

July 29, 2004

CFA Institute  
Professional Standards & Advocacy Department

**Reference: Comments on “Gold” GIPS Standards**

**New Provisions**

Agree with all except the following:

1. As of 2010, verification by a third party will be mandatory.

*Disagree, although our firm already has our composites verified. It should be up to the individual firms. The cost may be prohibitive to smaller firms. Let the industry (consultants, clients, peers) dictate the firm’s choice for verification.*

2. Must provide a compliant presentation to all prospective clients.

*Disagree. A compliant presentation should be available upon request.*

**Modified Provisions**

Agree with all except the following:

1. Upgraded recommendation to requirement: must disclose the fee schedule appropriate to the presentation.

*Disagree. The explanation for this provision at last year’s conference explained that this meant the fee pertinent to the accounts in the composite. Since many account fees are negotiated versus the standard fee schedule, this task seems absurd for the adviser to tailor specific to the composite. The firm average weighted fee or the standard fee schedule should suffice.*

**Target Effective Dates Moved**

Agree with all except:

1. Moved requirement for carve outs to be managed with their own cash from 2005 to 2010.

*Disagree. Completely disagree with the provision to eliminate carve outs. Smaller US Advisors need carve outs in order to compete in the institutional market. Our firm is \$1 Billion and over 80% is in some type*

*of balanced allocation. However, we manage our equity portion based on one equity model. Therefore, if the account is a balanced or a stand alone account, the equity strategy is the same. We would not be allowed to enter many searches based on the assets in the equity strategy alone. Also, we accept smaller accounts based on client relationships, which means that our equity accounts alone may not represent the full firm equity model.*

Submitted by:

Greenwood Capital Associates, LLC  
Michelle B. Kennedy – Vice President