

Effective 7/1/2014

53D-1-601 General management and investment principles -- Duty of person with special skills or expertise.

- (1) Board members, the director, and office staff shall act in the best interests of the beneficiaries and comply with the duty of undivided loyalty to the beneficiaries.
- (2) A person who manages and invests trust fund money or assets shall:
 - (a) manage and invest in good faith and with the care a prudent professional in a like position would exercise under similar circumstances;
 - (b) consider, as relevant:
 - (i) general economic conditions;
 - (ii) the possible effect of inflation or deflation;
 - (iii) any expected tax consequences of investment decisions or strategies;
 - (iv) the role that each investment or course of action plays within the overall investment portfolio of the trust fund;
 - (v) the expected net return from income and the appreciation of investments;
 - (vi) the expected returns and risk characteristics of individual assets;
 - (vii) the needs of the beneficiaries to receive distributions and to preserve capital;
 - (viii) liquidity;
 - (ix) asset allocation; and
 - (x) costs and management fees; and
 - (c) make management and investment decisions about an individual asset not in isolation but in the context of the trust fund's portfolio of investments as a whole and as part of an overall investment strategy, having risk and return objectives reasonably suited to the trust fund and to the beneficiaries.
- (3) A person who has special skills or expertise, or who is selected to assist in managing and investing the trust fund money or assets based on the person's representation of having special skills or expertise, has a duty to use those skills and that expertise in managing and investing trust fund money and assets.

Enacted by Chapter 426, 2014 General Session