



## **Investment Review Guidance**

If the trust company or bank trust department has discretion over account assets, sufficient information should be provided to the reviewer to enable them to make informed and intelligent decisions. At a minimum, information considered necessary to perform a comprehensive account-level investment review includes:

- Investment powers authorized by the governing document and/or governing law;
- Investment objective of the account (income, growth, etc.);
- Listing of account assets, reflecting cost and market values;
- Projected yields on individual assets;
- Projected income of the overall account; and,
- Amount of principal and income cash on hand.

The review may include, but is not limited to, the following items:

- Investment objectives - Are they consistent with the objectives of the account? Are assets held consistent with the chosen investment objectives and/or asset allocation models?
- Diversification of discretionary investments - Is the account properly diversified and consistent with either the Prudent Investor Act or Prudent Man Rule, as applicable?
- Concentrations - Are there any undue concentrations, either within a type of security, industry, or specific obligation?
- Own-bank or affiliate obligations - Is the purchase appropriate, yield adequate, and authorization documented?
- Investments in companies related to, or loans made to, company insiders - Are there any conflict of interest or self-dealing concerns?
- Promissory notes – Are notes a permissible investment? Is supporting documentation adequate? Are payments current?
- Approved hold, buy, and sell lists - Is the account in compliance?
- Maturity of assets - Are there excess funds invested in short-term (lower yielding) investments? Is there adequate liquidity?
- Asset valuations - Are assets including real estate, limited partnerships, closely held businesses, real estate syndications, and derivatives valued timely and accurately? Is insurance coverage adequate?
- Environmental risk factors - Are there any environmental risk concerns?
- Complaints - Are complaints by grantors, beneficiaries, plan administrators, etc. being reviewed? Have previous complaints been resolved?
- Criticisms - Is corrective action being taken in regards to criticisms noted by internal and external auditors and regulatory authorities?