

## >>>FAIRVIEW FLASH REPORT<<<

### CFA Institute Issues Guidance Statement on Broadly Distributed Pooled Funds

<b>WHAT HAPPENED?</b>	<p>The CFA Institute has recently released a guidance statement on broadly distributed pooled funds for firms that manage one or more pooled funds and influence the official pooled fund documents or fund-specific marketing materials. A broadly distributed pooled fund is defined as a fund which is publicly available to multiple investors without a minimum quantity of investors required. This guidance statement includes both requirements and recommendations for the content and distribution of information given to prospective pooled fund investors. The CFA Institute hopes that this guidance will provide clarity around related pooled fund materials for firms claiming compliance with the Global Investment Performance Standards (“GIPS®”).</p>
<b>REQUIREMENTS</b>	<p>The following items are required to be included in the official pooled fund document or the fund-specific marketing materials given to prospective investors:</p> <ol style="list-style-type: none"><li>1. A description of the pooled fund’s investment mandate, objective or strategy;</li><li>2. A quantitative metric or qualitative narrative of the pooled fund’s risk;</li><li>3. The pooled fund’s returns calculated based on a specific methodology and for a set time period; and<ol style="list-style-type: none"><li>a. Please refer to page 7 and page 8 of the below link for: (i) the time periods permitted by GIPS standards to present returns if not required by local law; and (ii) calculation methodologies relating to returns of specific pooled fund share classes and non-specific pooled fund share classes.</li></ol></li><li>4. The currency used to calculate fund returns.</li></ol> <p>If a firm deems that it is unable to satisfy these conditions due to regulatory conflicts, their determination must be disclosed in their policies and procedures.</p>

<b>RECOMMENDATIONS</b>	<p>The following items are recommended by the guidance statement to be included in official pooled fund documents or fund-specific marketing materials:</p> <ol style="list-style-type: none"><li>1. A description of the benchmark and its total returns;</li><li>2. Whether there are sales charges and loads and how they are managed; and</li><li>3. A GIPS pooled fund claim of compliance (please find the exact language on page 8 of the below link), which includes the name of the firm managing the pooled fund if different from the firm claiming compliance.</li></ol>
<b>WHAT DOES THIS MEAN FOR ME?</b>	<p>The requirements and recommendations provided in the guidance statement will become applicable beginning on January 1, 2018. Firms that claim to be GIPS compliant and manage pooled funds should carefully review all official documents and marketing materials related to this investment vehicle. These firms should guarantee that, at a minimum, they abide by the requirements issued in the guidance statement. Please contact Fairview with any questions or concerns you might have around the CFA's recent guidance statement.</p>

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Sources: [https://www.gipsstandards.org/standards/Documents/Guidance/gs\\_pooled\\_funds.pdf](https://www.gipsstandards.org/standards/Documents/Guidance/gs_pooled_funds.pdf)