

Prudent Person Rule Policy Framework

August 2025

Version 14.1

Approved for Release

Approved By	Approval Date	Effective Date
The Public Trustee of Queensland and CEO	17 September 2025	17 September 2025

Contact Details:	Director Investment Advisory and Taxation Services
Program Name:	Financial Services
Document Status:	Final – version 14.1

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Part 1 Introduction

1. Purpose

Queensland Public Trustee (**QPT, us, the Office**) has a statutory obligation to comply with the **Prudent Person Rule** when making investment decisions for its customers.¹

This policy framework details the measures we take to ensure compliance with the Prudent Person Rule and defines who does what to meet our obligations under Part 3 of the *Trusts Act 1973* (Qld).²

As the test for whether a decision is "prudent" is based on our conduct, rather than the performance of a particular investment based on that conduct, the purpose of this policy framework is to ensure our conduct mirrors best practice.

Our conduct is primarily measured by the process through which investment strategies are developed, implemented and monitored; as well as how risk is managed. It is not measured by an assessment of whether individual investments or products are either prudent or imprudent. This means it is important that we have appropriate systems, policies and procedures in place to demonstrate prudential investment decision-making.

Meeting our obligations under the Prudent Person Rule is a whole of office responsibility, owned by the QPT's Investment and Finance Services Division.³

This policy framework is not a standalone document. It is to be read in conjunction with relevant manuals of the Office, including the Financial Management Manual. These other manuals provide more specific details of processes and procedures to be undertaken in certain areas of the QPT.

¹ The QPT has had a statutory obligation to apply this rule when making investments for customers since 3 February 2000 when the *Trusts (Investments) Amendment Act 1999* (Qld) amended Part 3 of the *Trusts Act 1973* (Qld). It is noted that the *Trusts Act 1973* (Qld) will soon be replaced by the *Trusts Act 2025* (Qld) which received Royal Assent on 19 May 2025 but has not yet commenced. The Prudent Person Rule is retained in the new *Trusts Act 2025* (Qld).

² Refer to Attachment 1.

³ This policy framework will be maintained by Investment and Finance Services Division, which is the subject matter authority within the Office.

2. What is the Prudent Person Rule?

In general terms, the Prudent Person Rule refers to a collection of legal principles which the QPT must abide by in making investment decisions on behalf of its customers.

The Rule applies when the QPT makes investment decisions for estates under administration, including:

- a) Beneficiaries of a deceased estate under administration;⁴
- b) Beneficiaries of trusts, including life interest estates; and
- c) Customers for whom we act in our capacity as their Financial Attorney or Financial Administrator, through a power of attorney or Court or Queensland Civil and Administrative Tribunal (**QCAT**) appointment.

(collectively referred to as **customers** in this policy framework).

The Rule also recognises that, because the QPT is in the business of providing professional trustee services, it is subject to a higher standard of professional conduct than someone who is not in the trustee business.

The specific legal principles underpinning the Prudent Person Rule are explained in Attachment 2 to this policy framework.

3. How do we comply with the Prudent Person Rule?

3.1 Generally

When we make investment decisions on behalf of our customers, we:

- a) Act in the interests of, and are impartial towards, all current and future beneficiaries of the trust in circumstances where that obligation arises. This is particularly important when dealing with matters where there are two sets of beneficiaries with separate entitlements to income and capital, such as life interest estates;
- b) Do not make speculative or hazardous investments. The use of investment products approved and supplied by our Investment Operations, or recommended by our approved Financial Planner, are intended to diversify investment risk as appropriate for the customer's investment objective;
- c) Obtain advice on investment strategies and products; and
- d) Conduct at least an annual review of our customers' investment strategies, or more often if required.

⁴ *Public Trustee Act 1978* (Qld), section 6.

3.2 Relevant considerations in making investment decisions: section 24 of the *Trusts Act 1973*

In meeting these obligations when making investment decisions on behalf of our customers, we have regard to various relevant considerations,⁵ including:

- a) **The purpose of the trust and the needs and circumstances of the beneficiaries:** We identify the purpose of the trust and the needs and circumstances of the beneficiaries. Customer needs, views and wishes⁶ are factors that we consider in setting an investment objective, which in turn helps to determine investment asset allocation. Matching the appropriate asset allocation to a customer's needs is the key to successful investment decision-making. We promote participation in planning and decision making by customers, their families, and other key people in the planning process.

We may seek professional financial planning advice for individual customers, for which we are authorised to pay for the reasonable cost out of trust funds. We may seek independent, impartial advice for the investment management of trust funds from a competent adviser. We are authorised to pay for the reasonable costs of that advice out of trust funds.

Importantly, customers can also request financial advice from another reputable Financial Planner, who must adhere to the compliance standards and the Financial Planning Associations Code of Professional Practice. Members of our financial planning panel are subject to regular compliance checks by their own compliance teams and audits by the Australian Securities and Investment Commission (ASIC).

- b) **The desirability of diversifying trust investments, the nature of and risk associated with existing trust investments and other trust property:** We aim to diversify customers' funds across multiple asset classes to reduce the risk of underperformance by any single asset class or manager during a given period. This is why we use a diversified unit trust, whose investment manager may use more than one investment product provider. If we must invest in a single asset class because of the customer's objective, we try not to invest in just one product.

This also means that, when we assess a customer's investment portfolio, we need to understand their existing investment assets and how those assets impact the customer's overall objective.

- c) **The need to maintain the real value of the capital or income of the trust, the risk of capital or income loss or depreciation and the**

⁵ Listed in section 24 of the *Trusts Act 1973* (Qld).

⁶ Where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

potential for capital appreciation: Where there is a need to generate sufficient capital growth and income to meet a customer's needs through medium to long-term investments, we invest in a diversified portfolio aiming to generate potential better returns to outperform the eroding effects of inflation. This helps preserve customer capital, which in turn preserves the ability to generate income streams.

- d) **Likely income return and timing of income return, the length of the term of the proposed investment and probable duration of the trust:** We work to ensure our customers' short, medium and long-term needs are matched to an appropriate asset allocation. Some customers need income, rather than capital growth. However, the customer's Investment Time Horizon (ITH) could be medium to long-term. This means the customer will need some investments in growth assets to maintain real capital value to generate the income streams needed through the life of the investment.
- e) **The liquidity and marketability of the proposed investment during, and at the end of, the term of the proposed investment:** Through our experience, we understand that customers usually need ready access to cash for planned or unexpected needs. This generally means that some part of customers' portfolio will be invested in the cash sector. The amount needed is calculated by the creation of an annually reviewed budget. If customers exceed their cash reserves, then we risk crystallising unplanned capital gains tax events.
- f) **Total value of the trust estate and the cost (including commission fees, charges and duties payable) of making the proposed investment:** We consider the value of the investable assets when determining an appropriate amount of risk and diversification. The cost of diversification for lesser amounts may be greater than the achievable benefits.

In any case, the cost of getting and implementing investment advice should be less than the value created by that advice. That is why we segment our advice and only send matters to the Financial Planners above a certain dollar value, or when the customer's needs are complex.

- g) **Effect of the proposed investment for the tax liability of the trust and the likelihood of inflation affecting the value of the proposed investment or other trust property:** We consider tax issues to the extent that they will impact upon the ability to meet investment objectives. If customers are likely to be subject to significant tax consequences as a result of decisions aiming to achieve investment outcomes, we consider strategies to mitigate against unnecessary adverse effects.
- h) **Results of a review of existing trust investments:** We annually review customer investments and strategy. We conduct these reviews more frequently where there has been a material change in the customer's circumstances that may impact on their financial position.

3.3 Other key considerations in making investment decisions

In addition to the relevant considerations identified in section 3.2 above, Table 1 below identifies several other general considerations which inform the QPT's investment decisions, set out the roles and responsibilities of relevant areas of the QPT at a procedural level, and enable us to meet our Prudent Person Rule obligations.

Table 1 – Actions taken by the Queensland Public Trustee to meet its obligations with respect to the Prudent Person Rule:

Action	How this is achieved	Delivered By
We follow the direction of the relevant Trust Instruments	Customer Experience & Delivery and the Trust Service Centre follow and implement investment directions contained in trust deeds.	Customer Experience & Delivery and the Trust Service Centre
	Where required, Customer Experience & Delivery and the Trust Service Centre request assistance from Investment Operations for financial planning advice that can include investment recommendations prepared taking into consideration the factors detailed at Section 24 of the <i>Trusts Act 1973</i> .	Investment Operations
	Investment recommendations are actioned following the business rules embedded in Customer Experience and Delivery and the Trust Service Centre processes, or by the Financial Planners.	Customer Experience & Delivery and Trust Service Centre
	All officers should apply the standards and procedures detailed in the relevant manuals and office policies.	All Programs
We act in the best interests of all current and future beneficiaries.	This applies to beneficiaries of trusts and deceased estates. This obligation does not strictly apply to customers for whom we act as their Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order.	Customer Experience & Delivery and Trust Service Centre
	The QPT practices, procedures, Office directives and manuals must be followed, to ensure these obligations are met.	Investment Operations
We invest in products which are not speculative or hazardous	Financial Planners must meet their obligations under the <i>Corporations Act 2001</i> (Cth) (Corporations Act). Investment Operations use strategies and products that balance the risk/return trade off. They also use strategies and products that are diversified across asset classes, managers and economies to reduce the risk of underperformance in any one asset, class, segment; or management style. These strategies and products are delivered by qualified and competent technical specialists. In choosing these strategies and products, consideration must be given to the views and, wishes	Financial Planners

Action	How this is achieved	Delivered By
	and preferences ⁷ of the customer and their history of investment.	
We act impartially towards all beneficiaries	<p>Our impartiality is supported by the following processes and procedures including those developed to support investment decision-making:</p> <ul style="list-style-type: none"> • External Statements of Advice (SOAs) are prepared by Financial Planners based on information provided by the Trust Officers. Sufficient information about all beneficiaries should be supplied to enable the Financial Planner to address the needs of all beneficiaries. Trust Officers demonstrate that we meet the “Reasonable Basis for Advice”⁸ requirements for provision of financial planning advice for these customers. • Complex Request for Statement of Advice (RSOA) / SOA are reviewed by Investment Operations for compliance with these obligations. • SOAs are reviewed by Trust Officers and Supervisors. Financial Planners produce the SOAs. <p>Investment advice and strategies for Life Interest Estate matters balance the conflicting needs for life tenants to obtain income, whilst preserving the capital for remainder men beneficiaries.</p> <p>Consideration must be given to the views, wishes and preferences⁹ of the customer and their history of investment.</p>	<p>Customer Experience & Delivery and Trust Service Centre</p> <p>Investment Operations</p> <p>Investment Operations</p> <p>Customer Experience & Delivery</p> <p>Customer Experience & Delivery and Trusts Service Centre</p>
We comply with our duty to obtain advice.	<p>The QPT obtains advice from specialists to assist with the development of investment strategies, products and services, including QIC Limited and Morgans Financial Limited.</p> <p>The cost of obtaining advice for the benefit of an individual is paid from the funds held in trust for the individual.</p>	<p>Investment Operations</p> <p>Customer Experience & Delivery and</p>

⁷ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

⁸ *Corporations Act 2001* (Cth), section 949A.

⁹ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

Action	How this is achieved	Delivered By
	The QPT may pay out of the customer's funds the reasonable costs of obtaining independent and impartial advice if it is reasonably required for the investment of the funds held for the customer, for the management of the investment for the customer, and the QPT reasonably believes that the person providing the advice is competent to give the advice.	Trusts Service Centre
We ensure that our engaged Financial Planners adhere to the investment principles outlined in section 24 of the <i>Trusts Act 1973</i>	We ensure Financial Planners adhere to ASIC guidelines when preparing Complex SOA for our customers.	Financial Planners
	The QPT's investment products are developed in conjunction with QIC Limited following sound investment management practice and under direction of the Director Investment Advisory and Taxation Services. SOAs must be produced in accordance with guidelines developed by Investments in conjunction with appropriate technical specialists.	Investment Advisory and Taxation Services
	Complex SOAs are reviewed by Investment Operations for appropriateness and compliance with the Prudent Person Rule.	Investment Operations

Part 2 Investment Operations Activities

The QPT's Investment Operations team is responsible for implementing and managing the investment decisions, we make on behalf of our customers. Investment Operations takes the following measures to comply with the Prudent Person Rule.

1. The Customer Investment Strategy

The QPT treats all customers with the same level of respect and service. To ensure appropriate advice and investment products are delivered to customers at a reasonable cost, we segment investment strategies according to the amount and type of investable assets held by our customers, as detailed in Table 2 below.

The Customer Investment Strategy (**CIS**), originally approved on 12 April 2013, is the QPT's customer investment option for non-complex customers.¹⁰ The CIS assists the QPT in meeting our obligations relating to the Prudent Person Rule. It is reviewed annually to ensure it continues to meet objectives.

The CIS continues to focus on a wealth preservation outcome for customers with the combination of cash and term investment accounts and the Public Trustee of Queensland Growth Trust (**Growth Trust**) to maintain the capital value of the customer's investment.

The Growth Trust, and how customer funds are invested in it, is explained in detail at section 4.7 of this policy framework.

For customers with assets amounting to less than \$450,000, following the principles outlined in this policy framework to meet obligations with respect to the Prudent Person Rule, funds will be invested as follows:

- Greater of \$50,000 or 12.5% of investable assets or 5-year budget deficit to be held in cash (plus any future capital expenses).
- Balance to be invested in the Growth Trust (dependent on the investment time horizon (ITH) and minimum buy / sell rules (see below exception); and
- If total balances are <\$50,000 or a customer or matter has an investment time horizon (ITH) of less than 6 years, funds will remain in cash / Term Investment Account (TIA).
- For customers with balances under \$50,000 in superannuation and no other complex assets are reviewed internally through the updated Small Super review checklist procedure.
- An automatic rebalance occurs monthly to rebalance the Cash Account to \$5,000 with the remainder in the TIA to receive a higher interest rate (excluding other matter Trusts (TRST)) and customers who are manually excluded from the rebalance).

¹⁰ The CIS was extended to include other trust matters with selected sub-types on 17 October 2014. It was further extended on 15 March 2017 to include customers with funds under management up to \$450,000, with the inclusion of a minimum of 12.5% kept in cash for these matters.

Customers with more complex arrangements or who require a specific strategy to meet their needs will continue to be referred annually to the Financial Planner and will not be covered under the CIS.

2. Financial Management

The following information applies to the following QPT customers:

- a) Customers for whom we act in our capacity as their Financial Attorney or Financial Administrator, through a power of attorney or Court or Queensland Civil and Administrative Tribunal (**QCAT**) appointment.

Table 2 – Financial Management Customers – Thresholds and Investment Strategies

Investment Assets	Investment Strategy Financial Management	Products Used
\$0 to \$450,000	<p>Customer Investment Strategy:</p> <p>The Customer Investment Strategy considers using the target date strategy and not a target risk strategy</p> <p>Customers whose assets are not complex (i.e. Cash, Term Investment Account (TIA) and Public Trustee of Queensland Growth Trust):</p> <ul style="list-style-type: none"> Greater of \$50,000 or 12.5% of investable assets or 5-year budget deficit to be held in cash, plus any future capital expenses: <ul style="list-style-type: none"> \$5,000 in Queensland Public Trustee Cash Account. \$45,000 minimum or calculated amount to be invested in Term Investment Account (TIA); and Balance to be invested in Public Trustee of Queensland Growth Trust (unless a customer has less than 6 years Investment Time Horizon (ITH), then the whole amount will be placed in cash). Preserve capital in event of unexpected expenses. Initial and annual reviews are processed, authorised in the regions and implemented by the Investment Operations team. 	<p>Queensland Public Trustee Cash Account</p> <p>Term Investment Account (TIA)</p> <p>Public Trustee of Queensland Growth Trust</p>
<p>\$450,000 to \$999,999 (including complex assets)</p> <p>Deals with customers holding assets identified</p>	<p>External Statements of Advice</p> <p>Also includes customers who hold complex assets under \$450,000.</p> <ul style="list-style-type: none"> Trust Officer refers RSOA to Manager to review. Investment Operations also review RSOA for completeness. When 	

Investment Assets	Investment Strategy Financial Management	Products Used
at Financial Management Manual, Section 28	complete, RSOA sent to Financial Planners.	
	<ul style="list-style-type: none"> Financial Planners develop strategy and investment recommendations taking into consideration customers' Investment Time Horizon (ITH), needs, views and resources. SOAs are individually prepared for each customer. Financial Planner selects investment products they consider appropriate. They may select the Queensland Public Trustee investment products and products from their own RPL. Financial Planners must document that they have considered superannuation in all cases, but especially when assets are over \$450,000 or income is in excess of \$35,000. A sample of draft SOAs are reviewed by the Investment Operations team. Where recommendations are not substantiated or staff or the customer has other queries, SOAs are returned to the Planner for rework. The Trust Officer to send SOA to customer for review, comments, and implementation endorsement. SOA implemented by Investment Operations team. 	<p>Queensland Public Trustee Cash Account</p> <p>Term Investment Account (TIA)</p> <p>Public Trustee of Queensland Growth Trust</p> <p>Planners Recommended Product List (RPL)</p>
\$1,000,000 and over Or \$100,000 and over in non-Growth Trust	Complex Statement of Advice <ul style="list-style-type: none"> Trust Officer refers RSOA to Manager to review. Investment Operations also review RSOA for completeness. When complete, RSOA sent to Financial Planners. Draft SOAs are individually prepared by the Financial Planner for each customer. Financial Planner selects investment products they consider appropriate. They may select The Queensland Public Trustee investment products and products from their own RPL. Draft SOAs are reviewed by Investment Operations team. Where recommendations are not accepted or staff or the customer has other queries, 	<p>Queensland Public Trustee Cash Account</p> <p>Term Investment Account (TIA)</p> <p>Public Trustee of Queensland Growth Trust</p>

Investment Assets	Investment Strategy Financial Management	Products Used
	SOAs are returned to the Financial Planner for rework.	
	<ul style="list-style-type: none"> Once satisfied, Director Customer Financial Services will endorse the SOA authorising production of final SOA by the Financial Planner for customers with funds over \$1,000,000. The Trust Officer to send SOA to customer for review, comments, and implementation endorsement. SOA Implementation by Investments Operations team. 	Planners Recommended Product List (RPL)

Table 3 below demonstrates how customers are progressively 'exited' from the CIS as their investable assets near maturity.

Table 3 – Customers with assets invested in the CIS are exited from the CIS into a pure cash strategy, as the trust reaches maturity using the following exit or “glide” path strategy*:

Years to Maturity	Cash	Public Trustee of Queensland Growth Trust
1	100%	0%
2	100%	0%
3	Maximum \$50,000 3 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)
4	Maximum \$50,000 4 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)
5	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 67%)
6	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 67%)

7+	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 87.5%)
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**The glide path is intended to gradually reduce the customer's exposure to equities in order to mitigate against single year equity market shocks.*

Financial Management Customers with amounts greater than \$150,000 may be offered an alternative investment strategy to better meet their specific circumstances.

Table 4 below aids in identifying whether the Customer Investment Strategy will apply to different customer scenarios and indicates whether the review will follow the internal or external path. The collection of customer data and their needs, views, wishes and preferences gathered by the QPT further informs the workflow on which path (internal or external) will be undertaken in the annual financial review.

Table 4 - Matrix of customer scenarios

Applicable to Financial Management			Customer Investment Strategy (Internal Investment Strategy) Applies: \$50,000 or 12.5% of investable assets held in Cash / TIA combination with Balance in Growth Trust (subject to capital requirements)	Internal: Workflow rebalances automatically	External: RSoA to be prepared and sent to Financial Planner
Value of Assets	New Customer or Matter	Less than \$150,000 and no complex assets exist	✓	✓	
		Between \$150,000 and \$450,000 and no complex assets exist	✓		✓
		Greater than \$450,000			✓
		Complex assets exist			✓
	Existing Customer or Matter	Less than \$450,000 and no complex assets exist *	✓	✓	
		Greater than \$450,000			✓
		Complex assets exist			✓

Welcome letters are sent to all new customers. An RSOA or SOA is only required for initial customers or customers transitioning to the CIS. The Financial Planner will take

into account all assets when considering the strategy and will provide recommendations (if appropriate) to transition existing customers to the CIS.

If a customer is within the glide path parameters outlined in Table 3, no Growth Trust buys will be permitted due to the short investment timeframe.

Investment Operations are responsible for the implementation of all customer SOAs in this category.

Non-CIS investment strategies

The following investment strategies are used for customers who do not meet the ordinary criteria for asset investment under the CIS.

a) **Over \$450,000 or with a financial product requiring personal advice:**

An RSOA is sent to the Financial Planner for advice. External SOAs are prepared by Financial Planners who must adhere to the compliance standards based on the *Corporations Act 2001*, ASIC regulatory guidelines and the Financial Planning Associations Code of Professional Practice. Members of the Financial Planning panel are subject to regular compliance checks by their own compliance teams and audits by ASIC. Investment options include the Growth Trust, Term Investment Account (TIA), Queensland Public Trustee Cash Account and products selected from the Financial Planners Recommended Product List (RPL).

These matters are referred to Financial Planners for preparation of a complex SOA. Given the quantum of investable assets and potential risk to the Office, Investment Operations review both the RSOA and the draft SOA to ensure customers receive appropriate advice, meeting our obligations under the Prudent Person Rule. The Director Financial Services Customer endorses the final draft for production for customers with over \$1,000,000 in funds under management.

The QPT's obligations to comply with the Prudent Person Rule apply alongside the obligations which the QPT is required to comply with as an administrator under the GAA Act (and when the QPT acts as an attorney). These are outlined in Annexure 2.

3. Trusts and other matters

3.1 Minor Trusts (MINR), Power of Attorney Matters (AGPF), Contingent Beneficiaries (CBEN) and Other Matters (TRST)

The following information applies to QPT customers in the categories Minor Trusts (MINR), Power of Attorney Matters (AGPF), Contingent Beneficiaries (CBEN) and Other Matters (TRST). In respect of these customers, Investment Operations takes the following measures to comply with the Prudent Person Rule.

The Office treats all customers with the same level of respect and service. To ensure appropriate advice and investment products are delivered to customers at a reasonable cost, we segment investment strategies according to the quantum and type of investable assets held by our customers, as detailed in Table 5 below.

Table 5 – Trusts and other matters – Thresholds and Investment Strategies –Minor Trusts (MINR), Power of Attorney Matters (AGPF), Contingent Beneficiaries (CBEN) and Other Matters (TRST):

Investment Assets	Investment Strategy MINR, AGPF, CBEN and Other Matters (TRST)	Products Used
\$0 to \$450,000	<p>The Customer Investment Strategy considers using the target date strategy and not a target risk strategy</p> <p>Customers whose assets are not complex (i.e. Cash, Term Investment Account (TIA) and Public Trustee of Queensland Growth Trust):</p> <ul style="list-style-type: none"> Greater of \$50,000 or 12.5% of investable assets or 5-year budget deficit to be held in cash, plus any future capital expenses: <ul style="list-style-type: none"> \$5,000 in Queensland Public Trustee Cash Account. \$45,000 minimum or calculated amount to be invested in Term Investment Account (TIA); and Balance to be invested in Public Trustee of Queensland Growth Trust (unless a customer has less than 6 years Investment Time Horizon (ITH), then the whole amount will be placed in cash). Preserve capital in event of unexpected expenses. Initial and annual reviews are processed, authorised in the regions, and implemented by the Investment Operations team. 	<p>Queensland Public Trustee Cash Account</p> <p>Term Investment Account (TIA)</p> <p>Public Trustee of Queensland Growth Trust</p>

Investment Assets	Investment Strategy MINR, AGPF, CBEN and Other Matters (TRST)	Products Used
<p>\$450,000 to \$999,999 (including complex assets)</p> <p>Deals with customers holding assets identified at Financial Management Manual, Section 28</p>	<p>External Statements of Advice</p> <p>Also includes customers who hold complex assets under \$450,000.</p> <ul style="list-style-type: none"> Trust Officer refers RSOA to Manager to review. Investments also review RSOA for completeness. When complete, RSOA sent to Financial Planners. Financial Planners develop strategy and investment recommendations taking into consideration customers' Investment Time Horizon (ITH), needs, views, wishes and preferences and resources.¹¹ SOAs are individually prepared for each customer. Financial Planner selects investment products they consider appropriate. They may select the Queensland Public Trustee investment products and products from their own RPL. Financial Planners must document that they have considered superannuation in all cases, but especially when assets are over \$450,000 or income is in excess of \$35,000. Draft SOA reviewed by Financial Planners and a sample is reviewed by the Investment Operations team. Where recommendations are not substantiated or staff or the customer has other queries, SOAs are returned to the Planner for rework. The Trust Officer to send SOA to customer for review, comments, and implementation endorsement by the delegated authority. SOA implemented by Investment Operations team. 	<p>Queensland Public Trustee Common Fund Cash Account</p> <p>Term Investment Account (TIA)</p> <p>Public Trustee of Queensland Growth Trust</p> <p>Planners Recommended Product List (RPL)</p>

¹¹ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

a) **Between \$0 and \$450,000 – CIS:**

For matters less than \$450,000, taking into account that the customer may have needs, views and wishes¹² which are considered and or external advice is sought and recommends otherwise, funds will be invested as follows:

- Greater of \$50,000 or 12.5% of investable assets or 5-year budget deficit to be held in cash (plus any future capital expenses). Cash is to be rebalanced to \$5,000, with the remainder in the Term Investment Account (TIA);
- Balance to be invested in Growth Trust (dependent on the investment time horizon (ITH) and minimum buy / sell rules (see below exception); and
- If total balances are <\$50,000 or a customer or matter has an investment time horizon (ITH) of less than 6 years, funds will remain in cash / Term Investment Account (TIA).

Table 6 below demonstrates how customers are progressively 'exited' from the CIS as their investable assets near maturity.

Table 6 – Customers invested in the strategy will be exited from the investment strategy into a pure cash strategy, as the trust reaches maturity using the following exit or “glide” path strategy*:

Years to Maturity	Queensland Public Trustee Cash Account	Public Trustee of Queensland Growth Trust
1	100%	0%
2	100%	0%
3	Maximum \$50,000 3 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)
4	Maximum \$50,000 4 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)
5	Maximum \$50,000	Balance of investable assets

¹² As noted above, where QPT is acting as their Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers. Decision making in the case of trusts can be more nuanced, as the duty is to act in the best interests of all current and future beneficiaries. QPT adjusts its practices accordingly.

Years to Maturity	Queensland Public Trustee Cash Account	Public Trustee of Queensland Growth Trust
	5 years cash requirements (i.e. minimum 33% of investable assets)	(i.e. maximum allocation 67%)
6	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 67%)
7+	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 87.5%)

**The glide path is intended to gradually reduce the customer's exposure to equities in order to mitigate against single year equity shocks.*

Minor Trusts greater than \$150,000 are offered an alternative plan to cash/TIA and arrange a transfer of assets at majority. This approach is to seek the customer's future intentions and align with those.

Welcome letters are sent to all new customers by Customer Experience and Delivery.

For customers with an amount of \$150,000 to \$450,000 an initial SOA is obtained. For customers with amounts of \$0 to \$150,000 advice is only sought from the Financial Planner if they have complex assets. In the instance where the Financial Planner recommends investment in Queensland Public Trustee products only, the QPT pays for the financial planning advice or customers transitioning to the Customer Investment Strategy. The Financial Planner will take into account all assets when considering the strategy and will provide recommendations (if appropriate) to transition existing customers to the Customer Investment Strategy.

If a customer falls within the glide path parameters within the Customer Investment Strategy, investment strategies are de-risked to ensure that there is a smooth transition that considers the risks of capital devaluations appropriate for the customer's objective. Growth Trust buys will not be permitted due to the short investment timeframe.

Investment Operations are responsible for the implementation of all customer SOAs in this category.

b) Over \$450,000 to \$999,999 or with a financial product requiring personal advice:

An RSOA is sent to the Financial Planner for advice. External SOAs are prepared by Financial Planners who must adhere to the compliance standards based on the Corporations Act, ASIC regulatory guidelines and the Financial Planning Associations Code of Professional Practice. Members of the Financial Planning panel are subject to regular

compliance checks by their own compliance teams and audits by ASIC. Investments must include Queensland Public Trustee Cash Account, while Investment options may include the Growth Trust, Term Investment Account (TIA), and products selected from the Financial Planner's Recommended Product List (RPL).

These matters are referred to Financial Planners for preparation of a complex SOA. Given the quantum of investable assets and potential risk to the Office, Investment Operations review all the RSOAs, and a sample of draft SOAs to ensure customers receive appropriate advice, meeting our obligations under the Prudent Person Rule.

c) **Over \$1,000,000 in QPT investable assets / \$100,000 non-QPT assets or with complex issues:**

An SOA is prepared by the Financial Planner who must adhere to the compliance standards based on the Corporations Act, ASIC Regulatory Guidelines, and the Financial Planning Association's code of Professionals Practice. The Financial Planner is subject to regular compliance checks by their own compliance teams and audits by ASIC. Investment must include Queensland Public Trustee Cash Account and Investment options may include Growth Trust, TIA, and products selected from the Financial Planner's Recommended Product List (RPL).

These matters are referred to Financial Planners for preparation of a Complex SOA. Given the quantum of investable assets and potential risk to the customer and the Office, Investment Operations review both the RSOA and the draft SOA to ensure customers received appropriate advice, meeting our obligations under the Prudent Person Rule. The Director Financial Services Customer endorses the final draft for production for customers with over \$1,000,000 in funds under management.

Table 7 below aids in identifying whether the Customer Investment Strategy will apply to different customer scenarios and indicates whether the review will follow the internal or external path. The collection of customer data including their needs, views, wishes and preferences (where applicable) gathered by the Trust Officers further informs the workflow on which path (internal or external) will be undertaken in the annual financial review.

Table 7 - Matrix of customer scenarios

Applicable to MINR, AGPF, CBEN customers and other matters (TRES / TRST) only			Customer Investment Strategy (Internal Investment Strategy) Applies: \$50,000 or 12.5% of investable assets held in Cash / TIA combination with Balance in Growth Trust (subject to capital requirements)	Internal: Workflow rebalances automatically	External: RSoA to be prepared and sent to Financial Planner
Value of Assets	New Customer or Matter	Less than \$150,000 and no complex assets exist	✓	✓	
		Between \$150,000 and \$450,000 and no complex assets exist	✓		✓
		Greater than \$450,000			✓
		Complex assets exist			✓
	Existing Customer or Matter	Less than \$450,000 and no complex assets exist *	✓	✓	
		Greater than \$450,000			✓
		Complex assets exist			✓

3.2 Life Interest Estates

Life Interest Estates that hold property assets have an investment strategy informed by the terms of trust. The following information applies to Life Interest Estates (TRES / LIFE).

The Office treats all customers with the same level of respect and service. To ensure appropriate advice and investment products are delivered to customers at a reasonable cost we segment investment strategies according to the quantum and type of investable assets held by our customers, as detailed in Table 8. For the purposes of Table 8, investable assets for Life Interest Estates include liquid and non-liquid assets available for investment and exclude any real property that is the subject of a Life Interest Estate:

Table 8 – Customers Activities – Thresholds and Investment Strategies – Testamentary Trusts – Life Interest Estate Matters:

Investment Assets	Investment Strategy Testamentary Trusts – Life Interest Estate Matters	Products Used
\$0 to \$49,999	<ul style="list-style-type: none"> Provide security of capital. Review Annually 	Funds retained in Queensland Public Trustee Common Fund Cash Account and Term Investment Account

Investment Assets	Investment Strategy Testamentary Trusts – Life Interest Estate Matters	Products Used
\$50,000 and over	<ul style="list-style-type: none"> Customer whose assets are not complex. 	
	<ul style="list-style-type: none"> Preserve capital in event of unexpected expenses. Balance the needs of the income beneficiary and the remainderman. Product recommendation determined by customers capital and income requirements. A customer with over \$50,000 and no property assets are referred to the Financial Planner. The Financial Planner may select products from their own RPL Life Interest Estates that hold property assets have an investment strategy informed by the terms of trust. 	<p>Term Investment Account (TIA) if required</p> <p>Planners Recommended Product List (RPL)</p>
\$50,000 and above (plus complex assets)	<ul style="list-style-type: none"> Preserved capital in event of unexpected expenses. Product recommendation determined by customers capital and income requirements. A customer with over \$50,000 and no property assets are referred to the Financial Planner and are invested in the TIA. A Financial Planner may select products from their own RPL Life Interest Estates that hold property assets have an investment strategy informed by the terms of trust. 	<p>Term Investment Account (TIA) if required</p> <p>Financial Planners Recommended Product List (RPL)</p>
Over \$1,000,000 in investable assets / \$100,000 non-QPT assets or with complex issues	<ul style="list-style-type: none"> Referred to Financial Planners for preparation of a complex SOA. Given the quantum of investable assets and potential risk to the Office, Investment Operations review both the RSOA prepared by Trust Officers and the draft SOA to ensure customers get appropriate advice, meeting our obligations under the Prudent Person Rule. Director Customer Financial Services endorses the final draft for production, and presentation to customers with more than \$1,000,000 in investable assets. 	Financial Planners Recommended Product List (RPL)

Life Interest Estates SOAs are processed outside the Customer Investment Strategy workflow. Life Interest Estates with investable assets over \$50,000 are referred to the Financial Planner following the guidelines provided above.

4. All customers

4.1 Investment Recommendations – CIS

Customers with investable assets less than \$50,000 are placed in Queensland Public Trustee Cash Account or Term Investment Account (TIA). The intention is to reduce the likelihood of investment volatility reducing their financial assets in the short term when these funds are likely to be needed. Both these Queensland Public Trustee investments are covered by a Queensland Government guarantee on both capital invested, and interest earned, as they form part of the Queensland Public Trustee Common Fund.¹³

Customers with more than \$450,000 in investable assets are referred to the Financial Planner, who considers the customer's Investment Time Horizon (ITH), as well as other factors (including the customer's views, wishes and preferences or the purposes of the trust and the needs and circumstances of the beneficiaries, as is relevant to the particular customer), when developing strategies and investment recommendations.

Customers with \$50,000 to \$450,000 of investable funds will be reviewed under the Customer Investment Strategy (CIS). The Financial Planner will take into account the customer's views, wishes and preferences or the purposes of the trust and the needs and circumstances of the beneficiaries, as is relevant to the particular customer, and the Customer Investment Strategy (CIS) in preparing the SOA.

The following investment objective matrices are used as a guide to asset allocation recommendations made by Financial Planners when preparing external and complex SOAs.

4.2 Investment objective for Minors, Financial Management and Active EPA customers based on target date strategy (CIS matters only):

The Customer Investment Strategy is based upon the investment objective of wealth preservation and investments are made based on a target date strategy to minimise the likelihood of any capital loss.

If a new minor customer has less than six years until age of majority (i.e. **"glide path"), no funds are invested into the Growth Trust. Rather, funds are retained in a combination of Queensland Public Trustee Cash Account and Term Investment Accounts (TIA).

Table 9 – Existing minors have assets rebalanced in a combination of cash and growth assets, as per the table below:

Years to Maturity	Cash	Public Trustee of Queensland Growth Trust
1	100%	0%
2	100%	0%
3	Maximum \$50,000 3 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)

¹³ Public Trustee Act 1978 (Qld), section 23.

Years to Maturity	Cash	Public Trustee of Queensland Growth Trust
4	Maximum \$50,000 4 years cash requirements (i.e. minimum 67% of investable assets)	Balance of investable assets (i.e. maximum allocation 33%)
5	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 67%)
6	Maximum \$50,000 5 years cash requirements (i.e. minimum 33% of investable assets)	Balance of investable assets (i.e. maximum allocation 67%)
7+	Maximum \$50,000 5 years cash requirements (i.e. minimum 12.5% of investable assets)	Balance of investable assets (i.e. maximum allocation 87.5%)

**The glide path is intended to gradually reduce the customer's exposure to equities in order to mitigate against single year equity shocks.*

Table 10 below provides indicative age ranges which we use to generally inform our considerations with respect to life expectancy when making investment recommendations. However, age is not the sole determinant for these investment recommendations.

Table 10 – Investment Recommendations for Financial Management (PM) and Active EPA Customers (Customer Investment Strategy [CIS]):

Age	Investment Recommendation
18 – 72	Cash / Queensland Public Trustee Term Investment Account (TIA) / Public Trustee of Queensland Growth Trust
73 – 80	Cash / Queensland Public Trustee Term Investment Account (TIA) / Public Trustee of Queensland Growth Trust (Glide Path, see Table 9)
80+	Cash / Queensland Public Trustee Term Investment Account (TIA)

The customer's investment recommendation is largely determined by their life expectancy (Investment Time Horizon) and budgetary requirements. Information about the customer's personal and financial situation, their views, wishes and preferences¹⁴ is documented in workflow processes and captured in the budgetary process.

¹⁴ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

The workflow processes determine the appropriate investment recommendations and ensure that customers are placed in asset allocations appropriate for their age, Investment Time Horizon and budgetary requirements.

This demonstrates that the Office and/or the Financial Planner have a reasonable basis for advice and are otherwise meeting our obligation to exercise the care, diligence and skills that a prudent person engaged in our business should exercise.

For external and complex SOAs, we anticipate that Financial Planners will consider customer investment objectives, including but not limited to those in Table 9 and Table 10 above, when developing suitable strategies and recommendations for our customers based on the information provided.

4.3 Investment Return Projections Developed by External Asset Consultants

The projections used to prepare SOAs are based on QIC Limited's Return Forecasts of income/growth, which are based on long-term forecasts for Growth Trust performance. These are reviewed and updated regularly.

4.4 Financial Advice Process

Trust Officers perform the first step in the Queensland Public Trustee financial planning process when they gather information about the customer's personal and financial position, including their views, wishes and preferences.¹⁵ The information collected completes the RSOA, which initiates the SOA production process.

Once the SOA is produced by the Financial Planner, the customer has the opportunity to review and provide feedback on the SOA and if appropriate, advise that they have no objections. After 14 days, the Trust Officer reviews the position of the SOA and provides the approval to implement. The recommendations in the SOA are then implemented on behalf of the customer.

The Investment Operations team provides technical support on financial planning issues to staff of the Office. The team monitors production of complex SOAs to ensure timely completion, and reviews complex RSOA and SOAs to ensure the advice and product recommendations being provided meet our obligations under the Prudent Person Rule.

4.5 Task Management System

The Office meets the obligations to conduct annual reviews by scheduling an annual review on the anniversary of the initial SOA in the Task Management System.

The task "Implement Customer Investment Strategy" generates a workflow stage 30 days prior to the annual review date. This workflow task is started in advance in order to meet the due date for simple matters (internal matters) and have the RSOA sent to the Financial Planner, prior to the due date for complex matters (external SOAs).

¹⁵ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

4.6 Technical References

QPT maintains a series of manuals relating to Investment Management and Financial Planning. The Office technical manuals are currently maintained by the Knowledge Management Unit within Customer Experience and Delivery Services, based on technical advice from Investment and Finance Services Division.

4.7 Queensland Public Trustee Investment Products

In addition to the Growth Trust, which is explained below, customers' money is held in Queensland Public Trustee Common Fund, as detailed below:

- a) **Queensland Public Trustee Common Fund:** This is a capital guaranteed fund that provides competitive rates of return for customer's funds. Interest rates are reviewed monthly to ensure customers receive fair and reasonable interest rates when compared to products in the market with similar terms and conditions.
- i) **Queensland Public Trustee Cash Account:** Cash is held in Queensland Public Trustee Cash Account to meet short-term liabilities. This is monitored by both Trust Officers and Investment Operations, so that amounts not needed for estate administration or short-term needs can be invested in higher yielding Term Investment Accounts (TIA) or on receipt of SOA recommendations external term deposits.
- ii) **Queensland Public Trustee Term Investment Account:** This is an account whose interest rate is benchmarked to the six month term deposit rate as published by the Reserve Bank of Australia (RBA). Unlike retail term deposits, it is not set for a fixed term and can be redeemed without penalty when required to fund short-term needs. The Term Investment Account (TIA) offers customers the opportunity to hold cash in a term deposit-like product with similar liquidity than that of Queensland Public Trustee Cash Account.
- b) **Customer Cash Held in Portfolio Services:** Customers with investments held in Morgans Financial Limited Wealth + investment administration service holds a cash account to cover expenses and investments planned for the coming quarter. The Investment Operations team in Investment Operations ensure that any surplus cash not required for these purposes is swept back quarterly into Queensland Public Trustee Common Fund.

Growth Trust

Public Trustee of Queensland Growth Trust (Growth Trust) is an investment product offered by QPT that was established to provide our customers with an investment option that offers capital growth and income from a diversified investment portfolio. It is the default fund for customers who are catered to by the Customer Investment Strategy.

a) **Financial Planning Advice**

We engage an independent financial planning firm to make investment recommendations for external and complex customers (i.e. those with investable assets between \$150,000 and \$450,000, or with complex assets).

For our Financial Planning panel to recommend investment into the Growth Trust, it must be held on their Recommended Product List (RPL). The QPT provides the Financial Planners with sufficient information to satisfy their investment committee's requirements, including:

- Quarterly Funds Management Reports from QIC Limited; and.
- Annual Attendance at Fund Manager Presentations.

The Financial Planner may recommend non-Growth Trust products where they believe these products offer similar or better performance outcomes at a reasonable cost, whilst achieving a prudent level of diversification of asset classes and managers.

We do not require the Financial Planner to use the Growth Trust. We understand that there are investment thresholds beyond which it is prudent to use other investment products to achieve diversification in managers, asset classes and sectors not offered by the Growth Trust.

b) **Asset Allocation Underlies Performance – Not Product Selection**

Third party research and investment theory tells us that approximately 90% of investment returns come from asset allocation, and the remainder from stock selection. This means that investment portfolios with similar asset allocations should have similar performance outcome over the long-term.

c) **Investment Management Style**

The funds are managed by QIC Limited, who engage specialists for the various asset classes.

d) **Fees Subject to Regular Review**

The QPT's management fees are reviewed every three years to ensure they are competitive and reasonable.

e) **Distribution Policy**

The Distribution Policy was reviewed in June 2010 by a specialist consultant to ensure conformance with prevailing industry practice and standards. As a result, the Distribution Policy was changed so that taxable income is now matched to distribution income. Previously capital losses had to be offset before a distribution could be paid. A further internal review was undertaken in 2019 which captures the Growth Trust classification as an Attribution Managed Investment Trust

(AMIT). On an annual basis the tax advisor to the Growth Trust reviews the methodology.

f) **Corporate Governance**

The QPT implements a thorough corporate governance regime consisting of separation of duties between research and implementation, use of independent research and consultancies to supplement in-house technical skills and advice received from the Financial Planner.

Section 21 of the *Public Trustee Act 1978* outlines provisions for the control, management and responsibilities of the Public Trust Office Investment Board (PTOIB) in relation to the investments of Queensland Public Trustee Common Fund. The PTOIB consists of at least three members, one of whom is the Public Trustee of Queensland, and one of whom is an officer of the department administered by the Treasurer. Complying with section 21 represents best practice and demonstrates good corporate governance.

The PTOIB also provides advice to the QPT on the investment management of the Growth Trust on a quarterly basis.

g) **Regular Peer Review and Monitoring**

The Growth Trust is reviewed regularly using Mercer software, which compares performance benchmarks and provides an analysis of peers. We also receive the Mercer Independent Review on a quarterly basis, which enables regular tracking of performance against the market and our peers.

Process Improvement

Investment Advisory Services develops an operational plan on an annual basis, which identifies and implements changes to investment infrastructure and service delivery. More information on the implementation of this plan can be obtained from the Director Investment Advisory & Taxation Services.

Systems

The Office uses several systems to ensure consistent delivery of financial planning and investment advice to staff and customers of the Office. The key attributes of these systems and their relationship to the Prudent Person Rule are summarised in Table 11 below:

Table 11 – Systems which support the Prudent Person Rule at Queensland Public Trustee:

System	Description	Purpose
Customer Information Management System (CIMS)	A database of information about customers of Queensland Public Trustee Office	<ul style="list-style-type: none"> • Manage customers affairs • Asset and liability register • Holds all documentation relating to the customer, including RSOA, SOA and customer correspondence • Accept data feed from BDO to update Public Trustee of Queensland Growth Trust information for each customer
Customer Investment Strategy (CIS) Workflow	<p>Workflow extracting data from CIMS to generate SOA</p> <p>This process was developed in-house with advice from external specialists and applies the factors outlined in the <i>Trusts Act 1973</i>, Section 24 for production of SOAs up to \$450,000 (originally referred to as SOA workflow)</p>	<ul style="list-style-type: none"> • Produce RSOA • Implement recommendations to buy / sell Queensland Public Trustee investment products • Enhance efficiency and effectiveness • Automatically implements internal customer investment reviews
Task Management System (TMS)	A management system allowing Trust Officers to manage their work and set future routine and one-off tasks	Task Management System (TMS) enables Trust Officers to consistently deal with customer files and remind them of coming activities, such as the annual financial review, which is the requirement of the Prudent Person Rule
Mercer Investment Consulting	Online product which allows Queensland Public Trustee to compare and analyse the performance of a wide universe of investment managers	Investment performance research providing independent benchmarking of Public Trustee of Queensland Growth Trust performance against the peer group of funds
Morgans Financial Limited Wealth+	A custodial service which holds customer's investments in managed funds and direct shares under one administrative platform for ease of administration, reporting and management	Manage large customer portfolios holding non-Growth Trust investments, such as managed funds and direct shares recommended by Morgans Financial Limited for higher value external and complex matters

Morgans Financial Limited	Stockbroker and CHESS sponsored of listed equities	Hold and manage listed securities as broker sponsor and assist with the administration of deceased estates
Public Trustee of Queensland	Office manuals including the Structured Decision-Making Framework and the Financial Management Manual	A number of policies and manuals are available to staff, including the Human Rights Act Manual

Glossary

Term	Meaning
AGPF	Enduring Power of Attorney customers and Power of Attorney matters
CBEN	Contingent Beneficiary
Complex SOA	SOA prepared for customers with investable assets above \$1,000,000, non-Growth Trust assets exceeding \$100,000 or complex matters requiring a high level of Financial Planner expertise
Customer Investment Strategy (CIS) Workflow	A workflow enabling Trust Officers to prepare SOAs in-house or prepare them for production by our Financial Planning panel
External SOA	SOA prepared for customers with investable assets above \$150,000 or non-Queensland Public Trustee financial products that require the Financial Planner expertise
Financial Planner(s)	An external Financial Planning provider appointed to the Financial Planning panel. Morgans Financial Limited is currently the only provider appointed to this panel. However, an alternate Financial Planner may be engaged
FM (PM)	Financial Management customer Note PM is the utilised code in CIMS for Financial Management customers
GAA Act	<i>Guardianship and Administration Act 2000</i>
Growth Trust	Public Trustee of Queensland Growth Trust
Investment Time Horizon ITH	<p>Investment Time Horizon is the period that funds can be invested before they are needed. Guidance to investment timeframes is as follows:</p> <ul style="list-style-type: none"> • Short-Term 1-3 years • Medium-Term 3-5 years • Long-Term 5-7 years and beyond <p>The Public Trustee environment, ITH tends to be driven by life expectancy, cashflow requirements or a contingent event such as attaining majority. Queensland Public Trustee also takes into consideration the customer's views, wishes and preferences¹⁶</p>
MINR	Minor matters
PTOIB	Public Trust Office Investment Board

¹⁶ As noted above, where QPT is acting as a customer's Financial Attorney or Financial Administrator through a power of attorney or Court or QCAT order, QPT is required to consider the views, wishes and preferences of those customers when making investment decisions. Decision making in the case of trusts can be more nuanced, as a trustee's duty is to act in the best interests of all present and future beneficiaries. QPT adjusts its practices accordingly.

Term	Meaning
QPT	Queensland Public Trustee. The Public Trustee of Queensland ABN 12 676 939 467 operates as Queensland Public Trustee
QCAT	Queensland Civil and Administrative Tribunal
RPL	Recommended Product List - Those investment products that Financial Planners are authorised by their dealerships to recommend in SOA
RSOA	Request for Statement of Advice - This document that captures sufficient information about the customer needs to initiate the SOA planning process
SOA	Statement of Advice
The Office	Queensland Public Trustee and staff
TRES	Testamentary Trusts
TRST	Trust Matters

Duties of trustee in relation to power of investment

22(1) A trustee must, in exercising a power of investment -

- a) If the trustee's profession, business or employment is, or includes, acting as a trustee or investing money for other persons - exercise the care, diligence and skill a prudent person engaged in that profession, business or employment would exercise in managing the affairs of other persons; or
- b) If the trustee's profession, business or employment is not, or does not include, acting as a trustee or investing money for other persons - exercise the care, diligence and skill a prudent person of business would exercise in managing the affairs of other persons.

(2) A trustee must, in exercising a power of investment, comply with a provision of the instrument creating the trust that is binding on the trustee and requires the obtaining of a consent or approval or compliance with a direction for trust investments.

(3) A trustee must, at least once in each year, review the performance, individually and as a whole, of trust investments.

Law and equity preserved

23(1) A rule or principle of law or equity imposing a duty on a trustee exercising a power of investment continues to apply except so far as it is inconsistent with this or another Act or the instrument creating the trust.

(2) Without limiting the rules or principles mentioned in subsection (1), they include a rule or principle imposing -

- a) a duty to exercise the powers of a trustee in the best interests of all present and future beneficiaries of the trust; and
- b) a duty to invest trust funds in investments that are not speculative or hazardous; and
- c) a duty to act impartially towards beneficiaries and between different classes of beneficiaries; and
- d) a duty to obtain advice.

(3) A rule or principle of law or equity relating to a provision in an instrument creating a trust that purports to exempt, limit the liability of, or indemnify a trustee in relation to a breach of trust, continues to apply.

(4) If a trustee is under a duty to obtain advice, the reasonable cost of obtaining the advice is payable out of trust funds.

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

24.1(1) Without limiting the matters a trustee may take into account when exercising a power of investment, a trustee must, so far as they are appropriate to the circumstances of the trust, have regard to the following matters:

- (a) the purposes of the trust and the needs and circumstances of the beneficiaries;

- (b) the desirability of diversifying trust instruments;
- (c) the nature of and 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;
- (l) 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;
- (o) the results of a review of existing trust investments.

(2) A trustee:

- (a) may obtain, and if obtained must consider, independent and impartial advice reasonably required for the investment of trust funds or the management of the investment from a person whom the trustee reasonably believes to be competent to give the advice; and
- (b) may pay out of trust funds the reasonable costs of obtaining the advice.

Attachment 2 Legal principles underpinning the Prudent Person Rule

Application of Prudent Person Rule to the QPT in its role as a trustee

As a professional trustee, the QPT must exercise the care, diligence and skill that a prudent person engaged in that profession, business or employment would exercise in managing a person's affairs.¹⁷ This obligation is commonly referred to as being part of the QPT's obligations under the Prudent Person Rule. The Prudent Person Rule is a series of duties and considerations that the QPT as trustee must apply when making investment decisions for the benefit of other people.

The following elements of the Prudent Person Rule, derived from the *Trusts Act 1973* (**Trusts Act**) and the common law, influence the processes outlined in this policy framework:

- h) There is a minimum requirement for the QPT as a trustee to conduct an annual review of the performance of its trust investments individually and as a whole.¹⁸ Where a customer's circumstances materially change, the QPT may need to conduct an interim review of the performance of the trust investments.
- i) Trustees owe fundamental duties to:
 - 1. exercise their powers in the best interests of all present and future beneficiaries;
 - 2. invest trust funds in investments that are not speculative or hazardous;
 - 3. act impartially towards beneficiaries and between different classes of beneficiaries; and
 - 4. obtain advice.¹⁹
- j) Where a trustee obtains advice reasonably required for the investment of trust funds or the management of the investment, the trustee pay out of trust funds the reasonable costs of obtaining the advice.²⁰ QPT is therefore authorized to pay for the reasonable cost of the advice it receives on investments and the management of investments out of trust funds.²¹
- k) Unless expressly forbidden by a particular trust instrument, QPT, in its capacity as a trustee, may invest in any form of investment and at any

¹⁷ Trusts Act, section 22(1)(a).

¹⁸ Trusts Act, section 22(3).

¹⁹ Trusts Act, section 23(2).

²⁰ Trusts Act, section 24(2).

²¹ Trusts Act, section 24(2)(b).

time vary or realise an investment and reinvest with the same degree of freedom.²²

- l) Section 24 of the Trusts Act sets out the matters that a trustee must, as far as they are appropriate to the circumstances of the trust, have regard when exercising a power of investment. Depending on the circumstances, this may include the need to maintain the real value of the capital or income of the trust, the risk of capital or income loss or depreciation, and/or the likelihood of inflation affecting the value of the proposed investment.
- m) A trustee is under an obligation to analyse and assess the courses of action which may be reasonably taken by a prudent person and to assess the financial consequences of those actions. Evidence is required to demonstrate this assessment has been undertaken.

Application of Prudent Person Rule to the QPT when acting as an administrator under Guardianship and Administration Act 2000 (GAA Act) or as an attorney under the Powers of Attorney Act 1998 (POA Act)

Subject to limited exceptions²³, section 51 of the GAA Act provides that an administrator may invest only in "authorised investments". Similarly, section 84 of the POA Act provides that an attorney for financial matters may only invest in authorised investments.

An "authorised investment" means:

- a) an investment which, if the investment were of trust funds by a trustee, would be an investment by the trustee exercising power of investment under the Trusts Act Part 3; or
- b) an investment approved by the tribunal.²⁴

The effect of these provisions is to make the Prudent Person Rule also apply to the QPT when it is performing its role as an administrator under the GAA Act and as an attorney under a power of attorney.

The QPT's obligations to comply with the Prudent Person Rule apply alongside the obligations which the QPT is required to comply with as an administrator under the GAA Act and when the QPT acts as an attorney.

Under GAA Act, the general principles (and the health care principles) underpin Queensland's guardianship framework and must be applied by QPT when it is performing

²² Trusts Act, section 21.

²³ If, when the power to invest becomes exercisable, the customer had investments that were not authorised investments, an administrator or attorney may continue the investments, including by taking up rights to issue new shares, or options for new shares to which the customer becomes entitled by the customer's existing shareholding.

²⁴ POA Act, sections 84(2) and (4); GAA, section 51(2) and Schedule 4.

a function or exercising a power under that Act.²⁵ A person making a decision on behalf of an adult on an informal basis must also apply the general principles.²⁶

Similarly, the general principles must be applied by the QPT when it performs a function or exercises a power under the POA Act or an enduring document.²⁷

The general principles²⁸ can be summarised as follows:

1. An adult is presumed to have capacity;
2. All adults have the same human rights and fundamental freedoms, which must be recognised and taken into account;
3. Empowering adults to exercise human rights and fundamental freedoms must be taken into account;
4. Maintenance of adult's existing supportive relationships must be taken into account;
5. Maintenance of adult's cultural and linguistic environment and values, including religious beliefs, must be taken into account
6. Privacy must be taken into account and respected
7. Liberty and security on an equal basis must be taken into account
8. Maximizing an adult's participation in decision-making must be recognized and taken into account
9. Performance of functions and exercise of powers must be done in a way that promotes and safeguards and is least restrictive of the adult's rights, interests and opportunities
10. Structured decision-making must be used when applying principle 9.

²⁵ See GAA Act, sections 11B(1) and 11C(1).

²⁶ GAA Act, section 11B(2).

²⁷ POA Act, section 6C.

²⁸ GAA Act, section 11B, and POA Act, section 6C.