



GLOBAL INVESTMENT PERFORMANCE STANDARDS (GIPS®)

GIPS COUNTRY SPONSOR COMMUNIQUE

MESSAGE FROM CARL BACON, CIPM GIPS EXECUTIVE COMMITTEE CHAIR

Greetings! I hope 2017 is off to a successful start for each of you. As I mentioned in my last message, this year promises to be active with the release of four GIPS Guidance Statements and important progress on the GIPS 2020 evolution. Here is an update:

- Work continues on the next edition the GIPS standards, and the GIPS Executive Committee met in New York City last week with the focus of our meeting being on the development of and vision for GIPS 2020. The framework is coming along and I am committed to keeping you posted each step of the way. A consultative document is being drafted to provide you details and to seek your feedback.
- We want to hear from you on the [revised Guidance Statement on the Use of Supplemental Information exposure draft](#) that has been released for [public comment](#). This revised guidance provides new and more detailed interpretation on the treatment of performance and performance-related information both within and outside of a GIPS-compliant presentation. This clarification should help firms better understand the GIPS standards requirements and recommendations pertaining to supplemental information. Please submit your comments and feedback to standards@cfainstitute.org. The public comment period is open until 28 February 2017. Please visit the [GIPS website](#) and listen to the recording (or view the slides) from our webinar: “GIPS Revised Supplemental Information Exposure Draft – What’s New.”
- Country Sponsors play a key role in the governance of the GIPS standards. In preparation for the upcoming rotation of the GIPS Executive Committee and GIPS Technical Committee in September 2017, there are important recruitment processes underway and opportunities for direct participation of GIPS Country Sponsors.
 - Nominees are being sought for two GIPS Executive Committee Members-At-Large and one GIPS Technical Committee Member At-Large. All Country Sponsors are encouraged to solicit nominees for these important positions in the GIPS organization. All interested, qualified volunteers should use the following link to complete and submit the online application forms of the [GIPS Executive Committee Nominations Application and the GIPS Technical Committee Nominations Application for a Member At-Large](#) no later than 10 April 2017 by 17:00 EST to volunteers@cfainstitute.org.
 - The deadline is quickly approaching on 10 February for Country Sponsors to nominate their regional representatives to serve on the 2017 GIPS Nominations Committee using the Application sent to you. A ballot will be distributed shortly after 10 February for each region to elect their representative to serve on this important committee that will select incoming members of the GIPS Executive and Technical Committees.
- We are pleased to report that initial data from the Firm Notification process shows that 1,608 firms submitted their claim of GIPS compliance in 2016. 1,383 (86%) of those firms are verified. 1,467 completed their organization type: 1,453 are asset managers and 14 are asset owners. Firms claiming GIPS compliance are located in 40 different countries. A comparison with the list of Top 100 Global Asset Management Firms by

Cerulli Associates reveals that 85 of these firms claimed compliance with the GIPS standards for some or all of their business as of 31 December 2015. These firms represent more than \$48.8 trillion (61%) of all assets under management globally at that time (\$80 trillion).

We also have a cause for celebration as this year marks the 30th anniversary of introducing investment performance standards in the 1987 September/October issue of the *Financial Analysts Journal*. To kick off the celebration, we had the privilege of ringing the closing bell at the NASDAQ on 26 January. The upcoming Annual GIPS Standards Conference to be held in San Diego on 14–15 September 2017 will recognize this significant milestone with further celebration. Please mark your calendars and more details will be forthcoming.

Your work as a GIPS Country Sponsor is greatly appreciated and we applaud your continued efforts to promote the GIPS standards. Please let me know whenever you have any feedback or comments or if I can be of assistance in your important work as a GIPS Country Sponsor.

Sincerely,

Carl Bacon, CIPM

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PHOTOGRAPHY BY CHRISTOPHER GALLUZZO / NASDAQ, INC.

NEWS...LATEST UPDATES

- The GIPS Executive Committee has officially endorsed CFA Society Saudi Arabia as the Saudi Arabia GIPS Country Sponsor, bringing the total number of endorsed GIPS Country Sponsors to 39.
 - [Risk Measurement: A Call for Standards](#), co-authored by Carl Bacon, CIPM, and Damian Handzy, explains how standardized risk measures would benefit all market participants — managers and investors alike.
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COUNTRY SPONSOR FEATURE:

Sebastian Miralles Acuna, Mexico Country Sponsor representative

Mr. Miralles is Managing Partner of Tempest Capital and Consulting and CFO of Clip, Mexico's most prominent startup. Prior to this, he was the Managing Director of Venture Capital and Mezzanine Strategies at Fondo de Fondos and coordinated the principal investment strategies for CAF Development Bank of Latin America. He began his career working at Morgan Stanley and Kroll. He holds an MBA from IESE Business School and a BA from Universidad Panamericana. He is both a CFA charterholder and a CAIA charterholder. He is a founding member of the CFA Society of Mexico where he is also Spokesman and GIPS Country Sponsor. Additionally, he is an adviser to CONCAMIN and a member of Mexican Council on Foreign Relations.

Interview by Carl Bacon, CIPM, Chair of the GIPS Executive Committee

Bacon: How long has Mexico been a GIPS Country Sponsor?

Miralles: We are relatively new to the GIPS family and have been endorsed as the GIPS Mexico Country Sponsor for three years.

Bacon: What is the structure of the Mexico GIPS Country Sponsor? How is it formed?

Miralles: The CFA Society Mexico serves as the country sponsor, and the GIPS committee is composed of myself and the Board, with myself responsible for relationship management.

Bacon: What are the key issues in the Mexico market regarding the GIPS standards?

Miralles: There is not a lot of retail asset management that happens in Mexico; it is an underinvested market. Mexican HNW [high-net-worth] investors prefer to manage their money with advisers located outside of Mexico. On the other hand, the local pension plan market currently has approximately \$450 billion, and these plans hire external managers for their international allocations but still manage most of their assets in-house. They also have allocation in fixed income, and stocks, REITS (FIBRAS), and MLP's (FIBRAe's).

Regulators are a key audience for the Mexico Country Sponsor, and the GIPS standards can be beneficial and influential. There are two relevant investment regulators in Mexico: the CNBV and the CONSAR. Due to their specific weight, general practitioners will be forced by the pension fund regulator to adhere to best practices.

There is a lack of transparency in the Mexican private equity market. This has allowed underperforming general partners to continue to raise funds. The Mexican government wants to see a lot of private equity and venture capital activity because of its huge value and potential to boost the country's economy. However, the quota for private equity is severely underpenetrated, primarily because of a lack of trust. The improvement of trust in the markets in Mexico, and particularly in private equity managers, is something we can attack with the help of the GIPS standards. Many private

equity managers are hostile to transparency and will not pursue that direction on their own; this has to be brought on by the demand from pension funds.

We are very pleased to partner with other GIPS Country Sponsors and appreciate their collaboration. Karim Manaa, Canada GIPS Country Sponsor representative, will be meeting with Mexico regulators to promote the GIPS standards, and the GIPS Spain Country Sponsor will provide presentations in Spanish. These resources are very valuable to provide education and increase GIPS adoptions in the Mexican market. Sharing industry best practice, particularly on internationally accepted best practices on how to lobby regulators to help implement the GIPS standards, is most helpful. The Standards, in my opinion, are most valuable in emerging markets where there is a need for more transparency and access to good quality managers.

It is an honor for CFA Mexico Society to lead GIPS promotion in Mexico.

HOW CAN I LEARN MORE ABOUT GIPS STANDARDS?

- Visit the GIPS website - www.gipsstandards.org
- GIPS Standards Handbook, Third Edition - www.cfapubs.org/toc/ccb/2012/2012/4
- Current guidance statements - www.gipsstandards.org/standards/guidance/Pages/CurrentGuidance.aspx
- Review the GIPS standards - www.cfapubs.org/doi/pdf/10.2469/ccb.v2010.n5.1
- GIPS Standards Mission and Vision: A Road Map (PDF) - www.gipsstandards.org/resources/Documents/gips_mission_vision_road_map.pdf
- GIPS Standards Fact Sheet (PDF) - www.gipsstandards.org/about/Documents/factsheet.pdf
- GIPS Standards Q&A Database - www.gipsstandards.org/standards/faqs/Pages/index.aspx
- GIPS Standards News - www.gipsstandards.org/news/Pages/index.aspx
- GIPS Executive Committee - www.cfainstitute.org/about/governance/committees/Pages/gips_executive_committee.aspx
- Purchase a hard copy of the Global Investment Performance Standards (GIPS Standards) Handbook - www.efastcom.com/CFABookstore/control/productdetails?item_id=125301