TSG
We Are Performance

Performance Perspectives

Insights from the performance experts

Volume 22 • Issue 7 • July 2026 - Performance Themes

Performance Themes that Repeat

By Patrick W. Fowler, TSG

Over the years, I've had the privilege of hosting and moderating more than 110 Performance Measurement Forum meetings around the world. Most recently, two weeks ago in Milan, Italy. While the topics have evolved, from the early days of spreadsheet-based reporting to today's discussions around AI, private markets, risk analytics, and data governance, one theme has remained remarkably consistent.

Teams perform best when everyone understands not just what they're producing, but why.

When I walk into a Forum meeting, I know the conversations will be different than they were five or ten years ago. Technology has advanced. Regulations have changed. Client expectations continue to rise. But sooner or later, someone raises a challenge that sounds familiar.

"Our performance team calculates it one way."

"Our risk team explains it differently."

"Our reporting group presents something that creates questions."

"Our regional offices aren't always aligned."

These aren't technology problems. They're knowledge and communication problems.

Increasingly, we're seeing OCIOs and institutional investors wrestle with inconsistencies across departments, business units, and geographic regions. Small differences in methodology or interpretation can lead to unnecessary rework, lengthy internal discussions, and difficult conversations with clients, investment committees, and other stakeholders.

Perhaps the most concerning trend is one that rarely gets discussed openly.

Many professionals are reluctant to ask questions about a calculation or methodology because they're afraid they'll appear inexperienced or maybe even foolish. Who wants to jeopardize their position in front of their peers or managers? The reality is that almost everyone has had moments where they've wondered, *"Why do we calculate it this way?"* or *"Can someone explain the reasoning behind this?" or "What do these numbers actually mean?"*

The strongest organizations create an environment where those questions are welcomed, not avoided.

One of the biggest lessons I've taken away from more than a hundred Forum meetings is that training is rarely about teaching someone how to use a system. It's about building confidence. It's about creating a common language across performance, risk, attribution, operations, and client reporting teams. It's about making sure that when a manager, client, or stakeholder asks a difficult question, anyone on the team can explain the answer with clarity and confidence.

That's why we've seen organizations invest more in practical education, not because their people lack talent, but because the industry has become more complex. Standards evolve. Products become more sophisticated. New technologies emerge. Continuous learning is no longer optional.

Issue Contents:

The Voice

A GIPS 2030 idea: include some requirements on annualization

By David Spaulding, DPS, CIPM

When the GIPS standards were first launched, there was no need to speak about annualizing returns, though there was a requirement that firms no annualize for periods greater than a year. However, now with the requirement for firms to report the 36 month annualized standard deviation for both the composite and its benchmark, a bit more is needed.

To require a 36-month annualized verification, at least on the surface, seems pretty simple, but is it?

Let's say your cumulative return is 16.50 percent. How to annualize?

<u>By years</u>

1. Convert to a decimal and add one: 1.1650
2. Raise this value to the 1/3 power:

$$1.1650^{(1/3)}$$

The teams that stand out aren't necessarily the ones with the newest technology. They're the ones where everyone understands the methodology behind the numbers, trusts the process, and feels comfortable asking questions.

After more than three decades at TSG and over 110 Forum meetings, that's one lesson that hasn't changed.

GIPS® Tips

Experience "White Glove" GIPS Standards Verification With TSG

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.

Partnering with us means gaining access to a team of seasoned GIPS specialists dedicated to delivering unparalleled service and exceptional value. Whether you're seeking a new verifier, preparing for your initial verification, or just starting to explore GIPS compliance, TSG is the best choice.

Why Choose TSG?

Unmatched Expertise: Our experienced team brings unmatched proficiency in the GIPS standards, ensuring thorough and efficient (not "never-ending") verifications.

Personalized Support: We understand that the journey toward GIPS compliance is complex. That's why we offer ongoing support and guidance as needed, as well as access to a suite of exclusive proprietary tools, designed to make compliance and verification as easy as possible for you and your firm.

Actionable Insights: When you choose TSG, you will work with ONLY highly experienced senior-level GIPS and performance specialists. Their expertise translates into actionable advice, helping you navigate the complexities of the Standards in the most ideal way for your firm.

Hassle-Free Experience: At TSG, we guarantee your satisfaction and we do not lock our clients into long-term contracts.

Ready to Experience the TSG Difference?

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

3. Subtract 1 and convert back to a percent: 5.2225%=5.22%

By months

1. Convert to a decimal and add one: 1.1650
2. Raise this value to the 36/12 power

$$1.1650^{(36/12)}$$

3. Subtract 1 and convert back to a percent: 5.2225%=5.22%

By days

Okay, so this is a bit tricky because of leap years. We'll consider two possibilities, though it could be more complex.

There is no leap year within the three years

1. Convert to a decimal and add one: 1.1650
2. Raise this value to the 365/365×3 power; 365×3=1,095

$$1.1650^{(365/1,095)}$$

3. Subtract 1 and convert back to a percent: 5.2225%=5.22%

There is a leap year within the three years

1. Convert to a decimal and add one: 1.1650
2. Raise this value to the 365.25/(365×3+1)/ power; 365×3+1=1,096

$$1.1650^{(365.25/1,096)}$$

3. Subtract 1 and convert back to a percent: 5.2213%=5.22%

As you can see, when there's a leap year, there is a *very slight* difference, but we get essentially get the same result, probably for obvious reasons.

I know of one software vendor who uses trade days, not calendar days. This, in my view, makes no sense. First, what country's number do you use, since countries have differences (e.g., in the USA Memorial Day and July 4 are holidays, while Boxing Day is a holiday in the UK and Canada. Also, the number can vary from year-to-year.

For 2026, the LSE is expected to have 252-253 trading days while the TSE has only 245. The US has 252.

Let's say you're calculating the 3-year annualized return for a composite for the calendar year 2025, meaning you go back three years. What do we find for the USA:

- 2025: 250 trading days
- 2024: 252 trading days
- 2023: 250 trading days.

So, the total is 752. What do we divide by? The average, perhaps? That would be 250.667. So, let's calculate the annualized return:

1. Convert to a decimal and add one: 1.1650
2. Raise the value to the 250.667/752 power

$$1.1650^{(250.667/752)}$$

3. Subtract 1 and convert back to a percent: 5.2225%=5.22%

So, we get the same result.

But should this be permitted?

I would say only if the firm

1. Declares what country's number of trading days they will use
2. Declare what days were used in their math, since the number can vary from year to year

What if they report in Euros? This can vary. For example, Greece seems to have the least number, given their propensity for more local and religious holidays (249-250 for 2026) while several Euro countries have 253. If your report is in Euros, you would need to declare these details.

There remains a fundamental question: why use trading days? The only

The Journal of Performance Measurement®

This month's article brief spotlights "ESG Attribution: A Risk Parity Approach to Effective Risk Control" by Philippe Gregoire, Ph.D. It was published in the Spring 2026 issue of *The Journal of Performance Measurement*.

This paper introduces a framework to assess the impact of active ESG investment strategies, which internally integrate ESG analysis or asset owner constraints, unlike passive approaches relying on external ESG indices. Both methods reduce the investable universe, but active strategies require tailored risk-return evaluation. Unlike traditional proportional reallocation –which overlooks additional risk– the risk parity approach redistributes excluded assets to ensure balanced risk contributions across the remaining portfolio. This approach offers three key benefits: equal incremental risk contribution, preservation of the benchmark's risk structure, and isolation of ESG effects, ensuring performance differences reflect only ESG strategy, not unintended risk shifts. The framework empowers asset managers to align financial and sustainability goals, ensuring ESG integration enhances –rather than disrupts– index risk-return trade-off.

PUZZLE TIME

The Doubling Investment Puzzle

You invest **$1,000**. Each year, your money grows by **10%**.

Without using a calculator: approximately how many years will it take for your investment to **double**?

Hint: There's a famous shortcut called the **Rule of 72**.

June's Puzzle: Congratulations to Anthony Howland for submitting the correct answer.

Investor A earns **8% annually** for 30 years.

Investor B earns **10% annually** for 25 years.

Both start with **$10,000** and never add more money.

Who ends up with more?

The answer:

Let's estimate:

Investor A

8% for 30 years

Using the Rule of 72:

- Doubles every years.
- In 27 years, the money doubles about 3 times.

There are 3 years left, which adds roughly another 26%:

Investor B

software vendor I know of who uses them couldn't give me a reason when I asked them, because they simply didn't know.

I believe the Standards *should* speak to this.

Quote of the Month

"To live is the rarest thing in the world. Most people just exist."
— Oscar Wilde

That's a Good Question

What Is GIPS Compliance?

GIPS® compliance is more than a marketing claim. It demonstrates a firm's commitment to transparent, consistent, and ethical investment performance reporting. In this month's featured blog, we explain what GIPS compliance means, why it has become an expectation among institutional investors, and how independent verification can strengthen credibility, improve internal processes, and help firms compete with confidence. Whether you're considering compliance for the first time or looking to reinforce your existing program, this is a great refresher on the value of the GIPS standards.

Read full blog post here: **https://tsgperformance.com/what-is-gips-compliance/**

Compliance Corner

GIPS® Verification and the SEC Marketing Rule

As firms continue navigating the SEC Marketing Rule, many are asking an important question: does GIPS verification help support compliance efforts?

In this month's featured SEC Blog post, TSG explores how GIPS verification can strengthen a firm's credibility, governance, and controls around investment performance reporting. While GIPS verification does not guarantee compliance with the SEC Marketing Rule, it can provide firms with a strong operational framework and added confidence around policies, procedures, and performance presentation practices.

The article also highlights how regulators, prospects, and clients increasingly expect transparency, consistency, and documented oversight in performance advertising and reporting.

For firms managing the growing complexity of marketing compliance, verification can play an important role in reducing risk while reinforcing trust in reported results.

Read the full blog post here: https://tsgperformance.com/gips-verification-sec-marketing-rule/

Free Webinar Replay

The SEC Marketing Rule in Practice

Moderated by Lance Dial, with insights from David Spaulding, DPS, CIPM, Grossetti, and Thoreau Bartmann.

10% for 25 years

- Doubles every years.
- In about 21.6 years, the money doubles 3 times.

There are only about 3.4 years left, adding roughly 38%:

So **Investor B actually ends up with more**.

Winner: Investor B by about $7,700.

The lesson is that a higher return can outweigh fewer years—but only up to a point. If Investor A had started just a few years earlier, the extra time could beat the higher rate. That's one of the key ideas behind long-term investing.

ATTN: TSG Verification Clients

As a reminder, all TSG verification clients receive full, unlimited access to our **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.

Upcoming Webinars / Surveys

Join CFA Institute on 10–11 November 2026 at the Loews Philadelphia Hotel for the 30th Annual GIPS® Standards Conference, where performance and compliance professionals, investment managers, asset owners, verifiers, consultants, and regulators will come together to explore the issues shaping the future of investment performance. This year's agenda features expert-led discussions on AI and performance measurement and reporting, private market trends and retailization, SEC examination priorities, GIPS Standards updates, performance (incentive) fees, and practical guidance from the GIPS Standards Help Desk. Hear directly from industry leaders and regulatory experts as they share real-world perspectives, emerging trends, and actionable insights.

Beyond the educational sessions, the conference offers valuable opportunities to connect with peers from across the

TSG Milestones

Industry Dates and Conferences

What to Expect From TSG in 2026

As we head into 2026, TSG is expanding its platform of events, research, and industry resources designed to support performance, attribution, risk, and GIPS® professionals across the globe. The newly released **2026 Partnership Opportunities** outline a robust lineup of conferences, forums, research initiatives, and media channels that continue to connect practitioners, asset owners, consultants, and technology providers in meaningful ways.

TSG 2026 Events Calendar

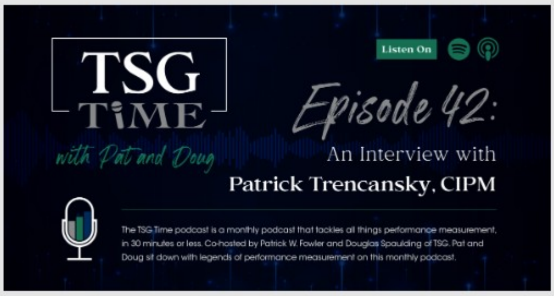
Date	Event	Location
September 16	PMAR Europe	London, England
October 22–23	EMEA Performance Measurement Forum	Prague, Czech Republic
November 18	Asset Owner Roundtable (AORT)	San Diego, CA, USA
November 19	North American Performance Measurement Forum	San Diego, CA, USA

Mark Your Calendars! Let's make 2026 a year to remember.

For information on the 2026 events and partnership opportunities, please contact Patrick Fowler at 732-873-5700.

global investment industry, exchange ideas, discuss common challenges, and build lasting professional relationships. Whether you're looking to stay ahead of regulatory developments, strengthen your understanding of the GIPS Standards, or discover practical approaches you can apply within your organization, you'll leave with new knowledge, fresh perspectives, and an expanded professional network. **Find out more.**

Use TSG Discount Code: **GIPSTSG100**. to receive $100 off



TSG Performance | TSG Time with Pat & Doug, Episode 42

In Episode 42 of **TSG Time**, Pat and Doug sit down with **Patrick Trencansky,** Senior Performance Analyst at Diamond Hill. Patrick discusses his journey from wealth management into investment performance measurement, attribution, and GIPS® compliance. He reflects on the lessons he's learned throughout his career, the value of earning the CIPM designation, and the growing challenges investment firms face as they scale reporting and automation efforts. The conversation also explores the growing role of artificial intelligence in investment performance, the opportunities AI creates for improving reporting, and the new risks firms should consider. He also shares insights on the value of the Performance Measurement Forum, offers career advice for professionals entering the industry, and closes with a fun lightning round covering everything from his favorite childhood memory to the one part of life he'd automate with AI.

To hear the full conversation, listen to Episode 42 of *TSG Time* wherever you get your podcasts or visit tsgperformance.com/podcast.

Institute / Training

We're offering a revised **two-day in-house performance measurement workshop**, covering returns, benchmarks, attribution, risk, and the GIPS standards.

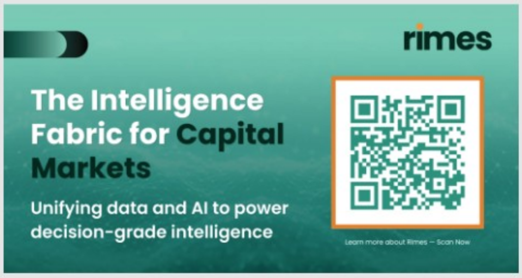
Are your performance, risk, and reporting teams fully aligned on methodology and calculations? Do all the members understand what they're producing and why? Are they able to answer questions that may arise from stakeholders, clients, and other team members? We're seeing many OCIO and institutional teams struggling with inconsistencies across groups or regions, which often leads to rework and difficult client and stakeholders conversations. Too many team members are afraid to ask questions about what they're calculating or reporting, for fear they will look foolish.

We recently helped a very large OCIO organization address this by training more than 150 professionals globally. Perhaps, the biggest benefit was that everyone received the same foundation at the same time. Plus, the opportunity to better understand the *what* and *why* behind what they were doing, thus significantly enhancing their knowledge and skill level, enhancing their confidence, and making them even more valuable assets to their organization.

This year we're offering our **two-day in-house performance measurement workshop**, covering returns, benchmarks, attribution, risk, and the GIPS standards. It has been delivered globally to thousands of individuals and hundreds of organizations for more than 25 years, and, if appropriate, can be tailored to meet the needs of your team.

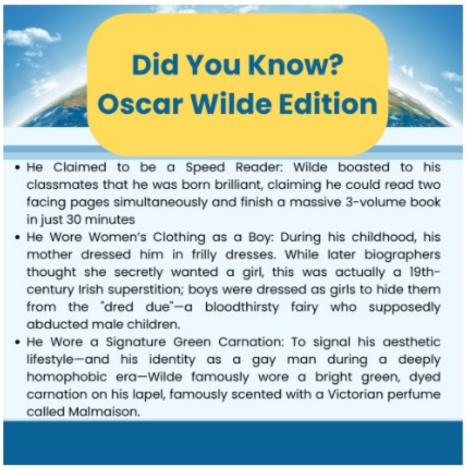
We've been fortunate to see tremendous interest in our training programs.

GIPS 2030



Rimes provides the Intelligence Fabric for Capital Markets, a trusted data network and intelligence architecture that transforms fragmented data, operations and workflows into decision-grade intelligence. The world's leading institutional investors, asset managers, and service providers rely on Rimes to help them make better investment decisions that power more than US$ 75 trillion in AUM annually. For more information, visit www.rimes.com.

Potpourri



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

Fall Issue: October 16th, 2026

As a result, **September is fully booked**, and we have availability for just **two remaining in-house training engagements in 2026**. If you'd like to secure one of those slots, we will lock you in, so you can benefit from this valuable training this year.

To encourage early planning, we are offering **10% off programs scheduled for Q4 2026. In addition, if you commit** by **August 15, 2026** we will also receive **two complimentary passes to PMAR 2027**.And if this year won't work, It's also not too soon to look ahead to 2027.

Can you organization and team members benefit from such training? If you'd like to discuss this opportunity further, please click my email **Patrick Fowler** (**PFowler@TSGPerformance.com**)

P.S., this training is not only great for performance professionals, but anyone in the investment industry will benefit. Most firms choose to send team members from back office, compliance, legal, marketing, portfolio management, technology, and other departments to increase their knowledge and understanding of these key concepts.

Inside the Institute: A Fresh Perspective

Institute.TSGperformance.com

Investment performance professionals face rising demands: more data, more scrutiny, and a need to explain outcomes clearly to stakeholders. Whether you're responsible for performance reporting, risk oversight, attribution analysis, or standards compliance, the Institute of Performance Measurement gives you tools you can use on Monday morning.

Choose from foundational courses that build your core skill set, specialized training in attribution and fixed income analysis, or hands-on Python programming built for real-world performance tasks. You'll learn from experts with decades of experience, work through practical examples, and gain confidence in areas where precision matters most.

And with on-demand access, you learn at your own pace, on your own schedule. If your goal is to master performance measurement fundamentals, advance your career, or elevate your team's capabilities, these courses are designed for you.

Overview of Courses at the Institute of Performance Measurement

The Institute offers a range of on-demand, practical training programs geared to investment performance professionals. Students can learn at their own pace, deepen technical skills, and gain real-world tools for calculating, explaining, and improving performance.

Core Offerings:

Free Course

- **Masterclass on the GIPS® Standards for Asset Owners** – A single-lesson introduction to applying the Global Investment Performance Standards from the asset owner's perspective.

Foundational and Specialty Courses

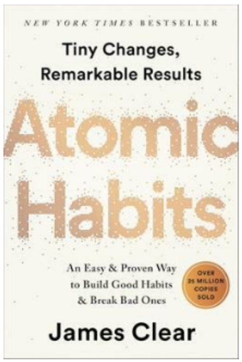
- **Fundamentals of Performance Measurement** (**5-module bundle**) – A comprehensive program covering rates of return, benchmarks, performance attribution, risk concepts, and GIPS standards. Ideal for newcomers or as a refresher.
- **Performance Measurement Attribution** (**4-module bundle**) – A focused deep dive into attribution analysis, including equity, fixed income, multi-level, and multi-period attribution techniques.
- **Python for Performance Measurement** (**32 lessons**) – Practical Python training tailored to performance professionals, including data manipulation, visualization, and coding exercises relevant to returns, risk, and GIPS calculations.
- **Fixed Income Attribution** (**3 lessons**) – Concentrated training on fixed income attribution methods, bond valuation, yield curve analysis, and several established attribution models.
- **Conference Recordings (PMAR North America & PMAR Web)** – Collections of sessions and insights from past PMAR events,

Winter Issue: January 15th, 2026

For any questions, please reach out to Doug Spaulding at DougSpaulding@TSGperformance.com.

Book Review

Atomic Habits, by James Clear
Review by David Spaulding, DPS, CIPM



I always have at least one book going at a time on Audible, and several that I am literally reading.

Recently, while listening to *Everything You Want is on the Other Side of Hard,* by Ken Rideout, the author mentioned that he had picked up a copy of Atomic Habits, which, at the time, I was also reading. Interesting coincidence.

We all have habits, both good and bad. And, we no doubt want to begin some new ones while dropping some not-so-good. I thought perhaps this book might help. And, I think it is.

"The seed of every habit is a single, tiny decision." I agree. We need to decide. For me, that's loads of things, including taking my supplements every morning, spending some quiet time in reflection, and flossing daily.

I am an active reader: that is [as per Google], I "wrestle" with the text and use techniques like underlining to force familiarity with what I'm reading. In addition, I will make notes and use other forms of notation while reading. And this book used a fair amount of ink.

The author mentions "stories" that we tell ourselves, such as "I'm terrible with directions" and "I'm not good at remembering names." I have challenged myself to identify my stories. Unlike the stereotypical man, I do not hesitate to ask for directions; and while at one time I was not good at remembering names, those days are behind me. But, I am sure I still am being limited by my own "stories."

The author speaks of what we have "become" through our habits. I think this can be broadened to how we identify ourselves and how our habits may have contributed to this identity. Because I work out five-to-seven days a week, I identify as a "fit" person, as someone who is "into fitness." At one time I avoided reading; granted, that was nearly 50 years ago, but it was quite a challenge for me to read a book. Now, I very much identify myself as a reader, because I developed the habit of always having books around me and books I'm reading. I have still challenged myself to identify "what have I become?"

Further, to identify what I want to become. By setting some goals, I can develop the habits to help me achieve those goals.

Another question that arose while reading the book is "what are my beliefs?" This is somewhat like the earlier statements such as "I'm terrible with directions," but perhaps goes further.

I love books that cause me to think, reflect, and better yet, take action, and this is one of those books. There are reasons it has sold more than 20 million copies.

- bridging performance measurement with broader industry trends.

Modular Add-Ons

- Smaller, focused modules on individual topics from the fundamentals curriculum such as risk measurement, GIPS concepts, rates of return, and performance attribution fundamentals.

We all have habits, both good and bad. And, I suspect we all want new good ones and perhaps to abandon some of those old ones. This book can help.

My wife said she wants to read it. But rather than give her my copy, I ordered a new one for her. Why? Because I need to spend some concentrated time on review, reflection, and action.

Yes, I recommend this book. Oh, and I will at some point do a review on the Ken Rideout book.

What a Word

Aisle

In this section, we will introduce a word we think is a bit unusual or interesting. We hope you enjoy it. And please feel free to send us your suggestions.
Aisle is one of those English words that looks much stranger than it sounds.

It's pronounced **"I'll"** (/aɪl/), even though it's spelled **a-i-s-l-e**. The **s** is silent, and the **-le** ending doesn't sound like it normally would.

Part of the confusion comes from the fact that it's unrelated to the similar-looking word **island**:

- **aisle** comes from Old French *aile* ("wing"), referring to the side section of a church.
- **island** has a completely different origin. The **s** was actually added later because people mistakenly associated it with the Latin *insula*.

English has plenty of these "looks wrong but is right" words:

- **colonel** → "kernel"
- **choir** → "quire"
- **yacht** → "yot"
- **debt** → silent **b**
- **subtle** → silent **b**