

# Special Needs Trust Foundation

## *INVESTMENT POLICY STATEMENT*

*September 2003*

*Amended September 2006  
& September 2007*

*Prepared by:*

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City National Bank, as a matter of policy, does not give tax, accounting, regulatory or legal advice. The effectiveness of the strategies presented in this document will depend on the unique characteristics of your situation and on a number of complex factors. Rules in the areas of law, tax, and accounting are subject to change and open to varying interpretations. You should consult with your other advisors on the tax, accounting and legal implications of the proposed strategies before implementation.

### **PURPOSE:**

The purpose of this Investment Policy Statement is to establish a clear understanding as to the investment objectives and policies applicable to your portfolio. This statement will:

- Establish reasonable expectations, objectives, and guidelines in the investment of your portfolio's assets.
- Set forth an investment structure detailing the asset classes, normal allocations and permissible ranges of exposure for the portfolio
- Encourage effective communication between you and the Portfolio Manager.
- Create the framework for a well-diversified portfolio that can be expected to generate acceptable long-term returns at a level of risk suitable to you.

This statement has been developed from an evaluation of many key factors. This statement is not a contract; rather it is intended to be a summary of our investment philosophy that provides guidance in the management of your portfolio.

### **Investment Objectives and Asset Allocation Guidelines:**

#### **Objectives:**

The primary goal of this portfolio is to provide a discretionary allowance to the clients of the Special Needs Trust Foundation as approved by the Board of Directors.

A Growth & Income portfolio seeks to provide a balance of long-term capital growth and income. Pursuit of these objectives may entail a somewhat higher level of principal volatility.

#### **Time Horizon:**

The Investment objectives are based upon an investment horizon of more than five years. Interim fluctuations should be viewed with the appropriate perspective; similarly, your strategic asset allocation is based on this long-term perspective.

#### **Risk Tolerance:**

The objectives of this portfolio cannot be achieved without incurring certain amount of principle volatility. Your level of risk is considered moderate.

#### **Liquidity:**

Liquidity requirements of this portfolio are to facilitate modest client distributions that are approved by the board. Other liquidity requirements will facilitate investment management transactions or support administrative costs.

#### **Legal:**

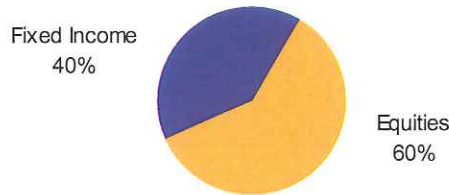
The portfolio is held in the names of individual clients of the Special Needs Foundation.

#### **Asset allocation:**

Our strategy to accomplish your objectives begins with a concept of diversification, called Asset Allocation. The Asset Allocation provides us a durable framework to make specific investment decisions. This is a long-term strategy, designed to provide cash to meet ancillary expenses of the clients as approved by the board.

A Growth & Income portfolio seeks to provide a balance of long-term capital growth and income. Pursuit of these objectives may entail a somewhat higher level of principal volatility.

***Growth & Income  
Asset Class Ranges & Target***



	<b>Asset Class ranges</b>	<b>Target</b>
Stocks:	40-80%	60%
Bonds:	20-60%	40%
Cash:	0-30%	0%

From time to time, market conditions, specific requests to meet short-term liquidity, or other account circumstances, may cause the portfolio to vary from the established target. However, the long-term allocation will remain within the allowable ranges.

Benchmarks: Stocks – S&P 500 Index; Bonds – Lehman Intermediate US Government Index & Lehman Intermediate Corp. Index.

**Security Selection:**

**Equity**

To achieve the required diversification the pooled portfolio will consist of CNI Charter Funds and the Europe Australia Far East index will be used to provide international exposure. The range of developed market exposure will be no more than 10% of the equity allocation.

**Fixed Income:**

To achieve the required diversification the pooled portfolio will consist of CNI Charter Funds.

**Duties & Responsibilities:**




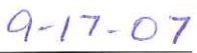
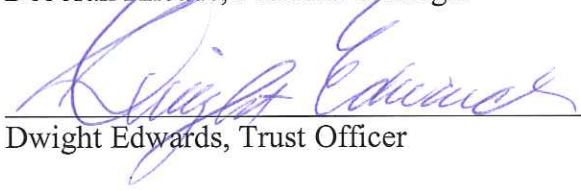

**Investment Advisor:**

Deborah Rhoads, Portfolio Manager is responsible for making appropriate asset allocation decisions based on your ongoing needs, objectives and risk profile. Meetings to review the portfolio performance will be customized to meet the expectations of the board.

Client:

It is important the board provide us with all relevant information and notify us promptly of any changes to the above information.

**ADOPTION OF INVESTMENT POLICY STATEMENT**

	
Special Needs Trust Foundation	Dated
	
Deborah Rhoads, Portfolio Manager	Dated
	
Dwight Edwards, Trust Officer	Dated