



GLOBAL INVESTMENT PERFORMANCE STANDARDS

The Global Investment Performance Standards (GIPS) are a set of ethical standards that investment firms around the world adhere to, ensuring accuracy and consistency in reporting investment performance. While initially formulated for traditional asset classes like equities and fixed income, the GIPS standards have also been extended to include alternative investments.

Alternative investments, such as private equity, venture capital, hedge funds, real estate, and commodities, differ significantly from traditional asset classes in terms of their investment strategies, valuation methodologies, and liquidity. The GIPS standards for alternative investments recognize these unique characteristics and provide guidelines for reporting their performance to ensure transparency and comparability.

The GIPS standards for alternative investments encompass several key components. Firstly, they emphasize the importance of full disclosure in reporting performance, requiring investment firms to provide comprehensive information about their investment strategies, risk factors, and valuation methods. This ensures that potential investors have a clear understanding of the investment's merits and risks.

Secondly, the GIPS standards outline guidelines for calculating and presenting performance. They specify the use of appropriate valuation methodologies for alternative investments, which may not always have readily observable market prices. Accurate and reliable valuation becomes crucial in determining the fair value of these illiquid investments.

Furthermore, the GIPS standards require investment firms to include all relevant cash flows associated with alternative investments in performance calculations. This includes both capital contributions and distributions, providing a comprehensive view of the investment's success.

The GIPS standards for alternative investments also address specific challenges related to fees and expenses. Investment firms must ensure that all fees and expenses are fairly and consistently reported, including carried interest, management fees, and transaction costs. This transparency allows investors to accurately evaluate the impact of fees on performance and compare different investment opportunities.

Additionally, the GIPS standards require investment firms to maintain robust documentation and record-keeping practices. This ensures that performance presentations can be supported and verified by detailed records, allowing for independent verification of reported performance results.

By following the GIPS standards for alternative investments, investment firms, such as Bullseye Capital, demonstrate their commitment to industry best practices and provide investors with a consistent and reliable basis for evaluating and comparing their performance. These standards promote transparency, integrity, and accuracy in reporting investment performance, instilling confidence in the alternative investment industry as a whole.