

Case Study: Investing a Trust Fund



Phil, Jennifer, Claire and Sarah were the trustees of a fund created by their late father. Their Solicitor suggested that they discuss how best to invest the monies in order to achieve the trust goals determined by their father.

“Dad wanted the money to generate an income for mum whilst she was alive and then pass capital to our children on her death.”

Investing a trust fund to achieve two different objectives is not easy. Trustees need to be able to demonstrate that they have considered the best interests of each beneficiary. Producing sustainable income for the mother and ensuring the children get as much capital as possible can be a difficult circle to square.

A diversified portfolio that reflects the degree of investment risk the trustees believe is suitable was constructed and we showed them how various asset classes might deliver the returns that they needed.

We worked with each of the trustees to make sure they understood their responsibility to both their mother and their own children. Most importantly, as well as constructing a suitable investment portfolio to deliver their twin objectives, we established a regular review pattern to make sure they could keep the investments on track.

One of the great delights for us as Financial Planners is to see the confidence of our clients growing over time. Phil, Jennifer, Claire and Sarah may not be investment experts but they certainly now understand how the investments in the trust fund, for which they are responsible, actually work.