

Austrian Investment Performance Committee

# Comments on the revised GIPS standard (Gold GIPS)

## General Comments

AIMR seeks general commentary on the proposals set forth in this document, including, but not limited to, responses to the following questions:

1. Do you support AIMR's effort to revise and expand the GIPS standards?  
*YES. Besides we want to encourage the IPC to see that country specific versions (CVGs) are kept at an absolute minimum in order to further promote the concept of a global standard.*
2. Do you agree with the evolution process for the GIPS standards as outlined above?  
*YES.*
3. Is the language of the Standards straightforward and comprehensible? If not, how can it be improved?  
*YES.*
4. What modifications, if any, should be made to this proposal?  
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5. Do you agree with the numbering and format of the proposed revised GIPS standards?  
*YES.*
6. Should AIMR consider any other methods for meeting the objectives of evolving the GIPS standards?  
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## Specific Comments

AIMR seeks comments on the following, specific provisions of the proposal:

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?  
*We think that the client should be put in a decision to decide whether a compliant presentation is of interest for him or not. Any "enforcement" may possibly have a negative effect on the client relation. We would thus strongly advise to make the provision of a compliant presentation dependent on the clients request.*
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 – provided that pooled unitized products are excluded as suggested for requirement FC.A.3.*
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?  
*YES.*
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?

YES.

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

YES.

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.

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

YES.

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.

YES.

If commentators put forward other proposals, AIMR requests they explain how their proposals satisfy these objectives.

## Additional Comments

### Disclosure of Fee Schedule

*As the fees charged for individual portfolios are typically the result of bilateral negotiations between the client and the manager the disclosure of a generally applicable fee schedule would not just be misleading but also inappropriate. We think that the knowledge of the gross-of-fees returns easily enables the client to estimate the net-of-fees returns once fees have been negotiated.*

### Trade Date Accounting

*We want to stress that the current definition of trade date accounting is incompatible with Austrian fund accounting procedures. (NAV calculation is effected at app. 13:00 and is based on holdings data at app. 12:00 a.m. and last business day's closing prices. Under Austrian law a retroactive adjustment of calculated NAVs is only possible under very restricted conditions. Thus trades entered in the afternoon cannot –even theoretically – be recognized in the NAV of the same day.) An adoption of the definition of trade date accounting is thus an absolute necessity for achieving compliance in Austria.*