

December 31, 2001

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

Dear Sir or Madame:

We would like to thank you for the opportunity to comment on the proposed Guidance Statement on Composite Definition. Those comments are as follows:

1. Discretion

We agree with the draft Guidance Statement. Specifically with regards to handling particular portions of portfolios that may be non-discretionary (sometimes referred to as “parked” assets), most current systems can classify these holdings as un-managed. This allows the manager to implement strategy correctly and performance calculations to accurately reflect that strategy.

2. Minimum Asset Level

We believe there is a major contradiction in the GS which needs clarification. The statement “If a firm establishes a minimum, it must document its policies regarding how portfolios will be treated if they fall below the minimum and must apply these policies consistently” is followed by two statements that totally contradict that. One tells you what *must* be done when a client withdrawal causes a portfolio’s value to drop below a minimum while the next statement tells you what *must* be done when market action causes a portfolio to drop below a minimum. We feel that a firm should be able to retain the right to set their own policy and apply it consistently.

We also feel it is imprudent to be making any decisions with regards to composites based on client acknowledgements.

3. Guiding Principles

The third Guiding Principle, in and of itself, is vague and ambiguous as to its intention. If it was meant to require a “definition” of a certain composite in a specific presentation, as opposed to a “description”, more guidance should be given to differentiate the two.

The fourth Guiding Principle should be incorporated into the well-known disclosure that refers to the availability of a complete list and description of a firm’s composites upon request.

Under the sixth Guiding Principle, we do not see the practicality or the relevance of keeping discontinued composites on a firm’s list for five years after discontinuation.

4. Composite Definition Criteria – Measurement Periods

We agree with all the provisions in the section of the Guidance Statement.

5. Proposed Implementation Date

We would propose setting the Implementation Date as January 1, 2003 to allow for the comprehensive review and incorporation of comments received.

Yours sincerely,

UBS Asset Management

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