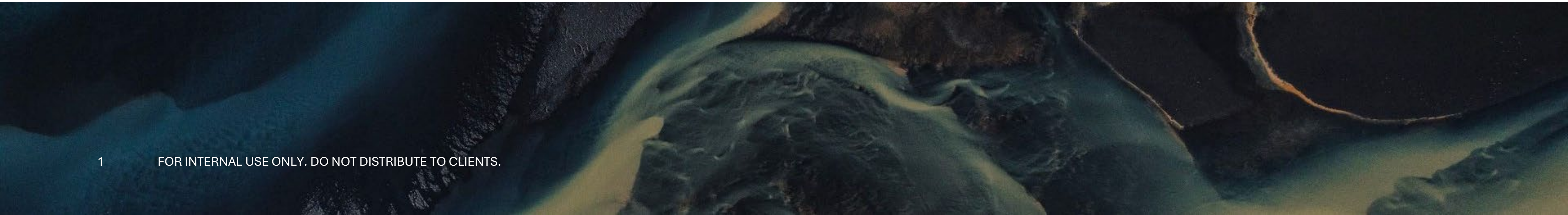
CORIENT

August 2024

# Investment Guidelines – Overview Session



# Disclaimer

These materials are for Internal Use only and are not to be shared with clients or outside of Corient otherwise.

The summary materials herein are provided for employee convenience and do not supersede the Corient Compliance Manual. It is the obligation of every employee to read, understand, and attest to the manual.

# Overview

Harmonizing our capture of client Investment Guidelines (i.e., investment objectives) is a core element of our One-Corient journey

From a regulatory perspective, Corient is required to have a **"reasonable understanding"** of our client's investment objectives

As a single firm, it is important that we capture and document client Investment Guidelines in a **consistent and repeatable way**

As such, while we are coming from a strong starting point, it is critical that we **unify our approach**

**We have adopted the Client Profile as our single centralized approach for capturing and documenting this information**

This Client Profile must be generated by Wealth Advisors for **every new client beginning as-of last Friday, 8/9**

# Policy Harmonization

Investment Guidelines in the Corient Compliance Manual

## Key Elements

**From the Corient Compliance Manual**

- **Beginning of all relationships**: Advisor to review with the client their financial circumstances and investment objectives to generate a Client Profile; including:
    - Investment objectives
    - Risk tolerance
    - Investment time horizon
    - Liquidity needs
- **Quarterly**: Notify clients in writing to contact the Wealth Advisor of any changes; update Profile accordingly
- **Annually**: Advisors required to contact clients at least annually to discuss the client's accounts; update Profile accordingly

**Operationalization**

- Client Profiles will be input into Salesforce
- Quarterly notifications will be coordinated centrally
- Compliance manual – p. 16 - 17

***Compliance manual – p. 16 - 17***

### Advisory Clients

**INVESTMENT GUIDELINES**

As a fiduciary, the Firm is obligated to purchase and sell only securities (and other financial instruments) consistent with its client's investment objectives.

It is the policy of the Firm to take due care in making and implementing investment decisions on behalf of clients whose accounts it manages consistently with the client's investment objectives and/or the stated guidelines and restrictions as agreed by the Firm and the client in writing or, in the case of a client that is a private fund, the relevant offering documents.

The Firm has implemented a combination of systems and procedures that are designed to monitor the portfolio for compliance with these investment guidelines. Any guideline violations that are detected are to be brought to the attention of Compliance.

**CLIENT PROFILE**

At the beginning of the client relationship, it is the responsibility of each Wealth Adviser to review with the client their financial circumstances and investment objectives. This includes obtaining information from each client relating to their investment objectives for a particular account, their risk profile, portfolio goals and objectives and net worth information, among other information including any other relevant factors. At a minimum, the Firm will obtain the client's risk tolerance, investment objectives and investment time horizon. This information comprises the client's "client profile" which will help inform the asset allocation recommendations made to the client, as well as the ongoing management of the client's account.

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At least quarterly, Wealth Advisers must notify clients in writing to contact the Wealth Advisor if there have been any changes in the clients' financial situation or investment objectives.

In addition, Wealth Advisers are required to contact clients at least annually to discuss the client's accounts, including to inquire as to whether the client's financial circumstances, including information provided in the "client profile", has changed. Wealth Advisers are required to update information contained in each client's "client profile" if they become aware from the client that previously provided information has become inaccurate. Wealth Advisers will then assess whether the client's account, asset allocation, or particular investments remain appropriate for the client, as appropriate.

# Detail

Investments Team has aligned on core elements required to track Client objectives

| | |
|---|---|
| **Primary Investment Objectives** | ▪ Growth – Primarily focused on growing the portfolio over time<br>▪ Balanced – Focused on balancing between both growth & income investments within the portfolio<br>▪ Income – Primarily focused on generating income from investments & exhibiting stability in the portfolio |
| **Investment Time Horizon – Current Stage** | ▪ Accumulation – consistently adding to the portfolio<br>▪ Preservation – neither consistently adding nor consistently withdrawing from the portfolio<br>▪ Distribution – consistently withdrawing from the portfolio |
| **Investment Time Horizon – Length of Stage** | ▪ Low – the portfolio can currently invest a meaningful amount in less liquid investments (25%+)<br>▪ Medium – the portfolio can currently invest a modest amount in less liquid investments (10-25%)<br>▪ High – the portfolio can not currently invest much, if any, in less liquid investments (0-10%) |
| **Liquidity Needs & Profile** | ▪ Low – the portfolio can currently invest a meaningful amount in less liquid investments (25%+)<br>▪ Medium – the portfolio can currently invest a modest amount in less liquid investments (10-25%)<br>▪ High – the portfolio can not currently invest much, if any, in less liquid investments (0-10%) |
| **Risk Tolerance** | ▪ High – understands & accepts that investments may be volatile & has less concern about short- & medium-term fluctuations in portfolio value<br>▪ Medium– understands & accepts that investments may be volatile & can tolerate some short-term fluctuations in portfolio value<br>▪ Low– understands that investments may be volatile & prefers to avoid significant fluctuations in portfolio value over the short-term |

# Detail

Exception cases – additional documentation

| | |
|---|---|
| **In all cases, the Client Profile is the regulatory source of truth for tracking client investment guidelines** | In certain cases, a client may require a more detailed document; this should occur rarely and will only be permitted by approval for certain exceptions, including:<br>▪ Institutional clients with specific investment guideline requirements<br>▪ Highly material individual clients with specific investment guideline requests |
| **All exception requests must be submitted for approval** | Once created, investment guidelines must be maintained and monitored similar to the Client Profile, including:<br>▪ Quarterly, contacting clients in writing reminding them to notify the Advisor if changes are needed<br>▪ Annually, reviewing investment guidelines with the client to ensure accuracy<br>▪ Additional monitoring by compliance and as-needed |

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