



August 22, 2023

CFA Institute
Global Investment Performance Standards
Re: GIPS 2020 Exposure Draft
915 East High Street
Charlottesville, VA 22902
USA

Dear Sir or Madam,

Thank you for the opportunity to comment on the Exposure Draft of the Guidance Statement on Firms Managing Only Broad Distribution Pooled Funds ("Exposure Draft"). We appreciate the opportunity to share our perspective to help shape the Standards.

To provide some background on our firm and the perspective that we come from, we are not ourselves a GIPS compliant firm. We are a consulting firm specialized in helping investment managers and asset owners become GIPS compliant and maintain that compliance on an ongoing basis. In the course of providing this consulting we have worked with some firms that manage only broad distribution pooled funds. Our feedback provided is based on our experience working with these firms and includes both our personal opinions as well as the opinions our clients have shared with us over the years.

Please see attached, our responses to each of the questions posed in the Exposure Draft. Feel free to contact us if you wish to discuss any of our responses in more detail.

Best regards,

A handwritten signature in black ink, appearing to read "Sean P. Gilligan".

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Exposure Draft Questions – Longs Peak’s Responses

Request for Question #1

Is the proposed Guidance Statement on Firms Managing Only Broad Distribution Pooled Funds helpful?

My concern is that in its current format it could add confusion in the following ways:

Who the Guidance Statement is Applicable for

It’s confusing that this is only applicable to BDPF managers that “do not prepare” GIPS Reports or GIPS Advertisements. How is “do not prepare” defined? For example, is it applicable to managers that have prepared a GIPS Advertisement for one BDPF out of the three they manage when they first become GIPS compliant, but don’t regularly distribute it? Is it applicable to them as a firm or at the fund level? What about for the funds that do not have a GIPS Report or GIPS Advertisement? If they do not continue to update or distribute the GIPS Report or GIPS Advertisement at what point does this guidance statement become applicable?

Format of the Guidance Statement

Rather than summarizing the full standards that essentially create a separate set of standards for these managers, I think the key points in this guidance statement could be more clearly addressed using a couple easy to digest Q&As. For example:

- *“Are firm’s that only manage BDPFs required to prepare GIPS Reports?”*
 - *The response can explain that it is not required, but since they are not required to create GIPS Reports they should consider applying the firm’s recordkeeping and error correction policies to what they publish in consultant databases and RFPs.*
- *“Can firms that only manage BDPFs be verified?”*

If it’s too much to cover through Q&As then a guidance statement that summarizes what these firms must do that deviates from the standard requirements would be easier to digest than a summary of all requirements for these firms.

Request for Question #2

If a firm manages only BDPFs and does not prepare GIPS Reports or GIPS Advertisements, should it be allowed to claim compliance outside of the GIPS Report or GIPS Advertisement? Why or why not?

- *Yes, if they are a GIPS compliant firm (i.e., have policies and procedures and are complying with all requirements of the GIPS standards that are applicable for them) they should be able to do everything any other GIPS compliant firm can do including checking a box or otherwise indicating that they are GIPS compliant in databases and RFPs. They may not provide GIPS Reports, but I don’t think this should hold them back, given that it is not a requirement for firms only managing BDPFs.*

Request for Question #3

Do you agree with this approach to recordkeeping for when firms are responding to RFPs and consultant databases? Should firms instead be required to apply the same recordkeeping policies that would apply to a GIPS Report or GIPS Advertisement? Why or why not?

- *I agree that firms should have adequate records to support what they present in databases and RFPs; however, I do not think this should be a requirement for BDPF firms and not others. This would add a stricter requirement*

to the most highly regulated firms/funds that is not applicable to less regulated firms/funds/composites. I think if this is considered important enough to be a requirement, then this should be a requirement for all firms, not just for BDPF-only Managers. For example, Provision 1.A.25 could be restated as follows:

- *All data and information necessary to support all items included in GIPS Composite Reports, GIPS Pooled Fund Reports, ~~and~~ GIPS Advertisements, and other places where a firm claims compliance when providing performance such as in a consultant databases or RFPs must be captured, maintained, and available within a reasonable time frame, for all periods presented in these reports, ~~and~~ advertisements, databases and RFPs.*

I understand that firms with GIPS Reports are required to provide the relevant GIPS Report to the consultant databases so that may be the reason to have a different requirement here, but I think in reality, that report is rarely passed along to the end user of the database so it could be just as beneficial to have this requirement for other firms.

Request for Question #4

Do you agree with this approach to error correction for when firms are responding to RFPs and consultant databases? Should firms instead be required to apply their GIPS Standards Error Correction policy to the information provided to consultant databases and when responding to RFPs? Why or why not?

- *Like my response above, I don’t agree with having a stricter requirement for BDPF-only Managers. They are exempt from preparing GIPS Reports because they are highly regulated, so it seems unnecessary to have a stricter requirement for how they address errors in consultant databases and RFPs. Other firms are addressing material errors through their GIPS Reports, which would be sent to the consultant database if a material error occurred, but this may not make it to the end user. Like my thoughts on record keeping, if error correction policies should be expanded to cover consultant databases and RFPs it may make more sense to address this requirement for all firms rather than just this most highly regulated segment.*

Request for Question #5

Do you agree that firms managing only BDPFs should be able to obtain a verification? Why or why not?

- *Absolutely. Even without GIPS Reports, the verifier can test that the firm has policies and procedures that are adequately designed and confirm that the firm truly does only have BDPFs.*

Request for Question #6

Do you agree with the modified compliance statement language for firms managing only BDPFs? Why or why not?

- *No, because qualifying the statement with language stating that they only manage BDPFs sounds like partial compliance and is inconsistent with the notion that firms are either GIPS compliant or they are not. They are meeting all the requirements that are applicable to them, so it doesn’t seem necessary to edit the statement.*

Request for Question #7

Do you agree with the applicability of each of the provisions in Sections 1 and 2? Why or why not?

- *If this guidance statement is only applicable for firms that do not prepare GIPS Reports, then I don’t believe 1.A.19 is applicable.*