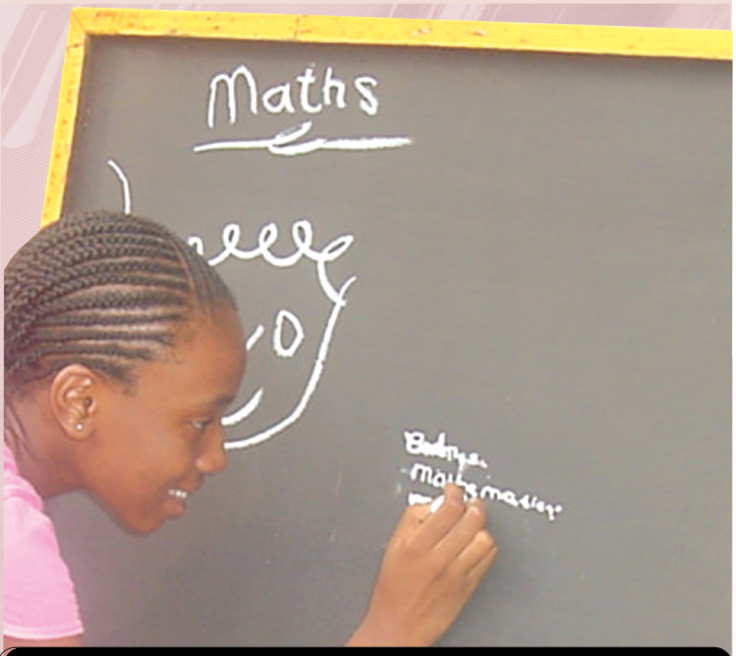
TRUSTEES

Sket

SAMTL KIDS EDUCATION TRUST

This product is designed to help you set aside funds on a gradual or lump sum basis for the education of your children. Such funds are invested on behalf of the named beneficiaries Tuition other incidentals are paid in line with your express instructions at the appropriate time. The residue upon the completion of the Education of the beneficiaries is disbursed in line with your express instruction as well. The product is backed up with Trust Deed.

It is a unique product in that it is documented in a Trust Deed in which your wishes towards your children are stated



If you secure your children's education, you have secured their future

FEATURES:

- Minimum start up contribution of N50,000
- Minimum monthly contribution of N10 000
- Attractive interest rates
- Minimum tenor of five years
- The trust survives your death in any event.
- The trust will be administered strictly in accordance with your wishes in any event and thereof incapable of being abused or mismanaged by relations or other personal representatives.
- Sket will be administered by SAMTL and managed with Professionalism, strict confidentiality and accountability.
- The first 20 account holders with the largest turn over will be given educational gift items yearly
- No management fee charge.
- Backed by Insurance cover.

SAMTL | GROUP

STERLING ASSET MANAGEMENT & TRUSTEES LTD.

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Trustees

Wealth Management -

The Role of Investment Managers and Trustees in Growing and Securing your Wealth.

Two major players in Wealth/Asset management are the Fund/ Portfolio Managers and Trustees (under the broad categorization known as Asset managers). This article highlights the roles of investment managers and trustees in asset/wealth management as well as provide clear definitions and clarification on their responsibilities. It also seeks to educate, engage, enable and encourage the entire investment community on the practical aspects of taking the issue of the fiduciary duties of institutional investors into consideration when making investment decisions.

The Investment and Securities Act, 2007, the SEC Consolidated Rules, 2013 and the Companies and Allied Matters Act, 1990 [CAP. C20 L.F.N. 2004], broadly categorizes Investment Managers/ Financial Advisors and Trustees as Capital Market Operators.

INVESTMENT MANAGERS

An Investment Manager is a person or organization that makes investments in portfolios of securities on behalf of clients, in accordance with the investment objectives and parameters defined by these clients. An investment manager is usually part of a large financial institution; a bank, a trust, asset management firms, or an insurance company and they manage the investment portfolios of these institutions. They may also provide direct investment management services to third-party clients, and are often responsible for all activities associated with the management of client portfolios, from buying and selling securities on a day-to-day basis to portfolio monitoring, settlement of transactions, performance measurement, and regulatory and client reporting.

Investment managers are also known as 'fund managers'. The term fund or investment manager refers to both an individual who helps direct investment management decisions, and institutions providing financial services

TYPES OF INVESTMENT MANAGERS

Investment management is often described in terms of fund management, asset management, money management, wealth management, portfolio management and advisory investment management. Although, fundamentally similar, they have a few minute differences, and the Investment managers involved in these different areas of investment management have specific responsibilities to fulfill.

1. Asset (Portfolio) Investment Managers: This refers to the management of collective investments made in multiple investment options on behalf of groups of investors, e.g. mutual funds. An asset investment manager is required to make decisions that will result in the maximum returns possible. The decisions taken by an asset or portfolio investment manager should be based on well-researched information, financial profitability, predetermined investment targets and availability of resources.

2. Money Investment Managers: Money investment managers may manage a client's investment portfolio without his / her approval, e.g. mutual funds. This form of investment management is known as 'discretionary' money management. The money investment manager manages the investment portfolio independently; sets goals, builds budgets, cuts down on unnecessary expenses, saves money and makes investments

based on the investor's risk constraints. Money investment managers are focused on achieving profits for the investor's current and future stability.

3. Wealth (Portfolio) Investment Managers: Private investors, typically wealthy individuals, will invest money in the capital market. A wealth or portfolio investment manager manages the investment accounts of such high-net worth individuals.

4. Investment/ Financial Advisors or Advisory Investment Managers: An advisory investment manager offers investment recommendations and suggestions regarding investments; where to invest, when to invest, how to invest, when to sell securities, and so on. Advisory investment managers may either provide asset management services on behalf of corporate investment firms, or directly manage a client's assets. Hiring good advisory investment managers ensures the efficient management of investor finances and high returns on investments.

FUNCTIONS AND DUTIES OF INVESTMENT MANAGERS

Rule 92 of the SEC Consolidated Rules, 2013 enumerates the functions of Fund/portfolio managers as:-

- Investment advisory services;
- Selection of securities for the fund/portfolio;
- Publication of financial market periodicals;
- Management of funds and portfolios on behalf of investors;
- Any other role ancillary to any of the above.

FIDUCIARY RESPONSIBILITIES AND DESIGNATIONS OF INVESTMENT MANAGERS

The fundamental fiduciary duties of investment managers are:

- The duty to prudently select, monitor, remove and replace investment options;
- The duty to provide investment options, which in the aggregate, constitute a broad range of investments;
- The duty to provide investment options and related services

which are suitable and appropriate for the particular needs of beneficial owners of securities (Rule 1(a-d) SEC Rules).

Investment Managers while performing their fiduciary duties are required to act solely in the interests of investors (beneficial owners) and for the exclusive purpose of providing them with investment benefits. They must also manage the investor's investments in accordance with the "prudent man rule." Under this requirement, investment managers must use "the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."

The prudent man rule requires Investment Managers while performing their fiduciary obligations to engage in a prudent process when selecting and monitoring an investor's investments. They are required to engage in both substantive and procedural prudence - that is, they should determine what information is material and relevant to their job; they should examine and understand that information; and then they should make an informed and reasoned decision.

Under the prudent man rule, Investment Managers must understand and apply generally accepted investment theories, such as the modern portfolio theory. As a result, they should understand concepts and terminology, such as asset classes and investment styles, correlation of different investments, volatility and expense ratios. It is important to note that a lack of familiarity with investments is "NO EXCUSE", the prudent man rule is an objective standard, meaning they will be judged according to the standards of professionals 'acting in a like capacity and familiar with such matters.'

TRUSTEES

A trustee as defined by Investopedia is a person or firm that holds and administers property or assets for the benefit of a third party. A trustee may be appointed for a wide variety of purposes, such as in the case of bankruptcy, for a charity, for a trust fund or for certain types of retirement plans or pensions. Trustees are trusted to make decisions in the beneficiary's best interests and often have a fiduciary responsibility to the trust beneficiaries.

A trustee is therefore responsible for the proper management of all property and other assets owned by the trust for the benefit of a

beneficiary. A trustee's specific duties are unique to the agreement of the trust and are dictated by the type of assets being held in trust.

GENERAL RESPONSIBILITIES AND DESIGNATIONS OF A TRUSTEE

Rule 110 (1-2), SEC Consolidated Rules, highlights the functions of Trustees in relation to Investment Schemes and Debt Instruments. All trustees have general designations and responsibilities which is enumerated under the Code of Conduct for Trustees [SEC New Rules, April 2015], regardless of the specificity of the trust agreement. All assets must be confirmed as safe and under the control of the trustee, it also includes understanding the potentially unique terms of the trust and the desires of the beneficiaries. Any investable assets have to be considered productive for the future benefit of the beneficiaries.

- They must interpret and understand the trust agreement and be able to administer the distribution of any trust assets to the proper parties or beneficiaries.
- They are also required to prepare any and all records on behalf of the trust, including statements and tax returns.
- Trustees are expected to communicate with beneficiaries on a regular basis and keep them informed on the associated accounts and taxes.
- They are considered the decision-makers for all matters of the trust and make those decisions based on the provisions outlined in the trust agreement. This includes finding answers to any questions that beneficiaries may have prior to making a decision.

FIDUCIARY RESPONSIBILITIES AND DESIGNATIONS OF TRUSTEES

All trustees, regardless of the type of trust they administer, have a fiduciary responsibility to the beneficiaries of the trust. Trust fiduciaries should act in good faith in the interests of their beneficiaries and impartially balance the conflicting interests of different beneficiaries. The beneficiaries are the people, businesses or foundations that will benefit from the assets within the trust. The trustee does not usually benefit from those assets, though he might be remunerated to manage the trust.

Trust fiduciaries have a duty to prudently manage trust assets in alignment with investment objectives:

- Discharge duties according to fiduciary standards:

I. Exercise care, skill and diligence that a prudent person acting in a like capacity and familiarity with such matters would use to conduct his or her own affairs

II. Diversify investments in accordance with modern portfolio theory and applicable state law to help minimize risk

- Develop and document investment objectives for the management of trust assets, including identifying goals, performance objectives, targeted asset allocation, types of investments permitted (and prohibited), liquidity standards, and roles and responsibilities of any appointed parties
- Manage any unique assets such as real estate or business interests
- Conduct a periodic review of all trust assets to determine whether they are being managed according to the terms

THE EVOLVING RESPONSIBILITY OF THE TRUST FIDUCIARY TO INVESTORS

A trust fiduciary, has a duty to manage the assets of the trust in a way that upholds the interests of the investors. A trustee has a fiduciary duty to act in the best interests of both current and future beneficiaries of the trust and can be held personally liable for any breach of that duty.

Generally, a Trustee has a duty to invest and manage property held in a fiduciary capacity in accordance with the "Prudent Investor" standards established under the laws of the state that governs the trust. In contrast to the old "Prudent Man" rule, with its emphasis on preserving trust principal at all costs, the new Prudent Investor rule gives Trustees much broader authority to make investments. The emphasis on a Trustee's duty of caution and avoidance of speculation in the old Prudent Man rule has been replaced by a more modern approach to trust investment in which the Trustee's central concern is balancing acceptable risk against increased returns, based upon the overall purposes of the trust. The Prudent Investor rule reflects the trend in the law of fiduciary investment in response to changing economic conditions, modern investment vehicles and strategies, modern portfolio theory and an evolving regulatory environment for fiduciaries.

CONSEQUENCES FOR BREACH OF THESE DUTIES BY THE FIDUCIARIES

A failure to abide by these duties usually result in negative consequences both for the fiduciaries and their beneficiaries. The SEC has the power to suspend and sanction defaulting CMOs and has utilized these powers on several occasions[http://sec.gov.ng/suspensions-and-penalties/]. Section 174(1)(a-b) of the ISA particularly vests on the Commission the power of cancelation and suspension of the registration of an Investment Manager who is in breach of duties.

Beyond these regulatory consequences, there is also the negative impact on the reputation of these CMOs and their executives. However, investors are usually the worst hit when losses arise from the breach of these duties, thus, it is important that investors are aware of the duties of fiduciaries and must ensure that their Investment Managers are vetted and have a reputation of integrity.

SOURCES

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WHAT CAN SAMTL OFFER?

SAMTL is a one stop shop for both Trusteeship and Asset/Portfolio Management Services market wide. We are reliable and we are focused on our customers.

Visit our website today: www.samtlng.com

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Email: info@sterlingassetng.com