



Investment Policy Formulation

Investment policy formulation at Garden State Trust Company involves creating structured guidelines that govern the management of client assets. The policy serves to align investment strategies with clients' financial goals, risk tolerance, and other constraints.

Key Steps in Investment Policy Formulation

1 Client Profiling

- Understanding the client's financial situation, investment goals (e.g., growth, income, or preservation), risk tolerance, and time horizon.
- Categorizing clients as individuals, trusts, estates, or institutions.

2 Statement of Objectives

- Setting clear, measurable investment objectives such as achieving a specific rate of return, preserving capital, or generating income.

3 Risk Management

- Identifying the level of acceptable risk, including market, credit, liquidity, and inflation risks.
- Ensuring diversification to minimize risks.

4 Asset Allocation Strategy

- Establishing guidelines for asset allocation across major classes such as equities, fixed income, cash, and alternatives.
- Defining target percentages and permissible ranges for each asset class.

5 Investment Guidelines and Restrictions

- Specifying allowable investments, prohibited assets, and any ESG (Environmental, Social, Governance) considerations.
- Considering restrictions such as avoiding certain industries or adhering to tax efficiency.

6 Performance Benchmarks

- Defining benchmarks for performance measurement (e.g., S&P 500 for equities or Barclays U.S. Aggregate Bond Index for fixed income).

7 Implementation and Monitoring

- Regularly reviewing portfolio performance against benchmarks and adjusting strategies as needed.
- Ensuring compliance with the investment policy and any regulatory requirements.

8 Ongoing Review and Updates

- Periodically revising the policy to reflect changing economic conditions, market trends, or client circumstances.

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