

OCIO PERFORMANCE REPORTING

Although there are no required performance presentation standards in the OCIO industry, an OCIO performance report ideally will:

present actual returns . . .

Hypothetical or backtested returns should be prepared only at a client's request and for the limited purpose of modeling possible portfolios.

for all clients . . .

All clients should be included in at least one appropriate composite to avoid cherry-picking concerns.

that are net of all fees . . .

Including all investment manager fees, fund-of-fund fees, as well as custody, administrative and legal expenses.

and include both total return and specific asset class composites . . .

To show the value added/detracted by portfolio-level decisions and assess the risk levels behind the returns.

compared against appropriate benchmarks . . .

Benchmarks should be widely accepted industry standards and comparable to composite characteristics.

while excluding non-discretionary accounts and legacy investments.

That do not reflect the OCIO's performance.



Encourage GIPS®

A small, but growing number of OCIOs already adhere to the CFA Institute Global Investment Performance Standards ("GIPS"). GIPS reduces misleading practices and helps level the performance playing field .