

# INVESTMENT POLICY STATEMENT

*The Howell Legacy Group Trust*

*A Delaware Statutory Trust*

Established 2025

**Effective Date: December 30, 2025**

Version 1.0

Prepared for:

**Mr. John Shelton Howell III**

*Chairman & CEO, Howell Holdings LLC (Corporate Trustee)*

## SECTION 1: PURPOSE AND SCOPE

### 1.1 Purpose

This Investment Policy Statement ("IPS") establishes the investment philosophy, objectives, guidelines, and constraints governing all investment accounts under the fiduciary oversight of The Howell Legacy Group Trust and its Corporate Trustee, Howell Holdings LLC. This document serves as the authoritative reference for all investment decisions across the Trust's portfolio of accounts.

### 1.2 Scope of Accounts

This IPS governs investment strategy for the following accounts:

Account	Custodian	Tax Treatment
Roth Individual 401(k)	Charles Schwab	Tax-Free Growth
Trust Investment Account	Fidelity Investments	Trust Taxation
Fannie Mae 401(k)	Fidelity (Plan Admin)	Tax-Deferred
Howell Holdings Brokerage	Charles Schwab	Taxable
52nd Street Capital Brokerage	Charles Schwab	Taxable

## SECTION 2: INVESTMENT OBJECTIVES

### 2.1 Primary Investment Objectives

- Long-Term Capital Appreciation:** Achieve sustainable growth targeting 8-10% annualized returns over full market cycles.
- Multi-Generational Wealth Preservation:** Structure investments to support the Trust's 150-year wealth transfer mandate.
- Risk-Adjusted Performance:** Optimize returns relative to risk through strategic diversification across asset classes, geographies, and market capitalizations.
- Tax Efficiency:** Maximize after-tax returns through strategic asset location and tax-loss harvesting where applicable.

### 2.2 Investment Time Horizon

The Trust maintains a perpetual investment horizon with specific allocations designed for multi-decade holding periods. Individual retirement accounts maintain minimum 20+ year horizons appropriate for aggressive growth positioning.

### 2.3 Risk Tolerance

#### Classification: Aggressive Growth

Given the extended time horizons and the Trust's diversified revenue streams from operating entities (healthcare services, music publishing, patent licensing, real estate), the portfolio can withstand significant short-term volatility in pursuit of superior long-term returns. The Trust's liquidity needs are adequately served by operating cash flows, allowing invested assets to remain fully deployed.

## SECTION 3: STRATEGIC ASSET ALLOCATION

### 3.1 Target Allocation Model

The following target allocation applies to all tax-advantaged investment accounts:

Asset Class	Target %	Min %	Max %	Role
<b>US Large Cap Equity</b>	40%	35%	50%	Core Growth
<b>US Mid Cap Equity</b>	15%	10%	20%	Growth Engine
<b>US Small Cap Equity</b>	15%	10%	20%	Alpha Generation
<b>International Developed</b>	15%	10%	20%	Diversification
<b>Emerging Markets</b>	10%	5%	15%	Long-Term Growth
<b>Cash &amp; Equivalents</b>	5%	0%	15%	Liquidity/Rebalancing

### 3.2 Approved Investment Vehicles

Asset Class	Schwab Fund	Fidelity Fund	Expense Ratio
US Large Cap	SWPPX / SCHB	FXAIX	0.02% / 0.015%
US Mid Cap	SWMCX / SCHM	FSMDX	0.04% / 0.025%
US Small Cap	SWSSX / SCHA	FSSNX	0.04% / 0.025%
International Dev.	SWISX / SCHF	FTIHX	0.06% / 0.06%
Emerging Markets	SCHE	FPADX	0.11% / 0.08%
Cash/Money Market	SWVXX	SPAXX	N/A

## SECTION 4: IMPLEMENTATION GUIDELINES

### 4.1 Rebalancing Policy

Portfolio rebalancing shall occur under the following conditions:

- Calendar-Based:** Quarterly review (March, June, September, December) with rebalancing executed if any asset class deviates more than 5 percentage points from target.
- Threshold-Based:** Immediate rebalancing triggered when any asset class deviates more than 10 percentage points from target, regardless of calendar.
- Cash Flow Rebalancing:** New contributions directed to underweight asset classes to minimize transaction costs.

### 4.2 Dividend Reinvestment

**Policy: All dividends and capital gains distributions shall be automatically reinvested.**

Rationale: Automatic reinvestment maximizes compound growth in tax-advantaged accounts where distributions create no tax liability. This policy adds an estimated 1.5-2% annually to total returns through the power of compounding.

### 4.3 Contribution Strategy

- Maximize Roth 401(k) contributions:** Prioritize tax-free growth accounts for aggressive equity allocations.
- Employer match capture:** Ensure all employer matching is captured in Traditional 401(k) accounts.
- Trust funding:** Regular contributions per the Trust's 30/40/20/10 allocation model.

## SECTION 5: MONITORING AND REPORTING

## 5.1 Performance Benchmarks

Asset Class	Benchmark Index
US Large Cap	S&P 500 Index
US Mid Cap	S&P MidCap 400 Index
US Small Cap	Russell 2000 Index
International Developed	MSCI EAFE Index
Emerging Markets	MSCI Emerging Markets Index
<b>Total Portfolio</b>	<b>Blended Benchmark per Allocation</b>

## 5.2 Reporting Schedule

- **Monthly:** Position summary and performance review
- **Quarterly:** Comprehensive portfolio review, rebalancing analysis, benchmark comparison
- **Annually:** IPS review and update, tax efficiency analysis, strategy assessment

# SECTION 6: GOVERNANCE AND AMENDMENTS

## 6.1 Fiduciary Responsibility

Howell Holdings LLC, as Corporate Trustee, bears fiduciary responsibility for all investment decisions made pursuant to this IPS. The Corporate Trustee shall act solely in the interest of Trust beneficiaries and in accordance with the prudent investor standard.

## 6.2 Amendment Process

This IPS shall be reviewed annually and may be amended by resolution of the Corporate Trustee. Material changes to investment objectives, risk tolerance, or asset allocation require formal documentation and distribution to all relevant parties.

## 6.3 Acknowledgment and Adoption

This Investment Policy Statement is hereby adopted by the undersigned as of the effective date.

  
 John S. Howell III

Chairman & CEO, Howell Holdings LLC  
 Corporate Trustee, The Howell Legacy Group Trust

**Date: December 30, 2025**