Fi360

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AIF Designation Training – Capstone

The AIF Training teaches a start-to-finish process for making investment decisions that is focused on the best interests of the investor and/or beneficiary.

1. **Introduction**: This module is focused on the fundamentals of fiduciary responsibility, understanding the importance of the fiduciary role, and how a defined process helps improve decision making and mitigates personal risk.
    a. **About Fi360:**
        i. About Fi360
        ii. The differences between fiduciary and fair dealing
        iii. Who is an investment fiduciary
    b. **Laws Governing Fiduciary Responsibility**:
        i. Where fiduciary obligations come from
    c. **Fiduciary Excellence**:
        i. Seven fiduciary principles
        ii. Understanding Fi360's Prudent Investment Practices
    d. **Assessment and AIF Designation**:
        i. Assessing fiduciary preparedness
        ii. Using the AIF designation

2. **Step # 1 – Organize:** This module is about setting up the investment portfolio for success. It includes an overview of the roles involved, the importance of documentation, the legal and regulatory oversight structure, and ensuring assets are properly protected.
    a. **Practice 1.1 - Know Your Duties**:
        i. Applicable laws and oversight
        ii. Professional standards
    b. **Practice 1.2 - Governing Documents:**
        i. Trust documents
        ii. The investment policy statement
        iii. Fiduciary file
    c. **Practice 1.3 - Define and Document Roles:**
        i. Identifying fiduciaries
        ii. Documenting fiduciary status
        iii. Investment committee by-laws
        iv. Disaster recovery plan
    d. **Practice 1.4 - Conflicts of Interest:**
        i. Conflict of interest policies and procedures
        ii. Examples of conflicts of interest
        iii. Managing conflicts
    e. **Practice 1.5 - Service Agreements**:
        i. Service provider disclosures
        ii. Vendor contracts
    f. **Practice 1.6 - Jurisdiction Over Assets**:

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i. Client assets are protected from theft and embezzlement.
ii. Securing client or plan data

3. **Step #2 Formalize –** This module is about developing the investment strategy. The process begins with understanding the goals and expectations of the portfolio, builds on the principles of asset allocation, and relies on the investment policy statement to ensure the strategy is carried out.
    a. **Practice 2.1 - Time Horizon:**
        i. The hierarchy of investment decisions
        ii. Modern Portfolio Theory and optimization
        iii. Time horizon
    b. **Practice 2.2 - Risk Level and Tolerance:**
        i. Identifying an appropriate level of risk for each client
        ii. Large loss scenarios
        iii. Disbursement obligations
    c. **Practice 2.3 - Expected Return:**
        i. Identifying an expected return to meet investment objectives
        ii. Modeling returns
    d. **Practice 2.4 - Asset Class Diversification:**
        i. Efficient allocation of assets based upon the specified time horizon and risk/return profile of the portfolio.
    e. **Practice 2.5 - Asset Class Implementation**:
        i. Selecting asset classes that are consistent with implementation and monitoring constraints.
    f. **Practice 2.6 - The IPS**:
        i. The importance of an investment policy statement
        ii. What goes into an investment policy statement
    g. **Practice 2.7 – SRI:**
        i. When socially responsible investment strategies are appropriate
        ii. Implementing socially responsible investment strategies

4. **Step # 3 Implement -** This module is about carrying out a defined investment strategy. It covers service provider selection, available safe harbors, and investment due diligence.
    a. **Practice 3.1 -Service Providers Selection**:
        i. Following a due diligence process to select providers
    b. **Practice 3.2 - Safe Harbors:**
        i. Provisions of any ERISA and IAA safe harbors that are elected.
    c. **Practice 3.3 - Investment Due Diligence**:
        i. The due diligence process and appropriate due diligence screens
        ii. Documentation and consistent application
        iii. Passive and active investment strategies
        iv. Alternative investments

5. **Step # 4 Monitor -** This module is about measuring the portfolio's success and ensuring its continued success going forward. It covers both quantitative and qualitative performance measurement, controlling expenses, and what to do when changes are necessary.
    a. **Practice 4.1- Quantitative Investment Reviews:**
        i. Performance monitoring
        ii. Watch list procedures
        iii. Rebalancing
    b. **Practice 4.2 - Qualitative Investment Reviews**:
        i. Qualitative factors
        ii. Acting on adverse information
        iii. Contract review process
    c. **Practice 4.3 - Trading Practices and Proxy Voting**:
        i. Best execution
        ii. Soft dollars
        iii. Directed brokerage
        iv. Principal vs. agency trades
        v. Commission recapture
        vi. Proxy voting
    d. **Practice 4.4 - Fees and Expenses**:
        i. Why fees receive the most scrutiny
        ii. Expenses in mutual funds
        iii. Service agreements and fees
        iv. Benchmarking
        v. The fair and reasonable standard
    e. **Practice 4.5 - Overall Fiduciary Effectiveness**:
        i. Ongoing review of fiduciary effectiveness

6. **Wrap up -** Discuss the last steps you must complete to become an AIF Designee