

DUTY TO HAVE A PLAN

16047(a) – “A trustee shall invest and manage trust assets by considering the purposes, terms, distribution requirements, and other circumstances of the trust.”

What is the rate of return needed to accomplish the trust’s purposes, terms, and distribution requirements?

1

DUTY TO MONITOR RISK & RETURN

16047(b) - “A trustee’s investment and management decisions... must be evaluated... as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.”

Was the risk that was taken appropriate given the return that was realized?

WRITE A MEMO

2

DUTY TO DIVERSIFY

16048 – “In making and implementing investment decisions, the trustee has a duty to diversify the investments of the trust unless, under the circumstances, it is prudent not to do so.”

Is there any “excessive concentration” in the portfolio’s allocation or gaps in the design?

WRITE A MEMO

3

DUTY TO PAY ONLY FAIR FEES

16050 - "A trustee may only incur costs that are appropriate and reasonable in relation to the assets, overall investment strategy, purposes, and other circumstances of the trust."

Is the fee being paid to the manager to whom investment duties have been delegated fair and reasonable?

WRITE A MEMO

4

THE SELECTION OF AN AGENT

16052(a)(1) - "A trustee may delegate investment and management functions... The trustee shall exercise prudence in the... selection of an agent."

Why was the manager selected to whom investment duties have been delegated?

WRITE A MEMO

5

THE SELECTION OF AN AGENT

16052(a)(2,3) - "The trustee shall exercise prudence in... establishing the scope and terms of the delegation and periodically reviewing the agent's... compliance with the terms of the delegation."

Has the manager done what they said they would do?

WRITE A MEMO

6
