



CFA Institute

**Global Investment
Performance Standards**

EXPOSURE DRAFT

**GIPS STANDARDS FOR VERIFIERS WHEN
VERIFYING ASSET OWNERS**

Effective Date: TBD

Public Comment Period 19 February 2025–21 April 2025



CFA Institute

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INVITATION TO COMMENT

CFA Institute established the GIPS Standards Technical Committee (TC) as the technical oversight body for the Global Investment Performance Standards (GIPS®). The GIPS Standards TC seeks comment on the following proposal regarding the GIPS Standards for Verifiers When Verifying Asset Owners.

Questions are included in Appendix C to elicit feedback on specific issues and highlight key proposed requirements. In addition to responding to the specific questions, please provide feedback on the entire document, including items you support. All comment letters will be considered carefully and are greatly appreciated.

Comments must be received no later than 21 April 2025. Please submit your comments as early as possible to facilitate the review process. Unless otherwise requested, all comments will be made public on the GIPS standards website (www.gipsstandards.org). Comments may be submitted by email to standards@cfainstitute.org.

VERIFICATION

Purpose of Verification

VERIFICATION is intended to provide an ASSET OWNER and its OVERSIGHT BODY additional confidence in the ASSET OWNER'S claim of compliance with the GIPS standards. VERIFICATION may increase the knowledge of the ASSET OWNER'S performance measurement team and improve the consistency and quality of the ASSET OWNER'S GIPS standards–related performance information. VERIFICATION may also result in improved internal policies and procedures.

The GIPS standards RECOMMEND that ASSET OWNERS be verified. VERIFICATION brings additional credibility to the claim of compliance and supports the overall guiding principles of full disclosure and fair representation of an ASSET OWNER'S investment performance. In defining the minimum REQUIRED VERIFICATION procedures, the GIPS standards governing bodies considered the cost and effort that ASSET OWNERS MUST undertake to be verified.

Verifier Qualification Requirements

The VERIFICATION MUST be performed by a qualified independent third party:

- Verifiers MUST have appropriate professional abilities and experience, as well as a practical level of expertise regarding audit methodology and investment management practices, including investment accounting, performance calculation methodologies, and business processes.
- Verifiers MUST be knowledgeable about the GIPS standards and must understand all the requirements and recommendations of the GIPS standards, including all Guidance Statements, interpretations, and Questions & Answers (Q&As) published by CFA Institute and the GIPS standards governing bodies.
- Verifiers MUST also be knowledgeable about applicable laws and regulations regarding the calculation and presentation of performance as well as regulations applicable to the ASSET OWNER.

The verifier MUST be independent from the ASSET OWNER. Please see the Guidance Statement on Verifier Independence for additional guidance.

Verifiers are auditing, consulting, and other firms that have a high degree of knowledge about the investment management industry. Verifiers MUST follow any applicable professional guidance and standards of practice within their industry when conducting a VERIFICATION.

Scope of Verification

A single VERIFICATION REPORT is issued on an ASSET OWNER–wide basis. VERIFICATION cannot be carried out only on a TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE and, accordingly, provides no assurance about the performance of any specific TOTAL FUND, COMPOSITE of TOTAL FUNDS, additional COMPOSITE, or any specific GIPS ASSET OWNER REPORT. (A COMPOSITE of TOTAL FUNDS is a COMPOSITE that includes multiple TOTAL FUNDS. An additional COMPOSITE is a grouping of PORTFOLIOS representing a particular strategy or asset class that the ASSET OWNER chooses to present in a GIPS ASSET OWNER REPORT.) ASSET OWNERS MUST NOT state that a specific TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE has been “verified” or make any claim to that effect.

ASSET OWNERS MUST comply with all applicable REQUIREMENTS of the GIPS standards, which include REQUIREMENTS beyond those specified in the REQUIRED VERIFICATION procedures. Therefore, VERIFICATION does not provide assurance on the ASSET OWNER’S claim of compliance with the GIPS standards in its entirety.

The initial minimum period for which a VERIFICATION can be performed is one year (or from ASSET OWNER inception date through period end if less than one year) of an ASSET OWNER’S presented performance. It is RECOMMENDED that ASSET OWNERS be verified for all period(s) for which compliance with the GIPS standards is claimed.

Agreeing on the Terms of the Engagement

Prior to commencing the engagement, the verifier MUST agree on the terms of the VERIFICATION with the ASSET OWNER. The agreed terms MUST be specified in an engagement letter or other suitable form of written agreement and MUST include the following:

- a. The objective and scope of the engagement, including the period(s) being verified;
- b. The verifier’s responsibilities;
- c. The ASSET OWNER’S responsibilities;
- d. A statement about the inherent limitations of a VERIFICATION;
- e. A statement that the GIPS standards are the evaluation criteria for the engagement;
- f. A statement that the VERIFICATION does not provide assurance on the operating effectiveness of the ASSET OWNER’S controls or policies and procedures for complying with the GIPS standards;
and
- g. A statement that the ASSET OWNER agrees to provide the verifier with a representation letter at the conclusion of the VERIFICATION.

The engagement letter SHOULD also include any other terms and conditions relevant to the VERIFICATION.

Required Verification Procedures

A VERIFICATION MUST be conducted in accordance with the REQUIRED VERIFICATION procedures of the GIPS standards. The following are the minimum procedures verifiers MUST perform when conducting a VERIFICATION. Verifiers MUST complete the VERIFICATION in accordance with these procedures prior to issuing a VERIFICATION REPORT to the ASSET OWNER.

Planning Procedures

The verifier MUST consider the following presumptions:

- Information obtained from independent third parties provides greater assurance than information obtained from the ASSET OWNER;
- Information obtained from the verifier's direct personal knowledge (such as through tangible documentation, observation, computation, operating tests, or inspection) is more persuasive than information obtained indirectly; and
- Information obtained from an ASSET OWNER with an effective control environment is more reliable than information obtained from an ASSET OWNER without an effective control environment.

The verifier MUST consider the following matters when designing test procedures:

- The nature and materiality of the information to be tested;
- The control environment (including the extent to which automated and manual processes are used);
- The likelihood of misstatements;
- Knowledge obtained during current and previous engagements;
- The extent to which the information is affected by judgment; and
- Inadequacies in the underlying data.

When conducting a VERIFICATION, the verifier MUST accumulate sufficient evidence and perform sufficient procedures such that the risk of not detecting errors during the VERIFICATION is mitigated to an acceptably low level.

Testing by inquiry on its own is insufficient to satisfy the REQUIRED VERIFICATION procedures when other testing procedures could reasonably be performed (e.g., inspection, observation, or recalculation). Verifiers MUST review sufficient and appropriate supporting documentation when conducting

VERIFICATION procedures.

A verifier may choose to rely on the audit and/or internal control work of a qualified and reputable independent third party. In addition, a verifier may choose to rely on other audit and/or internal control work it has provided to the ASSET OWNER. A verifier may also accept the VERIFICATION work of another verifier as part of the basis for the VERIFICATION REPORT. If the verifier plans to rely on work performed by another party, then the work—including scope, period(s) covered, results of procedures performed, and the other party’s qualifications, competency, objectivity, and reputation—MUST be assessed by the verifier when determining whether to place any reliance on such work. Reliance considerations and conclusions MUST be documented by the verifier. The verifier MUST use professional skepticism when deciding whether to place reliance on work performed by another party.

Sample Selection

Verifiers MUST subject the entire ASSET OWNER to testing when conducting VERIFICATION procedures. Verifiers may use a sampling methodology when performing such testing procedures. The verifier MUST determine not only the appropriate sample size but also whether the sample selected is reasonable considering the ASSET OWNER’S specific circumstances. The verifier MUST select samples from the entire period(s) being verified.

Verifiers MUST consider the following criteria when selecting samples:

- Number of TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional composites at the asset owner;
- Number of portfolios in each TOTAL FUND and additional COMPOSITES;
- Number of TOTAL FUNDS in each COMPOSITE of TOTAL FUNDS;
- TOTAL FUND and COMPOSITES of TOTAL FUNDS strategies and additional COMPOSITE definitions;
- TOTAL FUND assets, COMPOSITE of TOTAL FUNDS assets, and additional COMPOSITE assets relative to TOTAL ASSET OWNER ASSETS;
- Internal control environment at the ASSET OWNER;
- Number of years being verified;
- Systems used in the construction and maintenance of TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES;
- Whether PORTFOLIOS are internally managed or externally managed;
- Methodology and systems used for calculating and reporting performance; and
- The use of external service providers.

This list is not all-inclusive and contains only the minimum criteria that MUST be considered in the selection and evaluation of a sample. For example, one potentially useful approach would

be to include in the sample a PORTFOLIO that has the largest effect on TOTAL FUND performance because of its size. Missing or incomplete documents, or the presence of errors, would warrant selecting a larger sample or applying additional VERIFICATION procedures.

Testing Procedures

1. Recordkeeping: While conducting the REQUIRED testing procedures, verifiers MUST determine whether:
 - a. The ASSET OWNER has captured and maintained the data and information necessary to support all items included in GIPS ASSET OWNER REPORTS and GIPS ADVERTISEMENTS.
 - b. The data and information are available within a reasonable time.
 - c. The data and information are sufficient to support the claim of compliance on an ASSET OWNER-wide basis.Detailed examples of data and information that could be examined are provided in the discussion of Provision 21.A.19 in the *GIPS Standards Handbook for Asset Owners*.
2. Policies and Procedures: Verifiers MUST obtain the ASSET OWNER's policies and procedures used in establishing and maintaining compliance with the GIPS standards. Verifiers MUST understand the ASSET OWNER's policies and procedures for establishing and maintaining compliance with all the applicable REQUIREMENTS and adopted RECOMMENDATIONS of the GIPS standards. Verifiers MUST perform sufficient procedures to determine that:
 - a. The ASSET OWNER's policies and procedures are consistent with the GIPS standards;
 - b. The ASSET OWNER's policies and procedures are complete, clear, unambiguous, and adequately documented; and
 - c. The ASSET OWNER's policies and procedures are suitably designed to enable the ASSET OWNER to comply with the GIPS standards.
3. ASSET OWNER Definition: Verifiers MUST gain an understanding of the ASSET OWNER, including the corporate structure of the ASSET OWNER and how it operates. Verifiers MUST perform sufficient procedures to determine that the ASSET OWNER is, and has been, appropriately defined.
4. Lists of TOTAL FUND DESCRIPTIONS and COMPOSITE DESCRIPTIONS: Verifiers MUST obtain the ASSET OWNER's list of TOTAL FUND DESCRIPTIONS and COMPOSITE DESCRIPTIONS and then perform sufficient procedures to determine that this list is complete.
5. TOTAL ASSET OWNER ASSETS: For each annual period end within the period(s) being verified, verifiers MUST obtain:
 - a list of all TOTAL FUNDS, with each TOTAL FUND's value, that constitute TOTAL ASSET OWNER ASSETS; and
 - a list of all PORTFOLIOS, with each PORTFOLIO's value, that are included in each TOTAL FUND.

Verifiers MUST select TOTAL FUNDS and PORTFOLIOS from these lists and perform sufficient procedures to determine that:

- a. The list of all TOTAL FUNDS that constitute TOTAL ASSET OWNER ASSETS, with each TOTAL FUND'S value, is complete.
 - b. PORTFOLIOS included in TOTAL FUNDS are properly included in TOTAL ASSET OWNER ASSETS and have not been double-counted.
 - c. PORTFOLIOS included in TOTAL ASSET OWNER ASSETS are properly included in TOTAL FUNDS.
 - d. TOTAL ASSET OWNER ASSETS reflect only actual assets managed by the ASSET OWNER.
 - e. TOTAL ASSET OWNER ASSETS are calculated accurately and reflect all assets for which the ASSET OWNER has investment management responsibility.
6. Cash Accounts Excluded from TOTAL FUNDS: Verifiers MUST obtain a list of all cash accounts that are not available for investment, such as a checking account used for payments to beneficiaries and vendors, that are classified as non-discretionary and excluded from TOTAL FUNDS during the period(s) being verified. Verifiers MUST select cash accounts from this list and perform sufficient procedures to determine that the ASSET OWNER'S classification of the cash account as not being available for investment is appropriate by referring to appropriate documentation.
7. Assignment of PORTFOLIOS to TOTAL FUNDS and Additional COMPOSITES, and Assignment of TOTAL FUNDS to COMPOSITES of TOTAL FUNDS: Verifiers MUST obtain TOTAL FUND, COMPOSITES of TOTAL FUNDS, and additional COMPOSITE membership details, including which PORTFOLIOS are included in TOTAL FUNDS and additional COMPOSITES, and which TOTAL FUNDS are included in COMPOSITES of TOTAL FUNDS with their returns and values, for all period(s) being verified. This information MUST include new, existing, and terminated PORTFOLIOS and TOTAL FUNDS. Verifiers MUST select PORTFOLIOS from TOTAL FUNDS and additional COMPOSITES and TOTAL FUNDS from COMPOSITES of TOTAL FUNDS and perform sufficient procedures to determine that:
- a. The ASSET OWNER has defined and maintained TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES in compliance with the GIPS standards.
 - b. The ASSET OWNER'S policies and procedures for creating and maintaining TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES have been consistently applied.
 - c. PORTFOLIOS included in TOTAL FUNDS and additional COMPOSITES, and TOTAL FUNDS included in COMPOSITES of TOTAL FUNDS, are properly classified as discretionary, as indicated by the TOTAL FUND'S governing documents.
 - d. The investment mandate, objective, or strategy of PORTFOLIOS included in additional COMPOSITES, as indicated by the PORTFOLIO'S investment management agreement, investment guidelines, PORTFOLIO holdings, and other appropriate documentation, is consistent with the COMPOSITE DEFINITION.
 - e. TOTAL FUNDS included in the same COMPOSITE of TOTAL FUNDS share a similar investment mandate, objective, or strategy.
 - f. New PORTFOLIOS are included in TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES on a timely and consistent basis as soon as they are funded.
 - g. Terminated PORTFOLIOS are included in the historical performance of TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES through the final day the assets are

managed.

- h. Movements of PORTFOLIOS or TOTAL FUNDS from one COMPOSITE of TOTAL FUNDS or additional COMPOSITE to another are appropriate, consistent with documented changes to a PORTFOLIO'S or TOTAL FUND'S investment mandate, objective, or strategy or the redefinition of the COMPOSITE of TOTAL FUNDS or additional COMPOSITE.
8. Outlier Returns: Verifiers MUST perform sufficient procedures to determine that outlier returns within COMPOSITES of TOTAL FUNDS and additional COMPOSITES do not indicate return errors or COMPOSITE assignment errors. Verifiers MUST:
- a. For a sample of COMPOSITES of TOTAL FUNDS, review TOTAL FUND returns within the COMPOSITE of TOTAL FUNDS to identify TOTAL FUNDS with returns that significantly deviate from the returns of other TOTAL FUNDS within the COMPOSITE of TOTAL FUNDS. For additional COMPOSITES, review PORTFOLIO returns to identify PORTFOLIO returns that significantly deviate from the expected returns of PORTFOLIOS within the additional COMPOSITES.
 - b. Select a sample of TOTAL FUNDS FROM COMPOSITES of TOTAL FUNDS with outlier returns and a sample of PORTFOLIOS from additional COMPOSITES with outlier returns, and for each TOTAL FUND or PORTFOLIO determine that:
 - i. There are no input data or return calculation errors relating to the outlier returns.
 - ii. The TOTAL FUND is properly included in the COMPOSITE of TOTAL FUNDS, and the PORTFOLIO is properly included in the additional COMPOSITE.
9. Input Data: For selected PORTFOLIOS, verifiers MUST perform sufficient procedures to determine that the treatment of the following items is consistent with the ASSET OWNER'S policies and procedures:
- a. Classification of PORTFOLIO flows (e.g., receipts, disbursements, dividends, interest, fees, expenses, and taxes);
 - b. Accounting treatment of dividend and interest income;
 - c. Accounting treatment of taxes, tax reclaims, and tax accruals;
 - d. Accounting treatment of TRANSACTION COSTS;
 - e. Accounting treatment of fees and expenses, including INVESTMENT MANAGEMENT COSTS; and
 - f. Accounting treatment of and valuation methodologies for investments.
10. Performance Based on Actual Assets: For selected PORTFOLIOS, verifiers MUST perform sufficient procedures to determine that PORTFOLIO holdings, income, and cash flows are supported by appropriate documents from independent third parties, if applicable. Examples of appropriate documents include custodian, fund accounting, and broker statements, as well as subscription and redemption notifications.
11. Performance Measurement: Verifiers MUST perform sufficient procedures to determine that the ASSET OWNER has calculated performance in accordance with the REQUIREMENTS of

the GIPS standards and the ASSET OWNER'S policies and procedures. Verifiers MUST, for a sample of PORTFOLIO, TOTAL FUND, COMPOSITE of TOTAL FUNDS, and additional COMPOSITE returns, recalculate returns to determine that:

- a. An acceptable return formula as REQUIRED by the GIPS standards is used.
- b. The ASSET OWNER'S calculations, including the treatment of any fees, expenses, and investment management costs, are in accordance with the ASSET OWNER'S policies and procedures.
- c. NET-OF-FEES returns are reduced by TRANSACTION COSTS, all fees and expenses for externally managed POOLED FUNDS, INVESTMENT MANAGEMENT FEES for externally managed SEGREGATED ACCOUNTS, and INVESTMENT MANAGEMENT COSTS.

12. GIPS ASSET OWNER REPORTS: Verifiers MUST perform sufficient procedures on a sample of GIPS ASSET OWNER REPORTS to determine that each GIPS ASSET OWNER REPORT includes all the numerical information and disclosures REQUIRED by the GIPS standards. If the ASSET OWNER includes SUPPLEMENTAL INFORMATION, or custom BENCHMARKS in GIPS ASSET OWNER REPORTS, verifiers SHOULD include GIPS ASSET OWNER REPORTS that include such information in this sample.

For each GIPS ASSET OWNER REPORT selected for testing, verifiers MUST perform the following procedures:

- a. Test TOTAL FUND, COMPOSITE of TOTAL FUNDS, additional COMPOSITE, and BENCHMARK calculations to determine that all presented numerical information, except SUPPLEMENTAL INFORMATION:
 - i. Adheres to the REQUIREMENTS of the GIPS standards.
 - ii. Is accurate.
 - iii. Is consistent with the ASSET OWNER'S records and policies and procedures.
- b. Determine that the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE BENCHMARK reflects the investment mandate, objective, or strategy of the COMPOSITE or TOTAL FUND or, if the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE has no BENCHMARK, that this is appropriate.
- c. If a custom BENCHMARK or combination of multiple BENCHMARKS is used, test the BENCHMARK data used by the ASSET OWNER to determine that the calculation methodology has been correctly applied and the data used are consistent with the BENCHMARK disclosure in the GIPS ASSET OWNER REPORT.
- d. Test BENCHMARK returns to determine that:
 - i. The BENCHMARK returns are consistent with the returns published by the index provider.
 - ii. Only TOTAL RETURN BENCHMARKS are used.
- e. Determine that TOTAL ASSET OWNER ASSETS presented in the GIPS ASSET OWNER REPORT are consistent with TOTAL ASSET OWNER ASSETS tested in Step 5.
- f. Review disclosures to determine that all REQUIRED disclosures are included and all disclosures are consistent with the ASSET OWNER'S records and its policies and

procedures.

- g. If the GIPS ASSET OWNER REPORT includes SUPPLEMENTAL INFORMATION, determine that the SUPPLEMENTAL INFORMATION:
 - i. Relates directly to the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE.
 - ii. Is not misleading, is clearly not false, and is not otherwise prohibited to be presented.
 - iii. Is clearly labeled as SUPPLEMENTAL INFORMATION.
 - iv. Does not contradict or conflict with the REQUIRED or RECOMMENDED information in the GIPS ASSET OWNER REPORT.
 - v. Is not shown with greater prominence than the REQUIRED TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE information.
- 13. Providing GIPS ASSET OWNER REPORTS: Verifiers MUST perform sufficient procedures to determine that the ASSET OWNER has provided the OVERSIGHT BODY with a GIPS ASSET OWNER REPORT for all TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and any additional COMPOSITES that have been created.
- 14. GIPS ADVERTISEMENTS: Verifiers MUST gain an understanding of the ASSET OWNER's policies for preparing GIPS ADVERTISEMENTS. If the ASSET OWNER prepares GIPS ADVERTISEMENTS, verifiers MUST select a sample of GIPS ADVERTISEMENTS and MUST perform the following procedures:
 - a. For each GIPS ADVERTISEMENT that includes a GIPS ASSET OWNER REPORT, verifiers MUST perform sufficient procedures to determine that:
 - i. The GIPS ASSET OWNER REPORT includes all information REQUIRED by the GIPS standards.
 - ii. The numerical information in the GIPS ASSET OWNER REPORT is accurate and consistent with the ASSET OWNER's records and its policies and procedures.
 - iii. The disclosures in the GIPS ASSET OWNER REPORT are consistent with the ASSET OWNER's records and its policies and procedures.
 - b. For each GIPS ADVERTISEMENT that does not include a GIPS ASSET OWNER REPORT, verifiers MUST perform sufficient procedures to determine that:
 - i. The GIPS ADVERTISEMENT includes all information REQUIRED by the GIPS Advertising Guidelines.
 - ii. The REQUIRED or RECOMMENDED numerical information is accurate and consistent with the ASSET OWNER's records and its policies and procedures.
 - iii. The disclosures are consistent with the ASSET OWNER's records and its policies and procedures.
- 15. Error Correction: Verifiers MUST gain an understanding of errors in GIPS ASSET OWNER REPORTS that have occurred in, were identified in, or affect the period(s) being verified. If errors have occurred, verifiers MUST select errors for testing and perform sufficient procedures to determine that:
 - a. The ASSET OWNER's errors have been treated in accordance with the ASSET OWNER's error correction policies and procedures.

- b. For MATERIAL ERRORS, the ASSET OWNER has provided the corrected GIPS ASSET OWNER REPORT to the OVERSIGHT BODY and to any former verifiers that received the GIPS ASSET OWNER REPORT that had the MATERIAL ERROR, as well as to the current verifier.
16. Notification to CFA Institute: Verifiers MUST perform sufficient procedures to determine that the ASSET OWNER has met the REQUIREMENT to notify CFA Institute of its claim of compliance with the GIPS standards by submitting the GIPS COMPLIANCE NOTIFICATION FORM.

Maintenance of Verifier Documentation

The verifier MUST maintain sufficient documentation of the following items for all VERIFICATION procedures performed that are necessary to support the VERIFICATION REPORT:

- a. The nature, timing, and extent of all procedures performed, including planning procedures, sample size rationale, sample selections, and testing procedures applied;
- b. The results of all procedures performed and the evidence obtained;
- c. Significant findings or issues arising during the VERIFICATION, the conclusions reached thereon, and any significant professional judgments made in reaching those conclusions; and
- d. Supporting evidence that the verifier has conducted all REQUIRED VERIFICATION procedures.

Representation Letter¹

At the conclusion of the VERIFICATION engagement and prior to issuing the VERIFICATION REPORT, the verifier MUST obtain written representations signed by the ASSET OWNER'S management, who the verifier believes are responsible for and knowledgeable about the matters covered in the representations. The representation letter MUST include the following matters:

- The ASSET OWNER complies with the GIPS standards for all period(s) being verified;
- The ASSET OWNER'S policies and procedures for establishing and maintaining compliance with the GIPS standards are properly described in the ASSET OWNER'S GIPS standards policies and procedures;
- The ASSET OWNER'S policies and procedures for complying with the GIPS standards have been designed in compliance with the GIPS standards and have been implemented on an ASSET OWNER-wide basis for all period(s) being verified;
- The ASSET OWNER is in compliance with the GIPS standards on an ASSET OWNER-wide basis;
- The ASSET OWNER'S management bears all responsibility for maintaining compliance with the GIPS standards, including production and distribution of all GIPS ASSET OWNER REPORTS;

¹ Words in small capital letters are defined terms that can be found in the Glossary. These terms are not expected to be in small capital letters when included in a representation letter, VERIFICATION REPORT, or PERFORMANCE EXAMINATION REPORT.

- The GIPS ASSET OWNER REPORTS are a fair and honest representation of the ASSET OWNER’S investment performance;
- The ASSET OWNER has not knowingly presented performance or PERFORMANCE-RELATED INFORMATION that is false or misleading;
- To the best of the ASSET OWNER’S knowledge and belief, there has been no:
 - ❖ fraud or alleged fraud involving management or employees who have significant roles in the ASSET OWNER’S policies and procedures relating to compliance with the GIPS standards, or
 - ❖ fraud or alleged fraud involving others that could have a material effect on the ASSET OWNER’S compliance with the GIPS standards.
- The ASSET OWNER has provided the verifier with all necessary documents to enable the verifier to perform the VERIFICATION, and no relevant documents have been withheld;
- The period(s) on which the verifier is reporting;
- The ASSET OWNER complies with all applicable laws and regulations regarding the calculation and presentation of performance; and
- No events that would materially influence performance results or the outcome of the VERIFICATION have occurred up to the date of the representation letter.

The representation letter SHOULD also include any other relevant representations made to the verifier during the VERIFICATION.

Verification Report²

The VERIFICATION REPORT MUST opine that, for the period(s) for which the VERIFICATION has been performed, the ASSET OWNER’S policies and procedures for complying with the GIPS standards related to TOTAL FUND and COMPOSITE maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards; and
- Implemented on an ASSET OWNER–wide basis.

The following information is also REQUIRED to be included in the VERIFICATION REPORT:

- The report title, which MUST include the word “verification”;
- The report date;
- The report addressee;
- The defined ASSET OWNER for which the VERIFICATION has been performed;

² Words in small capital letters are defined terms that can be found in the Glossary. These terms are not expected to be in small capital letters when included in a representation letter, VERIFICATION REPORT, or PERFORMANCE EXAMINATION REPORT.

- The period(s) for which the VERIFICATION has been performed;
- The respective responsibilities of the ASSET OWNER’S management and of the verifier, including a statement acknowledging the ASSET OWNER’S responsibility for the claim of compliance;
- A statement to the effect that the VERIFICATION has been performed in accordance with the REQUIRED VERIFICATION procedures of the GIPS standards;
- A statement indicating that the VERIFICATION includes testing performed on a sample basis;
- Language indicating that the verifier is independent from the ASSET OWNER;
- A statement indicating that the VERIFICATION does not provide assurance on any specific performance report;
- A statement indicating that the VERIFICATION does not provide assurance on the operating effectiveness of the ASSET OWNER’S controls or policies and procedures for complying with the GIPS standards;
- A statement describing any other professional guidance that has been applied (e.g., AICPA, IAASB, ICAEW, or JICPA guidance);
- The following statement: “GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.”; and
- The signature or official seal of the verifier.

In addition to the REQUIRED content, the VERIFICATION REPORT may also include other information, as appropriate.

After completing the VERIFICATION procedures, the verifier may conclude that the ASSET OWNER is not in compliance with the GIPS standards or that the ASSET OWNER’S records cannot support a VERIFICATION. In such situations, the verifier MUST inform the ASSET OWNER why a VERIFICATION REPORT could not be issued. A VERIFICATION REPORT MUST NOT be issued when the verifier knows that the ASSET OWNER is not in compliance with the GIPS standards or the records of the ASSET OWNER cannot support a VERIFICATION.

The ASSET OWNER MUST NOT state that it has been verified unless a VERIFICATION REPORT has been issued.

Recommendation Letter

After the VERIFICATION is complete, the verifier SHOULD issue a recommendation letter to the ASSET OWNER describing specific findings, recommendations, and other areas for improvement arising from the VERIFICATION.

PERFORMANCE EXAMINATION

Purpose and Scope of Performance Examination

In addition to VERIFICATION, an ASSET OWNER may choose to also have a PERFORMANCE EXAMINATION of a specific TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE. The detailed testing of any of the ASSET OWNER'S TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, or additional COMPOSITES and their associated GIPS ASSET OWNER REPORTS by an independent verifier is called a PERFORMANCE EXAMINATION.

A PERFORMANCE EXAMINATION may only be performed either concurrently with, or subsequent to the completion of, a VERIFICATION. The ASSET OWNER MUST be verified for the period(s) covered by the PERFORMANCE EXAMINATION REPORT. The VERIFICATION and the PERFORMANCE EXAMINATION need not be performed by the same verifier. The PERFORMANCE EXAMINATION MUST be performed by a qualified independent third party. Please see the Guidance Statement on Verifier Independence for additional guidance.

A PERFORMANCE EXAMINATION is not REQUIRED for an ASSET OWNER to be verified and is neither RECOMMENDED nor REQUIRED under the GIPS standards. However, an ASSET OWNER may be asked or may choose to obtain a PERFORMANCE EXAMINATION of one or more of the ASSET OWNER'S TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, or additional COMPOSITES.

A PERFORMANCE EXAMINATION tests, for a specific TOTAL FUND:

- a. Whether the ASSET OWNER has calculated the TOTAL FUND performance in compliance with the GIPS standards; and
- b. Whether the ASSET OWNER has prepared and presented the GIPS ASSET OWNER REPORT in compliance with the GIPS standards.

A PERFORMANCE EXAMINATION tests, for a specific COMPOSITE of TOTAL FUNDS or additional COMPOSITE:

- a. Whether the ASSET OWNER has constructed the COMPOSITE of TOTAL FUNDS or additional COMPOSITE and calculated the COMPOSITE of TOTAL FUNDS or additional COMPOSITE performance in compliance with the GIPS standards; and
- b. Whether the ASSET OWNER has prepared and presented the GIPS ASSET OWNER REPORT in compliance with the GIPS standards.

Verifier Qualification Requirements

The PERFORMANCE EXAMINATION MUST be performed by a qualified independent third party:

- Verifiers MUST have appropriate professional abilities and experience, as well as a practical level

of expertise regarding audit methodology and investment management practices, including investment accounting, performance calculation methodologies, and business processes.

- Verifiers **MUST** be knowledgeable about the GIPS standards and **MUST** understand all the **REQUIREMENTS** and **RECOMMENDATIONS** of the GIPS standards, including all applicable Guidance Statements, interpretations, and Questions & Answers (Q&As) published by CFA Institute and the GIPS standards governing bodies.
- Verifiers **MUST** also be knowledgeable about applicable laws and regulations regarding the calculation and presentation of performance.

The verifier **MUST** be independent from the **ASSET OWNER**. Please see the Guidance Statement on Verifier Independence for additional guidance.

Verifiers are auditing, consulting, and other firms that have a high degree of knowledge regarding the investment management industry. Verifiers **MUST** follow any applicable professional guidance and standards of practice within their industry when performing a **PERFORMANCE EXAMINATION**.

Agreeing on the Terms of the Engagement

Prior to commencing the engagement, the verifier **MUST** agree on the terms of the **PERFORMANCE EXAMINATION** with the **ASSET OWNER**. The agreed terms **MUST** be specified in an engagement letter or other suitable form of written agreement and **MUST** include the following:

- a. The objective and scope of the engagement, including the period(s) being examined;
- b. The verifier's responsibilities;
- c. The **ASSET OWNER'S** responsibilities;
- d. A statement about the inherent limitations of a **PERFORMANCE EXAMINATION**;
- e. A statement that the GIPS standards are the evaluation criteria for the engagement; and
- f. A statement that the **ASSET OWNER** agrees to provide the verifier with a representation letter at the conclusion of the **PERFORMANCE EXAMINATION**.

The engagement letter **SHOULD** also include any other terms and conditions relevant to the **PERFORMANCE EXAMINATION**.

Required Performance Examination Procedures

A **PERFORMANCE EXAMINATION** **MUST** be conducted in accordance with the **REQUIRED PERFORMANCE EXAMINATION** procedures of the GIPS standards. The following are the minimum procedures verifiers **MUST** perform when conducting a **PERFORMANCE EXAMINATION**. Verifiers **MUST** complete the **PERFORMANCE EXAMINATION** in accordance with these procedures prior to issuing a **PERFORMANCE**

Planning Procedures

The verifier **MUST** consider the following presumptions:

- Information obtained from independent third parties provides greater assurance than the same information obtained from the ASSET OWNER;
- Information obtained from the verifier's direct personal knowledge (such as through tangible documentation, observation, computation, operating tests, or inspection) is more persuasive than information obtained indirectly; and
- Information obtained from an ASSET OWNER with an effective control environment is more reliable than information obtained from an ASSET OWNER without an effective control environment.

The verifier **MUST** consider the following matters when designing test procedures:

- The nature and materiality of the information to be tested;
- The control environment (including the extent to which automated and manual processes are used);
- The likelihood of misstatements;
- Knowledge obtained during current and previous engagements;
- The extent to which the information is affected by judgment; and
- Inadequacies in the underlying data.

When conducting a PERFORMANCE EXAMINATION, the verifier **MUST** accumulate sufficient evidence and perform sufficient procedures such that the risk of not detecting errors during the PERFORMANCE EXAMINATION is mitigated to an acceptably low level.

Testing by inquiry on its own is insufficient to satisfy the REQUIRED PERFORMANCE EXAMINATION procedures when other testing procedures could reasonably be performed (e.g., inspection, observation, or recalculation). Verifiers **MUST** review sufficient and appropriate supporting documentation when conducting PERFORMANCE EXAMINATION procedures.

A verifier may choose to rely on the audit and/or internal control work of a qualified and reputable independent third party. In addition, a verifier may choose to rely on other audit and/or internal control work it has provided to the ASSET OWNER. A verifier may also accept the VERIFICATION work of another verifier as part of the basis for the verifier's PERFORMANCE EXAMINATION REPORT. If the verifier plans to rely on work performed by another party, then the work—including scope, period(s) covered, results of procedures performed, and the other party's qualifications, competency, objectivity, and reputation—**MUST** be assessed by the verifier when determining whether to place any reliance on such work. Reliance considerations and conclusions **MUST** be documented by the

verifier. The verifier MUST use professional skepticism when deciding whether to place reliance on work performed by another party.

Sample Selection

Verifiers MUST subject the entire TOTAL FUND, COMPOSITE OF TOTAL FUNDS, or additional COMPOSITE to testing when conducting PERFORMANCE EXAMINATION procedures. Verifiers may use a sampling methodology when performing such testing procedures. The verifier MUST determine not only the appropriate sample size but also whether the sample selected is reasonable considering the ASSET OWNER'S specific circumstances. The verifier MUST select samples from the entire period(s) being examined.

Verifiers MUST consider the following criteria when selecting samples:

- Number of PORTFOLIOS in the TOTAL FUND or additional COMPOSITE;
- Number of TOTAL FUNDS in the COMPOSITE of TOTAL FUNDS;
- TOTAL FUND AND COMPOSITES of TOTAL FUNDS strategies and additional COMPOSITE DEFINITION;
- Individual PORTFOLIO assets or TOTAL FUND assets relative to TOTAL FUND, COMPOSITE of TOTAL FUNDS, and additional COMPOSITE assets;
- Internal control environment at the ASSET OWNER;
- Number of years being examined;
- Systems used in the construction and maintenance of TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, and additional COMPOSITES;
- Whether portfolios are internally managed or externally managed;
- Methodology and systems used for calculating and reporting performance; and
- The use of external service providers.

This list is not all-inclusive and contains only the minimum criteria that MUST be considered in the selection and evaluation of a sample. For example, one potentially useful approach for a TOTAL FUND PERFORMANCE EXAMINATION would be to include in the sample a PORTFOLIO that has the largest effect on the TOTAL FUND performance because of its size. Missing or incomplete documents, or the presence of errors, would warrant selecting a larger sample or applying additional PERFORMANCE EXAMINATION procedures.

Testing Procedures

1. Recordkeeping: While conducting the REQUIRED testing procedures, verifiers MUST determine whether:
 - a. The ASSET OWNER has captured and maintained the data and information necessary to support all items included in the GIPS ASSET OWNER REPORT.
 - b. The data and information are available within a reasonable time frame.Detailed examples of data and information that could be examined are provided in the discussion of Provision 21.A.19 in the *GIPS Standards Handbook for Asset Owners*.
2. Policies and Procedures: Verifiers MUST obtain the ASSET OWNER'S policies and procedures used in establishing and maintaining compliance with the GIPS standards that are relevant to the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined. Verifiers MUST understand the ASSET OWNER'S policies and procedures for establishing and maintaining compliance with all the applicable REQUIREMENTS and adopted RECOMMENDATIONS of the GIPS standards that are relevant to the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined. Verifiers MUST perform sufficient procedures to determine that, with respect to the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined:
 - a. The ASSET OWNER'S policies and procedures are consistent with the GIPS standards;
 - b. The ASSET OWNER'S policies and procedures are complete, clear, unambiguous, and adequately documented; and
 - c. The ASSET OWNER'S policies and procedures are suitably designed to enable the ASSET OWNER to construct the COMPOSITE of TOTAL FUNDS, or additional COMPOSITE; calculate the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE performance; and prepare and present the GIPS ASSET OWNER REPORT in compliance with the GIPS standards.
3. ASSET OWNER Definition: Verifiers MUST gain an understanding of the ASSET OWNER, including the corporate structure of the ASSET OWNER and how it operates.
4. Assignment of PORTFOLIOS to the TOTAL FUND, COMPOSITES of TOTAL FUNDS, and Additional COMPOSITES: The verifier MUST obtain a list of all open (both new and existing) and terminated PORTFOLIOS for each TOTAL FUND, COMPOSITE of TOTAL FUNDS, and additional COMPOSITE for the period(s) under examination, with their returns and values, for all periods being examined, and MUST perform sufficient procedures to determine for each TOTAL FUND, COMPOSITE of TOTAL FUNDS, and additional COMPOSITE being examined, that:
 - a. The ASSET OWNER has defined and maintained the COMPOSITE of TOTAL FUNDS or additional COMPOSITE in compliance with the GIPS standards.
 - b. The ASSET OWNER'S policies and procedures for creating and maintaining the COMPOSITE of TOTAL FUNDS or additional COMPOSITE have been consistently applied.

- c. PORTFOLIOS included in the TOTAL FUND or additional COMPOSITE and TOTAL FUNDS included in a COMPOSITE of TOTAL FUNDS are properly classified as discretionary, as indicated by the TOTAL FUND'S governing documents.
 - d. The investment mandate, objective, or strategy of PORTFOLIOS included in the additional COMPOSITE, as indicated by the PORTFOLIO'S investment management agreement, investment guidelines, PORTFOLIO holdings, and other appropriate documentation, is consistent with the COMPOSITE DEFINITION.
 - e. TOTAL FUNDS included in the same COMPOSITE of TOTAL FUNDS share a similar investment mandate, objective, or strategy.
 - f. New PORTFOLIOS are included in the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE on a timely and consistent basis as soon as they are funded.
 - g. Terminated PORTFOLIOS are included in the historical performance of the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE through the final day assets are managed.
 - h. Movements of PORTFOLIOS or TOTAL FUNDS from one COMPOSITE of TOTAL FUNDS or additional COMPOSITE to another are appropriate and consistent with documented changes to a PORTFOLIO'S or TOTAL FUND'S investment mandate, objective, or strategy or with the redefinition of the COMPOSITE of TOTAL FUNDS or additional COMPOSITE.
5. Outlier Returns: Verifiers MUST perform sufficient procedures to determine that outlier returns within COMPOSITES of TOTAL FUNDS, and additional COMPOSITES being examined do not indicate return errors or COMPOSITE assignment errors. Verifiers MUST:
- a. Review TOTAL FUND returns within the COMPOSITE of TOTAL FUNDS being examined, to identify TOTAL FUNDS with returns that significantly deviate from the returns of other TOTAL FUNDS within the COMPOSITE of TOTAL FUNDS. For additional COMPOSITES, review PORTFOLIO returns to identify PORTFOLIOS with returns that significantly deviate from the expected returns of other PORTFOLIOS within the additional COMPOSITE.
 - b. Select all TOTAL FUNDS from COMPOSITES of TOTAL FUNDS with outlier returns and for each TOTAL FUND determine that:
 - i. There are no input data or TOTAL FUND return calculation errors relating to the outlier returns.
 - ii. The total fund is properly included in the composite of total funds being examined.
 - c. Select all PORTFOLIOS with outlier returns and for each additional COMPOSITE determine that:
 - i. There are no input data or PORTFOLIO return calculation errors relating to the outlier returns.
 - ii. The PORTFOLIO is properly included in the additional COMPOSITE being examined.
6. EXTERNAL CASH FLOWS: Verifiers MUST determine that EXTERNAL CASH FLOWS for PORTFOLIOS in the TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, or additional COMPOSITES being examined are:

- Properly recorded in PORTFOLIOS;
- Recorded at the correct amounts;
- Properly identified as a LARGE CASH FLOW (as defined by the ASSET OWNER'S policies and procedures); and
- Recorded on a timely basis in accordance with the ASSET OWNER'S policies and procedures.

Verifiers MUST perform sufficient procedures to determine that:

- a. EXTERNAL CASH FLOWS reflect appropriate supporting documentation, such as custody statements, subscription and redemption notifications, or internal records;
- b. EXTERNAL CASH FLOWS reflect proper valuation and timely recording; and
- c. The recording of EXTERNAL CASH FLOWS is appropriate and in accordance with the ASSET OWNER'S policies and procedures.

7. Income and Expenses: Verifiers MUST determine that income and expenses for PORTFOLIOS in the TOTAL FUNDS, COMPOSITES of TOTAL FUNDS or additional COMPOSITES being examined are:

- Properly recorded in PORTFOLIOS;
- Recorded at the correct amounts; and
- Recorded on a timely basis.

Verifiers MUST perform sufficient procedures to determine that the treatment of the following items is consistent with the ASSET OWNER'S policies and procedures:

- a. Classification of PORTFOLIO flows (e.g., receipts, disbursements, dividends, interest, fees, expenses, and taxes);
- b. Accounting treatment of dividend and interest income;
- c. Accounting treatment of taxes, tax reclaims, and tax accruals;
- d. Accounting treatment of TRANSACTION COSTS;
- e. Accounting treatment of fees and expenses; and
- f. Accounting treatment of and valuation methodologies for investments.

8. PORTFOLIO Valuation: Verifiers MUST determine that investments, including derivatives, for PORTFOLIOS in the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined are:

- Valued correctly; and
- Valued on the correct dates.

Verifiers MUST perform sufficient procedures to determine that:

- a. PORTFOLIO holdings are complete and accurate, as well as consistent with appropriate documentation such as custody statements and reconciliations;
- b. Investment valuations are in accordance with the ASSET OWNER'S valuation policies and procedures, as well as the GIPS standards valuation REQUIREMENTS;
- c. PORTFOLIOS are valued on the date of all LARGE CASH FLOWS in accordance with the ASSET

OWNER'S policies and procedures;

- d. Foreign currency exchange rates are in accordance with the ASSET OWNER'S valuation policies; and
 - e. The method(s) used for PORTFOLIO valuation are consistently applied.
9. Performance Based on Actual Assets: For the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined, verifiers MUST perform sufficient procedures to determine that PORTFOLIO holdings, income, and cash flows are supported by appropriate documents from independent third parties, if applicable. Examples of appropriate documents include custodian, fund accounting, and broker statements, as well as subscription and redemption notifications.
10. Performance Measurement: Verifiers MUST perform sufficient procedures to determine that the ASSET OWNER has calculated performance for the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined in accordance with the REQUIREMENTS of the GIPS standards and the ASSET OWNER'S policies and procedures. Verifiers MUST, for a sample of PORTFOLIO and TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE returns, recalculate returns to determine that:
- a. An acceptable return formula as REQUIRED by the GIPS standards is used.
 - b. The ASSET OWNER'S calculations, including the treatment of any fees and expenses, are in accordance with the ASSET OWNER'S policies and procedures.
 - c. NET-OF-FEES returns are reduced by TRANSACTION COSTS, all fees and expenses for externally managed POOLED FUNDS, INVESTMENT MANAGEMENT FEES for externally managed SEGREGATED ACCOUNTS, and INVESTMENT MANAGEMENT COSTS.
11. GIPS ASSET OWNER REPORTS: Verifiers MUST perform sufficient procedures on the GIPS ASSET OWNER REPORT for the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined to determine that the GIPS ASSET OWNER REPORT includes all the numerical information and disclosures REQUIRED by the GIPS standards and that any other information included beyond the REQUIRED information is appropriate.

Verifiers MUST perform the following procedures:

- a. Test TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE, and BENCHMARK calculations to determine that all presented numerical information, except SUPPLEMENTAL INFORMATION:
 - i. Adheres to the REQUIREMENTS of the GIPS standards.
 - ii. Is accurate.
 - iii. Is consistent with the ASSET OWNER'S records and its policies and procedures.
- b. Determine that the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE BENCHMARK reflects the investment mandate, objective, or strategy of the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE or, if the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE has no BENCHMARK, that this is appropriate.
- c. If a custom BENCHMARK or combination of multiple BENCHMARKS is used, test the BENCHMARK data used by the ASSET OWNER to determine that the calculation methodology has been correctly

applied and the data used are consistent with the BENCHMARK disclosure in the GIPS ASSET OWNER REPORT.

- d. Test BENCHMARK returns to determine that:
 - i. The BENCHMARK returns are consistent with the returns published by the index provider.
 - ii. Only TOTAL RETURN BENCHMARKS are used.
- e. Review disclosures to determine that all REQUIRED disclosures are included and all disclosures are consistent with the ASSET OWNER'S records and policies and procedures.
- f. If the GIPS ASSET OWNER REPORT includes SUPPLEMENTAL INFORMATION, determine that the SUPPLEMENTAL INFORMATION:
 - i. Relates directly to the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE.
 - ii. Is not misleading, is clearly not false, and is not otherwise prohibited to be presented.
 - iii. Is clearly labeled as SUPPLEMENTAL INFORMATION.
 - iv. Does not contradict or conflict with the REQUIRED or RECOMMENDED information in the GIPS ASSET OWNER REPORT.
 - v. Is not shown with greater prominence than the REQUIRED TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE information.

The ASSET OWNER and verifier MUST decide if the SUPPLEMENTAL INFORMATION is subject to the PERFORMANCE EXAMINATION, and if so, the verifier MUST also determine that the SUPPLEMENTAL INFORMATION is accurate and consistent with the ASSET OWNER'S records and policies and procedures.

- g. Error correction: Verifiers MUST gain an understanding of errors in the GIPS ASSET OWNER REPORT that have occurred in, were identified in, or affect the period(s) being examined. If errors have occurred, verifiers MUST select errors for testing and perform sufficient procedures to determine that:
 - i. The ASSET OWNER'S errors have been treated in accordance with the ASSET OWNER'S error correction policies and procedures.
 - ii. For MATERIAL ERRORS, the ASSET OWNER has provided the corrected GIPS ASSET OWNER REPORT to the OVERSIGHT BODY and to any former verifiers that received the GIPS ASSET OWNER REPORT that had the MATERIAL ERROR, as well as to the current verifier.

Maintenance of Verifier Documentation

The verifier MUST maintain sufficient documentation of the following items for all PERFORMANCE EXAMINATION procedures performed that are necessary to support the PERFORMANCE EXAMINATION REPORT:

- a. The nature, timing, and extent of all procedures performed, including planning procedures,

- sample size rationale, sample selections, and testing procedures applied;
- b. The results of all procedures performed and the evidence obtained;
 - c. Significant findings or issues arising during the PERFORMANCE EXAMINATION, the conclusions reached thereon, and any significant professional judgments made in reaching those conclusions; and
 - d. Supporting evidence that the verifier has conducted all REQUIRED PERFORMANCE EXAMINATION procedures.

Representation Letter³

At the conclusion of the PERFORMANCE EXAMINATION engagement and prior to issuing the PERFORMANCE EXAMINATION REPORT, the verifier conducting the PERFORMANCE EXAMINATION MUST obtain written representations signed by the ASSET OWNER'S management, who the verifier believes are responsible for and knowledgeable about the matters covered in the representations.

The representation letter MUST include the following matters:

- The ASSET OWNER complies with the GIPS standards for all period(s) being examined;
- The ASSET OWNER'S policies and procedures for establishing and maintaining compliance with the GIPS standards are properly described in the ASSET OWNER'S GIPS standards policies and procedures;
- The ASSET OWNER'S policies and procedures for complying with the GIPS standards have been designed in compliance with the GIPS standards and have been implemented on an ASSET OWNER-wide basis for all period(s) being examined;
- The ASSET OWNER is in compliance with the GIPS standards on an ASSET OWNER-wide basis;
- The ASSET OWNER has constructed the COMPOSITE of TOTAL FUNDS or additional COMPOSITE and calculated the TOTAL FUND'S, COMPOSITE of TOTAL FUNDS', or additional COMPOSITE'S performance in compliance with the GIPS standards;
- The ASSET OWNER has prepared and presented the GIPS ASSET OWNER REPORT for the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE in compliance with the GIPS standards;
- The ASSET OWNER'S management bears all responsibility for maintaining compliance with the GIPS standards, including production and distribution of the GIPS ASSET OWNER REPORT;
- The GIPS ASSET OWNER REPORT is a fair and accurate representation of the ASSET OWNER'S investment performance;

³ Words in small capital letters are defined terms that can be found in the Glossary. These terms are not expected to be in small capital letters when included in a representation letter, VERIFICATION REPORT, or PERFORMANCE EXAMINATION REPORT.

- The ASSET OWNER has not knowingly presented performance or PERFORMANCE-RELATED INFORMATION for the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined that is false or misleading;
- To the best of the ASSET OWNER’S knowledge and belief, there has been no:
 - fraud or alleged fraud involving management or employees who have significant roles in the ASSET OWNER’S policies and procedures relating to compliance with the GIPS standards, or
 - fraud or alleged fraud involving others that could have a material effect on the ASSET OWNER’S compliance with the GIPS standards;
- The ASSET OWNER has provided the verifier with all necessary documents to enable the verifier to perform the PERFORMANCE EXAMINATION, and no relevant documents have been withheld;
- The period(s) on which the verifier is reporting;
- The ASSET OWNER complies with all applicable laws and regulations regarding the calculation and presentation of performance for the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE being examined; and
- No events that would materially influence performance results or the outcome of the PERFORMANCE EXAMINATION have occurred up to the date of the representation letter.

The representation letter SHOULD also include any other relevant representations made to the verifier during the PERFORMANCE EXAMINATION.

Performance Examination Report⁴

If PERFORMANCE EXAMINATIONS are performed on multiple TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, or additional COMPOSITES and their associated GIPS ASSET OWNER REPORTS, the verifier may issue a single PERFORMANCE EXAMINATION REPORT covering the TOTAL FUNDS, COMPOSITES of TOTAL FUNDS, or additional COMPOSITES and their associated GIPS ASSET OWNER REPORTS that have been examined. The PERFORMANCE EXAMINATION REPORT can be prepared either as part of a VERIFICATION REPORT (combined report) or as a separate report attached to the VERIFICATION REPORT. The GIPS ASSET OWNER REPORT for any TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE that has been examined MUST be included in or attached to the PERFORMANCE EXAMINATION REPORT.

1. In order for a PERFORMANCE EXAMINATION REPORT to be issued, the verifier MUST ensure that the ASSET OWNER has received a VERIFICATION REPORT(s) covering the period(s) being examined.

⁴ Words in small capital letters are defined terms that can be found in the Glossary. These terms are not expected to be in small capital letters when included in a representation letter, VERIFICATION REPORT, or PERFORMANCE EXAMINATION REPORT.

2. A PERFORMANCE EXAMINATION REPORT MUST NOT cover period(s) beyond those period(s) covered by the VERIFICATION REPORT(s). A PERFORMANCE EXAMINATION REPORT MUST NOT be issued prior to the VERIFICATION REPORT.
3. Because a VERIFICATION is REQUIRED in order to receive a PERFORMANCE EXAMINATION, the PERFORMANCE EXAMINATION REPORT MUST include the period(s) for which the ASSET OWNER has been verified.
4. For a TOTAL FUND, the PERFORMANCE EXAMINATION REPORT MUST opine that, for the period(s) for which the PERFORMANCE EXAMINATION has been performed, the ASSET OWNER has, in all material respects:
 - Calculated the TOTAL FUND performance in compliance with the GIPS standards; and
 - Prepared and presented the GIPS ASSET OWNER REPORT in compliance with the GIPS standards.
5. For a COMPOSITE of TOTAL FUNDS or additional COMPOSITE, the PERFORMANCE EXAMINATION REPORT MUST opine that, for the period(s) for which the PERFORMANCE EXAMINATION has been performed, the ASSET OWNER has, in all material respects:
 - Constructed the COMPOSITE of TOTAL FUNDS or additional COMPOSITE and calculated the COMPOSITE of TOTAL FUNDS or additional COMPOSITE performance in compliance with the GIPS standards; and
 - Prepared and presented the GIPS ASSET OWNER REPORT in compliance with the GIPS standards.

The following information is also REQUIRED to be included in the PERFORMANCE EXAMINATION REPORT:

- The report title, which MUST include the words “performance examination”;
- The report date;
- The report addressee;
- The defined ASSET OWNER for which the VERIFICATION has been performed;
- The period(s) for which the VERIFICATION has been performed;
- The respective responsibilities of the ASSET OWNER’S management and of the verifier, including a statement acknowledging the ASSET OWNER’S responsibility for the claim of compliance and for the GIPS ASSET OWNER REPORT;
- The period(s) for which the PERFORMANCE EXAMINATION has been performed;
- The name of the TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE that has been examined;
- A statement indicating that the PERFORMANCE EXAMINATION of the specified TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE and its associated GIPS ASSET OWNER

REPORT has been performed in accordance with the REQUIRED PERFORMANCE EXAMINATION procedures of the GIPS standards;

- A statement indicating that the PERFORMANCE EXAMINATION includes testing performed on a sample basis;
- Language indicating that the verifier is independent from the ASSET OWNER;
- A statement indicating that the PERFORMANCE EXAMINATION does not provide assurance on any other specific TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE performance report;
- A statement indicating whether or not the performance examination covers supplemental information included in the GIPS ASSET OWNER REPORT, if applicable;
- A statement describing any other professional guidance that has been applied (e.g., AICPA, IAASB, ICAEW, or JICPA guidance);
- The following statement: “GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.”; and
- The signature or official seal of the verifier.

In addition to the REQUIRED content, the PERFORMANCE EXAMINATION REPORT may also include other information, as appropriate.

6. After completing the PERFORMANCE EXAMINATION procedures, the verifier may conclude that the GIPS ASSET OWNER REPORT does not comply with the GIPS standards or that the ASSET OWNER’S records cannot support the PERFORMANCE EXAMINATION. In such situations, the verifier and the ASSET OWNER MUST consider the effect of the verifier’s inability to issue the PERFORMANCE EXAMINATION REPORT on the ASSET OWNER’S claim of compliance with the GIPS standards. A PERFORMANCE EXAMINATION REPORT MUST NOT be issued when the verifier knows that the ASSET OWNER is not in compliance with the GIPS standards, the GIPS ASSET OWNER REPORT does not comply with the GIPS standards, or the records of the ASSET OWNER cannot support the examination of the specific TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE and its associated GIPS ASSET OWNER REPORT. When a PERFORMANCE EXAMINATION REPORT cannot be issued, the verifier MUST inform the ASSET OWNER why a PERFORMANCE EXAMINATION REPORT cannot be issued.
7. The ASSET OWNER MUST NOT state that a TOTAL FUND, COMPOSITE of TOTAL FUNDS, or additional COMPOSITE has been examined unless a PERFORMANCE EXAMINATION REPORT has been issued.

Recommendation Letter

After the PERFORMANCE EXAMINATION is complete, the verifier SHOULD issue a RECOMMENDATION letter to

the ASSET OWNER describing specific findings, RECOMMENDATIONS, and other areas for improvement arising from the PERFORMANCE EXAMINATION.

EFFECTIVE DATE

Verifiers MUST conduct their ASSET OWNER VERIFICATION and PERFORMANCE EXAMINATION engagements in accordance with the GIPS Standards for Verifiers When Verifying Asset Owners for periods beginning on or after 1 January 2026.

GLOSSARY

ADMINISTRATIVE FEE	All fees other than TRANSACTION COSTS and the INVESTMENT MANAGEMENT FEE. ADMINISTRATIVE FEES may include CUSTODY FEES, accounting fees, auditing fees, consulting fees, legal fees, performance measurement fees, and other related fees.
ASSET OWNER	An entity that manages investments, directly and/or through the use of EXTERNAL MANAGERS, on behalf of participants, beneficiaries, or the organization itself. These entities include, but are not limited to, public and private pension funds, endowments, foundations, family offices, provident funds, insurers and reinsurers, sovereign wealth funds, and fiduciaries. ASSET OWNERS MUST have discretion over TOTAL ASSET OWNER ASSETS, either by managing assets directly or by having the discretion to hire and fire EXTERNAL MANAGERS.
BENCHMARK	A point of reference against which the COMPOSITE'S or TOTAL FUND'S returns or risk are compared.
CARRIED INTEREST	The profits that the GENERAL PARTNER is allocated from the profits on the investments made by the investment vehicle. Also known as "carry" or "promote."
CLOSED-END	A POOLED FUND that is not open for subscriptions and/or redemptions.
COMPOSITE	An aggregation of one or more PORTFOLIOS or TOTAL FUNDS that are managed according to a similar investment mandate, objective, or strategy.
COMPOSITE DEFINITION	Detailed criteria that determine the assignment of PORTFOLIOS to COMPOSITES. Criteria may include, but are not limited to, investment mandate, style or strategy, asset class, the use of derivatives, leverage and/or hedging, targeted risk metrics, investment constraints or restrictions, and/or PORTFOLIO type (e.g., SEGREGATED ACCOUNT OR POOLED FUND).

COMPOSITE DESCRIPTION	<p>General information regarding the investment mandate, objective, or strategy of the COMPOSITE. The COMPOSITE DESCRIPTION may be more abbreviated than the COMPOSITE DEFINITION but MUST include all key features of the COMPOSITE and MUST include enough information to allow the OVERSIGHT BODY to understand the key characteristics of the COMPOSITE’S investment mandate, objective, or strategy, including:</p> <ul style="list-style-type: none"> • The material risks of the COMPOSITE’S strategy. • How leverage, derivatives, and short positions may be used, if they are a material part of the strategy. • If ILLIQUID INVESTMENTS are a material part of the strategy.
CUSTODY FEE	<p>The fee payable to the custodian for the safekeeping of PORTFOLIO assets. CUSTODY FEES are considered to be ADMINISTRATIVE FEES and typically contain an asset-based portion and a transaction-based portion. The CUSTODY FEE may also include charges for additional services, including accounting, securities lending, and/or performance measurement. Custodial fees that are charged per transaction SHOULD be included in the CUSTODY FEE and not included as part of TRANSACTION COSTS.</p>
EXTERNAL CASH FLOW	<p>Capital (cash or investments) that enters or exits a PORTFOLIO. Dividend and interest income payments are not considered EXTERNAL CASH FLOWS.</p>
EXTERNAL MANAGER	<p>A third-party investment manager hired by an ASSET OWNER to manage some or all of the TOTAL ASSET OWNER ASSETS.</p>
FIXED LIFE	<p>Having a predetermined, finite investment time horizon.</p>
GENERAL PARTNER	<p>Typically, the manager of a LIMITED PARTNERSHIP in which the LIMITED PARTNERS are the other investors. The GENERAL PARTNER earns an INVESTMENT MANAGEMENT FEE that may include a percentage of the LIMITED PARTNERSHIP’S profits. (See “CARRIED INTEREST.”)</p>
GIPS ADVERTISEMENT	<p>An advertisement by a GIPS-compliant ASSET OWNER that adheres to the REQUIREMENTS of the GIPS Advertising Guidelines.</p>
GIPS ASSET OWNER REPORT	<p>An ASSET OWNER’S presentation for a TOTAL FUND or COMPOSITE that contains all the information REQUIRED by the GIPS standards and may also include RECOMMENDED information or SUPPLEMENTAL INFORMATION.</p>

GIPS COMPLIANCE NOTIFICATION FORM	The form REQUIRED to be filed with CFA Institute to notify CFA Institute that the ASSET OWNER claims compliance with the GIPS standards.
GROSS-OF-FEES	The return on investments reduced by TRANSACTION COSTS and all fees and expenses for externally managed POOLED FUNDS.
ILLIQUID INVESTMENTS	Investments that may be difficult to sell without a price reduction or that cannot be sold quickly because of a lack of market or ready/willing investors.
INVESTMENT MANAGEMENT COSTS	All internal ⁵ costs for both internally and externally managed assets. In addition to costs for PORTFOLIO management, they may also involve overhead and other related costs and fees, including data valuation fees, investment research services, CUSTODY FEES, pro rata share of overhead (such as building and utilities), allocation of non-investment-department expenses (such as human resources, communications, and technology), and performance measurement and compliance services.
INVESTMENT MANAGEMENT FEE	The fee payable to EXTERNAL MANAGERS for externally managed assets. INVESTMENT MANAGEMENT FEES are typically asset based (percentage of assets), performance based (see “PERFORMANCE-BASED FEE”), or a combination of the two but may take different forms as well. INVESTMENT MANAGEMENT FEES also include CARRIED INTEREST.
LARGE CASH FLOW	The level at which the ASSET OWNER determines that an EXTERNAL CASH FLOW may distort the return if the PORTFOLIO or TOTAL FUND is not valued and a sub-period return is not calculated. The ASSET OWNER MUST define the amount in terms of the value of cash/asset flow or in terms of a percentage of the PORTFOLIO assets, COMPOSITE assets, or TOTAL FUND assets. The ASSET OWNER MUST also determine if a LARGE CASH FLOW is a single EXTERNAL CASH FLOW or an aggregate of a number of EXTERNAL CASH FLOWS within a stated period.
LIMITED PARTNER	An investor in a LIMITED PARTNERSHIP.

⁵ The word “internal” was added as an errata correction.

LIMITED PARTNERSHIP	The legal structure used by many PRIVATE MARKET INVESTMENT CLOSED-END POOLED FUNDS. LIMITED PARTNERSHIPS are usually FIXED LIFE investment vehicles. The GENERAL PARTNER manages the LIMITED PARTNERSHIP pursuant to the partnership agreement.
MATERIAL ERROR	An error in a GIPS ASSET OWNER REPORT that MUST be corrected and disclosed in a corrected GIPS ASSET OWNER REPORT.
MUST	A provision, task, or action that is mandatory or REQUIRED to be followed or performed. (See “REQUIRE/REQUIREMENT.”)
MUST NOT	A task or action that is forbidden or prohibited.
NET-OF-FEES	The return that reflects the deduction of TRANSACTION COSTS, all fees and expenses for externally managed POOLED FUNDS, INVESTMENT MANAGEMENT FEES for externally managed SEGREGATED ACCOUNTS, and INVESTMENT MANAGEMENT COSTS.
OVERSIGHT BODY	Those who have direct oversight responsibility for TOTAL FUND assets and TOTAL ASSET OWNER ASSETS.
PERFORMANCE-BASED FEE	A type of INVESTMENT MANAGEMENT FEE that is typically based on the PORTFOLIO’s performance on an absolute basis or relative to a BENCHMARK or other reference point.
PERFORMANCE EXAMINATION	A process by which an independent verifier conducts testing of a specific COMPOSITE or TOTAL FUND, in accordance with the REQUIRED PERFORMANCE EXAMINATION procedures of the GIPS standards.
PERFORMANCE EXAMINATION REPORT	A report issued by an independent verifier after a PERFORMANCE EXAMINATION has been performed.
PERFORMANCE-RELATED INFORMATION	Includes: <ul style="list-style-type: none"> • Information expressed in terms of investment return and risk. • Other information and input data that directly relate to the calculation of investment return and risk (e.g., PORTFOLIO holdings), as well as information derived from investment return and risk input data (e.g., performance contribution or attribution).
POOLED FUND	A fund whose ownership interests may be held by more than one investor.

PORTFOLIO	An account representing one of the strategies in or components of the ASSET OWNER'S TOTAL FUND, including assets managed by EXTERNAL MANAGERS for which the ASSET OWNER has discretion over the selection of the EXTERNAL MANAGER.
PRIVATE EQUITY	Investment strategies include, but are not limited to, venture capital, leveraged buyouts, consolidations, mezzanine and distressed debt investments, and a variety of hybrids, such as venture leasing and venture factoring.
PRIVATE MARKET INVESTMENTS	Includes real assets (e.g., REAL ESTATE and infrastructure), PRIVATE EQUITY, and similar investments that are illiquid, not publicly traded, and not traded on an exchange.
REAL ESTATE	<p>REAL ESTATE includes wholly owned or partially owned:</p> <ul style="list-style-type: none"> • Investments in land, including products grown from the land (e.g., timber or crops). • Buildings under development, completed buildings, and other structures or improvements. • Equity-oriented debt (e.g., participating mortgage loans). • Private interest in a property for which some portion of the return to the investor at the time of investment relates to the performance of the underlying REAL ESTATE.
RECOMMEND/RECOMMENDATION	A suggested provision, task, or action that SHOULD be followed or performed. A RECOMMENDATION is considered to be best practice but is not a REQUIREMENT. (See "SHOULD.")
REQUIRE/REQUIREMENT	A provision, task, or action that MUST be followed or performed.
SEGREGATED ACCOUNT	A PORTFOLIO managed by an EXTERNAL MANAGER.
SHOULD	A provision, task, or action that is RECOMMENDED to be followed or performed and is considered to be best practice but is not REQUIRED.
SUPPLEMENTAL INFORMATION	Any PERFORMANCE-RELATED INFORMATION included as part of a GIPS ASSET OWNER REPORT that supplements or enhances the REQUIREMENTS and/or RECOMMENDATIONS of the GIPS standards.

TOTAL ASSET OWNER ASSETS	All discretionary and non-discretionary assets for which an ASSET OWNER has investment management responsibility. TOTAL ASSET OWNER ASSETS include assets assigned to an EXTERNAL MANAGER provided the ASSET OWNER has discretion over the selection of the EXTERNAL MANAGER.
TOTAL FUND	A pool of assets managed by an ASSET OWNER according to a specific investment mandate, which is typically composed of multiple asset classes. The TOTAL FUND usually consists of underlying PORTFOLIOS, each representing one of the strategies used to achieve the ASSET OWNER'S investment mandate.
TOTAL FUND DESCRIPTION	<p>General information regarding the TOTAL FUND'S investment mandate, objective, or strategy, and is expected to include the following:</p> <ul style="list-style-type: none"> • The TOTAL FUND'S asset allocation as of the most recent annual period end. • The TOTAL FUND'S investment objective. • The TOTAL FUND'S material risks. • The actuarial rate of return or spending policy description. • A description of the asset classes and/or other groupings within the TOTAL FUND, such as the composition of the asset class, strategy used, types of management used (e.g., active, passive, internal, external), and relevant exposures. • How leverage, derivatives, and short positions may be used, if they are a material part of the strategy. • If ILLIQUID INVESTMENTS are a material part of the strategy.
TOTAL RETURN	The rate of return that includes the realized and unrealized gains and losses plus income for the measurement period.
TRANSACTION COSTS	The costs of buying or selling investments. These costs typically take the form of brokerage commissions, exchange fees and/or taxes, and/or bid–offer spreads from either internal or external brokers. Custodial fees charged per transaction SHOULD be considered CUSTODY FEES and not TRANSACTION COSTS. For REAL ESTATE, PRIVATE EQUITY, and other PRIVATE MARKET INVESTMENTS, TRANSACTION COSTS include all legal, financial, advisory, and investment banking fees related to buying, selling, restructuring, and/or recapitalizing investments but do not include dead deal costs.

VERIFICATION

A process by which an independent verifier conducts testing of an ASSET OWNER on an ASSET OWNER–wide basis, in accordance with the REQUIRED VERIFICATION procedures of the GIPS standards.

VERIFICATION REPORT

A report issued by an independent verifier after a VERIFICATION has been performed.

APPENDIX A: SAMPLE INDEPENDENT VERIFIER'S VERIFICATION REPORT

Independent Verifier's Verification Report

Buku Management
20 Squirrel Lane
Waggle, WA 55555

We have verified whether Buku Management (the Asset Owner) has, for the periods from 1 January 2020 through 31 December 2024, established policies and procedures for complying with the Global Investment Performance Standards (GIPS®) related to total fund and composite maintenance and the calculation, presentation, and distribution of performance that are designed in compliance with the GIPS standards, as well as whether these policies and procedures have been implemented on an asset owner-wide basis. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The Asset Owner's management is responsible for its claim of compliance with the GIPS standards and the design and implementation of its policies and procedures. Our responsibilities are to be independent from the Asset Owner and to express an opinion based on our verification. We conducted this verification in accordance with the required verification procedures of the GIPS standards, which includes testing performed on a sample basis. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, for the periods from 1 January 2020 through 31 December 2024, the Asset Owner's policies and procedures for complying with the GIPS standards related to total fund and composite maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards, and
- Implemented on an asset owner-wide basis.

This report does not relate to or provide assurance on any specific performance report of the Asset Owner or on the operating effectiveness of the Asset Owner's controls or policies and procedures for complying with the GIPS standards.

ABC Verifier
14 May 2025

APPENDIX B: SAMPLE INDEPENDENT VERIFIER'S PERFORMANCE EXAMINATION REPORT

Independent Verifier's Performance Examination Report

Buku Management
20 Squirrel Lane
Waggle, WA 55555

We have verified whether Buku Management (the Asset Owner) has, for the periods from 1 January 2020 through 31 December 2024, established policies and procedures for complying with the Global Investment Performance Standards (GIPS®)⁶ related to total fund and composite maintenance and the calculation, presentation, and distribution of performance that are designed in compliance with the GIPS standards, as well as whether these policies and procedures have been implemented on an asset owner-wide basis. We have also examined the Asset Owner's Total Fund for the periods 1 January 2020 through 31 December 2024.

The Asset Owner's management is responsible for its claim of compliance with the GIPS standards, the design and implementation of its policies and procedures, and for the accompanying Total Fund's GIPS Asset Owner Report. Our responsibilities are to be independent from the Asset Owner and to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards, which includes testing performed on a sample basis. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, for the periods from 1 January 2020 through 31 December 2024, the Asset Owner's policies and procedures for complying with the GIPS standards related to total fund and composite maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards, and
- Implemented on an asset owner-wide basis.

Also, in our opinion, the Asset Owner has, in all material respects:

⁶ GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

- Calculated the Total Fund’s performance for the periods from 1 January 2020 through 31 December 2024 in compliance with the GIPS standards, and
- Prepared and presented the accompanying Total Fund’s GIPS Asset Owner Report for the periods from 1 January 2020 through 31 December 2024 in compliance with the GIPS standards.

We have not been engaged to examine, and did not examine, the Asset Owner’s Total Fund for any periods prior to 1 January 2020 and, accordingly, we express no opinion on the GIPS Asset Owner Report of the Asset Owner’s Total Fund for any periods prior to 1 January 2020.

This report does not relate to or provide assurance on any specific performance report of the Asset Owner other than the Asset Owner’s accompanying Total Fund’s GIPS Asset Owner Report, or on the operating effectiveness of the Asset Owner’s controls or policies and procedures for complying with the GIPS standards.

XYZ Verifier
14 May 2025

APPENDIX C: QUESTIONS FOR PUBLIC COMMENT

Questions

1. Do you agree with the testing procedures? If not, please tell us which testing procedures you disagree with as well as the testing procedures you would recommend. Also, are there other areas of testing that should be added?
2. Should we require verifiers to be knowledgeable about the laws and regulations surrounding asset owners? We do not have a similar requirement for verifiers that are verifying firms. We do require that verifiers must be knowledgeable about the applicable laws and regulations regarding the calculation and presentation of performance.
3. In the GIPS Standards for Asset Owners, we have defined terms for Composite and Total Fund.

Composite is defined as an aggregation of one or more portfolios or total funds that are managed according to a similar investment mandate, objective, or strategy.

Total Fund is defined as a pool of assets managed by an asset owner according to a specific investment mandate, which is typically composed of multiple asset classes. The total fund usually consists of underlying portfolios, each representing one of the strategies used to achieve the asset owner's investment mandate.

Based on these definitions, an asset owner could have a composite that includes several total funds. In the *GIPS Standards Handbook*, we use the term "total fund composite" to describe such a composite. We received feedback that this term was confusing, and we should instead use the term "composite of total funds." This is the term we used within this exposure draft. Do you agree that the term composite of total funds is better than total fund composite?