



THE VALUE OF
AN INDEPENDENT
PROFESSIONAL
TRUSTEE



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An independent professional trustee brings a range of structural, operational, regulatory, and commercial disciplines to a fund that allows investment managers to concentrate on managing the fund and its assets.

Professional trustees are professional trustees. They perform trustee, governance, and compliance functions on a full-time basis. Investment and fund managers, by contrast, specialise in sourcing opportunities, managing assets, executing investment strategies, and growing funds under management.

Most investment managers prefer to focus their time, capital and senior management attention on those activities, rather than on the compliance duties that sit alongside their investment business.

The trustee role is a strictly construed legal and fiduciary function. An independent professional trustee assumes direct fiduciary obligations to investors and legal responsibility for the operation of the fund. This includes responsibility for compliance across multiple regulatory regimes and engagement with various regulators and government bodies.

If these responsibilities and the attendant regulatory risk are placed with an independent professional trustee, they sit with an appropriately resourced entity whose core business is to manage them.

THE MARKET VALUES INDEPENDENCE

The investment market – investors, financial planners and advisers, family offices, superannuation funds and institutional investors – consistently view an independent professional trustee as a tangible sign of governance and compliance maturity.

This independence enhances investor confidence by providing a professional layer of oversight, and by separating functions where conflicts of interest can arise.

OPERATIONAL BENEFITS

An independent professional trustee shifts a significant compliance and administrative burden away from the investment manager. This allows the investment manager to operate more efficiently and to scale its business without a corresponding increase in operational complexity.

OVERSIGHT IMPROVEMENTS

An independent professional trustee introduces an important safeguard in the decision-making and implementation. This added oversight can prevent costly errors that can be expensive to rectify and damaging to the fund and the manager's reputation.

When that oversight is exercised by a trustee with a strong commercial mindset, it can also support faster processes and accelerate delivery.

RISK TRANSFER

Regulatory and trustee risks are shifted to the independent professional trustee. Legal responsibility, and the associated fiduciary obligations owed to investors, are placed with a specialist entity that is structured, governed, and insured specifically for that purpose.



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THE BENEFITS OF SCALE

A professional trustee manages compliance and regulatory obligations as a full time business function. This includes AFSL related requirements, ongoing reporting, and engagement with regulators and authorities such as ASIC, AUSTRAC under AML/CTF regime, the ATO, and FATCA and CRS foreign tax reporting.

As professional trustees perform these functions across multiple funds, this creates scale efficiencies. The investment in infrastructure, regulatory systems, and specialist staff is spread across multiple funds, reducing the per fund cost. This provides a level of resourcing and regulatory depth that is built into the trustee model and available to the fund as a matter of course.

AN AFSL AND AN INDEPENDENT PROFESSIONAL TRUSTEE

A small percentage of investment managers of wholesale funds in Australia choose to hold their own AFSL. However, it is not uncommon for them to also engage an independent professional trustee.

This is seen as complementary and supports a robust, scalable and investor-friendly fund structure that is generally viewed favourably by the market.

It demonstrates regulatory maturity, a commitment to governance, and an intention to operate a properly regulated, long-term, investment management business.

Engaging an independent professional trustee places fiduciary and compliance responsibility in the hands of a specialist business that is structured, operated, and insured for this purpose. It transfers risk away from the investment manager, and delivers meaningful benefits in time and cost.

This forms a base on which to create a structurally sound fund that is efficient and aligned with market expectations.

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