

2020 GIPS[®] STANDARDS & WEALTH MANAGEMENT

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CFA Institute

MISSION STATEMENT

“TO LEAD THE INVESTMENT PROFESSION
GLOBALLY BY PROMOTING THE
HIGHEST STANDARDS OF ETHICS,
EDUCATION, AND PROFESSIONAL
EXCELLENCE FOR THE ULTIMATE
BENEFIT OF SOCIETY.”



OVERVIEW OF THE GIPS STANDARDS

- Globally-accepted rules
- Ethical principles
- Transparency
- Comparability

- To compare a firm's investment performance

- To evaluate investment managers.



BRIEF HISTORY

Need for performance presentation guidelines



WHY CLAIM COMPLIANCE?

Credibility

**Open
New Doors**

Comparability

**Often
Required**

Commitment

**Provides
Structure**

ACA / EVESTMENT 2018 SURVEY

THE VALUE OF GIPS COMPLIANCE

**74% - traditional
asset managers**

**87% -
receive verification**

**75%
- require alternatives
to comply**

**94% -
believe more to
comply (GIPS 2020)**

**75% - exclude
from searches**

**60% - expect to see
voluntary
compliance**

WHO BENEFITS FROM THE GIPS STANDARDS?

Asset Owners

Demonstrate to Oversight bodies

Role Model

Best Practices

Investments Firms

Transparency

Comparability

No “Cherry-Picking”

Regulators

Globally proven infrastructure

de facto regulation

Enforcement actions against false claim

WHAT'S IN IT FOR FIRMS?

**Competitive
Edge on RFPs
(e.g., Cambridge
Associates)**

Mitigate Risk

**Standardized
Reporting**

**Comparability
Transparency**



WHICH FIRMS WILL FIND 2020 GIPS STANDARDS MORE RELEVANT?

Alternative investment strategies (hedge funds, private equity, real estate)

Broadly distributed pooled funds (mutual funds, UCITs, etc.)

Asset owners (with discretionary AUM)

OCIOs for Asset Owners

Private wealth firms

Diversified AM that have traditionally claimed compliance for only a subset of their business and want to extend compliance to whole firm

WHY CHANGE THE GIPS STANDARDS?

Composites ... not always fit for all

Pooled funds ... not fit as a Composite

Make it more relevant for all asset classes

More fitting for asset owners

Consolidate past guidance statements

TOP TECHNICAL CHANGES?

Tailored guidance for asset owners

Fewer specific requirements for asset classes

MWR vs. TWR

Pooled fund-specific performance

Carved-out performance

Advertising options

PROACTIVE PROMOTION IN JAPAN / AUSTRALIA / SINGAPORE

- The Securities Analysts Association of Japan
- Financial Services Council – Australia
- Investment Management Association of Singapore

GOVERNMENT INVESTMENT CORPORATION (GIC) – SINGAPORE

- Traditional long-only equity strategies
 - GIPS compliance basic requirement
 - Part of a checklist for RFPs

- Alternative strategies space
 - GIPS compliance a competitive edge
 - As this space becomes more competitive, GIPS compliant firms becomes an advantage

2020 TIMELINE

2020 version released	30 June 2019
Effective Date	1 January 2020
GIPS reports prepared per 2020 requirements	GIPS Reports that include performance results for periods ending on or after 31 December 2020

THE 2020 GIPS STANDARDS RESOURCES

The GIPS standards website: [gipsstandards.org](https://www.gipsstandards.org)

- <https://www.cfainstitute.org/en/ethics/codes/gips-standards>
- The 2020 GIPS standards (Asset Owners / Firms / Verifiers)
- GIPS Reports for Asset Owners Comparison Table
- GIPS Reports for Firms Comparison Table
- Questions for Public Comment Summary
- Pre-recorded webinar
- All GIPS authoritative guidance
- Implementation assistance paper/questions to ask prospective verifiers

- GIPS Helpdesk
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THANK YOU