



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:**
 - 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