

2000

## Introduction

It was only fitting that the inaugural WA Lee Equity Lecture should be delivered by Mr WA Lee himself in whose honour the lecture was established in recognition of his outstanding contribution to Equity and Trusts as an academic lecturer, author and law reformer. Known to many as Tony Lee, he was formerly Reader in Law at the University of Queensland and a member of the Queensland Law Reform Commission. He is also, together with Professor HAJ Ford, the author of *Principles of the Law of Trusts*, first published in 1983. That work continues to this day as an online service following publication of several new editions of the work. In 1975 he also published a *Manual of Queensland Succession Law* currently in its sixth edition. *Ford and Lee on the Law of Trusts* is regarded as the leading work on the subject in Australia and is frequently cited by judges when called upon to determine issues involving the Law of Trusts. He has published many thoughtful articles on various aspects of the Law of Trusts and Law of Succession in scholarly academic journals both in Australia and overseas. Many of his ideas have been incorporated into the progressive statutory reform of the Laws of Trusts and Law of Succession in Queensland. Lee commenced his academic career as a lecturer in law at the University of Queensland in the 1960s having moved to Australia from England where he worked for a time as an employee of the Treasury Solicitor after completing a Bachelor of Arts with first class honours in English Literature at the University of Manchester and a Bachelor of Laws at the University of London.

The lecture 'Trustee Investing: Homes and Hedges' delivered in 2000 by Lee was delivered in the context of the then recent introduction of a new regime for the investment of trust funds introduced into all Australian jurisdictions following the lead of New Zealand. That new regime abolished the old statutory list of authorised trustee investments and gave trustees an unlimited investment power while at the same time imposing a standard of conduct on trustees when investing referred to as the 'prudent person test'. Other duties are also imposed by the legislation on trustees described by Lee as 'redolent of earlier law' and its concern with capital and income accounting for successive beneficial interests and the maintenance of a distinction between prudent and speculative investments. In addition trustees are also required to have regard to 15 specific matters when investing which Lee describes as highly significant because it provides scope for trustees to pursue non-traditional investment strategies when appropriate to a particular trust.

This leads into an examination of whether modern investment theory can assist trustees, particularly the efficient market hypothesis and modern portfolio theory. The efficient market hypothesis is dismissed as not very useful for trustees in making investment decisions whilst modern portfolio theory demonstrates the advantages of diversification. This is specifically recognised in the legislative provisions. In addition

This is a preview. Not all pages are shown.