



Vincent Performance  
Services LLC

June 29, 2004

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

Dear Sir or Madam:

Thank you for allowing us to comment on the draft of the "Gold" GIPS® standards. We first provide our commentary responding to your request for comment on specific provisions, and then follow with other comments. Our comments are as follows:

Specific Comments

1. Is the new requirement that mandates firms to provide a compliant presentation to all prospective clients too onerous a burden for firms claiming compliance with the GIPS standards?

While we agree theoretically that a firm should not select with whom they make a claim of compliance, we know the difficulties a firm can face when trying to meet this requirement. (This requirement is similar to guidance that has been in the AIMR-PPS Q&A database since March/April 2000.) Firms often use many distribution channels and means for meeting with prospective clients. In some instances, such as with broker referrals or wrap/SMA arrangements, often the manager has no contact at all with the prospective client. Consultants and consultant databases also add complications, as they may stand between the manager and the prospective client. Tracking which prospective clients have received compliant information within the last 12 months can be difficult, if not impossible. We believe the language should be changed to state "The firm must attempt to provide a compliant presentation to all prospective clients..."

2. Is the new requirement that mandates firms to provide a list and description of composites to any prospective client that makes such a request too onerous a burden for firms claiming compliance with the GIPS standards?

One of the required disclosures of the Standards has always been to offer to provide a complete list and description of firm composites upon request. This new requirement simply states what the intention is behind the disclosure. We do not believe this is burdensome, and agree with this added requirement.

3. Do you agree with the new recommendation that states the firm should not market a composite to a prospective client with assets less than the composite's minimum asset level?

If a firm has determined a minimum asset size for inclusion in a composite, then this minimum signifies the amount of money that is needed in order to have discretion and be able to manage the account in the intended strategy. If a prospective client does not have enough money to be invested in the style, we fail to see how the firm should be showing this performance to the

prospective client, as the client would not be able to be invested in that style. We believe this recommendation should be a requirement. In addition, we point out that this language is included at the end of Requirement 4.A.5. If the language stays as is, we suggest moving this last sentence to a recommendation, as we believe it is confusing to have a recommendation within a requirement.

4. Do you agree with the new requirement that mandates firms to be prepared to provide a compliant presentation for any composite on the firm's list of composites to a prospective client that makes such a request?

We do not believe this requirement is onerous. While this requirement is explicitly stated for the first time, every firm we have ever dealt with has assumed this requirement and has acted accordingly. This provision explicitly states what we have always understood to be an implicit requirement. We agree with this new requirement.

5. Do you agree with the new requirement that requires firms to calculate composite performance by asset-weighting the member portfolio returns at least monthly (beginning 2005)?

We do not agree with this new requirement. While we acknowledge that beginning of quarter values may not accurately represent the relative contribution of individual accounts in the composite if the accounts experience significant cash flows during the quarter, we believe that a firm should be allowed to use quarterly account returns. Many firms still report composite results quarterly, and change composite populations quarterly, therefore we think firms should have the flexibility to continue to follow this policy. We believe this requirement should be changed to a recommendation.

6. Do you agree that the effective date should be moved from 2005 to 2010 for the requirement that stipulates a carve-out return be managed separately with its own cash balance?

Carve-outs, with allocated cash, are still widely used in the U.S market, particularly by firms that focus on high net worth clients. The Japanese market also widely uses carve-outs. We are very pleased that the date has been moved forward to 2010. However, we believe that carve-outs are very useful and should continue to be allowed as of 2010. We strongly recommend that the ban on the use of carve-outs be eliminated permanently.

7. Is it reasonable for the GIPS standards to require firms beginning 2010 to value portfolios on the date of any external cash flow?

We believe it is not reasonable for the GIPS standards to require a firm to reprice a portfolio for any cash flow. We acknowledge that daily pricing does allow a firm to most accurately calculate performance results. However, if a firm believes that daily pricing is important, they are probably pricing daily already. If a firm believes that monthly pricing is sufficient, requiring daily pricing, or the ability to do so, seems very expensive for not much more overall accuracy. We fail to see how repricing a \$25m portfolio for a \$250 fee payment can have a significant impact, if any, on performance.

For those firms that do not wish to adopt a policy of daily pricing, their only options will be to adopt a Significant Cash Flow policy for all cash flows, where accounts are removed from the composite for all cash flows, or use Temporary New Accounts for all cash flows. The first option

will lead to a constant movement of accounts into and out of the composite, as most accounts experience at least minor cash flows during any given month. While this policy would be in compliance with the Standards, it does not seem to accomplish the goal of having a composite include all accounts managed in a similar style, and accurately reporting performance results. The second option is not practical, as very few firms use Temporary New Accounts even for large cash flows, due to the difficulty in doing so, as acknowledged by new recommendation 2.B.3. We strongly believe that daily pricing should be a recommendation, and should not be required.

### **General Comments**

Overall, we believe that the Standards are becoming too detailed concerning calculation requirements. In most instances, the nuances of the performance calculation itself will have little, if any, impact on the composite results over an extended period. Instead, the decisions concerning which accounts go in which composites for which periods, and how composites are defined, are the most important factors in determining composite returns. Even with such detailed account-level calculation requirements, the goal of comparability may still not be met. For example, two firms that manage identical portfolios and calculate performance daily can still have differing results if one firm assumes beginning of the day cash flows and the other firm uses end of day cash flow assumptions. We believe there should be less focus on detailed calculation requirements with more flexibility allowed, as long as a firm makes appropriate disclosures.

Unless a comment is made on a specific item, we agree with the draft of Gold GIPS. We do have very strong views on some of the changes with which we agree, and we would be happy to share those with you. Our comments on specific items which we believe should be considered for change and not previously discussed follow.

#### 8. Proposed effective date of 1 January 2006.

We believe the effective date needs to be clarified, to indicate whether the date applies to the date the presentation is prepared, or the date of the performance results that are included in the presentation. In the past, effective date has been interpreted differently. We believe the Standards should be clarified to indicate that a firm must comply with the redrafted Standards for all presentations prepared on or after 1 January 2006, as this is the simplest approach.

#### 9. Key characteristics, item 10.f.: GIPS apply to the presentation of investment performance of assets managed on behalf of a third party.

By limiting applicability of the Standards to assets managed on behalf of a third party, this could prevent a firm that is managing internal money from taking that track record and using it to market to third parties. We have seen several investment management firms in the U.S. created from what was previously an internal-only management function. We believe this key characteristic should be eliminated.

#### 10. Key characteristics, item 10.g.: GIPS should be applied with the goal of full disclosure and fair representation of investment performance....To fully explain the performance included in a presentation, firms are encouraged to present all relevant supplemental information.

The term "supplemental information" is defined in the Guidance Statement on the Use of Supplemental Information. We believe key characteristic 10.g. should consider the language included in the Guidance Statement and be modified to state "...firms are encouraged to present

all relevant supplemental and additional information.” To ensure consistency with this Guidance Statement, any other uses of the term ‘supplemental information’ throughout Gold GIPS should also be reviewed.

11. Requirement FC.A.2: The firm must be defined as an investment firm, subsidiary, or division held out to clients or potential clients as a Distinct Business Entity.

We believe one of the current options for defining the firm, the ability to define the firm as an entity registered with the appropriate national regulatory authority overseeing the entity’s investment management activities, should not be eliminated. We believe this firm definition option can be quite helpful, and do not support the elimination of this option. We believe the option for Firm Definition based on regulatory entity should continue to be included in Gold GIPS.

12. Requirement FC.A.4: The firm must provide a list and description<sup>1</sup> of composites to any prospective client that makes such a request.

<sup>1</sup>A description may be more abbreviated than the full definition, but should include all salient features.

We appreciate the attempt to provide a definition for “description of a composite.” However, we believe that the language “should include all salient features” could become a point of disagreement between a firm and their verifier and/or regulator, as the use of the word “all” is very prescriptive. We believe that the word “all” should be deleted from the footnote definition.

13. FC.A.7: The firm must include the performance of assets assigned to a sub-advisor in a composite provided the firm has discretion over the selection of the sub-advisor.

We agree with the concept of this requirement. However, we believe that the requirement should state that the firm must include the performance of assets assigned to a sub-advisor in firm assets, not in a composite. The decision concerning whether these assets qualify for inclusion in a composite is a secondary question. We agree with the addition of this requirement, if reworded.

14. Requirement FC.A.14: Statements referring to the performance of a single, existing client as being “calculated in accordance” with the Global Investment Performance Standards are prohibited except when reporting the performance of that individual account to the existing client.

We do not agree with this new requirement, as we believe it opens the door to inappropriate disclosures concerning calculating performance in accordance with the GIPS standards. For example, a wrap/SMA manager could theoretically report performance of an individual sponsor’s program to the sponsor and say it has been calculated in accordance with the GIPS standards. The sponsor might then use that presentation and provide it to prospective wrap clients. We therefore believe that this requirement should be amended to prohibit the ability to refer to a “GIPS compliant calculation” in any circumstance.

15. Recommendation FC.B.1: The firm is strongly encouraged to adopt the broadest, most meaningful definition of the firm. The scope of this definition should include all geographic (country, regional, etc.) offices operating under the same brand name regardless of the actual name of the individual investment management companies.

We do not agree with the idea that a single, large firm is necessarily better than an entity that has several compliant firms within it. For most large, complex firms, a global definition which includes all offices and differently named firms would be very difficult to maintain. A single, large firm would probably be constantly changing, as additional firms are purchased and/or sold, and the definition of the firm itself could take a page to describe. We would like to see this recommendation deleted from the GIPS standards.

16. Requirement 1.A.1: All data and information necessary to support a firm's performance presentation and to perform the required calculations must be captured and maintained.

The word "all" implies that every piece of paper or electronic record that supports performance must be kept. We believe that the wording should be changed from "All data" to "Sufficient data," or the word "all" should simply be deleted.

17. Requirement 1.A.4: The firm must use Trade-Date Accounting for periods beginning 1 January 2005.

Some segments of the U.S. still use settlement date accounting with some regularity. We do not believe that the use of trade date accounting is a critical factor for ensuring accuracy of performance. In fact, this required change could hurt two segments of the US market: smaller firms whose clients use brokerage accounts versus a custody account, and private banking accounts where settlement date accounting is still widely used. The original concern for using settlement date accounting was the potential impact of the long period between trade and settlement date for international securities with extended settlement periods, e.g. 6 months. Such a long settlement period would obviously have a huge impact on performance. However, given that most trades now settle within 3 days, this issue is moot and should not be a concern. We believe that the use of trade date accounting should be a recommendation and not a requirement.

18. Requirement 1.A.6: For periods beginning 1 January 2010, Accrual Accounting must be used for dividends (as of the ex dividend date.)

We are pleased that the effective date was moved from 2005 to 2010. However, we think this requirement should be eliminated. The impact of the use of cash versus accrual basis for dividends is typically very minor. We believe that firms that are most concerned with accuracy will already be recording dividends on ex-date. For those firms that rely on brokerage statements for inputs to the performance calculation, they might be forced to adopt a policy that will not have a significant impact on performance results. We believe that the use of accrual accounting for dividends should be a recommendation, not a requirement.

19. Recommendation 1.B.2: When presenting Net-of-Fees returns, the firm should accrue Investment Management Fees.

We believe that this new recommendation intends to suggest that when a firm is calculating net-of-fee returns, a firm should recognize fees ratably, versus only when paid. We agree with this theory and believe this recommendation should be clarified to say just that.

20. Requirement 2.A.2: Time-weighted rates of return that adjust for cash flows must be used. Periodic returns must be geometrically linked. Approximated time-weighted rates of return that adjust for daily-weighted cash flows must be used for periods beginning 1 January 2005.

The firm must use a “true” Time-Weighted Rate of Return calculation method for periods beginning 1 January 2010.

As of January 1, 2005, a firm will no longer be able to use a mid-month convention for calculating weighted cash flows. While we acknowledge that using a mid-month cash flow weighting method is not very accurate, we believe it should continue to be an option as long as it is adequately disclosed. This will benefit those firms that may be dependent on another firm for performance calculations (e.g. wrap sponsors) as well as those firms in the future who are trying to retroactively comply with the Standards. A mid-month convention is a good “shortcut” method, if needed. We believe that a firm should be allowed to continue to use an approximation of a time-weighted return, as long as it is adequately disclosed.

However, this provision will also have a major impact on those firms that price monthly and reprice for large cash flows, but do not weight for cash flows within the sub-periods determined by either month end or large cash flows. This policy, which is widely used by thousands of firms in the U.S., would not meet this requirement as of January 1, 2005. We strongly believe that this requirement should be applicable only to those firms that do not reprice for large cash flows.

21. Requirement 2.A.6: All returns must be calculated after the deduction of the actual Trading Expenses incurred during the period. Estimated Trading Expenses are not permitted.

We believe that a firm should be allowed to use a model transaction fee as long as the use of model transaction fees and the amount of the model transaction fees are fully disclosed. The Fees Provisions allow a firm that manages accounts with Bundled Fees to deduct the portion of a bundled fee that is attributable to transaction expenses if they know that portion. (See GIPS Provision 2.A.9.(a) below.) Realistically, the breakout of a bundled fee into its pieces is just a model, and may have no relationship to actual transaction expenses. We believe that the ban on the use of estimated transaction costs should be eliminated.

22. Requirement 2.A.9: If the actual direct Trading Expenses cannot be identified and segregated from a Bundled Fee:

- (a) when calculating Gross-Of-Fees returns, returns must be reduced by the entire Bundled Fee, or the portion of the Bundled Fee that includes the direct Trading Expenses. Estimated Trading Expenses are not permitted.
- (b) when calculating Net-Of-Fees returns, returns must be reduced by the entire Bundled Fee, or the portion of the Bundled Fee that includes the direct Trading Expenses and the Investment Management Fee. Estimated Trading Expenses and Investment Management Fees are not permitted.

Item 2.A.9.(b) makes the assumption that a manager will always know the total bundled fee, which the manager may not. More importantly, the last sentence states that estimated management fees are not permitted. We assume that this is just a wording issue and that something else was intended, as it would be unreasonable to ban the use of estimated or model fees. We believe this requirement should be reworded for clarity.

23. Requirement 2.A.10: If a composite contains both portfolios where the actual direct Trading Expenses cannot be identified and segregated from a Bundled Fee and portfolios where the direct Trading Expenses can be identified, GIPS Calculation Methodology Requirement

2.A.9 (above) must be met for those portfolios where the direct Trading Expenses cannot be identified and segregated from a Bundled Fee when calculating the composite Gross-Of-Fees or Net-Of-Fees return.

We believe this is attempting to say that if an account has a bundled fee structure, and the bundled fee is not broken out into its components and the transaction fees cannot be determined, then all returns of such accounts, both gross and net of fees, must reflect the deduction of the entire bundled fee. First, we think this requirement should be reworded for clarification purposes. Second, as previously described, we believe that estimated transaction costs should be allowed, as long as the use of an estimate is fully disclosed.

24. Recommendation 3.B.3: Carve-out returns should not be included in single asset class composite returns unless the carve-outs are actually managed separately with their own cash balance.

We do not agree with this recommendation, as we believe carve-outs are very useful and can be cost-efficient for many firms. We believe this recommendation should be eliminated, and should acknowledge the continuing widespread use of carve-outs in both the U.S and Japan.

25. Requirement 4.A.6: The firm must disclose the currency used to express performance.

In many instances, we believe this disclosure requirement does not add any value. For many firms, there is absolutely no question concerning which currency is being used. If the composite presentation shows a currency symbol beside the composite market value, and no other currency has been used, we do not believe a firm should be required to state the obvious. We believe the disclosure should be changed to state that the firm must disclose the currency used to express performance only if the currency used is not the same currency as presented in the composite presentation. This would remove a disclosure that is redundant in most instances.

26. Requirement 4.A.10: For composites managed against a benchmark, the firm must disclose the percentage of the composites invested in countries, regions, or sectors not included in the benchmark for the most recent period.

We agree with the time period clarification. However, we still struggle with how to interpret this provision. For active managers, they are normally not invested directly in line with the benchmark, therefore should they have to disclose their portfolio's holdings versus the S&P 500? We believe that this disclosure should be required only for passive managers, or for those where the disclosure would be meaningful. This disclosure requirement does not acknowledge the way many active managers manage money.

27. Requirement 4.A.16: The firm must disclose the Fee Schedule appropriate to the presentation.

We question the language "appropriate to the presentation" and assume that a standard fee schedule would suffice. We recommend clarification of this language.

28. Requirement 4.A.17: If a composite contains portfolios with Bundled Fees, the firm must disclose for each annual period shown the percentage of composite assets that are Bundled Fee portfolios.

We do not believe that the different types of fee structures matter, therefore we do not believe this disclosure is relevant. We recommend deletion of this required disclosure.

29. Requirement 4.A.18: If a composite contains portfolios with Bundled Fees, the firm must disclose the various types of fees that are included in the Bundled Fee.

Unless net of fee returns are presented, we think this disclosure is not meaningful. In addition, we think this disclosure requirement would be met by requirement 4.A.20. (see below.) We believe this requirement should be deleted.

30. Requirement 4.A.19: When presenting Gross-Of-Fees returns, the firm must disclose if any other fees are included in addition to the direct Trading Expenses.

We believe that the word “included” is confusing, and suggest that the provision be changed to use the word “deducted” instead of “included.”

31. Requirement 4.A.20: When presenting Net-Of-Fees returns, the firm must disclose if any other fees are included in addition to the Investment Management Fee and direct Trading Expenses.

We believe that the word “included” is confusing, and suggest that the provision be changed to use the word “deducted” instead of “included.”

32. Requirement 4.A.21: Firms must disclose that the portfolio, composite and benchmark calculation methods are available upon request.

We do not see any value in this additional disclosure. If a prospective client cares enough to ask about the performance calculation methodology, they will do so, as they would for any policy followed by the manager. We do not believe that disclosing an offer to provide such information will have any impact on a prospective client. We believe this new disclosure item should be deleted.

33. Requirement 4.A.23: The firm must disclose any events (such as ownership or personnel changes, significant deviations between annual and interim performance results, etc.) which help a prospective client interpret the performance record.

We agree with the change, but believe clarification is needed, to state whether the requirement to make such disclosure is applicable to all periods presented in the composite presentation or for periods subsequent to 1 January 2006. We believe this requirement should be prospective only, as it could be next to impossible for a firm to determine whether any events that occurred historically should be disclosed.

34. Requirement 4.A.28: The firm must list “discontinued” composites on the firm’s list of composites for at least five years after discontinuation.

We do not agree with this requirement. We believe that a firm’s list of composites should be specific to a point in time, and should not have to include terminated composites. We believe this new requirement should be deleted.

35. Recommendation 4.B.7: The firm should disclose when a change in a calculation methodology or valuation source results in a material impact on the performance of a composite return.

In order to determine whether a change in methodology or valuation source results in a material impact on a composite, a firm would have to calculate performance using both the new and old methods/sources. We do not believe this is a worthwhile effort for a firm and does not provide helpful information. We believe this recommendation should be deleted.

36. Requirement 5.A.1: The following items must be reported:...
- (d): A measure of dispersion of individual portfolio returns for each annual period.

We believe the requirement to measure dispersion based only on annual returns of those accounts that are included in the composite for the full year should be reconsidered. We believe that other dispersion measures could be more meaningful. For example, many managers calculate a dispersion measure each month or quarter. An average of these measures could be quite useful. We believe that a firm should be allowed to determine which measure of internal dispersion is most meaningful to them, and allow them to use their selected dispersion measure as long as it is fully disclosed.

37. Requirement 5.A.3: Performance for periods of less than one year must not be annualized.

We agree that performance should not be annualized. However, the placement of this requirement in the Standards implies that it is only applicable to an annual composite return, not account-level returns or composite returns for other periods. We believe the requirement should be reworded to say "Performance of both accounts and composites should not be annualized over any period. Only actual performance results may be used."

38. Requirement 5.A.4: Performance results of a past firm or affiliation must be linked to or used to represent the historical record of a new firm or new affiliation if:
- (a) a change only in firm ownership or name occurs, or
  - (b) the firm has all of the supporting performance records to calculate the performance, substantially all the assets included in the composites transfer to the new firm, and the investment decision-making process remains substantially unchanged.

Previously the GIPS standards listed the conditions that needed to be met if the firm wanted to link results from a prior firm. The new provisions state that if certain conditions are met a firm must link results from a prior firm, even if they do not want to. We are troubled by this change and do not believe it is appropriate. We can envision many difficult discussions where a new employee of a firm would need to prove that his or her performance from a prior firm must not be linked. We believe the wording should be changed to match the current GIPS language.

Secondly, and more importantly, this requirement is not consistent with the Guidance Statement on Performance Record Portability. This inconsistency has existed since this Guidance Statement was issued in May 2001. The Guidance Statement differentiates between a situation when a manager or firm joins a new firm versus joining an existing firm. If a manager or firm joins a new firm, four portability tests must be met. If a manager or firm joins an existing firm, the same four portability tests must be met, but an additional test is required: substantially all the assets from the old firm must transfer as well. We do not understand the differentiation between joining

a new or existing manager. Instead, we believe the requirement to have substantially all the assets transfer should be deleted, as this test will rarely be met.

39. Requirement 5.A.5: If a compliant firm acquires or is acquired by a non-compliant firm, the firms have one year to bring the non-compliant firm's acquired composites into compliance.

We believe there has been much confusion concerning this requirement over the past few years. We have interpreted this requirement to mean that within one year of acquisition, a firm must have the acquired firm's assets in compliance, on a prospective basis only, and that the one-year period was to allow for the huge influx of "new" accounts that must be put into appropriate composites. We understand that some firms have interpreted this requirement to mean that the acquired firm's historical results must be brought into compliance, or the acquiring firm will no longer be able to claim compliance. We believe this interpretation would be nearly impossible to meet for many acquisitions. What would happen if a firm acquires another firm that would be impossible to bring into compliance retroactively? The acquiring firm would then lose their compliant status forever. We strongly believe that clarification on this point is needed.

40. Requirement 5.A.6: If a composite is formed using single asset carve-outs from multiple asset class composites the presentation must include the following:
- (a) a list of the underlying composites from which the carve-out was drawn, and
  - (b) the percentage of the composite that is composed of carve-outs.
- As of 1 January 2006, the firm must disclose this information for each annual period (retroactively and going forward).

We agree with the wording change to item 5. A.6.(b), and believe it is what was originally intended, but was incorrectly worded initially. However, we believe that requiring a firm to present the intended disclosure retroactively should be eliminated. The wording was very open to interpretation, and we do not believe a firm that interpreted the poorly worded requirement differently should be required to make this change historically. We believe the disclosure should be made prospectively only.

41. Recommendation 5.B.1: The following items should be included in the composite presentation or disclosed as supplemental information:
- (a) composite performance gross of Investment Management Fees and Administrative Fees and before taxes (except for non-reclaimable withholding taxes),
  - (b) removed
  - (c) removed
  - (d) The firm is recommended to present the volatility over time of the aggregate composite return and benchmark return,
  - (e) moved to Disclosures – 4.A.11.

The recommendation to include these items as "supplemental information" should be changed to conform with the Guidance Statement on the Use of Supplemental Information, and should be classified as "additional Information."

42. Recommendation 5.B.4: The firm is recommended to present the following additional performance-related information:
- (a) Graphs and charts presenting specific information required or recommended under the GIPS standards

- (b) Returns for quarterly and/or shorter time periods
- (c) Annualized composite and benchmark returns for periods greater than 12 months
- (d) Composite-level country and sector weightings.

We believe the wording should be changed to be less restrictive, and to allow for other items, such as cumulative or equal weighted returns, to qualify as additional information.

### **Verification**

43. Verification will be mandatory effective 1 January 2010. The verification report must cover periods from 1 January 2010 forward, at a minimum. Firms will have until 31 December 2011 to complete the initial verification. If a verification report has not been issued by 31 December 2011, the firm may no longer claim GIPS compliance.

Our view is that verification should not be mandatory, for the following reasons:

- lack of qualified verification firms;
- lack of understanding concerning what a verification is, and what it is not. (Too often we hear people refer to performance results being verified, when in fact verification provides no assurance on the results of a specific composite); and
- the cost associated with verification.

We believe the marketplace should be allowed to determine whether verification is necessary or not.

44. Performance examination guidance should be added to the GIPS standards.

In order to encourage adoption and use of the GIPS standards in the U.S., the GIPS standards would need to acknowledge the widespread use of “performance examinations” in the U.S. The AIMR-PPS standards include guidance for performance examinations, and this guidance could easily be adapted for the GIPS standards. We recommend that such guidance be added to the GIPS standards.

45. GIPS Real Estate Provisions

We believe additional clarification is needed for how a firm must transition from complying with the AIMR-PPS real estate provisions to the new GIPS provisions, and if any additional disclosure is needed.

46. Private Equity Provisions


We believe additional clarification is needed for how a firm must transition from complying with the AIMR-PPS private equity provisions to the new GIPS provisions, and if any additional disclosure is needed.

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June 29, 2004  
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We hope you found our comments helpful. We would be happy to discuss our comments with you. Please do not hesitate to contact us.

Sincerely,

A handwritten signature in cursive script that reads "Karyn D. Vincent".

Karyn D. Vincent, CFA