

## **IFSA Guidance Note No. 1.00**



Investment & Financial Services Association Ltd

### **Global Investment Performance Standards**

**March 2010**

**Purpose of this Guidance Note is:**

- **To assist IFSA members in following the global standard for the presentation of historical investment manager performance through adoption of the Global Investment Performance Standards (GIPS®).**

## **1. TITLE**

**1.1 This Guidance Note may be cited as IFSA Guidance Note No. 1.00 ‘Global Investment Performance Standards (GIPS®)’.**

**1.2 IFSA previously revised Guidance Note No. 1.00, formerly the ‘Australian Investment Performance Standards’ (AIPS) as a Country Version of the Global Investment Performance Standards in 2002. The move in converting to a Country Version of GIPS and to the 2010 edition of GIPS (a revision of the 2005 edition) reinforces IFSA’s participation in a global performance framework.**

## **2. GUIDANCE NOTE AND COMMENTARY**

**2.1 The Guidelines set out in this Guidance Note are shown in bold print. Commentary is shown in normal print immediately after the guideline to which it relates, as an aid to interpretation of the Guidelines.**

## **3. DATE OF ISSUE**

**3.1 The Australian Investment Performance Standards (AIPS) were originally issued as the Australian Investment Performance Measurement and Presentation Standards (AIPMPS) on 1 January 1998. In July 1999, IFSA adopted AIPS as Guidance Note No. 1.00. In July 2002, the AIPS were revised as the Australian Version of GIPS. They were updated in February 2007.**

**The 2005 edition of the GIPS were revised in recognition of the dynamic nature of the investment industry. The 2010 edition of the GIPS were approved by the GIPS Executive Committee on 29 January 2010.**

## **4. EFFECTIVE DATE**

**4.1 IFSA has adopted the 2010 edition of the Global Investment Performance Standards (GIPS) as Guidance Note No. 1.00, effective from 1 January 2011. Presentation of performance for reporting periods that begin on or after 1 January 2011 must comply with the 2010 edition of the GIPS.**

## **5. APPLICATION**

**5.1 The GIPS form Attachment A of this Guidance Note.**

**5.2 Compliance with GIPS® includes compliance with all GIPS updates, corrections, interpretations, clarifications and guidance statements as issued from time to time by the GIPS Executive Committee (formerly the Investment Performance Council).**

**5.3 Where there is a conflict between the requirements of this Guidance Note,**

**applicable legislation, and the Constitution of a Scheme, the requirements of this Guidance Note should, having regard to the purpose of the Guidance Note, be modified appropriately so that, as far as is practicable, the Operator complies with the requirements of this Guidance Note.**

**5.4 Where existing laws or regulations already impose performance presentation standards, firms are strongly encouraged to comply with the GIPS standards in addition to those local requirements. When complying with the GIPS standards and local law or regulation, firms should disclose any local laws and regulations that conflict with the GIPS standards.**

## **6. STATEMENT OF PURPOSE**

**6.1 The purpose of this Guidance Note is to ensure IFSA members are following the global standard for the presentation of historical investment manager performance through adoption of the GIPS.**

## **7. APPLICATION OF MATERIALITY**

**7.1 Failure to adopt or implement this Guidance Note is material if such failure has the potential to adversely affect the confidence of investors, prospective investors, Scheme Operators, Responsible Entities, Superannuation Trustees and other interested parties involved in the investment and financial services industry.**

## **8. COMMENTARY**

8.1 The GIPS are a set of ethical principles established globally to enable investment firms to calculate and report their investment results to prospective clients in a way that ensures fair representation and full disclosure.

8.2 Global investment performance standards leads to an accepted set of best practices for the calculation and presentation of investment performance results that:

- are readily comparable among investment management firms without regard to geographical location and
- facilitate a dialogue between investment managers and their prospective clients about the critical issues of how the investment management firm achieved performance results and determines future investment strategies.

8.3 The 2010 edition of the GIPS replaces the 2005 edition of GIPS. The 2005 edition of GIPS replace the former Australian Investment Performance Standards, the Australian Version of the GIPS (which were effective from 1 July 2002).

8.4 In 2002, the AIPS were endorsed by the Investment Performance Council (IPC) as a Country Version of GIPS. However, in 2005, the IPC mandated the convergence of all Country Versions of GIPS into a Global Standard as of 2006.

As such, as of January 2006, firms complying with AIPS have been required to, in effect, comply with 2005 edition of GIPS due to the requirement that the Australian Country Versions of GIPS comply with all interpretations, clarifications, guidance statements and GIPS provisions (which represent the core of AIPS) as issued by the GIPS Executive Committee (formerly IPC) from time to time. The 2010 edition of GIPS were issued in February 2010 as a result of an extensive review process which aimed to maintain global relevance of the dynamic and changing investment management industry, to refine provisions no longer necessary and added new requirements that promote best practice.

8.5 An electronic version of the GIPS as well as any GIPS updates, corrections, interpretations, clarifications, guidance statements and questions and answers can be found at: <http://www.cfapubs.org/r/GIPS2010>

8.5 For further background information on the development of Performance Standards in Australia, please refer the IFSA P Group website which can be accessed via the IFSA website: <http://www.ifsa.com.au>.

8.9 Further information can also be found on the GIPS Standards website at [www.gipsstandards.org](http://www.gipsstandards.org)