PRUDENT PERSON RULE



Matters to which trustee must have regard in exercising power of investment.

Section 24 of the Trusts Act 1973 sets out a number of principles that an Administrator must take into account when exercising the power of investment: -
(a) the purpose of the trust and the needs and circumstances of the beneficiaries;
(b) the desirability of diversifying trust investments;
(c) the nature of a risk associated with existing trust investments and other trust property
(d) the need to maintain the real value of the capital or income of the trust;
(e) the risk of capital or income loss or depreciation;
(f) the potential for capital appreciation
(g) the likely income return and the timing of income return;
(h) the length of the term of the proposed investment;
(i) the probable duration of the trust
(j) the liquidity and marketability of the proposed investment during, and at the end of, the term of the proposed investment;
(k) the total value of the trust estate;
(I) the effect of the proposed investment for the tax liability of the trust;
(m)the likelihood of inflation affecting the value of the proposed investment or other trust property;
(n) the cost (including commissions, fees, charges and duties payable) of making the proposed investment;

(0) the results of a review of existing trustee investments