

Professional Standards and Advocacy  
Association for Investment Management and Research  
P.O. Box 3668  
Charlottesville  
Virginia 22903  
USA

12 November 2002

Dear Sir/Madam

**INVITATION TO COMMENT: GUIDANCE STATEMENT ON THE USE OF  
SUPPLEMENTAL INFORMATION**

We would like to begin our response by saying that the definition and use of Supplemental Information is an area that has been causing some confusion. Consequently we welcome this Guidance Statement which will introduce some much needed clarity. It would clearly be beneficial if it was possible to define exactly what constitutes Supplemental Information and exactly how it should be used, but given the many and varied potential scenarios we feel this is unrealistic.

With regard to verification, we strongly believe that Supplemental Information should be excluded. In essence, the role of the verifier is to provide independent confirmation that a firm has complied with the composite construction requirements and that the firm's policies and procedures are designed to calculate and present performance results in compliance with GIPS<sup>®</sup>. In practical terms this means ensuring that the firm's performance measurement infrastructure will generate accurate and representative standard presentations.

However, in many situations Supplemental Information is required because of a specific request from a prospect or client. Given the varied and often unique nature of these requests, and the fact that the verifier is not involved with the firm on a day-to-day basis, we feel it is impossible to expect such information to be verified.

When we carry out a verification we firmly believe it is good practice to ensure the firm has procedures in place to recognize and deal with situations where Supplemental Information is required. Our suggestion is that AIMR amends the Guidance Statement to encourage firms to put in place adequate procedures and controls to ensure that the use of Supplemental Information is consistent with, and in the spirit of, the GIPS principles of fair representation and full disclosure.

Yours faithfully

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