

Global Performance Standards and Professional Credential Taking Shape in 2006

This is the year the investment industry in the U.S. will change its thirteen-year-old "industry standard" for performance from the now superseded AIMR-PPS® to GIPS, the Global Investment Performance Standards. Many firms are already updating written policies and procedures and performance disclosures, so that 4th Quarter brochures have GIPS in the compliance statement.

Name recognition in the Marketplace?

What about consultant questionnaires still asking about AIMR-PPS? If the answer was "yes" to the PPS and is now "yes" to GIPS, then the answer is "yes" to the outdated question. If space is available, send along a footnote or separate communication encouraging consultants to update the question.

Implementing the Transition within the firm:

The first step is to be familiar with the changes in the compliance requirements in the GIPS standards. For more information on the changes, see the 4Q05 issue of The Verifier or the CFA Institute's website, or attend a 2006 Ashland Client Conference. In addition to changes within the GIPS, performance professionals need to take some time to familiarize themselves with the revised guidance statements. Most have been updated to be in line with GIPS, and complying with these guidance statements is required to claim compliance with the GIPS standards. Updated GIPS guidance statements on recordkeeping requirements, leverage and derivatives, and error correction are still pending final approval.

Also, be on the lookout this year for new topics for future guidance statements that include guidance on mergers and acquisitions, hedge funds, risk measures and composite maintenance.

A Credential for your Competencies:

The first enrollment window for the CGIPS Program recently closed January 31, 2006 with the new window for registration beginning May 1st. The new credential for performance professionals includes a two-part test covering areas such as professional ethics, the GIPS standards, performance measurement calculations, analysis and evaluation.

ACG Provides Vital Resources for CCOs

What is Ashland Compliance Group and what can it do for you?

In the Spring of 2005, with new SEC rules just adopted and several more on the horizon, we looked around and asked ourselves, "How does a Chief Compliance Officer, especially at a small firm where they are probably wearing at least two hats, keep track of what's going on? They need someone to just keep track of their policies and procedures and the new rules coming out, and oh yes, now they have to do annual testing of their compliance system."



ASHLAND
COMPLIANCE
GROUP LLC

As a result of this conversation, Ashland Compliance Group ("ACG") was born. The goal was to serve as a resource to the CCO, by helping them determine where they were, where they needed to go, and what needed to be done to

get them there. We wanted to help the CCO develop a compliance program that fit the business, tailored to fit the firm, not fit the firm to a compliance program.

So, we developed a template for the firm's risk assessment, a model that can be expanded or contracted to fit the firm. We developed a template for the annual review, one that can be expanded or contracted to fit the firm. And we sent one of our managing directors, Tim Simons, on the road to attend compliance conferences and look for information of value to CCOs, to find out what the industry considers "best practice," and then visit firms to discuss those "best practices" and whether they fit all firms or not. Some do, most don't.

ACG charges an annual fee, based on the size and complexity of your firm. We start by reviewing the policies and procedures you have in place and making suggestions on improving them. We review your risk assessment with you and help you ensure that you have designed your compliance program to address those risks that you deem to be the most important to your business. We can help you determine how to test your compliance program and help you set up and monitor a compliance calendar, so that you have a plan for testing over the course of the year. We can keep you informed as to what's going on in the industry, and at the SEC, and what's anticipated.

We are a resource for your compliance questions. Yes, we are the perfect fit!

Ashland Partners Opens Around the Clock

With a growing client list depending on our reports for marketing deadlines and timely client service, Ashland Partners makes sure response time and meeting deadlines is at the core of our firm's competencies. Prompt turn around time is often critical to our clients' success.

To continually improve our client service and the efficiency of our operations, we have opened an office in Shanghai, China. U.S. clients will continue to have primary contact with professionals based in the U.S., while the staff in Shanghai will complement our U.S. data analysis/verification team and more efficiently service our growing Pacific Rim client base. With a 12 hour time difference from our Boston and Jersey City offices, and 15 hours from Oregon, we can literally run around the clock!

The Shanghai office will be managed by Denise Leong, a Seattle, Washington native and a graduate of the University of Washington. She holds an MBA from Seattle University, with a Bachelors degree in Business Administration and a minor in Information Systems. She currently resides in Shanghai and spends several weeks a year in our Medford, Oregon office.

More Client Conferences Offered in More Locations

With the SEC and CFA Institute driving recent compliance changes throughout the industry, Ashland Partners is putting greater emphasis on the value we can provide our clients through education. With the desire to reach all of our clients with a comprehensive person-to-person update on compliance requirements, we've expanded our regional client conferences to 10 U.S. cities in 2006.

Who should attend?

Seasoned performance and compliance professionals will enjoy general session overviews and useful updates on what's new from the SEC and CFAI. Newcomers and experienced professionals will both benefit from separate entry level sessions and 10+ roundtable breakouts on special interest areas of the GIPS standards and guidance statements.

What to expect?

General sessions will provide up-to-date current information on the latest issues. Roundtable discussions will offer personalized guidance to attendees on topics such as SMA provisions, utilizing carve-outs, removing for significant cash flows, and many more.

Fees?

Fees for these full day events are below market prices because we don't want cost to keep any one of our clients from participating in a day designed to enhance the effectiveness of each firm's compliance and performance reporting obligations.

Pre-conference Performance Workshop

Most cities offer a half-day pre-conference workshop for an additional fee for firms with new and intermediate-level staff needing a tutorial on the basics of performance measurement and attribution. These hands-on workshops are university lab style, so whether new to the industry, new to performance or just curious about what your accounting system is doing, bring a laptop and be prepared for interactive learning.

Atlanta, GA – March 2 & 3

Houston, TX – March 6 & 7

Los Angeles, CA – March 13 & 14

Seattle, WA – March 16 & 17

Washington DC – April 24 & 25

Boston, MA – April 27 & 28

Chicago, IL – June 19 & 20

San Francisco, CA – September 6 & 7

Denver, CO – September 11 & 12

New York City – September 20 & 21

Mark your calendar and sign up today:

www.ashlandpartners.com

THE ASHLAND CORNER

Ashland Profile



Timothy F. Peterson, CFA

Associate Director – Ashland Performance Measurement Resource Group (PMRG)

Timothy joined the Ashland team last year to supervise performance measurement service engagements, including performance calculation, composite construction, style analysis, and attribution.

Timothy has been published in the Journal of Performance Measurement and authored numerous whitepapers. He is a member of the CFAI and the Houston Society of Financial Analysts.

Prior to joining PMRG, Timothy's experience includes serving as a CFO and investment portfolio manager, Global Head of Performance and Attribution for an international asset management firm, and as Director of Performance Reporting for a leading national SMA wrap fee investment manager.

Timothy is a dual graduate of the University of Colorado, with a Bachelor of Arts Degree in Economics and a Master of Science Degree in Finance with honors from Beta Gamma Sigma. His hobbies include travel, cooking, rodeo, sportshooting, Aikido, and spending time with his wife Robyn and his two Labrador Retrievers, Jensen and Treynor.

The AP Advantage

"Our firm has been working with Ashland for over a year now after transitioning from another verifier. We were extremely impressed from the first time they came into our office. Their team not only understood our business and issues, but provided quality advice and solutions to our compliance questions. We love the availability of Ashland personnel for conference calls and on-site visits. Our firm also enjoys the fact that Ashland believes in constantly keeping us up to date on pressing issues in the industry and hosts several conferences during the year across the country where they have informational and interactive sessions on performance measurement, AIMR/GIPS standards, and regulatory compliance.

The biggest difference we have found from our prior verifier to Ashland is that we are working with a firm that understands our business and has a staff that can answer our questions. I sometimes hear that a verification is a verification. If you want to talk about an opinion letter, then that is true. But if you want to talk about a knowledgeable, respected consultant, whose scope is more than just checking numbers but focusing on policy and promoting compliance as well, then Ashland is in a league of their own."

Anthony Ford, ABN AMRO Asset Management