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Quote of the Month

“Change can be frightening, and the temptation is often to resist it. But change almost always provides opportunities – to learn new things, to rethink tired processes, and to improve the way we work.”

– Klaus Schwab

Article Submissions

The Journal of Performance Measurement® Is Currently Accepting Article Submissions

The Journal of Performance Measurement is currently accepting article submissions on topics including performance measurement, risk, ESG, AI, and attribution. We are particularly interested in articles that cover practical performance issues and solutions that performance professionals face every day. All articles are subject to a double-blind review process before being approved for publication. White papers will also be considered. For more information and to receive our manuscript guidelines, please contact Douglas Spaulding at DougSpaulding@TSGperformance.com.

Submission deadlines

- Winter Issue: January 13, 2025
- Spring Issue: March 10, 2025

The Performance Professional: Highlights from the 2024 Survey

Summary: Patrick W. Fowler

The Spaulding Group (TSG), with support from Rimes Technologies, has released the results of the 2024 Performance Measurement Professional Survey, the third installment of this industry-wide analysis since its inception in 2000. With responses from over 100 professionals across North America, Europe, and Asia-Pacific, the survey provides a comprehensive view of the evolving roles, challenges, and opportunities in performance measurement.

Key Findings:

1. A Growing and Diverse Workforce

- Teams are becoming more diverse, with women now making up 45.8% of performance measurement staff, compared to 31.5% in 2008.
- Multi-person teams dominate, representing 79.2% of respondents' organizations, reflecting the increasing specialization within performance and risk roles.

2. Advancing Compensation and Professional Development

- The average base salary and bonuses for heads of performance measurement and performance analysts has risen.
- Certification is a priority, with 44.3% of heads of performance holding the Certificate in Investment Performance Measurement (CIPM).

3. Focused Responsibilities

- Performance teams primarily handle tasks such as account-level measurement (91.5%), composite-level measurement (86.2%), and compliance with the Global Investment Performance Standards (GIPS®) (64.9%).
- Use of advanced tools like Python, SQL, and even AI applications such as ChatGPT highlights the tech-savviness of today's performance professionals.

4. Benchmarking and Automation

- 88.9% of respondents use custom and blended benchmarks, with 50% employing some level of automation for data aggregation.

5. Persistent Challenges

- Data management remains a critical issue, with firms struggling with data quality, governance, and integration across systems.

Insights from TSG:

David Spaulding, CEO of The Spaulding Group, comments, “This survey reaffirms the essential role of performance measurement in the investment industry. As the field evolves, these insights equip firms with the data they need to benchmark their practices and innovate effectively.”

The Bigger Picture:

This survey provides a rare glimpse into the professional dynamics of performance measurement, offering valuable comparisons for organizations to enhance their operations and invest in their teams.

Download the [full report here](#).



Check out the GIPS standards website, which includes a GIPS Q&A database, recently released Guidance Statements, and other handy tools and resources, such as sample Excel calculation files.

<https://www.gipsstandards.org/>

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Are you tired of being treated like just another number by your GIPS verifier? At TSG, we prioritize your satisfaction and success above all else.

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Take the first step toward a better GIPS standards verification. Schedule a call or request a no-obligation proposal today at GIPSStandardsVerifications.com.

Thinking about GIPS compliance?



Click Here for a no obligation proposal

2025 Events

- April 23 – Spring Asset Owner Roundtable (AORT) – North America
- April 24-25 – Spring Meeting of the Performance Measurement Forum – North America
- May 20 – Women in Performance Measurement in-person meeting – The Heldrich Hotel, New Brunswick, NJ, U.S.A.
- May 21-22 – PMAR North America – The Heldrich Hotel, New Brunswick, NJ, U.S.A.
- June 19-20 – Spring EMEA Meeting of the Performance Measurement Forum
- September 17-18 – PMAR Europe – London
- November 6-7 – Fall EMEA Meeting of the Performance Measurement Forum
- December 3 – Fall Asset Owner Roundtable (AORT) – North America
- December 4-5 – Fall Meeting of the Performance Measurement Forum – North America

For information on the 2025 events, please contact [Patrick Fowler](mailto:Patrick.Fowler@tsg.com) at 732-873-5700.

That’s a Good Question

I am looking for guidance on how collateral interest for derivatives is handled in terms of performance, but I have not found any reference to it in the GIPS Standards Handbook. Do you know of any document that addresses this topic?

Response:

The person referenced the GIPS standards, but I don’t think the GIPS guidance speaks to this.

If I understand correctly, you are asking about a portfolio that trades derivatives, and thus, has to put up collateral in order to do so.

The total return of a portfolio that puts up collateral to trade derivatives should include income on that collateral. Not sure that I would say it’s a “must,” but it’s what makes sense.

Think of it this way:

- the portfolio is responsible for the collateral
- collateral is typically cash or non-risky fixed income, but could be other assets of value
- If there is a decline in the value of the collateral, the entity enabling the portfolio to trade derivatives will at some point require additional collateral (i.e., a margin call will be made)
 - Thus, the portfolio is hurt by a loss in value of the collateral
 - The portfolio will benefit by an increase in value of the collateral as well.
 - Income on the collateral, as well as the collateral’s clean price change, benefit the portfolio
- When the portfolio closes its derivatives trading, collateral will be returned

Different arrangements could be made, and there may be other costs involved, but generally the total return on the futures position can be thought of as the sum of:

- price return
- roll return
- collateral return

Response from John D. Simpson, CIPM, Chief Verification Officer

Please submit your questions to [Patrick Fowler](mailto:Patrick.Fowler@tsg.com).

TSG Milestones

2025 Dates Announced for The Performance Measurement Forum & Asset Owner Roundtable

- April 23 – Spring Asset Owner Roundtable (AORT) – North America
- April 24-25 – Spring Meeting of the Performance Measurement Forum – North America
- June 19-20 – Spring EMEA Meeting of the Performance Measurement Forum – Belfast, Northern Ireland
- November 6-7 – Fall EMEA Meeting of the Performance Measurement Forum – Copenhagen, Denmark
- December 3 – Fall Asset Owner Roundtable (AORT) – North America
- December 4-5 – Fall Meeting of the Performance Measurement Forum – North America

The [Performance Measurement Forum](#) has met 107 times over the past 26 years.

The Performance Measurement Forum and Asset Owner Roundtable are interactive networking and practical information exchanges where performance measurement professionals examine important topics in an atmosphere conducive to dialogue, knowledge sharing, and networking. Members engage with global industry leaders to explore a variety of performance and risk topics, implementation strategies, management challenges, and policy solutions that directly apply and influence their proficiencies and effectiveness.

These one-of-a-kind learning and information exchange environments provide the capabilities and resources to give today's performance measurement professionals the knowledge necessary to benefit themselves and their organizations.

Contact [Patrick Fowler](#) if you would like information about how you can be part of this dynamic group.



Potpourri



DID YOU KNOW?

The official adoption of the dollar sign in the U.S. can be traced back to 1785, when it evolved from the Spanish symbol for pesos. It's believed the \$ originated from the abbreviation PS, which was used to indicate Spanish pesos in the Americas. Gradually the "S" came to be written over the "P," eventually morphing into the dollar sign we know today.

Source: <https://www.sofi.com/learn/content/fun-facts-about-money/>

Institute / Training

Access TSG's Online Training Content With One Pass

Our classes cover a wide range of performance measurement concepts, including the Fundamentals (Rates of Return, Attribution, Benchmarking, Risk, and the GIPS standards), and deeper dives into Attribution to include Equity Attribution, Fixed Income Attribution, Multi-Level Attribution, and Multi-Period Attribution. Students will also have access to the newly released Python for the Performance Measurement Professional class. Whether you want to get new members of your performance team trained, or you're looking to fill in gaps of experienced staff, these classes fit every experience level. This is also a great way to give non-performance professionals a solid overview of performance methodologies and jargon.

The multi-pass gives students *unrestricted access* to TSG's entire suite of on-demand training classes and conference recordings available on our online training Institute. This includes more than 80 lessons and over 50 hours of content that's directly beneficial to investment professionals. To learn more, contact Andrew Tona at (ATona@TSGPerformance.com).

The Journal of Performance Measurement®

This month's article brief spotlights "How Smart is Your COLA" by Craig Israelsen of Utah Valley University, which was published in the Summer 2024 issue of *The Journal of Performance Measurement*. You can access this article by subscribing (for free) to *The Journal* ([link here](#)).

How money is withdrawn from a portfolio has a dramatic impact on the survival of the portfolio as well as the amount of money that is withdrawn over time. This paper analyzes four withdrawal methods: (1) RMD, (2) 5% annual withdrawal, (3) 5% initial withdrawal with a subsequent 3% annual COLA, and (4) 5% initial withdrawal with a subsequent "smart" annual COLA that is dependent on the portfolio's annual performance.

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TRIVIA TIME

Trivia
Can you Answer This Question?

Last month was not May or July. Next month is not January, March, or November. Neither last month nor next month is April, August, or December.

What month must it be?

Please submit your trivia solution or puzzle ideas to [Patrick Fowler](#).

Trivia
Answers to Last Months Questions

- Which two women have appeared on the U.S. \$1 coin?
Susan B. Anthony and Sacagawea
- Who was the first U.S. billionaire?
Henry Ford
- In the financial world, what is a zombie?
Zombies, also called living dead, are companies that continue to operate even though they're bankrupt.
- How did the word "bread" come to mean money?
"Bread," the slang word for money, comes from an old Cockney rhyme, "Give me your money. Give me your bread and honey."

ATTN: TSG Verification Clients

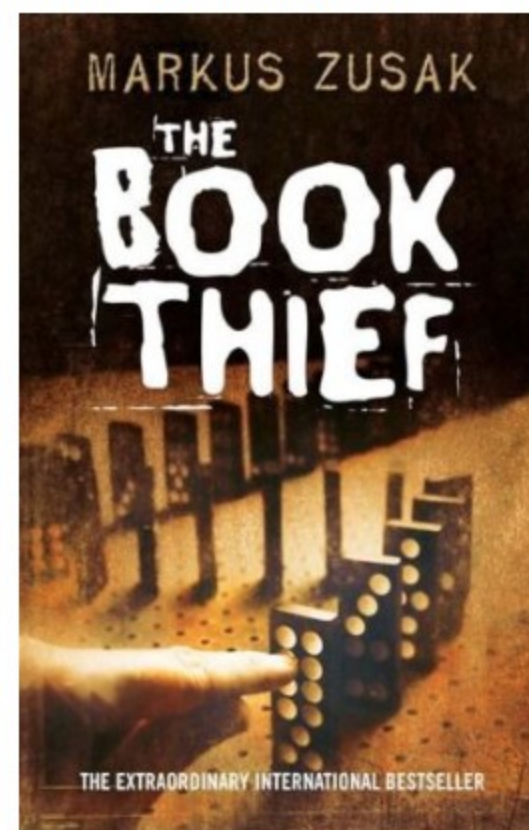
As a reminder, all TSG verification clients receive full, unlimited access to our [Insiders.TSGperformance.com](https://insiders.tsgperformance.com) site filled with tools, templates, checklists, and educational materials designed to make compliance and verification as easy as possible for you and your firm.

Contact CSpaulding@TSGperformance.com if you have any questions or are having trouble accessing the site.

Book Review

The Book Thief, by Markus Zusak

Review by David D. Spaulding, DPS, CIPM



As is often the case, I cannot say with certainty why I asked for this book for my recent birthday, but I did; and it was purchased for me by my son, Chris, and his family. It's not a recently published book. My younger son, Doug, told me that his mother, my late wife Betty, read it. I don't have a recollection of this, but she did read 50-70 books a year, so it would have been impossible to keep up with her.

The book is reportedly a good one. It's not.

It's a great one.

And, in many ways.

The story keeps your attention through 552 pages. As with many such stories, as we get closer to the end, it becomes more difficult to put it down. I finished it in just a very few days, but did put a "full court press on" the last two.

The writer's style is unusual in his use of bolded text to inform the reader of some key information; he does this throughout. He is not hesitant to share what many might consider spoilers (e.g., that Rudy will die, long before he does).

The story takes place in a small town in Germany during World War II. Actually, most of the story takes place on Himmel Street; and, in case you didn't know, Himmel means Heaven. Its residents are poor, struggling to get by. Markus Zusak questions why anyone would bomb a street named for heaven, but the Allies did.

The story is narrated by Death, and as far as I know, this is the first time this has occurred. Death is quite candid throughout.

The Institute of Performance Measurement

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Toward the end of the book, I cried: very deeply, and for multiple reasons. One was reading of the deaths of some of the characters. And another, because of how one of these deaths was described: "He was tall in bed and I could see the silver through his eyelids. His soul sat up. It met me. Those kinds of souls always do – the best ones. The ones who rise up and say, 'I know who you are and I am ready. Not that I want to go, of course, but I will come.'"

This particular statement hit me very personally. I believe Betty had such a soul. She had suffered through nine years of IPF, idiopathic pulmonary fibrosis. In the end, after much prodding, treatments, tests, and invasive procedures, she was ready. We talked about it one night: I asked her if she was ready to die, and she said she was. She would have uttered those very words: that she didn't want to go, but that she was ready.

I suspect that this story might offer comfort to others who have lost loved ones. To imagine that Death does, in fact, meet them to claim their souls and take them upwards: to where, the author doesn't say. But the descriptions are often done in a very respectful and touching way.

When I lost my wife, four-plus years ago, I read several grief books. While this isn't a grief book, it still provides a degree of comfort.

Germany during WWII, of course, also had scenes involving Jews, and the author addresses this, in a manner that provides the reader with some insights into the tragedy that occurred.

Do I recommend this book? What do you think?

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