

# Noteworthy Items

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- Ability to allocate cash for carve-outs
- Expanded use of money-weighted returns
- Pooled funds
- Estimated transaction costs
- Portability, softening of the language from “must” to “may” link performance from old firm to new

# Miscellaneous Items (1 of 2)

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- Flexibility moving accounts to/from composites
- Returns must be presented with and without subscription lines of credit (private investments)
- Model composite net returns must be equal to or lower than actual net returns

# Miscellaneous Items (2 of 2)

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- Data provided by a third party must adhere to the requirements of the standards
- Discretionary multi-strategy portfolios no longer required to be included in multi-strategy composite\*
- Total firm assets:
  - No advisory only assets\* (exceptions allowed)
  - No uncalled committed capital\* (exceptions allowed)
  - Net of discretionary leverage

# P&P Manual Items (1 of 2)

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- If there is anything your firm adopts under 2020 that changes something your firm is currently doing or is new for the firm, consider whether it needs to be included in your P&P
- How the firm monitors and identifies changes to the GIPS standards (1.A.5.b)
- How the firm monitors and identifies changes to laws and regulations for the calculation and presentation of performance (1.A.6.b)

# P&P Manual Items (2 of 2)

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- Firm's registration with CFA Institute (1.A.38)
- If verified, how the firm understands and considers the verifier's independence assessment (1.A.39)

# GIPS Reports Items (1 of 5)

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- New name!
- New phrase: to provide GIPS reports to prospects when they initially become prospects (1.A.11)
- New requirement to update them within 12 months of the recent annual period end (1.A.16)
- Must be able to demonstrate that the firm is tracking distribution (1.A.17)
- Allowed to provide a direct, electronic link (1.A.11)

# GIPS Reports Items (2 of 5)

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- Clarification about who needs to receive an updated GIPS report if there's a material error – current verifier, former verifier, current or prospective clients (1.A.20-21)
- If the firm includes a GIPS report in marketing materials it must indicate this in the materials (1.A.37)
- No price-only benchmarks allowed, unless as supplemental information with total return benchmarks presented & sufficient disclosure (1.A.18-19)

# GIPS Reports Items (3 of 5)

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In the GIPS Reports:

- Updated claim of compliance (4.C.1)
- New registered trademark disclosure (4.C.2)
- New requirement to include inception date (4.C.13)
- Updated: Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. (4.C.16)
- Must show total firm assets (4.A.1.h)



# GIPS Reports Items (4 of 5)

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In the GIPS Reports:

- No longer need to say why the three year annualized ex-post standard deviation isn't presented if it's clear there are less than 36 months (4.C.36)
- If you aren't presenting number of portfolios or internal dispersion because there are less than six portfolios, need to disclose or indicate this (4.C.39-40)
- Need to include type of return used in risk measures (4.C.44)

# GIPS Reports Items (5 of 5)

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In the GIPS Reports:

- Change to non-fee paying requirement – if the firm uses model net returns or shows only gross returns, not required to show % of non-fee paying assets within the composite (4.A.7)
- Sunset provisions provided
  - Significant events disclosure (4.C.19)
  - Composite name change (4.C.23)
  - Benchmark changes (4.C.32)

# The Spaulding Group Contact Info

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