

Fiduciary Duties - The Sample Foundation

The following summary provides a brief description of prudent investment practices.

Analyze Current Position

- Investments are managed in accordance with applicable laws, trust documents, and written investment policy statements.
- Fiduciaries are aware of their duties and responsibilities.
- Fiduciaries and parties in interest are not involved in self dealing.
- Service agreements and contracts are in writing and do not contain provisions that conflict with fiduciary standards of care.
- There is documentation to show timing and distribution of cash flows and the payment of liabilities.
- Assets are within the jurisdiction of U.S. courts and are protected from theft and embezzlement.

Diversify and Allocate Portfolio

- A risk level has been identified.
- An expected, modeled return to meet investment objectives has been identified.
- An investment time horizon has been identified.
- Selected asset classes are consistent with the identified risk, return, and time horizon.
- The number of asset classes is consistent with the portfolio size.

Formalize Investment Policy

- There is detail to implement a specific investment strategy.
- The Investment Policy Statement (IPS) defines the duties and responsibilities of all parties involved.
- The IPS defines diversification and rebalancing guidelines.
- The IPS defines due-diligence criteria for selecting investment options.
- The IPS defines the monitoring criteria for investment options and service vendors.
- The IPS defines the procedures for controlling and accounting for investment expenses.
- The IPS defines appropriately structured, socially responsible investment strategies (when applicable).

Implement Investment Policy

- The investment strategy is implemented in compliance with the required level of prudence.

- The fiduciary is following applicable “safe harbor” provisions (when elected).
- Investment vehicles are appropriate for the portfolio size.
- A due-diligence process is followed in selecting service providers, including the custodian.

Monitor and Supervise

- Periodic reports compare investment performance against appropriate index, peer group, and IPS objectives.
- Periodic reviews are made of qualitative and/or organizational changes of investment decision makers.
- Control procedures are in place to periodically review policies for best execution, soft dollars, and proxy voting.
- Fees for investment management are consistent with agreements and the law.
- “Finders’ fees,” 12b-1 fees, or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.