

Ref: AIMR PPS Standards - Wrap Fees

I am writing to share my concern regarding the proposed AIMR-PPS Guidance Statement and specifically, the proposed performance reporting requirements as they relate to wrap fee (managed) accounts. I recognize and support AIMR's objective - to ensure the fair and accurate reporting of performance data for managed accounts. However, the Guidance Statement does not adequately reflect the nature of wrap fee accounts and therefore its proposed requirements are not appropriate for adoption.

Based on my understanding, managed account managers (such as my firm) have limited access to the underlying client data - typically restricted to current holdings in a portfolio, and very little in the way of historical account data. Moreover, managers have little or no input in the design, creation, marketing or sale of wrap programs. The sponsors of the wrap programs carry out these functions and in no case does the manager use performance on wrap fee accounts in any context besides the promotion of itself to the sponsor. As a result, it seems of little value to require managers to keep onerous "shadow" records for performance it never uses with respect to accounts over which it has little control with respect to many key features.

I suggest that AIMR permit managers to present sponsor-specific performance for managed account program sponsors (subject to appropriate disclosure) and that the effective date for reporting requirements be changed to no sooner than 18 months following their adoption by AIMR - rather than the July 1, 2003 date currently proposed.

Sincerely,

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