

Rorer Asset Management, LLC
One Liberty Place—Suite 5100
Philadelphia, PA 19103

October 28, 2002

Association for Investment Management and Research
Reference: AIMR-PPS Standards – Wrap Fees
P. O. Box 3668
Charlottesville, VA 22903

Ladies and Gentlemen:

As a CFA, I strongly support AIMR's effort to clarify the wrap fee provisions of the AIMR-PPS standards. However, as a wrap manager, I cannot support the proposed Guidance Statement in its current form.

Access to Records:

To require a wrap manager to either shadow all of the accounts or to physically obtain records from the wrap sponsor are both unduly burdensome and not entirely possible. The nature of wrapped accounts is that they are small in size and numerous in quantity. To require a manager to shadow, in my own experience, tens of thousands of accounts and transactions is not only overly costly in terms of human capital, but it is subject to a vast amount of human input error. The wrap sponsors have, in many cases, been unwilling to provide hard copy statements to the managers since they are the ones in control of this information, by nature of the wrap arrangement. Some sponsors have complied by providing online information, but this has not been equally experienced by all. Going forward, it may be possible to encourage many more sponsors to provide online statements, but this will take time. The knowledge that the information is available, but housed with the sponsor, should be acceptable for wrap accounts seeking AIMR compliance.

Presentation of Fees:

The requirement to show fees as net-only and to apply the highest possible wrap fee penalizes the manager. The wrap fees, which include the sponsor's fees for custody, consulting, reporting, manager selection, monitoring, and execution of trades, are not fees that are controlled by the manager. Nor should the manager's performance be penalized because one sponsor charges more than another. I understand AIMR's goal in Performance Presentation Standards to be that of providing the investor with objective and consistent information. The only way to break the performance down to a common and consistent manner, free from sponsor bias, is to allow the manager to show

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performance gross of fees in equal prominence to net of fees. In fact, a more appropriate presentation of net performance might be a two-tiered approach, one that shows the performance net of the manager's fee, which is easy to break out and appropriately reflects the manager's portion of the client's costs, and one that reflects the manager and sponsor fees together. Regardless, a gross performance presentation should be allowed to be shown on equal footing.

Guidance Deadline:

Given the complicated and controversial nature of the proposal, I believe that an effective date of July 2003 is inappropriate. Once the final guidelines have been determined, an effective date in excess of a year from that timeframe would be appropriate.

Sincerely yours,

Dianne P. Anthony, CFA
Principal
Director of Fixed Income