

# Client reporting from a client's perspective

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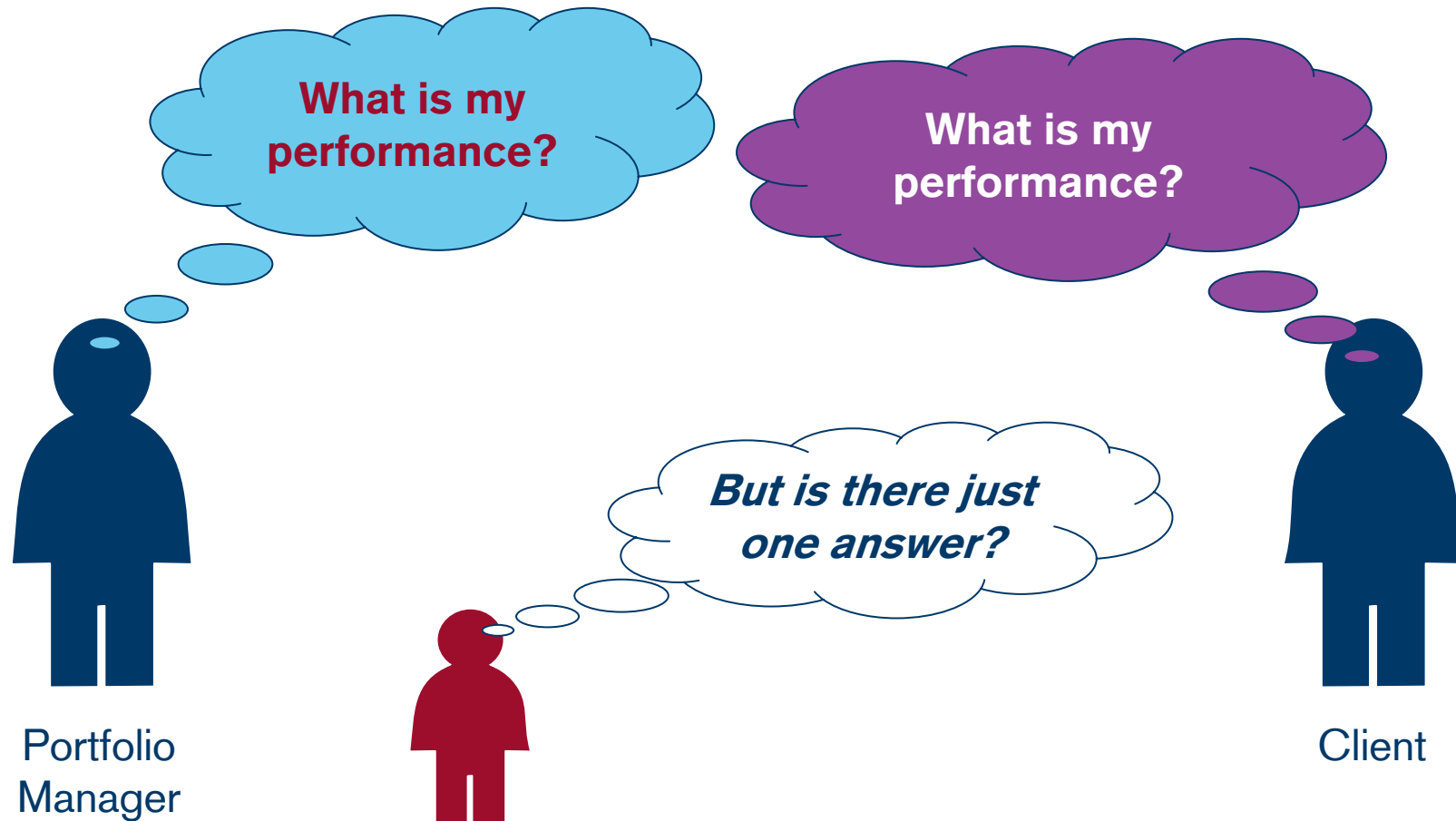
# What is client reporting?



Client reporting in general is the presentation of information and in the asset management industry specifically it is the illustration of the investments made, the results achieved and the risks taken.

# Why do we need client reporting?

(1/3)



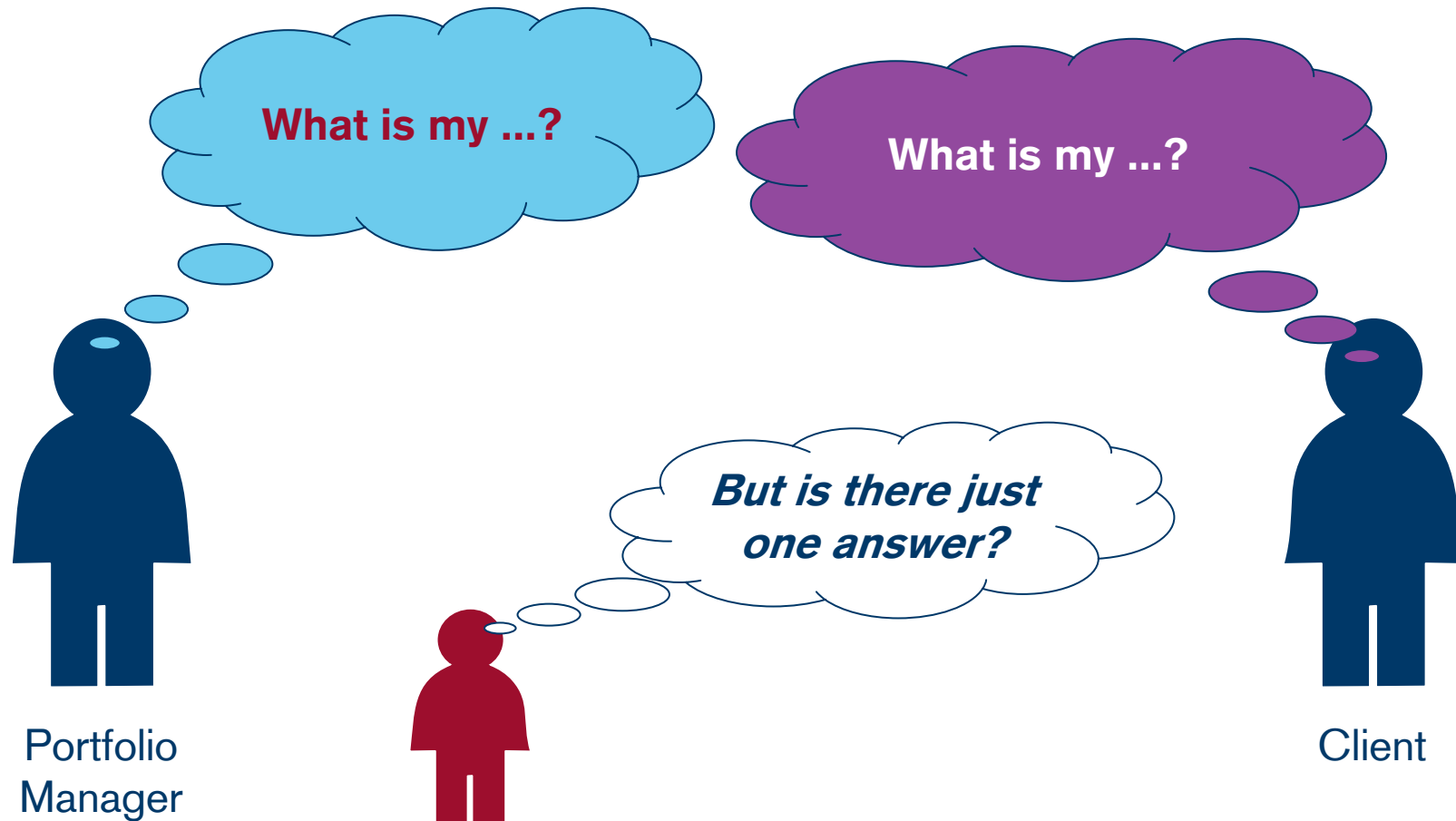
# Why do we need client reporting?

(2/3)



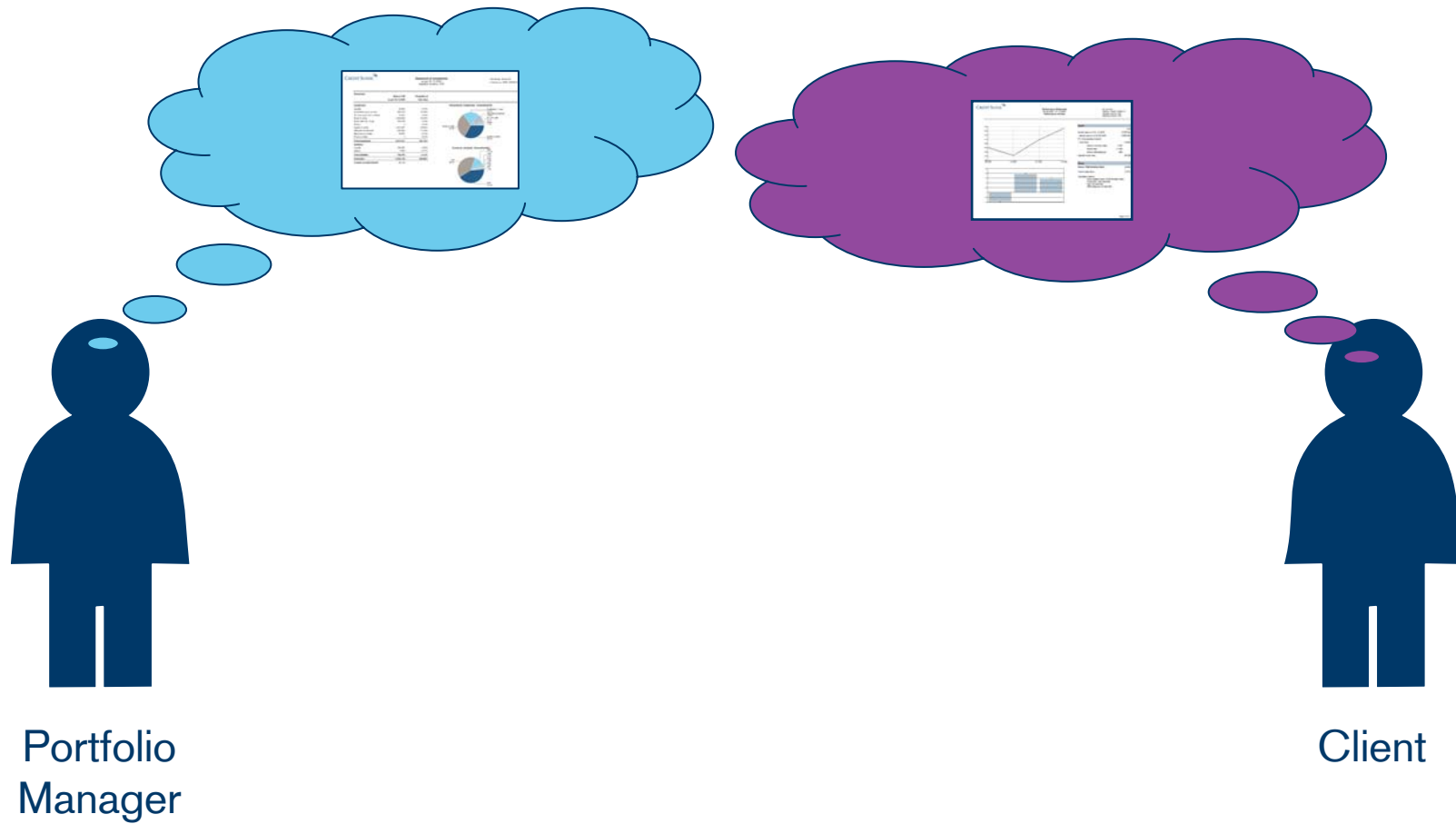
# Why do we need client reporting?

(3/3)



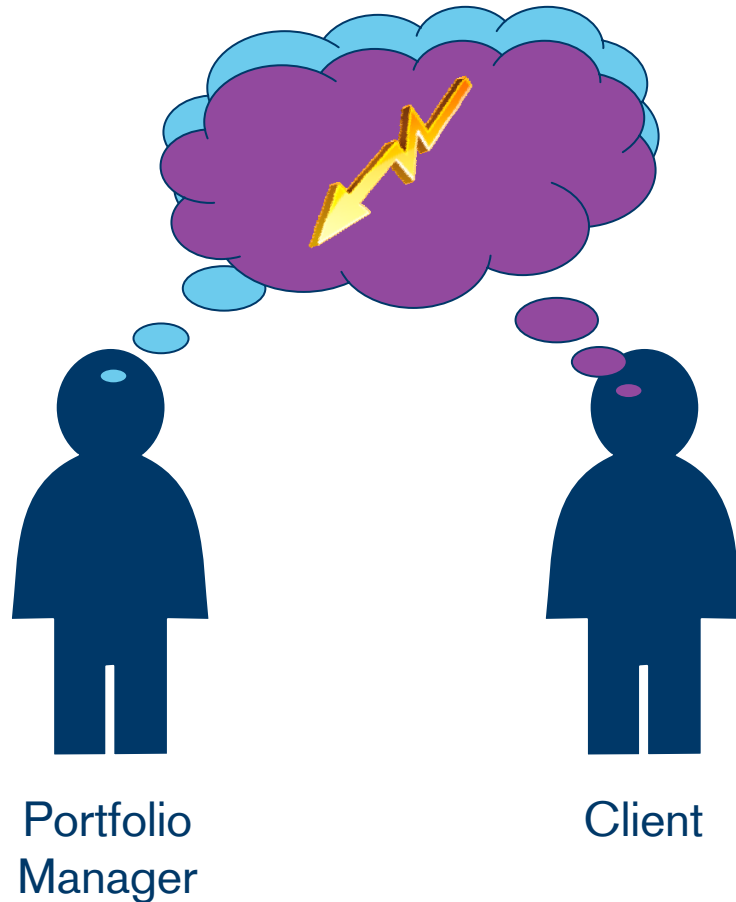
# Is there a common understanding?

(1/3)



# Is there a common understanding?

(2/3)



## Areas for discussion:

- returns (TWR versus MWR),
- relevant capital if overlay or leverage,
- market value versus economical exposure,
- fees and taxes (gross versus net),
- absolute versus relative return,
- absolute versus relative risk,
- absolute versus relative measures,
- reporting periods,
- underlying prices (benchmark versus custodian prices),
- definition of risk (volatility, VAR, CVAR - historical versus expected),
- valuation of illiquid investments,
- etc.

# Is there a common understanding?

(3/3)



A large white thought bubble with a black outline is positioned to the right of the Client. It contains the following text:

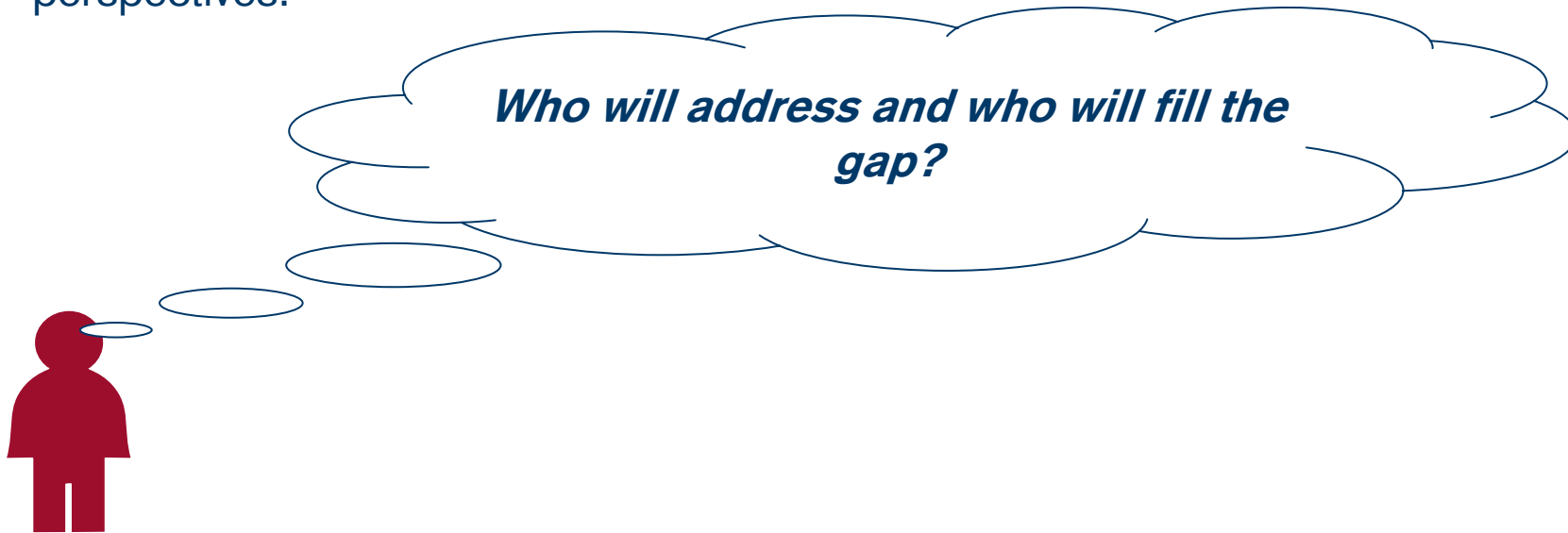
- Does the client have the same expectations as the portfolio manager?*
- Is there enough transparency on what is reported?*
- Isn't there a potential conflict of interest ?*
- ... ?*

Below the main thought bubble, a smaller red silhouette of a person is shown with a white thought bubble above their head, which is connected to the main white thought bubble by a line, indicating that these questions are being thought of by the Client.



# Challenges in meeting both expectations

- Provide information on the investments made that both perspectives are addressed (e.g. instrument classifications and grouping, pricing of securities, etc.) => tailor-made client reporting.
- Provide performance analytics from both perspectives, means TWR as well as MWR, gross and net returns (fees and taxes), etc.
- Education of both parties on the differences based on the viewing from different perspectives.



# Transparency within client reporting

**GIPS  
compliant  
performance  
presentation**

Performance Presentation Standards Report							
Composite	Equities Switzerland SPI active Mandates		Inception Date	01 Jan 1997			
Benchmark	Swiss Performance Index (S) in CHF		Reporting Currency	CHF			
	Total Return (%)	Benchmark Return (%)	Number of Portfolios	Composite Dispersion (%)	Total Assets at End of Period (Millions)	Percentage of Firm Assets (%)	Total Firm Assets at End of Period (Millions)
YTD Mar 02	-4.3	-4.1	19	0.1	1 231.2	1.2	107 739.8
2001	-22.4	-22.0	19	0.4	1 242.6	1.2	108 005.0
2000	11.8	11.9	16	0.5	1 427.7	1.3	109 231.3
1999	15.4	11.7	13	1.0	1 169.3	1.3	90 227.7
1998	14.5	15.4	12	2.4	835.3	1.4	89 271.2
1997	39.2	39.2	11	1.3	830.2	1.7	50 342.4

**CREDIT SUISSE ASSET MANAGEMENT Switzerland**  
Equities Switzerland SPI active Mandates Composite  
Accompanying Notes

**Compliance Statement**  
Credit Suisse Asset Management (CSAM) has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS) and the Swiss Performance Reporting Standards (SPR) and the International Investment Management Standards (IIMS) as set forth in the Global Investment Performance Standards (GIPS) and the Swiss Performance Reporting Standards (SPR) and the International Investment Management Standards (IIMS). The data presented herein is derived from the information provided by the client.

**Definition of the Firm**  
Credit Suisse Asset Management (CSAM) is an International Investment Management firm established in 1987. Credit Suisse Asset Management (CSAM) manages a variety of equity, fixed income, and real estate assets for primary, pension and institutional investors.

**Benchmark**  
The benchmark used for the performance of the assets is the Swiss Performance Index (S) in CHF. However, the full assets are not included in the report. Therefore, the full assets are not included in the report. Therefore, the full assets are not included in the report.



And what about the client reporting?

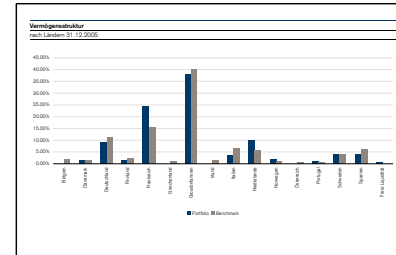
Performance Overview			
period 01.01.2005 - 31.12.2005			
	aktuelle Werte	aktuelle Quote	akt. Veränderung
Portfolio Rendite	3.75%	4.6%	-0.85%
Portfolio Risiko	3.75%	4.4%	-0.65%
Benchmark	3.80%	3.7%	0.1%

Performance Overview							
period 01.01.2005 - 31.12.2005							
	Jan 05	Apr 05	Jul 05	Ok 05	Nov 05	Dez 05	YTD
Portfolio Rendite	-2.85%	2.23%	0.07%	-2.55%	2.88%	4.6%	3.75%
Benchmark	-2.75%	2.20%	0.05%	-2.50%	2.80%	4.5%	3.70%
Delta (to Benchmark)	-0.10%	0.03%	-0.02%	-0.05%	0.08%	0.15%	0.05%

Performance Overview					
quarterweise 01.01.2005 - 31.12.2005					
	1. Quartal 05	2. Quartal 05	3. Quartal 05	4. Quartal 05	YTD
Portfolio Rendite	5.12%	4.42%	0.82%	4.41%	27.07%
Benchmark	5.40%	4.9%	0.2%	4.9%	26.5%
Delta (to Benchmark)	-0.28%	-0.47%	0.62%	-0.49%	0.57%



# Main points of a client investment reporting standard

- Guiding principles should be based on the GIPS Standards as client investment reporting faces similar transparency issues as performance presentations.
- Existing statutory regulations - like MIFID or UCITS - will be taken into account to ensure conformity.
- Mainly will address fair presentation and full disclosure and less comparability as design and content are proprietary to asset management firms.
- Potential areas to be addressed are a) valuation, b) calculation methods, c) presentation and content, d) disclosures and descriptive information as well as e) verification

# References

- Investment Performance Measurement Newsletter - August 2009: "Client Investment Reporting: The Need for a Global Standard" by Stefan J. Illmer and Dimitri Senik  
=> <http://www.cfainstitute.org/memresources/communications/ipm/index.html>.
- Performance Measurement & Client Reporting Review e-newsletter - Summer 2009: "Client reporting: Is it really what everybody thinks it is?" by Stefan J. Illmer  
=> <http://pmcrr.live.subhub.com>.
- RIPS EMEA Guidance for Recipients of Investment Reporting  
=> <http://www.swissbanking.org/home/swissbanking-spps-ipc-eipc.htm>.
- 2006 Swiss Client Reporting Survey  
=>  
[http://www.pwc.ch/user\\_content/editor/files/ind\\_bank\\_gips/pwc\\_swiss\\_client\\_reporting\\_survey\\_e.pdf](http://www.pwc.ch/user_content/editor/files/ind_bank_gips/pwc_swiss_client_reporting_survey_e.pdf)

# Comments & Questions