

## **GIPS ARTIKEL OVER BENCHMARK**

**QUESTION 1: Do you agree that firms should be required to disclose why they have chosen an ETF rather than a market index as the composite benchmark?**

ANSWER: Yes, we do agree with this. The returns of an ETF will be lower than the returns of the underlying market index (due to trading charges and other charges in case of using an ETF). As a result the outperformance will be greater when using an ETF than when using the underlying market index. To prevent FIRM's from using greater outperformance as a reason for using ETF's as a benchmarks FIRM's should explain why an ETF is chosen instead of the underlying benchmark.

**QUESTION 2: Do you agree that the ETF chosen must be one in which the returns are comparable to those of the composite?**

ANSWER: Yes, we do agree with this. If this is not the case a firm can achieve outperformance which is not the result of investment decisions but the result of comparing different kind of performances.

**QUESTION 3: Do you agree that the hedging criteria for the benchmark must be disclosed? Do you agree that it should be required that any material difference in hedging between the composite and the benchmark be disclosed?**

ANSWER: Yes, we do agree with this. Since hedging can have a significant impact on the returns (prospective) clients must have insight in the hedge policy. The same applies for differences in hedge policy between the composite and the benchmark.

**QUESTION 4: Do you agree that firms should be required to select the benchmark that is most consistent with the withholding tax status of the portfolios in the composite?**

ANSWER: Yes, we do agree with this. This enhances the comparability of the composite with the benchmark and prevents the calculation of not real outperformance.

**QUESTION 5: Do you agree with the creation of custom benchmarks using fees and/or trading costs to provide returns comparable with the net of fees and/or trading costs composite returns?**

ANSWER: No, we don't agree. First of all, it is already possible to compare returns including and excluding fees. So there is no need to develop a custom benchmark for this purpose. With regard to trading costs: there are too many arbitrar choices to be made with regard to trading costs. Besides that: How often a manager conducts a trade is a choice to be made by the manager which should not be reflected in the benchmark.

**QUESTION 6: Do you agree that if a net of fees and/ or trading costs benchmark is presented, the firm should be required to disclose the fee schedule and/or the trading costs used to drive the benchmark returns?**

ANSWER: Yes, we do agree with this since there are multiple ways in which the "net of fee and / or trading costs benchmark can be calculated

**QUESTION 7: Do you agree with the proposed treatment of price-only benchmark returns?**

ANSWER: Yes, we do agree. However, to prevent any confusion we think it is a good idea to explain in a footnote that for the specific benchmark total return is equal to price return.

**QUESTION 8: Do you agree that if a firm changes a benchmark retroactively, the disclosure of the change should be required to be included in the compliant presentation only for as long as it is meaningful as per the firm's policy and the disclosure can be removed once it is no longer meaningful?**

ANSWER: Yes, we do agree. However, the real question in our opinion is: What determines whether a retroactive change is meaningful?

**QUESTION 9: Do you agree that firms must disclose changes to benchmark ordinal (primary, secondary)?**

ANSWER: Yes, we agree since the focus of (prospective) clients will most likely be on comparing composite returns with the returns of the primary benchmark.

**QUESTION 10: Do you agree that firms should be allowed to present the name of the benchmark for a readily recognized index or other point of reference instead of presenting the full benchmark description?**

ANSWER: The GIPS Standards stipulate that a Firm has to be sure whether a prospective client knows at which benchmark he is looking at. Giving this condition it is no problem to present only the name of a readily recognizable index.

**QUESTION 11: Do you agree that if the firm is uncertain about whether the benchmark is readily recognized by any potential prospective client, the firm should be required to include the benchmark description?**

ANSWER: Yes, we do agree. There should be no doubt what so ever whether a prospective client knows what benchmark he is looking at.

**QUESTION 12: Do you agree that if other benchmarks are presented and labelled as supplemental information, that all of the required benchmarks disclosure and presentation items should be required to be presented for all benchmarks included in the compliant presentation?**

ANSWER: Yes, we do agree. If beside the "principal" benchmark also other benchmarks are used (for supplemental information) then for these other benchmarks the same information has to be supplied as for the "principal" benchmark. The reason for this is that prospective investors will compare the returns of the composite with the returns of the "principal" benchmark and with the returns of the other benchmarks. To be able to make a good judgement of the resulting differences prospective investors must be aware of the differences between the benchmarks.