



**CFA Institute**

Global Investment Performance Standards

# **Introduction to the GIPS® Standards for Asset Owners (for Boards and Decision Makers)**

# WHAT ARE THE GIPS STANDARDS?

The CFA Institute **Global Investment Performance Standards (GIPS®)** are an investment industry standard for calculating and presenting historical investment performance.

The GIPS standards are developed, maintained, and promoted through the collaboration of:



Volunteers from the investment community



GIPS Standards Sponsors, which include 60+ not-for-profit organizations



CFA Institute®, a global association of investment management professionals

- Over 1,700 firms and asset owners from 50 markets claim compliance with the GIPS standards
- 25 of the top 25 and 86 of the top 100 global investment managers\* claim compliance for all or a part of their business

\* per *Pensions and Investments* as of 31 Dec 2023

# CFA INSTITUTE

The mission of CFA Institute is to lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

- CFA Institute provides the staff and funding to maintain the GIPS standards
- CFA Institute does not earn revenue from the GIPS standards – they are provided to all market participants free of charge
- CFA Institute jointly approves, along with the volunteer GIPS Standards Technical Committee, the issuance of the GIPS standards, ensuring they are aligned with the organization's mission

# THE GIPS STANDARDS: 4 CHAPTERS



# ASSET OWNERS

- For GIPS compliance purposes, an asset owner is defined as an entity that manages investments, directly and/or through the use of external managers, on behalf of participants, beneficiaries, or the organization itself
- Asset owners are typically accountable to an oversight body (e.g., board of trustees) responsible for establishing investment policies and monitoring performance

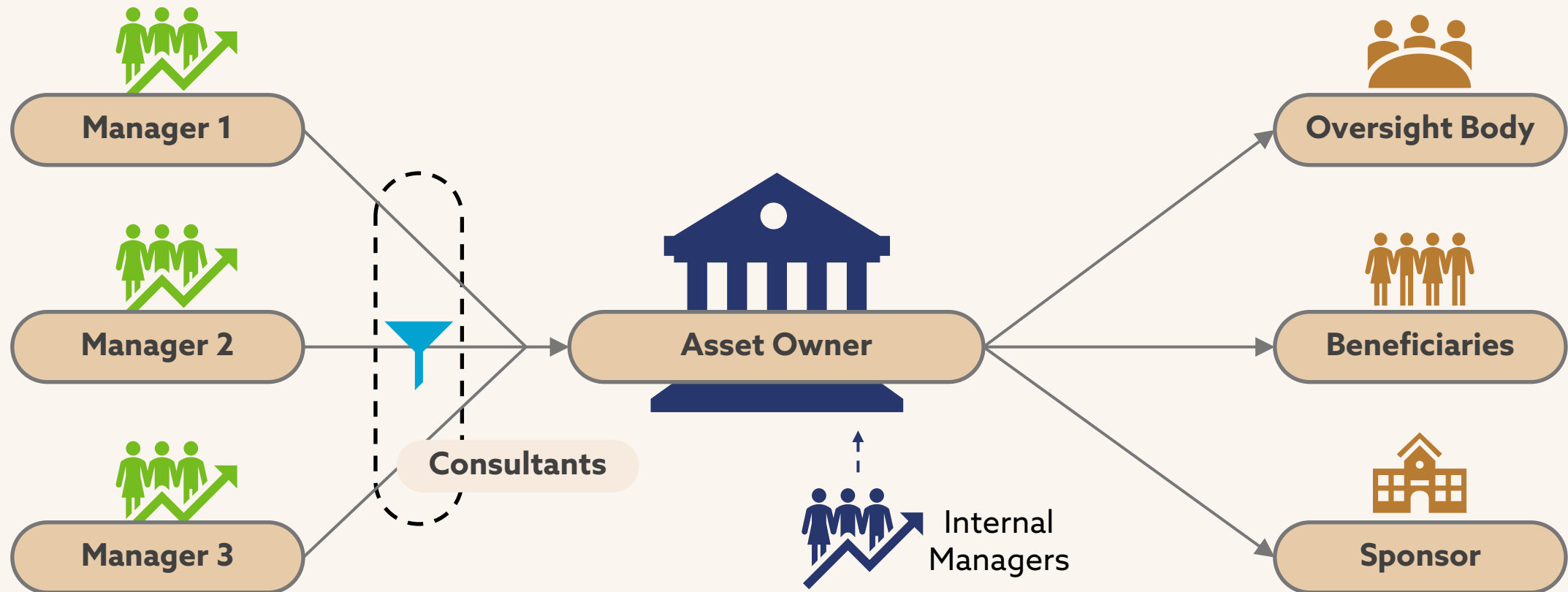


Pensions  
Endowments  
Foundations  
Family offices  
Provident funds  
Insurers and reinsurers  
Sovereign wealth  
funds  
Fiduciaries

# HOW DO ASSET OWNERS USE THE GIPS STANDARDS?

Asset owners, often with the help of consultants, use historical performance to select and evaluate external managers.

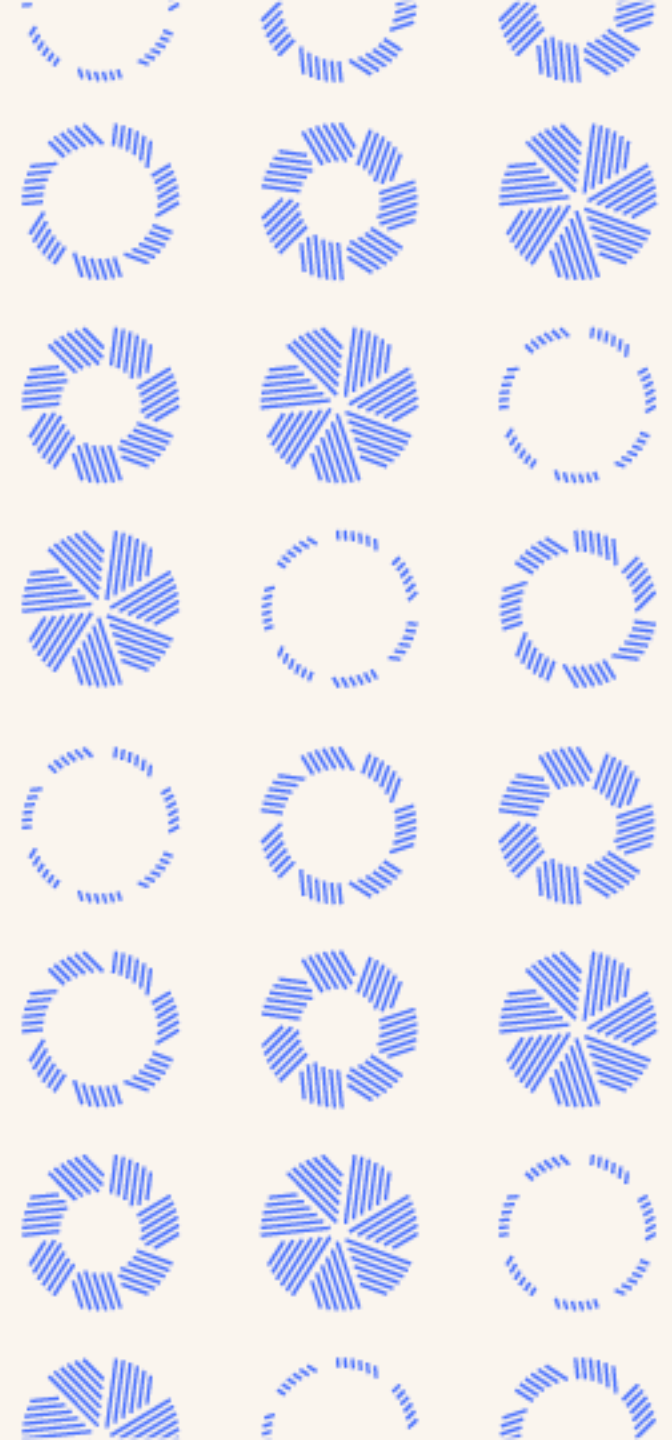
Asset owners report historical performance of assets managed by both external managers and internal managers.



# ASSET OWNERS HIRING EXTERNAL MANAGERS

Some of the benefits of asset owners hiring GIPS-compliant external managers are:

- Hiring a GIPS-compliant firm provides greater confidence that the manager will act in a trustworthy, ethical, and professional manner
- Standardized GIPS Reports from prospective external managers provide comparable and fully disclosed performance information, thereby improving the quality of due diligence and risk management
- Demanding compliance with the GIPS standards makes manager searches and RFPs more efficient because it allows only those firms that have designed and implemented policies and procedures to fairly present their past performance to pass the initial screen, a labor-intensive step of the process
- Asking whether the firm is GIPS-compliant in an RFP puts managers on notice that GIPS compliance is an important consideration



# REASONS ASSET OWNERS COMPLY

- Compliance helps ensure that the asset owner's investment performance is complete and fairly presented, regardless of whether assets are managed internally, externally, or both
- Demonstrates a commitment to follow global industry standards and best practice for valuation, performance calculation, and performance presentation
- Compliance requires establishment of robust investment performance policies and procedures, and it allows an asset owner to be confident that the data being presented to the oversight body are consistent and transparent
- Demonstrates a commitment to adopt the same principles that may be required of external investment managers





# ASSET OWNER SURVEY FINDINGS

Some of the highlights from [CFA Institute's GIPS Standards Asset Owner Performance Survey](#) performed in September 2024 are the following:

- 93% of respondents have some familiarity with the GIPS standards
- 31% of respondents currently claim compliance with the GIPS standards
  - 9% of respondents plan to claim compliance in the future
- For liquid asset classes, 68% of respondents require or ask about GIPS compliance when selecting external managers
  - 19% of respondents require GIPS compliance
- For illiquid asset classes, more than 41% of respondents require or ask about GIPS compliance when selecting external managers
  - 8% of respondents require GIPS compliance

# ASSET OWNERS THAT CLAIM GIPS COMPLIANCE

The asset owners that claim compliance are some of the largest in the world

Some of the sovereign wealth funds (SWFs) claim compliance with the GIPS standards are the following:

- Public Investment Fund (PIF) in Saudi Arabia
- Korea Investment Corporation (KIC) in Korea
- General Organization for Social Insurance ("GOSI" or "Hassana") in Saudi Arabia
- Oman Investment Authority in Oman
- Folketrygdfondet in Norway

# ASSET OWNERS THAT CLAIM GIPS COMPLIANCE

Some of the public pension funds claim compliance with the GIPS standards are the following:

- California Public Employees Retirement System (CalPERS) in the United States
- Caisse de depot et placement du Quebec (CDPQ) in Canada
- California State Teachers Retirement System (CalSTRS) in the United States
- Massachusetts Pension Retirement Investment Management Board (PRIM) in the United States
- State Teachers Retirement System of Ohio (STRS Ohio) in the United States
- Vestcor (jointly owned by New Brunswick Public Service Pension Plans and New Brunswick Teachers Pension Plan) in Canada

# ASSET OWNERS THAT CLAIM GIPS COMPLIANCE

Some insurance companies that claim compliance are the following:

- Suva is the Swiss National Accident Insurance Fund
  - A public sector insurer and leading provider of health care coverage for employees in case of accidents in Switzerland
- AIA was the first insurer and asset owner to claim compliance with the GIPS Standards
  - Subject of a case study called "AIA's Journey to GIPS Compliance, A Case Study in Future-Proofing Investment Operations"
  - Detailed in a 5-minute video on AIA's journey to GIPS compliance

# ASSET OWNERS THAT CLAIM GIPS COMPLIANCE

Some other notable asset owners that claim compliance are the following:

- United Nations Joint Staff Pension Fund
- Saudi Central Bank (SAMA)
- Pennsylvania Treasury Department
- Missouri Education Pension Trust
- South Carolina Public Employees
- Texas Municipal Retirement System
- University of California (UC) Investments

# COMPLIANCE WITH THE GIPS STANDARDS

Some important details about claiming compliance with the GIPS Standards are the following:

- Compliance is voluntary
- Any asset owner with actual assets under management may choose to comply with the GIPS standards
- Assets may be managed directly or by having the discretion to hire and fire external managers
- An asset owner must initially attain compliance, on an asset-owner-wide basis, for a minimum of one year
- Prospectively, the asset owner must build toward at least a 10-year compliance track record

# COMPLIANCE WITH THE GIPS STANDARDS

Some important details about claiming compliance with the GIPS Standards are the following (continued):

- An asset owner must comply with all applicable requirements of the GIPS standards
- Asset owners must report performance of total funds to the Oversight Body
- A total fund usually consists of underlying portfolios, each representing one of the strategies used to achieve the asset owner's investment mandate
- Total fund performance must be presented in a GIPS Asset Owner Report
- GIPS-compliant and non-GIPS-compliant returns can be linked outside of a GIPS Asset Owner Report

See a sample GIPS Asset Owner Report excerpt on the next slide...

**Centerville Police and Fire Retirement System**

**Total Fund**

**1 January 2011 to 31 December 2020**

Year	Total Fund Gross Return (%)	Total Fund Net Return (%)	Blended Benchmark Return (%)	Total Fund Assets and Total Asset Owner Assets (\$ M)	3-Year Annualized Std Deviation	
					Total Fund (Gross) (%)	Benchmark (%)
2020	10.93	10.80	11.30	514.2	3.25	3.37
2019	12.73	12.61	13.03	461.4	5.03	5.32
2018	1.79	1.67	1.17	428.7	5.14	5.37
2017	14.63	14.50	14.86	412.2	5.14	5.32
2016	6.12	5.99	6.07	369.0	3.62	3.57
2015	28.26	28.11	27.99	327.6	2.88	2.84
2014	10.28	10.15	9.50	394.7	2.33	2.23
2013	17.78	17.65	17.87	368.8	2.88	2.81
2012	13.12	13.00	11.95	324.3	3.11	3.09
2011	12.84	12.71	11.60	291.8	3.10	3.09

Centerville Police and Fire Retirement System (CPFRS) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CPFRS has been independently verified for the periods from 1 January 2006 to 31 December 2020.

An asset owner that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the asset owner's policies and procedures related to total fund and composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on an asset owner-wide basis. The Total Fund has had a performance examination for the periods from 1 January 2012 through 31 December 2020. The verification and performance examination reports are available upon request.



# RESOURCES

[GIPS Standards Website](http://www.gipsstandards.org) (**[www.gipsstandards.org](http://www.gipsstandards.org)**)

[2020 Edition of the GIPS Standards for Asset Owners](#)

[GIPS Standards Handbook for Asset Owners](#)

[Guidance Statement on Benchmarks for Asset Owners](#)

[Guidance Statement on Verifier Independence](#)

[Case Study with AIA](#) and accompanying [Video](#)

[GIPS® Trademark Guidelines](#)

[GIPS Standards Newsletter](#)

<https://www.gipsstandards.org/resources/tools/>

# TOOLS

[Assistance to Asset Owners Considering Compliance](#)

[Asset Owners Policies and Procedures Manual](#)

[Requirements Outside the Provisions for Asset Owners](#)

[Supporting Calculations for GIPS Standards Handbook Section 22](#)

[Supporting Calculations for GIPS Standards Handbook Section 24](#)

[Disclosure Checklist for Asset Owners](#)

[Service Providers Listing](#)

**GIPS Standards Helpdesk (email to: [gips@cfainstitute.org](mailto:gips@cfainstitute.org))**

<https://www.gipsstandards.org/resources/tools/>

# Thank you