

Professional Standards and Advocacy  
Association for Investment Management and Research  
P.O. Box 3668  
Charlottesville, Virginia 22903  
Re: GIPS Guidance Statement  
Fax: 804-951-5320  
E-mail: [standardsetting@aimr.org](mailto:standardsetting@aimr.org)

Bern, October 29<sup>th</sup>, 2002

### GIPS Guidance Statement on Calculation Methodology

Below is the response from Ernst & Young Switzerland on the Guidance Statement on Calculation Methodology.

We consider that it is reasonable to expect firms to be able to value portfolios at the time of any external cash flow beginning 1 January 2010. We also agree with the proposed Guidance Statement Effective Date of 1 April 2003.

Most importantly, we believe that this Guidance Statement should address all the calculation methodology subjects, which AIMR has discussed or provided guidance on either in the old AIMR-PPS handbook (1997) or the AIMR-PPS Q&A Database, in order to fully replace these prior clarifications. The following are some of the examples: the formula to calculate the dispersion, the formula to calculate portfolio turnover, and the requirement that performance calculation date is the same for all portfolios in a composite.

In addition, if more than one calculation method is being used by investment firms, the guidance should also clearly specify, which methods are acceptable and which ones are not. The following are some of the examples: the tracking error formula, assumptions about cash flow at the beginning, end of the day and/or mid-day, definition of risk-free rate and precision of intermediate results.

Finally, we also agree with the comments made by the VBA-PPS Committee (the Dutch PPS committee sponsored by the VBA) and by our colleague Emilio Maffi (Ernst & Young Italy).

We would like to thank AIMR for the opportunity to comment on the proposed guidance and hope that our comments will be taken into consideration.

Yours sincerely

Ernst & Young Ltd.

Susanne Klemm Grognez     Roger Geismar