

## **INVESTMENT POLICY STATEMENT**

### Lionheart Classical Academy Endowment Funds

#### **1. Purpose of the Investment Policy Statement**

This Investment Policy Statement (“IPS”) sets forth the investment objectives, governance framework, and operational parameters for an Endowment Fund (“Fund”) of Lionheart Classical Academy (“the School”), a New Hampshire charter public school. The purpose of the Fund is to provide long-term financial support to the School’s mission by preserving and enhancing capital and generating sustainable income. This Policy is adopted to ensure prudent investment management and consistency with applicable legal standards under New Hampshire law.

#### **2. Legal and Regulatory Framework**

**State Law** – Funding and Financial Operations: New Hampshire charter public schools may receive private gifts and grants and treat them as revenue, similarly to school districts, while not being compelled to accept any funding source.

**Endowment and Fiduciary Law** – UPMIFA: The Uniform Prudent Management of Institutional Funds Act (UPMIFA) is codified in RSA Chapter 292-B in New Hampshire and governs the management and investment of institutional endowment funds, including standards for prudent investment, donor restrictions, and appropriation of endowment assets.

Accordingly, the Board and Finance Committee must invest and manage the Fund in compliance with these New Hampshire statutory standards, which emphasize acting in good faith, with prudence, and loyalty to the Fund’s charitable purposes and any donor restrictions.

#### **3. Fiduciary Standard**

All fiduciaries (Board members, Finance Committee members, advisors) must act:

- With loyalty to the institution’s mission and charitable purposes
- In good faith, with the care of a prudent person
- In compliance with RSA 292-B’s standards on investment and spending decisions

- Respecting any donor-imposed restrictions in gift instruments unless modified under law (e.g., with court or attorney general approval where applicable)

#### **4. Investment Objectives**

An Endowment Fund shall seek to:

- Preserve Purchasing Power Maintain the Fund's real value over long time horizons considering inflation.
- Achieve Long-Term Growth Generate total return (income plus capital appreciation) sufficient to support spending requirements and sustain the corpus.
- Provide Stable Income Support annual distributions consistent with the Fund's spending policy while protecting future Fund value.

Investment decisions shall be consistent with the Fund's long-term horizon and with the statutory prudence standards of RSA 292-B

#### **5. Spending Policy**

To balance current needs with long-term sustainability:

- The target annual spending rate shall typically be 4%–5% of the Fund's rolling average market value over the last three to five years.
- The rate may be adjusted in response to market conditions or extraordinary financial circumstances, consistent with prudent standards under UPMIFA.
- Spending shall be implemented in a manner that minimizes impact on the corpus and preserves intergenerational equity
- The Board may borrow against the endowment for 90 days time and repay at an interest rate of 5%.

#### **6. Risk Tolerance**

The Fund has a moderate-to-moderately aggressive risk tolerance, suitable for a perpetual endowment with a long-term perspective.

- Short-term volatility is acceptable to achieve long-term goals.
- The portfolio shall remain diversified to manage risk and return trade-offs prudently.

#### **7. Asset Allocation**

The Fund's strategic asset allocation should balance risk and return and provide diversification across major asset classes. Guidelines include:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Permissible Range</b>
<b>Equities</b>	65%	45%-75%
→ US Large Cap		
→ International		
→ Mid-Cap		
→ Small Cap		
→ Alternatives, REITs, Commodities, etc.		5% max
<b>Fixed Income</b>	33%	25%-40%
<b>Cash &amp; Cash Equivalents</b>	2%	0%-10%

The Board shall periodically review and rebalance the allocation within these ranges.

## **8. Investment Guidelines**

- Maintain diversification by asset type, geography, and sector.
- Limit undue concentration in any single security, issuer, or sector.
- Use broadly diversified vehicles (mutual funds, ETFs, commingled funds) as appropriate.
- Avoid speculative or high-leverage strategies inconsistent with the Fund's risk profile.
- Investments shall comply with applicable IRS and New Hampshire regulatory criteria for nonprofits.

## **9. Donor Restrictions and Endowment Terms**

Endowment gifts subject to donor restrictions must be respected in accordance with New Hampshire's UPMIFA provisions in RSA 292-B. Fund managers shall:

- Track and honor donor-imposed restrictions on investment, spending, or purpose.
- Seek legal or attorney general guidance before modifying restrictions (e.g., under cy pres or judicial approval where appropriate) if circumstances warrant.

## **10. Liquidity Management**

Ensure sufficient liquidity to meet:

- Annual spending requirements
- Administrative costs
- Unanticipated cash needs

Liquidity should be managed without compromising long-term investment objectives.

## **11. Governance and Responsibilities**

*Lionheart Classical Academy Board of Trustees:*

- Approve IPS and any revisions
- Set spending policy and strategic allocation
- Appoint Investment Committee and/or advisors

*Finance Committee:*

- Oversee implementation and compliance
- Monitor investment performance and risk
- Recommend tactical changes and rebalancing

*External Advisors/Managers:*

- Manage assets in line with this IPS
- Provide regular performance, allocation, and compliance reports

## **12. Performance Evaluation**

- Every July, following the election of new Board of Trustees members, the Board shall determine the need for an external Financial Advisor.
- Performance reviews shall occur quarterly with the Finance Committee.
- The Board shall have a Certified Financial Planner (CFP) review the investment annually.
- Benchmark comparisons shall reflect relevant market indices.
- Reports shall include asset allocation, returns, risk metrics, and compliance with this IPS.

## **13. Review**

The Finance Committee will review this Policy and the underlying strategic targets, making any appropriate revisions, and advising the Board of Trustees of any such revisions.

LCA Finance Committee Approved: 1/7/2026

LCA Board Approved: 3/12/26

