CFA INSTITUTE
GLOBAL INVESTMENT PERFORMANCE STANDARDS
P.O. Box 3668
Charlottesville, Virginia  22903

RE: GUIDANCE STATEMENT ON VERIFICATION

Dear GIPS Executive Committee:

Thank you for this opportunity to comment on the proposed revisions to the Guidance Statement on Verification and for your efforts to enhance and encapsulate the many ideas and interests surrounding the verification of a firm’s compliance with the GIPS standards. Our attached comments are derived from conducting verifications on hundreds of investment managers globally and from our own commitment to supporting the Standards’ ongoing relevance and ethical objectives, most notably promoting fair and full disclosure and ensuring the presentation of accurate and consistent performance data globally.

Ashland Partners & Company LLP
Ashland Partners & Company LLP
November 25, 2010
Comments Requested
The GIPS EC is seeking comments from the industry on the proposals set forth in the following revised Guidance Statement on Verification. In addition to commenting on specific items, please provide feedback on the rest of the document including items you support. The GIPS EC would also like feedback as to the appropriateness of the required items to be included in the verification report.

Guidance Statement Overall
We appreciate and support the revisions to this document, with few minor exceptions. Many of the wording changes are much more clear and the information is better aligned with the overall purpose of this guidance statement.

The Verification Report
We agree with the decision to delineate required information that was previously only suggested, as it will provide more uniformity in the verification reports and reduce confusion in the marketplace about what a verification report means.

The two new requirements are slightly problematic.
1) Most of our verification reports are combined with performance presentations. Investment management firms are allowed to drop the wording that “verification does not ensure the accuracy of any specific composite presentation” if they also have a performance examination conducted. However, there is no such exception currently noted in the required information in a verification report, and there should be.
2) We follow both the requirements of the GIPS standards and the AICPA attestation requirements when conducting verifications. One of the reasons we dropped the reference to the AICPA from our opinions a few years ago was because we didn’t want to confuse users who might think such a reference meant that the Verification Report was an audit report. Since we are following AICPA guidance in addition to GIPS guidance, we don’t believe this requirement is necessary. It could be a recommendation, or it could fall under the category of “additional information, as appropriate, to make the context of the particular verification work clear,” and the verification firm could decide if a reference to the AICPA attestation standards would clarify or confuse the marketplace.

Verifier’s Understanding of the Firm’s Policies and Procedures
We agree with the decision to move this information from the Standards into the Guidance Statement. It is a little random in what it includes versus what it leaves out.
1) Error correction: All firms must have an error correction policy, which is not on the list.
2) Treatment of fees: A few firms may be holding on to gross-only performance presentations, but treatment of fees is still important for a verifier to be knowledgeable about. Most firms show net performance in at least some presentations.
3) Timing assumptions: Many firms no longer make any assumptions regarding the timing of capital inflows/outflows, as they have moved to daily valuations or valuations on the date of all capital inflows/outflows. Since firms are in fact no longer allowed to make mid-month assumptions, the wording of this item could be better updated.