



SELF-ASSESSMENT OF  
FIDUCIARY EXCELLENCE  
*for Investment Stewards*

SAFE<sup>TM</sup>

Defining a Global Fiduciary Standard  
of Excellence for Investment Stewards

PERSONS WHO SERVE AS TRUSTEES OF PERSONAL  
TRUSTS AND INVESTMENT COMMITTEE MEMBERS  
OF RETIREMENT PLANS, FOUNDATIONS, AND  
ENDOWMENTS.

# INTRODUCTION

This Self-Assessment of Fiduciary Excellence (SAFE) is intended to assist: (1) An Investment Steward in analyzing how well their organization meets a defined global fiduciary standard of excellence; and (2) Investment Stewards in improving their long-term investment performance.

Each question is intended to be answered in the affirmative (“Yes”). A careful inquiry should be made into all “No” responses to determine whether:

1. There is an omission or shortfall in the Investment Steward’s procedures; and/or
2. The question is not applicable to the Investment Steward.

Each of the questions is based on one or more fiduciary practices which have been fully substantiated by legislation, case law, and regulatory opinion letters by the law firm of Reish Luftman Reicher & Cohen.

This SAFE is intended to serve as a Level I Assessment. A Level II Assessment, known as a Consultant’s Assessment of Fiduciary Excellence (CAFE), provides a more detailed analysis of the Investment Steward’s practices. A Level III Assessment, or “Certification”, is an independent recognition of a fiduciary’s conformity to all Practices and Criteria, as defined by the *Prudent Practices* handbooks. It implies that a fiduciary can demonstrate adherence to the industry’s best practices, and is positioned to earn the public’s trust.

More information can be found in the series of fiduciary handbooks: *Prudent Practices for Investment Stewards (U.S. Edition)*, *Prudent Practices for Investment Advisors (U.S. Edition)*, *Prudent Practices for Investment Stewards and Investment Advisors (Worldwide Edition)*, *Prudent Practices for Investment Managers (Worldwide Edition)*, and *Legal Memoranda*

For more information or to obtain copies of the handbooks and/or the legal memoranda which substantiate the referenced fiduciary practices, go to [www.fi360.com](http://www.fi360.com) or call 1-866-390-5080.

TO FIND AN INVESTMENT ADVISOR IN YOUR  
AREA WHO IS FAMILIAR WITH THE FIDUCIARY  
PRACTICES REFERENCED IN THIS SAFE, GO  
TO [WWW.FI360.COM](http://WWW.FI360.COM) AND LOOK FOR THE  
AIF®/AIFA® DESIGNEE SEARCH ICON:



- 1** Are investments managed in accordance with applicable laws, trust documents, and written investment policy statements?  
*(Practice S-1.1)*
- 2** Are the roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) defined, documented, and acknowledged?  
*(Practice S-1.2)*
- 3** Is there no indication that fiduciaries and parties in interest are involved in self-dealing?  
*(Practice S-1.3)*
- 4** Are service agreements and contracts in writing? Are they written without provisions that conflict with fiduciary standards of care?  
*(Practice S-1.4)*
- 5** Are assets within the jurisdiction of appropriate courts? Are they protected from theft and embezzlement?  
*(Practice S-1.5)*
- 6** Has an investment time horizon been identified?  
*(Practice S-2.1)*
- 7** Has a risk level been identified?  
*(Practice S-2.2)*
- 8** Has an expected, modeled return to meet investment objectives been identified?  
*(Practice S-2.3)*
- 9** Are selected asset classes consistent with the identified risk, return, and time horizon?  
*(Practice S-2.4)*
- 10** Are selected asset classes consistent with implementation and monitoring constraints?  
*(Practice S-2.5)*
- 11** Is there an Investment Policy Statement (IPS) which contains the detail to define, implement, and manage a specific investment strategy?  
*(Practice S-2.6)*
- 12** Does the IPS define appropriately structured, socially responsible investment (SRI) strategies (where applicable)?  
*(Practice S-2.7)*
- 13** Is the investment strategy implemented in compliance with the required level of prudence?  
*(Practice S-3.1)*
- 14** Are applicable “safe harbor” provisions followed (when elected)?  
*(Practice S-3.2)*
- 15** Are investment vehicles appropriate for the portfolio size?  
*(Practice S-3.3)*
- 16** Is a due diligence process followed in selecting service providers, including the custodian?  
*(Practice S-3.4)*
- 17** Are there periodic reports comparing investment performance against an appropriate index, peer group, and IPS objectives?  
*(Practice S-4.1)*
- 18** Are periodic reviews made of qualitative and/or organizational changes of investment decision-makers?  
*(Practice S-4.2)*
- 19** Are control procedures in place to periodically review policies for best execution, “soft dollars,” and proxy voting?  
*(Practice S-4.3)*
- 20** Are fees for investment management consistent with agreements and with all applicable laws?  
*(Practice S-4.4)*
- 21** Are “finder’s fees” or other forms of compensation that may have been paid for asset placement appropriately applied, utilized, and documented?  
*(Practice S-4.5)*
- 22** Is there a process to periodically review the organization’s effectiveness in meeting its fiduciary responsibilities?  
*(Practice S-4.6)*

# The Periodic Table of Global Fiduciary Practices

<p><b>Practice M-1.1</b></p> <p>Senior management demonstrates expertise in their field, and there is a clear succession plan in place.</p>	<p><b>Practice M-1.2</b></p> <p>There are clear lines of authority and accountability, and the mission, operations, and resources operate in a coherent manner.</p>		
<p><b>Practice M-1.3</b></p> <p>The organization has the capacity to service its client base.</p>	<p><b>Practice M-1.4</b></p> <p>Administrative operations are structured to provide accurate and timely support services and are conducted in an independent manner.</p>	<p><b>Practice SA-1.1</b></p> <p>Investments are managed in accordance with applicable laws, trust documents, and written investment policy statements (IPS).</p>	<p><b>Practice SA-1.2</b></p> <p>The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined, documented, and acknowledged.</p>
<p><b>Practice M-1.5</b></p> <p>Information systems and technology are sufficient to support administration, trading, and risk management needs.</p>	<p><b>Practice M-1.6</b></p> <p>The organization has developed programs to attract, retain, and motivate key employees.</p>	<p><b>Practice SA-1.3</b></p> <p>Fiduciaries and parties in interest are not involved in self-dealing.</p>	<p><b>Practice SA-1.4</b></p> <p>Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.</p>
	<p><b>Practice M-1.7</b></p> <p>There is a formal structure supporting effective compliance.</p>	<p><b>Practice SA-1.5</b></p> <p>Assets are within the jurisdiction of courts, and are protected from theft and embezzlement.</p>	<p><b>1</b></p> <p><b>ORGANIZE</b></p>
<p><b>Practice M-4.1</b></p> <p>There is a defined process for the attribution and reporting of costs, performance, and risk.</p>	<p><b>Practice M-4.2</b></p> <p>All aspects of the investment system are monitored and are consistent with assigned mandates.</p>	<p><b>Practice SA-4.1</b></p> <p>Periodic reports compare investment performance against appropriate index, peer group, and IPS objectives.</p>	
<p><b>Practice M-4.3</b></p> <p>Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.</p>	<p><b>Practice M-4.4</b></p> <p>There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.</p>	<p><b>Practice SA-4.2</b></p> <p>Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.</p>	<p><b>Practice SA-4.3</b></p> <p>Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.</p>
		<p><b>Practice SA-4.4</b></p> <p>Fees for investment management are consistent with agreements and with all applicable laws.</p>	<p><b>Practice SA-4.5</b></p> <p>"Finder's fees" or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.</p>
			<p><b>Practice SA-4.6</b></p> <p>There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.</p>

<p><b>Practice SA-2.1</b></p> <p>An investment time horizon has been identified.</p>	<p><b>Practice SA-2.2</b></p> <p>A risk level has been identified.</p>	<p><b>Practice M-2.1</b></p> <p>The organization provides disclosures which demonstrate there are adequate resources to sustain operations.</p>	<p><b>Practice M-2.2</b></p> <p>The organization has a defined business strategy which supports their competitive positioning.</p>
<p><b>Practice SA-2.3</b></p> <p>An expected, modeled return to meet investment objectives has been identified.</p>	<p><b>Practice SA-2.4</b></p> <p>Selected asset classes are consistent with the identified risk, return, and time horizon.</p>	<p><b>Practice M-2.3</b></p> <p>There is an effective process for allocating and managing both internal and external resources and vendors.</p>	<p><b>Practice M-2.4</b></p> <p>There are effective and appropriate external management controls.</p>
<p><b>Practice SA-2.5</b></p> <p>Selected asset classes are consistent with implementation and monitoring constraints.</p>	<p><b>Practice SA-2.6</b></p> <p>There is an IPS which contains the detail to define, implement, and manage a specific investment strategy.</p>	<p><b>Practice M-2.5</b></p> <p>The organization has a defined process to control its flow of funds and asset variation.</p>	<p><b>Practice M-2.6</b></p> <p>Remuneration of the company and compensation of key decision-makers is aligned with client interests.</p>
<p><b>2</b></p> <p><b>FORMALIZE</b></p>	<p><b>Practice SA-2.7</b></p> <p>The IPS defines appropriately structured socially responsible investment (SRI) strategies (where applicable).</p>	<p><b>Practice M-2.7</b></p> <p>The organization has responsible and ethical reporting, marketing, and sales practices.</p>	<p><b>Practice M-2.8</b></p> <p>There is an effective risk-management process to evaluate both the organization's business and investment risk.</p>
<p><b>3</b></p> <p><b>IMPLEMENT</b></p>	<p><b>Practice SA-3.1</b></p> <p>The investment strategy is implemented in compliance with the required level of prudence.</p>	<p><b>Practice M-3.1</b></p> <p>The asset management team operates in a sustainable, balanced, and cohesive manner.</p>	<p><b>Practice M-3.2</b></p> <p>The investment system is defined, focused, and consistently adds value.</p>
<p><b>Practice SA-3.2</b></p> <p>Applicable "safe harbor" provisions are followed (when elected).</p>	<p><b>Practice SA-3.3</b></p> <p>Investment vehicles are appropriate for the portfolio size.</p>	<p><b>Practice M-3.3</b></p> <p>The investment research process is defined, focused, and documented.</p>	<p><b>Practice M-3.4</b></p> <p>The portfolio management process for each distinct strategy is clearly defined, focused, and documented.</p>
<p><b>Practice SA-3.4</b></p> <p>A due diligence process is followed in selecting service providers, including the custodian.</p>		<p><b>Practice M-3.5</b></p> <p>The trade execution process is defined, focused, and documented.</p>	

**LEGEND:**

Practices in gold that begin with an "SA" define a fiduciary standard of excellence for Investment Stewards and Investment Advisors.

Practices in blue that begin with an "M" define a fiduciary standard of excellence for Investment Managers.

"SA" Practices highlighted are best reviewed in conjunction with Investment Managers Practices.

## Mission of Fiduciary360

To promote a culture of fiduciary responsibility and improve the decision-making process of investment fiduciaries.

“SOCIETY DEPENDS UPON PROFESSIONALS TO PROVIDE RELIABLE FIXED STANDARDS IN SITUATIONS WHERE THE FACTS ARE MURKY OR THE TEMPTATIONS TOO STRONG. THEIR PRINCIPAL CONTRIBUTION IS AN ABILITY TO BRING SOUND JUDGMENT TO BEAR ON THESE SITUATIONS. THEY REPRESENT THE BEST A PARTICULAR COMMUNITY IS ABLE TO MUSTER IN RESPONSE TO NEW CHALLENGES.”

–Dr. Robert Kennedy



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