

# Managing Trustee Investment Decisions

Roles	Organise	Plan	Implement	Monitor
<p><b>Trustees</b></p> <div style="border: 1px solid black; border-radius: 10px; background-color: #f4a460; padding: 5px; display: inline-block; margin: 10px 0;"><b>Decide</b></div> <p>Manage a decision process that:</p> <ul style="list-style-type: none"> <li>defines an investment strategy that is appropriate in the context of the trust;</li> <li>ensures an appropriate &amp; reasonable balance between risk &amp; return;</li> <li>diversifies where &amp; when appropriate;</li> <li>reviews the investment portfolio from time to time at suitable intervals.</li> </ul>	<p><b>Initiate a review</b></p> <ul style="list-style-type: none"> <li>trust deed, relevant laws, settlor wishes (authority, constraints, discretions)</li> <li>trust purposes &amp; objectives</li> <li>existing investment policy</li> <li>liabilities &amp; distributions</li> <li>drivers behind the decision</li> <li>roles &amp; responsibilities</li> <li>beneficiary circumstances &amp; needs</li> </ul> <p><b>Appoint Investment Adviser</b></p> <ul style="list-style-type: none"> <li>complete due diligence &amp; written service agreement</li> <li>brief Investment Adviser</li> </ul>	<p><b>Assess the soundness of the advice &amp; proposed strategy</b></p> <ul style="list-style-type: none"> <li>trustees understand advice (advantages / disadvantages)</li> <li>that adviser has correctly interpreted the trustees goals, objectives &amp; needs</li> <li>do due diligence (investment providers, security of assets)</li> </ul> <p><b>Obtain any further advice</b></p> <ul style="list-style-type: none"> <li>e.g. tax, legal, accountancy</li> </ul> <p><b>Consult stakeholders for input required into the investment decision-making process</b></p> <p><b>Refine IPS &amp; Plan with adviser</b></p>	<p><b>Approve IPS &amp; Plan</b></p> <p><b>Document trustee resolutions</b></p> <ul style="list-style-type: none"> <li>attach supporting advice &amp; information ("paper trail")</li> </ul> <p><b>Sign investment documentation</b></p> <p><b>Oversee implementation of the approved strategy &amp; Plan</b></p>	<p><b>Review investment reports and performance periodically</b></p> <ul style="list-style-type: none"> <li>asset class benchmark indices &amp; IPS objectives</li> <li>need to rebalance portfolio</li> <li>significant variances</li> <li>investment adviser performance</li> </ul> <p><b>Review investment costs &amp; expenses</b></p> <p><b>Explain variances against IPS &amp; plan</b></p> <p><b>Report to stakeholders</b></p>
<p><b>Investment Advisers</b></p> <div style="border: 1px solid black; border-radius: 10px; background-color: #f4a460; padding: 5px; display: inline-block; margin: 10px 0;"><b>Advise</b></div> <ul style="list-style-type: none"> <li>guide trustees through a disciplined &amp; robust investment decision process;</li> <li>correctly assesses the goals, objectives &amp; needs of the trustees &amp; the trust;</li> <li>recommend an investment strategy to meet the objectives &amp; investments to implement the strategy; &amp;</li> <li>report on investment performance &amp; outcomes against the approved plan.</li> </ul>	<p><b>Establish</b></p> <ul style="list-style-type: none"> <li>trustee goals &amp; objectives</li> <li>needs &amp; circumstances</li> <li>level of trustees investment knowledge or skills</li> <li>asset class preferences</li> </ul> <p><b>Analyse</b></p> <ul style="list-style-type: none"> <li>cash flow needs &amp; timing</li> <li>capital movements</li> <li>time horizon</li> <li>appropriate risk level (ensure care &amp; preservation of capital)</li> <li>expected return</li> <li>tax considerations</li> </ul>	<p><b>Design investment strategy</b></p> <ul style="list-style-type: none"> <li>model expected return to meet goals, objectives &amp; needs of trustees</li> </ul> <p><b>Draft Investment Policy Statement (IPS)</b></p> <ul style="list-style-type: none"> <li>background, assumptions, roles &amp; responsibilities, appropriate detail to define, implement &amp; monitor a specific investment strategy</li> </ul> <p><b>Prepare Investment Plan</b></p> <ul style="list-style-type: none"> <li>provide recommendations to implement the strategy</li> </ul> <p><b>Refine IPS &amp; Plan with trustees</b></p>	<p><b>Implement the approved investment strategy &amp; Plan</b></p> <p><b>Report to trustees on progress &amp; confirm implementation</b></p>	<p><b>Report on investment performance against agreed benchmarks &amp; objectives</b></p> <p><b>Explain variances against IPS &amp; Plan</b></p> <p><b>Review &amp; rebalance portfolio</b></p> <p><b>Educate trustees on investment matters</b></p>