

Managing Trustee Investment Decisions

Roles	Organise	Plan	Implement	Monitor
<p>Trustees</p> <p>Decide</p> <p>Trustees manage a decision process that:</p> <ul style="list-style-type: none"> defines an appropriate investment strategy in the context of the trust fund; ensures an appropriate & reasonable balance between risk & return; diversifies where & when appropriate; & reviews the investment portfolio from time to time at suitable intervals. 	<p>Initiate a review & consider:</p> <ul style="list-style-type: none"> trust deed, relevant laws, settlor wishes (authority, constraints, discretions) trust purposes & objectives existing investment policy liabilities & distributions drivers behind the decision roles & responsibilities <p>Inquire into beneficiary needs & circumstances (present & future)</p> <p>Appoint Investment Adviser:</p> <ul style="list-style-type: none"> complete due diligence & written service agreement brief Investment Adviser 	<p>Assess the soundness of the advice & proposed strategy:</p> <ul style="list-style-type: none"> trustees understand advice (advantages & disadvantages) that adviser has correctly interpreted the trustees goals, objectives & needs do due diligence (investment providers, security of assets) <p>Obtain any further advice:</p> <ul style="list-style-type: none"> e.g. tax, legal, accountancy, etc <p>Consult stakeholders for input required into the investment decision-making process</p> <p>Refine IPS & Plan with adviser</p>	<p>Decide to approve the IPS & Plan for the trust</p> <p>Complete trustee resolutions for any decisions made:</p> <ul style="list-style-type: none"> attach supporting advice & information ("paper trail") <p>Sign IPS & any investment documentation</p> <p>Oversee implementation of the approved strategy & Plan</p>	<p>Receive & review investment reports</p> <p>Review investment performance periodically:</p> <ul style="list-style-type: none"> asset class benchmark indices & IPS objectives need to rebalance portfolio significant variances Investment Adviser performance <p>Explain significant variances</p> <p>Review investment costs & expenses</p> <p>Report to stakeholders</p>
<p>Investment Advisers</p> <p>Advise</p> <p>Investment Advisers:</p> <ul style="list-style-type: none"> guide trustees through a disciplined & robust investment decision process; correctly assesses the goals, objectives & needs of the trustees & the trust; recommend an investment strategy to meet the objectives & investments to implement the strategy; & report on investment performance & outcomes against the approved plan. 	<p>Establish:</p> <ul style="list-style-type: none"> trustee goals & objectives beneficiaries needs & circumstances level of trustees investment knowledge or skills <p>Analyse:</p> <ul style="list-style-type: none"> cash flow needs & timing capital movements time horizon appropriate risk level (ensure care & preservation of capital) expected return asset class preferences tax considerations 	<p>Design investment strategy:</p> <ul style="list-style-type: none"> model expected return to ensure it will meet goals, objectives & needs of trustees <p>Draft Investment Policy Statement (IPS):</p> <ul style="list-style-type: none"> contains appropriate detail to define, implement & monitor a specific investment strategy <p>Prepare Investment Plan (Plan):</p> <ul style="list-style-type: none"> recommend investments &/or managers to implement the strategy appropriate for the size of the portfolio <p>Refine IPS & Plan with trustees</p>	<p>Implement the approved investment strategy & Plan</p> <p>Report to trustees on progress & confirm implementation</p>	<p>Report on investment performance against agreed benchmarks & objectives</p> <p>Explain all significant variances against IPS & Plan</p> <p>Review & rebalance portfolio</p> <p>Educate trustees on investment matters & hold to discipline of IPS & Plan</p>