



Trustee Act 2000

2000 CHAPTER 29

PART II

INVESTMENT

3 General power of investment.

- (1) Subject to the provisions of this Part, a trustee may make any kind of investment that he could make if he were absolutely entitled to the assets of the trust.
- (2) In this Act the power under subsection (1) is called “the general power of investment”.
- (3) The general power of investment does not permit a trustee to make investments in land other than in loans secured on land (but see also section 8).
- (4) A person invests in a loan secured on land if he has rights under any contract under which—
 - (a) one person provides another with credit, and
 - (b) the obligation of the borrower to repay is secured on land.
- (5) “Credit” includes any cash loan or other financial accommodation.
- (6) “Cash” includes money in any form.

4 Standard investment criteria.

- (1) In exercising any power of investment, whether arising under this Part or otherwise, a trustee must have regard to the standard investment criteria.
- (2) A trustee must from time to time review the investments of the trust and consider whether, having regard to the standard investment criteria, they should be varied.
- (3) The standard investment criteria, in relation to a trust, are—
 - (a) the suitability to the trust of investments of the same kind as any particular investment proposed to be made or retained and of that particular investment as an investment of that kind, and

Status: Point in time view as at 01/09/2017.

Changes to legislation: Trustee Act 2000, Part II is up to date with all changes known to be in force on or before 28 March 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) the need for diversification of investments of the trust, in so far as is appropriate to the circumstances of the trust.

[^{F1}(4) This section has effect subject to section 292C(6) of the Charities Act 2011 (which disapplies the duties under this section in cases where they would otherwise apply in relation to a social investment within the meaning of Part 14A of that Act).]

Textual Amendments

- F1** S. 4(4) inserted (31.7.2016) by [Charities \(Protection and Social Investment\) Act 2016 \(c. 4\), ss. 15\(3\), 17\(4\)](#); S.I. 2016/815, reg. 2(k)

Modifications etc. (not altering text)

- C1** Ss. 4, 5 applied by 1956 c. lxxvii s. 5(1A) (as substituted (10.3.2015) by [The Charities \(People's Dispensary for Sick Animals\) Order 2015 \(S.I. 2015/198\)](#), art. 1, **Sch. Scheme para. 4**)
- C2** S. 4 excluded by 2011 c. 25, s. 292C(6) (as inserted (31.7.2016) by [Charities \(Protection and Social Investment\) Act 2016 \(c. 4\), ss. 15\(1\), 17\(4\)](#); S.I. 2016/815, reg. 2(k))
- C3** S. 4 applied (with modifications) by 1961 c. xxxviii, s. 9(1) (as substituted (1.9.2017) by [The Charities \(Shakespeare Birthplace Trust\) Order 2017 \(S.I. 2017/783\)](#), art. 1, **Sch. Scheme para. 5**)

5 Advice.

- (1) Before exercising any power of investment, whether arising under this Part or otherwise, a trustee must (unless the exception applies) obtain and consider proper advice about the way in which, having regard to the standard investment criteria, the power should be exercised.
- (2) When reviewing the investments of the trust, a trustee must (unless the exception applies) obtain and consider proper advice about whether, having regard to the standard investment criteria, the investments should be varied.
- (3) The exception is that a trustee need not obtain such advice if he reasonably concludes that in all the circumstances it is unnecessary or inappropriate to do so.
- (4) Proper advice is the advice of a person who is reasonably believed by the trustee to be qualified to give it by his ability in and practical experience of financial and other matters relating to the proposed investment.

[^{F2}(5) This section has effect subject to section 292C(6) of the Charities Act 2011 (which disapplies the duties under this section in cases where they would otherwise apply in relation to a social investment within the meaning of Part 14A of that Act).]

Textual Amendments

- F2** S. 5(5) inserted (31.7.2016) by [Charities \(Protection and Social Investment\) Act 2016 \(c. 4\), ss. 15\(4\), 17\(4\)](#); S.I. 2016/815, reg. 2(k)

Modifications etc. (not altering text)

- C1** Ss. 4, 5 applied by 1956 c. lxxvii s. 5(1A) (as substituted (10.3.2015) by [The Charities \(People's Dispensary for Sick Animals\) Order 2015 \(S.I. 2015/198\)](#), art. 1, **Sch. Scheme para. 4**)
- C4** S. 5 excluded by 2011 c. 25, s. 292C(6) (as inserted (31.7.2016) by [Charities \(Protection and Social Investment\) Act 2016 \(c. 4\), ss. 15\(1\), 17\(4\)](#); S.I. 2016/815, reg. 2(k))

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C5 S. 5 applied (with modifications) by 1961 c. xxxviii, s. 9(1) (as substituted (1.9.2017) by [The Charities \(Shakespeare Birthplace Trust\) Order 2017 \(S.I. 2017/783\)](#), art. 1, [Sch. Scheme para. 5](#))

6 Restriction or exclusion of this Part etc.

- (1) The general power of investment is—
 - (a) in addition to powers conferred on trustees otherwise than by this Act, but
 - (b) subject to any restriction or exclusion imposed by the trust instrument or by any enactment or any provision of subordinate legislation.
- (2) For the purposes of this Act, an enactment or a provision of subordinate legislation is not to be regarded as being, or as being part of, a trust instrument.
- (3) In this Act “subordinate legislation” has the same meaning as in the ^{M1}Interpretation Act 1978.

Marginal Citations

M1 1978 c. 30.

7 Existing trusts.

- (1) This Part applies in relation to trusts whether created before or after its commencement.
- (2) No provision relating to the powers of a trustee contained in a trust instrument made before 3rd August 1961 is to be treated (for the purposes of section 6(1)(b)) as restricting or excluding the general power of investment.
- (3) A provision contained in a trust instrument made before the commencement of this Part which—
 - (a) has effect under section 3(2) of the ^{M2}Trustee Investments Act 1961 as a power to invest under that Act, or
 - (b) confers power to invest under that Act,is to be treated as conferring the general power of investment on a trustee.

Marginal Citations

M2 1961 c. 62.

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