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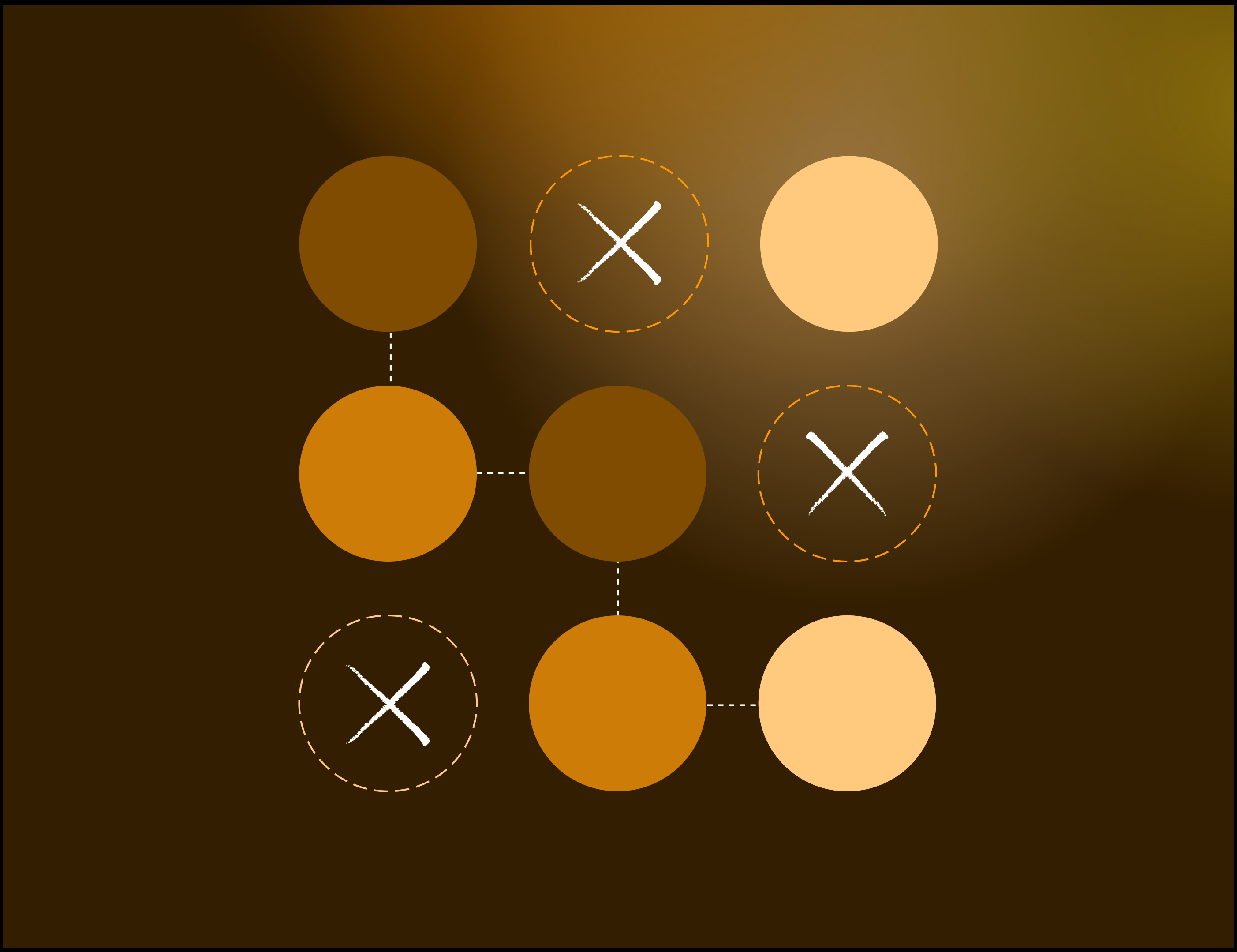
Playbooks
FOR TRUSTEES

How trustees can appoint the right investment consultant

Five tests before you sign, and why most consultants fail at least one.



This playbook is a plain-English guide for trustees. It sets out five tests to apply before appointing an investment consultant, and the conflicts of interest that make those tests necessary. It also shows how a consultant's answers separate a genuinely independent relationship from one that only looks like one.

This playbook uses 'investment consultant' throughout, matching how Enhance describes the role. In practice, 'consultant' and 'adviser' are used interchangeably across the industry to describe a firm that provides investment advice, as distinct from an investment manager, who manages or executes the underlying assets.

Appointing an investment consultant is a governance decision, not a relationship decision. The consultant a trustee chooses will shape every investment manager selected, every fee paid and every recommendation made for years to come. Yet most trust companies apply far less scrutiny to this appointment than they do to the investment managers the consultant goes on to select.

From the outside, investment consultants look broadly similar. Most will describe their process as rigorous, their advice as independent and their fees as competitive. Underneath, consultants differ in how they earn their revenue, who owns and influences the firm, and how disciplined their manager research is. They also differ in what the engagement costs in full, and whether a trustee's own approval sits before every recommendation is implemented. This playbook sets out five tests that surface those differences.

FEE OPACITY

Trustees are frequently unable to identify every source of revenue a consultant earns from an engagement.

CONFLICTED INCENTIVES

Commissions, retrocessions and in-house products can pull advice away from the client's interest without a single decision ever feeling conflicted.

REGULATORY SCRUTINY

The Trustee Act 2000 requires advice that is qualified, relevant and impartial, and trustees must be able to evidence that it was.

Trustees cannot discharge the duty to take advice by appointing the first consultant who looks the part.

Ask where every pound of revenue comes from, not just the headline fee

Conflicts of interest in investment advice fall into three broad categories. Remuneration conflicts arise where a consultant earns commissions, retrocessions or performance fees from the managers it places assets with. Affiliation conflicts arise where the consultant is owned by, or tied to, an investment manager whose products may end up in the portfolio. Focus conflicts arise where the consultant runs its own balance-sheet assets alongside the client-advisory engagement, risking its own positions being favoured.

Section 5 of the Trustee Act 2000, the gold-standard on duty of care most trust jurisdictions have adopted in substance, requires trustees to obtain and consider proper advice before exercising any power of investment. Proper advice, in the words of professional best-practice guidance, must be qualified, relevant and impartial. Impartial is the hardest to test, because impartiality depends on incentives a trustee may not see clearly from the outside.

The test: ask any prospective consultant for a written breakdown of every source of revenue connected to the engagement, not only the fee quoted at the outset. An answer that takes more than a paragraph is, by definition, one whose model is not transparent.

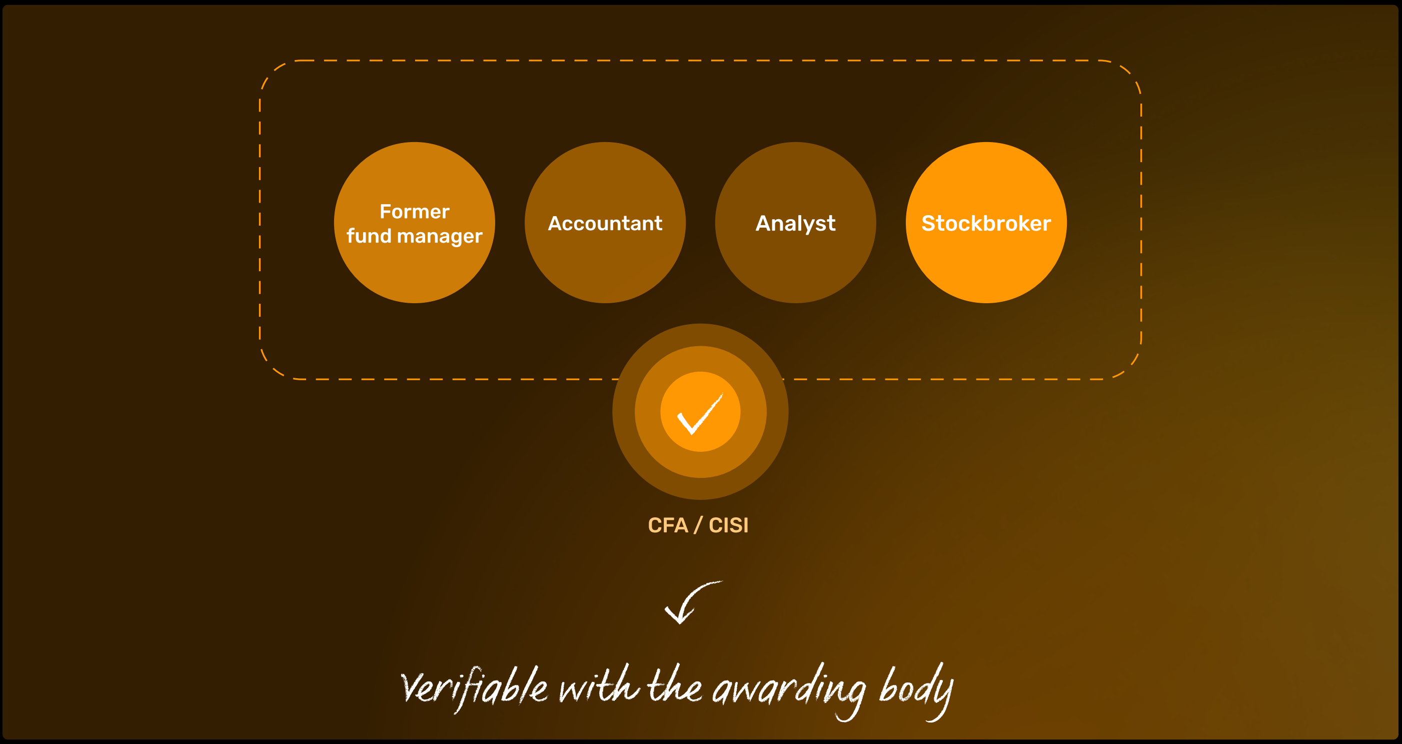
Three categories of conflict

Look for named, accredited people, not just a firm's marketing

A consultant's process is only as good as the people executing it. Ask who will actually work on the account, not who appears in the firm's marketing. Ask for their professional qualifications, such as CFA or CISI accreditation. Ask, too, about their relevant industry background and how long they have worked in investment advice rather than adjacent fields. A credible consultant will have a team spanning former fund managers, stockbrokers, accountants and analysts, not a single generalist relationship contact.

This test also covers consistency. Ask whether the same standard is applied to every client, or whether service quality depends on which individual happens to be assigned. A named team, with named qualifications a trustee can verify independently, is a stronger signal than a firm's general reputation.

CFA and CISI accreditation can be verified directly with the awarding bodies. A trustee should also ask for evidence of continuing professional development, rather than accepting a qualification gained years ago and never renewed.

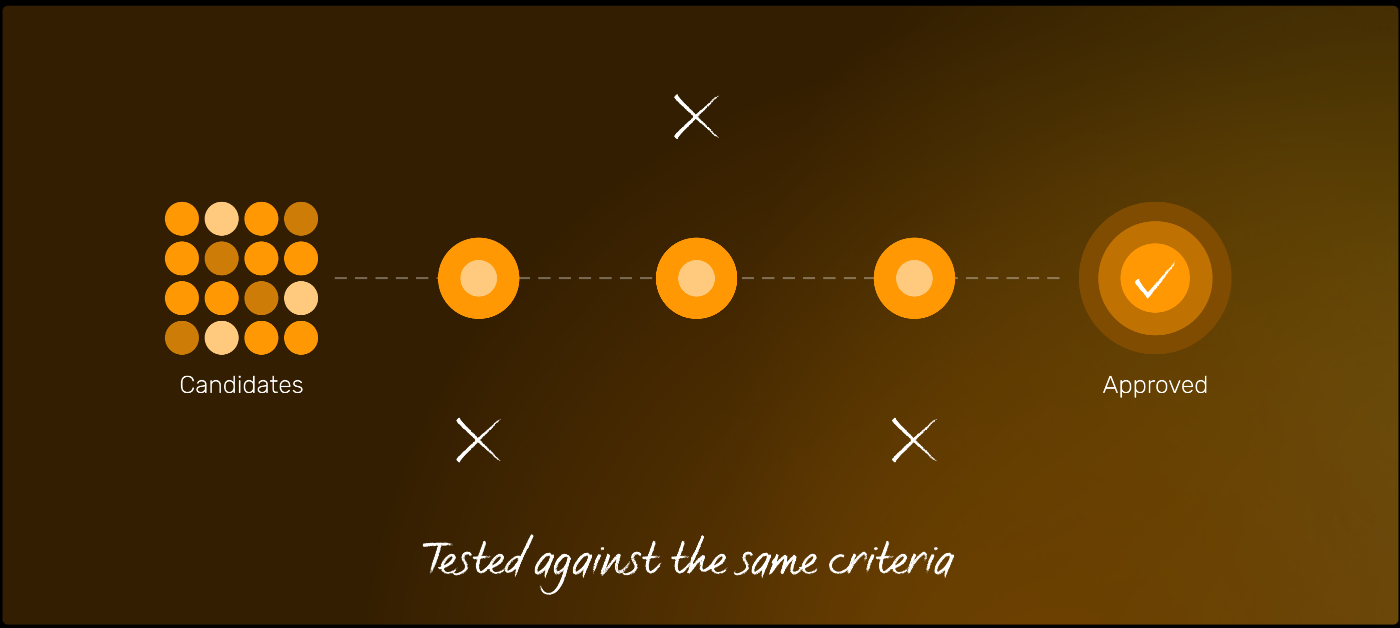


Ask whether every manager is tested against the same criteria, in the same order

Investment managers compete on track record, process and people, and every manager a trustee meets will present all three favourably. A structured research framework cuts through that by applying the same questions, with the same evidence requirements, to every manager considered, whether active, passive or alternative. Without it, a consultant's eventual recommendation rests on relative impressions rather than comparable findings.

The test: ask the consultant to describe their research framework in specific terms. How many pillars does it cover, and what is tested at each stage? Who conducts the research, and how often is an approved manager re-tested rather than approved indefinitely? A consultant who cannot describe a repeatable, documented process is, in effect, asking the trustee to trust their judgement rather than their method.

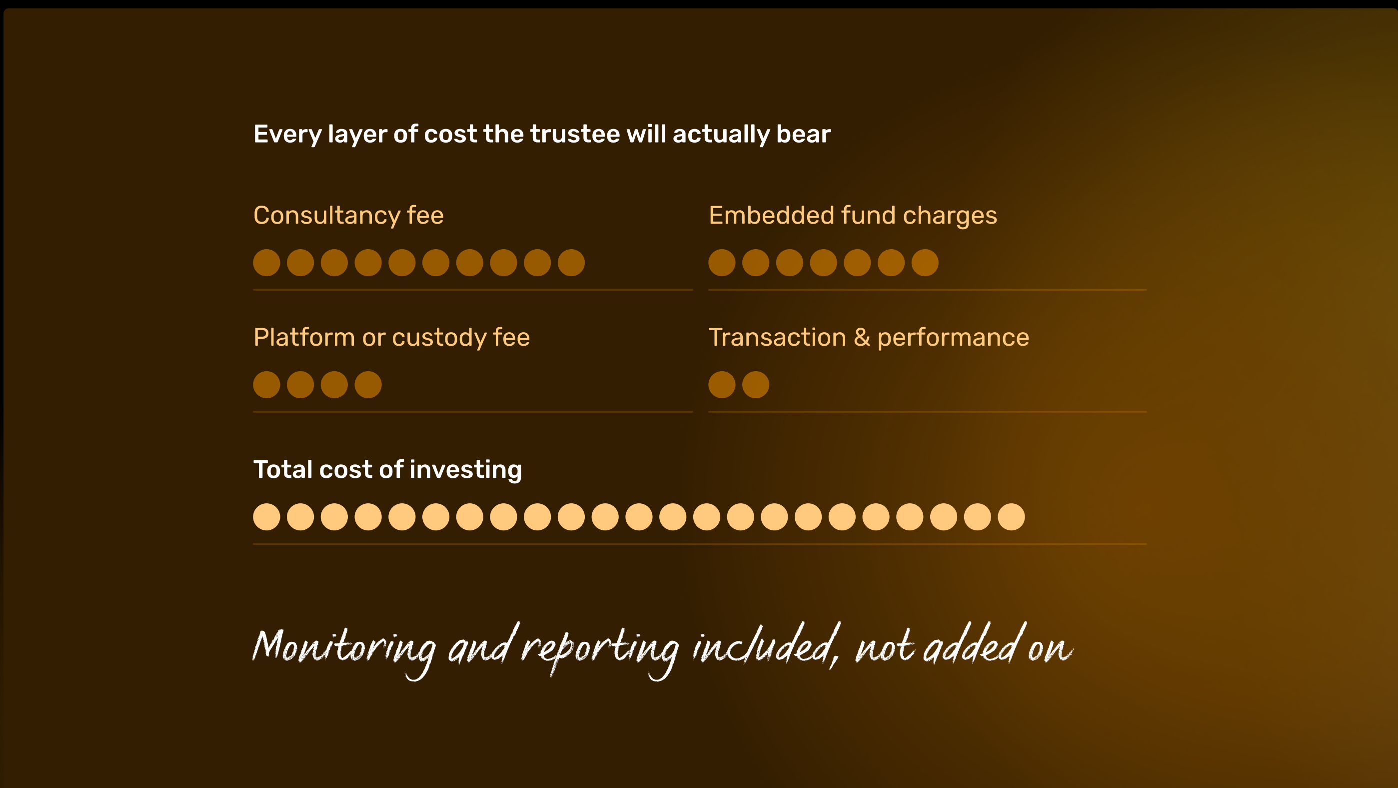
Ask, too, who approves the final list of managers a trustee can be recommended. A research process that ends with a single individual's sign-off carries concentrated key-person risk. A process that ends with an independently chaired Investment Committee, sitting outside the firm's own commercial reporting line, does not.



Ask for one itemised estimate covering every layer of cost, before you engage

Investment advice rarely carries a single cost. A consultancy or advisory fee typically sits alongside a platform or custody fee and fund management charges embedded in the underlying investments. Other costs, such as transaction charges or performance fees, often sit on top of those. Comparing consultants on the headline fee alone is rarely a like-for-like comparison, because the same headline number can sit on top of different totals underneath.

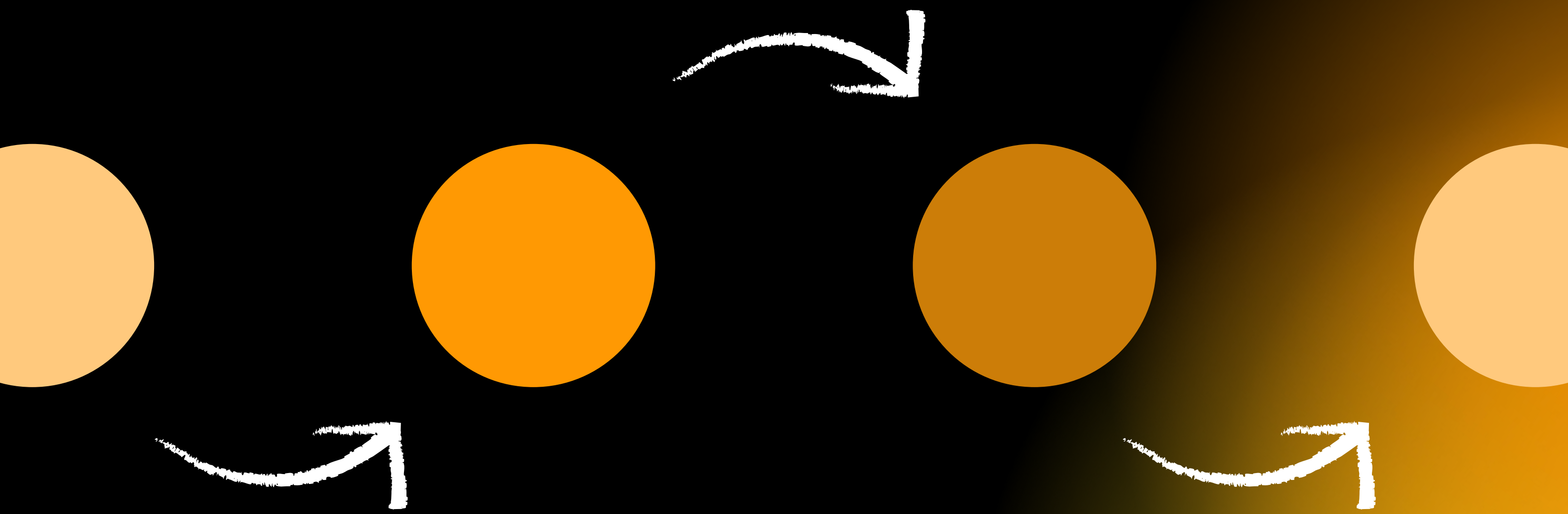
The test: ask for a single, itemised fee estimate before any commitment is made, covering every layer of cost the trustee will actually bear. Ask whether the estimate is tiered, and if so at what asset level it steps down. Ask, too, whether tiering applies at family-group level or per entity, and whether portfolio monitoring and platform reporting are included in that fee or charged again separately. A consultant whose fee model requires several separate conversations to understand fully has, by definition, failed this test.



Ask whether your approval sits before every recommendation, and whether the record proves it

The final test ties the previous four together. Even a well-researched, transparently priced recommendation from a qualified consultant needs to sit within a governance structure the trustee controls. Ask whether every recommendation requires trustee approval before implementation. Ask whether the consultant holds client assets directly, or whether custody sits with an independent, regulated platform instead. Ask, too, whether there is a documented, auditable record of what was recommended, considered and decided, and when.

A consultant who cannot answer these questions cleanly is asking the trustee to take independence, rigour and cost discipline on trust. Enhance Select is built to answer all five tests with evidence instead, through the Enhance Wealth Consultancy Limited (EWCL) advisory model regulated by the Jersey Financial Services Commission.



How Select passes every test

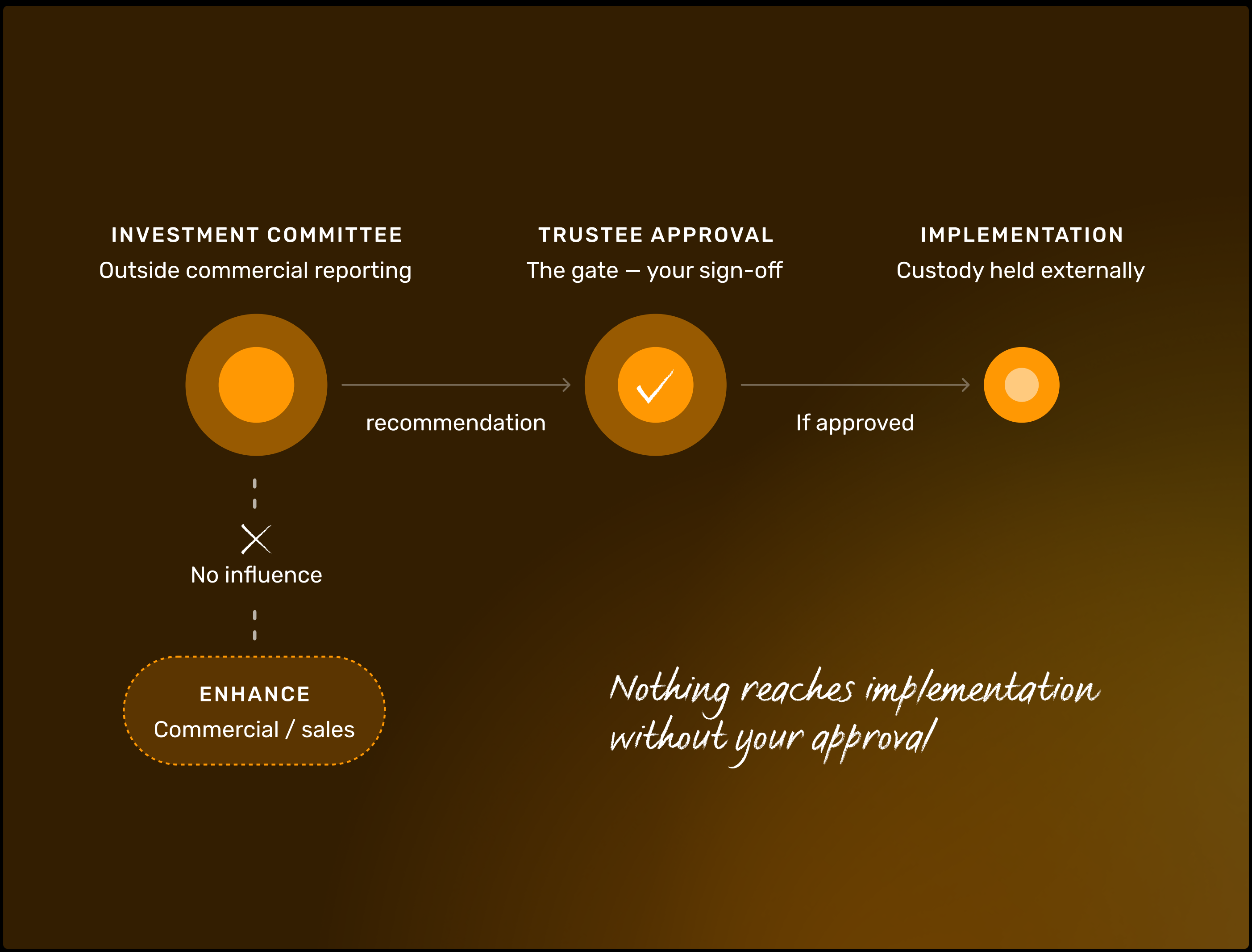
Select is Enhance's manager selection and investment consultancy service, delivered by EWCL under a JFSC Category D advisory licence. Every recommendation Select makes is advisory. It requires trustee approval before implementation, and EWCL does not hold client assets; custody sits with an independent Swiss private banking platform partner, integrated with Connect.

TEST	HOW SELECT ANSWERS IT
Independence	No commissions, no retrocessions and no platform inducements. The single tiered consultancy fee is the only revenue Enhance earns from the engagement.
Qualification	A named team as standard: an Investment Consultant, a Research Analyst and an Associate, all CFA or CISI accredited, with backgrounds spanning fund managers, stockbrokers, accountants and analysts.
Structured research	Every fund is tested through the 5P process and approved by an independently chaired Investment Committee sitting outside Enhance's commercial reporting line.
Cost transparency	A detailed fee estimate is itemised before engagement. The single fee includes Monitor review reports and Connect access, so there is no double charging.
Governance and evidence	Trustee approval sits before every recommendation. Connect hosts the Investment Policy Statement and a dated audit trail, and a named Governance Manager supports the trustee's use of it.

Select at a glance

$5bn+	800+	100+	£1m considered flexibly
Assets under advice	Investment managers researched	Clients on platform	Minimum investment (family-group basis)

Trustees who wish to retain existing investment managers as part of a Select relationship can do so. Select's manager selection is implemented on the platform, but Connect is connected to hundreds of custodians and investment counterparties worldwide. That lets an Investment Consultant advise across platform assets and externally held assets holistically.



Next step

The next step is for Enhance to provide a personalised presentation introducing Select, walk through our 5P research process and Investment Committee, and discuss how it applies to your trust company's current investment governance arrangements.

Enquire	Playbook	Presentation	Proposal	Forms	Engage

Get in touch

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ABOUT THIS PLAYBOOK

How trustees can appoint the right investment consultant is published by Enhance Group, a Jersey-based portfolio monitoring and manager selection service provider to global trustees. It is intended for trust and corporate service providers (trust companies), private client law firms, multi-family offices and other professional trustees evaluating or reappointing an investment consultant.

KEY TOPICS

Investment consultant selection, conflicts of interest, independent investment consultancy, manager research process, itemised fee estimate, Investment Committee, Enhance Select, JFSC regulated advice.

RELATED READING

Enhance Select Fact Sheet; Manager Selection: a research process for trustees to follow (Playbook); Demystifying fees: the total cost of investing explained (Playbook).