

CIPM Review Course

Reading: GIPS Advertising Guidelines

Advertising Guidelines

- Definition: Anything that follows the Advertising Guidelines
 - May differ from regulatory definitions...
- Voluntary
- Provides an optional way to reference GIPS, without all the 'calories'
- Compliance Statement:
 - "The Firm claims compliance with the Global Investment Performance Standards (GIPS®)."
- Also disclose how to obtain a Compliant Presentation and/or List of Composite Descriptions.

Requirements: w/o Performance

- All Advertisements:
 - ✓ Definition of the Firm.
 - ✓ How a prospective client can obtain a compliant presentation and/or list of composite descriptions.
 - ✓ Claim of compliance for advertisements.

Advertisement w/o Performance

Generic Asset Management

Generic Asset Management is the institutional asset management division of Generic Inc. and is a registered investment advisory firm specializing in qualitative growth-oriented investment management.

Generic Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Generic Asset Management and/or a presentation that complies with the GIPS standards, contact Jean Paul at (123) 456-7890, or write to Generic Asset Management, 123 Main Street, Returnsville 12345, or jpaul@genericassetmanagment.com.

Requirements: Advertisements w/ Perf.

✓ Advertisements with Performance (reporting):

➤ Composite and Benchmark returns: choose one...

➤ 1-, 3-, and 5-year annualized returns through most recent period

Period-ended 3/31/12	1-year	3-year	5-year
Composite	1.5%	7.5%	5.3%
Benchmark	2.0%	7.0%	5.1%

➤ Period-to-date returns, in addition 1-, 3-, and 5-year annualized returns based on the same periods as the Compliant Presentation

	Q1 2012	1-year ended 12/31/2011	3-year ended 12/31/2011	5-year ended 12/31/2011
Composite	0.6%	1.5%	7.5%	5.3%
Benchmark	0.4%	2.0%	7.0%	5.1%

➤ Period-to-date returns, in addition last 5 calendar years

	YTD 2012	2011	2010	2009	2008	2007
Composite	6.2%	0.2%	13.5%	24.9%	-44.5%	-12.1%
Benchmark	6.0%	0.4%	12.4%	22.8%	-39.7%	-12.9%

Disclosure Requirements

• Advertisements with Performance (disclosures):

- ✓ Composite Description (including use of leverage/derivatives).
- ✓ Benchmark description.
- ✓ Whether returns are Gross or Net.
- ✓ Currency used to express performance.
- ✓ If applicable:
 - ✓ Lack of benchmark
 - ✓ Non-compliant returns
 - ✓ Conflicts with local laws and regulation

Advertisement w/ Performance

Generic Asset Management: Global Equity Growth Composite			
Ending 31 Mar 2012			
	1-Year	3-Year Annualized	5-Year Annualized
Global Equity Growth Composite	-0.3%	13.7%	0.1%
XYZ World Index	-0.5%	13.8%	-0.6%

Note: Returns are shown in U.S. dollars net of fees.

Generic Asset Management is the institutional asset management subsidiary of Generic Inc. and is a registered investment adviser specializing in qualitative growth-oriented investment management. The Global Equity Growth strategy focuses on earnings, growth of earnings, and key valuation metrics. The benchmark is the XYZ World Index, which is designed to measure the equity market performance of developed market countries. The benchmark is market-cap weighted and is composed of all XYZ developed market indices.

Generic Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Generic Asset Management and/or a presentation that complies with the GIPS standards, contact Jean Paul at (123) 456-7890, or write Generic Asset Management, One Plain Street, Returnville 12345, or jpaul@genericassetmanagement.com.



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Practice

Find the deficiencies...

Global Equity Composite Q2 2012 Update

Period Ended 12/31/2011	1-Year	3-Year	5-Year
Composite Gross	1.5%	7.5%	5.3%
MSCI ACWI	2.0%	7.0%	5.1%

Awesome Asset Management claims compliance with the Global Investment Performance Standards (GIPS®), and has prepared and presented this report in compliance with GIPS.

Awesome Asset Management is a registered investment adviser in the U.S., and specializes in equity portfolio solutions for individual investors. To obtain a compliant presentation and/or a list of composite descriptions, please call (541) 555-5555.

The Global Equity Composite contains all discretionary portfolio utilizing exchange traded funds ("ETFs") to achieve a diversified global equity exposure to developed economies. Exposure to the U.S. will be limited to 25% of portfolio holdings, and the composite will maintain exposure to at least 12 other countries. The strategy will tactically change the exposure to other countries based on current economic outlooks. The composite is compared to the MSCI All Country World Index, which is a market-capitalization weighted benchmark consisting of equities 24 development economies. The benchmark is shown net of foreign withholding taxes.

- ✓ Period to-date returns for the composite and benchmark.
- ✓ Compliance statement
- ✓ Currency used to express performance.



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