

CFA Institute
Global Investment Performance Standards
Jonathan Boersma
560 Ray C. Hunt Drive Charlottesville,
VA 22903-2981

Frankfurt, 8 February 2017

Re: Guidance Statement on the Use of Supplemental Information

Dear Jonathan Boersma,

on behalf of the German Country Sponsor GAMSC, thank you for the opportunity to comment on the exposure draft of the revised Guidance Statement on the Use of Supplemental Information. Generally we appreciate the efforts to define what supplemental information is designed to accomplish and by this help to differentiate between different types of information and requirements and recommendations. We are clearly in favor of defining when firms are required to label performance and performance-related information as supplemental information and when such labeling is not recommended. Finally we believe that not prohibiting firms from preparing and presenting information according to specific requests from clients or prospective clients is important to understand the spirit of GIPS in general.

In detail we have the following comments to the proposed Guidance Statement:

Page 4 – „inappropriate benchmark“:

This wording should be defined, as it opens up a discussion; may be in a future Guidance Statement, in an Q&A or the standards.

Question 1 – Should theoretical performance not based on assets managed by the firm and not related to the respective composite be allowed to be labeled as supplemental information and included in a compliant presentation?

No. If there is no relation to the respective composite it may be misleading to label theoretical performance as supplemental and to include it in a compliant presentation.

Question 2 – Do the preceding four items accurately reflect misleading information? Should other examples of misleading information be included?

Yes, guiding principles are okay. However, as already mentioned, defining, clarifying or giving some examples of inappropriate benchmarks is desirable in order to avoid future discussions.

Page 5 – „If the firm chooses to include ...“

The GIPS Glossary defines supplemental information as any performance- related information included **as part** of a compliant presentation that supplements or enhances the required and/or recommended provisions of the GIPS standards.

First: The wording should be changed to „If the firm chooses to include a compliant presentation in a marketing document (e.g., pitch book), any performance and/or performance-related information included in this marketing document outside of the compliant presentation (...) must be clearly identified as supplemental information.“

Second: Is our understanding that „being part“ does not mean being physically part of the compliant presentation but being part of the document in which the compliant presentation is part of correct? So outside means outside of the document the compliant presentation is part of?

Question 3 – Do you agree that firms should not label information as supplemental performance if it is presented outside of a compliant presentation?

Yes, without any doubt

Question 4 – If information that would be supplemental information if it were in a compliant presentation is presented outside of a compliant presentation, should firms be required to disclose how to obtain a compliant presentation?

Yes, of course

Question 5 – Do you agree that firms should be required to direct the reader to the compliant presentation if the compliant presentation is included within a marketing document (e.g., pitch book)?

Yes, otherwise the definition of supplemental information being part of a compliant presentation would make no sense.

Question 6 – Do you believe that the prohibition against presenting any false or misleading performance-related information is strong enough to deter firms from doing so, or should this prohibition be explained more?

Yes, it is strong enough.

Page 7 - “Firms must create policies and procedures for choosing representative portfolios and presenting representative portfolio performance.”

Does the “must” stands for a requirement, no matter if the firm uses representative portfolios and presents representative portfolio performance or not?

Question 7 – Do you agree with the proposed treatment of theoretical performance within supplemental information? Why or why not?

Yes, we agree with the proposed treatment of theoretical performance because it clearly differentiates between the fact of being supplemental information and by this being close linked to the results of the compliant presentation and other information.

Question 8 – Do you agree with the proposed disclosures of theoretical performance? Do you believe any disclosures should be added or removed?

Yes, we agree to the proposed disclosures. They are comprehensible and clear.

The given examples of supplemental information are a good framework. We have nothing to add to sections Laws and Regulations, Recordkeeping, Policies and Procedures, Verification and Performance Examination. 1 January 2018 as the effective date for this Guidance Statement is a realistic date to us.

Yours sincerely

Signed Rudolf Siebel
BVI

Signed Harald Edele
CFA Society Germany

Signed Ulf Mayer
DVFA