



**Scottish Widows
Investment Partnership**
Edinburgh One
Morrison Street
Edinburgh
EH3 8BE
www.swip.com

**Response to Invitation to Comment:
GIPS 2010 Exposure Draft**

On behalf of:

**Scottish Widows Investment Partnership Limited
Edinburgh One
Morrison Street
Edinburgh
EH3 8BE**

Scottish Widows Investment Partnership's response to GIPS Executive Committee's (EC) invitation to comment on proposed GIPS 2010 Exposure Draft:

- 1) Firm's verification status (0.A.7) - The statements disclosing the verification status of a Firm should be more distinct. The first line of each statement is identical and the verification status is mentioned, almost as a secondary comment, on the next line. We propose that verification status is disclosed in a separate paragraph.
- 2) Current verification period (0.A.7) - The period of current verification being the last 24 months is too long. Even during time of merger/acquisition being engaged with your verifier on an annual basis would lead to verification. 5.A.4 d) in the current standards state that 'If a compliant firm acquires or is acquired by a noncompliant firm, the firms have 1 year to bring the noncompliant assets into compliance.' Including the date of the last period of verification would add to the transparency of the statement.
- 3) Fair Value (1.A.2) – The proposed changes to the notion of 'fair value' are unnecessary. The existing standards are adequate for verifiers to challenge valuations.
- 4) Non-fee paying funds (3.A.1) – We agree that non-fee paying funds should be included in a composite if they are managed to the same strategy of the other funds in the composite. However, as with the issue of proprietary assets, if these assets are managed using the same strategy and investment process why would it be necessary to identify them?
- 5) Prospective client (3.A.9) – We feel that it is wrong not to supply a prospective client with a compliant presentation if their portfolio of assets falls below the minimum asset level. The total amount of assets of the client may not be fully known and they may choose to invest more than originally intended.

This message is sent in confidence to the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients must preserve this confidentiality and should please advise the sender immediately by telephone and return the original fax to us, by post, without taking a copy.

If you do not receive all the pages or have any query please telephone the sender at the above number.

- 6) Disclosures (4.A) – We feel that disclosures should be removed when no longer relevant and that a period of 3 years is sufficient. However, each compliant presentation should be considered individually.
- 7) Composite description (4.A.20) – Disclosing the key characteristics and risks of a composite will lead to more transparent disclosure statements.
- 8) Proprietary Assets (5.A.8) – These assets are no different to any other assets being managed by the Firm, therefore, it is unnecessary to identify them.
- 9) Performance record of more than 10 years (5.B.5) – A track record of greater than 10 years may not be relevant to the current management process and there should be no requirement to show it.

As a general comment, we feel that the standards as they are now are sufficient and the proposed changes are unnecessary. We want to avoid the situation where complying with the GIPS standards is too cumbersome and expensive and Firms are satisfied with meeting local standards. The CFA should put more focus on raising awareness and promoting the education of GIPS.

**Scottish Widows Investment Partnership
Performance, Client Reporting and Data Management**

Contact:

Anmarie Robertson

Performance Consultant

anmarie.robertson@sip.com

This message is sent in confidence to the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee. Unauthorised recipients must preserve this confidentiality and should please advise the sender immediately by telephone and return the original fax to us, by post, without taking a copy.

If you do not receive all the pages or have any query please telephone the sender at the above number.