

GIPS 2020 EXPOSURE DRAFT HIGHLIGHTS

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AGENDA

- The GIPS 2020 update process and rationale
- The GIPS 2020 structure
- Key changes for firms and asset owners
- GIPS 2020 timeline

WHY CHANGE THE GIPS STANDARDS?

- Composites are the foundation of the GIPS standards, but composites are not appropriate for all investment products
- Pooled funds do not fit neatly into the current composite construction or GIPS reporting framework
- Make the GIPS standards more relevant for all asset classes, including alternative investment funds/strategies
- Better address applicability for asset owners
- Consolidate guidance that has expanded since GIPS 2010

FIRST STEP – THE GIPS 2020 CONSULTATION PAPER

- Receive feedback on key issues being considered for inclusion in GIPS 2020, e.g.,
 - Differentiate selling participation in a specific fund versus a composite strategy
 - Remove the strict rules prohibiting the use of internal rates of return except in limited circumstances
 - Determine if any currently required information in GIPS reports should be eliminated
- Identify any key topics that were missing and should be included
 - No significant missing items were identified

SECOND STEP – INPUT FROM VOLUNTEERS

- GIPS Executive Committee
- GIPS Technical Committee
- Interpretations Subcommittee
- Investment Manager Subcommittee
- Asset Owner Subcommittee
- Verification Subcommittee
- Alternative Strategies Working Group
- Benchmark Working Group
- Overlay Working Group
- Pooled Funds Working Group
- Risk Working Group

PENDING GUIDANCE STATEMENTS

- Over the past few years, multiple Guidance Statements were issued for public comment, but had not been finalized prior to drafting the GIPS 2020 Exposure Draft
 - Updated Supplemental Information Guidance Statement
 - Risk Guidance Statement
 - Updated Verifier Independence Guidance Statement
 - Overlay Strategy Guidance Statement
 - Benchmark Guidance Statement
- All public comments were reviewed and considered by the respective working group or subcommittee
- Key requirements and recommendations from each Guidance Statement are incorporated in the GIPS 2020 Exposure Draft

ADDITION OF REQUIREMENTS IN OTHER GUIDANCE AND CITATIONS

- Currently requirements (and recommendations) are included in interpretive guidance
 - Guidance Statements, Q&As, and GIPS Handbook provision discussions
- We identified all GIPS requirements currently located outside of the provisions, evaluated each requirement, and included key requirements as new provisions
- In GIPS 2020, each provision includes a reference to the source of the provision
 - “New” indicates a new idea, or a significant change to an existing provision
- Glossary identifies new terms and retired terms

CURRENT SECTIONS OF THE GIPS STANDARDS

0 – Fundamentals of Compliance

1 – Input Data

2 – Calculation Methodology

3 – Composite Construction

4 – Disclosure

5 – Presentation & Reporting

6 – Real Estate

7 – Private Equity

8 – Wrap Fee/SMA

Advertising Guidelines

Glossary

NEW STRUCTURE (SECTIONS) IN GIPS 2020

Firms

General Provisions

1. Fundamentals of Compliance
2. Input Data and Calculation Methodology
3. Composite and Pooled Fund Maintenance

Composite Reports

4. Time-Weighted Returns
5. Money-Weighted Returns

Pooled Fund Reports

6. Time-Weighted Returns
7. Money-Weighted Returns

Asset Owners

General Provisions

8. Fundamentals of Compliance
9. Input Data and Calculation Methodology
10. Total Fund and Composite Maintenance

Asset Owner Reports

11. Time-Weighted Returns
12. Money-Weighted Returns

NEW STRUCTURE IN GIPS 2020

13. GIPS Advertising Guidelines

- Firm Composite Advertising Guidelines
- Firm Limited Distribution Pooled Fund Advertising Guidelines
- Firm Broad Distribution Pooled Fund Advertising Guidelines
- Asset Owner Advertising Guidelines

14. Glossary

- For both firms and asset owners

NEW STRUCTURE IN GIPS 2020

- No separate asset-class sections for real estate, private equity, or wrap fee portfolios
 - Real estate and private equity are now included in a broader category of “private market investments”
- Each section includes any asset-class or asset-type specific provisions
 - E.g., overlay, carve-outs, wrap-fee, private market investments
- Dates have been removed from provisions and are included in footnotes
- Verification guidance will be issued as a separate document for public comment – planned issue date is 31 October 2018

FIRMS VERSUS ASSET OWNER

- Firms are entities that manage assets on behalf of clients
 - Firms market their services
- An asset owner is an entity that manages investments, directly and/or through the use of external managers, on behalf of participants, beneficiaries, or the organization itself.
- These entities include, but are not limited to, public and private pension funds, endowments, foundations, family offices, provident funds, insurers and reinsurers, sovereign wealth funds, and fiduciaries.
- Asset owners must have discretion over total asset owner assets, either by managing assets directly or by having the discretion to hire and fire external managers.

ASSET OWNERS

- Asset owner provisions are based on the firm guidance, but tailored to asset owners
- Asset owner provisions incorporate many of the concepts from the Asset Owner Guidance Statement, but go even further
 - Guidance is specific to total funds and composites
- A total fund is a pool of assets managed by an asset owner according to a specific investment mandate, which is typically composed of multiple asset classes. The total fund is typically composed of underlying portfolios, each representing one of the strategies used to achieve the asset owner's investment mandate.

DIFFERENTIATE COMPOSITES VERSUS POOLED FUNDS

- In GIPS 2020, firms need to consider what is being offered
 - A composite strategy
 - Participation in a limited distribution pooled fund
 - Participation in a broad distribution pooled fund
- Composites – firm is selling a strategy to a segregated account client (
 - Segregated account is a portfolio owned by a single client)
- Limited distribution pooled funds – firm is selling participation in a specific fund
 - Typically sold in a one-on-one meeting
- Broad distribution pooled funds – firm is selling participation in a specific fund
 - Typically no direct contact between the firm and the pooled fund investor

COMPOSITE CONSTRUCTION FOR FIRMS

- Currently, all actual, fee-paying, discretionary portfolios must be included in at least one composite
- No change to the current composite construction requirements for composite strategies that the firm is selling
- A composite must include all portfolios that meet the composite definition
- In GIPS 2020, firms will not be required to create a composite that includes only one or more pooled funds, if the strategy of the fund(s) is not being sold as a composite strategy offered to segregated accounts
 - May terminate composites that were created to include only one or more pooled funds when the firm does not offer the pooled fund strategy as a composite strategy

LIST OF COMPOSITES AND FUND DESCRIPTIONS

- Currently, firms must maintain a complete list of composite descriptions
- In GIPS 2020, firms must maintain:
 - A complete list of composite descriptions
 - A complete list of pooled fund descriptions for limited distribution pooled funds
 - A complete list (without descriptions) of broad distribution pooled funds
- In GIPS 2020, firms must provide:
 - The complete list of composite descriptions to any prospective client that makes such a request
 - The complete list of pooled fund descriptions for limited distribution pooled funds appropriate to any limited distribution pooled fund prospective investor that makes such a request
 - The pooled fund description for any broad distribution pooled fund to any broad distribution pooled fund prospective investor that makes such a request
- Asset owners must maintain a list of total funds and composites, if they manage more than one total fund

GIPS REPORTS FOR FIRMS

- Currently, firms are required to make every reasonable effort to provide a compliant presentation to all prospective clients
- A prospective client is any person or entity that has expressed interest in one of the firm's composite strategies and qualifies to invest in the composite
- “Compliant presentations” are renamed
 - GIPS Composite Reports – for composites
 - GIPS Pooled Fund Reports – for pooled funds
- Firms must make every reasonable effort to:
 - Provide a GIPS Composite Report to all prospective clients
 - Provide a GIPS Pooled Fund Report to all limited distribution pooled fund prospective investors
- Firms may provide a GIPS Pooled Fund Report to broad distribution pooled fund prospective investors, but are not required to do so
- Firms must be able to demonstrate how they met the requirements to distribute these reports

GIPS REPORTS FOR ASSET OWNERS

- Currently, asset owners are required to make every reasonable effort to provide a compliant presentation to those who have direct oversight responsibility for total fund assets
- “Compliant presentations” are renamed to GIPS Asset Owner Reports
- In GIPS 2020, asset owners must make every reasonable effort to provide:
 - For total funds and any additional composites that have been created, a GIPS Asset Owner Report to those who have direct oversight responsibility for total fund assets and total asset owner assets

UPDATING OF GIPS REPORTS

- Currently there is no requirement to update GIPS Reports on a timely basis
 - Some compliant presentations include data that is several years old
- GIPS 2020 requires firms and asset owners to update GIPS Reports within 6 months of the annual period end

NEW LIMITED DISTRIBUTION POOLED FUND

- If the firm is selling participation in a brand new limited distribution pooled fund, this pooled fund will not have a track record to present to prospective investors
- The firm must present the most appropriate track record for the new limited distribution pooled fund, if available
- The most appropriate track record may be from a composite or another pooled fund that is managed according to the same or similar strategy as the new limited distribution pooled fund

RECORDKEEPING

- Currently, all data and information necessary to support all items included in a compliant presentation must be captured and maintained
 - Firms must maintain records to be able to recalculate their performance history as well as substantiate all other information, including supplemental information, included in compliant presentations, for all periods shown
- In GIPS 2020, recordkeeping requirements also apply to advertisements prepared in accordance with the GIPS Advertising Guidelines
 - Applies to both firms and asset owners
- The supporting data and information must also be readily available

CARVE-OUTS

- As of 1 January 2010, firms are prohibited from allocating cash to carve-outs and including those carve-outs in composites
 - As of that date, to be included in a composite, a carve-out must be managed with its own dedicated cash
- In GIPS 2020, we allow firms to once again allocate cash to carve-outs
- Any carve-out included in a composite must include cash and any related income. Cash may be:
 - Accounted for separately, or
 - Allocated synthetically
- Because asset owners are not marketing, and reporting only their performance to oversight boards, asset owners may present additional composite carve-out returns that do not include cash

CARVE-OUTS

- If the firm chooses to allocate cash to a carve-out and include it in a composite, it must create carve-outs with allocated cash for all carve-outs managed in the same strategy
 - All carve-outs with allocated cash must be included in the composite
- Once the firm obtains a standalone portfolio managed in the same strategy as the carve-out(s) with allocated cash, it must create a composite that includes only standalone portfolios
- The GIPS Composite Report for the composite that includes the carve-out(s) with allocated cash must include information about the standalone composite as well
 - Numerous additional disclosures

EXTERNAL VALUATION

- Currently only real estate investments are required to receive an external valuation
 - External valuation are required once every 12 months
 - When client agreements state otherwise, external valuations are instead required at least once every 36 months
- In GIPS 2020, expanded the concept of obtaining independent valuations to private equity, infrastructure, and other real assets, including real estate (i.e., private market investments), and also expanded the types of independent valuations

PRIVATE MARKET INVESTMENTS

- For periods beginning on or after 1 January 2020, at least once every 12 months, private market investments must:
 - Have an external valuation, or
 - Have a valuation review*, or
 - Be subject to a financial statement audit**.

* A valuation review is a review of valuation inputs and assumptions performed by a qualified external third party

e.g., review by an external party of a firm's internal discounted cash flow calculation for a real estate property

** The financial statement audit must be performed by an independent, qualified public accounting firm

VALUATION FREQUENCY

- Currently, valuation frequency requirements are based on the underlying asset class of a composite and the portfolio type
- Investments must be valued monthly and at the time of large cash flows, with the following exceptions:
 - Private equity must be valued annually
 - Real estate must be valued quarterly
 - Alternative investment strategy funds must be valued annually and whenever there are subscriptions or redemptions
- In GIPS 2020, valuation frequency depends primarily on:
 - The type of return being presented (time-weighted versus money-weighted)
 - Whether the portfolio is included in a composite or presented as a standalone fund

VALUATION FREQUENCY

Time-weighted returns (TWR)

- Portfolios in composites and total funds (except private market investment portfolios)
 - At least monthly
 - At the time of large cash flows
- Private market investment portfolios in composites
 - At least quarterly
 - No requirement to value at the time of large cash flows
- Pooled funds not in composites
 - At least annually
 - At the time of all subscriptions and redemptions
 - Whenever returns are calculated

Money-weighted returns (MWR)

- Portfolios in composites and pooled funds
 - Annually
 - Whenever returns are calculated

PORTFOLIO-LEVEL CALCULATIONS

Time-weighted returns (TWR)

- Portfolios in composites (except private market investment portfolios) and total funds
 - At least monthly
 - Sub-period returns at the time of large cash flows
 - Use daily-weighted cash flows
- Private market investment portfolios in composites
 - At least quarterly
 - Use daily-weighted cash flows
- Pooled funds not in composites
 - At least annually
 - Sub-period returns at the time of all subscriptions and redemptions

Money-weighted returns (MWR)

- Portfolios in composites and pooled funds
 - Annualized since-inception MWRs
 - Use daily cash flows as of 1 Jan 2020, and quarterly cash flows before then

COMPOSITE-LEVEL CALCULATIONS

Time-weighted returns (TWR)

- Composites (except private market investment composites)
 - Asset weight portfolio returns at least monthly
- Private market investments composites
 - Asset weight portfolio returns at least quarterly

Money-weighted returns (MWR)

- Firms must include the period from inception through the most recent annual period end
- Asset owners must include:
 - The period from inception through the most recent annual period end, or
 - If the asset owner does not have records for this full period, the asset owner must instead include the longest period for which the asset owner has sufficient records

TRANSACTION COSTS

(FORMERLY TRADING EXPENSES)

- Currently, firms are required to calculate returns after the deduction of actual trading expenses during the period
- In GIPS 2020, firms and asset owners may use estimated transaction costs for portfolios included in composites if the firm or asset owner can determine that estimated transaction costs are greater than or equal to actual transaction costs

PORTABILITY

- Currently, firms are required to link to performance from a prior firm or affiliation, if portability tests are met, on a composite-specific basis
- In GIPS 2020, firms will be allowed to choose if they will link to performance from a prior firm or affiliation, if portability tests are met, on a composite-specific or pooled fund-specific basis
- GIPS 2020 clarifies the one year grace period
 - Assets of the acquired non-compliant firm or affiliation must meet all the requirements of the GIPS standards within one year of the acquisition date, on a prospective basis
 - No limit on when firms may port history from the prior firm or affiliation

GIPS REPORTS FOR FIRMS

- Four GIPS report options
 - Composite time-weighted returns – section 4
 - Composite money-weighted returns – section 5
 - Pooled Fund time-weighted returns – section 6
 - Pooled Fund money-weighted returns – section 7
- Each section is self-contained, and includes all required and recommended provisions for creating the respective GIPS report
- Firms must determine which returns will be presented for each composite and limited distribution pooled fund, and must consistently present the selected returns
 - The same is true for any broad distribution pooled fund the firm chooses to present in a GIPS Pooled Fund Report

GIPS REPORTS FOR ASSET OWNERS

- Two GIPS Asset Owner Report options
 - Total Fund or composite time-weighted returns – section 11
 - Additional composite money-weighted returns – section 12
- Each section is self-contained, and includes all required and recommended provisions for creating the respective GIPS Asset Owner Report
- The asset owner must determine which returns will be presented for each additional composite it chooses to create and present in a GIPS Asset Owner Report

RETURNS IN GIPS REPORTS

- Composite returns – firms may choose which returns to present
 - Gross only, net only, or both
 - Subject to regulatory requirements
- Limited distribution pooled fund returns – must present returns that are net of all fees and expenses
 - Not just transactions costs and investment management fees
 - The same is true for any broad distribution pooled fund the firm chooses to present in a GIPS Pooled Fund Report

MONEY-WEIGHTED RETURN (MWR) CRITERIA

(FORMERLY INTERNAL RATES OF RETURN – IRR)

- Firms may choose to present MWRs versus time-weighted returns (TWRs) if, for the composite or pooled fund:
 - The firm has control over external cash flows, and
 - Each composite portfolio has, or the pooled fund has, at least one of the following characteristics:
 - It is closed – end
 - It has a fixed life
 - It has a fixed capital commitment
 - Illiquid investments are a significant part of the composite or pooled fund's investment strategy

REQUIRED MONEY-WEIGHTED RETURNS

- Currently, for private equity composites and closed-end real estate funds, firms must present:
 - since inception IRRs through each annual period end
 - information about committed capital, distributions, and related multiples as of each annual period end
- MWR reports (sections 5 and 7) are based primarily on the current private equity composite reports
- In GIPS 2020, GIPS reports that include MWRs are required to include MWRs for only one period – from inception through the most recent annual period end
- In GIPS 2020, GIPS reports that include MWRs are required to include information about committed capital, distributions, and related multiples only as of the most recent annual period end
- In GIPS 2020, composites and pooled funds that use a subscription line of credit must present MWRs both with and without the subscription line of credit activity

ASSET OWNER RETURNS

- Total funds must present time-weighted returns
 - A composite that includes more than one total fund managed in the same strategy must also present time-weighted returns
 - Asset owners are recommended to include MWRs if they believe that MWRs are helpful and important in understanding the performance of the total fund
- Additional composites are asset-class composites
- Asset owners may choose to report additional asset-class composites in a GIPS report, but are not required to do so
- Additional composites may present TWRs, MWRs, or both
 - There are no criteria for presenting MWRs – the choice is left to the asset owner

TOTAL FIRM ASSETS

- Total firm assets is the aggregate fair value of all discretionary and non-discretionary assets managed by the firm
- Currently, firms must present, as of each annual period end:
 - Total firm assets, or
 - Composite assets as a percentage of total firm assets
- In GIPS 2020, for periods beginning on or after 1 January 2020, firms must present total firm assets
- GIPS 2020 also clarifies that:
 - Advisory-only assets must not be included in total firm assets
 - Uncalled committed capital must not be included in total firm assets
- Firms may present advisory-only assets and uncalled committed capital separately from total firm assets

ANNUALIZED RETURNS

- Currently, for periods ending on or after 1 January 2011, firms must present the three-year annualized ex-post standard deviation of the composite and the benchmark as of each annual period end
- In GIPS 2020, for periods ending on or after 1 January 2020, in TWR reports, firms and asset owners must present the three-year annualized return of the composite, pooled fund, or total fund and the benchmark for the same periods that the three-year annualized ex-post standard deviation is presented

RISK MEASURES

- Currently, firms are required to present the three-year annualized ex-post standard deviation for the composite and benchmark, unless monthly composite returns are not available
 - If the firm believes that the three-year annualized standard deviation is not relevant or appropriate, the firm must also present an additional risk measure
 - This requirement has been deleted
- Firms and asset owners are now recommended to present additional risk measures
- In GIPS 2020, for those composites or pooled funds that do not have monthly returns, for periods ending on or after 1 January 2020, firms and asset owners must present one of the following:
 - An appropriate risk measure for the composite/pooled fund and benchmark as of each annual period end
 - Must be the same measure for both the composite/pooled fund and benchmark
 - A qualitative narrative describing the key risks of the composite/pooled fund strategy

SUBJECTIVE UNOBSERVABLE INPUTS

- The same recommended fair value hierarchy from GIPS 2010 is included in GIPS 2020
- The bottom tier of the hierarchy is the use of subjective, unobservable inputs for the investment where markets are not active at the measurement date.
 - Unobservable inputs should only be used to measure fair value to the extent that observable inputs and prices are not available or appropriate
- New requirement to present (for periods ending on or after 1 Jan 2020) the percentage of the total fair value of composite or pooled fund assets that were valued using subjective unobservable inputs (as described in provision 2.B.6.e – the recommended fair value hierarchy) as of the most recent annual period end, if such investments represent a material amount of composite or pooled fund assets.

NON-FEE-PAYING PORTFOLIOS

- Currently, if the composite includes non-fee-paying-portfolios, firms must present the % of the composite represented by non-fee-paying portfolios as of each annual period end
- In GIPS 2020, if the composite includes non-fee-paying portfolios, the firm must present the percentage of composite assets represented by non-fee-paying portfolios as of each annual period end when:
 - net-of-fees returns are presented, and
 - net-of-fees returns are calculated using actual investment management fees
- If only gross-of-fees returns are presented, or net-of-fees returns are calculated using model investment management fees, no requirement to present this %

MULTIPLE BENCHMARKS

- If the firm or asset owner chooses to include more than one benchmark in the GIPS Composite Report or GIPS Pooled Fund Report, the firm or asset owner must include all required information for all benchmarks

DISCLOSURES IN GIPS REPORTS

- Reconsidered all disclosures
 - E.g., changed disclosure of the composite creation date to a recommendation
- Introduced “sunset” provisions where possible
 - All disclosures must be included for at least one year, but some disclosures may subsequently be deleted once the firm or asset owner determines that they are no longer relevant to interpreting the performance track record

NEW OR REVISED REQUIRED DISCLOSURES

- Revised claim of compliance
 - Align with the required verification procedures
 - Acknowledge the GIPS registered trademark
- Composite or pooled fund inception date
 - Composite creation date is now a recommended disclosure instead of a required disclosure
- Periodicity of benchmark returns, if calculated less frequently than monthly
- Which returns are used to calculate internal risk measure, and any additional risk measures presented
- Additional risk measures, if included
 - A description of the additional risk measure
 - The risk free rate used, if applicable
- If the return type has changed, e.g., changed from presenting TWRs to MWRs
- If model investment management fees are used to calculate net-of-fees returns, the model fee and methodology used

NEW OR REVISED REQUIRED DISCLOSURES

- Leverage, derivatives, and short positions
 - Must disclose how leverage, derivatives, and short positions have been used historically, if material
 - How leverage, derivatives, and short position may be used must be included in the composite description or total fund description, if they are a material part of the strategy
- Currently, must disclose the date of, description of, and reason for a benchmark change
 - Benchmark changes will differentiate retroactive changes versus prospective changes
 - Prospective benchmark changes must be disclosed for as long as returns for the prior benchmark are included in the GIPS report
 - Retroactive changes must be disclosed for a minimum of one year and for as long as they are relevant to interpreting the performance track record
- If estimated transaction costs are used, must disclose the estimated transaction costs used, and how they were determined

NEW OR REVISED REQUIRED DISCLOSURES

- If theoretical performance is included as supplemental information, must disclose:
 - That the results are theoretical, are not based on the performance of actual portfolios, and were derived from the retroactive or prospective application of a model.
 - A basic description of the model and assumptions sufficient for the prospective client to interpret the theoretical performance.
 - Whether the theoretical performance reflects the deduction of investment management fees, transaction costs, or other fees and charges that an actual client portfolio would have paid or will pay.
- If the fee schedule includes performance-based fees or carried interest, must disclose the performance-based fee description or carried interest description
 - Information that would allow a prospect to understand the characteristics of the performance-based fee or carried interest, and is expected to include the fee rate, hurdle rate, clawback, loss carryforward, high watermark, crystallization period, etc.

FIRM OVERLAY COMPOSITES

- An overlay strategy is one in which the management of a certain aspect of an investment strategy is carried out separately from the underlying portfolio
- Overlay strategies are typically designed to either limit or maintain a specified risk exposure that is present in the underlying portfolio or to profit from a tactical view on the market by changing a portfolio's specified risk exposure
 - E.g., currency overlay, option overwrite
- GIPS 2020 includes calculation requirements for overlay strategy portfolio returns
- Overlay strategy composites must present composite overlay exposure and total firm overlay exposure as of each annual period end (for periods ending on or after 1 January 2020)
 - Overlay exposure is the economic value for which a firm has investment management responsibility
 - May choose to not present composite assets or total firm assets if not considered meaningful
- Must disclose the methodology used to calculate composite overlay exposure
- Must disclose if collateral and collateral income are reflected in the composite returns

FIRM WRAP FEE COMPOSITES

- Wrap fee/separately managed accounts are renamed wrap fee portfolios
- When presenting performance to wrap fee prospective clients, firms must continue to:
 - Present composites that include all wrap fee portfolios managed in the composite's strategy
 - Present composite returns that are net of the entire wrap fee
- The concept of sponsor-specific composites has been deleted
 - Sponsor-specific performance may still be used, but this is considered client reporting
- Currently, wrap fee composites typically present pure gross returns and net returns
- With the ability to use estimated transaction costs, firms may be able to calculate gross returns that reflect the deduction of only transaction costs

GIPS ADVERTISING GUIDELINES

- A GIPS advertisement is an advertisement by a GIPS-compliant firm or asset owner that adheres to the requirements of the GIPS Advertising Guidelines
- Firms and asset owners are not required to prepare GIPS advertisements, but if a firm chooses to do so, it must meet all the requirements of the GIPS Advertising Guidelines
- Four GIPS Advertising Guidelines options:
 - Firm composites
 - Firm limited distribution pooled funds
 - Firm broad distribution pooled funds
 - Asset owner

GIPS ADVERTISING GUIDELINES

- New fundamental provisions applicable to all advertisements, e.g.,
 - Composite returns in a GIPS Advertisement must be derived from the returns included in or that will be included in the corresponding GIPS Composite Report
- If the corresponding GIPS Composite Report includes TWRs, composite advertisements have a new TWR option:
 - The annualized composite return for the total period that includes all periods presented in the corresponding GIPS Composite Report, through either the most recent period end, or the most recent annual period end
- If the corresponding GIPS Composite Report includes MWRs, firms must present the composite since-inception money-weighted return through either the most recent period end, or the most recent annual period end
- Requirements for asset owners advertising total funds or composite are the same as for firms

GIPS ADVERTISING GUIDELINES

- The big change is the inclusion of Broad Distribution Pooled Funds GIPS Advertising Guidelines for firms
- These replace the requirements previously included in the Guidance Statement on Broadly Distributed Pooled Funds
- Firms have no requirement to present performance for an individual broad distribution pooled fund to prospective investors in broad distribution pooled funds
- Firms may voluntarily choose to follow the GIPS Advertising Guidelines for a broad distribution pooled fund
- Firms may also voluntarily choose to prepare a GIPS Composite Report for a broad distribution pooled fund

GIPS 2020 TIMETABLE

Exposure Draft Issued	31 August 2018 31 October 2018 (Verification)
Comment Period End Date	31 December 2018
Final Version Issued	30 June 2019 31 August 2019 (Verification)
Effective Date	1 January 2020
GIPS Reports Prepared per GIPS 2020 Requirements	GIPS Reports that include performance results for periods ending on or after 31 December 2020

WHAT DO YOU
THINK?

YOUR
OPINION
MATTERS

We Want
To Hear From You!

Positive and *negative*
feedback

RESOURCES

- The GIPS standards website: gipsstandards.org
 - GIPS 2020 Exposure Draft
 - GIPS Reports for Asset Owners Comparison Table
 - GIPS Reports for Firms Comparison Table
 - Questions for Public Comment Summary
- Submit Your Comments (standards@cfainstitute.org)
- Helpdesk (gips@cfainstitute.org)
- GIPS newsletter
 - To subscribe, email info@cfainstitute.org
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