STATEMENT OF INVESTMENT POLICY

SCOPE OF THIS INVESTMENT POLICY

This Statement of Investment Policy reflects the investment policy, objectives, and guidelines of the Legacy Foundation, Inc., an Indiana not-for-profit corporation. This document applies to assets that are a part of the Fund and for which the Investment Committee and investment managers have discretionary authority.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This Statement is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This Statement of Investment Policy is set forth by the Investment Committee of the Legacy Foundation, Inc. in order to:

1. Define and assign the responsibilities of all involved parties.

2. Establish a clear understanding for all interested parties of the investment goals and objectives of fund assets.

3. Establish the relevant time horizon for which the Foundation assets will be managed.

4. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.

5. Establish a basis for evaluating investment results.

6. Manage Fund assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances.

7. This Policy applies to all assets that are included in the Foundation's Portfolio for which the Committee has been given discretionary investment authority.

DEFINITIONS

1. **"Foundation"** shall mean Legacy Foundation, Inc.

2. **"Investment Committee"** shall mean the governing committee established to invest and safe keep the Pooled and other Invested Funds. The Committee is responsible for adopting the

provisions of this Investment Policy. This responsibility includes approving investment strategy; hiring and firing of investment managers, custodians, and investment consultants; monitoring of the Funds on a regular basis (at least quarterly); and maintaining sufficient knowledge about the Funds and its managers to be reasonably assured of their compliance with this Statement of Investment Policy.

3. **"Fund"** shall mean the assets managed and invested by the Foundation.

4. **"Fiduciary"** shall mean any individual or group of individuals that exercise discretionary authority or control over Foundation management or any authority or control over management, disposition or administration of the Pooled and other Investment Fund assets.

5. **"Fiduciary Duty"** In seeking to attain the investment objectives set forth, the Committee shall exercise prudence and appropriate care in accordance with the Uniform Prudent Investor Act (UPIA). UPIA requires fiduciaries to apply the standard of prudent "to any investment as part of the total portfolio, rather than to individual investments." All investment actions and decisions must be based solely on the interest of the Fund. Fiduciaries must provide full and fair disclosure to the Board of all material facts regarding any potential conflicts of interests.

6. **"Investment Manager"** shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets.

7. **"Investment Objective"** the primary objective of the Fund is to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any distributions and administrative expenses thus, at a minimum maintaining the purchasing power of the Fund. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending. The investment horizon is perpetual unless specified on the investment option form for non-permanent funds.

8. **“Pool”** shall reference the total invested funds associated with the general investment allocation of Legacy Foundation, exclusive Charitable Gift Annuity pools, Short or Intermediate Term focused pools, or funds in an operating or checking account.

9. **"President/Executive Director"** has daily responsibility for administration of the Fund and will consult with the Committee and the investment consultant on matters relating to the investment of the Fund. The President/Executive Director will serve as primary contact for the Fund's investment managers, investment consultant, and custodian.

10. **"Securities"** shall mean the marketable investment securities which are defined as acceptable in this Statement.

STANDARDS FOR PRUDENT INVESTING

As summarized for the purposes of this Statement of Investment Policy, the Uniform Prudent Investor Act (UPIA) states that the Committee is under a duty to the Fund to manage the funds as a prudent investor would, in light of the purposes, scope, objectives and other relevant circumstances. This standard requires the exercise of reasonable care, skill and caution while being applied to investments not in isolation, but in the context of the portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund. In making and implementing investment decisions, the Committee has a duty to diversify the investments unless, under special circumstances, the purposes of the Fund are better served without diversifying.

In addition, the Committee must conform to fundamental fiduciary duties of loyalty and impartiality. This requires the Committee to act with prudence in deciding whether and how to delegate authority, and in the selection and supervision of managers, and incurring costs where reasonable and appropriate.

In managing the portfolio, the Committee will incur only those costs that are appropriate and reasonable in relation to the portfolio or any specific institutional fund, the purposes of the Foundation, and the skills available to it and will use reasonable efforts to verify facts relevant to the management and investment of the portfolio or any specific institutional fund.

Except as a donor's gift instrument otherwise requires, and consistent with Indiana's **adoption of the Uniform Prudent Management of Institutional Funds Act**, the following factors must be considered, if relevant, in managing and investing the investment portfolio, including the requirements for any specific institutional funds:

- general economic conditions;
- the possible effect of inflation or deflation;
- the expected tax consequences, if any, of investment decisions or strategies;
- the role that each investment or course of action plays within the Foundation's overall investment portfolio;
- the expected total return from income and the appreciation of investments;
- other resources of the Foundation;
- the needs of the Foundation and a given institutional fund to make distributions and to preserve capital; and
- an asset's special relationship or special value, if any, to the purpose of the Foundation.

INVESTMENT MANAGEMENT POLICY

The purpose of the investment management policy and guidelines is to ensure the safekeeping of the Foundation's assets. The Investment Committee and Investment Manager shall adhere to the following policy and guidelines while investing the Foundation's assets:

1. **Total Return:** Investment Managers will be evaluated on total return, which

the Investment Committee will consider to be the aggregate return from capital appreciation and dividend and interest income.

2. **Risk:** The Investment Committee believes that any person or organization involved in the process of managing the Foundation assets should understand the Foundation's objectives and investments strategy as designed in this Statement. The Investment Committee defines risk as the probability of losing value or purchasing power over any time period and the probability that the investment returns of the Foundation's assets fail to meet or exceed the return of the Foundation's Specific Investment Goals over the investment horizon.

3. **Risk Aversion:** Understanding that risk is present in all types of securities and investment styles, the Investment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Foundation's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

Adherence to Investment Discipline: Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to the Foundation's investment discipline. If the Committee chooses to delegate manager selection to a fiduciary partner, the Committee will be updated on hirings and terminations on a quarterly basis, inclusive of a rational for each decision.

INVESTMENT P H I L O S O P H Y / STRATEGY

The Investment Committee agrees that investing in securities 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. Fixed income securities and other low volatility strategies (e.g. absolute return hedge funds, etc.) will be used to lower the short-term volatility of the portfolio and to provide stability, especially during periods of low or negative equity markets.

It is the intent of the Foundation to be fully invested. Therefore, cash is not a strategic asset of the portfolio, but is residual to the investment process. Cash reserves outside of the Pool shall be maintained in appropriate short term investments for the purposes of capital preservation.

ASSET ALLOCATION

Deliberate management of the asset mix among classes of investments is both a necessary and desirable responsibility. Diversification of investments among assets that are not similarly affected by economic, political, or social developments is a highly desirable objective.

The Investment Committee's general policy shall be to diversify investments so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset or investment category. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

To ensure broad diversification, the asset allocation will be set with the following target percentages and maintain the following ranges:

ASSET CLASS	ACCEPTABLE TARGET	RANGE
Domestic Equity	47.5 %	35% - 60%
International / Emerging Equity*	20.0 %	10% - 30%
o TOTAL EQUITY	67.5 %	50% - 85%
Fixed Income	25.0 %	20% - 50%
Alternative Investments	5.0 %	0% - 10%
Real Estate	2.5 %	0% - 5%
o TOTAL FIXED INCOME	32.5 %	20% - 50%

The Investment Committee may employ Investment Managers whose investment disciplines require investments outside the established asset allocation guidelines. However, taken as a component of the aggregate Foundation assets, such disciplines must fit within the overall asset allocation guidelines established in this Statement. Such Investment Managers will receive written directions from the Investment Committee regarding specific objectives and guidelines.

In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Investment Committee will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

Adherence to Policy Targets and Rebalancing

The asset allocation established by this Investment Policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside of the policy range. Generally, these divergences should be of a short-term nature.

To ensure that divergence from the target policy is within acceptable limits, rebalancing of assets among invested positions may be necessary. Generally, rebalancing assets among funds may occur on a quarterly basis to ensure that the target asset allocation specified in this Investment Policy is maintained within acceptable ranges as determined by the Investment Manager. The Investment Manager will identify the amount of assets that must be reallocated in order to bring the portfolio back into compliance with this Investment Policy and will issue the necessary instructions for the transfer of funds.

Notwithstanding the foregoing, under certain circumstances, the Investment Manager may (i) modify the target variance(s) applicable to the strategy, (ii) modify its standard rebalancing operating procedures, and/or (iii) suspend some or all of the rebalancing procedures affecting the strategy. Investment Manager shall only modify or suspend its rebalancing procedures as outlined in this paragraph if it has prudently determined that such suspension is in the best interest of the Fund in its reasonable sole discretion. If the Investment Manager has suspended it rebalancing procedures applicable to the Fund, the Investment Manager shall notify the Committee as promptly as possible of such decision.

DELEGATION OF AUTHORITY

The Investment Committee of the Legacy Foundation, Inc. is responsible for directing and monitoring the investment of Foundation assets. The Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. **Investment Consultant.** The Investment Consultant may assist the Investment Committee in establishing investment policy, objectives, and guidelines, selecting Investment Managers, reviewing such managers over time, measuring and evaluating investment performance and other tasks as deemed appropriate.

2. **Investment Manager.** The Investment Manager may have the discretion to purchase, sell, or hold the specific securities that are used to meet the investment objectives stated herein.

3. **Fiduciary Management Partner.** A Fiduciary Management Partner will take on the roles of Investment Consultant and Investment Manager described previously and hereafter, in accordance with the Investment Management Agreement.

4. **Custodian.** The custodian will physically maintain possession of securities owned by the Foundation, 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 Foundation's accounts.

5. **Specialists.** Additional specialists, such as accountants, attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Investment Committee to assist in meeting its responsibilities and obligations to administer Foundation assets prudently.

Managers will be held responsible and accountable to achieve the objectives stated herein and, the Foundation shall give each manager a copy of this Statement and all amendments hereto. While it is not believed that the limitations will hamper Investment Managers, each Manager should request modifications which they deem necessary to achieve their objectives; provided, however, any modification agreed to by the Foundation must be done explicitly in writing.

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

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Statement. Specific responsibilities of each Investment Manager include.

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Statement, and any specific instructions given to an Investment Manager by the Investment Committee.

2. Reporting to the Investment Committee on a timely basis the quarterly investment performance results and detailed listing of each transaction.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Foundation's Investment Committee.

4. Informing the Investment Committee regarding any qualitative change to investment management organization, such as changes in portfolio management personnel, ownership structure, investment philosophy, etc.

5. Voting proxies on behalf of the Foundation, and communicating such voting records to the Investment Committee on a timely basis, if requested by the Investment Committee.

6. Immediate notification, confirmed in writing, to the Foundation and its Investment Consultant (if any) of any exceptions to this Statement of Investment Policy with a recommended plan of action to correct the violation.

Responsibility of the Investment Consultant

The Investment Consultant's role is that of an advisor to the Investment Committee. Investment advice concerning the investment management of Foundation assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and annual review of investment policy.

2. Reporting to the Investment Committee on a timely basis with quarterly performance reports.

3. Conducting a search for an Investment Manager, when requested by the Investment Committee.

4. Monitoring the performance of each Investment Manager to provide the Investment Committee with the ability to determine the progress toward the investment objectives.

5. Communicating matters of policy, manager research, and manager performance to the Investment Committee.

6. Reviewing Foundation's investment history, historical capital markets' performance and the contents of this Statement to any newly appointed members of the Investment Committee.

Responsibility of the Custodian

The Committee recognizes that accurate and timely completion of custodial functions is necessary for effective investment management and accurate records. Following are the basic duties of the Trustee:

1. Provide complete custody and depository services for the designated accounts.

2. Provide for investment of any cash, to avoid un-invested amounts.

3. Implement in a timely and effective manner the investment actions as directed by the Investment Manager(s).

4. Collect all income and principal realizable and properly report on the periodic statements.

5. Provide monthly and annual accounting statements for the Plan, including all transactions; these should be based on accurate security values both for cost and market value. These reports should be provided on a time frame acceptable to the Committee.

6. Report to the Committee or its designee situations where security pricing is either not possible or subject to considerable uncertainty.

7. Distribute to the Investment Manager or its designees in a timely manner all proxy materials for voting.

8. Provide assistance to the Legacy staff to complete such activities as the annual audit, regulatory filings, transaction verification or unique issues.

The performance of each Investment Consultant will be reviewed on a periodic basis. The Investment Committee reserves the right to terminate an Investment Consultant.

Selection of Investment Managers

The Investment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

Investment Manager Performance Review and Evaluation

Each investment manager will be reviewed by the Investment Committee on an ongoing basis and evaluated upon the criteria listed below. Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Investment Committee for review. The Investment Committee expects the managers to perform consistently with a mutually agreed benchmarks over a reasonable period of time. The Committee does not expect that all investment objectives will be attained in each year and recognizes that over various time periods, investment managers may under-perform their benchmarks. Each investment manager will be reviewed on an ongoing basis and evaluated on the following criteria:

a. Stability of the organization
b. Retention of key personnel
c. Absence of regulatory actions against the firm, its principals, or employees
d. Adherence to the guidelines and objectives of this Statement of Investment Policy
e. Consistency in the style and capitalization characteristics defined as "normal" for the manager
f. Performance compared to the appropriate benchmark and, for equity managers, produce positive risk-adjusted return (alpha)
g. Performance compared to a peer group of managers or funds with similar styles of investing.

GUIDELINES AND RESTRICTIONS

Each investment manager shall:

1. Have full investment discretion with regard to security selection consistent with this Statement of Investment Policy;

2. Immediately notify the Committee in writing of any material changes in the investment strategy, portfolio structure, ownership or senior personnel;

3. Make no purchase that would cause a position in the portfolio to exceed 5% of the outstanding voting shares of the company or invest with the intent of controlling management;

4. Not invest in non-marketable securities without prior approval from the investment committee; except common trust funds that invest in marketable securities;

5. With the exception of international managers, not invest in non-dollar denominated securities;

6. In the case of international managers, maintain appropriate diversification with respect to currency and country exposure; and

7. No individual security of a single issuer will comprise more than five percent (5%) of the Foundation's total market value.

EXCESS BUSINESS HOLDINGS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy is to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not "business enterprises," the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity's income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

SPECIFIC INVESTMENT GOALS

The Foundation's Investment Objective as established in this Statement, or as from time to time established by the Investment Committee, shall be consistent with the above-described general policies and guidelines, and further it is the goal of the Investment Managers to:

1. Achieve a total return, net of fees equal to or greater than spending, administrative fees and inflation. The primary objective will be total return greater than the Consumer Price Index + 5% (spendable target) + Legacy administrative fees.

ALTERNATIVE INVESTMENTS

All types of alternative investments, including but not limited to, private equity, venture capital and limited partnerships are expressly prohibited unless approved in advance by the Investment Committee in writing. If approved, any Investment Manager will be bound by the same "Manager Evaluation" criteria as previously stated, as well as all other relevant portions of this document.

Hedge Funds

Investments in hedge funds shall be made through a fund-of-funds vehicle to provide appropriate diversification by manager and strategy upon approval by the Investment Committee. Investments in hedge funds will be used to diversify the overall portfolio and enhance total return.

Private Equity

Investments in private equity funds shall be made through a fund-of-funds vehicle to provide appropriate diversification by manager and strategy upon approval by the Investment Committee. Investments in private equity will be used to diversify the overall portfolio and enhance total return. Private equity investments can include, but are not limited to, the following: Buy-out, venture capital, debt, real estate, real assets.

MARKETABILITY OF ASSETS

The Investment Committee requires that all of Fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price, with the exception of any investments made in hedge funds, private equity, or approved non-marketable securities.

Prohibited Assets

Prohibited investments include, but are not limited to, the following:

1. Commodities and Commodities Futures Contracts unless used within a Mutual Fund or Common Trust Fund
2. Private Placements
3. Direct Venture-Capital Investments
4. Direct Ownership of Real Estate properties
5. Concentrated positions in a single security or issue greater than 5% of the total Pool

Per gift acceptance policies, the Foundation may accept donations of real estate and tangible personal property if it is in the best interests of the Foundation to do so. If donations of real estate or tangible personal property are accepted, the goal of the Investment Committee is to liquidate such assets as quickly as possible for fair market value. While the ownership of real estate is vested in the Foundation, the Investment Committee may delegate duties regarding the real estate to property managers, appraisers and other consultants.

Prohibited Transactions

Prohibited transactions include, but are not limited to, the following:

1. Short Selling
2. Margin Transactions
3. Derivatives, unless used within a Mutual Fund or Common Trust Fund

DISTRIBUTION POLICY

The Foundation's distribution policy is attached as Addendum 1 and shall be updated on an annual basis and incorporated by reference in this Statement of Investment Policy.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Investment Committee plans to review investment policy annually.

Ratified BOARD OF DIRECTORS: FEBRUARY 4, 2014; JUNE 7, 2016; AUGUST 6, 2019

REVISED BY INVESTMENT COMMITTEE APRIL 28 2016; JULY 23, 2019