

## **Response to the Proposed Guidance Statement on the Use of Supplemental Information**

The Joint IAIM/SIAI committee on Performance Measurement acts as the country sponsor of GIPS Ireland, the cvg approved at the Los Angeles meeting of the IPC in May 2001. The committee comes under the joint auspices of the Irish Association of Investment Managers and the local AIMR chapter, the Society of Investment Analysts in Ireland. The committee membership is drawn from a wide body of stakeholders in the GIPS project, including investment managers, investment consultants, verifiers and pension fund clients.

Following a request for comment from Irish stakeholders, the Joint Committee would wish to make the following comments:

- **Do you agree with the principles established in the Guidance Statement?**

Yes.

- **Do you agree with the definition of Supplemental Information?**

Yes. The extent of information required to be provided as part of a GIPS compliant presentation could be very broad, and hence the definition of Supplemental Information must be broad. We find the definition acceptable.

- **Do you agree with the examples of Supplemental Information provided?**

We find the phrase “but not limited to:” is critical to this statement on examples. We would be concerned if the extension of examples ever became a definitive list.

Other appropriate examples that we believe could valuably be included are:

1. Combination of non compliant data with a compliant composite to create a longer track record. An example would be where you geometrically link a carve-out (ex cash) performance record for a European equity mandate covering the period 1997 to 1999 to a compliant European Equity composite return history for 2000 and 2001 to create a five year return. Provided that the firm makes a clear statement that it is supplemental to the compliant presentation covering the two year period, and that the constructed record is non-compliant, we believe that this should be entirely acceptable under the provisions of the Guidance Statement on the Use of Supplemental Information.
2. The combination of two compliant composites into a single record. An example would be a compliant European ex UK equity composite record

combined with a compliant UK equity composite record to create a non-compliant Pan-European track record.

3. Returns-based Style analysis - Many end users of this type of analysis see a direct causal effect between style (and style drift) and relative return over time.
- **Should Supplemental Information be excluded from GIPS verification? If not, how should Supplemental Information be verified?**

Yes. We do not believe that it is appropriate to include the review of Supplemental Information in the verification process. The use of supplemental information is often a consequence of a direct request for specific information via an RFP question. It would be difficult to cover all eventualities of supplemental information at the time of a verification audit. We do not believe that it is appropriate to include the review of Supplemental Information in the verification process. We would recommend that a clear statement be made within the presentation that Supplemental Information is not subject to review by the firm's verifier.

- **Do you agree with the proposed Effective Date? If not, when should the guidance become effective?**

Yes.

We would like to thank AIMR for the opportunity of making this submission, and trust that the views of the Irish market are taken into account in the preparation of the final draft to go before the Investment Performance Council.

All inquiries or comments relating to this submission should be addressed to either of the contact points listed below:

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