

# Global Investment Performance Standards (GIPS) Webinar

**Theme:**

**GIPS 2020: Prospects and Benefits  
for the Nigerian Investment Industry**

**Session starts 1:00pm**





Moderator



**Remilekun Iwalehin**  
Senior Associate, Finance Advisory, PwC Nigeria



## Agenda

Time	Activity	Duration (mins)	Facilitator
1:00 - 1:05pm	Welcome and Introduction	5	<b>Cyril Azobu</b> Consulting leader, PwC West Market Area
1:05 - 1:20pm	Keynote speech : GIPS 2020: Benefits and Prospects for the Nigerian Investment Industry	15	<b>Banji Fehintola</b> President, CFA Society Nigeria
1:20 - 1:40pm	Overview of GIPS 2020: Practical Approach for Investment Managers	20	<b>Dimitri Senik</b> Director, Global Head of Investment Performance Services PwC and Chair, GIPS Technical Committee
1:40 - 1:55pm	Global Investment Performance Standards: Regulator's Perspective	15	<b>Dayo Obisan</b> Commissioner, Securities and Exchange Commission (SEC)
1:55 – 2:10pm	Managing the Impact of Covid-19 on Investment Performance in Nigeria	15	<b>Ife Dixon</b> Head, Technical Committee, Fund Managers Association of Nigeria
2:10 - 2:30 pm	Q&A Session	20	<b>All</b>
2:30- 2:35 pm	Wrap up & Close	5	<b>Bimbola Banjo</b> Head, Finance Advisory PwC West Market Area

## Welcome and Introduction



**Cyril Azobu**  
Consulting leader, PwC West Market Area

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Keynote Speech:  
“GIPS 2020: Benefits and  
Prospects for the Nigerian  
Investment Industry”



**Banji Fehintola**  
President, CFA Society Nigeria



# THE GIPS® STANDARDS

PROSPECTS AND BENEFITS FOR THE NIGERIAN INVESTMENT  
INDUSTRY



**CFA Society  
Nigeria**

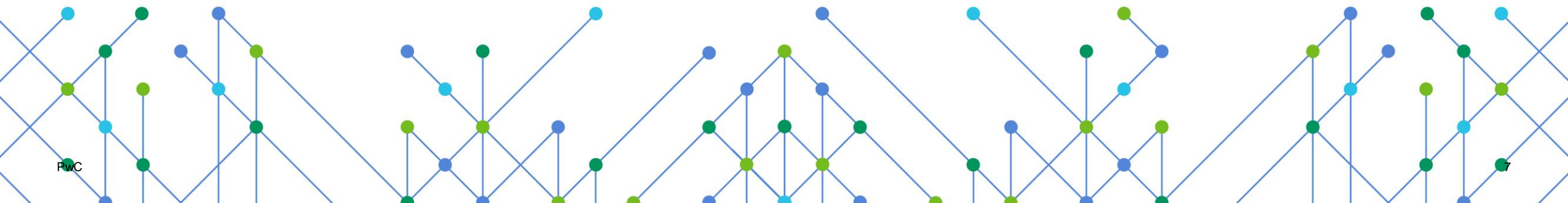


**CFA Institute®**  
Global Investment  
Performance Standards

# CFA INSTITUTE

## MISSION STATEMENT:

**To lead the investment profession globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.**



# PROMOTING PROFESSIONALISM IN THE INVESTMENT INDUSTRY

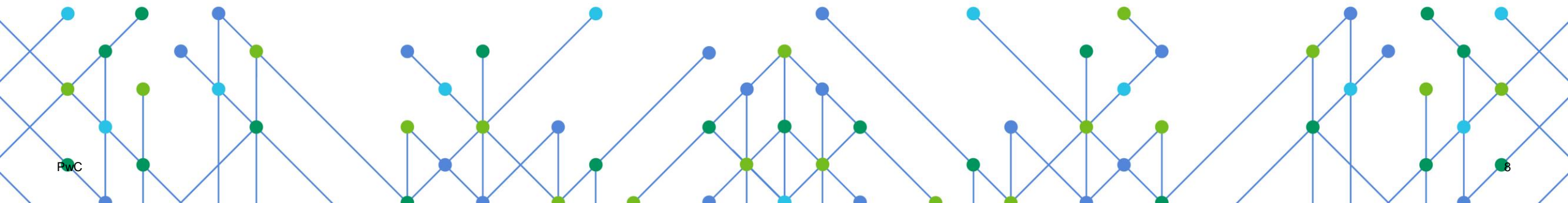
We educate future professionals through a curriculum grounded in ethical and professional standards

Our members attest annually to adhere to our Code of Ethics and Standards of Professional Conduct, and maintain their professional ethics and competency through ongoing training and development

A global team enforces compliance to the Code and Standards ensuring CFA Charterholders maintain the highest standard of ethics and professional excellence

Firms commit to our industry codes and standards that put investor interests first. Ethics training to the wider investment industry advances professionalism at all levels, leading to better outcomes for investors.

Provision of Codes and Standards helps to build Market Integrity





# INDUSTRY CODES AND STANDARDS

**GLOBAL  
INVESTMENT  
PERFORMANCE  
STANDARDS  
(GIPS®)**

**ASSET  
MANAGER  
CODE™**

**PENSION  
TRUSTEE CODE  
OF CONDUCT**

**ENDOWMENTS  
CODE OF  
CONDUCT**

**GIPS®  
STANDARDS  
FOR  
FIDUCIARY  
MANAGEMENT  
PROVIDERS  
TO UK  
PENSION  
SCHEMES**

**ESG  
INVESTMENT  
MANAGEMENT  
STANDARD  
(IN DEVELOPMENT)**

# WHAT ARE THE GIPS STANDARDS?

The CFA Institute **Global Investment Performance Standards (GIPS®)** are an investment industry standard for calculating and presenting historical investment performance.

The GIPS standards are developed, maintained, and promoted through the collaboration of:



Volunteers from the investment community



GIPS Standards Sponsors, which include 60+ not-for-profit organizations



CFA Institute®, a global association of investment management professionals

By establishing standardized requirements for calculating and presenting performance, the GIPS standards make it possible for:



Investment managers to compete on an equal footing in all markets.



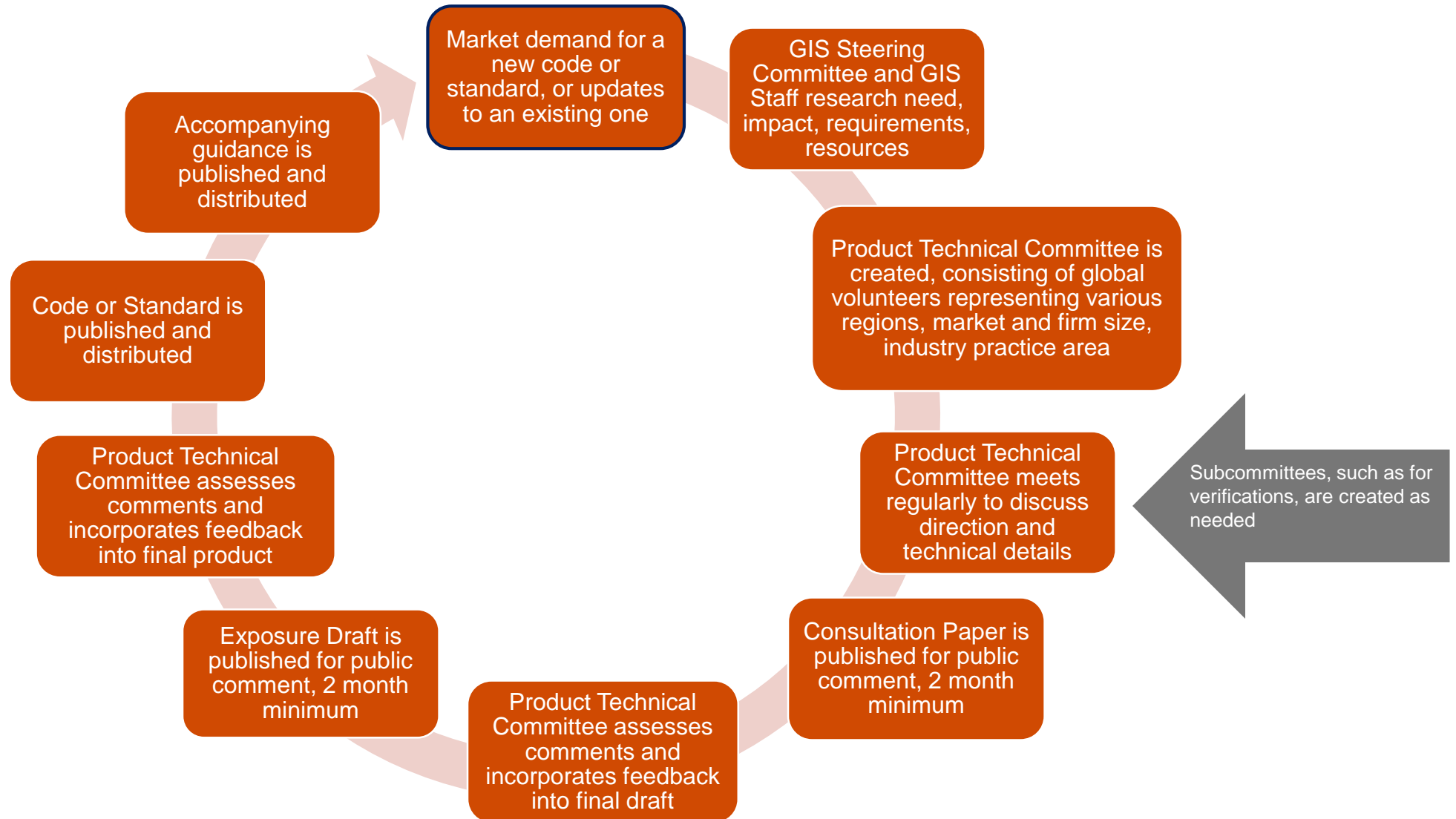
Investors to compare the past performance of asset managers.



Asset owners to fully disclose and fairly present performance to oversight bodies and stakeholders.

**Over 1,700 organizations, across 46 markets, claim compliance with the GIPS standards.**

# GIS STANDARD SETTING PROCESS



# WHO ARE THE GIPS STANDARDS DESIGNED FOR?

## Asset Owners

- An **asset owner** is as an entity that manages investments, directly and/or through the use of external managers, on behalf of participants, beneficiaries, or the organization itself.
- The term “asset owner” applies to organizations and not to individuals.
- Asset owners are typically accountable to an oversight body (e.g., board of trustees) responsible for establishing investment policies and monitoring performance.



Asset owners include pensions, endowments, foundations, sovereign wealth funds, provident funds, insurers and reinsurers, family offices, and fiduciaries.

## Investment Managers

- An **investment manager**, or asset manager, is an organization that manages assets on behalf of clients.
- The term “investment manager” applies to organizations and not to individuals.
- A **firm** is an entity defined for compliance with the GIPS standards. A single investment manager can have multiple “firms”.

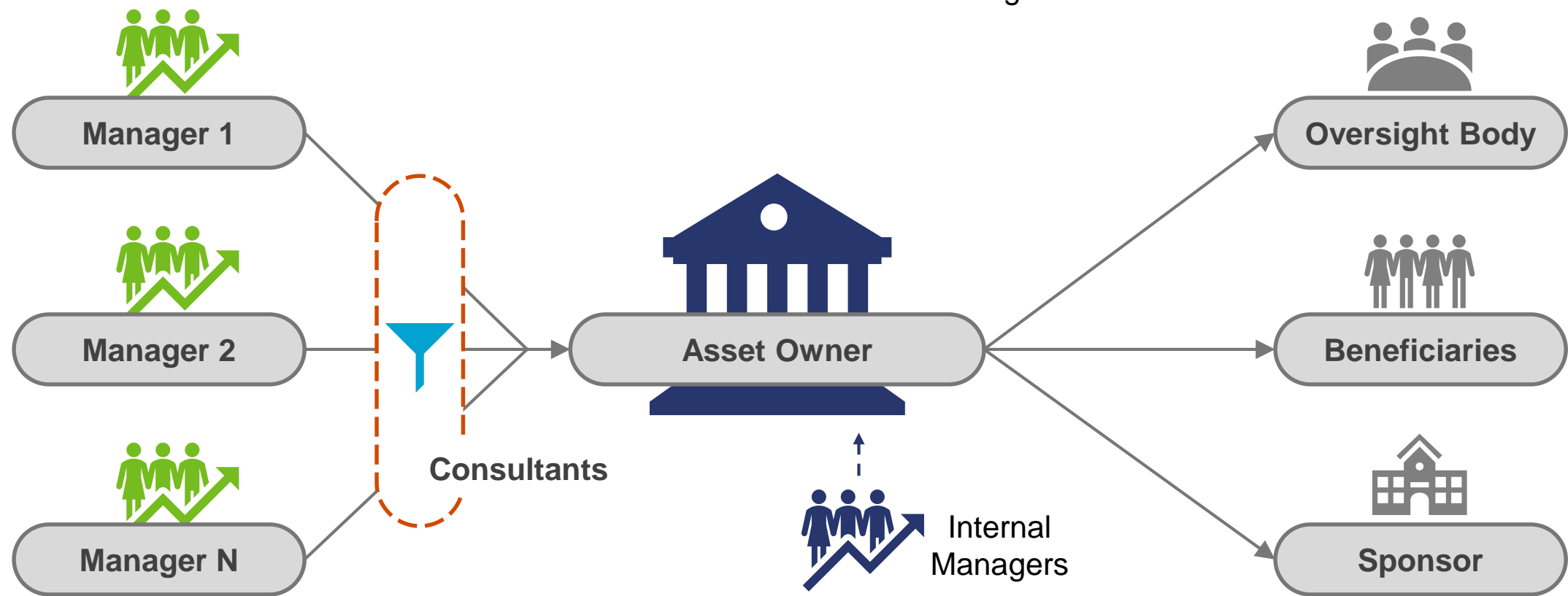


Investment managers may manage assets for individual clients, pooled funds, or both.

# HOW DO ASSET OWNERS USE THE GIPS STANDARDS?

Asset owners, sometimes with the help of consultants, use historical performance to select and evaluate external managers.

Asset owners report historical performance to stakeholders. Overall performance is driven by external managers, and sometimes internal managers as well.





# WHAT PROBLEMS DO THE GIPS STANDARDS ADDRESS?



***“Apples and Oranges”***

Without standardized requirements for calculating and presenting performance, it would be impossible for asset owners to compare the performance reports of external managers and for managers to compete on a level playing field.



***“Bad Apples”***

If performance reports do not fairly represent and fully disclose actual results, then asset owners and oversight bodies will not have the information they need to make good decisions and fulfill their obligations.

# HOW DO THE GIPS STANDARDS SOLVE THESE PROBLEMS?

## Collaboration

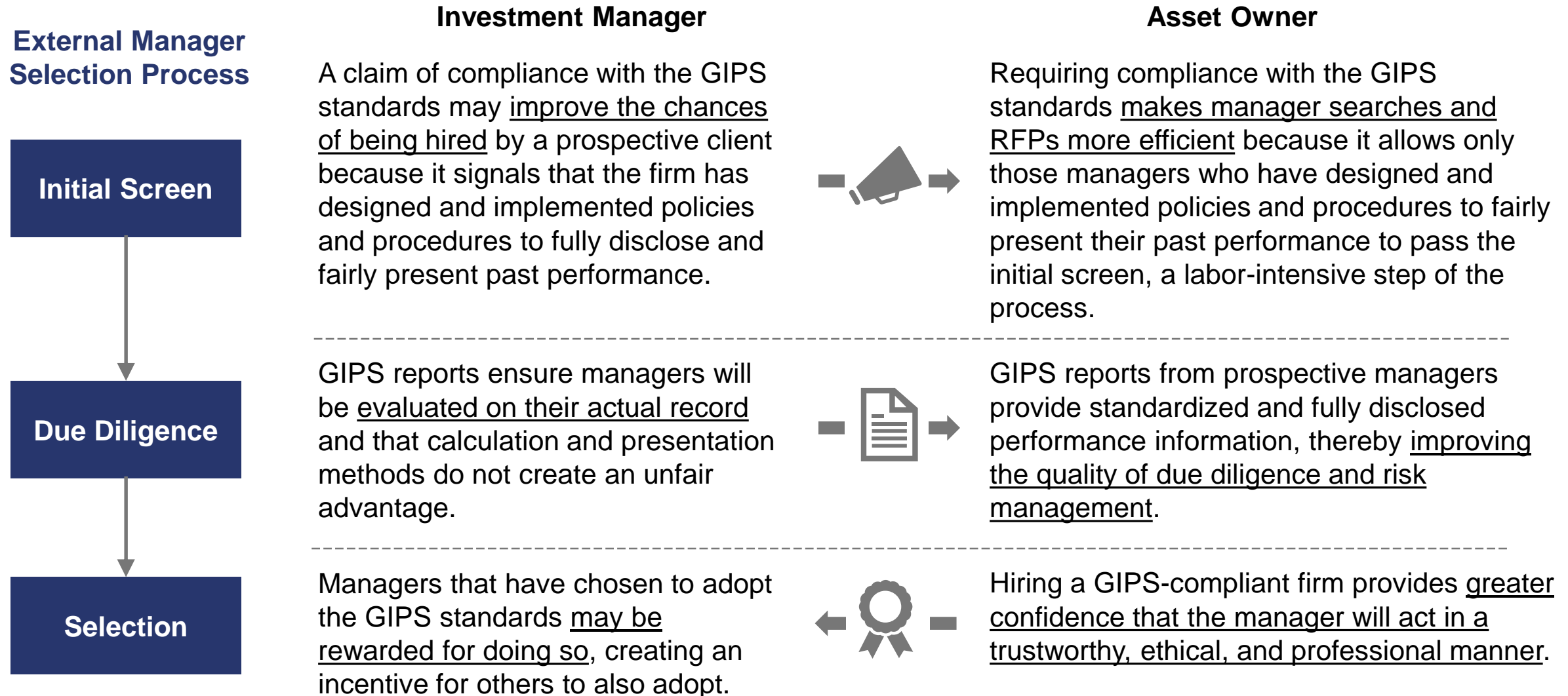
- The GIPS standards are supported by a diverse group of volunteers that represent the perspectives of asset owners, investment managers, and service providers.
- GIPS Standards Sponsors in 40+ markets provide input and feedback to ensure the GIPS standards function within their local markets.
- All proposed changes to the GIPS standards are released first as exposure drafts for public comments.

## Independence

- CFA Institute, a not-for-profit global association of investment management professionals, provides the staff and funding to maintain the GIPS standards.
- CFA Institute does not earn revenue from the GIPS standards – they are provided to all market participants free of charge.
- CFA Institute jointly approves, along with the volunteer GIPS Technical Committee, the issuance of the GIPS standards, ensuring they are aligned with the organization's mission.

The mission of CFA Institute is to lead the investment professional globally by promoting the highest standards of ethics, education, and professional excellence for the ultimate benefit of society.

# WHAT BENEFITS DO THE GIPS STANDARDS PROVIDE?



# How do I know if a firm is actually complying?

- **Verification** is a process by which an independent verifier conducts testing of a firm on a firm-wide basis, in accordance with the required verification procedures of the GIPS standards. The output is a verification report, which is issued on a firm-wide basis.
- The **purpose** of verification is intended to provide a firm and its prospective and current clients and pooled fund investors additional confidence in the firm's claim of compliance with the GIPS standards.
- The GIPS standards recommend that firms be verified.



A verification report opines that, for the period(s) for which the verification has been performed, the firm's policies and procedures for complying with the GIPS standards related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects: designed in compliance with the GIPS standards; and implemented on a firm-wide basis.



Verification cannot be carried out only on a composite or a pooled fund and, accordingly, provides no assurance about the performance of any specific composite or pooled fund or any specific GIPS Report. (Detailed testing of a specific composite or pooled fund can be carried out via a performance examination, in accordance with the required procedures of the GIPS standards.)

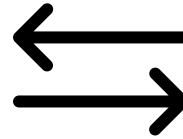


Firms must comply with all applicable requirements of the GIPS standards, which include requirements beyond those specified in the required verification procedures. Therefore, verification does not provide assurance on the firm's claim of compliance with the GIPS standards in its entirety.

# ARE FIRMS REQUIRED TO COMPLY?

## Standard Setters

Standard-setting bodies set industry standards. They are typically private sector, self-regulated organizations with board members who are experienced professionals and users of the standards.



## Regulatory Authorities

Regulatory authorities frequently recognize and enforce industry standards through the powers granted to them by law. However, regulatory authorities retain the right to establish standards and can overrule private sector standard-setting bodies.

- Typically regulators do not mandate compliance with the GIPS standards, and therefore compliance is typically voluntary.
- However, if a market has laws or regulations prohibiting false advertising, regulatory authorities can and may take enforcement actions against firms that falsely claim compliance with the GIPS standards.
- Many regulators look to the GIPS standards to inform rule-making for their market.



# WHY WERE THE GIPS STANDARDS UPDATED?



Current edition: 2020  
Previous edition: 2010

## Objectives for updating the GIPS standards

- Make the GIPS standards more relevant for pooled funds, which do not fit neatly into the current composite construction or GIPS standards reporting framework.
- Make the GIPS standards more relevant for all asset classes, including alternative investment funds/strategies.
- Better address applicability for asset owners.
- Consolidate guidance that has expanded since the 2010 edition of the GIPS standards was issued.

Four elements comprise the GIPS Standards guidance:

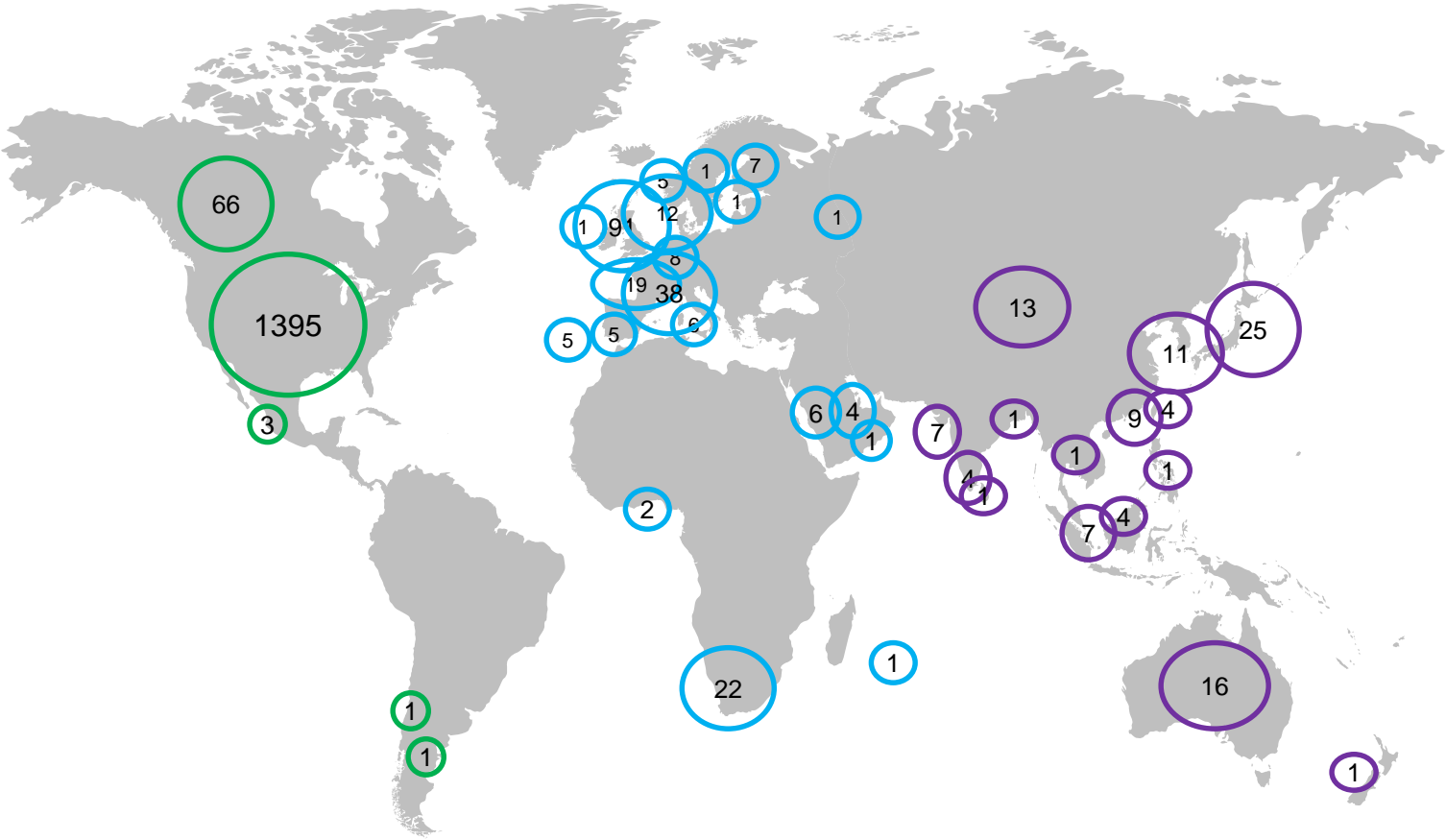
1. Provisions, organized in chapters by user type (*shown on left*)
2. Interpretations
3. Guidance statements
4. Q&A database

# GIPS standards COMPLIANCE AROUND THE WORLD

All entities by location as of 31 May 2020

AMER	Argentina	1	EMEA	Andorra	1
	Bermuda	2		Austria	2
	Canada	66		Belgium	3
	Chile	1		Denmark	12
	Mexico	3		Finland	7
	USA	1395		France	18
APAC	Australia	16		Germany	8
	Bangladesh	1		Ireland	1
	China	13		Italy	6
	Hong Kong SAR	9		Jordan	1
	India	4		Liechtenstein	1
	Japan	25		Luxembourg	1
	Korea	11		Mauritius	1
	Malaysia	4		Netherlands	8
	New Zealand	1		Nigeria	2
	Pakistan	7		Norway	5
	Philippines	1		Oman	1
	Singapore	7		Portugal	5
	Sri Lanka	1		Russian Federation	1
	Taiwan	4		Saudi Arabia	6
	Thailand	1		South Africa	22
				Spain	5
				Sweden	1
				Switzerland	38
				UAE	4
				United Kingdom	91

15 Asset owners:  
USA, Canada, Portugal, Switzerland, Oman  
Norway, Hong Kong SAR, Saudi Arabia



Most significant number of entities by location

# Where can I get additional information?

- 2020 edition of the GIPS standards
  - [www.cfainstitute.org/ethics/codes/gips-standards](http://www.cfainstitute.org/ethics/codes/gips-standards)
- Recorded webinars
  - [www.gipsstandards.org/compliance/Pages/articles.aspx](http://www.gipsstandards.org/compliance/Pages/articles.aspx)
- Help Desk
  - [gips@cfainstitute.org](mailto:gips@cfainstitute.org)
- Interpretations of the provisions in the 2020 GIPS standards are being created
  - Goal is to issue this guidance for firms by 31 December 2019, and for asset owners in early 2020

# WHO IS THE GIPS STANDARD SPONSOR IN MY AREA?

As of 30 June 2019

[Australia](#) Financial Services Council (FSC)

[Canada](#) Canadian Investment Performance Council (CIPC)

[China](#) CFA Society Beijing

[Cyprus](#) CFA Society Cyprus

[Czech Republic](#) CFA Society Czech Republic and Czech Capital Market Association (AKAT)

[Denmark](#) CFA Society Denmark and The Danish Finance Society

[France](#) CFA Society France and Association Française de la Gestion Financière (AFG)

[Germany](#) German Asset Management Standards Committee (GAMSC): Bundesverband Investment und Asset Manager e.V. (BVI); Deutsche Vereinigung für Finanzanalyse und Asset Management (DVFA); and CFA Society Germany

[Ghana](#) Ghana Securities Industry Association (GSIA)

[Greece](#) CFA Society Greece

[India](#) CFA Society India

[Indonesia](#) CFA Society Indonesia and

Indonesia Association of Mutual Fund Managers (Asosiasi Pengelola Reksa Dana Indonesia, or APRDI)

[Ireland](#) Irish Association of Investment Managers (IAIM)

[Italy](#) Italian Investment Performance Committee (IIPC): Associazione Bancaria Italiana (ABI); Associazione Italiana degli Analisti e Consulenti Finanziari (AIAF); Assogestioni; Società per lo sviluppo del Mercato dei Fondi Pensione (Mefop); Associazione Italiana Revisori Contabili (Assirevi); and CFA Society Italy

[Japan](#) The Securities Analysts Association of Japan (SAAJ)

[Kazakhstan](#) Association of Financial and Investment Analysts (AFIA)

[Korea](#) Korea Investment Performance Committee (KIPC)

[Liechtenstein](#) Liechtenstein Bankers Association (LBA)

[Mexico](#) CFA Society Mexico

[Micronesia](#) Asia Pacific Association for Fiduciary Studies (APAFS)

[The Netherlands](#) VBA-Beleggingsprofessionals

[New Zealand](#) CFA Society New Zealand

[Nigeria](#) Nigeria Investment Performance Committee: CFA Society Nigeria; Pensions Operators Association of Nigeria (PENOP); and Fund Managers Association of Nigeria (FMAN)

[Norway](#) The Norwegian Society of Financial Analysts (NFF)

[Pakistan](#) CFA Society Pakistan

[Peru](#) Procapitales

[Philippines](#) CFA Society Philippines; Fund Managers Association of the Philippines (FMAP) and Trust Officers Association of the Philippines (TOAP)

[Poland](#) CFA Society Poland

[Portugal](#) Associação Portuguesa de Analista Financeiros (APAF)

[Russia](#) CFA Association Russia

[Saudi Arabia](#) CFA Society Saudi Arabia

[Singapore](#) Investment Management Association of Singapore (IMAS)

[South Africa](#) Association for Savings and Investment South Africa (ASISA)

[Spain](#) Asociación Española de Presentación de Resultados de Gestión

[Sri Lanka](#) CFA Society Sri Lanka

[Sweden](#) CFA Society Sweden and The

Swedish Society of Financial Analysts (Sveriges Finansanalytikers Forening or SFF)

[Switzerland](#) Swiss Funds & Asset Management Association (SFAMA)

[Thailand](#) The Association of Provident Fund (AOP)

[Ukraine](#) The Ukrainian Association of Investment Business (UAIB)

[United Kingdom](#) United Kingdom Investment Performance Committee (UKIPC): The Investment Association (TIA); The Association of British Insurers (ABI); Pensions and Lifetime Savings Association (PLSA); The Association of Consulting Actuaries (ACA); The Society of Pension Consultants (SPC); The Investment Property Forum (IPF); The Alternative Investment Management Association (AIMA); and The Wealth Management Association (WMA)

[United States](#) United States Investment Performance Committee (USIPC) of CFA Institute

THANK YOU!



**CFA Society  
Nigeria**

PwC CFA Institute



# 2

## “Overview of GIPS 2020: Practical Approach for Investment Managers”



**Dimitri Senik, CFA**

PwC Switzerland, Investor Trust Services Leader  
Chair of the GIPS Technical Committee of CFA Institute

# What are the GIPS standards?

**Global Investment Performance standards (GIPS®) are the globally accepted framework for fair and transparent investment performance reporting to prospective clients**

- Introduced in 1999 and administered by CFA Institute
- Globally, more than 1,800 investment managers comply with the GIPS standards
- Voluntary: Legal regulations prevail over the GIPS standards
- Include requirements and recommendations on administration of composites, portfolios and pooled funds, input data, performance calculation methods and reporting
- Only apply to reporting intended for potential investment management clients, not to existing clients
- Report performance at the composite or pooled fund level
- GIPS compliance can be claimed only on a firm-wide basis, not for individual composites, portfolios or funds
- Require an initial presentation of a track record of at least 5 years (1 year for asset owners) or since inception of the firm
- GIPS compliance means a commitment to provide any potential client with a GIPS report upon request
- The GIPS standards recommend, but not require, independent audit ('GIPS verification')



GIPS 2010:

[www.gipsstandards.org](http://www.gipsstandards.org)

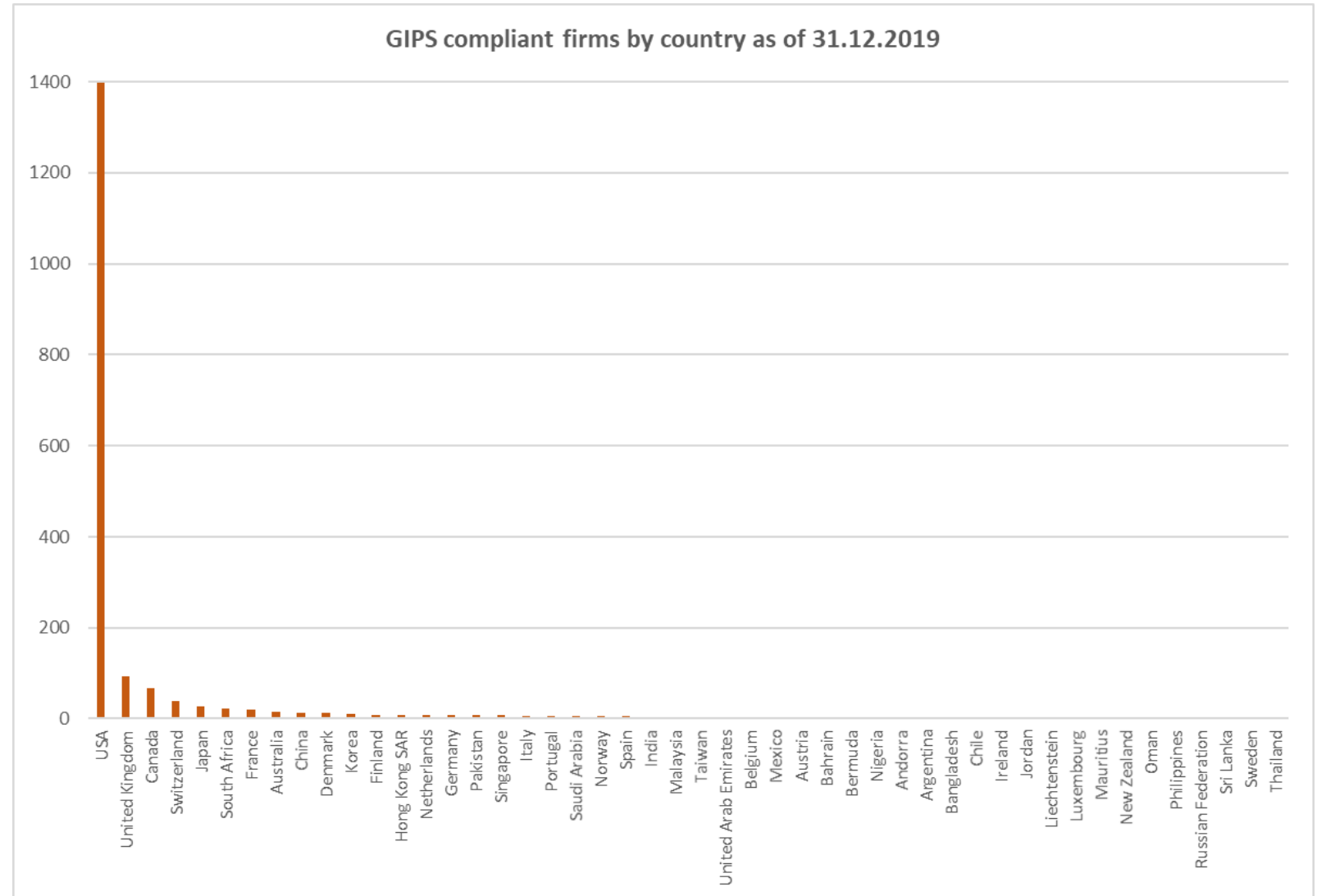
GIPS 2020:

<https://www.cfainstitute.org/ethics-standards/codes/gips-standards>

# GIPS compliant firms by country as of 31.12.2019

Top 10 countries	
Total	1838
USA	1399
United Kingdom	92
Canada	66
Switzerland	38
Japan	26
South Africa	22
France	19
Australia	16
China	13
Denmark	13

Source: CFA Institute



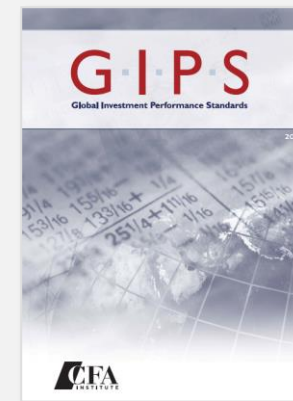
# GIPS standards: Evolution



GIPS 1999



GIPS 2005



GIPS 2010



GIPS 2020

GIPS 1999 → 2005

- Private equity
- Real estate
- Advertising
- Guidance Statements
- Country standards → GIPS

GIPS 2005 → 2010

- New presentation and disclosure requirements
- Valuation principles
- Revision of PE and RE guidance
- New Guidance Statements

GIPS 2010 → 2020

- Separate standards for firms, asset owners, verifiers
- Special regime for pooled funds
- MWR expansion
- Former PE and RE guidance consolidated under Private Market Investments
- New GIPS reports
- New guidance (e.g. overlay strategies)

# 2020 GIPS standards: Objectives and effective date



- Consolidate various GIPS guidance issued since the 2010 GIPS standards
- Better accommodate the needs of managers of pooled funds and alternative investments, as well as firms focussing on high-net-worth clients
- Better address applicability for asset owners
- Further improve GIPS reporting
- Effective date 1.1.2020. GIPS reports that include performance for periods ending on or after 31.12.2020 must be prepared in accordance with the 2020 GIPS standards. GIPS reports that include performance for periods ending prior to 31.12.2020 (e.g. YTD-returns through 30.09.2020) may be prepared in accordance with the 2010 GIPS standards.





# 2020 GIPS standards: New structure

The 2020 GIPS standards introduce three separate frameworks for (1) Firms, (2) Asset Owners and (3) Verifiers, and enhance the performance reporting specifically for pooled funds and for presentation of money-weighted returns.

Firms	Asset owners	Verifiers
General provisions: 1. Fundamentals of compliance 2. Input data and calculation methodology 3. Composite and pooled fund maintenance	General provisions: 21. Fundamentals of compliance 22. Input data and calculation methodology 23. Total fund and composite maintenance	<ul style="list-style-type: none"><li>• Verification</li><li>• Performance examination</li></ul>
Composite reports: 4. TWR report 5. MWR report	Asset owner reports: 24. Total fund and composite TWR report 25. Composite MWR report	
Pooled fund reports: 6. TWR report 7. MWR report		
8. Advertising Guidelines: <ul style="list-style-type: none"><li>• Composite</li><li>• Limited distribution pooled fund</li><li>• Broad distribution pooled fund</li></ul>	26. Advertising Guidelines	
Glossary	Glossary	Glossary

# Composites vs. pooled funds

The 2020 GIPS standards introduce tailored concepts to better reflect the peculiarities of segregated portfolios vs. pooled funds.

Firms need to consider what is being offered:

- Investment strategy offered as a segregated portfolio (or as both a segregated portfolio and a pooled fund)
- Participation in a specific broad distribution pooled fund
- Participation in a specific limited distribution pooled fund

## **Composite (grouping of portfolios with comparable investment strategy):**

Firm sells an investment strategy to a client (who may opt to invest either through a segregated portfolio or a pooled fund)

## **Broad distribution pooled fund (BDPF):**

Firm sells participation in a specific fund. Typically, no direct contact between the firm and the pooled fund investor. Regulated under a framework that would permit the general public to purchase or hold the pooled fund's shares. Not exclusively offered in one-on-one presentations.

## **Limited distribution pooled fund (LDPF):**

Firm sells participation in a specific fund – any pooled fund that is not a BDPF

- If firms sell participation in specific pooled funds, they must classify them either as BDPF or LDPF
- If a pooled fund is managed by the firm on behalf of a third-party fund management company (i.e. the firm is not responsible for the fund's selling/distribution), the firm must consider such a fund a segregated portfolio and include it in a composite



# Money-weighted returns (MWR)

The 2020 GIPS standards expand the flexibility to use money-weighted returns:

- Historically, firms were required to present time-weighted returns (TWR), except for specific cases of Private Equity and Real Estate
- Now firms may choose to present MWR (e.g. 'Since Inception IRR' or 'Since Inception Modified Dietz') instead of TWR for the composite or pooled fund if:
  - The firm has control over external cash flows, and
  - The portfolio or the pooled fund has, at least one of the following characteristics:
    - Closed-end
    - Fixed life
    - Fixed capital commitment
    - Illiquid investments are a significant part of the investment strategy
- GIPS reports that present MWR are required to:
  - Include MWR for only one period – since inception annualised through the most recent annual period-end (as opposed to the annual returns for TWR)
  - Include all other information (e.g. assets, committed capital, distributions and related multiples) only as of the most recent annual period-end
  - Composites and pooled funds that use a subscription line of credit must present performance both with and without the subscription line of credit effect (unless the exemption criteria are met)



# New GIPS reporting

Depending on the nature of the investment portfolio being managed, the 2020 GIPS standards provide a larger number of options for performance reporting:

	Time-Weighted Return (TWR)	Money-Weighted Return (MWR)
Composite	Composite TWR report	Composite MWR report
Limited distribution pooled fund (LDPF)	<ul style="list-style-type: none"><li>• Pooled fund TWR report</li><li>• Optional: Composite TWR report*</li></ul>	<ul style="list-style-type: none"><li>• Pooled fund MWR report</li><li>• Optional: Composite MWR report*</li></ul>
Broad distribution pooled fund (BDPF)	<ul style="list-style-type: none"><li>• No reporting</li><li>• Optional: Advertising Guidelines</li><li>• Optional: Pooled fund TWR report or composite report*</li></ul>	—
Asset owner	<ul style="list-style-type: none"><li>• Total fund TWR report</li><li>• Optional: Composite TWR report</li></ul>	Optional: Composite MWR report

\* If the pooled fund is included in the composite

# Elements of the 2020 GIPS standards framework

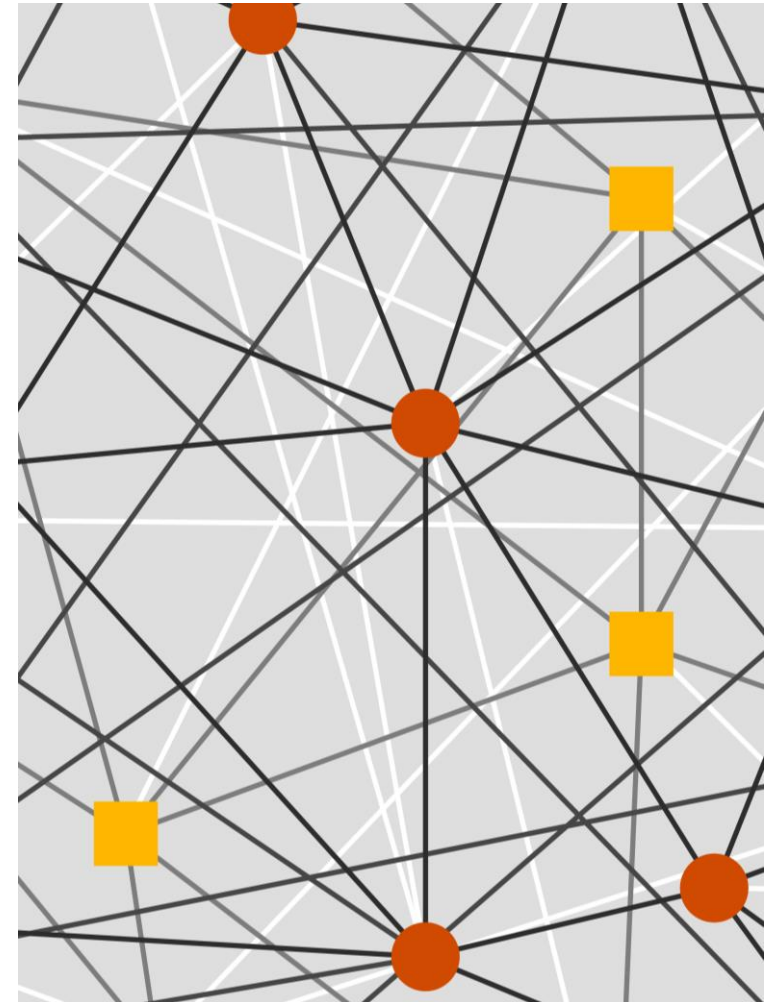
The GIPS 2020 framework consists of the following key elements:

- 2020 GIPS standards (together with explanatory adopting releases):  
<https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards>
- 2020 Explanations of the Provisions (former GIPS Standards Handbook):  
<https://www.cfainstitute.org/en/ethics-standards/codes/gips-standards/firms>
- 2010 GIPS Guidance Statements (being updated for the 2020 GIPS standards):  
<https://www.gipsstandards.org/standards/Pages/guidance.aspx>
- 2010 Q&As (being updated for the 2020 GIPS standards):  
<http://www.gipsstandards.org/standards/faqs/Pages/index.aspx>



**Important:**

**GIPS compliant firms must comply with all above guidance where applicable!**





**Thank you**

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“Global Investment  
Performance Standards:  
Regulator's Perspective”



**Dayo Obisan**  
Commissioner, Securities and Exchange  
Commission (SEC)



# 4

## “Managing the Impact of Covid-19 on Investment Performance in Nigeria”



**Ife Dixon**

Head, Technical Committee, Fund Managers  
Association of Nigeria



# Global Investment Performance Standards-GIPS

**GIPS compliance continues to grow and is making a significant impact in the investment industry.**

The GIPS standards not only ensure fair representation and full disclosure of firms' investment returns as expressed through consistent past performance information, but they also communicate firms' belief in self-regulation according to the ethical best practices supporting the calculation and presentation of investment performance.





# What is compliance with the GIPS Standards?

- The Global Investment Performance Standards (GIPS) are an ethical set of standardized, industry-wide principles that provide investment firms with guidance on how to report investment performance to prospective clients.
- The Standards allow firms to compete globally and provide investors with the ability to make comparisons between investment firms.
- In the institutional market, compliance with the Standards and third-party verification are de facto requirements.
- Firms will have a hard time winning business if they're not compliant and haven't gone through a GIPS verification.
- Compliance with the GIPS Standards is a way for firms to stand out and above competition in other markets, like retail and alternative investments, and to be sure that industry best practices are being followed. This provides internal and external benefits for the firm.





# Why Were Performance Standards Necessary?

- Lack of reporting consistency
  - Back testing
  - Performance Record Portability
  - Model portfolios
  - Survivorship
  - Representative portfolio
- Lack of industry-wide comparability
- Lack of regulatory guidance
  - Self-regulation of the industry

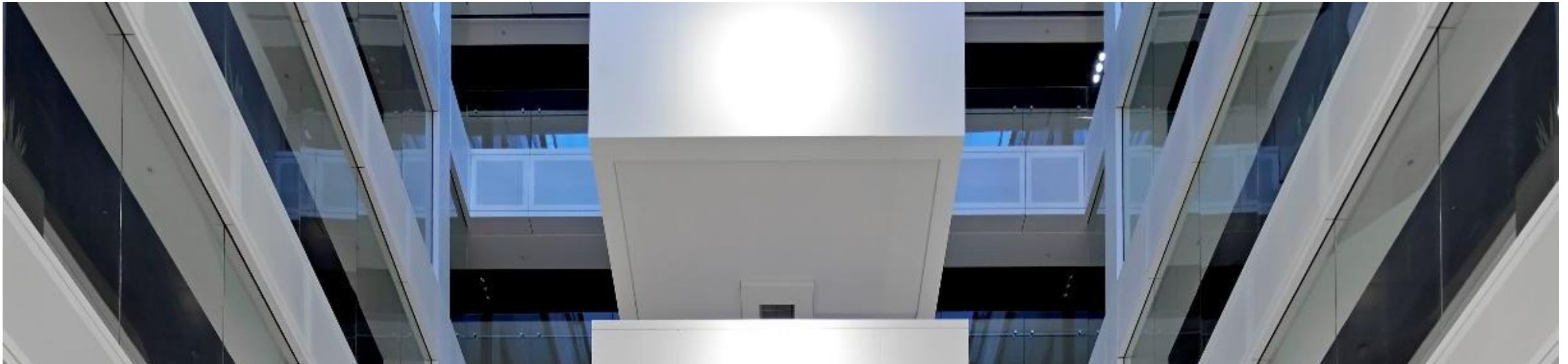






# What Performance?

- Primarily performance that will be presented to PROSPECTIVE CLIENTS
- Actual Performance, performance that happened, ex-post performance
- Not ex-ante, projected based on models or back-tested, hypothetical with the benefit of hindsight.
- The performance of the INVESTMENT MANAGER so the MANAGERS abilities can be compared, (Gross, Time weighted rates)





# Global Investment Performance Standards- Asset Owners

Asset owners benefit from requiring external investment managers they hire to claim compliance with the GIPS standards in many ways.

## Benefits to Asset Owners

- an enhanced ability to compare performance between investment managers and strategies.
- increased transparency of the performance presentation.
- Consistency in calculation methods, including frequency of valuation and income accruals.
- full disclosure of important details about the performance data presented, including key characteristics of the composite's investment mandate and the treatment of investment management fees.
- strengthened internal processes and controls.

# GIPS Compliant Companies

**In the face of uncertainty and danger arising from the spread of the pandemic, choose a trustworthy financial partner who complies with Global Investment Performance Standards (GIPS).**

GIPS are set of voluntary standards used by investment managers throughout the world to ensure full disclosure and fair representation of their investment performance.

In choosing a financial partner, being GIPS compliant is beneficial to both the investor and the investment manager

## Benefits to Investment Managers



Adherence to highest level of transparency



Managers are kept abreast of new trends and become seasoned professionals



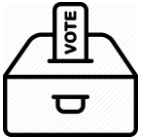
Belong to a distinguished network of highly trustworthy investment managers



# Nigeria's Macroeconomic Drivers

Over the last decade, the Nigerian macroeconomic environment has been driven by the following internal and external factors.

## INTERNAL



Political events have played major roles in boosting investor confidence or otherwise.



Government policies e.g. Ease of Doing Business regulations play a major part in economic growth.



Insurgencies e.g. pipeline vandalism and terrorist groups hamper foreign investor confidence.

## EXTERNAL



The rise and/or fall of oil prices have direct impact on Nigeria's revenues.



Implementation of trade agreements (bilateral/multilaterals) drive investor sentiments.



Foreign policy e.g. policies of European Central Banks, US Federal Reserve etc. can affect investors' participation in our equity and fixed income market.



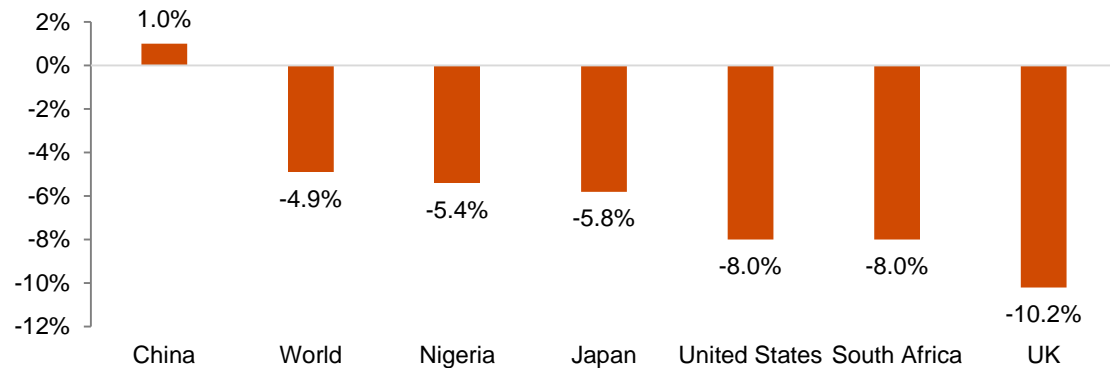
And until very recently....

Pandemics, especially the corona virus has effectively changed the world.

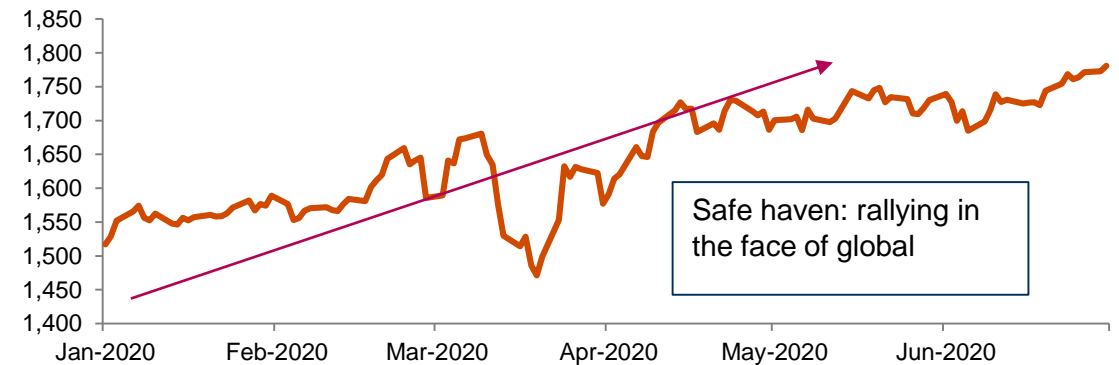
# The pandemic has affected various market indicators...

Since the advent of the pandemic, market indicators have been volatile. The global growth forecast for 2020 has also been revised downward.

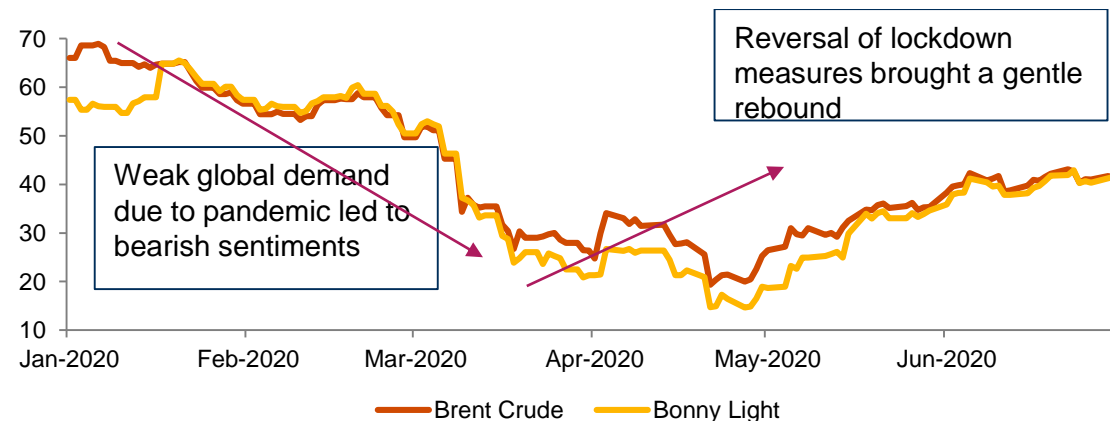
IMF 2020 Economic Projections



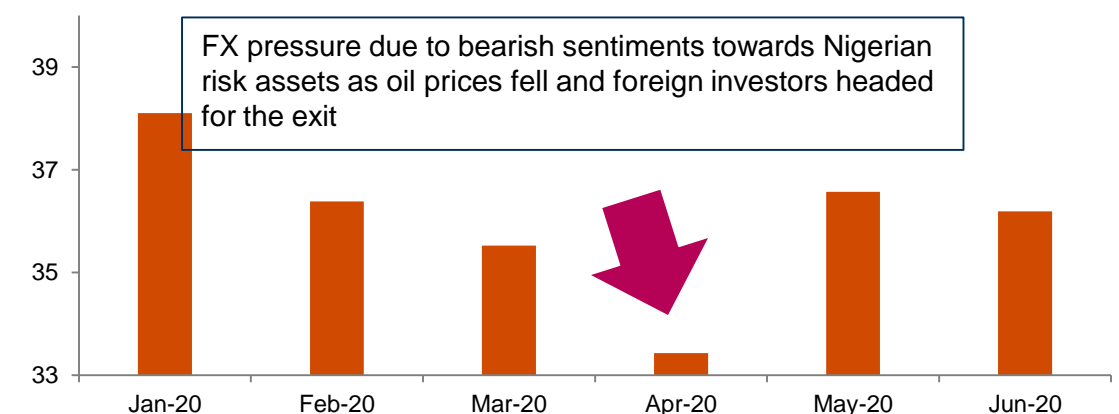
Price of Gold (USD)



Brent & Bonny Light Crude Oil Price



FX Reserves (USD'BN)

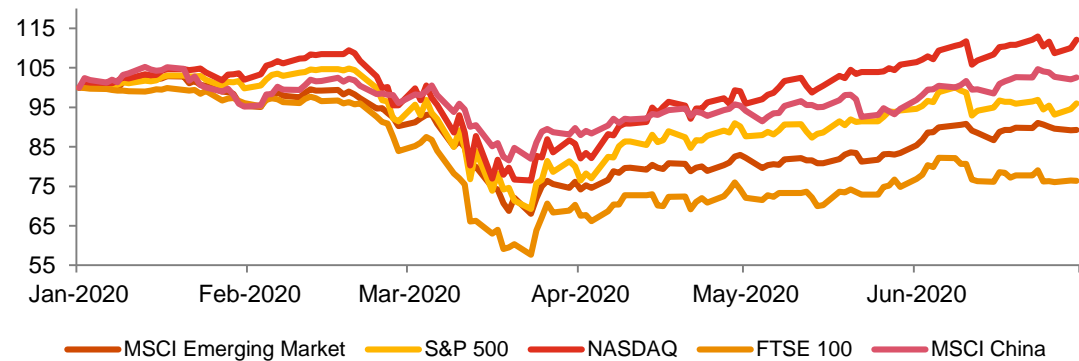


# The equity markets haven't been left out...

Equity markets all started the year on a positive note, but they all witnessed declines at the height of the pandemic (March/April). Although a recovery has begun due to government policies and reopening of economies.

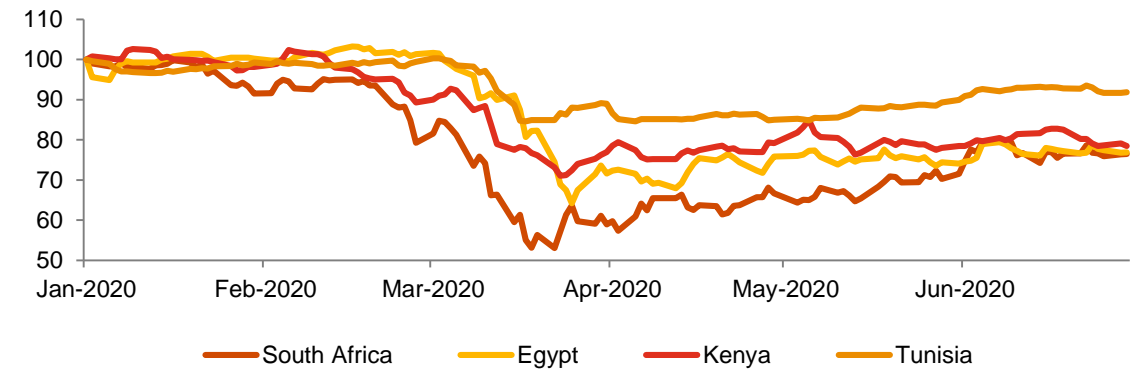
### Global Markets (USD)

Rebased to 100

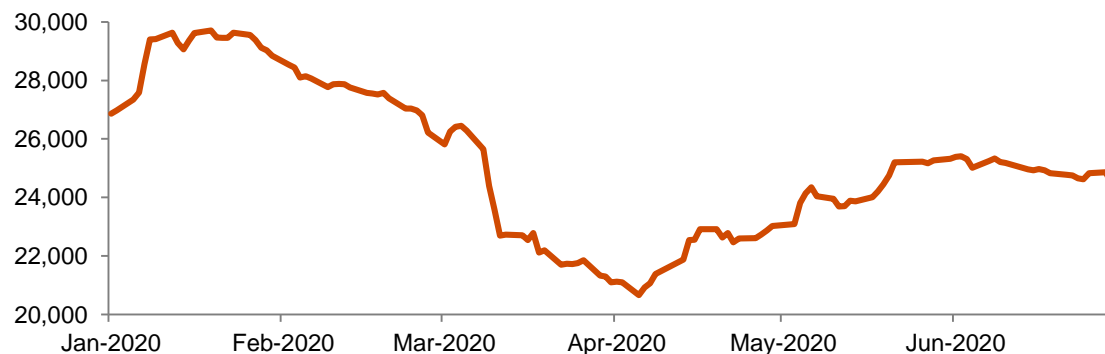


### African Stock Exchange Performance (USD)

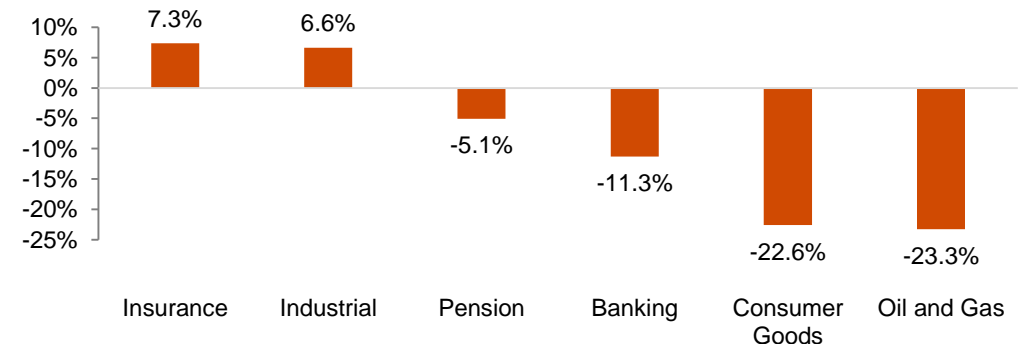
Rebased to 100



### Nigerian Stock Exchange



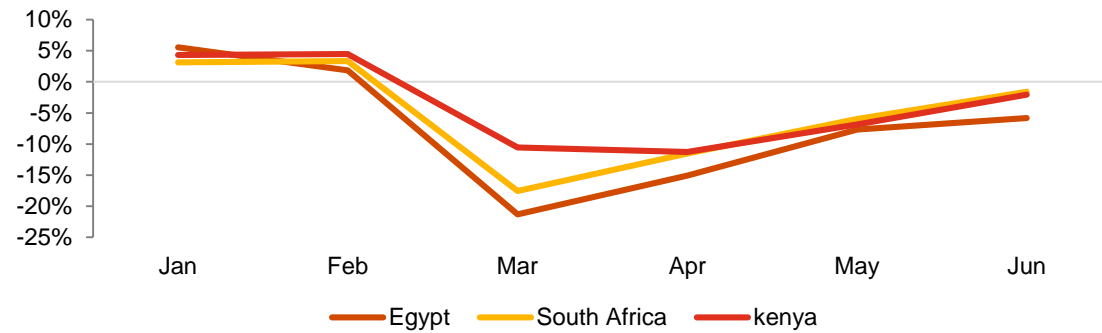
### Year -To- Date Sector Performance



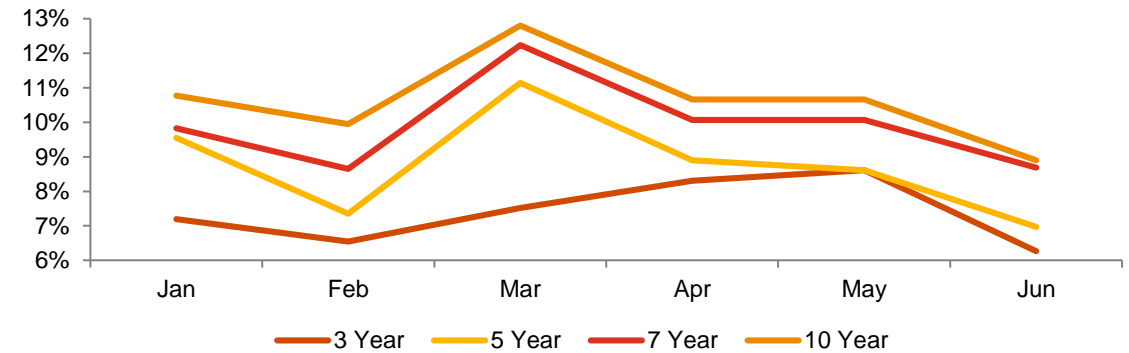
# The Fixed Income Market

Rates in the money market have been on a constant decline both at the auction and the secondary market. Bond yields, however, have experienced volatility and demand as they have offered better yields than bills.

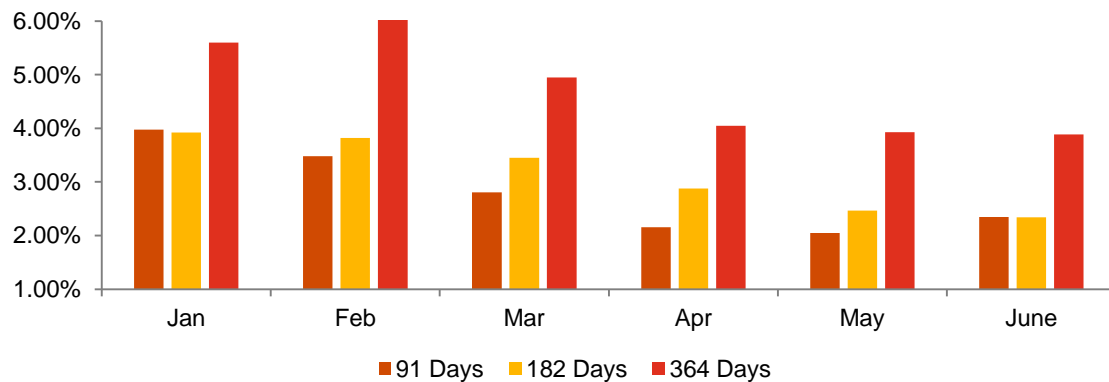
## 10-year Bond Yield on Select SSA Countries



## FGN Bond Yields



## Treasury Bill Rates





**Thank you**



Q&A Session



•|||• All

■ ■ ■ ■ ■ Wrap up & Close



**Bimbola Banjo**

Head, Finance Advisory PwC West Market Area





# Thank you

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