

INVESTMENT REPORTING STANDARDS

The Institute of Chartered Financial Analysts (CFA) has members in 55 countries and territories. One of their objectives is to standardize the reporting methodology for investments to ensure members of the public can compare providers on an equal consistent footing. They produced the Global Investment Performance Standards (GIPS®) and this was adopted in February 2005. Fletcher Law believes this a good starting point to ensure that when clients review their investment performance with their advisors than the important stuff is not missing. This assists us in our fiduciary responsibility.

To give you a flavour of what is required then consider the following.

Client Portfolio

- Description of asset classes in the portfolio
- Internal rate of return
- Annual return since inception
- Multi-period returns for at least 5 years
- Returns quoted as gross
- Returns net of fees

Asset Classes (component of your portfolio)

- Description of sub asset classes
- Annualised rate of return
- Return since inception
- Multi-period returns for at least 5 years
- Returns quoted as Gross

Benchmarking

- Comparison of asset classes against appropriate benchmarks for at least 5 years

If the investment product is less than 5 years then it should be since inception. If the product is greater than 10 years then 10 years of data should be quoted.