

# Self Assessment of Fiduciary Excellence

(SAFE™)

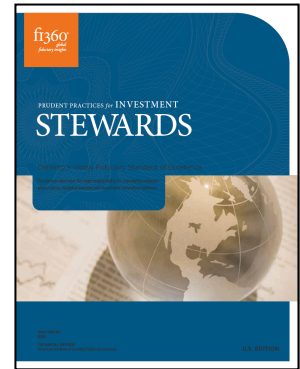


Entity name: \_\_\_\_\_ Date: \_\_\_\_\_

Investment decisions made within a clear framework will ensure beneficiary and donor confidence through trust integrity, enhanced performance, controlled risk, and management of ad hoc or preferential decision-making.

The questions should be answered with reference to the Prudent Practices for Investment Stewards handbook.

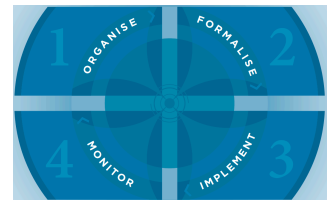
Reviewing the handbook will provide explanatory notes for each practice question and the criteria.



The practices are organized under a four-step Fiduciary Quality Management System (QMS).

The steps are consistent with the global ISO 9000 QMS standard, which emphasizes continual improvement to a decision-making process.

Identifying omissions is crucial to installing corrections in a prioritized way. This may extend to supplementing the services of an existing provider.



## Practice Step One: Organize

Practice	Step One: Organize	Yes	No	Unsure
1.1.1	Does the Investment Steward comply with all fiduciary laws and rules that apply to the Steward's responsibilities?	Yes	No	Unsure
1.1.2	Does the Investment Steward comply with all applicable Practices and procedures defined in the Prudent Practices handbook?	Yes	No	Unsure
1.1.3	Does the Investment Steward adhere to the professional standards of conduct and codes(s) of ethics required by law, regulation, their organisation or employer, and all applicable organisations in which they are a member?	Yes	No	Unsure
1.2.1	Are investments held in trust managed in accordance with the documents governing the trust?	Yes	No	Unsure
1.2.2	Are investments managed and investment services retained in accordance with governing documents, including the investment policy statement?	Yes	No	Unsure
1.2.3	Are documents pertaining to the investment management process, including records of decisions made by the Investment Steward, organized and retained in a centralized location?	Yes	No	Unsure
1.3.1	Are the roles and responsibilities of all involved parties documented in the investment policy statement?	Yes	No	Unsure
1.3.2	Have all involved parties acknowledged their fiduciary or non-fiduciary status in writing?	Yes	No	Unsure
1.3.3	Does the Investment committee(s) have a defined set of by-laws or operating procedures to which they adhere?	Yes	No	Unsure
1.3.4	Does the Investment Steward have a documented disaster recovery plan that is reviewed and tested periodically?	Yes	No	Unsure
1.4.1	Are policies and procedures for overseeing and managing conflicts of interest, including self-dealing, defined?	Yes	No	Unsure
1.4.2	Are conflicts of interest avoided when possible and always when required by law, regulation, and/or governing documents?	Yes	No	Unsure

1.4.3	Does the Investment Steward disclose, and require service providers to disclose, all unavoidable conflicts of interest in writing and manage such unavoidable conflicts in the best interest of the participants or beneficiaries?	Yes	No	Unsure
1.5.1	Does the Investment Steward require each service provider to make full written disclosure of the services to be provided and the compensation arrangements, affiliations, and fiduciary status of the service provider?	Yes	No	Unsure
1.5.2	Are agreements periodically reviewed to ensure consistency with the objectives of the investment portfolio and/or the needs of beneficiaries?	Yes	No	Unsure
1.5.3	Are comparative reviews of service agreements conducted and documented approximately every three years?	Yes	No	Unsure
1.6.1	Does the Investment Steward have a reasonable basis to believe assets are within the purview of a viable judicial system?	Yes	No	Unsure
1.6.2	Do the ERISA fiduciaries have the required fidelity bond, if applicable?	Yes	No	Unsure
1.6.3	Does the Investment Steward ensure that appropriate insurance, internal controls, and physical security measures reasonably protect against theft and embezzlement?	Yes	No	Unsure
1.6.4	Can the Investment Steward verify that service providers that custody client assets have appropriate insurance?	Yes	No	Unsure
1.6.5	Are appropriate procedures in place to secure beneficiary or plan data?	Yes	No	Unsure

### Step Two: Formalize

2.1.1	Are the sources, timing, distribution, and uses of portfolio cash flows documented?	Yes	No	Unsure
2.1.2	In the case of a defined benefit retirement plan, has an appropriate asset/liability study been factored into the time horizon?	Yes	No	Unsure
2.1.3	In the case of a defined contribution retirement plan, do the investment options provide for a reasonable range of participant time horizons?	Yes	No	Unsure
2.1.4	In the case of a foundation or endowment has a schedule of expected receipts and disbursement of gifts and grants been factored into the time horizon to the extent possible and an equilibrium spending rate established?	Yes	No	Unsure
2.1.5	In the case of a trust or retail investor portfolio, has the appropriate needs-based analysis been factored into the time horizon?	Yes	No	Unsure
2.2.1	Is the level of volatility the portfolio is exposed to understood by the Investment Steward, and are the quantitative and qualitative factors that were considered documented?	Yes	No	Unsure
2.2.2	Have "large loss" scenarios been identified and considered in establishing the downside risk exposure limit of the portfolio?	Yes	No	Unsure
2.2.3	Have expected disbursement obligations and contingency plans been considered in order to establish liquidity requirements for the portfolio?	Yes	No	Unsure
2.2.4	In the case of a defined contribution retirement plan, do the investment options provide for a reasonable range of participant risk tolerance levels?	Yes	No	Unsure
2.3.1	Is the expected return for each portfolio consistent with the risk level and investment goals and objectives established for the portfolio?	Yes	No	Unsure
2.3.2	Are the expected return assumptions for each asset class based on reasonable risk-premium assumptions?	Yes	No	Unsure
2.3.3	For defined benefit plans, are the expected return values used for modelling reasonable and also used for actuarial calculations?	Yes	No	Unsure
2.3.4	For defined contribution plans, are the expected return assumptions for pre-diversified options, such as target date funds or model portfolios, based on reasonable risk/premium assumptions?	Yes	No	Unsure
2.3.5	For endowments and foundations, are the expected return values used for modelling reasonable and consistent with distribution requirements or the projected equilibrium spending rate?	Yes	No	Unsure

2.4.1	Are assets appropriately diversified to conform to the portfolio's time horizon and risk/return profile and to reduce non-systemic risk?	Yes	No	Unsure
2.4.2	For participant-directed plans, do selected asset classes provide each participant the ability to diversify their portfolio appropriately given their time horizon and risk/return profile?	Yes	No	Unsure
2.4.3	Can the Investment Steward, either directly or with the support of a designated service provider, assure that the methodology and tools used to establish appropriate portfolio diversification are prudent and consistently applied?	Yes	No	Unsure
2.5.1	Does the Investment Steward, either directly or with the support of a qualified service provider, have the time, resources, and requisite knowledge and skills to implement and monitor all asset classes selected for the portfolio?	Yes	No	Unsure
2.5.2	Are the process and tools used to implement and monitor investments in the selected asset classes appropriate?	Yes	No	Unsure
2.5.3	Are appropriate investment products accessible within each selected asset class?	Yes	No	Unsure
2.6.1	Does the investment policy statement identify the bodies of law governing the portfolio?	Yes	No	Unsure
2.6.2	Does the investment policy statement define the duties and responsibilities of all parties involved?	Yes	No	Unsure
2.6.3	Does the investment policy statement specify risk, return, and time horizon parameters?	Yes	No	Unsure
2.6.4	Does the investment policy statement define diversification and rebalancing guidelines consistent with risk, return, and time horizon parameters?	Yes	No	Unsure
2.6.5	Does the investment policy statement define due diligence criteria for selecting investment options?	Yes	No	Unsure
2.6.6	Does the investment policy statement define procedures for controlling and accounting for investment expenses?	Yes	No	Unsure
2.6.7	Does the investment policy statement define monitoring criteria for investment options and service vendors?	Yes	No	Unsure
2.7.1	Are the goals and objectives established for the portfolio evaluated to determine whether socially responsible investing is appropriate and/or desirable?	Yes	No	Unsure
2.7.2	If a socially responsible investment strategy is elected, does the investment policy statement document the strategy, including appropriate implementation and monitoring procedures?	Yes	No	Unsure

### Step Three: Implement

3.1.1	Are reasonable criteria identified for each due diligence process used to select service providers?	Yes	No	Unsure
3.1.2	Is the due diligence process used to select each service provider documented?	Yes	No	Unsure
3.1.3	Is each due diligence process used to select service providers consistently applied?	Yes	No	Unsure
3.2.1	Are applicable ERISA safe harbor requirements pertaining to the delegation of investment responsibility implemented in compliance with ERISA requirements, when elected?	Yes	No	Unsure
3.2.2	For participant-directed qualified retirement plans, are applicable 404(c) safe harbor requirements implemented in compliance with ERISA requirements, when elected?	Yes	No	Unsure
3.2.3	For participant-directed qualified retirement plans, are applicable fiduciary adviser safe harbor requirements implemented in compliance with ERISA requirements, when elected?	Yes	No	Unsure
3.2.4	For participant-directed qualified retirement plans, are qualified default investment alternatives (QDIA) implemented in compliance with ERISA requirements, when elected?	Yes	No	Unsure
3.2.5	For non-ERISA services, are safe harbors and exemptions implemented in compliance with regulatory requirements, when elected?	Yes	No	Unsure
3.3.1	Is a documented due diligence process, consistent with prudent practices and generally accepted investment theories, used to select investments and third-party Investment Managers?	Yes	No	Unsure
3.3.2	Do decisions regarding the selection of investments consider both qualitative and quantitative criteria?	Yes	No	Unsure
3.3.3	Is the documented due diligence process used to select investments and third-party Investment Managers consistently applied?	Yes	No	Unsure

3.3.4	Are regulated investments preferred over unregulated investments when all other characteristics are comparable?	Yes	No	Unsure
3.3.5	Are investments that are covered by readily available data sources preferred over similar investments for which limited coverage is available when all other characteristics are comparable?	Yes	No	Unsure
3.3.6	Are decisions regarding passive and active investment strategies documented and made in accordance with obligations of care?	Yes	No	Unsure
3.3.7	Are decisions regarding the use of separately managed and commingled accounts, such as mutual funds, unit trusts, exchange-traded products, and limited partnerships, documented and made in accordance with obligations of care?	Yes	No	Unsure
3.3.8	Are decisions to use complex investments or strategies, such as alternative investments or strategies involving derivatives, supported by documentation of specialized due diligence conducted by individuals who possess knowledge and skills needed to satisfy the heightened obligations of care?	Yes	No	Unsure
3.3.9	When socially responsible investment strategies are elected, are the strategies implemented appropriately?	Yes	No	Unsure

#### Step Four: Monitor

4.1.1	Is the performance of each investment option periodically compared against an appropriate index, peer group, and any other performance-related due diligence criteria defined in the investment policy statement?	Yes	No	Unsure
4.1.2	Are “watch list” procedures for underperforming Investment Managers documented and consistently applied?	Yes	No	Unsure
4.1.3	Are rebalancing procedures reasonable, documented, and consistently applied?	Yes	No	Unsure
4.2.1	Are periodic evaluations of the qualitative factors that may impact the results or reliability of Investment Advisors, Investment Managers, and other service providers performed?	Yes	No	Unsure
4.2.2	Is negative news and other material information regarding an Investment Advisor, Investment Manager, or other service provider considered and acted on in a timely manner?	Yes	No	Unsure
4.2.3	Are deliberations and decisions regarding the retention or dismissal of Investment Advisors, Investment Managers, and other service providers documented?	Yes	No	Unsure
4.2.4	Are qualitative factors that may impact service providers considered in the contract review process?	Yes	No	Unsure
4.3.1	Are control procedures in place to periodically review each Investment Manager’s policies for best execution?	Yes	No	Unsure
4.3.2	Are control procedures in place to periodically review each Investment Manager’s policies for special trading practices such as “soft dollars”, directed brokerage, and commission recapture?	Yes	No	Unsure
4.3.3	Are control procedures in place to periodically review each Investment Manager’s policies for proxy voting?	Yes	No	Unsure
4.4.1	Has a summary of all parties being compensated from the portfolio or from plan or trust assets and the amount of compensation been documented?	Yes	No	Unsure
4.4.2	Are fees, compensation, and expenses paid from the portfolio or from plan or trust assets periodically reviewed to ensure consistency with all applicable laws, regulations, and service agreements?	Yes	No	Unsure
4.4.3	Are fees, compensation, and expenses paid from plan or trust assets periodically reviewed to ensure such costs are fair and reasonable based upon the services rendered and the size and complexity of the portfolio or plan?	Yes	No	Unsure
4.5.1	Are fiduciary assessments conducted at planned intervals to determine whether a) appropriate policies and procedures are in place to address all fiduciary obligations, b) such policies and procedures are effectively implemented and maintained, and c) the investment policy statement is reviewed at least annually?	Yes	No	Unsure
4.5.2	Are fiduciary assessments conducted in a manner that promotes objective analysis and are results documented and reviewed for reasonableness?	Yes	No	Unsure