

The many benefits of the GIPS standards

For Investment Management Firms complying with the GIPS standards

- Compliance may improve the chances of being hired by a prospective client or prospective investor because it signals that the firm has designed and implemented policies and procedures to fully disclose and fairly present past performance.
- Standardized GIPS Reports help ensure that firms are evaluated on their actual record and that calculation and presentation methods do not result in unfair competition.
- Compliance makes it possible for investment managers around the world to present historical returns in any market without having to restate performance using different calculation and presentation methods.
- Compliance requires firms to establish robust investment performance policies and procedures.
- Compliance demonstrates to current and prospective clients and investors and the general public a voluntary commitment to follow ethical standards.

For Prospective Clients and Investors, including Asset Owners hiring external managers

- Demanding compliance with the GIPS standards makes manager searches and RFPs more efficient because it allows only those firms that have designed and implemented policies and procedures to fairly present their past performance to pass the initial screen, a labor-intensive step of the process.
- Standardized GIPS Reports from prospective managers provide comparable and fully disclosed performance information, thereby improving the quality of due diligence and risk management.
- Hiring a GIPS-compliant firm provides greater confidence that the manager will act in a trustworthy, ethical, and professional manner.

For Asset Owners complying with the GIPS standards

- Compliance helps ensure that the asset owner's investment performance is complete and fairly presented, regardless of whether assets are managed internally, externally, or both.
- Compliance requires establishment of robust investment performance policies and procedures, and it allows an asset owner to be confident that the data being presented to the oversight body is consistent and transparent.
- Compliance indicates a commitment to adopt the same performance standards often required of external investment managers the asset owner retains.

For Asset Owner Oversight Bodies

- Compliance demonstrates to legislative bodies, oversight bodies, and the general public a voluntary commitment to follow ethical standards.
- GIPS Asset Owner Reports foster strong investment decision-making and governance.
- Compliance helps assure that the asset owner's investment performance is complete and fairly presented, regardless of whether assets are managed internally, externally, or both.
- GIPS Asset Owner Reports aid in the evaluation of investment performance, facilitate the understanding of progress toward investment objectives, and provide critical inputs into allocation decisions.