Below are comments from Russell Investments for the OCIO GIPS Standards

Comments/questions on proposed GIPS Standards for OCIO composites

1. Is it clear when a firm must apply the Guidance Statement for OCIO Strategies? - Yes
2. Do you agree with the use of a Required OCIO Composite structure? Yes
3. Do you agree with differentiating liability-focused composites from total return objective composites in the Required OCIO Composite structure? Yes
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? Yes, this appears appropriate, including use of targets vs. actual.
Is further clarification needed on discrepancy between target and actual for portfolios that are building to a larger allocation in privates?
5. Do you agree with the proposed three options for the treatment of legacy assets? Yes
6. Do you agree with requiring firms to disclose information about their policy for the treatment of legacy assets? Yes
7. Do you agree with requiring both gross-of-fees and net-of-fees returns for Required OCIO Composites? We recommend net of fees only and feel strongly that this should represent the actual fees each client actually paid. Please provide additional clarity on standard for calculating the Net of OCIO fee numbers. It is not clear whether the standard is to deduct the actual OCIO fee charged to each individual OCIO client account or are we to deduct the highest potential fee that might be charged. We suggest showing net of fee numbers that reflect the actual OCIO fee that each client paid in each time period shown.
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? Yes.
9. Do you agree that the effective date should be 12 months after the issue date? Yes.

Other comments:

1. We suggest clear guidance on the calculation methodology to translate calendar year composites into 3-year annualized composites. For example, if a particular calendar year has 20 client account members, but only 18 of those have a 3-year history, do we show 3-year numbers based on the number of accounts with full 3 year history, or does this reflect annualized monthly returns that include ANY account with a performance record during any month of that 3 year period.
2. Please provide guidance for inclusion/exclusion of terminated client accounts.
3. We support the methodology of creating calendar year composites, and we also recommend creating similar composite reporting as of fiscal YE June 30. This would be helpful particularly for E/F total return composites as it enables comparison to commonly used peer universes such as the NACUBO TIAACREF universe.