

October 25, 2002

Association for Investment Management & Research  
Reference: AIMR-PPS Standards – Wrap Fees  
P.O. Box 3668  
Charlottesville, VA 22903

Dear Sir/Madam:

I am writing on behalf of my firm, Roxbury Capital Management, LLC, based in Los Angeles, California. We currently manage \$4 billion in assets, more than half of which is wrap fee business.

We are very concerned about the proposed AIMR-PPS standards for wrap fee accounts. We have presented performance in compliance with the AIMR standards since 1992 and place enormous value on our ability to do so. The new proposed standards, in their current form, are onerous and not workable logistically. We respectfully request that the board delay implementation of the proposed standards until it receives input from the wrap manager/sponsor industry.

While we understand the need to clarify AIMR-PPS standards for wrap fee accounts, the proposed provisions would put an unnecessary and impossible burden on wrap fee managers. One of the premises behind a sub-advisory manager/sponsor agreement is that the manager has no contractual agreement with the end client. It is the program sponsor's responsibility to provide performance to the end client as well as any other kind of direct communication. In many cases, we are precluded from any kind of direct communication with the client. Moreover, as a sub-advisor, we are dependent on the data received from the program sponsors. In order to shadow accounts, we would need to assume that every sponsor has the technical ability as well as the desire to interface with the manager. This certainly may not always be the case.

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Creating a simulated wrap fee performance record by using the nonwrap fee performance and deducting the highest total wrap fee charged, is in our opinion, not a good solution. Obviously there is a double counting of fees as trading costs have already been taken into consideration in these instances. Additionally, to use the maximum fee is not a realistic picture of what the average client actually pays.

It is imperative that the AIMR-PPS Implementation Committee reconsider these issues and seek guidance and clarification from the parties most directly involved – the wrap fee managers and the program sponsors. We urge you to postpone any final decision until this has been accomplished.

Sincerely,

Clare N. Mc Ternan, CFA  
Managing Director