



IVSC and the evolution of the BV Profession



International Valuation Standards Council

Why do we need consistency
and standards?



What is the IVSC?

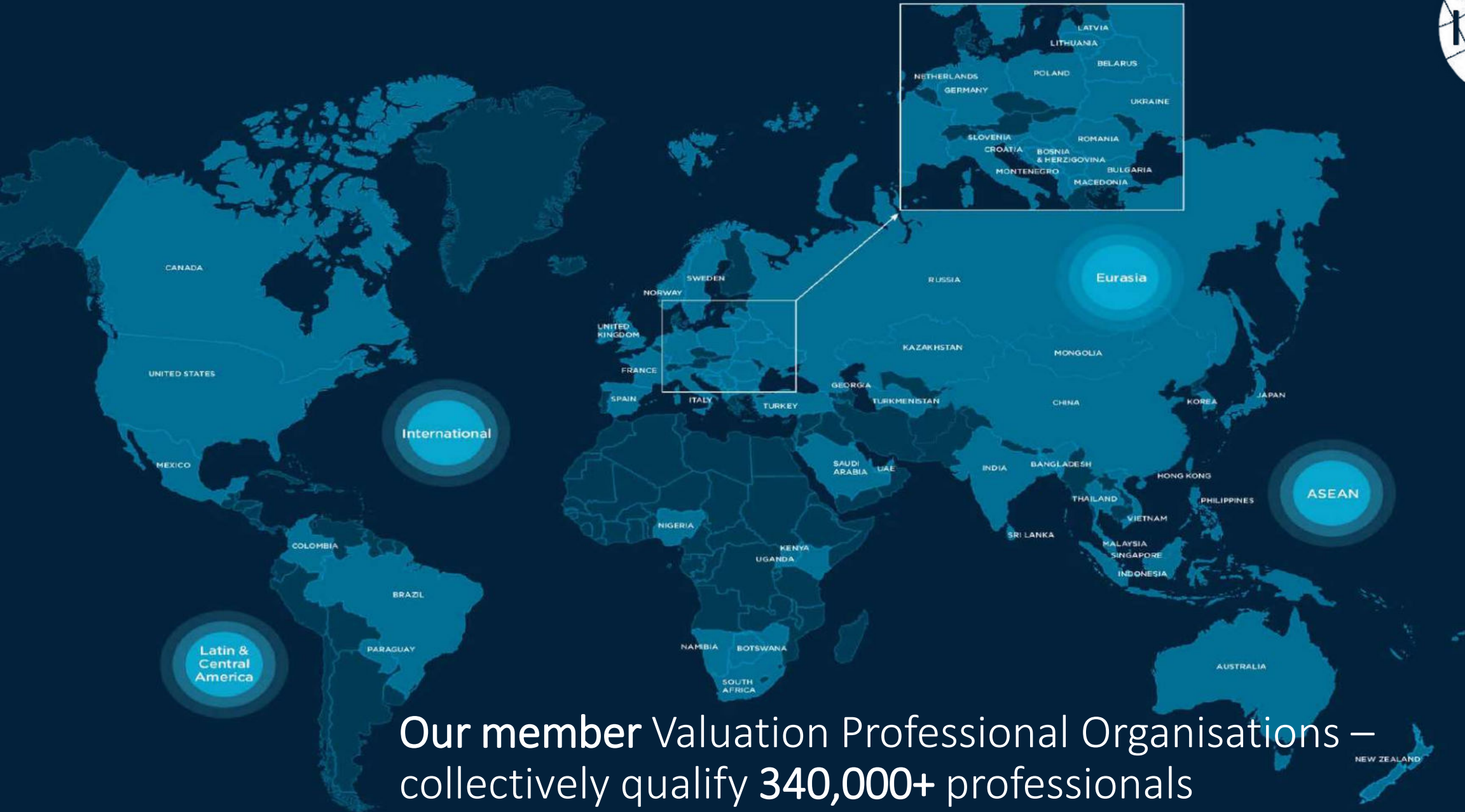
- Global body responsible for:
 1. Developing and setting International Valuation Standards (IVS).
 2. Promoting and growing the valuation profession, worldwide.
- Independent and not-for-profit.
- Covers all areas of valuation: tangible assets, business valuation, financial instruments.
- Works with partners including IASB, IAASB, IFAC, World Bank, UN and financial regulators to build trust in valuation and help develop the global financial system in the public interest.





138 member organisations





Our member Valuation Professional Organisations – collectively qualify **340,000+** professionals

Professionals applying IVS in 103 countries





Board of Trustees

Provides independent oversight of the IVSC

Membership & Standards

Recognition Board

Leading efforts to embed IVS

Advisory Forum

Representing member organisations

Standards Review Board

Overseeing all technical standards

Tangible Assets

Technical Board

Business Valuation

Technical Board

Financial Instruments

Technical Board

These boards are comprised of global valuation experts from across the world. They lead development of and public consultation on the standards, meeting regularly to review and propose updates.

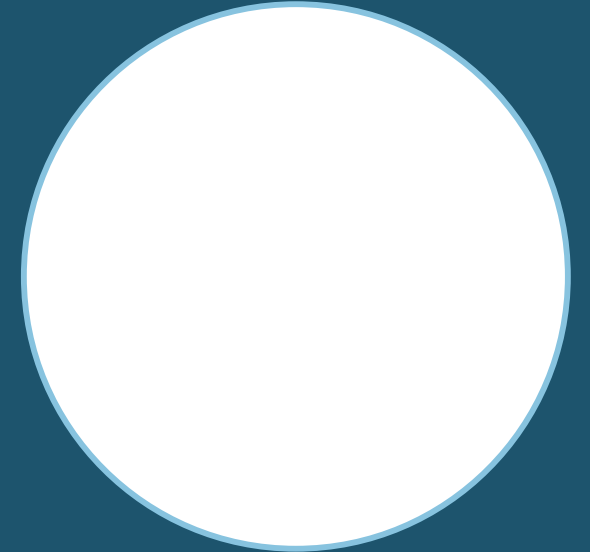
IVSC focuses on the entire valuation profession



Tangible
assets

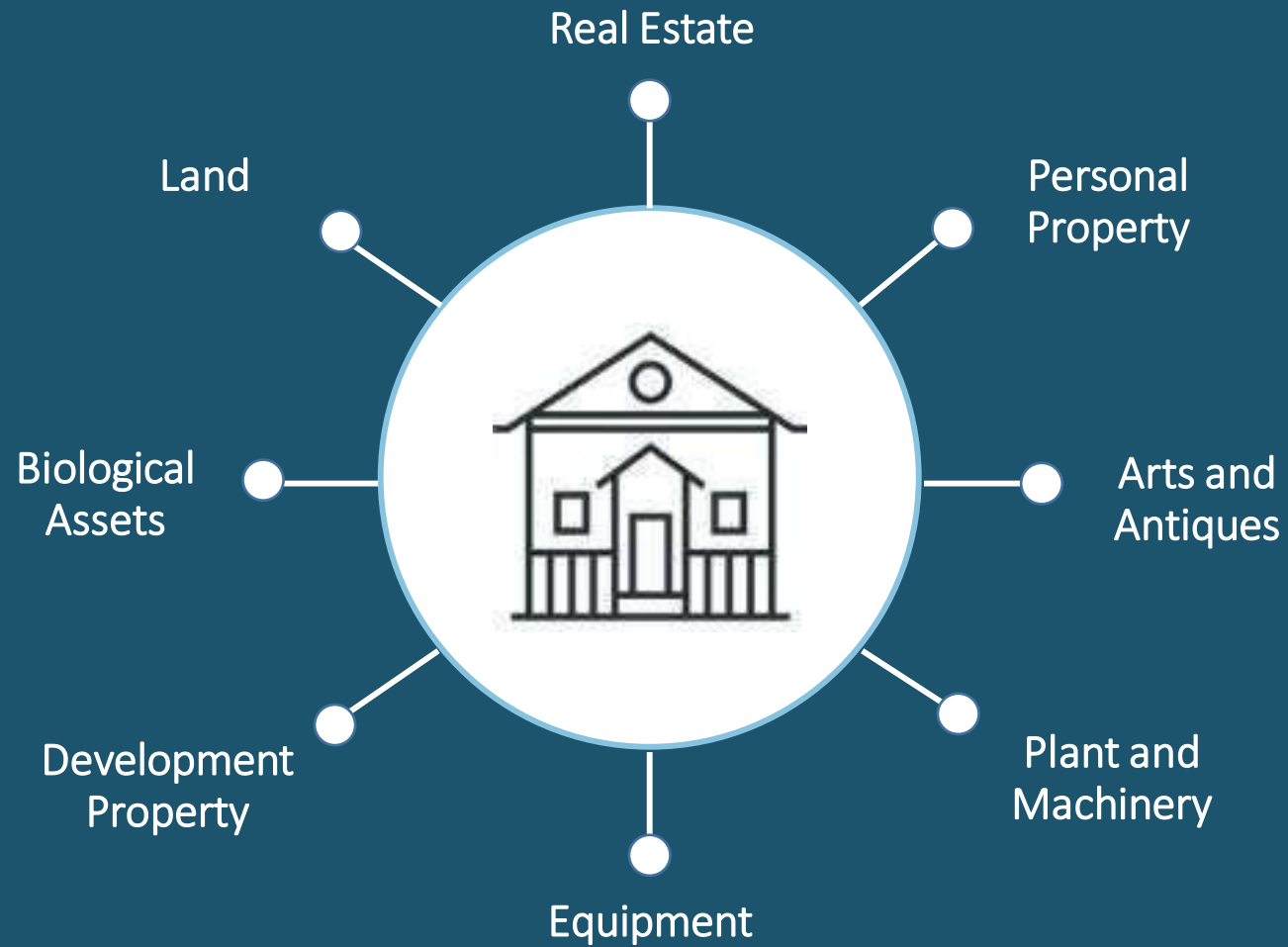


BV and Intangible
assets

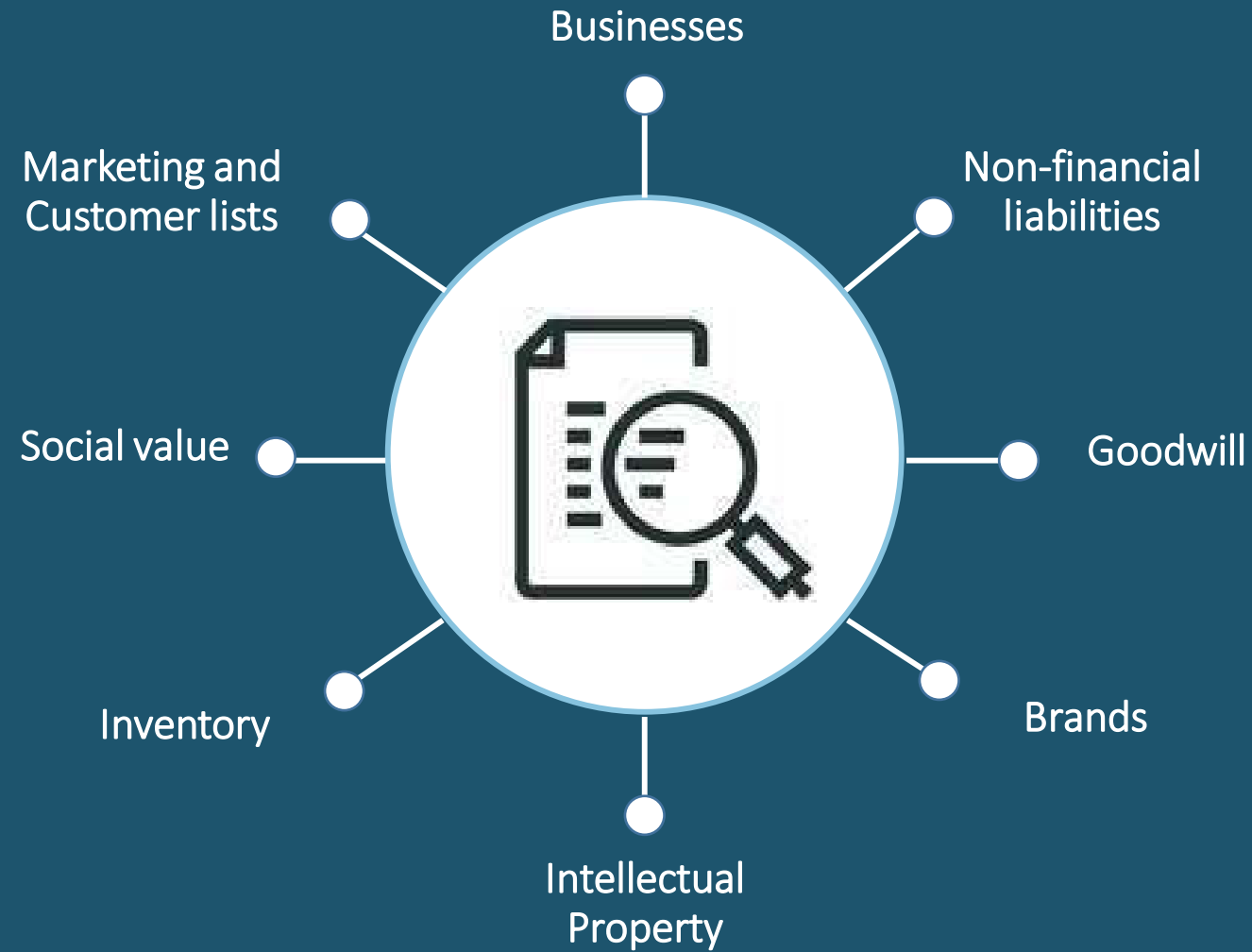


Financial
Instruments

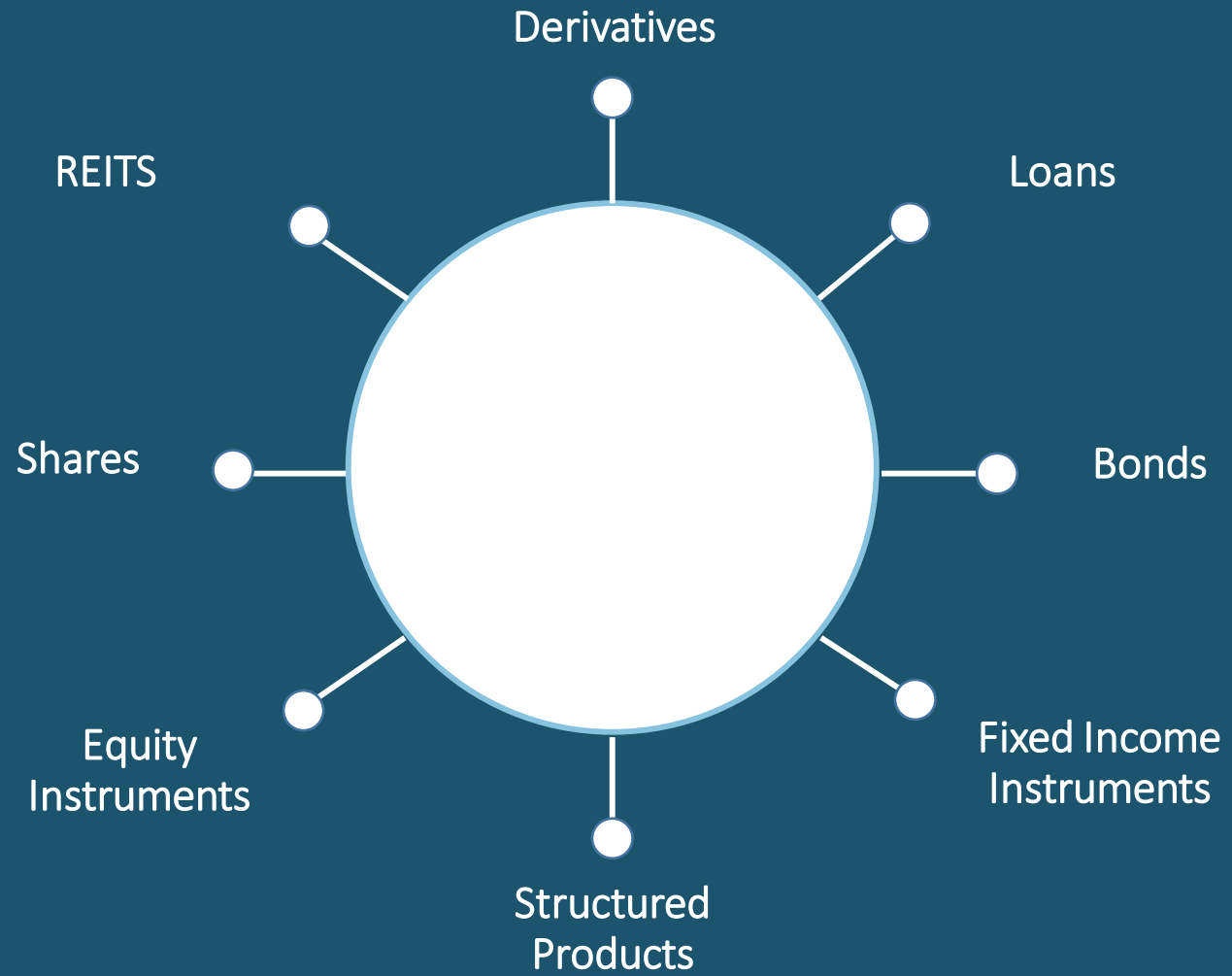
Tangible Assets



Business Valuation and Intangible Assets



Financial Instruments



The IVS include common valuation principles and asset-specific standards

Common valuation principles



Including:

- Scope of work
- Reporting
- Bases of value
- Approaches and methods

+



Tangible
Asset specific



Intangible / BV
Asset specific

Financial Instrument
Asset specific

New Financial Instruments Board launched – which organisations have been involved?



Recent Example IVS Recognition: International Private Equity Valuation Standards

- The International Private Equity and Venture Capital Valuation Standards are set by IPEV. In January 2019 IPEV adopted IVS within the guidance they issue to the sector.

"Global valuation standards continue to evolve. The IPEV Board has entered into an understanding with the International Valuation Standards Council (IVSC) with the objective of promoting consistency between the IPEV Board's Valuation Guidelines and the IVSC International Valuation Standards (IVSs) and to enable these Valuation Guidelines to be positioned as providing sector specific application guidance of the principles in IVS. A valuation of Private Capital Investments prepared in accordance with the IVSs will be consistent with the requirements of applicable financial reporting standards and will also maximise investor's trust and confidence."



Recent example IVS Recognition: European Banking Authority

The EBA published a new Valuation Handbook for central banks and resolution authorities in January 2019:

“IVS are well known among valuers and are commonly considered an authoritative source of reference on market best practice in the valuation profession. By including specific mention to IVS, the Handbook acknowledges them as an appropriate reference in order to establish a common language with valuers and to raise awareness among other stakeholders in such valuations.”

Andreas Pfeil, EBA Senior Bank Sector Analyst



International Valuation Standards Council



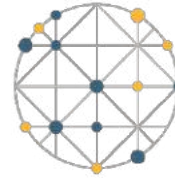
NORGES BANK
INVESTMENT MANAGEMENT

Global investors seek to manage the challenge of inconsistent valuation by stipulating the use of IVS. The largest pension fund in the world, Norges Bank (NBIM), specifies that:

"...investments shall at least annually be valued by an appointed and certified independent valuer at fair value. The valuation shall follow guidelines published by the International Valuation Standards Council and the scope shall match the IFRS accounting classification."

Global markets require consistent standards.
End users are driving the trend towards IVS

MSCI



Global **data providers** are updating their policies to reflect market needs:

"Our decision to adopt IVS within our standards stems from the current transformation taking place in how Real Estate is viewed and invested in by a rapidly broadening class of asset owners and managers. Real Estate is no longer just the focus of domestic investors whose mandates are defined by national boundaries."



THE HONG KONG INSTITUTE OF
SURVEYORS
香港測量師學會

Valuation professionals, equipped with the tools to deliver IVS, are making this possible:

The IVS are adopted in full within the HKIS Valuation Standards 2017 which is the latest edition. The IVS provide the core standards within the HKIS Valuation Standards.

Other examples of IVS Adoption: APEC region, ASEAN, Latin America, Corporates

- In 2016 the IVSC was asked by APEC finance ministers to lead a bold initiative aimed at enhancing valuation practices through the widespread use of IVS across the APEC region.
- As a result of this project, IVS is becoming established as the core valuation standard throughout the region. In 2019 it was adopted through new laws in the Philippines, Dubai, Bahrain and, elsewhere, adoption has advanced through market engagement initiatives including high-profile roundtable discussions hosted by the IVSC and local stakeholders in Japan, Hong Kong, Malaysia and Singapore.
- ASEAN through AVA, and UPAV for Latin America have adopted IVS.
- Deloitte's new global approach adopts IVS.
- Savills has adopted IVS.



Global Business Valuation context

- Increasing number of mergers and acquisitions
- Intangibles increasing part of a company worth eg. S&P 500
- Potential impact of Auditor standards eg. ISQM1
- Action being taken elsewhere eg. US, Singapore, India, Malaysia, China, Vietnam, Hong Kong
- New competitors and providers emerging



Are we prepared for change? AVMs, AI



Are financial statements accurate enough?

1. What percentage of the market capitalisation of the S&P 500 do the financial statements provide?
 - 17%
2. Which is worth more – Ford or Tesla?
 - Tesla despite Ford producing 100 times more cars



New York City - 1900



International Valuation Standards Council

New York City - 1913



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Thank you



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