Delegation of discretion & control over assets given to an expert agent for the benefit of third parties
• Governs proper use of entrusted power
Investor duties stricter than corporate standards
• Prudence
• Not a 'lemming standard'
Diversification to minimize risk exposures
Loyalty to fund purpose & interests of beneficiaries
• Impartiality between groups, current & future obligations
• No self-dealing
Focused on process; does not dictate result
"There are no universally accepted and enduring theories of financial markets or prescriptions for investment that can provide clear and specific guidance to trustees and courts."

"Trust investment law should reflect and accommodate current knowledge and concepts. It should avoid repeating the mistake of freezing its rules against future learning and developments."

[Restatement of Trusts, 1992]
"[Foundation] managers may consider all relevant facts and circumstances, including the relationship between a particular investment and the foundation’s charitable purposes. Foundation managers are not required to select only investments that offer the highest rates of return."

[IRS Notice 2015-62]
"Environmental, social, and governance issues may have a direct relationship to the economic value of the plan’s investment. In these instances, such issues . . . are proper components of the fiduciary’s primary analysis of the economic merits of competing investment choices. . . Fiduciaries need not treat commercially reasonable investments as inherently suspect or in need of special scrutiny merely because they take into consideration environmental, social, or other such factors."

[Dep't of Labor ERISA Interpretive Bulletin 2015-01; October 26, 2015]
State Fiduciary Duty Laws

- Exercise care and forward-looking prudence
  - Same level of diligence and care as peers
  - Diversify - Unless purposes of fund are better served otherwise
  - Consider general economic conditions

- Investigate and verify facts relevant to fund management

- Maintain loyalty to fulfilling the fund's and organization's goals
  - Avoid misuse of assets, self-dealing and misconduct
  - Exercise impartiality by balancing current and future needs

- Integrate obedience to program mission in investment activities

[Uniform Prudent Investor Act, Uniform Prudent Management of Institutional Funds Act, Restatement of Trusts, Third]