

SPECIAL NEEDS TRUST FOUNDATION

SELF-SETTLED MASTER TRUST

**SPECIAL NEEDS TRUST FOUNDATION OF SAN DIEGO,
TRUSTEE**

INVESTMENT POLICY STATEMENT

ADOPTED APRIL 13, 2007

REVISED NOVEMBER 16, 2007

REVISED OCTOBER 13, 2010

PURPOSE

The purpose of this Investment Policy Statement is to establish a clear understanding as to the investment objectives and policies applicable to the portfolio of the beneficiary. The statement is not a contract; rather is intended to be a summary of the investment philosophy that provides guidance in the management of the beneficiary's portfolio.

OBJECTIVES

The investment objectives address the needs of the beneficiary, present and future, including the estimated duration of the fiduciary relationship. An intake process will establish those needs. The short-term objective is to have enough funds available at all times to meet immediate requests for disbursements. In order to meet the long-term objective three investment options have been established.

INVESTMENT MANAGEMENT AGREEMENT

The trustee has appointed Morgan Stanley Smith Barney as agent of the Investment Management Account. Thereby all investments will be held by Morgan Stanley Smith Barney in a custodial account for the benefit of the beneficiary. The investments may be held in an individual account or in a pooled account. The trustee reserves the right to make future changes to the selection of the Investment Agent.

ASSET ALLOCATION

The short-term objective is achieved through the use of a money market account. Initial funds deposited into the trust will be invested in a money market account at Morgan Stanley Smith Barney. Disbursements made on behalf of the beneficiary will be made from this liquid fund. None of the initial money market funds will be invested in other funds for six months. At the end of the six-month period the funds will be invested in one of three options based on the long-term objective.

Option 1

The long-term objective will be achieved by investing all of the assets in cash or cash equivalents such as Treasury Bills and money market.

Option 2

The long-term objective will be achieved by investing 33.3% of the assets in a taxable bond fund, 33.3% in a total stock market fund, and 33.4% in cash or cash equivalents. The funds selected by the trustee are as follows:

- 33.3% Vanguard Total Bond Market Index Fund Exchange-traded Fund Shares (ETF)
- 33.3% Vanguard Total Stock Market Index Fund ETF Shares
- 33.4% Cash or cash equivalents

Option 3

The long-term objective will be achieved by investing 60% of the assets in equity funds, 35% in a taxable bond fund, and 5% remaining in the money market account. The funds selected by the trustee are as follows:

- 45 % Vanguard Total Stock Market Index Fund Exchange-traded Fund Shares (ETF)
- 7.5 % Vanguard Small Capitalization Stock Index Portfolio ETF Shares
- 7.5 % Franklin Templeton Foreign Fund Class A
- 35% Vanguard Total Bond Market Index Fund ETF Shares
- 5% Money Market Account

DESCRIPTION OF EACH FUND

Vanguard Total Stock Market Index Fund (VTSMX) tracks the MSCI (Morgan Stanley Capital International) Broad Market Index. This index represents nearly all publicly traded stocks in the U.S. The fund usually holds 1,250 of the largest stocks in the index and a representative sampling of the remaining securities.

Vanguard Small Capitalization Stock Index Portfolio (NAESX) seeks to match the performance of the MSCI U.S. Small Cap 1750 Index by investing substantially all assets in the index's underlying stocks, holding each in the same proportion as it does. This index represents a universe of small capitalization companies in the U.S. equity market..

Franklin Templeton Foreign Fund Class A (TEMF) seeks long-term capital growth by investing at least 80% of its net assets in securities of companies outside the United States, including emerging markets.

Vanguard Total Bond Market Index Fund (VBMFX) is a taxable bond fund. The objective of this fund is to parallel the investment performance of the entire U.S. bond market as measured by Barclays Capital U.S. Aggregate Bond Index. The portfolio holds U.S. government securities, corporate bonds, and GNMMAs, as well as other mortgage-backed securities.

REVIEW POLICY

The trustee will review the allocation and performance of the funds annually. It will establish effective communication with Morgan Stanley Smith Barney and request that they balance the accounts to the recommended percentages.