

WHAT ARE THE GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®)?

The GIPS standards are the premier global performance standard, providing an industry-wide framework for comparing firms' investment performance and ensuring fair representation and full disclosure to prospective clients and investors.

A GLOBAL STANDARD

The GIPS standards are administered by CFA Institute and foster industry self-regulation on a global basis, serving as the performance benchmark in more than 40 markets globally. In addition, 84 of the top 100 asset management firms worldwide claim compliance with the GIPS standards for all or part of their business. Combined, the top 100 GIPS-compliant firms represent more than US\$50 trillion of assets under management.

WHO BENEFITS FROM THE GIPS STANDARDS?

The end investor. Compliance with the GIPS standards is voluntary, but by choosing to comply, investment management firms assure prospective clients that the historical investment performance records they report are both complete and fairly presented. Compliant firms do not "cherry pick" performance results or eliminate badly performing time periods or specific portfolios from a presentation to falsely increase performance results. Current and prospective clients can have more confidence in the integrity of the performance results of firms that claim compliance with the GIPS standards, as well as in the internal policies, procedures, and practices of those firms.

WHAT CAN ASSET OWNERS DO TO ENSURE RELIABLE INVESTMENT PERFORMANCE REPORTING?

Asset owners should demand compliance with the GIPS standards from firms they hire and adopt the Standards themselves.

WHO SHOULD COMPLY WITH THE GIPS STANDARDS?

- **Investment management firms.** Compliance has become a de facto requirement for institutional money managers.
- **Asset owners.** Compliance demonstrates to legislative bodies, oversight boards, beneficiaries, and the investing public a voluntary commitment to delivering transparent and comparable investment performance reporting for the benefit of investors. It also shows that the asset owner adheres to global best practices for reporting investment performance and uses the same performance standards that asset owners often require when retaining external investment managers.

COMPLIANCE AND VERIFICATION

Although voluntary, third-party verification brings additional credibility to the claim of compliance. The importance of a firm's verified status is often a market-driven result of increased awareness among investors and consultants, and it can be an important factor in manager searches.

LEARN MORE

Website: www.gipsstandards.org

GIPS Help Desk: gips@cfainstitute.org