October 30, 2002

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

Reference: Proposed Guidance Statement on Calculation Methodology

Dear Sir or Madame:

Thank you for allowing us to comment on the proposed Guidance Statement on Calculation Methodology (Draft Guidance Statement). Our comments are as follows:

1. One of the issues you seek comment on asks "Is it reasonable to expect that firms will be able to value portfolios at the time of any external cash flow beginning 1 January 2010?" We agree that pricing a portfolio at the time of any external cash flow does provide a more accurate portfolio-level return. However, we believe that requiring firms to implement such a policy may be difficult for smaller firms as well as those firms that invest in thinly traded securities. We do not believe that pricing portfolios for each external cash flow should be required. Instead, we suggest that a firm be required to disclose the methodology used to calculate portfolio-level returns.

2. On pages 12 and 13 of the Draft Guidance Statement, where the monthly return is calculated for both Portfolio 1 and Portfolio 2, the method used to calculate those returns should be identified. We were unable to recalculate either the 11.32% or 8.26% return, therefore cannot suggest language that should be used.

3. On the last page of the Draft Guidance Statement, an example is provided showing the method for calculating an Aggregate Method return using the Modified Dietz formula. We suggest that an example also be provided to present the Aggregate Method return using the Daily Valuation approach, where sub-periods are linked together. Alternatively, if no additional calculation method is provided, then we suggest a comment be included to acknowledge that there are other Aggregate Method formulas that could be used.

Again, thank you for the opportunity to comment.

Sincerely,

Karyn D. Vincent, CFA
CAPS, Inc.