

Coldrick on Modern Trustee Investment: Law, Theory & Practice

David Coldrick and Lewis Howes

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Foreword

**By Geoffrey A Shindler, Partner, Lane-Smith & Schindler LLP,
Vice President Society of Trust & Estate Practitioners**

IT GIVES me great pleasure to write the foreword to the first edition of what is bound to become a classic of its kind. David Coldrick and his colleagues are to be congratulated warmly for tackling one of the core subjects of trustee life with such enthusiasm and knowledge.

Of all the tasks that trustees have to perform investing trust capital is one of the most important and it is the one by which they are likely to be judged most severely by their beneficiaries. But investment is no easy task. The length of this book itself is testament to that.

Many years ago investing trustee funds was regarded as straightforward: 50% in equities, 30% in bonds and 20% in cash. Anything else was speculative. All of this was done without any form of knowing your clients, any knowledge of underlying investment theory and when the Modern Portfolio Theory was no more than a twinkle in the eyes of an academic. That was regarded as a balanced portfolio; discussions of income yield and capital growth were not on the agenda – it was a ‘one size fits all’ approach.

How the world has changed. Questionnaires extending to ten or more pages are a regular and required feature of the preliminary background work conducted by investment advisors before they even begin to consider what they might advise by way of black letter investments.

Of course the pendulum can swing too far and in many cases it already has. Information is occasionally requested

which can have no useful value in assessing appropriate investments. However, living as we do in an increasing litigious society and a highly regulated one at that, it is quite understandable why back-covering risk assessment evaluations and the like are all part of the daily chore of trustee investment.

A glance at the comprehensive contents pages will show the reader that this book is neither for the feint hearted nor for those lacking intellectual stamina. It is unlikely to be read at one session but each of its chapters deals with its allocated topic in a thorough and readable fashion.

Above all, David Coldrick has realised that what passed for advice some years ago is now out of kilter with our present era. A work of this size needs to be flavoured with humour and even eccentricity. David achieves this with a felicitous style of writing which is not ashamed to look above the level of his subject and into the wider world. Not many books about trustees, and even fewer about investments can quote in the opening paragraph from JM Keynes, Woody Allen, Lord Stowell and Plutarch. That gives the flavour of the breadth of vision that David brings to this fascinating topic and which will establish itself as a classic of its kind and against which any future rivals will fall to be measured.

It may take you a little time to travel from the first page to the last but I found the journey fascinating and rewarding.

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A lawyer's tale



DAVID COLDRICK was born in Leeds in 1965 during a terrible snowstorm, which rather sets the scene. After this bleak start he was educated at Broad Lane School Bramley which is now converted into expensive flats. Being a late starter,

and not having obtained a scholarship by reason of being quite singularly innumerate, he continued at Lawnswood Comprehensive School. That sadly burnt down, whilst he was attending in 1980. It was rebuilt and subsequently demolished again in 2003, this time to make way for a monument to educational progress clad in the new municipal chic colours of pastel pink and grey. There is still no blue plaque or statue.

He won the 1984 'Leeds Mechanics Institute' prize for academic achievement (£10 had been worth rather more in 1900 – the trustees should obviously have taken more account of developments in investment practice). He studied Law at Nottingham University graduating with an LLB in 1987. He went to Chester College of Law for the 1987-8 'Hell session'. He trained at DLA (then Broomheads Sheffield) leaving them in 1990. He completed his 'Articles' with Taylor and Emmet, a long-established Sheffield general practice. He subsequently became head of their private client department. He joined the new pure private client firm, Wrigleys Solicitors, in 1997. In 1998 he became the partner in charge of Wrigleys' Sheffield operations. He remains there developing a growing team of private client specialists.

His clients include many private individuals and trusts. Funds under his trusteeship amount to hundreds of millions of pounds, hence the need to get quite serious about

trustee investment. He has also dealt with the private client operations involved in the collection of funds from the estates of deceased Lloyds Names on the behalf of his client the Society and Corporation of Lloyds. He has wide technical and practical expertise in asset protection type issues, all aspects of wills, trusts, estates and personal capital taxes planning.

He became 'the Johnny Appleseed of the personal injury trusts sector' as author of the groundbreaking *Coldrick on Personal Injury Trusts* (Ark Group, 2002 and 2005). He was also author of *Protecting the Assets of Older People* (Ark Group, now out of print). His other most recent work is *Coldrick on Care Home Fees* (Ark Group, 2005). He became editor of the national professional journal 'Elderly Client Adviser' in June 2003. He has also contributed to various other professional works and journals, and lectures widely. He is a member of the Panel of External Receivers of the Public Guardianship Office, a member of the Law Society, the Society of Trusts and Estates Practitioners (STEP) and Solicitors for the Elderly (SFE). He lives in Sheffield with his long-suffering wife Karen and three stepchildren Danielle, Chloë and Nicole.

He is (clearly) a totally immodest individual but all his works are written in a spirit of helpfulness, humility and without taking life too seriously. Readers are encouraged to plant the knowledge in their own orchards and let it bear fruit in its own way. Advice on tree care, pruning and feeding are available from the author via e-mail: david.coldrick@wrigleys.co.uk by post: David Coldrick Wrigleys Solicitors, 3rd Floor Fountain Precinct, Balm Green, Sheffield S1 2JA, or by telephone: 0114 2675588.

Lew's tale

LEWIS (LEW) Howes was invited to co-author in the writing of this work on account of his qualifications, practical, real world financial experience and contagious enthusiasm for the project.

Lew is a co-founder and director of Fensham Howes Limited, a UK financial advisory practice. Lew and his business partner Giles Pidcock have in recent years worked to develop methodologies enabling individual investors and private trusts to benefit from financial planning and investment techniques historically available only to large institutional players such as pension funds. That includes the provision of comprehensive, holistic financial planning for individuals and private trustees involving structured asset class investing.

Lew obtained his high school education in Andover, Massachusetts (USA) before attending Stanford University in California where he earned a BA in Economics. This was followed by an MBA in Finance in 1981 via an academic scholarship at the University of Southern California, Los Angeles.

His previous career has included positions such as: vice president of Corporate Treasury at BankAmerica, Vice President of Real Estate Industries at Wells Fargo Bank, Senior vice president and assistant treasurer at Security Pacific Corporation, Group Chief Financial Officer at Inter-Continental Hotels and Resorts, chief operating officer of Nomura plc Principal Finance Group, and group chief financial officer of Quadriga Worldwide Limited.

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Jennie Cherry made very helpful observations in respect of the author's comments upon the Uniform Prudent Investor Act. Jennie is a New York Attorney at Kozusko Harris Vetter Walsh LLP and is also qualified as a solicitor in England and Wales and a member of STEP. She is a member of the USA editorial board for the STEP Directory and Yearbook. She also writes regular Offshore Services USA newsletters for the International Law Office: www.internationallawoffice.com.

Martha Bobbino, director of the Information Center of the Employee Benefit Research Institute in Washington DC, pointed the author in the direction of some very useful information upon the passive investment approach of the US Government's Thrift Savings Fund.

Giles Pidcock, co-founder and director of Fensham Howes Limited, provided invaluable help to the author during the course of writing. Giles is a Certified Financial Planner, holding a joint honours degree in Economics and Geography from Leeds University and has years of experience in advising private clients. Previously he was co-founder and director of Baxter Fensham Limited, one of the largest 100 independent financial advisory practices in the UK.

Samuel C. Adams, head of European Financial Adviser Services, Dimensional Fund Advisors Ltd, provided helpful guidance and enabled the data sources used by the author to be used to develop this book's tables and numerical examples. He heads Dimensional Fund Advisors' Financial Adviser business in Europe, the Middle East and Africa.

James L. Davis, of Dimensional Fund Advisors, generously agreed to allow the author to reproduce a portion of an overview study he had completed surveying the broad body of analytical studies that have investigated the informational efficiency of stock markets.

Trevor Appleyard encouraged my early interest in economics, marketing, business and the stockmarket through his classes and other related support in that direction. The knowledge spawned so many years ago proved to be extremely useful during the pursuit of this book. May he long continue to lead the life of the idle rich.

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