



Response by Deutsche Investment Management Americas Inc. to GIPS Executive Committee's (EC) invitation to comment on proposed GIPS 2010 Exposure Draft:

CFA Institute, the following are our opinion regarding the proposed revisions to the GIPS Standards for 2010:

1. Do you agree with the change from market value to fair value?

Yes, we agree to the change to fair value in situations when the market value is not available. However, we do not agree with the proposed hierarchy (as outlined in Appendix D - Valuation principles, Section 7). The proposed hierarchy may be appropriate for some securities but not for all. Furthermore, there may be issues regarding IT environment, investment process, cost of obtaining the data etc. that may cause asset managers to decide to implement another hierarchy than that required by GIPS 2010.

We feel that the suggested hierarchy should be a recommendation and not a requirement.

2. Do you agree with changing 3.A.9 ("*FIRMS MUST NOT present a COMPOSITE to a PROSPECTIVE CLIENT known to have a PORTFOLIO with assets less than the COMPOSITES'S minimum asset level.*") from a recommendation to a requirement?

No. From our point of view this requirement cannot be accepted for marketing reasons. Also, the wrong signal may be sent to the market / the potential client may have a feeling that the Asset Manager is attempting to hide the performance of certain composites. Furthermore, the client may currently not have the minimum assets required but is able to invest more later if the presented track record seems to be successful.

Also, we will not be able to monitor how the consultants use the composites and thus we will not know who the ultimate recipients are. This in turn means that we will not know whether the prospective clients have met the minimum asset size requirements. And it is equally doubtful that the consultants will know whether the prospective clients have met the minimum asset size requirements.

If a fund manager has strong focus on retail money and should this requirement become effective, we wonder how the firms will be motivated to be GIPS compliant as the firms now realize that there are fewer opportunities or more restrictions on how to use composite data. This is contrary to what GIPS aims to achieve.

3. Proprietary Assets - Firms will be required to disclose the percentage of proprietary assets in composite.

No, we feel that as long as the assets are in the spirit of the composite it should not matter if it's proprietary. We feel that this is unnecessary extra work.

4. Risk Disclosure – As part of the composite description, firms will be required to disclose sufficient information to allow a prospective client to understand the relevant risks of the composite strategy.

We think the above is very broad and are assuming it to be financial risk. Risk is subjective. It could be the point of view of a portfolio manager, to a model, or others. Also, what does "sufficient information to allow a



prospective client to understand the relevant risks of the composite strategy” mean? This could mean different thing to different clients depending on the client level of understanding. Therefore, the above should only be a recommendation and not a requirement.

Regards,

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