

June 26, 2009

Dear GIPS Executive Committee,

Thank you for giving Natcan Investment Management the opportunity to comment on the revised GIPS 2010 Exposure Draft. We have included feedback on specific points where comments were requested as well as on other points that we agree or disagree with.

Sincerely,

Teresa Holden
Director, Portfolio Analysis Group
Natcan Investment Management

0.A.7 Should the compliance claim include verification status? Should current verification be 24 months?

Verification status should not be a necessary disclosure since it is not mandatory. As a firm that is researching the verification process and associated costs and effort it is difficult to comment on what is an appropriate period to be considered current. However, if the disclosure of verification status becomes required we feel it is sufficient to indicate the period of verification rather than identifying it as current or not.

0.B.2 Recommendation to provide presentations to all existing clients

We do not agree with the recommendation to provide existing clients a compliant presentation of composites in which the client's portfolio is included on an annual basis. GIPS are intended for prospective clients, not existing clients. We would be happy to provide a compliant presentation to any client upon request.

1.A.2 Change from market value to fair value

We do not agree with this change as there is no common industry methodology for fair valuation.

We manage mutual funds as well as institutional accounts. We use a 3rd party to provide security valuation in our accounting and performance systems that comply with the required regulatory procedures for mutual fund valuation. Requiring a second valuation methodology for GIPS compliant composites would be overwhelming and would not producer a better, fairer result for potential clients.

There are other areas of the standards that address issues that could arise from using market values and we feel that these are sufficient.

Standard 4.A.8 requires firms to disclose fundamental differences between an index and the portfolio. This would address the cases where an index has a different valuation methodology for dealing with stale prices.

Standard 4.B.2 recommends disclosure of key assumptions used to value investments. This would cover any cases where the potential client would need to be informed of a potential problem using market values.

4.A.5 Including short positions in disclosures

We agree with adding this information to the disclosure on leverage and derivatives.

4.A.20 Key characteristics and risks in the composite description

We feel that this needs clarification on what is an acceptable disclosure of the key characteristics and risk. This is too subjective.

4.A.28 Requiring 12 months disclosure after error corrections

We do not agree with this requirement. It does not provide a prospective client with relevant information.

4.A.29 Requiring 36M standard deviation

We agree with this new requirement. While we know that the standard deviation is not an appropriate measure for all strategies, the measure can be supplemented with additional information.

5.A.1 Explanation of partial years

An example in Appendix A should be added that shows how partial periods should be reported. This example should include partial years at the beginning when initial compliance does not cover an entire year as well as when a presentation is presented mid-year.

5.A.8 Percentage of assets that are proprietary

We do not agree with this requirement. Proprietary assets are not managed any differently than non-proprietary assets. We are not able to easily know and we do not track how many units of a public fund are owned by our parent company.