

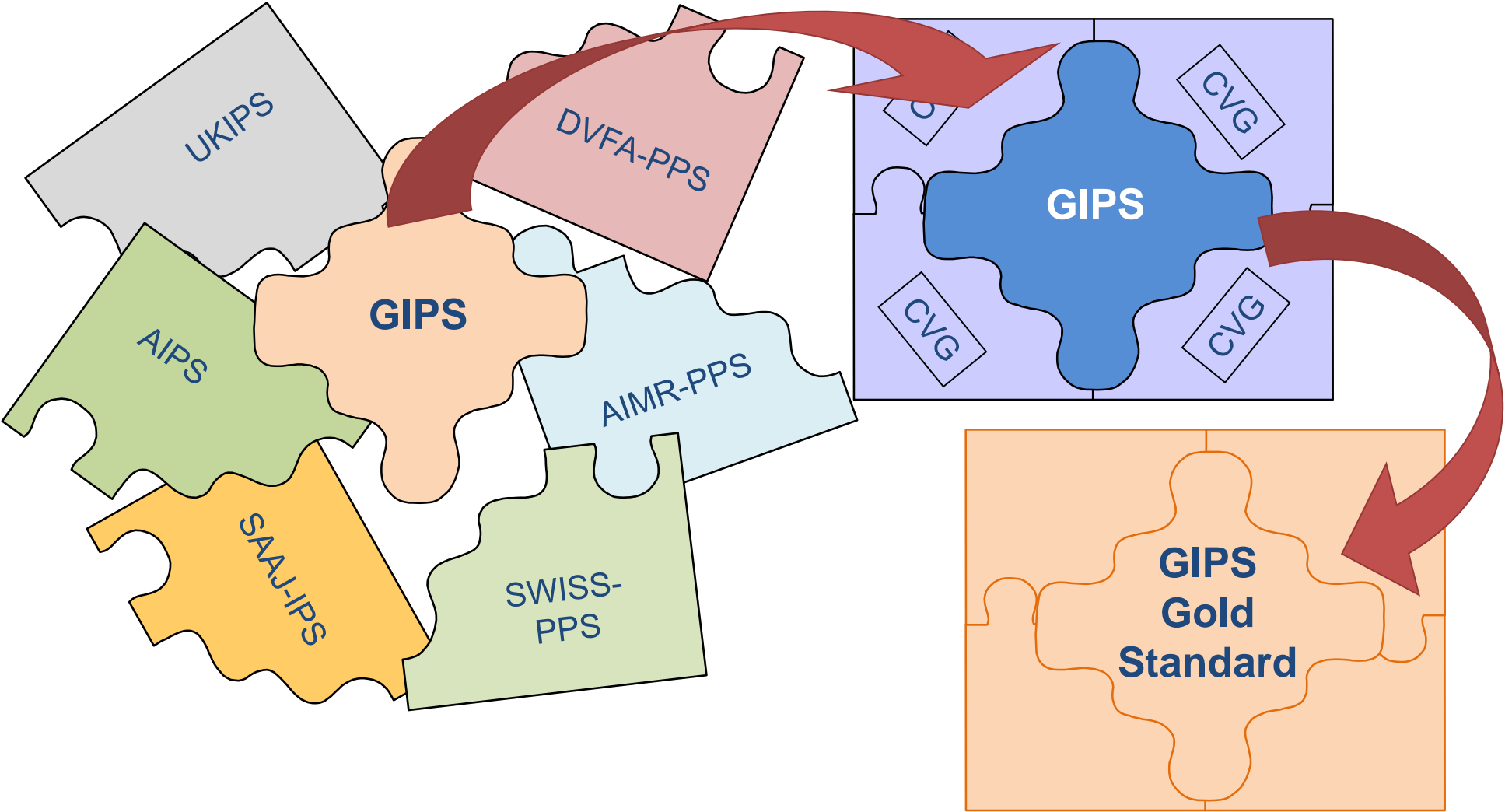
Global Investment Performance Standards (GIPS®) Update on GIPS 2020

Date: 22.11.2017

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History of the GIPS standards

(1/2)



History of the GIPS standards

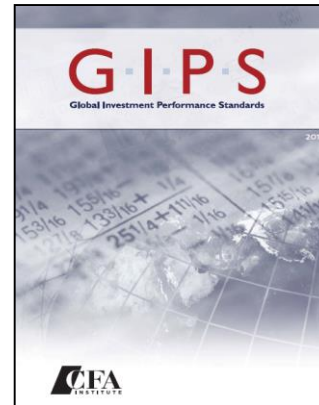
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GIPS 1999



GIPS 2005



GIPS 2010



GIPS 2020

GIPS 1999 → 2005

- Private equity
- Real estate
- Advertising
- Guidance statements
- CVGs → GIPS
- New GIPS governance

GIPS 2005 → 2010

- New presentation and disclosure requirements
- Valuation principles
- Revision of PE and RE guidance

GIPS 2010 → 2020

- Alternative strategies
- Risk measures
- Retail investors
- Asset Owners

What happened since GIPS 2010?

(1/4)

GIPS Executive Committee's strategic priorities:

- **EVOLVE** - develop interpretations and guidance on the application of the GIPS standards.
- **EXPAND** - add new content to the GIPS standards as needed.
- **ENGAGE** - increase the involvement of investors, regulators, and country sponsors.
- **EVALUATE** - review governance structure to ensure smooth administration and oversight of the GIPS standards.

=> https://www.gipsstandards.org/about/Documents/gips_strategic_plan.pdf

What happened since GIPS 2010?

(2/4)

EVOLVE - develop interpretations and guidance on the application of the GIPS standards:

- Guidance on real estate (2012).
- Guidance on private equity (2012)
- Guidance on performance examinations (2012).
- Guidance on alternative investment strategies (2012).
- Guidance to asset owners (2014).
- Guidance on broadly distributed pooled funds (2017).
- Revised guidance to asset owners (2017).

=> different guidance statements to be published in near future in preparation for GIPS 2020.

What happened since GIPS 2010?

(3/4)

EXPAND - add new content to the GIPS standards as needed:

- Application of GIPS Standards to asset owners.
- Application of GIPS Standards to broadly distributed pooled funds.

=> different guidance statements to be published in near future in preparation for GIPS 2020 – e.g. on risk or on overlay strategies.

What happened since GIPS 2010?

(4/4)

ENGAGE - increase the involvement of investors, regulators, and country sponsors:

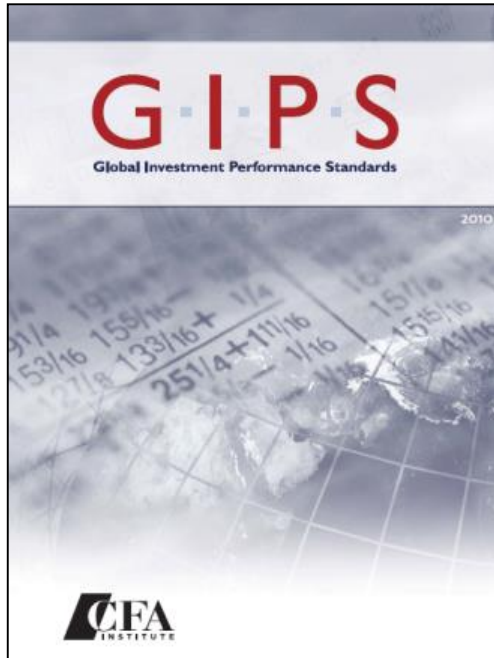
- Asset Owners => guidance statement for asset owners.
- Regulators => increasing outreach to regulators.
- Country sponsors => 41 GIPS country sponsors as of June 2017.

EVALUATE - review governance structure to ensure smooth administration and oversight of the GIPS standards:

- Notification Requirement for GIPS compliant firms (1608 firms have notified their claim of compliance as of December 2016)

=> https://www.gipsstandards.org/compliance/Pages/firms_claiming_compliance.aspx

Time for a change



GIPS 2010

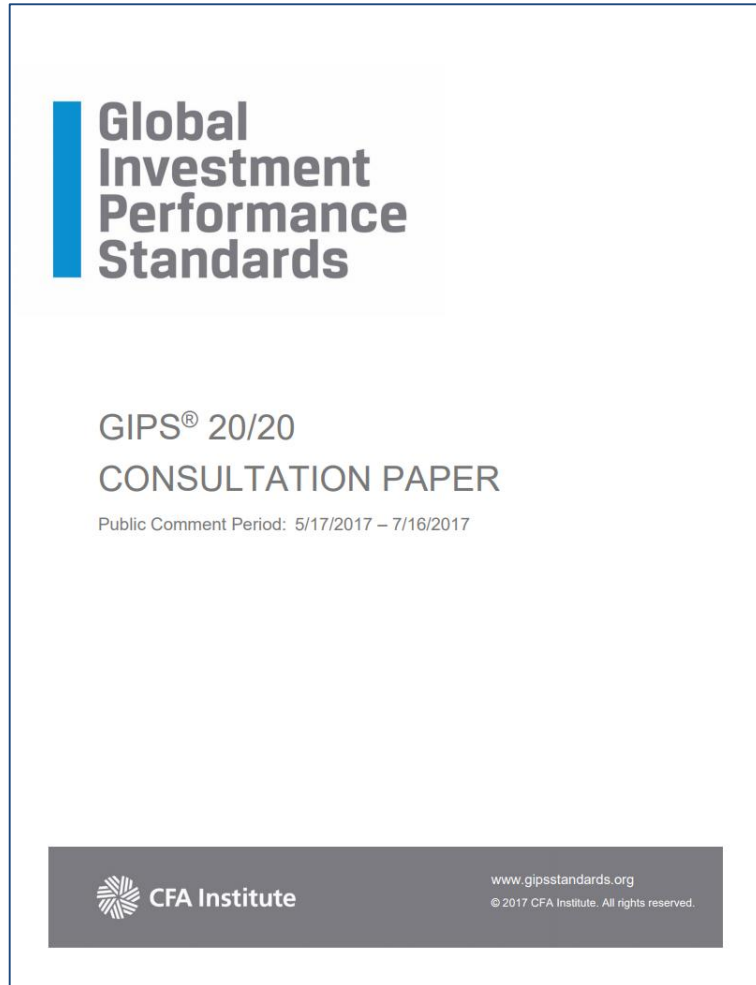


GIPS 2020

- => To incorporate new and adjust existing content.
- => To incorporate new areas of adopters.
- => To broaden the application.
- => To enhance readability.

Asking the industry

(1/2)



=> EC provided ideas on potential changes to GIPS.

=> EC asked for feedback from the industry.

=>https://www.gipsstandards.org/standards/Documents/Guidance/gips_2020_consultation_paper.pdf

Main areas for a change:

- Introducing a three pillar concept:
 - a) One to one => composite performance.
 - b) One to many => fund performance.
 - c) One to none => asset owner performance.
- Specific treatment of pooled funds.
- Reduce asset class specific guidance.
- Broader use of money-weighted rate of returns.
- Distribution of GIPS compliant presentations to existing clients.
- References to the firm's claim of compliance.
- Etc.

Guiding principles:

- Those already in compliance should find this process seamless.
- Retain the integrity of the standards.
- Remove unnecessary complexity and barriers to entry.
- Ensure relevant for all asset classes.
- Ensure relevant for all types of asset manager.

Issues with current standards regarding application to specific type of asset managers:

- Issues for marketing performance in well regulated markets.
- Issues for marketing performance to retail investors.
- Adoption of GIPS standards by asset owners.

And in response:

- Managers have chosen narrow definitions of firm or chosen not to claim compliance.
- Asset owners not claiming compliance with GIPS Standards.

=> make it easier to cover retail funds and asset owners.

Issues with current standards regarding handling of retail funds:

- Issues for combined institutional and retail managers.
- Issues for retail only managers.

And in response:

- Managers have chosen narrow definitions of firm or chosen not to claim compliance.
- Retail funds in single portfolio composites.
- Confusion.

=> make it easier to cover retail funds.

Issues with current standards regarding content:

- Issues with asset specific requirements.
- Issues with application of GIPS to specific types of products and asset managers.

And in response:

- Managers have chosen narrow definitions of firm or chosen not to claim compliance.
- Confusion.

=> broaden GIPS and make it easier to implement GIPS compliance.

Issues with current standards regarding claiming GIPS compliance:

- Issues with compliance statements.
- Issues with advertising guidelines.

And in response:

- Confusion.


=> make it easier to market GIPS compliance.

Timeline towards GIPS 2020

- Exposure draft expected by 30 June 2018.
- Final version of GIPS 2020 expected by the end of Q1 2019.
- Effective date expected 1 Jan 2020, but compliant presentations are not required to be reported until after 1 Jan 2021.


GIPS web page – www.gipsstandards.org

Global Investment Performance Standards



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DOES YOUR FIRM CLAIM COMPLIANCE WITH THE GIPS® STANDARDS?



Announcements Standards and Guidance Upcoming Events

Kazakhstan Endorsed as 41st GIPS Country Sponsor
The GIPS Executive Committee officially endorsed the Association of Financial & Investment Analysts as the Kazakhstan GIPS Country Sponsor and is the 41st country sponsor to be endorsed.

New Appointed Members of the GIPS Executive Committee and GIPS Technical Committee
The GIPS Nominations Committee completed its review of the applications submitted through the recruitment process for the two open positions on the GIPS Executive Committee and the one position for the GIPS Technical Committee. We are pleased to confirm that the CFA Institute Board of Governors approved the recommendations of the 2017 GIPS Nominations Committee and appointed the following new members effective 1 September 2017:

GIPS Executive Committee Open Meeting - 12 September 2017
The GIPS Executive Committee has scheduled an open meeting on Tuesday, 12 September 2017 from 4:00 to 5:00 p.m. US PST at the Sheraton San Diego Hotel and Marina in San Diego, California, US.

Standards and Guidance
The current edition of the GIPS standards became effective on 1 January 2011.

- GIPS 20/20 Consultation Paper (PDF)** – Our Vision for the Future of the GIPS Standards, review the public comments received
- GIPS Handbook:** The handbook contains the current edition of the GIPS standards and provides an interpretive discussion for each provision
- Q&A Database:** Search this extensive database for GIPS topics, by category, date, and/or keywords
- Guidance Statements:** Review authoritative guidance and the recently released final revised version of the Guidance Statement on the Application of the GIPS Standards to Asset Owners (PDF) as well as
 - The Exposure Draft of the new Guidance Statement on Verifier Independence (PDF)
 - The Exposure Draft of the new Guidance Statement on Overlay Strategies (PDF)

Endorsed Translations of the GIPS Standards

- German (PDF)
- Japanese (PDF)
- Korean
- Spanish (PDF)
- Russian

Upcoming Events

Recording of Live Interview: GIPS 20/20 Edition
Paul Glenn & Joanthan Boersma, CFA

Conference Live Stream Recording: GIPS 20/20 - Pooled Funds
Dr. Ann Putallaz, CIPM

Conference Live Stream Recording: Panel Discussion - ESG, SRI, PBS and the GIPS Standards
David Post, CFA
Anne Simpson

Conference Live Stream Recording: Measuring Up - Guidance on Benchmark Selection
Anthony Howland

View all announcements

Contact details and disclaimer

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