

July 26, 2004

CFA Institute  
Professional Standards & Advocacy Department  
Reference: "Gold" GIPS Standards  
P.O. Box 3668  
Charlottesville, Virginia 22903

Re: Proposed Revisions to the Global Investment Performance Standards

Dear Madam or Sir:

As a holder of the Chartered Financial Analyst designation, I appreciate the opportunity to comment on the proposed revisions to the Global Investment Performance Standards ("GIPS®"), which are referred to as "Gold" GIPS. While I support the principles underlying Gold GIPS and the framework for ethical performance presentations that they represent, I am concerned that certain aspects of Gold GIPS require further consideration and/or revision in order to accommodate a broader range of business models, including the separately managed account ("SMA") business model as it exists in the U.S.

As proposed, the Gold GIPS requirements pose special and unduly burdensome challenges for SMA businesses due to the nature of the SMA business model. Moreover, these challenges are not related to ensuring ethical practices in the presentation of investment performance and/or the protection of existing and potential clients. I therefore urge the Investment Performance Council (the "IPC") of the CFA Institute (the "Institute") to revise certain aspects of the Gold GIPS requirements in order to enable them to apply properly to multiple business models, including SMAs, rather than to effectively legislate or prefer certain business models over others.

Specifically, I submit that:

- Unless Gold GIPS has adequate flexibility to permit Managers in SMA programs to comply with its requirements, either Managers will cease seeking to comply with Gold GIPS or cease offering their services to SMA programs. It is difficult to see how either of these alternatives will benefit investors
- There are legitimate business reasons why Managers of SMA accounts may want to establish or keep their SMA businesses separate from their institutional account businesses, "cherry-picking" not being one of them. I therefore recommend that firms should be able to define themselves as excluding part or all of their SMA business, so long as the firm discloses that the excluded business line is not GIPS-compliant and provides such other disclosures as to reasonably avoid misleading investors.
- While a Gold GIPS compliant presentation must be provided to all prospective clients, under the SMA business model, the Managers have only limited or no ability to ensure that a Gold GIPS compliant (or any other) presentation is provided to prospective clients. Accordingly, I urge the IPC to clarify that it is appropriate for Managers to regard themselves as in compliance with this new provision by providing information to the Sponsors that is consistent with Gold GIPS requirements.

I appreciate having the opportunity to provide these comments on the Gold GIPS proposal. If you have any questions or want additional information regarding any aspect of this letter, please contact me.

Sincerely,



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