Lumina FOUNDATION

LUMINA FOUNDATION FOR EDUCATION, INC.

Investment Policy Statement

(As adopted by the Investment Committee on August 5th, 2021)

ORGANIZATION MISSION STATEMENT

The mission of the Lumina Foundation for Education, Inc. (“Lumina” or the “Foundation”) is to prepare people for informed citizenship and success in a global economy. This mission rests on the Foundation’s Commitment to Racial Equity as described in Exhibit A in the Appendix.

DOCUMENT PURPOSE STATEMENT

The Investment Policy Statement (“Policy Statement” or “IPS”) sets forth principal objectives and procedures for the management of the Foundation’s investment portfolio (the “Portfolio”). It has been approved by the Investment Committee (the “Committee”) of the Foundation’s Board of Directors (the “Board”) as delegated by the Foundation’s Board of Directors.

The IPS is intended to provide direction and guidance to the Foundation’s internal and external investment staff (the “Investment Team”), inclusive of the Foundation’s primary investment consultant (the “Investment Advisor”), as well as to Lumina’s external investment managers (the “Investment Managers”). It is also a statement for reference by members of the Board, members of the Committee, and the Foundation’s executive leadership.

All principal objectives and procedures contained herein are defined in service and support of the Foundation’s mission as outlined above. A summary of principal objectives and guidelines are provided in Exhibit B in the Appendix.

Table of Contents

Appendix

I. Investment Beliefs

1. Lumina is a long-term investor.

2. The sole purpose of Lumina's investment program is to provide adequate resources in support of carrying out the mission of the Foundation into perpetuity.

3. Lumina's investment program is anchored in the highest of ethical standards including the avoidance of any perceived or real conflict of interest.

4. Investment risks are multi-dimensional and serve as key variables in underpinning and evaluating all investment decisions.

5. Lumina is unable to anticipate near-term capital market performance and therefore does not attempt to tactically time the market outside of prescribed asset allocation ranges.

6. A wide variety of factors can affect investment returns, including asset allocation and manager selection.

7. Performance of the investment program is evaluated net of fees and expenses on a regular and consistent basis.

8. Lumina considers responsible investing factors to inform investment processes, stewardship responsibilities, and alignment with the Foundation's mission, particularly its focus on equity.

II. Investment Objectives

The investment objectives for the Portfolio (the "Investment Objectives") are:

(a) to provide adequate resources in support of carrying out the mission of the Foundation into perpetuity by preserving its inflation-adjusted fair value over the long term; and

(b) to provide timely liquidity for projected program and other spending.

Assuming a modest estimate for the rate of inflation to be 2%, the long-term required return for the Foundation's Portfolio is 750 basis points (7.5%).

III. Risk Management

Consistent with Investment Beliefs, the Foundation's fiduciaries recognize that the pursuit of Investment Objectives require that the Portfolio to be exposed to a wide variety of investment risks, both quantitative and qualitative in nature. Further, the Committee and Investment Team recognize that allocations to actively-managed investment strategies may cause variability in performance relative to passively-managed or indexed alternatives. It is expected that the active risk budget will range from 200-400 basis points. Individual investment allocations will be assessed by both idiosyncratic risk factors as well as the contribution to the total risk of the Portfolio.

While the Foundation is a long-term investor, the Committee and Investment Team recognize that short-term volatility could inhibit the Investment Objectives of the Foundation. During adverse market conditions, the decline in the Portfolio's net asset value (NAV) is expected not to exceed 25% over a 12-month period.

IV. Liquidity

The Investment Team is to consider all sources of liquidity available to the Foundation in its pursuit of the Investment Objectives. It is anticipated that portions of the Portfolio will require liquidation periodically to meet the Foundation's operating needs or to support strategic investments and initiatives. Taking into account all sources of liquidity, the Foundation will maintain a minimum of two years of projected total spending.

At all times, at least 30% of the Portfolio is expected to be in cash or convertible to cash within a 12-month period and at least 40% within 36-months. Unfunded commitments related to all investment strategies in the Portfolio will adhere to guidelines set forth in Section V. Asset Allocation and Exhibit B.

V. Asset Allocation

The Portfolio will seek long-term growth of capital with exposure to risk set at an appropriate level as defined by the IPS. The Investment Team will pursue the Foundation's Investment Objectives by utilizing a diversified mix of assets that includes both public market and private market investment strategies. Descriptions of strategies and overall Portfolio allocation targets are defined below:

Public Equities (25% target)
The Public Equities portfolio is designed to be a principal contributor towards achieving the Investment Objectives and is to consist mainly of direct or indirect investments in global public equities. The Public Equities portfolio is likely to be the most volatile portion of the Portfolio.

Diversifying Assets (25% target)
The Diversifying Assets portfolio is designed to generate competitive risk-adjusted returns relative to Public Equities over a full market cycle (i.e. peak-to-peak, trough-to-trough). The Diversifying Assets portfolio is to consist mainly of investments in vehicles investing in public market assets that provide diversification relative to the other asset classes and will commonly include long/short equity hedge funds, credit/opportunistic hedge funds and credit/opportunistic drawdown funds (e.g. direct lending, distressed credit).

Fixed Income (5% target)
The Fixed Income portfolio is designed to generate current income, meet near-term liquidity needs (operating distributions, capital calls for Diversifying Asset / Private strategies, re-balancing activity, etc.), and is expected to exhibit lower volatility than other asset classes. The Fixed Income portfolio is to consist

mainly of direct or indirect investments in investment grade marketable bonds as well as short-term liquid investments and cash equivalents. The Fixed Income portfolio may selectively include other fixed income investments, such as high-yield bonds or non-U.S. bonds, depending on market conditions and overall portfolio risk levels.

Private Assets (45% target)
The Private Assets portfolio will consist of investments primarily in privately-held assets and/or securities that are not publicly-traded. The Private Assets portfolio is expected to be a diversified mix of the following types of private market investment strategies:

Private Equity / Venture Capital ("PEVC"): The PEVC portfolio is designed to be a principal contributor towards the Investment Objectives and is to consist mainly of direct or indirect investments in private companies and securities. The PEVC portfolio is likely to be a volatile asset class with a high correlation to Public Equities.

Real Estate: The Real Estate portfolio is designed to provide diversification and return to the Portfolio and is to consist mainly of direct or indirect investments in real estate and real estate related securities.

Resources: The Resources portfolio is designed to provide diversification and return to the Portfolio and will consist mainly of direct or indirect investments in renewable/natural resources, farmland, timber, and other assets.

Exhibit B outlines the asset allocation guidelines agreed upon by the Committee to be the most appropriate given the Portfolio's objectives and constraints. The guidelines include the long-term target for each asset class as well as the allowable allocation range around each target. An allowable range for total unfunded commitments aggregated across all investment strategies is also defined. The allowable allocation ranges are designed to ensure adequate diversification and to manage both absolute and relative risks. The Investment Team is authorized in its discretion to adjust the allocation to each asset class within the approved allocation ranges.

If the percentage of Portfolio fair value accounted for by an asset class as of the end of any quarter deviates from the approved allocation range for that asset class, the Investment Team will take steps to rebalance the Portfolio back into IPS compliance as promptly as practicable, unless otherwise directed by the Committee. At any other time, the Investment Team may take steps toward rebalancing or otherwise adjusting the Portfolio as the Investment Team deems desirable, keeping the members of the Investment Committee generally advised and subject to direction by the Investment Committee.

VI. Spending Policy

The Foundation's annual spend is approved by the Board of Directors as part of the budget approval process. Among other factors, the level of spend is guided by the Foundation's long-range fiscal strategy which calls for spending at a rate of 5.25% of the average investment portfolio balance of the prior three years.

VII. Governance Structure

Consistent with its charter documents, the Committee is to define policy objectives, strategic asset allocation, and risk tolerance for the Portfolio. The Investment Team is to oversee implementation consistent with IPS guidelines and, as needed, recommend any changes for review and approval by the Committee. Investment Managers are to be monitored by the Investment Team adhering to monitoring guidelines outlined in Exhibit C.

The Governance Structure illustrated in Exhibit D is designed to allocate authority and responsibility in an efficient and appropriate manner to promote successful implementation and compliance with IPS guidelines, applicable laws, and fiduciary standards. The Investment Committee and the Investment Team are to complete annual self-assessments of fiduciary excellence.

VII. Performance Evaluation & Benchmarks

The primary benchmark for total Portfolio performance is the Consumer Price Index – Urban (CPI-U) compounded rate of return, net of all investment-related fees and expenses and net of distributions supporting programs and other spending, over the appropriate measurement horizon as defined below.

The Committee may establish a secondary benchmark for total Portfolio performance (the "Strategic Policy Benchmark") that is a blended benchmark based on strategic asset allocation targets as defined in Section V. Asset Allocation and Exhibit B. Current allocations for the Strategic Policy Benchmark are defined in Exhibit E.

Performance will be reported net of fees and provided to the Committee on a quarterly basis. The Committee and Investment Team define appropriate time horizons for evaluation as follows:

Portfolio Component	Appropriate Measurement Horizon
Total Portfolio	15 years or full market cycle, if longer
Public Equities	10 years or full market cycle
Diversifying Assets	10 years or full market cycle
Fixed Income	3 years
Cash	1 year
Private Assets	15 years
Individual Investment Managers	Strategy Dependent

Benchmark indices are selected to represent the return and risk profile of each asset class or investment strategy. Key considerations in selecting benchmark indices include broad market coverage, ability to passively invest, transparency of index construction, and objectivity of the index provider.

IX. Responsible Investing

Consistent with Investment Beliefs, the Investment Team will take into account Environmental, Social, and Governance ("ESG") factors in initial and ongoing due diligence processes when evaluating potential and existing investment allocations in the Portfolio.

Up to $75 million of the Portfolio may be invested in Mission Related Investments (or "MRIs"). MRI capacity will be measured by the net aggregate cost of the investments, defined as the sum of cash contributed (including management fees and expenses) less the sum of contributed capital returned. In the event that the aggregate cost (as defined above) of the MRI portfolio exceeds the $75 million limit at any quarter end, the Investment Committee will be advised and the Investment Team will propose a plan to bring the portfolio into compliance as promptly as practicable.

Mission Related Investments are to be underwritten with a primary objective on achieving market rate returns that contribute to achieving the Portfolio's Investment Objectives, with a secondary objective on alignment with the Foundation's mission. MRIs will be funded by the Portfolio and are to be allocated among the Portfolio in accordance with Section V. Asset Allocation. The fair value of MRIs will be included with the appropriate asset class in evaluating compliance with IPS guidelines as outlined in Section V. Asset Allocation and Exhibit B and in Section VII. Performance Evaluation & Benchmarks. MRIs may, in addition, be reported on separately as a group.

In contrast to Mission Related Investments, Program Related Investments (or "PRIs") are underwritten by Lumina Impact Ventures (or "LIV"), whose activities are governed by a separate governing document ("Impact Investment Policy Statement" or "IIPS") and are deemed to be outside of the purview of this Policy Statement. PRIs are to be underwritten with a primary objective of alignment with the Foundation's mission, with a secondary objective of return of/on capital. Program Related Investments will be funded via the Foundation's annual operating budget as reviewed and approved by the Audit & Finance Committee and the Board. PRIs are not considered part of the Foundation's Portfolio but are included in the Foundation's financial statements as presented to executive leadership, Audit & Finance Committee, and the Board.

Governance related to MRIs and PRIs is illustrated in Exhibit D. Additional information on MRIs and PRIs, including legal guidelines and considerations, is outlined in Exhibit F.

X. Other

The Chief Financial Officer is to vote by proxy in the best interests of the Foundation on all matters in respect to securities, mutual funds, limited partnerships, and other investment vehicles in which the Foundation invests directly. The Chief Financial Officer may, however, delegate any such voting responsibilities to Investment Managers retained by the Foundation. Each such delegation is to be documented in the investment management agreement or other agreement between the Foundation and the investment manager.

The term "fair value" as used in this Policy Statement means fair value determined in accordance with the accounting rules used in preparation of the Foundation's financial statements.

Care is to be taken for compliance with all applicable laws and fiduciary standards, including without limitation the Indiana Uniform Management of Institutional Funds Law (IC 30-2-12) and all prohibitions and requirements applicable to the Foundation as a nonprofit charitable organization and private foundation under the Internal Revenue Code or similar law, as well as to take into account whether and the extent to which investments may give rise to unrelated business taxable income under such Code or similar law.

This Policy Statement may be amended, and particular provisions may be waived, at any time or from time to time by the Investment Committee or the Board.

The Investment Committee is to review this Policy Statement at least annually and consider whether amendment(s) may be desirable. At any time, the Investment Team is to recommend to the Investment Committee such amendment(s) as deemed desirable.

Lumina's Commitment to Racial Equity

To Achieve Equity, We Must Focus Our Efforts

The promise of American opportunity has always been in sharp contrast with our nation's legacy of racial discrimination and oppression. At Lumina Foundation, we pursue racial equity and its foundation of diversity and inclusion to combat systemic patterns of racism that foster injustice.

A lack of access to high-quality learning opportunities after high school with adequate academic, financial, and social supports has denied Black, Hispanic, and Native American people opportunities to advance economically and to fully participate in society. Racial disparities in the United States are widening, and without concerted efforts, inequity will only continue to grow.

Intentionally designed policies and deliberate actions created these unjust conditions. It will take equally focused efforts to achieve racial equity in America.

At Lumina, we believe achieving fair and just outcomes for people of color must be the mission of higher education.

Amid its challenges, education and training after high school remains one of the most secure, sustainable pathways to economic stability. But we need a learning system that works well for everyone, especially for communities of color who disproportionately experience inequality.

Unfortunately, today's education systems fail to meet the needs of many of today's students. These students are more racially and ethnically diverse. They are more likely to work full time. And they are more likely to experience homelessness, poverty, and food insecurity.

These circumstances reflect widening gaps in income, wealth, and access to opportunity that create barriers to economic and social mobility.

Our Commitment

To pursue its mission with integrity, Lumina must model the change it desires. We must:

- Prioritize efforts that address the origins of inequality and inequity.
- Build competence among board members, senior leadership, and staff members to authentically and collaboratively engage communities of color.
- Embed a commitment to racial equity and its foundation of diversity and inclusion in our recruitment and hiring practices, our contracting and grantmaking, and our investment practices.
- Promote the capacity of our contractors and grantees to pursue racial equity, diversity, and inclusion.
- Foster and support efforts to promote racial equity, diversity, and inclusion within philanthropy.

Quality and Equity are Mutually Reinforcing

To achieve a just and fair society, the entire country must work to build a system that prepares people for informed citizenship and success in a global economy. That is the commitment Lumina is driving toward.

We are working with leaders in civil rights, higher education, business, government, and other fields to enable more people to earn high-quality credentials that prepare them for success in work and life. Existing systems are ill-equipped to significantly improve educational outcomes among Black, Hispanic, and Native American students — and, therefore, to develop and build those students' considerable talent and potential.

Even as we support responsible innovation to educate and train more Americans, we must protect against the delivery of low-quality education and training to our most marginalized students.

The nation faces an urgent need to build a more inclusive, equitable structure for offering learning opportunities, and this means dismantling longstanding structures that stand in the way of progress.

Lumina Foundation | 30 South Meridian Street
Suite 700 | Indianapolis, IN 46204-3503
P 317.951.5300 | TF 800.834.5756 | luminafoundation.org
@LuminaFound Lumina Foundation @LuminaFoundation

December 2019

EXHIBIT B

Investment Objectives & Guidelines Summary

Time Horizon:	Perpetual investment pool
Investment Objectives:	(a) preserve its inflation-adjusted fair value over the long term while serving as the funding source for program and other spending each year (b) provide timely liquidity for projected program and other spending
Risk Tolerance:	During adverse market conditions, the decline in NAV of the Portfolio is expected not to exceed 25% over a 12-mo. period
Liquidity:	At all times at least 30% of the Portfolio assets should be liquid within 1 year, and at least 40% of the Portfolio assets should be liquid within 3 years.

	Policy Target	**Allowable Minimum**	**Allowable Maximum**
<u>Public Equities</u>:			
Public Equity			
Total Public Equities:	**25%**	15%	50%
<u>Diversifying Assets</u>:			
Long/Short Equity			
Credit/Opportunistic			
Total Diversifying Assets:	**25%**	10%	35%
<u>Fixed Income</u>:			
Bonds			
Cash			
Total Fixed Income:	**5%**	0%	15%
<u>Private Assets:</u>			
Private Equity & Venture Cap.			
Real Estate			
Resources			
Total Private Assets:	**45%**	30%	60%
<u>Additional Constraints:</u>			
Private Strategies – Total*		*30%*	*65%*
Unfunded Commitments		*0%*	*40%*
Individual Manager (Active)		*0%*	*10%*

**includes Private Assets & Diversifying Assets strategies*

EXHIBIT C

Investment Manager Monitoring & Derivatives Policy

Manager Selection & Monitoring Standards

Each Investment Manager is to be selected by the Investment Team on the basis of a detailed review of their respective investment strategy and risk exposures, as well as organizational structure, ownership, professional personnel, performance record, reputation, fee/expense structure, and other relevant matters. An actively-managed investment strategy is to be selected when deemed likely to achieve returns, net of all fees, in excess of those of a passively-managed or indexed alternative.

Portfolio monitoring of the Investment Managers should include a periodic review of investment performance against appropriate benchmarks and investment objectives, organizational changes, changes in strategy, operational processes, and fees and expenses.

Investments should be made with consideration of the Foundation's status as a tax-exempt, private foundation, both in terms of the strategies used and any potential consequences of Unrelated Business Taxable Income ("UBTI").

It is anticipated that any individual securities selected directly by the Investment Team will consist of liquid, commonly-held index funds and Exchange Traded Funds ("ETFs"). The Investment Team will notify the Committee of any direct investments in securities outside of these two categories.

Use of Derivatives

The use of derivatives, including futures, options, swaps, and exchange-traded funds, is permitted to manage portfolio exposures during periods of transition or rebalancing. In addition, such financial instruments may be used by external Investment Managers provided their use is consistent with the stated strategy and adhere to fiduciary duties to the Foundation.

Further, the Foundation may use derivatives for portfolio hedging purposes provided that (1) the Investment Team provides a recommendation outlining proposed use, including rationale and specific plan for initiating and closing any derivative position, and (2) the Investment Committee has reviewed and approved the recommendation.

EXHIBIT D

Governance Roles & Responsibilities

Function	Board of Directors	Investment Committee	CEO	CFO & Investment Staff	Investment Advisor	Impact Investments Review Committee	Lumina Impact Ventures
Spending Policy	review	review	approve / report to Board	provide input / recommend			
Investment Policy Statement		approve / report to Board	provide input	provide input / recommend	provide input / recommend		
Budget for Investments Function	approve / review	approve / report to A&F Committee		analyze / recommend	provide input / support		
CFO Hiring/Termination		provide input	approve / review				
Investment Staff Hiring/Termination & Supervision			provide input	approve (CFO)			
Investment Advisor Hiring/Termination		approve / review	approve / review	provide input			
Investment Advisor Supervision		provide input	provide input	approve / review			
Investment Managers Hiring		delegate / review	review	approve (CFO & COO)	source / recommend		
Investment Managers Guidelines & Compliance		delegate / review		monitor	monitor		
MRI Portfolio Construction & Monitoring		delegate / review	review	source / recommend	provide input / support	approve / review	
Portfolio Rebalancing & Manager Terminations		delegate / review	review	approve / review / recommend	source / recommend		
Portfolio Accounting, Performance Reporting & Risk Management		review / report to Board	review	analyze / report to IC	analyze / report to Staff		
PRI Portfolio Construction & Monitoring*			review	provide input / support		approve / review	source/recommend

*Function not under the purview of the Investment Policy Statement

EXHIBIT E

Strategic Policy Benchmark Definitions

Portfolio Component	Benchmark	Weight
Public Equities	MSCI All-Country World Index	25%
Diversifying Assets	HFRI Fund of Funds Composite Index	25%
Fixed Income	Barclay's 1-3yr Gov't/Credit Bond Index	5%
Private Assets	MSCI All-Country World Index + 2% NCREIF Property Index Bloomberg Commodity Index Credit Suisse Leveraged Loan Index	45%

EXHIBIT F

Additional Information on Mission Related and Program Related Investments

Mission Related Investments

A Mission Related Investment is an investment for which, as provided for by Section 30-2-12-14(e)(1) of the Indiana Code, the alignment of the activities to be funded directly or indirectly thereby, with the mission and strategic goals of the Foundation, was a factor in the investment decision, as indicated in the records of the decision, whether by the Board, the Investment Committee or pursuant to authority delegated by either. Indiana Code Section 30-2-12-14(e)(1) provides support for Mission Related Investing, stating that the relationship or value of an asset to the Foundation’s charitable purpose is among the factors that shall be considered in connection with investments of this type, along with: general economic conditions, effects of inflation or deflation, possible tax consequences, the role of each investment in relation to the overall investment portfolio, the expected total return, other resources available to the Foundation, the needs of the Foundation to make distributions and to preserve capital, the relationship or value of an asset to the charitable purpose of the Foundation.

Program Related Investments

Per IIPS guidelines, program-related investments deemed to be qualifying distributions are those in which:

1. The primary purpose is to accomplish one or more of the Foundation's exempt purposes;
2. Production of income or appreciation of property is not a significant purpose; and
3. Influencing legislation or taking part in political campaigns on behalf of candidates is not a purpose.

In determining guideline (1) above, PRIs must significantly further the Foundation’s exempt activities and must be investments that would not have been made except for the relationship to exempt purposes. In determining guideline (2), it is relevant whether investors who engage in investments only for profit would be likely to make the investment on the same terms as the Foundation.