Children's Law Center of Connecticut, Inc.

INVESTMENT POLICY STATEMENT

June 14, 2012

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Children's Law Center of Connecticut, Inc.

EXECUTIVE SUMMARY

June 14, 2012

Foundation/ Endowment Name: Children's Law Center of Connecticut, Inc.

Trust Date: August 25, 2000

Account Information Total Market Value as of 6/13/12: $418,460.69

Primary Objective: Growth of capital with no income considerations

Target Rate of Return: Total return of 7%

Time Horizon: 3 to 5 years

Spending Policy: None

Asset Allocation:

Asset Class	Minimum	Maximum	Preferred
U.S. Equities – Large Cap	8%	28%	18%
U.S. Equities – Mid Cap	0%	16%	6%
International Developed Countries	1%	21%	11%
U.S. Core Bonds	20%	40%	30%
Inflation Protected Bonds	3%	23%	13%
International Bonds	10%	30%	20%
Cash & Cash Equivalents	2%	7%	2%

Rebalancing Procedures: Portfolio is rebalanced when the portfolio exceeds the minimum or maximum constraints. Otherwise, annually regardless of the portfolio's position to the upper and lower limits.

Cash Limits: The Investor wishes to maintain a minimum of 2% of total investments in cash/cash equivalents.

Restrictions:

Maximum Fund Portion: 20%
Maximum Security Portion: 10%

The Investor's investment guidelines prohibit investments in: Alcohol, Firearms or Tobacco businesses

Meeting Frequency: Semi-annually

INVESTMENT POLICY DISCUSSION

What Is an Investment Policy Statement?

An Investment Policy Statement (IPS) describes the investment philosophies and investment management procedures to be utilized for the funds as further described below, as well as the long-term goals for the Children's Law Center of Connecticut, Inc.

The Need for an IPS

The principle reason for developing an investment policy and for putting it in writing is to enable you and us to protect your portfolio from ad hoc revisions of a sound long-term policy. Without an investment policy, in times of market turmoil, Investors are often inclined to make impromptu investment decisions that are inconsistent with prudent investment management principles. Your investment policy is intended to provide a well thought out framework from which sound investment decisions can be made.

Steps to Take to Establish an Investment Policy

1. Assess your financial situation—identify your goals and needs.
2. Determine your tolerance for risk and your time horizon.
3. Set long-term investment objectives.
4. Identify any restrictions on the portfolio and its assets.
5. Determine the asset classes and appropriate mix (the "Asset Allocation") to maximize the likelihood of achieving the investment objectives at the lowest level of risk.
6. Determine the investment methodology to be used with regards to investment (manager) selection, rebalancing, buy-sell disciplines, portfolio reviews and reporting, etc.
7. Implement the decisions.

The Uniform Management of Institutional Funds Act ("UMIFA") was originally promulgated in 1972 with revisions in 2004 and provides guidance to institutional nonprofits of investment authority, permits delegation of authority to independent financial advisors, and authorizes the expenditure of appreciation of investment funds.

The Uniform Prudent Investor Act ("UPIA") was approved for use in all states at the 1994 annual Conference of Commissioners on Uniform State Law and by the American Bar Association in 1995. The Act is applicable to all trusts (including irrevocable trusts, by-pass trusts, QTIPs, ILITs, CRTs, QPRTs, QDTs, and GRTs) and sets forth appropriate practices for the management of trust assets. Noncompliance with these rules can expose a trustee to significant personal liability.

Key provisions of the UPIA include:

- No investment is inherently prudent or imprudent, except in how its inclusion or exclusion impacts the portfolio as a whole.

- Trustees are expected to use all reasonably available strategies to improve the risk-reward relationship of the portfolio.

- Under most circumstances, the assets of the trust must be diversified.

- Trustees are obliged to spread portfolio investments across asset classes to enhance performance and reduce risk.

- The possible effect of inflation must be considered as part of the investment strategy. As a result, use of equities is encouraged to allow the possibility that the portfolio's growth will outpace inflation.

- Fiduciaries have a duty to either demonstrate investment skill in managing trust assets or to delegate investment management to another, more qualified party.

Definitions

1. "Finance Committee" shall refer to the decision making body established to administer the portfolio as specified by applicable ordinance.

2. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the portfolio's assets.

3. "Advisor" shall mean any individual, or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring.

4. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over the fund management or any authority or control over management, disposition or administration of portfolio assets.

This Investment Policy Statement:

- Establishes the Finance Committee's expectations, objectives and guidelines in the investment of the Portfolio's assets.

- Creates the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Finance Committee, including:

  - describing an appropriate risk posture for the investment of the Portfolio
  - specifying the target asset allocation policy
  - establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets
  - specifying the criteria for evaluating the performance of the Portfolio's assets

- Defines the responsibilities of the Finance Committee, Advisor and Investment Manager(s).

- Encourages effective communication between the Advisor(s) and the Finance Committee.

This IPS is intended to be a summary of an investment philosophy and the procedures that provide guidance for the Finance Committee. The investment policies described in this IPS should be dynamic. These policies should reflect the Finance Committee's current status and philosophy regarding the investment of the Portfolio. These policies will be reviewed and revised periodically to ensure they adequately reflect any changes related to the Portfolio, to the Finance Committee or the capital markets.

It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

INTRODUCTION

One of the important purposes of this Investment Policy Statement (IPS) is to establish a clear understanding as to the investment goals, objectives and management policies applicable to the Children's Law Center of Connecticut, Inc.'s investment portfolio ("Portfolio").

OVERVIEW COMMENTARY

Investor Information:

Children's Law Center of Connecticut, Inc.
30 Arbor Street, South
Hartford, CT 06106

Date of Inception

August 25, 2000

Authorized Decision Makers

The authorized decision maker(s) for changes in the investment holdings to the assets under this IPS are the Executive Committee and the Executive Director.

Any two of the five authorized decision makers are authorized to act, without limitation.

Assets to be considered under this IPS

The investments being managed under this IPS have a current approximate value of $418,460.69.

Account Information

Acct. Title	*Acct. Number*	*Mkt. Value as of 4/8/08*
The Children's Law Center of CT	362-01979-17-068	$418,460.69
	Total:	**$418,460.69**

Financial Advisor:

Matthew Woods Weber, CFP®
Morgan Stanley Smith Barney
433 South Main Street
Suite 100
West Hartford, CT 06110
(860) 313-7129

Tax Advisor:

Sheila Moses
Sheila Moses, CPA, P.C.
1615 Farmington Avenue
Farmington, CT 06085
(860) 673-7444

INVESTOR CIRCUMSTANCES

The Finance Committee describes their own knowledge of investments as medium.

The projected outlook for the Children's Law Center of Connecticut, Inc.'s financial situation:

- Currently stable but subject to change

INVESTMENT OBJECTIVES

The investment objectives addressed in this investment policy statement represent the portfolio's overall investment objectives.

The Finance Committee's objective for this investment portfolio is emphasis on growth of capital with no income considerations.

The long-term objective for the assets under this policy is to achieve after fees and expenses, a pre-tax: total return of 7%.

TIME HORIZON

The Children's Law Center of Connecticut, Inc.'s objectives for this portfolio are to meet the stated performance goals, compounded annually, over a 3 to 5 year cycle.

SPENDING POLICY

Spending Policy/Distributions Amount

Spending policy to be determined by Finance Committee with approval of the full board.

Withdrawals from this portfolio are not expected nor shall they be made without board approval.

Capital values fluctuate, especially so over shorter periods of time. The Finance Committee recognizes that the possibility of capital loss does exist. However, historical data suggests that the risk of principal loss can be minimized if the long-term investment mix employed under this Investment Policy Statement is maintained over a holding period of at least three to five years.

TAX POLICY

Tax minimization is not a concern for this investment portfolio.

RISK TOLERANCE

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (e.g. volatility of return).

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of the amount of risk the Finance Committee can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Finance Committee desires long-term investment performance sufficient to meet the objectives. The Finance Committee understands that to achieve such performance the portfolio may experience periods of decline. The Finance Committee further understands that in a severe market, the potential recovery period could be extensive.

Although the Finance Committee wishes to grow the value of the portfolio over time, they are more concerned with limiting the portfolio's volatility and preserving the value of their account than maximizing capital growth.

ASSET ALLOCATION

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of Children's Law Center of Connecticut, Inc.'s portfolio.

Asset Class	Minimum	Maximum	Preferred	Benchmark
U.S. Equities – Large Cap	8%	28%	18%	S&P 500 Index
U.S. Equities – Mid Cap	0%	16%	6%	S&P 400 Index
International Developed Countries	1%	21%	11%	MSCI EAFE Index
U.S. Core Bonds	20%	40%	30%	Barclays Aggregate
Inflation Protected Bonds	3%	23%	13%	Barclays US TIPS
International Bonds	10%	30%	20%	Citi WGBI NonUSD
Cash & Cash Equivalents	2%	7%	2%	90-Day T-Bill

Portfolio Returns and Volatility

The Finance Committee's willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for this portfolio.

It should be recognized that the portfolio will invest in a variety of securities and that the actual weighting of these securities can and will vary. It is also important to note that future returns of the securities with the portfolio and the portfolio itself can be expected to vary from the historical returns.

The portfolio's historical rate of return is not a guarantee of future investment returns, nor an indication of expectation regarding future results. Future returns could differ significantly and capital loss is possible. This Investment Policy Statement shall not be construed as offering a guarantee.

Updated Allocations

Over time, it may be desirable to amend the basic allocation. When such changes are made, updates will be considered part of this Investment Policy Statement.

Rebalancing Procedures

From time to time, market conditions may cause the Portfolio's investment in various asset classes to vary from the approved allocation. To remain consistent with the asset allocation guidelines established by this Investment Policy Statement, the Advisors shall periodically review the portfolio and each asset class in which the Portfolio is invested.

This portfolio will be rebalanced when the portfolio exceeds the minimum or maximum constraints. Otherwise, annually regardless of the portfolio's position to the upper and lower limits.

Adjustment in the Target Allocation

The Finance Committee has the authority within the minimum and maximum constraints to tactically allocate assets in order to maximize return or minimize risk consistent with the Finance Committee's views about current market environments. The above asset allocation guidelines will be reviewed on a semi-annual basis.

INVESTMENT PHILOSOPHY

The basic tenets under which this Policy will be managed include the following:

1. Modern Portfolio Theory, as recognized by the 1990 Nobel Prize, will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:

   - Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns

   - Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently "beating the market"

   - The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface

   - For a given risk level, an optimal combination of asset classes will seek to maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole

- Portfolio risk may be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another)

2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.

3. Equities have historically offered the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).

4. Picking individual securities and timing the purchase or sale of investments in the attempt to "beat the market" are highly unlikely to increase long-term investment returns; they also can significantly increase portfolio operating costs. Such practices are, therefore, to be avoided.

Given these tenets, the underlying approach to managing this Policy shall be to optimize the risk-return relationship appropriate to the Investor's needs and goals. The Policy will be diversified globally employing a variety of asset classes. Mutual funds or managed portfolios will be employed to implement the portfolio and the chosen asset classes will be periodically re-balanced to maintain a more consistent risk/reward profile. In managing investment assets, every advisor has a unique style.

FREQUENCY OF IPS REVIEW

The Finance Committee recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific managers fail to meet their expected performance expectations. The Finance Committee accepts the principle that, in the absence of specific circumstances requiring immediate action, patience and a longer-term perspective will be employed when evaluating investment performance.

The Advisors and Finance Committee will meet at least annually to review and update this IPS.

LIQUIDITY

Investor's liquidity requirements are: a minimum of 2% of total investments in cash/cash equivalents.

DIVERSIFICATION AND INVESTMENT CONSTRAINTS

Investment of the Children's Law Center of Connecticut, Inc.'s funds shall be limited to securities in the following categories:

Asset Classes
Money Market Funds
U.S. Total Taxable Bonds
Non-U.S. Bonds
Total U.S. Equities Market
World Stocks (Ex. U.S.)
Real Estate Securities/REITS
Commodities

Investment Types
Individual Stocks or Bonds
Open-ended Mutual Funds
Closed-end Mutual Funds
Exchange Traded Funds
Managed Separate Accounts

Portfolio Limitations and Restrictions

Maximum portion of portfolio in a single diversified fund: 20%.

Maximum portion of portfolio in a single security: 10%.

The Investor's investment guidelines prohibit investments in: Alcohol, Firearms or Tobacco businesses.

SOCIALLY RESPONSIBLE INVESTING

The following best describes the Finance Committee's attitude toward socially responsible investing: avoidance - prohibiting investment companies, which may harm society in one or more ways (Alcohol, Firearms and Tobacco).

The following most accurately defines the portfolio's expectations from socially responsible investing: in the long-term, socially responsible investing may present a trade-off of risk and/or return as compared to the market.

SELECTION/RETENTION CRITERIA FOR INVESTMENTS

Investment Management Selection

Investment managers (including mutual funds, separate account managers and limited partnership sponsors) shall be chosen using the following criteria:

- ❖ Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and consistency of performance
- ❖ Costs relative to other funds with like objectives and investment styles
- ❖ The manager's adherence to investment style and size objectives
- ❖ Size of the proposed fund
- ❖ Length of time the fund/manager has been in existence and length of time it has been under the direction of the current manager(s) and whether or not there have been material changes in the manager's organization and personnel
- ❖ The historical volatility and downside risk of each proposed investment
- ❖ How well each proposed investment complements other assets in the portfolio
- ❖ The current economic environment
- ❖ The likelihood of future investment success, relative to other opportunities

INVESTMENT MONITORING AND CONTROL PROCEDURES

Reports

- ❖ The investment custodian shall provide Finance Committee with monthly statements for each account held by Children's Law Center of Connecticut, Inc. and subject to this Investment Policy Statement. Such reports shall show values for each asset and all transactions affecting assets within the portfolio, including additions and withdrawals.
- ❖ The Advisors shall provide the Finance Committee the following management reports on a periodic basis:
    - Portfolio performance results over varying time periods
    - Performance results of comparative benchmarks over varying time periods
    - Review of current asset allocation versus policy guidelines
    - Any recommendations for changes of the above

Meetings and Communication between Finance Committee and Advisors

As a matter of course, the Advisors shall keep the Finance Committee apprised of any material changes in the Advisors' outlook, recommended investment policy, and tactics.

In addition, the Advisors shall meet with the Finance Committee approximately semi-annually to review and explain the Portfolio's investment results and any related issues. Advisors shall also be available on a reasonable basis for telephone and email communication as needed.

DUTIES AND RESPONSIBILITIES

The Advisor

The Advisor is a Registered Investment Advisor and shall act as the investment advisor to the Finance Committee until the Finance Committee decides otherwise.

Advisor shall be responsible for:

- ❖ Assisting in the development and periodic review of investment policy.
- ❖ Designing and implementing an appropriate asset allocation plan consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- ❖ Advising the Finance Committee about the selection of and the allocation of asset categories.
- ❖ Identifying specific assets and investment managers within each asset category.
- ❖ Providing "due diligence", or research, on the Investment Manager(s)
- ❖ Monitoring the performance of all selected assets the advisor consults to.
- ❖ Recommending changes to this investment policy statement.
- ❖ Periodically reviewing the suitability of the investments for the Finance Committee.
- ❖ Being available to meet with the Finance Committee at least twice each year.
- ❖ Being available at such other times within reason at the Finance Committee's request.
- ❖ Preparing and presenting appropriate reports.

Discretion and Title

- ❖ Advisor will not have any discretionary control.

- Advisor shall have no authority to withdraw funds from Children's Law Center of Connecticut, Inc.'s accounts, except to cover payment of previously agreed to fees or at Investor's specific direction.
- Advisor may not change Children's Law Center of Connecticut, Inc.'s investment policy, including the targeted asset allocation, without Finance Committee's prior approval.

The Finance Committee

Finance Committee shall be responsible for:

- The oversight of the Portfolio.
- Defining the investment objectives and policies of the Portfolio.
- Directing Advisors to make changes in investment policy and to oversee and to approve or disapprove Advisors' recommendations with regards to policy, guidelines, and objectives on a timely basis.
- Providing Advisors with all relevant information on Children's Law Center of Connecticut, Inc.'s financial conditions and risk tolerances and shall notify Advisors promptly of any changes to this information.
- Reading and understanding the information contained in the prospectus and each investment in the Portfolio.
- Being responsible for exercising all rights, including voting rights, as are acquired through the purchase of securities.

The Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Reporting, on a timely basis, periodic investment performance results.
- Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
- Informing the Advisors regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment policy, etc.

- Voting proxies, if requested by the Finance Committee, on behalf of the Children's Law Center of Connecticut, Inc., and communicating such voting records to the Finance Committee on a timely basis.

Proxy Voting

The Finance Committee is responsible for exercising proxy-voting rights.

ADOPTION

Adopted by the below signed:

Date: ____

Finance Committee member's signature:

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Finance Committee member's signature:

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Finance Committee member's signature:

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