

Tech Tip Thursday: How Orion Can Help Advisors Seeking GIPS Verification



What's the weather going to be like this weekend? Why's that light flashing on my car's dashboard? Will my golf game ever improve? There's enough uncertainty in life. Determining if you're GIPS compliant shouldn't be one of them! That's why at Orion, we provide tools to assist you with your GIPS verification process, helping to enable your GIPS compliance.

GIPS Refresher...

The Global Investment Performance Standards (GIPS) are ethical standards for investment managers that ensure a full disclosure and fair representation of investment performance results. Created by the CFA Institute and governed by the GIPS Executive Committee, GIPS provides standardized guidelines for reporting your firm's ability to earn a profit for your investors.

In order to claim compliance with GIPS standards, firms must meet the current GIPS standards, including (but not limited to): input data, calculation methodology, composite construction, disclosures and presentation, and reporting. GIPS standards are voluntary, but advisors that choose to hold themselves to these higher standards differentiate their business, which can add credibility to their client reporting.

We understand the importance of GIPS verification and your firm's desire to claim GIPS compliance. That's why we offer performance calculations that meet the GIPS calculation methodology requirements, allow you to track your composite returns and have reporting capabilities to help your firm easily compile

the data you will need during the GIPS verification process.

Tech Tip: Three Tools to Help Advisers Seeking GIPS Compliance

Performance Calculation Methodology that Meets GIPS Standards

Orion's TWR calculation meets the GIPS calculation methodology requirements. TWR removes the impact of cash flows and account size. Managers often have no control over when external cash flows occur and rarely have control of overall account size. But with TWR, we remove these factors enabling users to appropriately calculate the performance of the money manager.

GIPS-compliant composite returns include the monthly-weighted-average of the TWR for the accounts that fall within the constraints of the composite. Many managers and advisors prefer to show TWR performance on investor reports to keep consistency between client reports and composite presentations. Since most advertising material shows composite returns, TWR gives investors the best apples-to-apples comparison between managers.

Align Your Data With GIPS Standards using Orion's Composites App

We designed our Composites App using a third-party GIPS verifier to help ensure that advisors like you can use the App to track your composite returns and maintain compliance. With the Composites App, you get a clear overview of how your firm is performing on an aggregated level. Use the App to see how all of your strategies stack up against each other and against over 100 available indexes - allowing you to benchmark how your firm is truly performing.

Orion's Composite Firmwide Report available within the Composites App was designed to help you report your data in a way that is in line with GIPS standards. With the Composites App, you have tools and calculations you need to help you maintain your claim of GIPS compliance.

Orion Pro Tip: You may have noticed that our new Daily Composites solution is now available. While we're excited to provide you with the functionality to more frequently review your portfolio performance, it should be noted that Daily Composites are not GIPS compliant because they're not run for full-month time periods.

Interested in learning more about Orion's Composites App? Join us on Thursday, October 11 for our latest Composites webinar.

Reporting Capabilities to Help Easily Compile the Data You Need for the GIPS Verification Process

Orion has several "GIPS Verification" data queries created for your firm when undergoing GIPS verification. We designed these queries with the verifier in mind - pulling the information a verifier will need directly from Orion's Composites app. You can find all the data queries listed in this article in your Data Queries app in Orion Connect. Simply check "All Data Queries" in your filter options and then search for them by name.

The queries are listed below and include a description for each:

- **GIPS Verification - Composite Membership List**
Details when each account was included/excluded from the composite and which management style or model it was in
- **GIPS Verification - Include Daily Portfolio Values**
Daily values of each included account for the composite month chosen
- **GIPS Verification - Included Portfolio Month-End Holdings**
Month-end holdings for each included account for the composite month chosen
- **GIPS Verification - Monthly Composite Portfolio Data**
Monthly Gross/Net of fee performance, as well as beginning and ending values for each month
- **GIPS Verification - Monthly, Quarterly, Annual Performance by Date (can be run for management style or model)**
 - Monthly, Quarterly, and Annual composite level performance (Gross and Net)
 - Annual dispersion (asset weighted and equal weighted standard deviation)

- Year-end number of accounts and values
- **GIPS Verification - Portfolio Level Transactions**
Portfolio level transactions (purchases, sales, income, cash flows, expenses, etc.) for every portfolio for the entire time period the portfolio is in the composite

These queries will help cut down the need to communicate again and again with the verification firm - reducing the time it takes to complete your firm's verification process. The functionality covered in Tech Tip Tuesday is available and ready to use right now in Orion Connect. **If you want more training about the apps and tools covered in this article**, log into Orion Social to access our full knowledge base, and use the Ascent app for online, on-demand training resources.

Not working with Orion yet? [Click here](#) to get in touch with us.

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