

CFA Institute Releases 2020 Global Investment Performance Standards (GIPS®)

Comprehensive update to standards adding relevance for alternative investment strategies and pooled funds

New York, 9 July 2019

CFA Institute, the global association of investment management professionals, has released the 2020 edition of the CFA Institute Global Investment Performance Standards (GIPS®) following a public comment period. The 2020 GIPS standards will take effect January 1st. The GIPS standards are a set of standardized, industry-wide ethical principles that guide investment managers and asset owners on how to fairly calculate and present their investment results, with the goal of promoting performance transparency and comparability.

The latest release marks an important milestone in the evolution of the GIPS standards to ensure their relevance for all investment managers and asset owners. The 2020 GIPS standards expand upon the last comprehensive update in 2010 and incorporate authoritative guidance issued in the interim. More than 120 [comment letters](#) helped shape the final version of the 2020 GIPS standards.

“This update evolves the GIPS standards to reflect the many changes and innovations the investment industry has seen in recent years, particularly adding relevance for managers of alternative investment strategies and pooled funds,” said Karyn Vincent, CFA, CIPM, head of global industry standards at CFA Institute. “The updates are based on industry best practice and input received during a public comment period. We believe the changes will empower more investment managers and asset owners to embrace investment performance transparency and industry-wide comparability.”

The 2020 GIPS standards are applicable to both investment managers and asset owners, and better accommodate managers of alternative investment strategies and private wealth firms. Highlights of the 2020 GIPS standards include:

- Tailored guidance for asset owners.
- Fewer specific requirements for asset classes and more focus on account structure for greater relevance to a broader range of asset types.
- Choice of using money-weighted returns (MWR) instead of time-weighted returns (TWR) if certain criteria are met, giving firms flexibility to choose the returns most appropriate for the account structure.
- Enhanced ability for firms to present pooled fund-specific performance.
- More flexibility to report carved-out asset class performance.
- More options for advertising GIPS standards compliance.

The GIPS standards have steadily grown in popularity since their introduction in 1999. Today, more than 1,700 organizations, including a majority of the top investment managers in the



world, claim compliance. While adoption of the GIPS standards is not mandated by regulation, it is considered a best practice for investment managers and asset owners. Many asset owners require their traditional managers to comply with the GIPS standards, and they are increasingly interested in their alternative managers complying as well. More asset owners themselves are also claiming compliance with the GIPS standards.

Visit the [CFA Institute](https://www.cfainstitute.org) website to learn more about the update and how the changes affect firms and asset owners.

About CFA Institute

CFA Institute is the global association of investment professionals that sets the standard for professional excellence and credentials. The organization is a champion of ethical behavior in investment markets and a respected source of knowledge in the global financial community. Our aim is to create an environment where investors' interests come first, markets function at their best, and economies grow. There are more than 165,000 CFA® charterholders worldwide in 164 markets. CFA Institute has nine offices worldwide and there are 156 local member societies. For more information, visit www.cfainstitute.org or follow us on Twitter at @CFAINstitute and on Facebook.com/CFAINstitute.

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