

# Global Investment Performance Standards ®

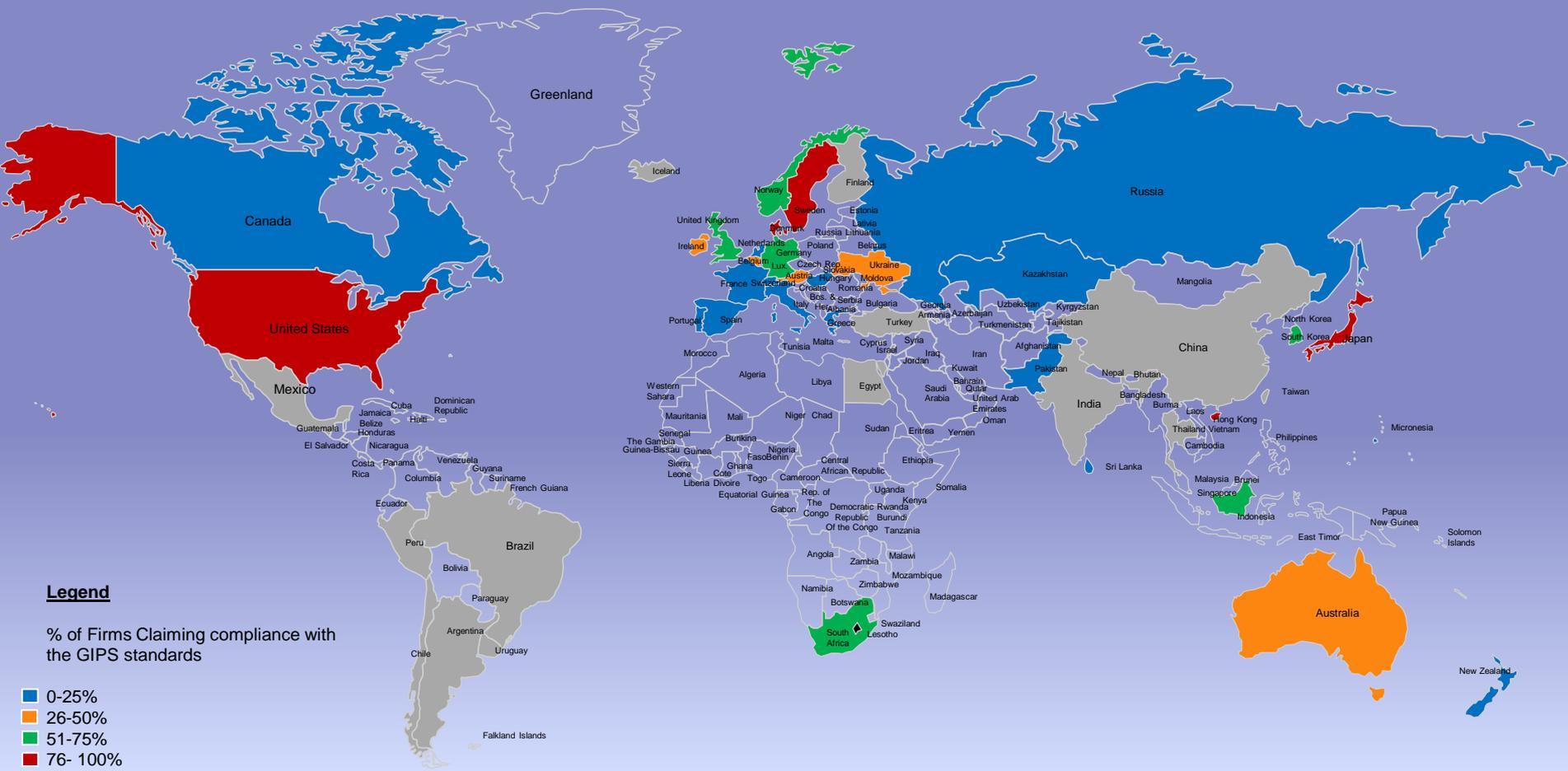
## A FIRM-WIDE EFFORT



Your Roles in [Name of Team] in [Name of Firm]'s  
claim of compliance with the GIPS standards

*By: [Names] on [DD/MM/YY]*

# Global Reach



## Legend

% of Firms Claiming compliance with the GIPS standards

- 0-25%
- 26-50%
- 51-75%
- 76- 100%

Countries with interest in adopting the GIPS standards

# The GIPS standards

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Ethical principles to achieve full disclosure and fair representation of investment performance for presentation to prospective clients

Fundamentals of Compliance

Input Data

Calculation Methodology

Composite Construction

Disclosures

Presentation and Reporting

Real Estate

Private Equity

Advertising

Verification

Maintained by GIPS Executive Committee: the governing body comprised of delegates from around the world representing technical, industry & regional stakeholders

# Benefits of Compliance



Global comparability  
Industry best practice  
Dynamically evolving  
Commitment to ethical practices  
Enhanced internal process & control  
Improved risk management  
Competitive Advantage  
Transparency, credibility & trust  
Access to reliable data  
Self-regulation  
Long term success

Compliance with the GIPS standards benefits the industry, the investors, and the firms.

# Importance to [Name of Firm]

[Place specific reasons of your firm's compliance with the Standards on this slide. Listed below are some examples.]

## Intrinsic

Effective investment control  
Enhanced infrastructure  
Improved internal control  
Increased transparency  
Reduced operational risk  
Stronger business relationship  
Reason  
Reason

## Extrinsic

Voluntary commitment creates trust  
Improved brand reputation  
Competitive edge over peers  
Advantage in acquiring clients  
Advantage in RPFs  
Ability to compete world-wide  
Reason  
Reason

# Importance to Investors

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Access to reliable, objective data for due diligence

Greater degree of confidence in the numbers

Better understanding of the performance presented

Make sounder decision on the selection of managers

Comparison across strategies, firms and geographical areas

# Improper Activity

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Cherry picking accounts

Use of model/back tested performance

Presentation of performance for selected time periods

Use of inappropriate performance numbers

Inadequate disclosure

Survivorship bias

# Compliance is a Team Effort

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Our team is responsible for:

[Please place specific tasks & responsibilities of your team here.  
Listed below are some examples.]

Knowing the GIPS standards

Keeping up with updates of the Standards

Setting up process & procedures

Establishing line of communication to ensure compliance

Responsibility

Responsibility

Responsibility

# Your Role as a Team Member

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[Please place specific actionable items you need from your targeted audience. Listed below are some examples.]

Getting the right materials to prospects

Communication of information necessary to assign / exclude portfolios from the appropriate composite

Documentation for the mandate of new account

Documentation of restrictions / other circumstances

Notification of changes to portfolios that would impact composite inclusion

Action Item

Action Item

All teams must work closely together along with legal / compliance, operations and various teams to ensure that the requirements and recommendations of the GIPS standards are known and are build into our process and procedures to ensure firm-wide compliance.

The slides up to this point pertain to general overview and importance of the GIPS standards without the technical detail. The rest of the presentation should be further customized to your firm specific needs and the audience you're speaking to.

# High Level Overview of the GIPS standards

[Please provide review of the specific requirements and recommendations from each of the sections of the GIPS standards that are pertinent to your firm and illustrate with examples to your target audience. Next few slides illustrate some principles and are NOT comprehensive .]

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The fundamental principles of full disclosure and fair representation of the GIPS standards must always be adhered to.

# Fundamentals of Compliance

All policies and procedures for establishing and maintaining compliance must be documented



Regulators and verifiers will likely require that document when they examine a firm claiming compliance and may want proof that the firm is following its policies and procedures and that the firm is doing what it says it is doing.

# Input Data

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Portfolios are to be valued at fair value

[ Please list your firm's hierarchy for the valuation of various securities]

Type A Securities Valuation

Type B Securities Valuation

Type C Securities Valuation

Type D Securities Valuation

Type E Securities Valuation

# Calculation Methodology

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Firm must follow specific calculation methodologies so returns can be compared such as:

Accrual accounting for fixed income securities

Taking cash flows into account

Asset weighting of returns

Inclusion of the impact of cash (can't show equity only or fixed income only returns as primary data)

Deduction of trading expenses

Uniformity of calculation methods helps achieve comparability

# Composite Construction

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Every discretionary portfolio must be included in at least one appropriate composite

If you are looking at a firm's mid-cal strategy, every fee-paying, discretionary portfolio managed in that strategy must be included in the composite you are shown.

- NO EXCEPTIONS -

*every portfolio must be accounted for in the right composite*

Meaningful composites are essential to comparability

# Disclosure

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Any significant event that would help a prospective client interpret the performance must be disclosed. Examples include:

- Significant personnel change

- Changes in investment style

- Fair representation and full disclosure

All materials must conform to appropriate regulatory (insert name of your local authority) requirements

Provides proper context in which to understand the performance

# Presentation and Reporting

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Prescribed data set that must be presented can be illustrated in a chart or described in a narrative form

Minimum of 5 years building up to 10 years (or since inception if track record is shorter)

Annualized ex-post 3 year standard deviation for the composite & the benchmark

Fee schedule

# Compliant Presentation In Depth

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[Please provide an example of your firm's compliant presentation here or in handout form. Slide can highlight some key features of your firm's compliant presentation. You can also include some materials that are not a part of the compliant presentation AND give a few pointers on how to recognize the difference.]

Claim of compliance includes verification status and discussion of what verification implies

Look it over carefully – can you answer questions on each element in the presentation?

Can you explain the relevance of each item to the prospect if asked?

# Delivery of Compliant Presentation

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Imperative that every prospect client receive a compliant presentation at initial contact

Performance updates may be sent without an additional compliant presentation for up to 12 months

Every 12 months, (can be more often but not less frequently) a new compliant presentation must be sent if the individual is still a prospective client

# Who is a Prospective Client?

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Anyone who would be a new client for the firm

A consultant

A database (a compliant presentation must be supplied to every database for every strategy every year)

A current client who is receiving information on a strategy new to the client (often overlooked)

# Tracking Who Gets What

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If a material error is discovered in a presentation (incorrect or missing information), a correct presentation must be distributed to everyone who received the incorrect presentation

It is important to track who has received which materials