

CFA Institute  
Professional Standards & Advocacy Department  
Reference: “Gold” GIPS Standards  
P.O. Box 3668  
Charlottesville, Virginia 22903

Re: Proposed Revisions to the GIPS Standards (“Gold” GIPS)

Dear Sir or Madam:

Thank you for the opportunity to comment on the proposed “Gold” GIPS standards. Our comments are derived from working closely with hundreds of investment managers in the U.S. as well as global clients and from our own commitment to supporting the Standard’s ethical objectives, most notably promoting fair and full disclosure and ensuring the presentation of accurate and consistent performance data.

### **General Comments**

1. Do you support AIMR’s effort to revise and expand the GIPS standards?

Yes. We very much support one global standard of best practices and applaud the IPC for its transitioning of the original Standards, CVGs, and TGs toward a single standard in a fashion that has effectively gained much global acceptance to date.

2. Do you agree with the evolution process for the GIPS standards as outlined above?

Yes, the evolution process is solid, with perhaps one meaningful exception: Incorporating the IPC technical subcommittee proposal on fees in step one, and not holding off on such incorporation after step five’s review of local best practices. It is apparent in the U.S. that current industry practice is in conflict with recommended/required bundled-fee best practices. The addition of bundled-fee provisions in the gold GIPS as if local best practices had already been worked out is a disservice to U.S. managers offering services through bundled fee programs and detracts from the important objective of bolstering self-regulation.

While we respect the need to keep this a manageable project and your request that “Comments should be limited to focus on new items that have not yet been released for public comment,” and there has been plenty of public comment on bundled-fee programs, we also fully share your acknowledgement “that the investment industry is constantly changing and that the GIPS standards must be flexible to remain effective.” In order to preserve the integrity of the evolution of the

Standards in line with the evolution of the industry and the asset growth in bundled-fee programs, we recommend removing the bundled fee requirements or at least changing them to recommendations until a consensus on best local practice can be reached.

3. Is the language of the Standards straightforward and comprehensible? If not, how can it be improved?

For the most part, we find the language very straightforward.

Section II Intro “Composite Construction”: Instead of defining as “an aggregate of a number of portfolios,” “an aggregate of one or more portfolios” would be more meaningful.

4.A.5 addressing minimum asset levels uses the word “should” instead of “must” pertaining to marketing to prospects below the minimum. This is a recommendation, but it is listed under the requirements, which creates confusion. We recommend you move the last sentence in 4.A.5 to Section 4.B.

4.A.19 and 4.A.20 use the word “included” when describing fees. We agree with the wording, however, we feel it might be confusing, especially to professionals not native to English since included has an \*additive\* meaning, and fees typically \*reduce\* returns. The ambiguous issue is whether “performance that includes a fee” is interpreted as adding a negative number, which has a reducing affect (and is the intended meaning), or whether including a fee is interpreted as the amount, a positive, of the fee is still included in performance.

4. What modifications, if any, should be made to this proposal?

Modifications to the proposed revisions, when suggested, are addressed within the applicable General Comments and Specific Comments.

5. Do you agree with the numbering and format of the proposed revised GIPS standards?

1) Yes. We appreciate that the formatting is consistent with the prior Standards, and we think that the Fundamentals of Compliance section and Glossary are useful additions.

2) We were surprised to find the definition of a “composite” in the beginning of “Section II Content of the GIPS” after the term had been used multiple times in the preceding dozen pages. We recommend moving the definitions addressed in the beginning of Section II into the “Overview” in Section I, so that someone new to the Standards wouldn’t be lost or overwhelmed in Section I reading terms not defined until later.

3) Also, in Section I, dealing with Compliance requirement (#14) – delineating future requirements didn’t seem in line with the scope of Section I, an Introduction, and we think such useful information would be better delineated in its own Appendix for quick reference.

6. Should AIMR consider any other methods for meeting the objectives of evolving the GIPS standards?

Yes, please consider the following:

### 1) Deleted Provisions

We like the focus on defining the firm for compliance purposes to be limited to the way an entity holds itself out to the public. For many if not most managers, that will be the same firm definition that is the legal entity, but when multiple legal entities are involved, the new criteria emphasizes the larger firm where appropriately held out to the public that way, and that is a neat solution in keeping with the firm definition guidance statement.

We also agree with the deletion of either the total firm assets requirement or the percentage of the firm assets the composite represents, as either of those statistics could be backed into with composite assets and one of the two other disclosures. Total firm assets is probably the more meaningful of the two, so we suggest you consider dropping the percentage rather than the firm assets column. With continual merger and acquisition activity over the life of a composite performance record, relevant firm assets can be a difficult number to track. To this end, we think either the total firm assets or the percentage of firm assets disclosure should be clarified as “not applicable” going backwards from the point that a composite was part of a different firm.

### 2) New Provisions

We agree with calendar month-end valuation/weighting for portfolios and composites in 2006, as long as this doesn't present yet another obstacle for bundled-fee managers receiving only quarterly data from sponsors. We believe a consensus should be reached with sponsors before these provisions are effected.

The marketplace has done a pretty good job of embracing verification in the U.S. as a meaningful part of compliance with the Standards. Many managers undertake verification not only for a perceived marketing advantage, but also to strengthen a firm's compliance policies and procedures. Routine SEC exams also play a part in ensuring compliance claims are valid. In other countries, mandatory verification might be necessary, however, so we are neutral on the issue.

We agree with requiring written policies and procedures.

We are concerned by the new provision that firms must abide by guidance and interpretations, including the GIPS Handbook. Interpretations, including Q&A and parts of the GIPS Handbook, that have not been submitted for public comment should not be binding, while Guidance Statements that have been open for public comment and are available on the internet could be binding.

However, we believe both firms and the IPC are better served by a manageable requirement to abide by what is explicitly stated in the Standards and the ethical objectives of the Standards. Let the guidance and interpretations serve as clarification and encourage industry dialogue on issues before they are incorporated into the Standards every few years. As part of the committee's charge to be flexible to a variety of situations and to better meet the objective of not creating barriers to entry, leave it up to the industry to accept or disagree with clarification and interpretations until they have gone through a formal review process, ideally for inclusion in the Standards, but possibly also in the Guidance Statements. This will help keep the update of conflicting or stale interpretations a manageable project.

Regarding clarification, guidance and interpretation of GIPS, we are concerned about how a firm new to the Standards would be expected to know what part of a Guidance Statement had been superseded and what part was still current, what Q&A was no longer applicable, where matter-of-

fact wording in the Standards seems to prohibit something on which a Guidance Statement elaborates, etc. For example, the Guidance Statement on Definition of the Firm still provides much more comprehensive guidance than the Standards and is a valuable resource; however, once the changes to the proposed GIPS are passed, parts of the Guidance Statement will be materially incorrect. Will a revised Guidance Statement be issued for public comment before it is made binding? Changing the wording on portable performance from a “can, only if” to a “must” is a significant distinction between the Standards and the Guidance Statement on Performance Record Portability. As noted below, minimum asset level wording in the proposed GIPS seems to contradict guidance in the Guidance Statement on Composite Definition, so just noting which is the most recent is not necessarily a solution.

We agree with the additional disclosure requirements regarding calculation methods and valuation sources available upon request, any discretionary use of Subadvisor(s) as long as the disclosure isn’t expected to name the Subadvisor(s), and the disclosure of the investment objectives/style/strategy of the composite, which our clients are already disclosing.

### 3) Modified provisions

Regarding the requirement to use trade date accounting, we are concerned that mutual funds (most of which are still trade date plus one) would no longer be able to be mixed with separately managed accounts in compliant composites, unless they were shadowed on an accounting system that calculated performance on trade date. We would appreciate specific mention if mutual funds/pooled unitized products are an exception or not in this area, as they are excepted from the presentation and reporting requirements when a firm is advertising performance solely for the investment into a mutual fund/pooled unitized product.

We agree with disclosing the fee schedule as part of the presentation. However, we are again concerned about managers in programs with bundled-fees. Fees are the confidential information of the sponsors of bundled-fee programs and not currently available to managers in many cases. Changes to the fee schedule to ensure it is appropriate would also have to be communicated from the sponsor to the manager, as opposed to simply providing a one-time schedule. This should remain a recommendation until best practices for bundled-fee programs can be agreed upon.

We agree with the upgrade to a requirement to disclose any events which help a prospective client interpret the performance record. Since time affects relevance, we would prefer 4.A.23 to state “any events within the past calendar year” in order to keep this broadly worded disclosure meaningful and more likely to be read by a prospective investor. Additionally, we are concerned with the two examples given in 4.A.23, in that ownership changes have little or no impact on performance for independently managed firms in most cases and any differences between annual and interim performance, if shared by the benchmark, would seem part and parcel with the volatility risk associated with participating in the securities industry. We would prefer for no examples to be provided in the Standards out of concern it will only narrow the application. Perhaps a more comprehensive nonbinding list of examples in a forthcoming Guidance Statement on Maintaining Presentation Disclosures would be useful.

#### 4) Input Data

1.A.3 We recommend adding the definition of “external cash flow” to the Glossary, i.e. capital withdrawals and contributions to the portfolio. Furthermore, the requirement might then read “beginning 1 January 2010, the firm will be required to value portfolios at least monthly and on the date of any external cash flow.”

1.A.7 We’re curious about the phrase “Unless the composite is reported on a non-calendar fiscal year,” since the Standard’s objective is to ensure comparability among presentations. If firms in some markets are asked for a non-calendar year-end report regularly, this could be a barrier to entry. If such a report is only requested occasionally, the exception is not necessary, as the management firm would need to have calendar year-end information available. We recommend deleting the phrase. However, if it’s left in, does it require managers responding to a one-time request for annual performance April – March to have a full disclosure with March 31 year-end information available (assets, number of accounts, percentages, year-end disclosures, etc.)?

1.B.2 We agree with the new recommendation “when presenting Net-Of-Fees returns, the firm should accrue Investment Management Fees”, and would like to add “for the period presented” (i.e. monthly, month-to-date, year-to-date for an annual performance fee, etc.).

#### 5) Calculation Methodology

2.A.6 “All returns must be calculated after the deduction of the actual Trading Expenses...” doesn’t leave any room for an evolving Standard to stay in line with an evolving bundled-fee investment vehicle. Supplemental pure gross of fees performance has a meaningful place alongside net of everything performance.

2.A.9 addressing bundled fees (would better directly follow 2.A.6) should not be added to GIPS until local best practices are agreed upon by the industry at large, in keeping with the GIPS objective of bolstering the notion of self-regulation. If it is left in, at a minimum, delete the last sentence from 2.A.9(b). “Estimated Trading Expenses are not permitted” is already noted in 2.A.9(a). Estimated investment management fees **are** permitted if using a highest fee, which is a widely accepted industry practice as a highest fee from a schedule can provide a more meaningful (or at least more conservative) net of fee performance record than a composite of tiered, negotiated actual fees.

2.A.7 addressing minimum asset levels states “no portfolios below that asset level can be included in that composite.” However, the guidance statement allows for ex ante ranges to be established around the minimum and policies for delaying several months/performance periods the removal/inclusion of portfolios vacillating around the established minimum. Recommended wording might state “portfolios below that asset level must be excluded based on the firm’s written inclusion/exclusion policies” or “portfolios below that asset level must be excluded based on the firm’s written inclusion/exclusion policies, which must include a review of asset levels at least annually.”

2.B.3 recommends the use of a Temporary New Account, which is not elaborated on within the Standards. We recommend expanding this recommendation to be more descriptive or adding the phrase to the Glossary.

#### 6) Composite Construction

3.A.1 We agree with the requirement that non-discretionary portfolios must not be included in a firm's composites, as it better preserves the term "composite" and a composite's intended purpose as a group of discretionary portfolios. The guidance statement on defining composites provides useful information pertaining to administrative groupings that are **not** composites. In practice, most firms do have administrative groupings for tracking firmwide nondiscretionary portfolios, which are reviewed regularly as an important part of maintaining appropriate composite membership. We recommend the Standards address the appropriateness of such groupings in this paragraph. Perhaps the paragraph could even suggest a term for such groupings and add the term to the Glossary, so that regulators, managers and verifiers can talk about such groupings with a common acceptable term.

#### 7) Disclosures

4.A.7 "If applicable" might get missed. Since the clarification in wording is intended to preclude negative assurance, we recommend more explicitly stating in an additional sentence or footnote "If no leverage or derivatives are used, no disclosure is required."

A better approach to address the negative assurance issue, might be to add a footnote "Negative assurance is not required or recommended" and asterisk all relevant disclosure requirements. Another good option could be to add a numbered paragraph into the disclosure section stating something to the effect of: "Negative assurance in disclosure presentations is not necessary. Disclosures pertaining to carve-outs, the discretionary use of sub-advisors, non-fee-paying accounts, leverage or derivatives... are not required or recommended if they don't apply to the composite."

4.A.10 addresses disclosing percentage of composite invested in countries, regions or sectors not included in the benchmark for the most recent period. Because a distinction can be made between composites "managed" to benchmarks and composites where benchmarks are presented "for comparative purposes only" or as "general market indicators", we recommend adding a sentence that explicitly exempts the latter. If the requirement is intended to apply to both, the number of instances investments were made outside a "general market indicator" benchmark in the most recent year could be quite lengthy. Additionally, in order for the percentage to be accurate over the period, it would need to be a range as opposed to a fixed percentage.

4.A.11: Disclosing known inconsistencies within the composite (not something that could be gamed or the material impact easily disclosed depending on the amount of assets and the number of exchange rates) and between the composite and the benchmark seems onerous. If firms don't ask, are they exempt because any inconsistencies are "not known"?

This new requirement is one example of an ongoing concern we have that actually threads through all of the disclosure and presentation and reporting requirements. The more technical and lengthy the disclosures become, the more likely they are to be separated from the performance material actually used to close a deal, much like a mutual fund prospectus or an ADV in the U.S. If this is an acceptable outcome, then we'll prepare ourselves and our clients for the inevitable. However, currently most of our clients still try to fit all of the required disclosures on their glossy quarterly two-page product sheets that are a core part of their marketing effort. We would prefer this as a best practice rather than the disclosure of known inconsistencies in exchange rates. We

urge the IPC subcommittees to consider important technical disclosures as recommendations in order to preserve the prominence and relevance of these disclosures for non-technical prospective investors.

As a separate option, perhaps disclosures that might be deemed useful for high net worth investors, separately managed account programs, etc. be separated from some of the more technical disclosures that could be available upon request and required to accompany RFPs and consultant questionnaires.

4.A.17: Bundled-fee disclosure requirements new to GIPS should be postponed until best local practices are resolved. This requirement asks for the disclosure of a percentage of bundled-fee accounts at each annual period end, required retroactively. Retroactive application would create a time-consuming disclosure requirement for many managers, especially in instances where managers have changed portfolio accounting systems.

4.A.18: Bundled-fee disclosure requirements new to GIPS should be postponed until best local practices are resolved. Disclosing that such accounts are net of all fees should be adequate, as the breakdown of that fee within the sponsoring organization is confidential and not useful to the investor. If what the requirement essentially is requesting is confirmation that management, custodial, and trading expenses are included, it should be worded that way. Current wording could be interpreted to require further breakdown into the sponsor's marketing and consulting fees, etc.

4.A.25, 26, 27 and 4.B.7: We agree with the addition of these paragraphs as required disclosures. However, we would like some clarification as to whether these disclosures are only required for calculation changes, firm/composite redefinitions and name changes from 1 January 2006 forward or if management firms are required to add disclosures that pertain to historical periods, where applicable, and for how long.

4.A.30: The requirement to disclose the composite creation date would be more useful if it was expanded to a paragraph that defined the date or if "composite creation date" was added to the Glossary. Currently, there is interpretation around the parameters of this date in the GIPS Handbook that has never been open for public comment.

4.B.6: The fact that this disclosure is not just a "should" or "encouraged" but a "strongly encouraged" leads us to believe it is a recommendation likely to become a requirement in the future. At the point a parent company becomes a marketing brand, we agree with this recommendation as a recommendation. At that point, it could easily be part of an attractive graph within a bound firm brochure. We're concerned, however, as discussed in 4.A.11 above, that it could be a long list that adds relatively little value and might preclude the disclosures from making it into the glossy presentations that close deals.

Additionally, many independently managed firms don't associate themselves with their owners in how they hold themselves out to the public, much less sister companies. Such information is not hidden; it is thoroughly disclosed in the U.S. in ADVs or similar disclosure documents, but it is not a piece of the firm's marketing literature. Our concern here is that too many disclosures in general will create a document not likely to be read frequently; too many disclosures that investment managers deem irrelevant to performance will be self-defeating to the placement of the disclosures.

8) Presentation and Reporting

5.A.1(b)(c)(d) We recommend specifying that annual returns and standard deviation be presented for **calendar** years, and that the number of portfolios, assets and percentage of assets be presented as of the end of each **calendar** year. If this needs to be a recommendation in order to gain global acceptance, then it should be added as a recommendation at the very least, to meet the objective of promoting comparability among managers.

5.A.4 We agree with the terminology change that performance results from a past firm “must” be linked to the new affiliation instead of “can only be” linked if the new firm or affiliation meet the portability requirements.

5.A.5 We liked the old wording better. Isn’t compliance a firmwide issue? If a noncompliant firm is acquired, not only the acquired composites need to be brought into compliance, but also any nondiscretionary assets identified, written policies and procedures for asset-classes the acquiring firm didn’t have, etc. We recommend this sentence read “the firms have one year to bring the non-compliant firm into compliance.”

5.A.8 We support the clarification that the disclosure of non-fee-paying accounts be reported at the end of each annual period, and we would prefer a recommendation or requirement that the annual period be as of each calendar year end.

9) Real Estate – Venture Capital - Private Equity – Advertising Guidelines

We completely support the incorporation of the technical provisions in to GIPS, with the exception of the fee provisions that apply to bundled-fee accounts.

7.A.1 Because the GIPS Private Equity Valuation Principles are referenced within the Standards, we would like to see such Valuation Principles included in an appendix to the Standards, rather than only available in the guidance statement or GIPS Handbook. At the very least, the first reference to the valuation principles should indicate where a manager could find them.

10) Verification

C. Detailed Examinations of Investment Performance – We agree with this addition and support the provisions and wording within this section.

11) Appendix A – Sample Presentations –

These have not yet been revised to incorporate all of the newly required disclosures and/or the removal of the firm asset disclosure.

12) Appendix B – GIPS Advertising Guidelines –

As further discussed in Specific Comment 1 below, verbiage should be added to the “Definition of an Advertisement” to state: “If the investment manager readily knows the recipient of a presentation, any advertising materials showing performance must include a full disclosure presentation.” Otherwise, the requirement to show full disclosures can be easily side-stepped.

### **Specific Comments**

1. Is the new requirement that mandates firms to provide a compliant presentation to all prospective clients too onerous a burden for firms claiming compliance with the GIPS standards?

No, in fact our firm embraced early SEC interpretations that if firms were benefiting from claiming firmwide compliance when marketing to institutions, such firms had a duty to prepare and present compliant presentations across the firm. Our concern is that by incorporating the GIPS Advertising Standards into the Gold GIPS, the door is completely open for firms to not comply with this requirement.

Advertisements are defined, in part, as any written material distributed to maintain existing clients or solicit new clients, including firm brochures. One-on-one presentations are excluded, but they are not defined. If every piece of material a firm generates is potentially an advertisement, then the firm has the option of **not** claiming compliance in that material. According to the advertising guidelines, any presentation or disclosure requirements are considered **voluntary** if the compliance claim isn't mentioned.

We do not think this is in keeping with the full and fair disclosure objectives of the GIPS. A minority of managers leave disclosures off of firm brochures and claim they are not required to show them if they don't claim compliance. Such managers make the case that high net worth individuals wouldn't understand the presentations. Such firms essentially only provide full disclosures when asked for them by a consultant or institutional prospect.

Therefore, we believe that for this new requirement to have any teeth, an addition to the Advertising Guidelines is necessary, as noted in General Comment 6 (12) above.

2. Is the new requirement that mandates firms to provide a list and description of composites to any prospective client that makes such a request too onerous a burden for firms claiming compliance with the GIPS standards?

No, and this is an incorporation from a CVG that's been widely accepted for years. A sample list and description of composites in an appendix might be useful, as long as it wasn't intended to be prescriptive.

3. Do you agree with the new recommendation that states the firm should not market a composite to a prospective client with assets less than the composite's minimum asset level?

We agree in theory, and early on embraced SEC interpretations in the U.S. that using institutional performance to market to significantly smaller accounts was likely misleading. However, in a composite of asset-weighted portfolios with no minimum, the returns of the larger accounts overwhelm the smaller account performance anyway. Also, in practicality, investment managers don't always know how much a prospective client is going to invest, so some leeway is necessary. Finally, the entire SMA investment class has evolved in the U.S. as a way for small investors to access the expertise of institutional investors, and it is widely-accepted common practice for institutional managers to provide SMA sponsors with institutional records.

We recommend stating something to the effect of: “The firm should not **knowingly** market a composite to a prospective client with assets less than the composite minimum asset level, applying best practices to match the client with the market place if larger accounts are the only performance record available for the strategy the client is interested in.” Best practices already include full disclosure of the minimum asset level.

4. Do you agree with the new requirement that mandates firms to be prepared to provide a compliant presentation for any composite on the firm’s list of composites to a prospective client that makes such a request?

We don’t agree with this requirement, as managers are already required to make the list of composites available upon request. If they are asked for a full presentation for a composite not currently presented, chances are, to close the deal, they will provide it without this requirement.

Our concern is that this requirement would either encourage managers to 1) define more of their assets as nondiscretionary, rather than trying to group accounts with similar restrictions into unique discretionary composites, or 2) regularly prepare dozens of compliant presentations for composites they never intend to distribute.

To require them to “be prepared” to show something they are not currently showing goes beyond full and fair disclosure. It has the drawback of a) being a requirement that is not very likely to be requested by anyone other than a regulator or verifier, b) “just in case” composite presentations getting distributed, inadvertently creating inconsistency in a firm’s presented performance record and c) if no presentation is prepared until requested, it would be more prone to inaccurate information because it wasn’t regularly put through a review by internal compliance or a third party verifier.

5. Do you agree with the new requirement that requires firms to calculate composite performance by asset-weighting the member portfolio returns at least monthly (beginning 2005)?

We agree with this requirement, and have found it has already been implemented in most cases. However, this requirement could be cumbersome for managers participating in bundled-fee programs. Many managers participating in bundled-fee programs in the U.S. are already going through hoops to compile quarterly hardcopy/electronic performance data from multiple sponsors on a quarterly basis. This monthly requirement might just create one more implementation gap, as many sponsors might only provide quarterly performance data.

Because of the growth in the SMA business in the U.S., we think this issue should be settled prior to this requirement being implemented, which means 2005 is not practical.

6. Do you agree that the effective date should be moved from 2005 to 2010 for the requirement that stipulates a carve-out return be managed separately with its own cash balance?

Yes, we agree with this change in effective date. The majority of our clients appreciate the delayed implementation, and those that have already taken costly measures to implement the requirement are essentially ahead of the game.

7. Is it reasonable for the GIPS standards to require firms beginning 2010 to value portfolios on the date of any external cash flow?

We support this future requirement. For a majority of domestic U.S. equity managers, this requirement is easily within reach by 2010, and many managers are already calculating daily returns now.

However, the case can be made in 2004 that for some asset classes, daily prices are not as accurate, so the extra precision and technological burden isn't justified by a more accurate return at the end of the month. Therefore, we encourage the IPC to be flexible in the implementation of this future requirement, and suggest delineating asset classes that might be excluded from the future requirement until daily valuations are practical.

8. Should the GIPS standards require firms to retroactively disclose the following when carve-out segments are used?

(a) a list of the underlying composites from which the carve-out was drawn, and

(b) the percentage of the composite that is composed of carve-outs.

The disclosures associated with carve-outs are curious to us in that 1) often our clients don't carve-out equity segments, for example, from any one composite that could be named in a disclosure, but rather from any qualified portfolio in the firm, including some portfolios that might be classified as nondiscretionary due to restrictions on the fixed income side, and 2) we're not sure why the percentage of the composite represented by carve-outs is meaningful to a prospective investor if in fact the segment plus cash carve-outs are representative of a total return portfolio.

This information being required retroactively for every year-end creates a one-time reporting burden for clients with long histories and might not even be doable if the detail for this information is unavailable electronically due to a change in portfolio accounting systems.

To this end, we think the 8a above (5.A.6.a.) should be amended to read "a list of underlying composites from which the carve-out was drawn unless it was drawn from the entire firm", and 8b above (5.A.6.b) should be dropped or at least changed to a current year-end disclosure only.

If 5.A.6.b is kept as a disclosure requirement, it is critical to expand the Glossary definition of a carve-out if the percentage disclosed is going to be at all meaningful. We recommend wording to the effect of: "If such a segment of a multiple asset class client relationship is set up either at the custodian or on the portfolio accounting system as its own account with its own cash, the segment is not a carve-out for disclosure purposes."

Thank you for the opportunity to submit these comments. Please don't hesitate to call one of our partners for further discussion on any of the above points.

Respectfully submitted,

*Ashland Partners & Co. LLP*

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