



June 10, 2009

CFA Institute
Centre for Financial Market Integrity
Reference: Global Investment Performance Standards
P.O. Box 3668
Charlottesville, VA 22903

Dear Members of the GIPS Executive Committee:

I appreciate the invitation to respond to the Exposure Draft of the 2010 Global Investment Performance Standards. I have reviewed the document and find the majority of it to be an improvement to the standards. However, I do have serious concerns about four of the proposed revisions:

1. Section 0.B.2. Firms should provide to each existing client, on an annual basis, a compliant presentation for the composite(s) in which the client's portfolio is included.

It is standard practice, for Reams and presumably all advisers, to provide to any client who requests one a compliant presentation for the appropriate composite. The fact that very few, if any, clients have ever requested a presentation would indicate that there is little benefit to be gained by recommending the dissemination of this information. The provision of composite information to clients is likely to confuse them and distract them from the information regarding their own accounts on which they should be focused.

2. Section 4.A.20. Firms must disclose the composite description which must include sufficient information to allow a prospective client to understand the key characteristics of the composite strategy, including risks (emphasis added).

The addition of a required risk disclosure in this manner will likely create significant confusion in the market. The requirement's lack of clarity will lead to a broad range of disclosures by investment advisers. No guidance is provided, to either the adviser or the end user, regarding the content of the required disclosure. The result is a highly subjective standard with which compliance will be difficult.

3. Section 5.B.7. Firms should present the 3 year annualized ex-post standard deviation (using a minimum of monthly periods)...

There are a number of appropriate measures of risk. Any user of a compliant presentation who is knowledgeable enough to be concerned about comparable measures of risk is likely to have a preferred measure, and that measure may or may not be standard deviation. This recommendation has the appearance of endorsing standard deviation as the preferred measure of risk.

4. Section 1.B.4. Firms should value portfolios on the date of all external cash flows.

The result of this recommendation will be that investment advisers will generally be compelled to value their portfolios on a daily basis. A much more appropriate approach would be to require valuations in the event of a cash flow in excess of a de minimis amount. To recommend a valuation on the day of any cash flow defies logic and likely adds no additional accuracy to performance calculations.

Thank you again for the opportunity to comment on the release.

Sincerely,

A handwritten signature in black ink, appearing to read "David B. McKinney". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

David B. McKinney, CPA
President

DBM:klf