November 20, 2023

CFA Institute
GIPS Standards Committee
915 E. High Street Charlottesville, VA 22902

Re: EXPOSURE DRAFT GUIDANCE STATEMENT FOR OCIO STRATEGIES

Thank you to the CFA Institute and the OCIO Working Group for the thoughtful work towards expanding the GIPS reporting standards to the OCIO industry. Commonfund recognizes the importance of improving transparency and consistency in the presentation of OCIO provider investment returns. We also appreciate the opportunity to provide comments on the draft guidance statement for OCIO Strategies.

Questions for public comment:

1. Is it clear when a firm must apply the Guidance Statement for OCIO Strategies?

Commonfund generally understands the requirement for application of the Guidance Statement for OCIO Strategies.

2. Do you agree with the use of a Required OCIO Composite structure?

Commonfund believes that OCIO providers should be transparent in presenting all aspects of their services, including investment performance. We recognize that a common OCIO Composite structure may potentially make it easier for consultants and prospective client institutions to accurately compare investment results across multiple OCIO providers. We also appreciate the need for OCIO providers to have flexibility in their ability to adapt client performance data to a common presentation structure while adhering to the strictest interpretations of the relevant guidance from all regulatory agencies.

3. Do you agree with differentiating liability-focused composites from total return objective composites in the Required OCIO Composite structure?

Yes, we agree with differentiating liability-focused composites from total return objective composites.

4. The proposed asset allocation ranges for the Required OCIO Composites have been created based on a widely used set of OCIO indices, which is built to include the most common 60/40 portfolio in the middle of the moderate bucket. Do you agree with these ranges, or do you think we should take a different approach?

Commonfund's client portfolios generally have similar levels of equity risk but vastly different levels of illiquidity. We believe illiquidity is a much larger driver of dispersion in client returns due to 1) the premium we have been able to achieve historically; and 2) short term dispersions caused by time-period differences in reporting cycles on many private/illiquid asset classes.

Additionally, we believe the Total Return Objective Moderately Aggressive category could be expanded to incorporate a policy allocation between 70 and 80 percent inclusive to Growth Assets as these policy portfolios are generally managed in a similar manner.

We would consider expanding the composite standards to also reflect the actual allocation to illiquid private programs as suggested in the below table.

SUGGESTED COMPOSITE CATEGORIES

OCIO Composites: 0- 20% Allocation to Private Illiquid Programs	Allocation to Risk-Mitigating Assets	Allocation to Growth Assets
Total Return Objective Aggressive	0–19%	81–100%
Total Return Objective Moderately Aggressive	20–30%	70–80%
Total Return Objective Moderate	31–50%	50–69%
Total Return Objective Moderately Conservative	51–75%	25–49%
Total Return Objective Conservative	76–100%	0–24%

Above 20% Allocation to Private Illiquid Programs	Allocation to Risk-Mitigating Assets	Allocation to Growth Assets
Total Return Objective Aggressive	0–19%	81–100%
Total Return Objective Moderately Aggressive	20–30%	70–80%
Total Return Objective Moderate	31–50%	50–69%
Total Return Objective Moderately Conservative	51–75%	25–49%
Total Return Objective Conservative	76–100%	0–24%

5. Do you agree with the proposed three options for the treatment of legacy assets?

We believe the proposed three options offer firms with the needed flexibility to determine the appropriate consideration and treatment of legacy assets in building performance composites.

6. Do you agree with requiring firms to disclose information about their policy for the treatment of legacy assets?

We believe the disclosure of the treatment of legacy assets is reasonable.

7. Do you agree with requiring both gross-of-fees and net-of-fees returns for Required OCIO Composites?

No, Commonfund does not agree with the requirement for including both gross-of-fees and net-of-fees returns. Commonfund's interpretation of the marketing rule requires that all performance is presented net of fees and based on the maximum fee that would be incurred by any prospective client. With this requirement, the differential between gross and net-of-fee returns may not be informative nor represent the actual experience of an OCIO client. We suggest that OCIO providers be required only to include net-of-fees returns with the option to disclose other information on fees and expenses.

8. *Do you agree with requiring firms to initially present at least five years of performance that meets the requirements of the GIPS standards and this Guidance Statement?*

Commonfund would suggest the committee consider the inclusion of a longer time horizon of ten years of performance history.

9. Do you agree that the effective date should be 12 months after the issue date?

Commonfund believes that OCIO firms may need a longer time horizon to implement these requirements. We support extending this requirement from 12 months to 36 months following the issue date to give ample time for the providers to adopt these standards and complete the necessary certification.

Thank you again for your time and consideration of these comments.
Commonfund OCIO, Inc.