



ATTEST BVS

Hello everyone and welcome to the August edition of the Beacon newsletter. August 2009 marks a particularly important occasion for Beacon as it is our eighth anniversary! To highlight our birthday, our feature article reflects on the values and principles that have enabled Beacon to evolve and grow into the organization that we are today. In addition, we will welcome a new member of the ACA Beacon team.

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ACA Beacon Turns Eight!!!

August is a very special month for ACA Beacon for two reasons. First, our firm was founded this month, in 2001. Second, we became part of ACA Compliance Group in August, 2007.

We are happy to report that after eight years, our quest to provide the ultimate in client service and the highest quality work product continues. Becoming part of ACA two years ago has augmented this ambition tremendously. On this birthday, we wanted to share our two unofficial missions along with the characteristics of our firm that create the most value for our clients.

Our first unofficial mission is to become our clients' highest quality service provider, regardless of the type of service. We all know investment managers pay substantial amounts for software, research, consulting, accounting, etc. Our goal is to be a firm's highest quality provider so that if the firm looked across all service providers it contracts, we would be voted the best in

terms of quality and service. Our second unofficial mission is to be the best verification provider in the world. We do not want to be the biggest, but if someday we are the biggest because we are the best, we are happy to fill this role. We refuse to sacrifice quality as we grow.

Here are some of the highlights (8 of course) that we believe make us the best verification firm in the world.

- We have provided GIPS® verification services to over 200 investment management firms spanning all asset classes, financial instruments, vehicles, firm structures, and sizes.

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- We have consistently maintained a client to professional ratio of 10 to 1, allowing for instant access to expert advice throughout the entire year.
- On average, approximately 20% of the hours dedicated to clients come in the form of being a technical resource, sharing best practices, and providing customized education and consulting all the while holding verifier independence in the highest regard and not compromising data due diligence. We are convinced one would be hard pressed to find another provider in which this statistic is over 5%.
- If our due diligence uncovers issues that require SEC guidance, our clients have immediate access to SEC expertise through our colleagues in other ACA divisions.
- We are dedicated to continuing education that benefits our professionals and our clients. Eight employees are CIPM certificate holders, two have passed the Expert level and await credentialing, and three others have passed the Principles exam. We also have two CFA charter holders, one Level III candidate, one Level II candidate, and three Level I candidates. We are also turning attention to the CAIA designation.
- Our division's focus remains solely on GIPS® Verification.
- Our approach of quality, measured growth provides clients with peace of mind they will always be treated as if they are our only client.
- Our knowledge of investment management, performance measurement, and the GIPS®, combined with proactive leadership of the project at all times, saves our clients substantial time and money.

Most importantly, we want to thank our dedicated clients who have facilitated our commitment to being the best service provider.



We encourage feedback from clients and encourage other firms to call us if your current verification firm is not your highest value added service provider. Most importantly, we want to thank our dedicated clients who have facilitated our commitment to being the best service provider. It has been a joy to see this manifested in satisfied clients on a daily basis for the past eight years and many more to come. ◀



GIPS® Q&A

A compliant firm is mandated to comply with all aspects of the Standards, including Q&A's. As such, we've decided to highlight some of the Q&A's that address the more common questions we field. For a full list of the Q&A's, please visit the GIPS® website at gipsstandards.org.

Discretion

Q. If a portfolio's custodian or prime broker, whether selected by the client or not, declares bankruptcy or has been purchased by another organization resulting in the portfolio being subsequently frozen where it cannot be accessed and no trading can occur for a period of time, can that portfolio be treated as non-discretionary for the time the strategy could not be implemented?

A. Yes, the firm may classify the portfolio as non-discretionary and remove the portfolio from the composite for the period where the strategy could not be implemented. If the firm has removed the

portfolio from the composite, the firm must re-include the portfolio in the composite when the firm is able to manage it on a discretionary basis. A portfolio that changes from discretionary to non-discretionary status must be removed from a composite on a prospective basis only; the portfolio must not be removed from the composite retroactively.

Additionally, firms must determine whether this situation rises to the level of a significant event. Firms must disclose all significant events that would help a prospective client interpret the performance record.

Date Added: June 2009 ◀

Upcoming Webcast

Tips to Ensure Your Firm is GIPS® Compliant
September 22, 2009

This important webcast will be an educational training session where we will address many of the common challenges firms claiming GIPS® compliance face today. Our belief, which has been confirmed through experience, is that the vast majority of client mistakes are qualitative, not quantitative, in nature. We will cover the unique issues we see the most while conducting verifications such as composite construction errors, compliant presentation shortcomings, challenges faced in documenting your firm's policies and procedures, among other challenges.

Jeff Tarumianz, CFA, CIPM, Managing Director, Senior Verification Manager
Kamelia Dari, CIPM, CFA Level II Candidate, Senior Verification Associate

Please use the following link to enroll: webcasts.acacompliancegroup.com



Conferences

ACA Beacon will be exhibiting at the following conferences in the coming months.
We look forward to seeing you there!

Schwab Impact 2009

September 13th - 16th
The San Diego Conference Center
San Diego, CA

GIPS® Standards Annual Conference

September 22 - 23, 2009
Hyatt Regency Boston
Boston, Massachusetts

***This one sold out early last year, so make sure to register early if you are interested*

We are also happy to announce that Jeff Tarumianz, ACA Beacon founder and Managing Director, will be a featured speaker at the GIPS® Standards Annual Conference.

ACA Beacon Verification Services Expands to New York Metro

ACA Beacon Verification Services is proud to announce its expansion into the New York metro area!

Placing GIPS® verification professionals in ACA's current Morristown, NJ office will support our efforts to continue providing the highest level of customer service in the industry. Alicia Hyde, CIPM will be managing verification operations of the NJ office. Alicia is a Verification Manager with ACA Beacon and has managed the verification of over 50 clients, ranging from pure institutional managers to private equity firms. Alicia joined Beacon in 2004 after serving as an equity research analyst at Southport Capital. Alicia received her CIPM certificate in 2007 and recently took Level III of the CFA Exam.

We are very excited about this venture and the opportunity to better serve our clients in the region!