

PERFORMANCE PERSPECTIVES

with David Spaulding



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Since 1990, The Spaulding Group, Inc., an employee-owned business, has had an increasing presence in the money management industry.

The Spaulding Group, Inc. is the fastest-growing verification firm, serving clients around the globe, with assets ranging from less than \$100 million to more than \$1 trillion. We provide an array of other performance measurement services and products, including consulting, publishing (*The Journal of Performance Measurement*®), research, and training. We also host the Performance Measurement Forum, the Asset Owners' Round Table, and the Annual PMAR™ Conferences.

We are actively involved as members of the CFA Institute and other industry groups. The Spaulding Group has also led the charge for the industry in the handling of error correction, attribution guidelines/ standards, and Investment Performance Measurement Analyst Certification (since handed over to the CFA Institute and now called the CIPM program).

Several of our senior staff regularly speak at and/or chairs industry conferences. Our founder and CEO, David Spaulding, is a frequent author and source of information to various industry publications. Our firm continues to make huge contributions to our industry, in terms of valuable content, innovative ideas, and volunteer activities.

Our clients appreciate our industry focus and understanding of their business, their needs, and the opportunities to make them more efficient and competitive.

SEC Marketing Rule - we're down to just a few days

The SEC Marketing Rule goes into effect November 4. It appears many SEC-registered firms are still struggling with getting themselves into shape.

In theory, it will be much easier for any who claim compliance with the GIPS® standards. The SEC has, with their new rules, essentially endorsed these rules. While they will never come out and formally state it, the document clearly recognizes and demands the use of composites, which are at the core of the Standards.

There are a host of challenges even compliant firms can face. We have attempted to provide assistance, via our firm's SEC Marketing Rule content page:

<https://spauldinggrp.com/consulting/new-sec-marketing-rule/>

This page includes FAQs which we've assembled to assist.

We are happy to answer questions and review documents from our verification clients, both GIPS compliant and non.

Speaking of GIPS non-compliant firms

We do a number of "non-GIPS" verifications for firms that want to put their numbers on TAMPs or provide them other ways. These reviews have included firms using:

- subsets of composites (i.e., composites that didn't include all eligible accounts)
- model performance
- representative performance
- back-tested results

Under the new rules, these firms need to create composites. Fortunately, many of these clients began work on this a year ago. Others, however, haven't. In fact, I'll be chatting with one such firm in the coming days.

How close are you?

This past week I had a conversation with a manager who, heretofore, has not claimed compliance. They recognize they need to now create composites; previously, they relied on a representative portfolio.

I suggested that when they are done, they'll find that the gap between non-compliance and compliance has narrowed considerably.

This situation will apply to many, many firms. Consequently, we should see more move to compliance.

The Journal of Performance Measurement[®]

UPCOMING SUMMER ISSUE

The Future of Investment
Performance Analysis:
Humans + Machines
- *Mark Goodey, Dip IoD, Arria NLG*

Tax-Smart Performance Measure
- *Andrew Kalotay, Ph.D., Andrew
Kalotay Associates*

Thoughts and Clarifications
on Risk-Adjusted Performance
- *David Spaulding, DPS, CIPM,
The Spaulding Group*

The Journal Interview
- *Simon Filteau, CFA, CDPQ*

DeFi: The Financial Fabric of the
Metaverse
- *Peter Horne, Northfield
Performance Systems*

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[https://spauldinggrp.com/free-
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ment/](https://spauldinggrp.com/free-journal-of-performance-measurement/)

Final words

Good luck with your adoption of these new rules. We expect the SEC to issue their own, and obviously, more official, FAQs in 2023. We also know the SEC will be putting a lot of focus on these new rules. However, we are hopeful they will be tolerant when firms make mistakes in interpreting these rules.

[The Spaulding Group Supports Breast Cancer Awareness Month](#)



THE SPAULDING GROUP'S 2022
INVESTMENT PERFORMANCE MEASUREMENT CALENDAR OF EVENTS

DATE	EVENT	LOCATION
November 10-11, 2022	EMEA Meeting of the Performance Measurement Forum	London, England
November 15-16, 2022	Fundamentals of Performance Measurement Training Class	San Diego, CA
November 16, 2022	Asset Owner Roundtable Meeting	San Diego, CA
November 16, 2022	Broker/Dealer Symposium – First Meeting	San Diego, CA
November 17-18, 2022	North American Meeting of the Performance Measurement Forum	San Diego, CA

For additional information on any of our 2022 events, please contact Patrick Fowler at 732-873-5700.

Train Your Entire Performance staff for half price!



HERE'S THE PROBLEM

Your staff needs training in performance, risk, attribution, or the GIPS® standards, but you're not able to give them the training they need.

HERE'S THE REASON

Your training budget isn't big enough to cover the expense to send your entire team to offsite training. And, even if it was, you can't have your entire team offsite at the same time.

THIS MEANS

Either you have to take the time to create a program internally and continually update it, which is time and labor intensive, or your team is forced to learn what they need on the job, which means they aren't adding as much value as they could.

WE HAVE THE SOLUTION

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- ✓ No staff travel expenses
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- ✓ Save on development time/costs. We've done the work for you and, we regularly update the materials!
- ✓ Peace of mind—Indispensable staff get the training, yet are still accessible should you need them
- ✓ Improved morale, investing in your staff shows them your commitment



It's hard to find such focused training around the topic of performance measurement along with experienced instructors who can get into the details of various calculations. I recommend this two-day training course for firms looking to provide a good foundation on this topic." – Rajiv Mathur, Kaiser Permanente

TO LEARN MORE, PLEASE CONTACT:

Patrick Fowler, 732-873-5700
PFowler@SpauldingGrp.com

AVAILABLE CLASSES:

- ✓ Fundamentals of Performance Measurement
- ✓ Performance Measurement Attribution
- ✓ Portfolio Risk Measurement
- ✓ GIPS standards workshop
- ✓ Investment Performance Measurement Boot Camp
- ✓ Performance Measurement for Non-Performance Professionals
- ✓ Performance Measurement for Plan Sponsors and Consultants
- ✓ Or, customize a class to meet your specific needs

More than 4,000 individuals from hundreds of firms have attended our training classes. Many firms bring us in-house for annual training and in-house updates. Firms who have benefits from training include:

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- ✓ Prudential
- ✓ Morgan Stanley
- ✓ Principal Global Investors
- ✓ LPL
- ✓ UBS
- ✓ Pershing
- ✓ Franklin Templeton
- ✓ Aegon
- ✓ World Bank
- ✓ Northern Trust
- ✓ Goldman Sachs
- ✓ AIMCO
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- ✓ Abu Dhabi Invst. Authority
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Performance Training Resources

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