's greater portfolio, the Assistant Treasurer has authority to pursue Impact Investments. As with grants, the Executive Director will have authority to pursue Impact Investments in accordance with this policy. They will confer with each other and seek financial, business, and legal counsel from experts, as needed.

Specific Restrictions

The Foundation intends to implement Parametric's screening process to eliminate exposure to companies with material exposure in the following areas:

- **Factory Farming**
- **Gambling**
- **Human Trafficking**
- **Tobacco**
- **Weapons - All**

Reporting

The Board will receive a report at least annually outlining financial and social impact results. The report will identify any important issues arising from experience, with particular focus on underperforming expectations as well as future prospects.

Permitted Investments and Limitations

- **a.** Loans
- **b.** Bonds and Secured Debt
- **c.** Common, preferred, and convertible stock (and warrants for such interests)
- **d.** Limited partnership interests
- **e.** Interests in limited liability entities
- **f.** Bank deposits
- **g.** Participations
- **h.** Royalty interests
- **i.** Guarantees, and
- **j.** Social impact bonds or similar contractual arrangements in the nature of "pay-for- success" contracts and arrangements

Permitted Recipients

- **a.** A tax-exempt entity under Section 501 (c) of the Internal Revenue Code or an equivalent
- **b.** A charitable trust organized under state law
- **c.** A for-profit entity (a corporation, limited liability company, partnership, or S-Corp) organized under state law
- **d.** A "hybrid" entity (including a flexible purpose corporation, B-Corp, L3C or

similar entity authorized to be created under state law

e. A unit of City, County, State, or the Federal government

[1] *Program- related Investments are defined in section 4944 of the Internal Revenue Code as an exception to the "jeopardizing investments" rules applicable to foundations. PRIs must be made for the primary purpose of accomplishing a charitable purpose and not primarily for financial gain. One of the tests is whether an investor solely interested in making a profit would be unwilling to provide capital on simi lar terms. Effectively, this means that the PRI will have an interest rate or financial return objective that is lower than prevailing market rates for loans or investments of similar duration, credit quality and risk.*

[2] *Mission-related investment MRI means an investment that is made with a clear intention to meaningfully contribute to the accomplishments of our philanthropic mission and the success of our programmatic strategies and to achieve a financial return commensurate with the risk and the social impact to be achieved. Unlike PR Is, MRs are not statutorily prescribed and have no consensus definition. The jeopardizing investment rules and other legal requirements, such as state prudent investor rules, do not apply.*