



GIPS Committee
CFA Society Greece

CFA Institute
Global Investment Performance Standards
standards@cfainstitute.org

January 26, 2018

Re: Exposure Draft of GIPS Guidance Statement on Benchmarks

Dear Madam/Sir,

On behalf of the CFA Society Greece, as the GIPS country sponsor in Greece, we'd like to thank you for the opportunity to comment on the above guidance statement.

In general, we agree with the guidance statement. Please find below our comments and answers to each question posed in the exposure draft.

Question 1:

Do you agree that firms should be required to disclose why they have chosen an ETF rather than a market index as the composite benchmark?

We agree with the above requirement, because of the endogenous advantage of comparing a fund's return to a lower in general ETF's return, the firm must disclose and thus justify the rationale behind its selection. We believe this is paramount to the principle of fair representation and to the evaluation of return and risks undertaken by the fund.

Question 2:

Do you agree that the ETF chosen must be one in which the returns are comparable to those of the composite?

Please see our answer on question 1 above.

Question 3:

Do you agree that the hedging criteria for the benchmark must be disclosed? Do you agree that it should be required that any material difference in hedging between the composite and the benchmark be disclosed?

From the perspective of a fair and accurate representation, the hedging criteria and any material difference in hedging between the composite and the benchmark must be disclosed. This would facilitate both the comparisons and the drawing of conclusions regarding the return and risk metrics.

Question 4:

Do you agree that firms should be required to select the benchmark that is most consistent with the withholding tax status of the portfolios in the composite?

Due to the complexity of the issue, we think that this should be a recommendation and the firms must disclose if benchmark returns are net of withholding taxes if this information is available.

Question 5:

Do you agree with the creation of custom benchmarks using fees and/or trading costs to provide returns comparable with the net-of fees and/or trading costs composite returns?

We agree with the proposal, when a firm presents a composite return net of fees and costs it could choose to present custom benchmarks taking into account the same fees and costs. The exact fee schedule should be disclosed.

Question 6:

Do you agree that if a net-of-fees and/or trading costs benchmark is presented, the firm should be required to disclose the fee schedule and/or the trading costs used to derive the benchmark returns?

Please see our answer on question 5 above.

Question 7:

Do you agree with the proposed treatment of price-only benchmark returns?

We agree with the treatment of price only benchmark as a total return benchmark for the asset classes that do not create income. This treatment must be described with the appropriate disclosure.

Question 8:

Do you agree that if a firm changes a benchmark retroactively, the disclosure of the change should be required to be included in the compliant presentation only for as long as it is meaningful as per the firm's policy and the disclosure can be removed once it is no longer meaningful?

We believe that a disclosure describing the change should be remained for a time period e.g. 3-5 years to avoid any mismanagement or missing of any information that a participant in the investment process might find it useful.

Question 9:

Do you agree that firms must disclose changes to benchmark ordinal (primary, secondary)?

Yes, we believe that this change must be disclosed as it denotes a shift in the fund's strategy.

Question 10:

Do you agree that firms should be allowed to present the name of the benchmark for a readily recognized index or other point of reference instead of presenting the full benchmark description?

We believe that it would be beneficial and straightforward to all participants in the investment process that firms present the full benchmark description in all cases regardless of the recognition of the index/benchmark.

Question 11:

Do you agree that if the firm is uncertain about whether the benchmark is readily recognized by any potential prospective client, the firm should be required to include the benchmark description?

Please see our answer on question 10 above.

Question 12:

Do you agree that if other benchmarks are presented and labelled as supplemental information, that all of the required benchmark disclosure and presentation items should be required to be presented for all benchmarks included in the compliant presentation?

We believe that for all the benchmarks presented the required disclosures and information items should be identical and thus required to be presented.

Sincerely yours,

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