

Maintaining Compliance:

The 2010 Global Investment
Performance Standards (GIPS®)
Made Easy

SUMMARY REPORT

September 15, 2010



INTRODUCTION

The revised version of the Global Investment Performance Standards (GIPS®) was issued on January 29, 2010. With the release of the new Standards, better known as the 2010 GIPS, comes a handful of changes; however, firms have until they start calculating and presenting performance for periods beginning January 1, 2011 to put in place policies and procedures that encompass all of the 2010 GIPS updates.

Familiarizing oneself with the 2010 GIPS changes can be quite cumbersome as some of the revisions and additions to the Standards have significant implications as they relate to operations for investment management firms. An initial read of the red-lined version of the new Standards may make full adoption seem like a daunting task. The purpose of this paper is to focus on the material changes that require an update to a firm's procedures, policies manual, or marketing pieces. We chose not to cover the updates that simply standardize or reorganize language within the GIPS. Also included is an easy reference checklist of these changes to help ease the transition for your firm.

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REVISED COMPLIANCE STATEMENT

Since the GIPS were first released, there has been constant debate as to whether or not verification should be mandatory. Ultimately, the decision was made not to require firms that claim compliance with the GIPS to undergo verification. As a compromise, the 2010 GIPS require firms to disclose their verification status as a part of the boilerplate compliance statement. Firms that choose to forgo a firm-wide verification will be required to disclose explicitly in their compliance statement that they have chosen not to be verified. This will most likely encourage firms that have gone without verification historically to think twice about their decision.

4.A.1. Once a FIRM has met all the REQUIREMENTS of the GIPS standards, the FIRM MUST disclose its compliance with the GIPS standards using one of the following compliance statements. The claim of compliance MUST only be used in a COMPLIANT PRESENTATION.

The following compliance statement must be used if a firm claims compliance with the GIPS and is **verified by a third party**:

“XYZ Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. XYZ Capital Management has been independently verified for the periods xx/xx/xx through xx/xx/xx. The verification report(s) is/are available upon request.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.”

Firms who claim GIPS compliance but **are not verified by a third party** are required to have the following language in their compliant presentations:

“XYZ Capital Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. XYZ Capital Management has not been independently verified.”

If a firm has received a firm-wide verification, it may also choose to include the name of its verification firm in the compliance statement.

ADDITIONAL RISK MEASURE

Another issue firms must address in the transition to the new Standards is the requirement to present the three-year ex-post standard deviation of both the composite and the benchmark using 36 months of returns. Firms will not be required to go back historically and present this statistic, but rather prospectively (although we imagine for aesthetics that many firms will present this statistic historically).

5.A.2. For periods ending on or after 1 January 2011, FIRMS MUST present, as of each annual period end:

- a.** The three-year annualized EX-POST STANDARD DEVIATION (using monthly returns) of both the COMPOSITE and the BENCHMARK; and
- b.** An additional three-year EX-POST risk measure for the BENCHMARK (if available and appropriate) and the COMPOSITE, if the FIRM determines that the three-year annualized EX-POST STANDARD DEVIATION is not relevant or appropriate. The PERIODICITY of the COMPOSITE and the BENCHMARK MUST be identical when calculating the EX-POST risk measure.

While the actual calculation of this external measure of risk should be relatively straightforward and will be included in many of the major performance software systems, there are issues a firm could encounter regarding this statistic.

First, if a firm does not feel the three-year ex-post standard deviation is relevant or appropriate for a particular strategy, the firm must present another three-year ex-post risk measure in addition to the annualized standard deviation. In this case, the firm may present an ex-post proprietary measure of risk to fulfill this requirement. The firm will still need to describe why the ex-post standard deviation is not relevant or appropriate and the reason for choosing the additional risk measure. The firm may also choose to use a different periodicity for this risk measure as long as the periodicity is the same for both the composite and the benchmark. The firm must ensure there are enough data points for the measure to be statistically significant and will need to explain the different periodicity. Additionally, it should be noted it is not permitted to include an ex-ante measure of risk to fulfill this requirement.

4.A.34. If the FIRM determines that the three-year annualized EX-POST STANDARD DEVIATION is not relevant or appropriate, the FIRM MUST:

- a.** Describe why EX-POST STANDARD DEVIATION is not relevant or appropriate; and
- b.** Describe the additional risk measure presented and why it was selected.

Another problem a firm could face in the calculation of this statistic occurs when a composite and/or benchmark has quarterly instead of monthly data available. The only way this will affect a composite is if the firm has calculated quarterly performance prior to January 1, 2010. In this case, the firm will not need to present a measure for this statistic but must explain that it is not presented because 36 monthly returns are not available. If the firm only lacks monthly returns for the benchmark, it will still need to present this statistic for the composite but must disclose why the benchmark is not presented. That being said, the firm may choose to present an additional risk measure using the same periodicity (in this case, quarterly) for the composite and the benchmark in addition to presenting the required statistic based on 36 monthly returns for the composite.

4.A.33. FIRMS MUST disclose if the three-year annualized EX-POST STANDARD DEVIATION of the COMPOSITE and/or BENCHMARK is not presented because 36 monthly returns are not available.

It is important to note the reason the required three-year ex-post standard deviation statistic must be calculated using monthly returns, instead of daily or quarterly, is to facilitate comparison between firms. Therefore, it is not permitted to calculate this statistic using anything other than 36 monthly returns.

MOVE FROM MARKET VALUE TO FAIR VALUE

Prior to the revision of the Standards, portfolios were to be valued based upon market value, which the Standards define as “the current price at which investors buy or sell securities at a given time.”¹ However, beginning January 1, 2011, instead of valuing portfolios on the basis of market value, the Standards will require firms to value portfolios based on the underlying assets’ fair values. The GIPS define fair value as “the amount at which an investment could be exchanged in a current arm’s length transaction between willing parties in which the parties each act knowledgeably and prudently.”² The GIPS Valuation Principles in Chapter II of the GIPS handbook lay out specific valuation requirements by which firms must abide and were developed with consideration of the work of the International Accounting Standards Board (IASB), the Financial Accounting Standards Board (FASB), and other organizations. These guidelines also include additional valuation requirements for real estate and private equity asset classes.

This shift from market value to fair value has implications for many firms claiming compliance with the Standards. Firms investing in liquid securities in active markets will not see a change in valuation policies, as the objective, observable, unadjusted quoted market price is the fair value. Markets, however, are not always liquid, and prices are not always objective or observable. Firms must create and document their valuation policies, procedures, methodologies, and hierarchy, including any changes, and must apply them consistently. Lastly, firms are now required to include all managed assets within their firm definition, and thus total firm assets, that have a fair market value. Previously, assets to which the Standards could not be applied (e.g., museum pieces and art) were not to be considered by firms when claiming compliance and were not to be included in total firm assets.

The following standards have been affected by the move from market value to fair value:

0.A.13. For periods beginning on or after 1 January 2011, TOTAL FIRM ASSETS MUST be the aggregate FAIR VALUE of all discretionary and non-discretionary assets managed by the FIRM. This includes both fee-paying and non-fee-paying PORTFOLIOS.

1.A.2. For periods beginning on or after 1 January 2011, PORTFOLIOS MUST be valued in accordance with the definition of FAIR VALUE and the GIPS Valuation Principles in Chapter II.

0.A.5. FIRMS MUST document their policies and procedures used in establishing and maintaining compliance with the GIPS standards, including ensuring the existence and ownership of client assets, and MUST apply them consistently.

1 – CFA Institute. Global Investment Performance Standards 2010. Charlottesville: CFA Institute, 2010. (p.40)

2 – CFA Institute. Global Investment Performance Standards 2010. Charlottesville: CFA Institute, 2010. (p.39)

PROSPECTIVE CLIENT AND COMPLIANT PRESENTATION DEFINED

Numerous changes have been made to the glossary of the 2010 Standards. The two new, noteworthy definitions are those of “prospective client” and “compliant presentation”. Standard 0.A.11 requires firms to make every reasonable effort to provide a compliant presentation to a prospective client at a minimum of once a year. While these terms may seem obvious upon first glance, prior to the revision of the Standards, there was some debate as to the definition of a “compliant presentation” and a “prospective client.” The 2010 GIPS address this issue by concretely defining these two subjective terms. A “prospective client” is now defined as:

Any person or entity that has expressed interest in one of the FIRM’S COMPOSITE strategies and qualifies to invest in the COMPOSITE. Existing clients may also qualify as PROSPECTIVE CLIENTS for any strategy that is different from their current investment strategy. Investment consultants and other third parties are included as PROSPECTIVE CLIENTS if they represent investors that qualify as PROSPECTIVE CLIENTS.³

This is a significant change from the 2005 Standards in that this definition provides a compliant firm with guidance as to who should receive the compliant presentation.

A “compliant presentation” is newly defined as:

A presentation for a COMPOSITE that contains all the information REQUIRED by the GIPS standards and may also include ADDITIONAL INFORMATION or SUPPLEMENTAL INFORMATION.⁴

VERIFICATION

A firm may choose to have a verification by an independent third party that tests the construction of the firm’s composites as well as the firm’s policies and procedures as they relate to compliance with the GIPS. The value of verification is widely recognized, and being verified is considered to be best practice. In fact, the GIPS Executive Committee strongly recommends that firms be verified. ACA Beacon conducted a joint survey with the eVestment Alliance Consulting database in late 2009; 85% of compliant firms have their claim of compliance verified by a third party. In addition to verification, firms may also choose to have specifically focused testing (known as a Performance Examination) performed by an independent third-party verifier to provide additional assurance regarding a particular composite. These ideas are not new to the 2010 GIPS; however, there are a number of updates that have been made to the verification guidelines. With the addition of the verification status disclosure, it is anticipated that firms may be persuaded to undergo a firm-wide verification.

3 – CFA Institute. Global Investment Performance Standards 2010. Charlottesville: CFA Institute, 2010 (p. 42)

4 – CFA Institute. Global Investment Performance Standards 2010. Charlottesville: CFA Institute, 2010 (p. 37)

In addition to revised language on the scope and purpose of verification, the required testing procedures that must be performed by a verifier have been modified.

- Not only must verifiers understand all requirements and recommendations of the GIPS, but they must also be knowledgeable of applicable laws and regulations.
- Verifiers must have an understanding of the firm claiming compliance, including the corporate structure and how it operates.
- A firm's policies and procedures document related to GIPS compliance must be obtained by the verifier to ensure all policies and procedures are properly included and adequately documented. This includes, for example, the appropriateness of the firm's definition, policies regarding the existence and ownership of client assets are appropriate and applied consistently, and total firm assets are calculated and disclosed properly.
- It is now explicitly stated that verifiers must ensure the proper accounting treatment of input data including income, interest, accruals, receipts, disbursements, trades, taxes, holdings, etc.
- Verifiers must also review benchmark calculations and ensure proper calculation methods for custom benchmarks.
- Finally, it is noteworthy that a verifier must obtain a representation letter from the firm confirming that policies and procedures used in establishing and maintaining compliance with the GIPS are as described in the firm's policies and procedures document and have been consistently applied throughout the periods being verified. It must also confirm that the firm complies with all GIPS requirements for the period under review and must contain any other specific representations made to the verifier during the verification.

Though there are quite a few modifications and additions to the verification procedures, it is worth noting these new requirements are all practices ACA Beacon Verification Services has employed since its founding.

DISCLOSURES TO COMPLIANT PRESENTATIONS

In the spirit of fair representation and full disclosure, the 2010 GIPS has revised some of the existing disclosures and added a few new disclosures that must be present in all GIPS compliant presentations. We have listed and expanded on some of the most common applicable disclosures below. However, the 2010 GIPS Compliance Checklist, found in Appendix A, encompasses all of the changes to the Standards.

Benchmark Description

Previously, the GIPS required firms to disclose the total return of the benchmark(s) and "appropriately identify" the benchmark. However, beginning January 1, 2011, firms will also be required to provide a description of the benchmark. It is important to note that the GIPS Advertising Guidelines have always required a description of the benchmark to be present in advertisements claiming GIPS compliance. This requirement is simply being carried over to the compliant presentations.

Firms will not be able simply to list the benchmark in the compliant presentations. There will also need to be a description of the benchmark presented.

4.A.4 FIRMS MUST disclose the BENCHMARK DESCRIPTION.

Fee Provisions

Firms have always been required to disclose if any other fees are deducted in addition to the investment management fees and direct trading expenses when presenting net of fees returns. This still holds true; however, as of January 1, 2011, firms will be required to go one step further and disclose if model or actual investment management fees are used and if returns are net of any performance based fees. The Standards were designed with the prospective investor in mind. This requirement to disclose the fees that are deducted to arrive at the net of fees return is intended to aid the potential investor in their investment decision and to help interpret how applicable the track record is compared to what the investor may have experienced had it been invested in the strategy.

4.A.6. When presenting NET-OF-FEES returns, FIRMS MUST disclose:

- a. If any other fees are deducted in addition to the INVESTMENT MANAGEMENT FEES and TRADING EXPENSES;
- b. If model or actual INVESTMENT MANAGEMENT FEES are used; and
- c. If returns are net of any PERFORMANCE-BASED FEES.

Non-Compliant Periods

While it is not a new requirement to disclose if periods prior to January 1, 2000 do not comply with the GIPS, it is no longer required to disclose *why* those time periods are not in compliance. There were many letters received during the public comment period that opposed this disclosure as this explanation can create more confusion than clarity.

4.A.15 For any performance presented for periods prior to 1 January 2000 that does not comply with the GIPS standards, FIRMS MUST disclose the periods of non-compliance.

Treatment of Withholding Taxes

The 2005 GIPS requires firms to disclose relevant details on the treatment of withholdings taxes on dividends, interest income, and capital gains. However, as of January 1, 2011, this is *only* required to be disclosed if withholding taxes, interest income, and capital gains have a *material* impact on performance. This is a welcome change to the Standards as these instances are only applicable to investment advisors such as international managers who have material exposure to withholding taxes. In addition, firms will only be required to disclose if benchmark returns are net of withholding taxes if the information is available.

4.A.20 FIRMS MUST disclose relevant details of the treatment of withholding taxes on dividends, interest income, and capital gains, if material. FIRMS MUST also disclose if BENCHMARK returns are net of withholding taxes if this information is available.

Portfolio Valuation

Relating to the move from market to fair value, a new requirement as of January 1, 2011 is that firms must disclose the use of subjective, unobservable inputs for valuing portfolio investments. As with many of the revised Standards, this is only a required disclosure if the portfolio investments valued using subjective unobservable inputs are material to the composite.

4.A.27. For periods beginning on or after 1 January 2011, FIRMS MUST disclose the use of subjective unobservable inputs for valuing PORTFOLIO investments (as described in the GIPS Valuation Principles in Chapter II) if the PORTFOLIO investments valued using subjective unobservable inputs are material to the COMPOSITE.

The revised 2010 GIPS lay out a valuation hierarchy in Chapter II: Valuation Principles. If the firm's composite valuation hierarchy differs materially from the recommended hierarchy, the firm must disclose the difference for periods after January 1, 2011. This addition to the Standards should not impact already compliant firms that manage highly illiquid securities, as firms of this nature are likely to have a valuation hierarchy already in place. Standard 4.A.28 will impact firms who currently have no valuation hierarchy and manage less liquid assets.

4.A.28. For periods beginning on or after 1 January 2011, FIRMS MUST disclose if the COMPOSITE'S valuation hierarchy materially differs from the RECOMMENDED hierarchy in the GIPS Valuation Principles in Chapter II.

Significant Cash Flows

This disclosure requirement has historically resided in the Guidance Statement on the Treatment of Significant Cash Flows. The intent of the 2010 GIPS is to combine all potential disclosure requirements into one concise list. Therefore, the significant cash flow disclosure now appears in Section 4 of the Standards. There has also been a change to what must be disclosed. Previously, firms that made use of a significant cash flow policy were required to disclose the following in the applicable compliant presentation:

- How the firm defines a significant cash flow for that composite
- The grace period for the composite
- If the definitions, policies, or grace periods for handling significant cash flows have been redefined, firms must disclose the date and nature of the change
- That additional information regarding the treatment of significant cash flows is available upon request

Because of the onerous nature of these requirements, 4.A.32 has been pared down to include the definition of a significant cash flow and for which time periods that the firm makes the use of significant cash flows. In addition, firms are also required to disclose the availability of their policies regarding the treatment of significant cash flows. Firms, however, must still keep track of additional information regarding significant cash flows including the number of portfolios removed during a given period, the number of times portfolios were removed during a given period, and the amount of composite assets represented.

4.A.32 If the FIRM has adopted a SIGNIFICANT CASH FLOW policy for a specific COMPOSITE, the FIRM MUST disclose how the FIRM defines a SIGNIFICANT CASH FLOW for that COMPOSITE and for which periods.

Return Periods

Firms must show *all* partial year performance if a composite opens or closes intra-year, for periods beginning on or after January 1, 2011. This has not always been the case. The way the 2005 GIPS read, firms are given some leeway as to when the firm begins to present performance for the composite. For instance, if XYZ Capital Management starts a Large Cap Growth Strategy in July 2009, technically it would have the option to start presenting performance in the composite presentation January 1, 2010. This could be potentially misleading to a prospective investor as it gave the firm the option to present or not present performance, which was not the intent or within the spirit of the Standards. However, if a firm begins managing a Large Cap Growth Strategy in March 2011, they must include the partial 2011 composite return in the compliant presentation to abide by the 2010 GIPS requirements. We welcome this change as it is in line with what we believe to be the spirit of the Standards.

5.A.1.c. The following items MUST be presented in each COMPLIANT PRESENTATION: For COMPOSITES with a COMPOSITE INCEPTION DATE of 1 January 2011 or later, when the initial period is less than a full year, returns from the COMPOSITE INCEPTION DATE through the initial annual period end.

5.A.1.d. The following items MUST be presented in each COMPLIANT PRESENTATION: For COMPOSITES with a COMPOSITE TERMINATION DATE of 1 January 2011 or later, returns from the last annual period end through the COMPOSITE TERMINATION DATE.

REAL ESTATE & PRIVATE EQUITY

The 2010 GIPS has substantially expanded on its guidance as it relates to Real Estate and Private Equity asset classes. Since these changes are not relevant to the majority of firms claiming GIPS compliance, the numerous changes pertaining to input data, calculation methodology, composite construction, presentation and reporting will be discussed in greater detail in a forthcoming piece.

CONCLUDING THOUGHTS

For your convenience, Appendix A includes a checklist encompassing all of the revisions and additions to the Standards discussed above. This will provide a road map to ensure firms are ready on January 1, 2011. If you have any questions regarding changes to the Standards previously discussed, do not hesitate to contact us for further information or to arrange a meeting to discuss how these changes will impact your firm.

As the world of investments continues to evolve, so will the GIPS. The next edition of the Standards will be released in 2015, but until then, the CFA Institute will continue to release Q&As and Guidance Statements on areas that need more interpretation. Firms must keep up to date on, and abide by, the guidance released in these Q&As and Guidance Statements in addition to the Standards themselves. ACA Beacon will continue to offer educational resources for the investment industry to stay abreast of any future guidance that will be released.

APPENDIX A: 2010 GIPS® COMPLIANCE CHECKLIST

Meet	GIPS® Section	Modified	Notes
Fundamentals of Compliance			
<input type="checkbox"/>	0.A.13	For periods beginning on or after 1 January 2011, TOTAL FIRM ASSETS MUST be the aggregate FAIR VALUE of all discretionary and non-discretionary assets managed by the FIRM. This includes both fee-paying and non-fee-paying PORTFOLIOS.	
Input Data Requirements			
<input type="checkbox"/>	1.A.2	For periods beginning on or after 1 January 2011, PORTFOLIOS MUST be valued in accordance with the definition of FAIR VALUE and the GIPS Valuation Principles in Chapter II.	
Composite Construction Requirements			
<input type="checkbox"/>	3.A.10	FIRMS that wish to remove PORTFOLIOS from COMPOSITES in cases of SIGNIFICANT CASH FLOWS MUST define "significant" on an EX-ANTE, COMPOSITE-specific basis and MUST consistently follow the COMPOSITE-specific policy.	
Disclosures to Compliant Presentations			
<input type="checkbox"/>	4.A.1	Once a FIRM has met all the REQUIREMENTS of the GIPS standards, the FIRM MUST disclose its compliance with the GIPS standards using one of the following compliance statements. The claim of compliance MUST only be used in a COMPLIANT PRESENTATION.	
<input type="checkbox"/>	4.A.6	When presenting NET-OF-FEES returns, FIRMS MUST disclose: a.) If any other fees are deducted in addition to the INVESTMENT MANAGEMENT FEES and TRADING EXPENSES; b.) If model or actual INVESTMENT MANAGEMENT FEES are used; and c.) If returns are net of any PERFORMANCE-BASED FEES.	
<input type="checkbox"/>	4.A.15	For any performance presented for periods prior to 1 January 2000 that does not comply with the GIPS standards, FIRMS MUST disclose the periods of non-compliance	
<input type="checkbox"/>	4.A.20	FIRMS MUST disclose relevant details of the treatment of withholding taxes on dividends, interest income, and capital gains, if material. FIRMS MUST also disclose if BENCHMARK returns are net of withholding taxes if this information is available.	

Fundamentals of Compliance (continued)

<input type="checkbox"/>	4.A.21	For periods beginning on or after 1 January 2011, FIRMS MUST disclose and describe any known material differences in exchange rates or valuation sources used among the PORTFOLIOS within a COMPOSITE, and between the COMPOSITE and the BENCHMARK.	
Meet	GIPS® Section	Added	Notes
<input type="checkbox"/>	0.A.5	FIRMS MUST document their policies and procedures used in establishing and maintaining compliance with the GIPS standards, including ensuring the existence and ownership of client assets, and MUST apply them consistently.	
<input type="checkbox"/>	5.A.2	For periods ending on or after 1 January 2011, FIRMS MUST present, as of each annual period end: a.) The three-year annualized EX-POST STANDARD DEVIATION (using monthly returns) of both the COMPOSITE and the BENCHMARK; and b.) An additional three-year EX-POST risk measure for the BENCHMARK (if available and appropriate) and the COMPOSITE, if the FIRM determines that the three-year annualized EX-POST STANDARD DEVIATION is not relevant or appropriate. The PERIODICITY of the COMPOSITE and the BENCHMARK MUST be identical when calculating the EX-POST risk measure.	
<input type="checkbox"/>	4.A.33	FIRMS MUST disclose if the three-year annualized EX-POST STANDARD DEVIATION of the COMPOSITE and/or BENCHMARK is not presented because 36 monthly returns are not available.	
<input type="checkbox"/>	4.A.34	If the FIRM determines that the three-year annualized EX-POST STANDARD DEVIATION is not relevant or appropriate, the FIRM MUST: a.) Describe why EX-POST STANDARD DEVIATION is not relevant or appropriate; and b.) Describe the additional risk measure presented and why it was selected.	
<input type="checkbox"/>	4.A.4	FIRMS MUST disclose the BENCHMARK DESCRIPTION.	
<input type="checkbox"/>	4.A.27	For periods beginning on or after 1 January 2011, FIRMS MUST disclose the use of subjective unobservable inputs for valuing PORTFOLIO investments (as described in the GIPS Valuation Principles in Chapter II) if the PORTFOLIO investments valued using subjective unobservable inputs are material to the COMPOSITE	

<input type="checkbox"/>	4.A.28	For periods beginning on or after 1 January 2011, FIRMS MUST disclose if the COMPOSITE'S valuation hierarchy materially differs from the RECOMMENDED hierarchy in the GIPS Valuation Principles in Chapter II.	
<input type="checkbox"/>	4.A.32	If the FIRM has adopted a SIGNIFICANT CASH FLOW policy for a specific COMPOSITE, the FIRM MUST disclose how the FIRM defines a SIGNIFICANT CASH FLOW for that COMPOSITE and for which periods.	
<input type="checkbox"/>	5.A.1.c	The following items MUST be presented in each COMPLIANT PRESENTATION: For COMPOSITES with a COMPOSITE INCEPTION DATE of 1 January 2011 or later, when the initial period is less than a full year, returns from the COMPOSITE INCEPTION DATE through the initial annual period end.	
<input type="checkbox"/>	5.A.1.d	The following items MUST be presented in each COMPLIANT PRESENTATION: For COMPOSITES with a COMPOSITE TERMINATION DATE of 1 January 2011 or later, returns from the last annual period end through the COMPOSITE TERMINATION DATE.	
Meet	GIPS® Section	Deleted	Notes
<input type="checkbox"/>	4.A.6	FIRMS MUST clearly label returns as GROSS-OF-FEES or NET-OF-FEES.	
<input type="checkbox"/>	4.A.13	If a COMPOSITE contains PORTFOLIOS with BUNDLED FEES, FIRMS MUST disclose for each annual period shown the percentage of COMPOSITE assets that is BUNDLED FEE PORTFOLIOS.	
<input type="checkbox"/>	5.A.6	The total return for the BENCHMARK (or BENCHMARKS) that reflects the investment strategy or mandate represented by the COMPOSITE MUST be presented for each annual period. If no BENCHMARK is presented, the presentation MUST explain why no BENCHMARK is disclosed. If the FIRM changes the BENCHMARK that is used for a given COMPOSITE in the performance presentation, the FIRM MUST disclose both the date and the reasons for the change. If a custom BENCHMARK or combination of multiple BENCHMARKS is used, the FIRM MUST describe the BENCHMARK creation and re-balancing process. [corrected January 2006]	
<input type="checkbox"/>	5.A.8.b	The new FIRM MUST disclose that the performance results from the past FIRM are linked to the performance record of the new FIRM.	
<input type="checkbox"/>	5.A.8.c	In addition to 5.A.4.a and 5.A.4.b, when one FIRM joins an existing FIRM, performance of COMPOSITES from both FIRMS MUST be linked to the ongoing returns if substantially all the assets from the past FIRM'S COMPOSITE transfer to the new firm.	