GIPS EXECUTIVE COMMITTEE
Open In-Person Meeting
AGENDA

Date: 27 April 2017
Location: London, United Kingdom
Time: 8:30 – 9:30

Welcome

Discussion Items
1. Technical Committee Update
   Vincent  15 mins
2. GIPS Executive Director Update
   Boersma  5 mins
3. GIPS Strategic Plan
   Bacon  25 mins
   o GIPS 2020

Other Business
   Bacon  5 mins

Observer Questions
   10 mins

Adjourn
Subcommittee or Working Group Name: Americas Regional Technical Subcommittee

Members’ Names:

- Krista Harvey, CFA, CIPM – United States
- Hope Celani, CIPM - Canada
- Gerardo Gonzales - Peru
- Sebastian Miralles, CFA - Mexico

Current Projects:

Meetings have been held every two months with Members, supported by Anju Grover, CIPM, and Polly Johnson, since October 2016.

- Net of Fees Project – The United States Investment Performance Committee (USIPC) is working with Canadian Investment Performance Council (CIPC), on a No Action Letter on the net-of-fee returns. The purpose of this letter is to request relief from United States Securities and Exchange Commission (U.S. SEC) regarding the model vs. actual net-of-fee returns. Comments provided by U.S. SEC. Working group provided comments, and follow up with USIPC on their next call.

- UMA Project: The USIPC has finalised a white paper explaining how we have seen firms apply the GIPS standards to these types of vehicles. The paper has been submitted to CFA staff for review.

- GIPS 2020 Suggestions: The USIPC, collaborating with the CIPC, is conducting a mini-research effort, with specific focus on target areas rates such as asset owners, alternatives and private wealth managers. To date, there have been multiple interviews conducted, and plan to use our in-person meeting in June to consolidate our feedback. The committee may also host a GIPS 2020 webinar during the in-person meeting as part of outreach and to also use it as an opportunity to ask polling questions.

- Due Diligence Paper: The USIPC has finalised a white paper targeted to Due Diligence analysts, explaining the benefits of GIPS compliance and what it means in terms of controls, accounting practices, performance presentations, technology, and verification. Feedback was received from the Investment Manager subcommittee. It has been submitted to CFA staff for review.

- Outreach: The USIPC Outreach Project Team is very busy and has set up events throughout the US. In addition, there has been increase collaboration among the USIPC with the CIPC, Mexico and Peru. We are specifically working with the CIPC on the GIPS 2020 project and have gathered feedback from them for the net of fees project. Status Update: See attached for the latest list of Outreach events.

- Comment Letter to the Supplemental Information Guidance Statement Exposure Draft: Committee submitted their comments to the CFA institute. (USIPC, CIPC).
• For CIPC, reviewing information relating to CRM II and National Instrument (NI 81-101/102) to find points of common ground with GIPS. CRM II is focused on end client reporting while GIPS is generally addressing prospective clients.


**Future Projects:**

- On May 24-25, 2017, the Peru Country Sponsor, Procapitales, will hold its annual conference in Lima, Peru.
  
  o Evelyn Ramos (PricewaterhouseCoopers) a USIPC member, will present on the scope of the GIPS standards, their benefits for the financial investment industry and some lessons regarding their implementation in other countries.

  o Plan to meet with local executives and professionals in the Peruvian market (pension funds, mutual funds, insurance, private equity), to become acquainted with their ideas on GIPS and their possible implementation locally.

- CFA Society Ottawa: Putting Investors First – Performance Reporting: From Basics to Best Practices presented by Emil Vassenine (EVIV Group) – April 26, 2017

- On-going recruitment of volunteers for CIPC, coordinated with large societies.

- Presentation of GIPS standards at Mexico City IFRS Conference. June, 2017
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Subcommittee or Working Group Name:  GIPS Asia Pacific Regional Technical Subcommittee

Members’ Names:
Australia                     New Zealand
China                        Pakistan
India                        Philippines
Indonesia                    Singapore
Japan                        Sri Lanka
Korea                        Thailand
Micronesia                   

China (newest country sponsor from Mar 20th, 2017)

Current Projects:
A. Fee Project
In the last GIPS TC in-person meeting in Boston September, 2016, the Chair discussed with EMEA and AMER chairs on how to include the research and analysis of the market practice in 3 regions which most of the investor and asset manager need to deal with. Thus the project will include the industry practices from more global perspective. The Chair has started the research in the fee structure from Mainland China and Hong Kong. He shares the information about his research in the fee project in 15 countries in APAC with all members. The summary of the fee project research which has been sent via email and is posted on SharePoint. The Chair encourages all members to give feedback to the project.

B. Asset Owners in APAC Claiming Compliance with the GIPS standards
• Japan member said some big asset owners use time-weighted return, but most others still use money-weighted return. So, there is a need to explain to asset owners why time-weighted return is required. Currently, there is no interest in the Guidance Statement on the Application of the GIPS standards to Asset Owners. Japan member said some large public pension fund in Japan (GPIF) has disclosed both returns. There is a forum among the largest firms such as CalPERS and GPIF to discuss the important issues including sustainable growth. The Security Analysts Association of Japan (SAAJ) would like to look at the initiative of claiming GIPS compliance of big pension fund such as CalPERS and try to approach GPIF to see if CalPERS & GPIF can work together on GIPS compliance.
• Korea member said they are planning to have a small-sized meeting with the Korea Investment Performance Committee. Member will give an update on GIPS 2020, discuss how to approach National Pension Service (NPS) and how to promote the GIPS standards. The Chair said there are some sovereign funds such as Korea Investment Corporation (KIC) have claimed GIPS compliance in Asia Pacific. Korea member was asked to compare the current performance reporting format required by National Pension Service (NPS) with GIPS annual disclosure presentation. If the difference between two reporting formats are not much; member may talk with NPS on any chance for them to embrace GIPS standard by claiming GIPS compliance or requesting asset management firms claiming GIPS compliance.
- New Zealand member had many on-going discussions with the large sovereign wealth fund, New Zealand Super Fund who wanted to be in the forefront of compliance issues. Their interest may trigger the interest of Government Superannuation Fund in claiming GIPS compliance.
- Pakistan member said there are 5 out of 20 asset managers that claim GIPS compliance in Pakistan and they managed about 60% of the industry’s assets under management.
- Philippines member said Union Bank of the Philippines is trying to be the first asset manager to claim GIPS compliance in Philippines. He spoke about how interesting and also how difficult to be the first GIPS compliant firm in the country.
- The Chair encourages all members to check with the asset owners of respective markets for the interest of GIPS compliance.

**Future Projects:**

- Members were asked to encourage the local industry, practitioners to submit comments, questions and suggestions on the revised draft of Guidance Statements (in progress or in revision) during the public comment period, such as Verifier Independence.
- Members give inputs and suggestions on GIPS 2020 project. Japan member said the second pillar of the GIPS 2020 (One to Many Relationship) is also important. Wrap Fee/ Separately Managed Account (SMA) Portfolio is the growing area in Japan as well as in America. So, it is also important to look at the Guidance Statement on SMA.
- Members were asked to share with the AP RTS group and staff liaison their success stories of working with asset owners or asset managers to claim GIPS compliance via SharePoint or email.
- Members were encouraged to post any local GIPS-related events & initiatives in their countries onto the event calendar on GIP AP RTS SharePoint site to keep another members & CFA Institute staff liaison informed what is going on in the region for potential collaborations & supports provided.
- Jonathan Boersma and Irene Cheung will have a roadshow in some APAC countries in May (Philippines, Hong Kong, and Beijing) to promote the GIPS standards. They will meet with asset owners, asset managers, regulators, industry associations, industry practitioners and speak at GIPS seminar to increase the awareness of the GIPS standards & Asset Manager Codes locally. Other meetings include media interviews, panel discussions, etc. will also be arranged to leverage Jonathan Boersma’s presence in APAC to enhance the advocacy and promotion of the GIPS standards.
- The Chair keeps working closely with AMAC to encourage them to also become a GIPS Country Sponsor in mainland China for the promotion of GIPS in the local market.

Zhu, 12 April 2017
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Subcommittee or Working Group Name: EMEA Regional Technical Subcommittee

Members’ Names:

- Cyprus
- Czech Republic
- Denmark
- France
- Germany
- Ghana
- Greece
- Ireland
- Italy
- Liechtenstein
- Nigeria
- Norway
- South Africa
- Spain
- Switzerland
- Poland
- Portugal
- Russia
- Saudi Arabia
- Sweden
- The Netherlands
- Ukraine
- United Kingdom

Chair: Hans Pieper
Staff Support Iain McAra, Eve Lacomblez
Staff support has migrated from Polly Johnson to Eve Lacomblez, based in CFA Institute Brussels office.

Current Projects:
We have quarterly calls and in May the annual in-person meeting in London. Current projects are considering feedback into the GIPS 2020 concept, reviewing surveys that have been distributed in one of the RTS member countries with a view to using them in other countries, and the administration and determining the content of the in-person meeting. A discussion concerning types of marketing material required by each country sponsor was started and members have been asked for their input; this is on-going. Links to all available materials were distributed to members.

Closed Topics:
Fees / Expenses. The possibility of setting up a fees/expenses working group was raised but only one country sponsor expressed interest in a working group so the topic was terminated.

Future Projects:
EMEA RTS is aware of an independent review of GIPS notification data and additional data that is available concerning the firms operating in the German market and those claiming compliance with GIPS. EMEA RTS will look at this work to see if other countries can carry out a similar analysis with the aim of understanding the uptake of GIPS in each country and indicating where further materials and outreach are required to increase the uptake of GIPS.
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Subcommittee or Working Group Name: Asset Owner Subcommittee

Members’ Names:

- Wylie Tollette, CFA, Chair
- John Meier, CFA
- Abdulelah Aldeheem, CIPM
- Kathryn Misic, CFA
- Lynn Hoover
- Imrith Ramtohul, CFA
- Yue “Cynthia” Li, CIPM
- Stephan Skaanes, CFA
- Michael Steen, CIPM
- William North Welsh, CIPM

Current Projects:
The Asset Owner Subcommittee has made much progress on their ongoing work. The following tasks have been completed and moved to the next phase:

- The Revised Guidance Statement on the Application of the GIPS Standards to Asset Owners was released for a 90 day public comment period on 1 August 2016. Comments were received by 29 October 2016.
  - Completed the Subcommittee review of all of the public comments received.
  - Developed a Subcommittee view on all of the questions asked and issues raised during the public comment period.
  - Presented our findings to the Technical Committee (“TC”) to ensure we were headed in the right direction.
  - Applied the proposed edits to the Guidance Statement.
  - Submitted the final guidance statement to the TC and potentially the Executive Committee (“EC”) for review and approval at the in-person meetings in London April 24 – 27.

- Completed Asset Owner Brochure for the joint asset owner outreach project.
  - Included all messaging from the Asset Owner Subcommittee and the Executive Committee.
  - Worked with CFA Institute editing and graphic design to create the brochure.
  - Available on the GIPS standards website (www.gipsstandards.org)
  - Printed copies will be available as soon as the in-person meetings in London.
  - Printed copies will be distributed at the CFA Institute Annual Conference in Philadelphia in May.
• Completed Q&As for submission to the TC explaining certain aspects of the revised guidance statement to clarify some areas of confusion.
  o The TC will review the Q&As and provide feedback at the in-person meetings in London

Future Projects:
Once the Guidance Statement is approved by the TC and EC, it will go through the CFA Institute editing process. It will be then be released in conjunction with a webinar describing the changes between the exposure draft and the final guidance statement. We plan to promote the new guidance through a CFA Magazine article, blog, and social media. The Subcommittee stands ready to offer additional help to asset owners claiming GIPS-compliance and/or demanding it from the asset owners they employ.

We are working on the best ways to promote the work we are doing and these concepts to asset owners. There is ongoing work on outreach efforts to other asset owners, using our Committee members as the networking agents and in conjunction with the EC.

The Subcommittee will also be providing input into the GIPS 2020 process and the Asset Owner pillar.
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Subcommittee or Working Group Name: GIPS Interpretations Subcommittee

Members’ Names:
- Dimitri Senik, CFA, Chair
- Steven Chittenden, CFA
- Jerome Chung
- Steven Furst, CFA, CIPM
- Madhu Gayer, CIPM
- Herbert Jobelius
- Ashley Reeves, CIPM
- Corné Reniers
- Tom Stapleton, CFA
- Daisuke Uemura, CFA
- Cinda Whitten, CIPM

Current Projects:
- Swing Pricing Q&A that deals with return calculation for mutual funds that use swing pricing has been drafted and will be presented to the TC at their April 2017 meetings
- Guidance Statement on Portfolios with Manager-Controlled Cash Flows that provides a comprehensive guidance on portfolios where investment manager controls external cash flows has been drafted and will be presented to the TC at their April 2017 meetings
- Guidance Statement on Treatment of Performance Fees that deals with treatment of portfolios with performance-based fees in terms of GIPS is being drafted and is expected to be presented to the TC in Q3 2017
- The revised Guidance Statement on the Use of Supplemental Information is being finalised on the basis of the results of the completed public comment period and is expected to be presented to the TC in Q3 2017

Future Projects:
- Work on the new Guidance Statement for Multi-Asset Class Portfolios that will deal with treatment of multi-asset class portfolios in terms of GIPS will start in the second half of 2017
- A number of further Q&As on various topics is in the pipeline and will be developed in accordance with the priority planning
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Subcommittee or Working Group Name: Investment Manager Subcommittee

Members’ Names:

- Joseph Kavanagh, CFA, Chair
- Muhammad Ali Bhabha, CFA
- Ambika D’Souza, CIPM
- Anne Harrison
- Sean Juru, CFA, CIPM
- Neil Mackay
- Miriam Munari
- Sanjay Parikh, CFA
- Narongrit Suptippayarattena, CFA, CIPM

Current Projects:
1. The subcommittee recently completed and submitted a comment on the draft Supplemental Guidance Statement within the public comment period ending February 28th last.
2. The subcommittee provided some feedback to the USIPC in the drafting of a white paper with the preliminary title of ‘For the Due Diligence Analyst: What GIPS Compliance Means’.

Future Projects:
1. Investigating whether the subcommittee can use the notification data received from compliant managers in a communication detailing the success of the GIPS standards by geography.
2. Awaiting guidance statements due for release with the expectation that the subcommittee will prepare and submit a comment within the public comment period.
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Subcommittee or Working Group Name: Verification Subcommittee

Members’ Names:

- Damian Regan ASIP, Chair
- Paul Blandford
- Cecilia Cheung
- Alicia A. Hyde, CIPM
- Susanne Klemm
- Karim Manaa
- Antonella Puca, CFA, CIPM
- Mayumi Takahashi

Current Projects:

- The Revised Guidance Statement on Verifier Independence was updated with both Technical Committee and Executive Committee comments following a presentation of the draft at the September 2016 in-person Committee meetings. Following discussions with Executive Committee members regarding some final minor wording changes, a final draft has been submitted to Editing prior to release for public comment.
  
  o Next Steps: preparation for the Webcast likely to take place during May 2017 and release of the Guidance Statement for public comment

Future Projects:

- We will complete a review of any existing Q&A relevant to Verifications and prepare for public comment on the Revised Guidance Statement on Verifier Independence.

- The Verification Subcommittee has been discussion a potential independence issue in the marketplace.

- We would be interested in reviewing a copy of the updated Portability Guidance as this is of topical interest in the industry.

- We understand a number of Sovereign Wealth funds are currently undergoing verification and are keen to understand what practical problems are arising from verification and the use of the Asset Owners Guidance.
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Subcommittee or Working Group Name: GIPS Benchmark Working Group

Members’ Names:

- Anthony Howland, Chair
- C. Mitchell Conover, PhD, CFA, CIPM
- Joe Kavanagh, CFA
- Darren Crowley
- Karen C. Lee, CIPM
- Stephen C. Gaudette, CFA
- Michaela Krahwinkel
- James Neill
- Jason Samansky, CFA
- Aye M. Soe, CFA
- Petya Stoycheva, CFA

Observer:
- Gabriele Montalbetti, CFA, CIPM

Current Projects:
The Technical Committee “TC” created this working group to create new guidance addressing benchmark-related issues not already considered in the GIPS standards in addition to highlighting the already existing interpretations on benchmarks. The Benchmark Working Group has spent the last year creating the Guidance Statement on Benchmarks. There were original ideas considered from the Investment Manager Subcommittee and the TC regarding what should be included in this new guidance. We have also spent time reviewing several existing resources and considering their own experiences and added good ideas to the paper. We have worked through each of the concepts and have submitted the first draft of the proposed guidance to the TC in February to get feedback on the overall direction and content.

The TC was very receptive to the document and offered comments and advice. For example, some thought we should include more specific language from the benchmark-related provisions and GIPS Handbook in the Guidance Statement. We have since incorporated the comments in the next draft and will discuss major concepts with the TC in London to get feedback on the application of their suggested edits.

Future Projects:
The major concepts of the Benchmark Guidance Statement will be discussed at the TC in London. The Benchmark Working Group will take their thoughts back and work to create an Exposure Draft for approval by the TC and Executive Committee “EC”. Once the Guidance Statement is approved by the TC and EC, it will go through the CFA Institute editing process. It will then be released in conjunction with a webinar designed to inform and answer questions.

After the Guidance Statement is out for public comment for 90 days, the comments will be compiled and evaluated. A final version of the Guidance Statement and, where necessary, related Q&As will be created.
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Subcommittee or Working Group Name: Overlay Working Group

Members’ Names:

- Hans G. Pieper (Chair)
- Guy Holappa
- Jane Henning
- Joel Sleigh
- Marcella Belsan
- Rick Dolson
- Yves Rasolofo

Current Project:
We have submitted an updated version of the GIPS Guidance Statement on Overlay Strategies for review at the April 2017 GIPS Technical Committee (TC) meeting. A summary of our progress to date is included directly below.

In August 2014, we provided an issue summary to the TC for their initial review. We followed that up with the submission of an initial draft of the Overlay Guidance Statement to the TC in February 2015. Based on the feedback received, we presented an updated issue summary to the TC in July 2015 and in February 2016 we submitted an updated draft Guidance Statement for review at the March 2016 in-person TC meeting. Based on additional feedback from the TC, we updated the document to include additional text on option writing for review at the September 2016 in-person TC meeting and the benchmark section was submitted to the Benchmark Working Group for review. We subsequently received additional feedback from the TC and submitted a revised Guidance Statement for TC review in January 2017.

Although discussion was postponed until the April in-person TC meeting, based on the written feedback we received in January, we have provided an updated draft for what we hope is final TC review and approval. The latest version includes an updated example of an option writing overlay compliant presentation.
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Subcommittee or Working Group Name:  GIPS Real Estate Working Group

Members’ Names:

- Maritza Matlosz (Chair)
- John Griffith
- Junya Kato
- Jerome Chung
- Matthias Pilz, CFA
- James Hendricksen, CIPM, CAIA
- Ray Adderly
- Hugo Monster

Current Projects:

Finalize the following GIPS real estate Q&A  
In January 2017, we submitted a proposed Q&A on external valuation requirements for soon to be sold or terminated assets. Although the discussion has been deferred, we are looking forward to the opportunity to discuss it via a conference call at the April-in person TC meeting.

Finalizing closed-end real estate fund TWR and valuation requirements review  
The current priority of the GIPS Real Estate Working Group (REWG) has been to research opportunistic closed-end real estate funds and to verify that they are currently treated correctly within the GIPS standards. The REWG prepared a closed-end fund survey/questionnaire and has collected responses from key stakeholders in the closed-end real estate fund industry. We believe this discussion fits nicely into the product vs strategy discussion for which the REWG has been debating for the last couple of years. As Chair of REWG, I would like to discuss our preliminary survey findings with the TC as part of our April discussion.

Future Projects:

The REWG will be: 1) providing updates of existing GIPS real estate Q&As and preparing new Q&As, as needed, and 2) continuing to devote a portion of our calls discussing and reviewing local real estate related performance initiatives and issues raised in the industry.