



Pacific Fiduciary Precepts

Seven core requirements for your investment governance role



1. Know standards, laws and Trust provisions

Your role requires knowledge of the general legal and regulatory framework, and specific knowledge of Trust Deeds, Investment Policies, Service Agreements and other documents guiding assets managed.

2. Ensure assets are appropriately diversified

Failure to diversify means taking risks that aren't rewarded. You need to ensure assets under your care are diversified, subject to any provisions that constrain choices.



3. Prepare an investment policy statement

This is the "business plan" for the assets under your care. It should at least outline the purpose of assets managed, the investment strategy to meet this purpose, roles and responsibilities, due diligence and monitoring procedures, and review processes.



4. Use prudent experts

You don't need to be an investment expert to be effective in investment governance, but you should engage experts to ensure assets are professionally managed. Your role is to ensure that experts are appointed using robust and objective due-diligence processes.

5. Control and account for investment expenses

While investment returns are uncertain costs aren't. High and/or hidden costs can reduce returns. You need to ensure all costs are known and competitive for services rendered.



6. Monitor the activities of prudent experts

You need to ensure that experts engaged, such as fund managers and asset consultants, meet their investment mandates and service obligations. In a continually evolving market place this function helps ensure your providers remain competitive and effective.

7. Avoid or manage conflicts of interest

As with any governance role, conflicts of interest should be avoided or managed to the benefit of assets under your care.

