

MEMO# 2204

September 21, 1990

INSTITUTE LETTER ON S&P ALGORITHM FOR COMPUTING IRR

September 21, 1990 TO: UNIT INVESTMENT TRUST COMMITTEE NO. 44-90 RE: INSTITUTE
LETTER ON S&P ALGORITHM FOR COMPUTING IRR

_____ The Institute has learned that Standard & Poor's Corporation has informed the SEC staff that they have developed an algorithm for computing IRR on unit trusts that does not require generation of a cash flow table. If true, this might substantially reduce the time required to compute IRR. Attached is a copy of a letter the Institute sent to the staff with respect to the S&P method. The letter raised various questions about the method and noted that neither the Institute nor any of its members have had a chance to review it. The letter also reiterates the Institute's belief that, in addition to the comparative levels of difficulty in computing IRR vs. ELTR, there are several other reasons why ELTR is a preferable long-term measure of UIT performance. We will keep you informed of developments. Craig. S. Tyle Associate General Counsel
Attachment

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