



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

13 September 2002

**INVITATION TO COMMENT:
Global Investment Performance Standards (GIPS®)
Guidance Statement on the Treatment of Carve-Outs**

Dear Sir/Madam,

On behalf of the Performance Analyst Group of Australia (P Group), the Australian Investment Performance Standards Editorial Committee would like to thank the Association for Investment Management and Research (AIMR) for the opportunity to comment on the proposed Guidance Statement on the Treatment of Carve-Outs.

The Australian Investment Performance Standards (AIPS) were formally endorsed by the IPC as a Country Version of GIPS® in June 2002. The Australian Investment Performance Standards Editorial Committee (AIPS-EC) is the sponsor of the Australian Standards.

Our comments are:

1. Do you agree with the principles established in the Guidance Statement?

Yes, we agree with the principles of full disclosure and fair representation.

2. Are there other cash allocation methods that should be allowed prior to 1 January 2005?

No.

3. Do you agree with the principle relating to the treatment of fees?

Yes, we agree.

4. Do you agree that if a firm creates a carve-out, “then all similar portfolio segments managed to that strategy should also be carved-out and included in the composite”?

Yes, we agree.

We also suggest that the Guidance Statement should state that post January 2005, every carved-out segment that has its own cash balance should be in at least one composite besides its native balanced composite, provided that it meets the suggested criteria of being a carved-out segment that is structured materially the same as a portfolio dedicated to that strategy.

5. There are three proposed methods for properly accounting for the cash position for periods after 1 January 2005. Are these methods understandable and complete? Are there any other appropriate methods?

Yes, they are understandable and complete. We are not proposing any other methods.

6. Do you agree with the proposal that this guidance should only be applied on a forward-looking basis (i.e., not retroactively)?

Yes, we agree.

7. Do you agree with the proposed Effective Date? If not, when should the guidance statement become effective?

Yes, we agree.

Yours sincerely,

The Australian Investment Performance Standards Editorial Committee