

## **Best Practice Process for Investing**

### ***A summary for trustees and other fiduciaries***

Outlined below are the essential elements that should be considered, and a recommended process to follow, for those charged with the responsibility of investing money on behalf of others

#### *Analysis of Situation*

- Considered within the context of trust law or any specific delegated constraints?
- Determine an objective assessment of the needs and circumstances of the beneficiaries
- Plan to meet the needs and objectives – identify the timing and distribution of cash flows

#### *Portfolio Allocation*

- Undertake an objective assessment of risk.
- Identify the expected return and time horizon
- Select asset classes accordingly
- Diversify asset classes and underlying securities consistent with the portfolio size
- Identify the effect of tax and ensure that other fees and costs are commensurate with the service and value delivered.

#### *Develop a written Investment Policy Statement (“IPS”)*

- Formalise and record the investment strategy
- Define the duties and responsibilities of the parties involved
- Ensure informed consensus is obtained from all trustees and record authority to proceed or action steps required to revise recommended strategy
- Identify accounting treatment and transparency of fees and expenses
- Identify relevant benchmarks to monitor progress and performance

#### *Implement*

- Ensure market exposure is consistent with IPS
- Ensure delegated parties are suitably qualified
- Utilise appropriate custodial services
- Ensure investment implemented is faithful to the mandate and can be expected to maintain this ‘integrity to style’.

#### *Monitor and Supervise*

- Compare periodic reports against appropriate benchmark
- Maintain vigilance on soft dollars and commissions
- Ensure on-going fees and expenses remain competitive and appropriate