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2023 Investment Management Compliance Testing Survey



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2023 Investment Management Compliance Testing Survey

Overview

For the third year in a row, implementing the SEC's Marketing Rule remains the number one focus for investment adviser compliance officers according to the 2023 Investment Management Compliance Testing Survey.

Advertising/Marketing was identified by 70% of survey respondents as the "hottest" compliance topic. Cybersecurity followed with 52% and Electronic Communications Surveillance climbed to third on compliance officers' list of hot topics, named by 35% of respondents. Other key areas noted align with the SEC's exam, enforcement, and rulemaking priorities, including:

- ESG/Sustainability
- Conflicts of Interest
- Fee Calculation and Billing/Expenses
- Private Funds Regulation
- Digital Assets
- Insider Trading; and
- Valuation

Now in its 18th year, the Compliance Testing Survey is a joint project of the IAA, ACA Group, and Yuter Compliance Consulting. It is the most comprehensive resource available for identifying the top concerns of investment management compliance professionals. And the types of compliance testing practices and strategies firms are using to address core compliance topics.

The 2023 survey, conducted online throughout May, covered a wide range of topics. For example, the survey found that:

- 49% of respondents are fully back to their offices or on their way back to operating as they did pre-COVID.
- The industry is focused on SEC exams, with 58% of respondents reporting that they are undergoing an exam or have been examined in the past 5 years. The top focus areas on recent SEC exams were: Marketing; Books and Records; Conflicts of Interest; Fees and Expenses; and Code of Ethics.

- Investment advisers are enhancing their compliance programs, with 64% having conducted or intending to conduct a mock SEC exam, for example, as well as increased testing. Eighty-two percent of respondents reported that a mock exam prepared them for an actual SEC exam and identified issues and best practice enhancements.
- The top areas of increased testing include: Marketing, Cyber, Electronic Communications, Vendor Due Diligence, and ESG. These top areas are in line with SEC rulemaking and enforcement focus areas reflecting a proactive industry. Also, the majority of respondents did not decrease testing in any area, other than decreased COVID-19-related testing.

About the Survey Respondents

Compliance professionals at 581 investment adviser firms participated in the survey. All firm sizes were represented – with 21% of respondents managing less than \$1 billion in assets, 41% managing \$1 billion to \$10 billion, and 37% managing more than \$10 billion. Close to half (42%) of responding firms reported having between 11 and 50 employees, which is consistent with industry data showing that most investment advisers are small- to mid-sized businesses.

Services provided by responding firms spanned the full range of client types, including retail individuals with a typical account size of \$1 million or less (35% of respondents), private funds (60%), ERISA assets/pension consultants (45%), institutional clients (58%), and high net worth individuals (56%).

About the Investment Adviser Association

The Investment Adviser Association (IAA) is the leading trade association representing the interests of fiduciary investment advisers. The IAA's member firms collectively manage more than \$35 trillion in assets for a wide variety of institutional and individual investors. In addition to serving as the voice of the advisory profession on Capitol Hill and before the SEC, DOL, CFTC and other U.S. and international regulators, the IAA provides extensive practical and educational resources to its membership. For more information, visit www.investmentadviser.org or follow us on LinkedIn, Twitter and YouTube.

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About ACA Group

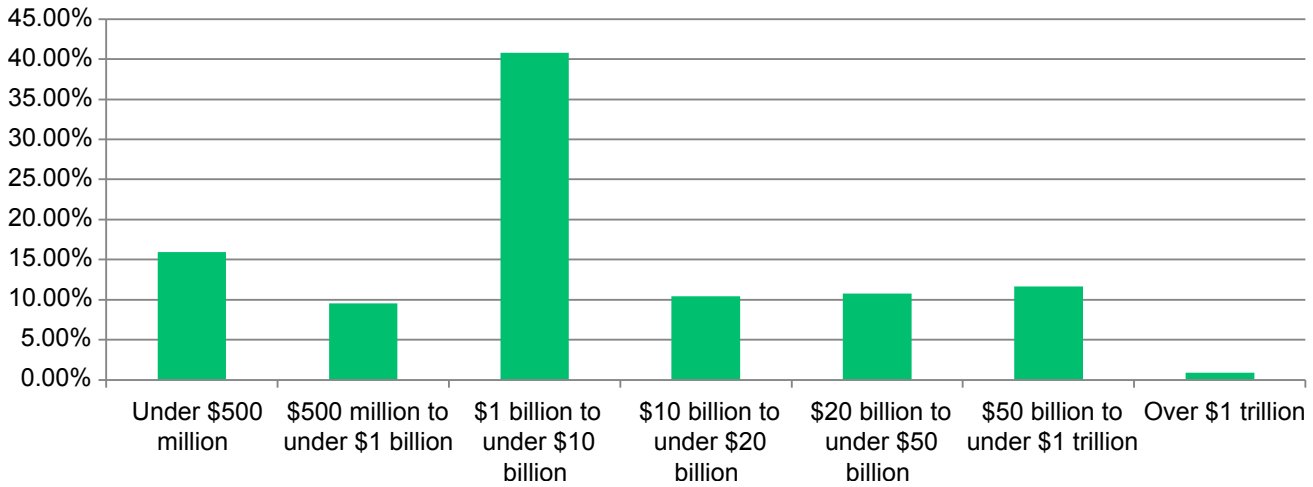
ACA Group (ACA) is the leading governance, risk, and compliance (GRC) advisor in financial services. For over 20 years, we've empowered our clients to reimagine GRC to protect and grow their business. Our global team of 1,250 employees includes former regulators and practitioners with a deep understanding of the regulatory landscape. Our innovative approach integrates advisory, managed services, distribution solutions, and analytics with our ComplianceAlpha® technology platform. For more information, visit www.acaglobal.com.

About Yuter Compliance Consulting

Yuter Compliance Consulting (YCC) is an internationally recognized boutique compliance consulting firm offering consultation and support services trusted by the industry's chief compliance officers. Amy Yuter, Managing Principal of Yuter Compliance Consulting, has over 30 years of industry, consultation and SEC regulatory experience in overseeing investment advisers, investment companies, public companies, broker-dealers, and private funds. Amy is the founder of The Philadelphia Compliance Roundtable and the Investment Management Compliance Testing Survey. Yuter Compliance Consulting partners with clients to provide personalized consultation and support to enhance compliance resources and improve compliance programs. For more information, visit www.yutercompliance.com.

Survey Demographics & Compliance Program Statistics:

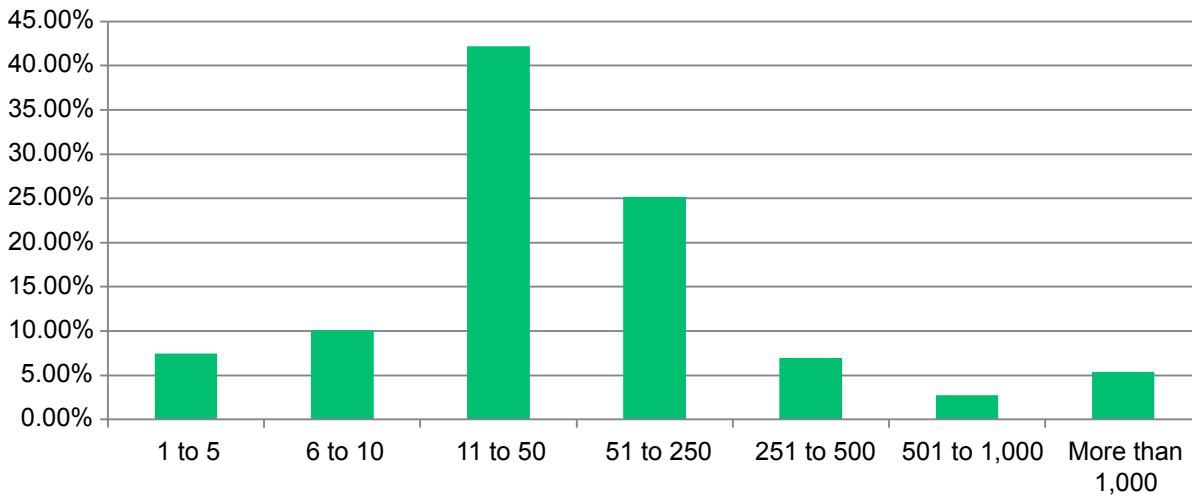
What are your firm's total RAUM (regulatory assets under management)?



Answer Choices	Responses	
Under \$500 million	15.97%	92
\$500 million to under \$1 billion	9.55%	55
\$1 billion to under \$10 billion	40.80%	235
\$10 billion to under \$20 billion	10.42%	60
\$20 billion to under \$50 billion	10.76%	62
\$50 billion to under \$1 trillion	11.63%	67
Over \$1 trillion	0.87%	5
	Answered	576
	Skipped	5

Survey Demographics & Compliance Program Statistics:

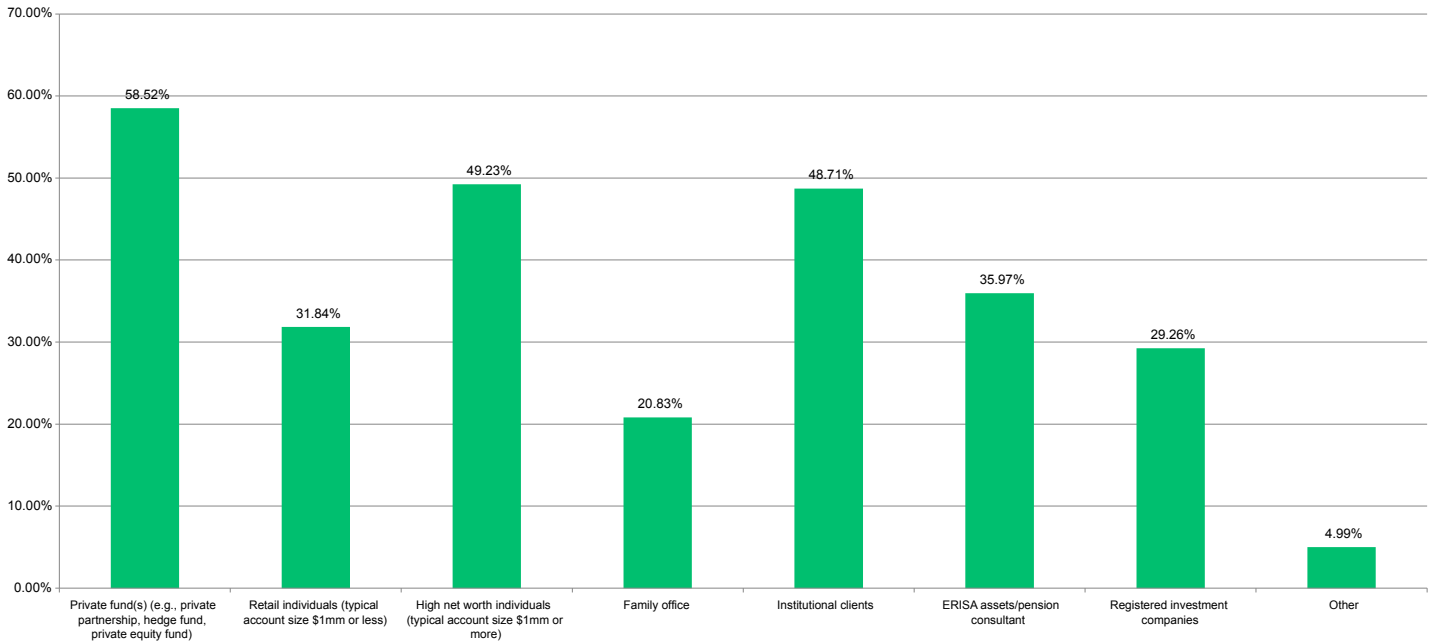
How many full and part time employees does your firm employ?



Answer Choices	Responses	
1 to 5	7.47%	43
6 to 10	10.07%	58
11 to 50	42.19%	243
51 to 250	25.17%	145
251 to 500	6.94%	40
501 to 1,000	2.78%	16
More than 1,000	5.38%	31
	Answered	576
	Skipped	5

Survey Demographics & Compliance Program Statistics:

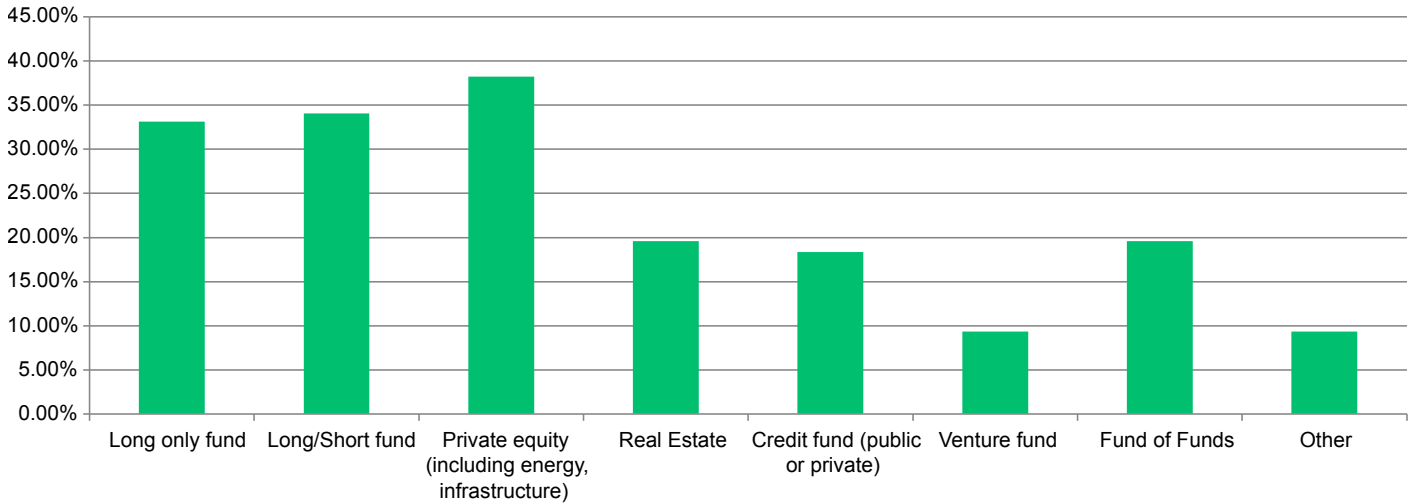
Your firm is an investment adviser to: *(check all that apply)*



Answer Choices	Responses	
Private fund(s) (e.g., private partnership, hedge fund, private equity fund)	58.52%	340
Retail individuals (typical account size \$1mm or less)	31.84%	185
High net worth individuals (typical account size \$1mm or more)	49.23%	286
Family office	20.83%	121
Institutional clients	48.71%	283
ERISA assets/pension consultant	35.97%	209
Registered investment companies	29.26%	170
Other	4.99%	29
	Answered	581
	Skipped	0

Survey Demographics & Compliance Program Statistics:

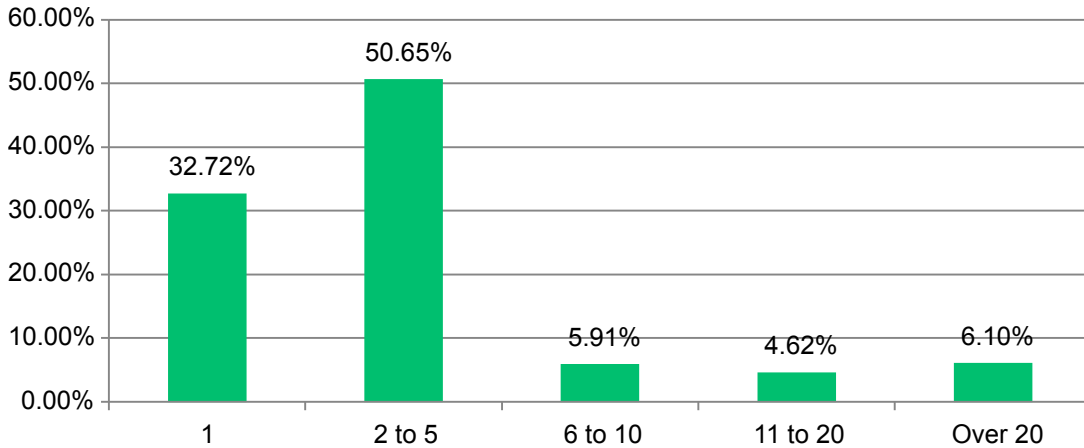
You indicated that you have at least one client that is a private fund. Please specify what type of private fund client(s) you have. Please select one category type per client that is the best fit, if you have multiple private fund clients of different types. *(check all that apply)*



Answer Choices	Responses	
Long/Short fund	34.04%	113
Private equity (including energy, infrastructure)	38.25%	127
Real Estate	19.58%	65
Credit fund (public or private)	18.37%	61
Venture fund	9.34%	31
Fund of Funds	19.58%	65
Other (please	9.34%	31
	Answered	332
	Skipped	249

Survey Demographics & Compliance Program Statistics:

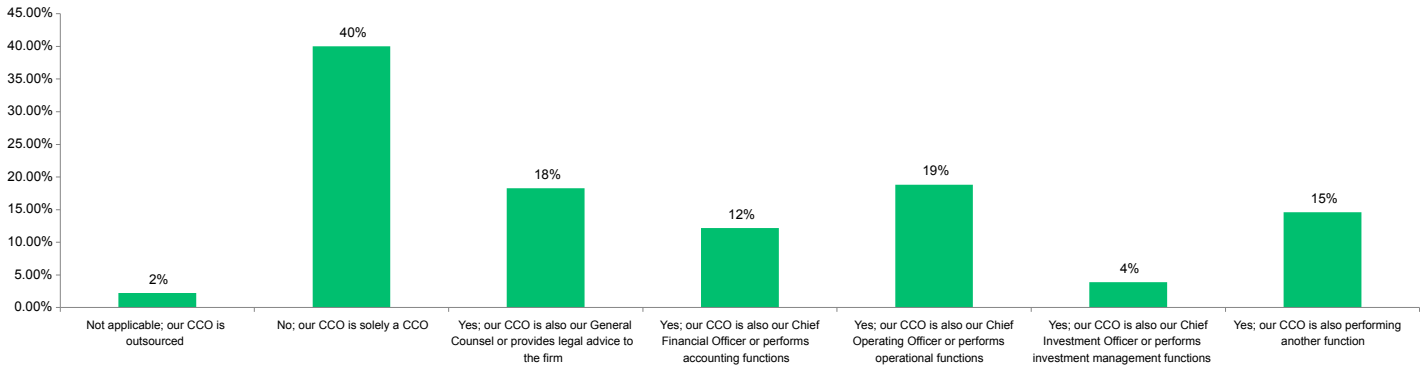
How many employees are currently employed in your firm's compliance department (including the firm's CCO)? Please include full time and part time equivalents (e.g., count full time equivalent, so if you have a dedicated CCO, 1 full time resource, and 1 half time resource you would select "2 to 5" as 1+1+.5= 2.5).



Answer Choices	Responses	
1	32.72%	177
2 to 5	50.65%	274
6 to 10	5.91%	32
11 to 20	4.62%	25
Over 20	6.10%	33
	Answered	541
	Skipped	40

Survey Demographics & Compliance Program Statistics:

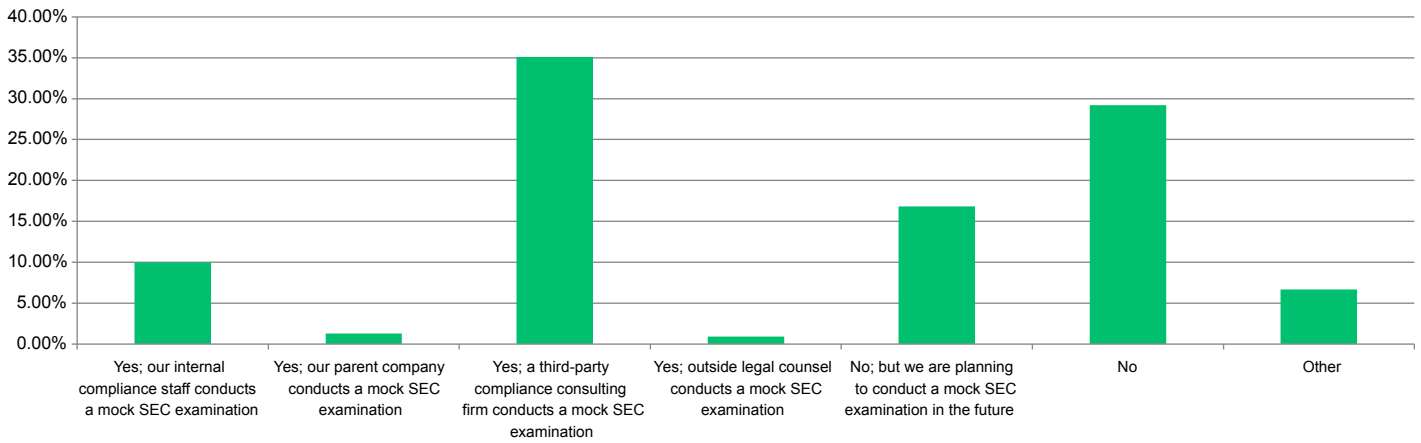
Does your firm's CCO perform non-CCO functions (for example, by also serving as your firm's COO or CFO)? *(check all that apply)*



Answer Choices	Responses	
	Not applicable; our CCO is outsourced	2.21%
No; our CCO is solely a CCO	40.04%	217
Yes; our CCO is also our General Counsel or provides legal advice to the firm	18.27%	99
Yes; our CCO is also our Chief Financial Officer or performs accounting functions	12.18%	66
Yes; our CCO is also our Chief Operating Officer or performs operational functions	18.82%	102
Yes; our CCO is also our Chief Investment Officer or performs investment management functions	3.87%	21
Yes; our CCO is also performing another function	14.58%	79
	Answered	542
	Skipped	39

Survey Demographics & Compliance Program Statistics:

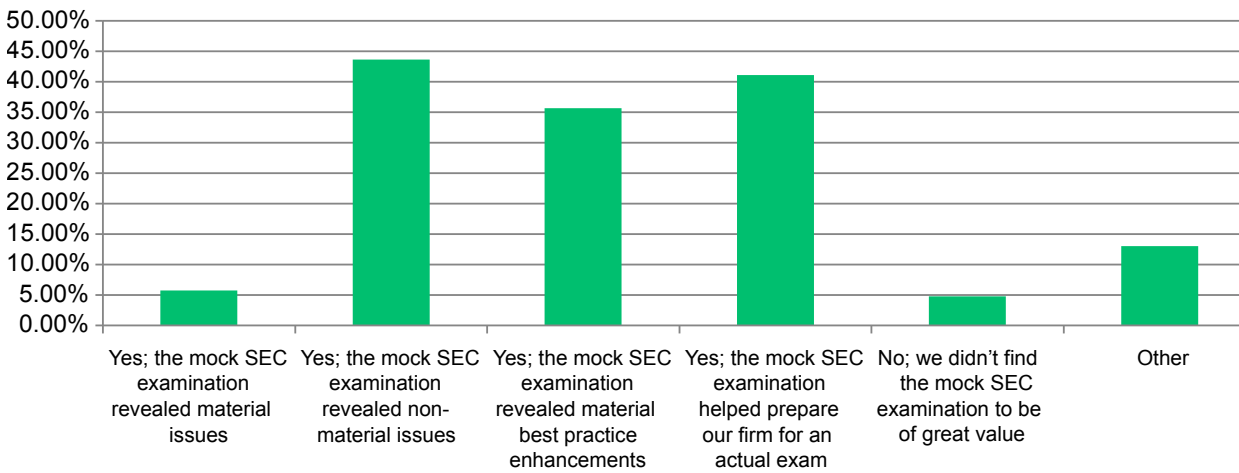
Does your firm conduct a mock SEC examination? *(check all that apply)*



Answer Choices	Responses	
Yes; our internal compliance staff conducts a mock SEC examination	9.98%	54
Yes; our parent company conducts a mock SEC examination	1.29%	7
Yes; a third-party compliance consulting firm conducts a mock SEC examination	35.12%	190
Yes; outside legal counsel conducts a mock SEC examination	0.92%	5
No; but we are planning to conduct a mock SEC examination in the future	16.82%	91
No	29.21%	158
Other	6.65%	36
	Answered	541
	Skipped	40

Survey Demographics & Compliance Program Statistics:

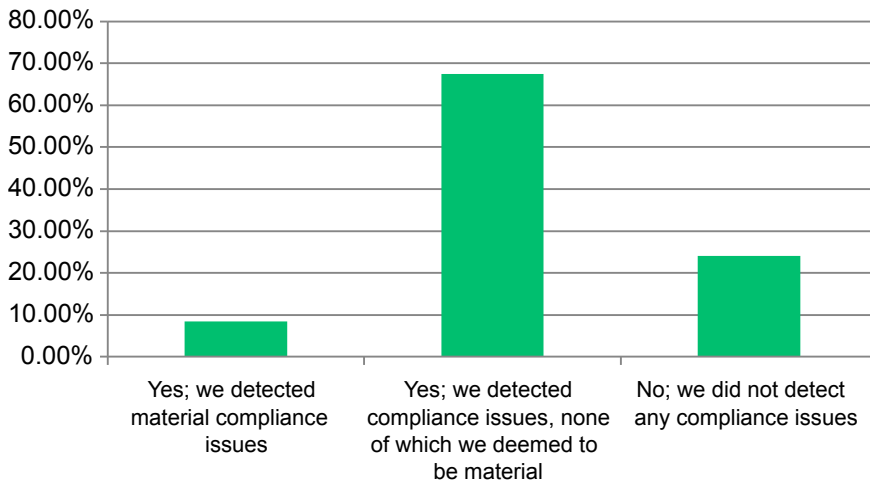
If yes, did the mock SEC examination assist you in enhancing your compliance program? *(check all that apply)*



Answer Choices	Responses	
Yes; the mock SEC examination revealed material issues	5.73%	18
Yes; the mock SEC examination revealed non-material issues	43.63%	137
Yes; the mock SEC examination revealed material best practice enhancements	35.67%	112
Yes; the mock SEC examination helped prepare our firm for an actual exam	41.08%	129
No; we didn't find the mock SEC examination to be of great value	4.78%	15
Other	13.06%	41
	Answered	314
	Skipped	267

Survey Demographics & Compliance Program Statistics:

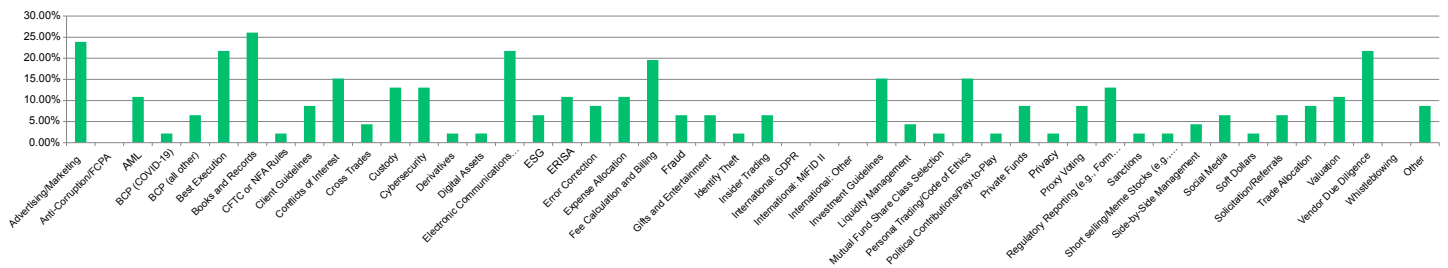
Over the previous year, has your compliance testing detected any issues?



Answer Choices	Responses	
Yes; we detected material compliance issues	8.47%	46
Yes; we detected compliance issues, none of which we deemed to be material	67.40%	366
No; we did not detect any compliance issues	24.13%	131
	Answered	543
	Skipped	38

Survey Demographics & Compliance Program Statistics:

You have indicated that you detected material compliance issues. In which of the following areas have you detected material compliance issues?(check all that apply)



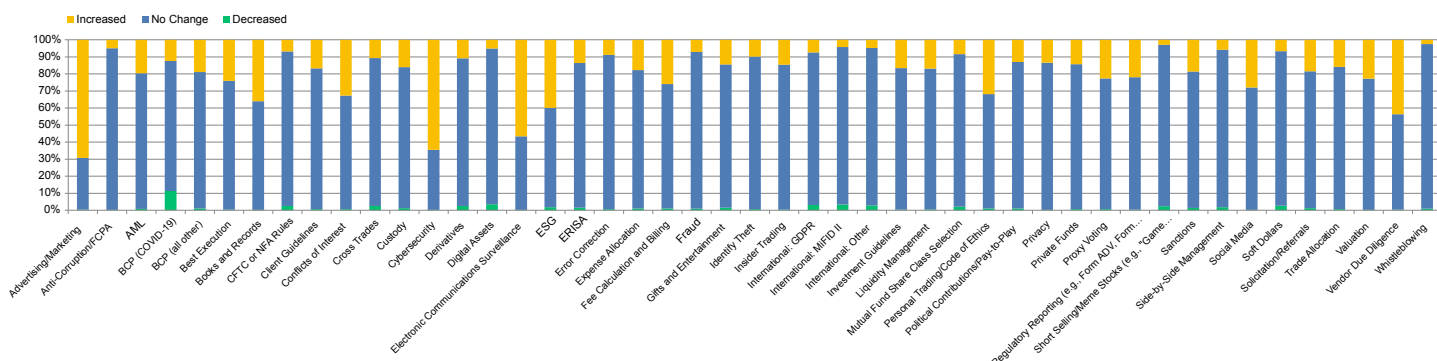
Answer Choices	Responses	
Advertising/Marketing	23.91%	11
Anti-Corruption/FCPA	0.00%	0
AML	10.87%	5
BCP (COVID-19)	2.17%	1
BCP (all other)	6.52%	3
Best Execution	21.74%	10
Books and Records	26.09%	12
CFTC or NFA Rules	2.17%	1
Client Guidelines	8.70%	4
Conflicts of Interest	15.22%	7
Cross Trades	4.35%	2
Custody	13.04%	6
Cybersecurity	13.04%	6
Derivatives	2.17%	1
Digital Assets	2.17%	1
Electronic Communications Surveillance	21.74%	10
ESG	6.52%	3
ERISA	10.87%	5
Error Correction	8.70%	4
Expense Allocation	10.87%	5
Fee Calculation and Billing	19.57%	9
Fraud	6.52%	3
Gifts and Entertainment	6.52%	3
Identify Theft	2.17%	1
Insider Trading	6.52%	3
International: GDPR	0.00%	0
International: MiFID II	0.00%	0
International: Other	0.00%	0
Investment Guidelines	15.22%	7
Liquidity Management	4.35%	2

continued

Answer Choices	Responses	
Mutual Fund Share Class Selection	2.17%	1
Personal Trading/Code of Ethics	15.22%	7
Political Contributions/Pay-to-Play	2.17%	1
Private Funds	8.70%	4
Privacy	2.17%	1
Proxy Voting	8.70%	4
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	13.04%	6
Sanctions	2.17%	1
Short selling/Meme Stocks (e.g., "Game Stop" Trading)	2.17%	1
Side-by-Side Management	4.35%	2
Social Media	6.52%	3
Soft Dollars	2.17%	1
Solicitation/Referrals	6.52%	3
Trade Allocation	8.70%	4
Valuation	10.87%	5
Vendor Due Diligence	21.74%	10
Whistleblowing	0.00%	0
Other	8.70%	4
	Answered	46
	Skipped	535

Survey Demographics & Compliance Program Statistics:

In which of the following areas have you increased, decreased, or had no change in the type, scope, and/or frequency of compliance testing (since January 1, 2022)? If not applicable, leave the response blank.



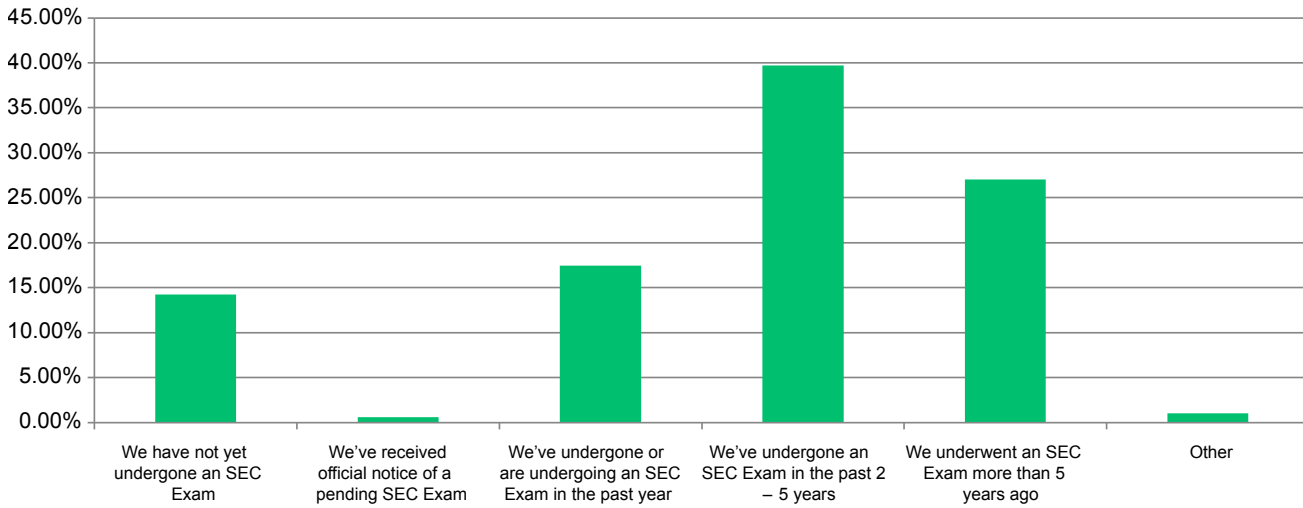
Answer Choices	Decreased		No Charge		Increased		Total
Advertising/Marketing	0.41%	2	30.37%	147	69.21%	335	484
Anti-Corruption/FCPA	0.22%	1	94.91%	429	4.87%	22	452
AML	0.86%	4	79.57%	370	19.57%	91	465
BCP (COVID-19)	11.28%	52	76.36%	352	12.36%	57	461
BCP (all other)	1.06%	5	80.00%	376	18.94%	89	470
Best Execution	0.43%	2	75.53%	355	24.04%	113	470
Books and Records	0.21%	1	63.73%	304	36.06%	172	477
CFTC or NFA Rules	2.51%	10	90.73%	362	6.77%	27	399
Client Guidelines	0.65%	3	82.61%	380	16.74%	77	460
Conflicts of Interest	0.64%	3	66.74%	315	32.63%	154	472
Cross Trades	2.54%	11	86.84%	376	10.62%	46	433
Custody	1.30%	6	82.68%	382	16.02%	74	462
Cybersecurity	0.21%	1	35.22%	168	64.57%	308	477
Derivatives	2.51%	10	86.72%	346	10.78%	43	399
Digital Assets	3.49%	13	91.42%	341	5.09%	19	373
Electronic Communications Surveillance	0.21%	1	43.13%	201	56.65%	264	466
ESG	1.86%	8	58.28%	250	39.86%	171	429
ERISA	1.59%	7	84.81%	374	13.61%	60	441
Error Correction	0.66%	3	90.53%	411	8.81%	40	454
Expense Allocation	1.11%	5	81.11%	365	17.78%	80	450
Fee Calculation and Billing	1.06%	5	72.94%	345	26.00%	123	473
Fraud	0.88%	4	92.09%	419	7.03%	32	455
Gifts and Entertainment	1.48%	7	84.14%	398	14.38%	68	473
Identify Theft	0.67%	3	89.56%	403	9.78%	44	450
Insider Trading	0.44%	2	84.97%	390	14.60%	67	459
International: GDPR	3.06%	12	89.54%	351	7.40%	29	392

continued

Answer Choices	Decreased		No Charge		Increased		Total
International: MiFID II	3.39%	13	92.43%	354	4.18%	16	383
International: Other	2.88%	11	92.41%	353	4.71%	18	382
Investment Guidelines	0.43%	2	83.05%	387	16.52%	77	466
Liquidity Management	0.46%	2	82.65%	362	16.89%	74	438
Mutual Fund Share Class Selection	2.08%	8	89.61%	345	8.31%	32	385
Personal Trading/Code of Ethics	1.05%	5	67.15%	321	31.80%	152	478
Political Contributions/Pay-to-Play	1.09%	5	85.87%	395	13.04%	60	460
Privacy	0.22%	1	86.33%	398	13.45%	62	461
Private Funds	0.70%	3	85.01%	363	14.29%	61	427
Proxy Voting	0.68%	3	76.70%	339	22.62%	100	442
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	0.42%	2	77.71%	366	21.87%	103	471
Short Selling/Meme Stocks (e.g., "Game Stop" Trading)	2.37%	9	94.72%	359	2.90%	11	379
Sanctions	1.43%	6	80.00%	336	18.57%	78	420
Side-by-Side Management	1.75%	7	92.50%	370	5.75%	23	400
Social Media	0.22%	1	71.80%	331	27.98%	129	461
Soft Dollars	2.63%	11	90.69%	380	6.68%	28	419
Solicitation/Referrals	1.20%	5	80.38%	336	18.42%	77	418
Trade Allocation	0.66%	3	83.48%	379	15.86%	72	454
Valuation	0.22%	1	76.96%	354	22.83%	105	460
Vendor Due Diligence	0.43%	2	55.96%	263	43.62%	205	470
Whistleblowing	0.91%	4	96.59%	425	2.50%	11	440
Other							4
						Answered	489
						Skipped	92

Survey Demographics & Compliance Program Statistics:

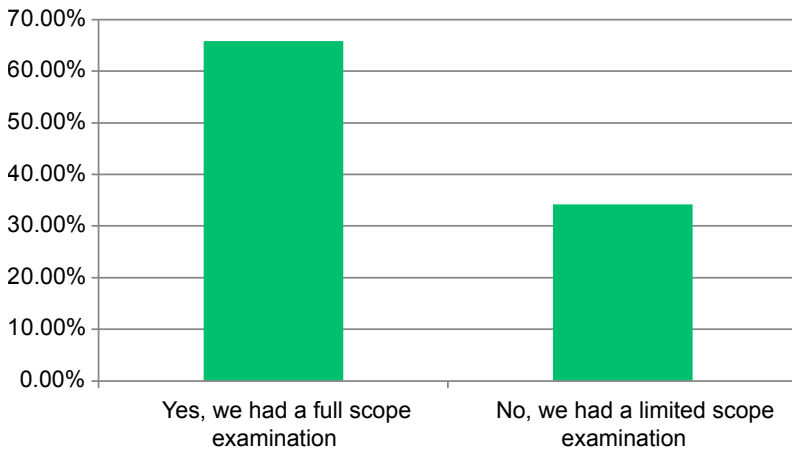
When was your most recent SEC Exam?



Answer Choices	Responses	
We have not yet undergone an SEC Exam	14.23%	71
We've received official notice of a pending SEC Exam	0.60%	3
We've undergone or are undergoing an SEC Exam in the past year	17.43%	87
We've undergone an SEC Exam in the past 2 - 5 years	39.68%	198
We underwent an SEC Exam more than 5 years ago	27.05%	135
Other	1.00%	5
	Answered	499
	Skipped	82

Survey Demographics & Compliance Program Statistics:

Was your last SEC Exam a full scope examination?

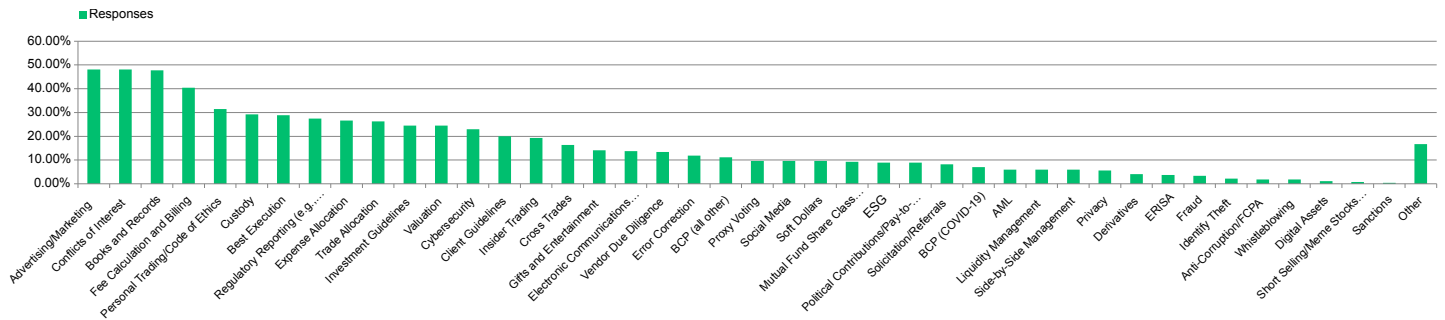


Answer Choices	Responses	
Yes, we had a full scope examination	65.84%	185
No, we had a limited scope examination	34.16%	96
	Answered	281
	Skipped	300

Survey Demographics & Compliance Program Statistics:

Which of the following were areas of focus during your most recent SEC Exam?

(check all that apply)



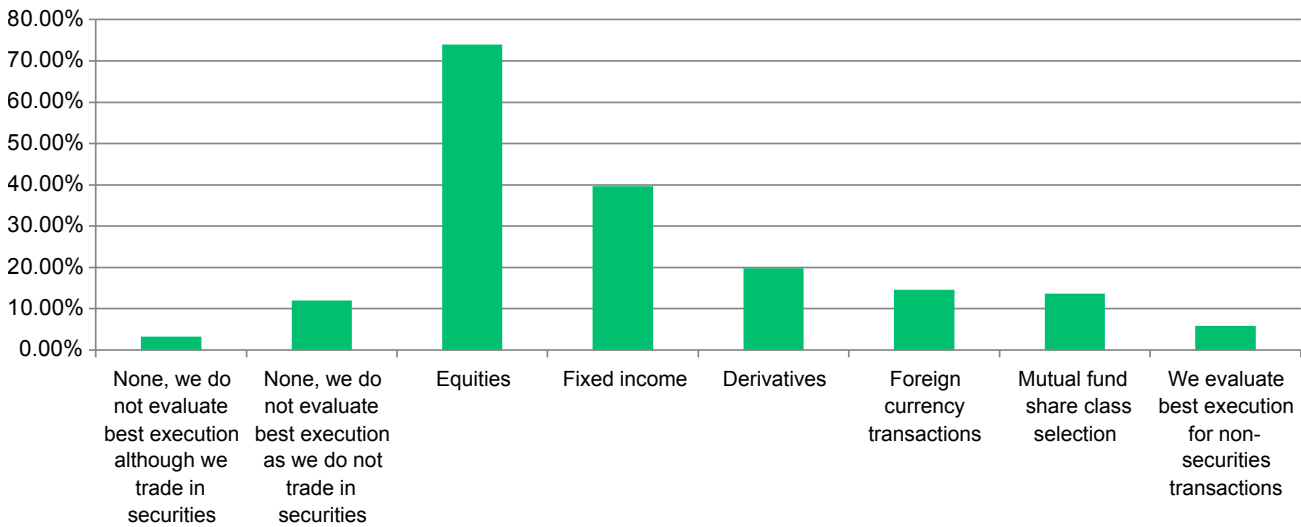
Answer Choices	Responses	
Advertising/Marketing	48.15%	130
Conflicts of Interest	48.15%	130
Books and Records	47.78%	129
Fee Calculation and Billing	40.37%	109
Personal Trading/Code of Ethics	31.48%	85
Custody	29.26%	79
Best Execution	28.89%	78
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	27.41%	74
Expense Allocation	26.67%	72
Trade Allocation	26.30%	71
Investment Guidelines	24.44%	66
Valuation	24.44%	66
Cybersecurity	22.96%	62
Client Guidelines	20.00%	54
Insider Trading	19.26%	52
Cross Trades	16.30%	44
Gifts and Entertainment	14.07%	38
Electronic Communications Surveillance	13.70%	37
Vendor Due Diligence	13.33%	36
Error Correction	11.85%	32
BCP (all other)	11.11%	30
Proxy Voting	9.63%	26
Social Media	9.63%	26
Soft Dollars	9.63%	26
Mutual Fund Share Class Selection	9.26%	25
ESG	8.89%	24
Political Contributions/Pay-to-Play	8.89%	24
Solicitation/Referrals	8.15%	22
BCP (COVID-19)	7.04%	19

continued

Answer Choices	Responses	
AML	5.93%	16
Liquidity Management	5.93%	16
Side-by-Side Management	5.93%	16
Privacy	5.56%	15
Derivatives	4.07%	11
ERISA	3.70%	10
Fraud	3.33%	9
Identify Theft	2.22%	6
Anti-Corruption/FCPA	1.85%	5
Whistleblowing	1.85%	5
Digital Assets	1.11%	3
Short Selling/Meme Stocks (e.g., "Game Stop" Trading)	0.74%	2
Sanctions	0.37%	1
Other	16.67%	45
	Answered	270
	Skipped	311

Best Execution:

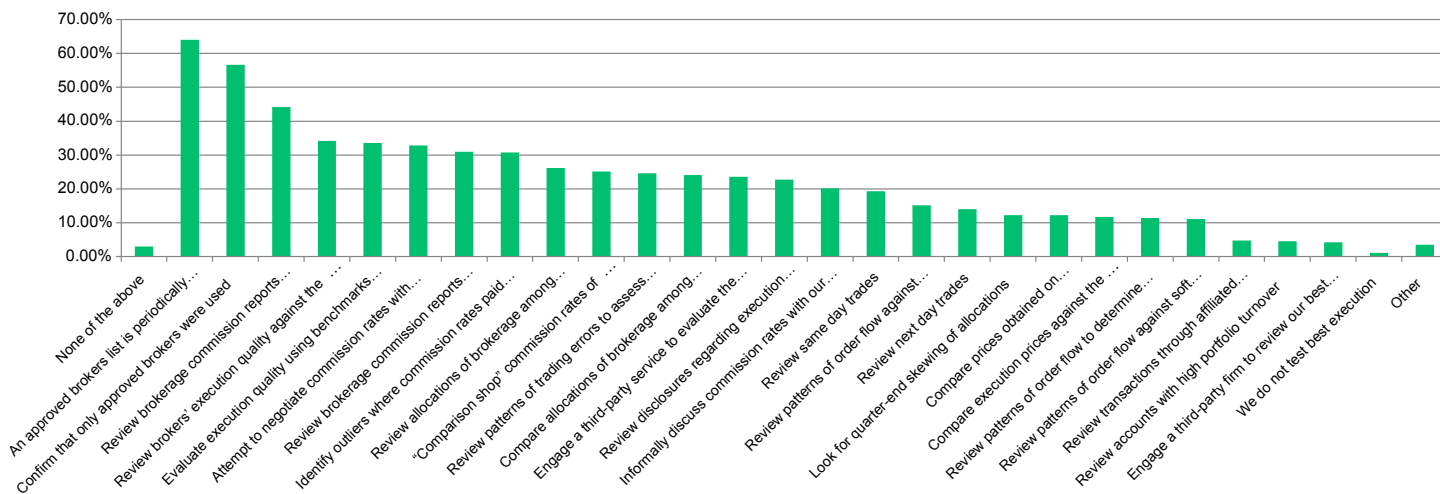
We evaluate best execution for the following types of transactions? *(check all that apply)*



Answer Choices	Responses	
None, we do not evaluate best execution although we trade in securities	3.26%	16
None, we do not evaluate best execution as we do not trade in securities	12.02%	59
Equities	73.93%	363
Fixed income	39.71%	195
Derivatives	19.76%	97
Foreign currency transactions	14.66%	72
Mutual fund share class selection	13.65%	67
We evaluate best execution for non-securities transactions	5.91%	29
	Answered	491
	Skipped	90

Best Execution:

How does your firm test best execution for equity trades? (check all that apply)



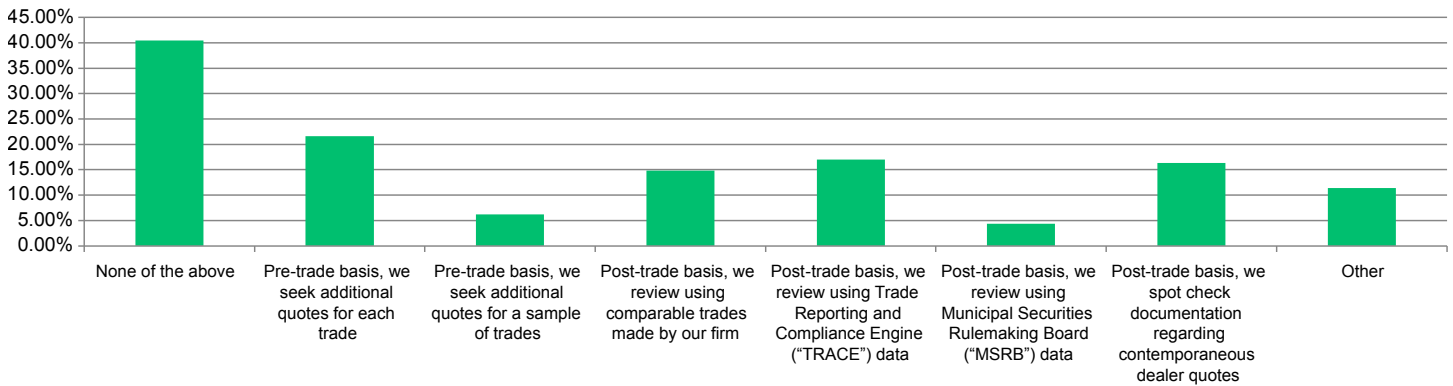
Answer Choices	Responses	
None of the above	2.91%	11
An approved brokers list is periodically reviewed	64.02%	242
Confirm that only approved brokers were used	56.61%	214
Review brokerage commission reports prepared in-house	44.18%	167
Review brokers' execution quality against the quantity of brokerage allocated to each broker	34.13%	129
Evaluate execution quality using benchmarks (e.g., Volume-Weighted Average Price)	33.60%	127
Attempt to negotiate commission rates with our brokers	32.80%	124
Review brokerage commission reports provided by our brokers	30.95%	117
Identify outliers where commission rates paid appear to be higher and follow up with trading personnel to determine the reason why	30.69%	116
Review allocations of brokerage among brokers for reasonableness (without reference to specific target allocations)	26.19%	99
"Comparison shop" commission rates of other brokers	25.13%	95
Review patterns of trading errors to assess broker quality	24.60%	93
Compare allocations of brokerage among brokers against target allocations	24.07%	91
Engage a third-party service to evaluate the quality of executions (e.g., Plexus, AbleNoser, Elkins/McSherry)	23.54%	89
Review disclosures regarding execution policies with actual practices	22.75%	86
Informally discuss commission rates with our industry peers for comparison	20.11%	76
Review same day trades	19.31%	73
Review patterns of order flow against gifts/entertainment received from brokers	15.08%	57
Review next day trades	14.02%	53
Look for quarter-end skewing of allocations	12.17%	46
Compare prices obtained on contemporaneous trades in the same security executed through different brokers	12.17%	46
Compare execution prices against the National Best Bid and Offer ("NBBO")	11.64%	44

continued

Answer Choices	Responses	
Review patterns of order flow to determine whether there are any other reasons that a particular broker may be favored (e.g., referrals, revenue sharing, use of affiliated brokers)	11.38%	43
Review patterns of order flow against soft dollar products and services provided by brokers	11.11%	42
Review transactions through affiliated brokers and underwriters for appropriateness and compare with disclosures to clients	4.76%	18
Review accounts with high portfolio turnover	4.50%	17
Engage a third-party firm to review our best execution process (e.g., compliance consulting firm or law firm)	4.23%	16
We do not test best execution	1.06%	4
Other	3.44%	13
	Answered	378
	Skipped	203

Best Execution:

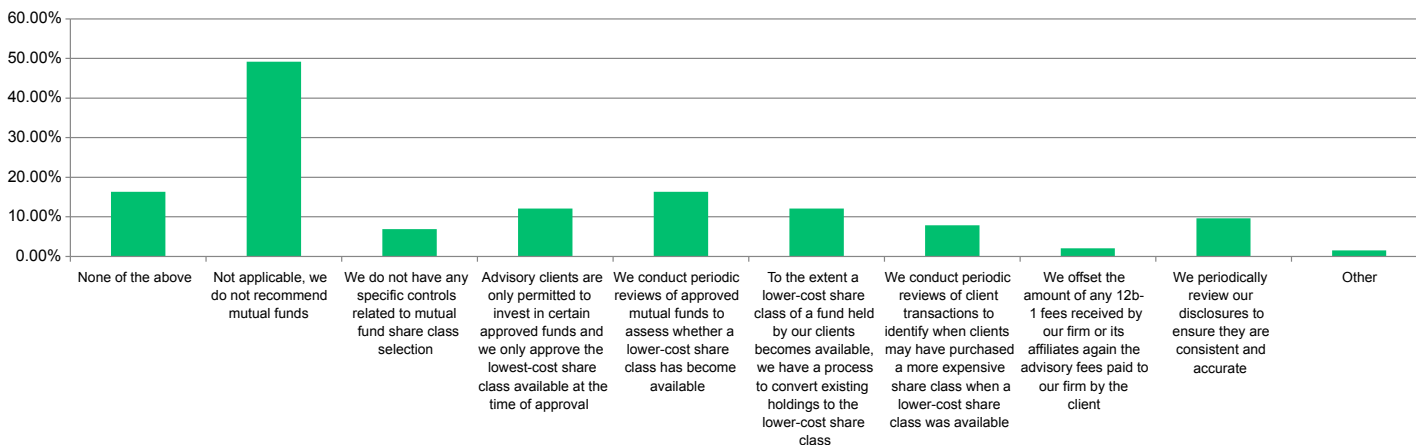
How does your firm test for best execution for fixed income trades? (check all that apply)



Answer Choices	Responses	
None of the above	40.43%	131
Pre-trade basis, we seek additional quotes for each trade	21.60%	70
Pre-trade basis, we seek additional quotes for a sample of trades	6.17%	20
Post-trade basis, we review using comparable trades made by our firm	14.81%	48
Post-trade basis, we review using Trade Reporting and Compliance Engine ("TRACE") data	16.98%	55
Post-trade basis, we review using Municipal Securities Rulemaking Board ("MSRB") data	4.32%	14
Post-trade basis, we spot check documentation regarding contemporaneous dealer quotes	16.36%	53
Other	11.42%	37
	Answered	324
	Skipped	257

Best Execution:

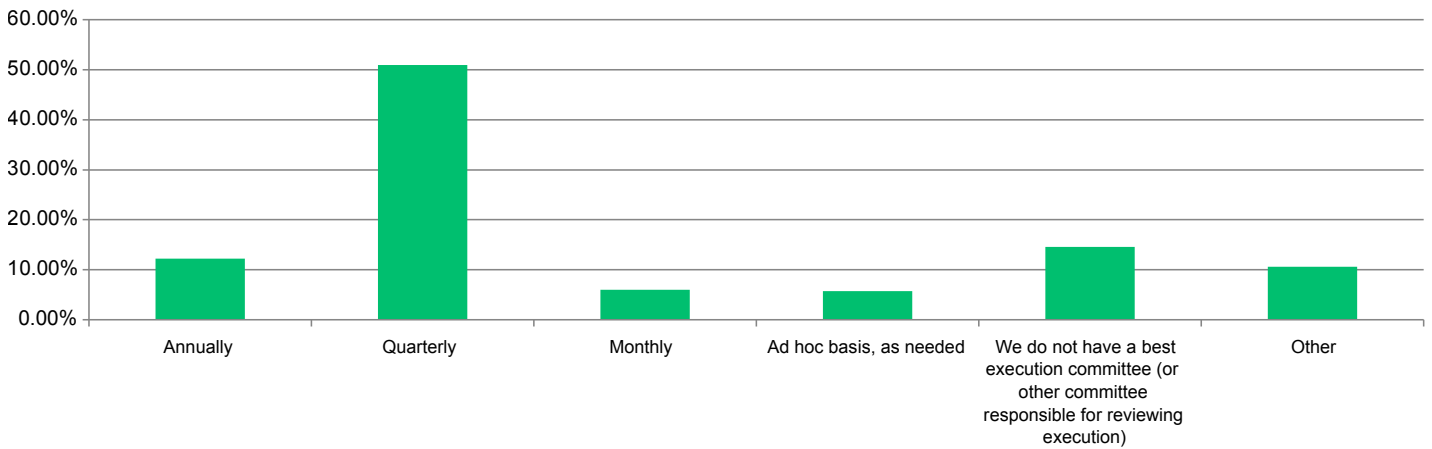
Which of the following controls do you have in place with regard to mutual fund share class selection: *(check all that apply)*



Answer Choices	Responses	
None of the above	16.31%	54
Not applicable, we do not recommend mutual funds	49.24%	163
We do not have any specific controls related to mutual fund share class selection	6.95%	23
Advisory clients are only permitted to invest in certain approved funds and we only approve the lowest-cost share class available at the time of approval	12.08%	40
We conduct periodic reviews of approved mutual funds to assess whether a lower-cost share class has become available	16.31%	54
To the extent a lower-cost share class of a fund held by our clients becomes available, we have a process to convert existing holdings to the lower-cost share class	12.08%	40
We conduct periodic reviews of client transactions to identify when clients may have purchased a more expensive share class when a lower-cost share class was available	7.85%	26
We offset the amount of any 12b-1 fees received by our firm or its affiliates against the advisory fees paid to our firm by the client	2.11%	7
We periodically review our disclosures to ensure they are consistent and accurate	9.67%	32
Other	1.51%	5
	Answered	331
	Skipped	250

Best Execution:

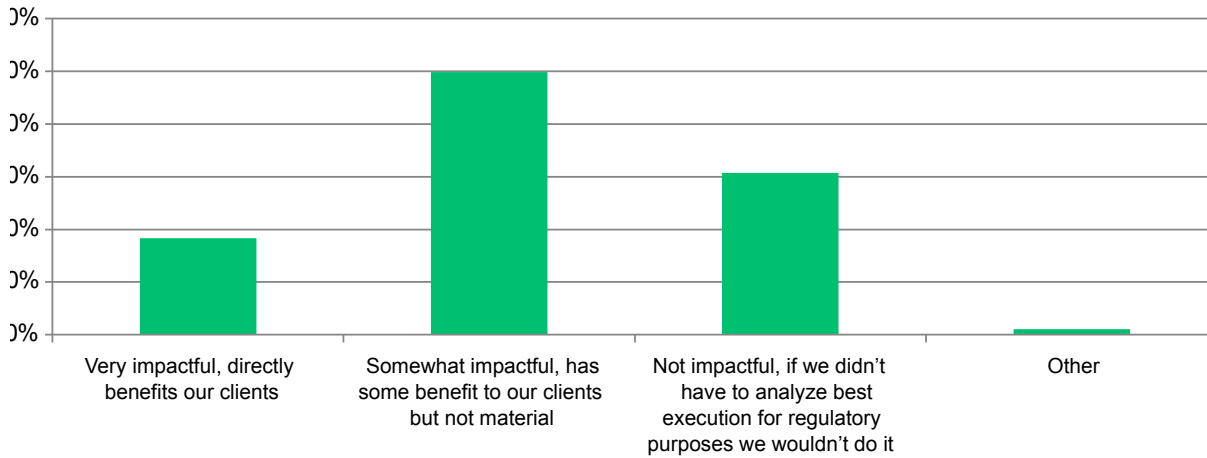
Generally speaking, how often does your firm's best execution committee (or other committee responsible for reviewing execution quality) meet?



Answer Choices	Decreased		No Change		Increase		Total
	%	Count	%	Count	%	Count	
Annually	12.21%	47	30.38%	103	69%	233	339
Quarterly	50.91%	196	50.89%	172	48%	163	338
Monthly	5.97%	23	52.32%	158	47%	142	302
Ad hoc basis, as needed	5.71%	22	59.40%	199	39%	129	335
We do not have a best execution committee (or other committee responsible for reviewing execution)	14.55%	56	66.37%	225	34%	114	339
Other	10.65%	41	63.77%	213	34%	112	334
Answered							385
Skipped							196

Best Execution:

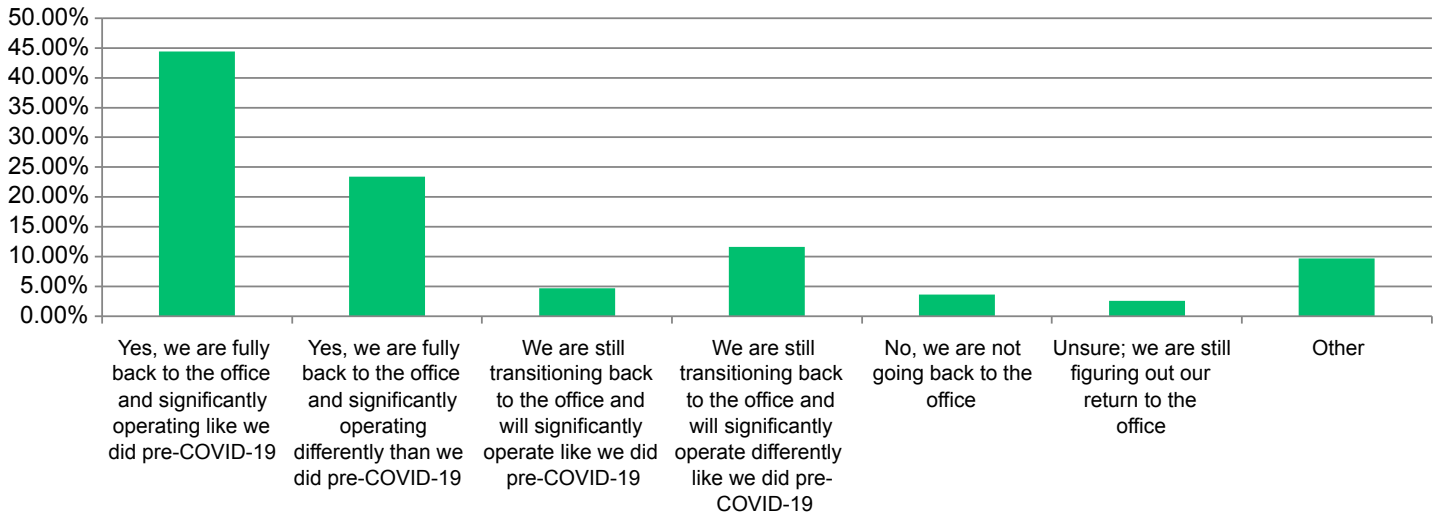
How impactful is your best execution review on your investment process?



Answer Choices	Responses	
Very impactful, directly benefits our clients	18.30%	69
Somewhat impactful, has some benefit to our clients but not material	49.87%	188
Not impactful, if we didn't have to analyze best execution for regulatory purposes we wouldn't do it	30.77%	116
Other	1.06%	4
	Answered	377
	Skipped	204

Trend Update: COVID Return to the Office:

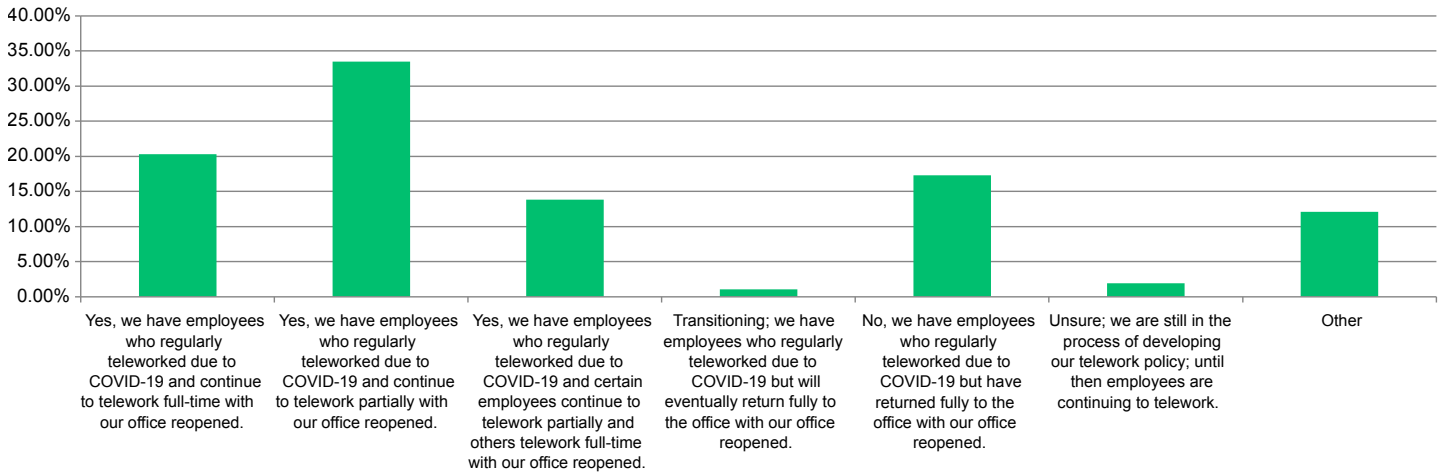
Are you fully back to the office?



Answer Choices	Responses	
Yes, we are fully back to the office and significantly operating like we did pre-COVID-19.	44.42%	207
Yes, we are fully back to the office and significantly operating differently than we did pre-COVID-19.	23.39%	109
We are still transitioning back to the office and will significantly operate like we did pre-COVID-19.	4.72%	22
We are still transitioning back to the office and will significantly operate differently like we did pre-COVID-19.	11.59%	54
No, we are not going back to the office.	3.65%	17
Unsure; we are still figuring out our return to the office.	2.58%	12
Other	9.66%	45
	Answered	466
	Skipped	115

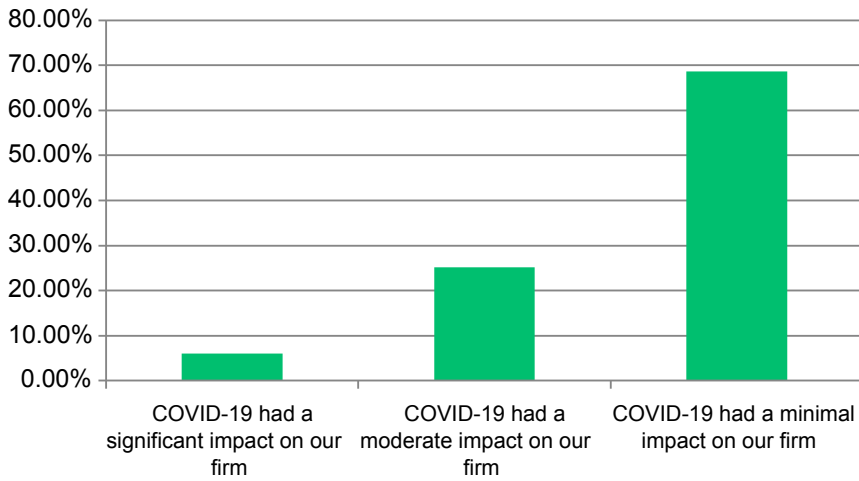
Trend Update: COVID Return to the Office:

Does your firm have any employees who telework?



Answer Choices	Responses	
Yes, we have employees who regularly teleworked due to COVID-19 and continue to telework full-time with our office reopened.	20.30%	94
Yes, we have employees who regularly teleworked due to COVID-19 and continue to telework partially with our office reopened.	33.48%	155
Yes, we have employees who regularly teleworked due to COVID-19 and certain employees continue to telework partially and others telework full-time with our office reopened.	13.82%	64
Transitioning; we have employees who regularly teleworked due to COVID-19 but will eventually return fully to the office with our office reopened.	1.08%	5
No, we have employees who regularly teleworked due to COVID-19 but have returned fully to the office with our office reopened.	17.28%	80
Unsure; we are still in the process of developing our telework policy; until then employees are continuing to telework.	1.94%	9
Other	12.10%	56
	Answered	463
	Skipped	118

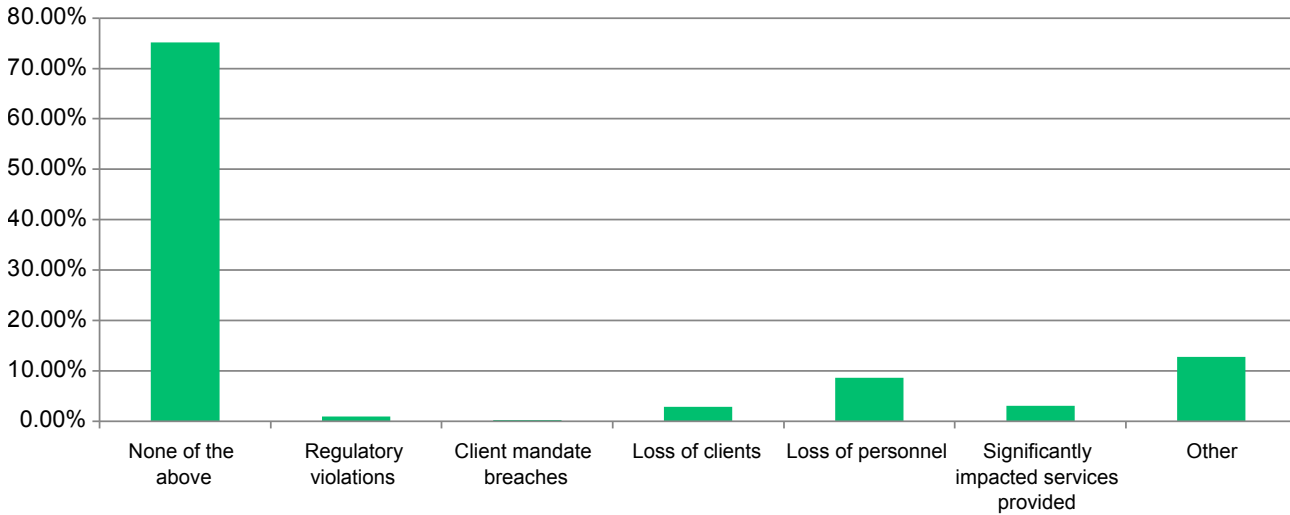
Trend Update: COVID Return to the Office:
How much has COVID-19 had an impact on your firm?



Answer Choices	Responses	
COVID-19 had a significant impact on our firm	6.09%	28
COVID-19 had a moderate impact on our firm	25.22%	116
COVID-19 had a minimal impact on our firm	68.70%	316
	Answered	460
	Skipped	121

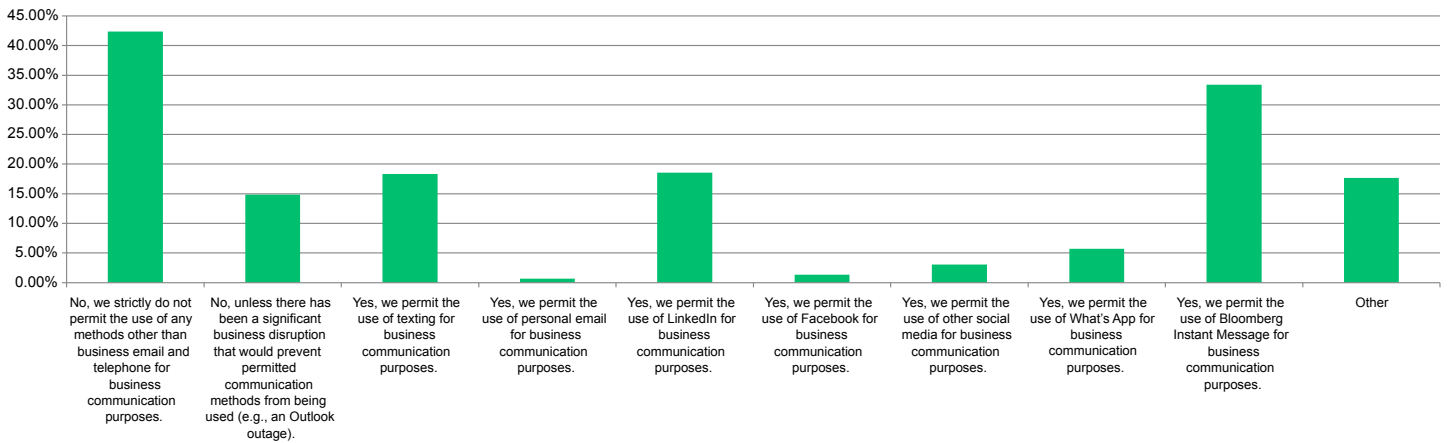
Trend Update: COVID Return to the Office:

How did COVID-19 significantly impact your firm? (check all that apply)



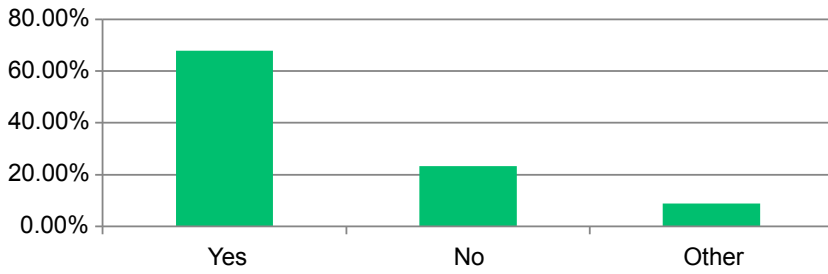
Answer Choices	Responses	
None of the above	75.12%	323
Regulatory violations	0.93%	4
Client mandate breaches	0.23%	1
Loss of clients	2.79%	12
Loss of personnel	8.60%	37
Significantly impacted services provided	3.02%	13
Other	12.79%	55
	Answered	430
	Skipped	151

Trend Update: Personal Devices and Approved Communication Methods: Does your firm permit employees to use communication methods other than business email and telephone for business communication purposes? (check all that apply)



Answer Choices	Responses	
No, unless there has been a significant business disruption that would prevent permitted communication methods from being used (e.g., an Outlook outage).	14.85%	68
Yes, we permit the use of texting for business communication purposes.	18.34%	84
Yes, we permit the use of personal email for business communication purposes.	0.66%	3
Yes, we permit the use of LinkedIn for business communication purposes.	18.56%	85
Yes, we permit the use of Facebook for business communication purposes.	1.31%	6
Yes, we permit the use of other social media for business communication purposes.	3.06%	14
Yes, we permit the use of What's App for business communication purposes.	5.68%	26
Yes, we permit the use of Bloomberg Instant Message for business communication purposes.	33.41%	153
Other	17.69%	81
	Answered	458
	Skipped	123

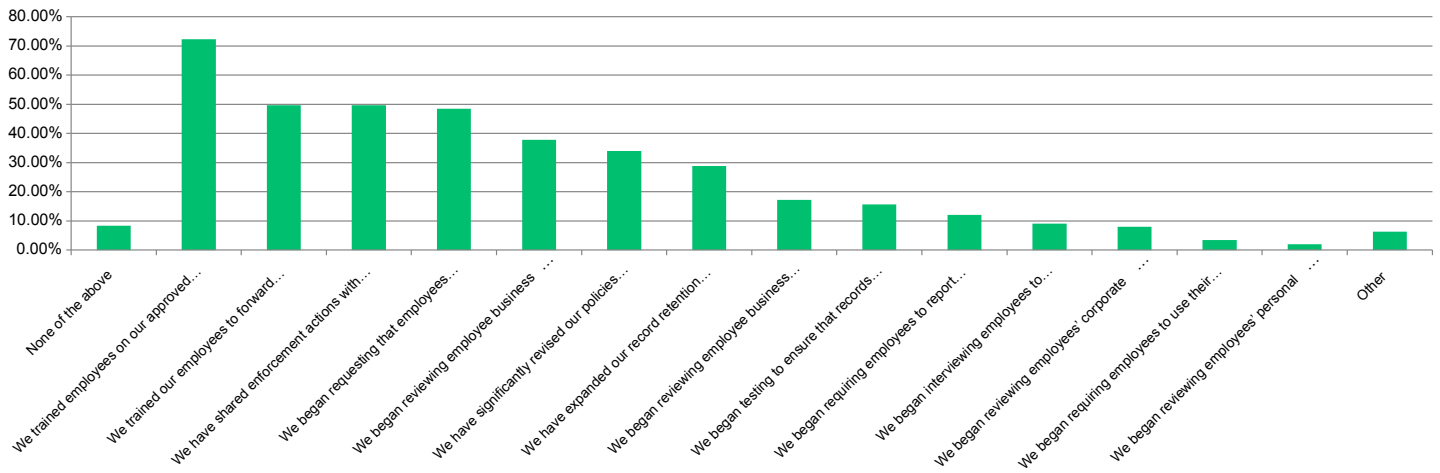
Trend Update: Personal Devices and Approved Communication Methods:
Considering the SEC’s focus on personal devices and approved communication methods have you taken significant actions (e.g., materially modified compliance program, conducted training)?



Answer Choices	Responses	
Yes	67.91%	309
No	23.30%	106
Other	8.79%	40
	Answered	455
	Skipped	126

Trend Update: Personal Devices and Approved Communication Methods:

Which significant NEW actions have you taken since December 2021? (check all that apply)



Answer Choices	Responses	
None of the above	8.39%	37
We trained employees on our approved communication methods and record retention policies.	72.34%	319
We trained our employees to forward unapproved communications to their business email (e.g., sending an unapproved text communication to their business email for retention purposes).	49.66%	219
We have shared enforcement actions with employees to inform them of the high risk in using personal devices and unapproved communication methods.	49.66%	219
We began requesting that employees periodically certify that they only use approved communication methods.	48.53%	214
We began reviewing employee business emails for specific terms (e.g., "text," "personal email").	37.87%	167
We have significantly revised our policies and procedures governing appropriate communication methods.	34.01%	150
We have expanded our record retention capabilities or are in the process of doing so.	28.80%	127
We began reviewing employee business emails to determine if the volume may indicate that other methods of communication are being used.	17.23%	76
We began testing to ensure that records are being properly maintained.	15.65%	69
We began requiring employees to report violations of our approved communications policies.	12.02%	53
We began interviewing employees to ensure that they are complying with our communication methods policies and procedures.	9.07%	40
We began reviewing employees' corporate devices (computer, cell phones) to ensure that prohibited communication methods are not being used.	7.94%	35
We began requiring employees to use their business email for LinkedIn purposes.	3.40%	15
We began reviewing employees' personal devices (cell phones) to ensure that prohibited communication methods are not being used.	2.04%	9
Other	6.35%	28
	Answered	441
	Skipped	140

Implementation of the New Marketing Rule:

Which of the following policies and procedures have you updated because of the new Marketing Rule? (check all that apply)

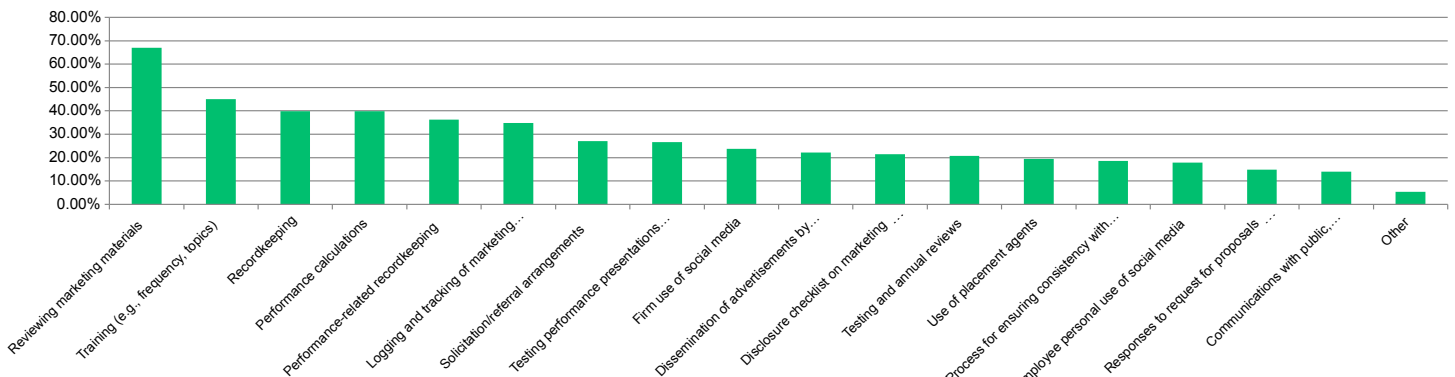


Answer Choices	Responses	
We removed our prior marketing policy and adopted a new policy to comply with the new marketing rule.	47.21%	203
We revised our existing marketing policy to comply with the new marketing rule but did not adopt a completely new marketing policy.	37.44%	161
We included a hypothetical performance policy within our marketing policy.	23.72%	102
We removed our prior cash solicitation policy and incorporated our policy on endorsements in our marketing policy.	22.56%	97
We revised the hypothetical performance policy we already had in place.	12.79%	55
No material changes have been made to procedures because of the Marketing Rule.	9.77%	42
We revised our existing cash solicitation policy to comply with the new marketing rule but did not adopt a completely new solicitation policy.	9.53%	41
We removed our prior cash solicitation policy and adopted a new solicitation policy covering endorsements as a stand-alone policy from our marketing policy.	9.07%	39
We are still in the process of updating our policies and procedures.	8.84%	38
We adopted a new stand alone hypothetical performance policy.	3.02%	13
Other	2.09%	9
	Answered	430
	Skipped	151

Implementation of the New Marketing Rule:

Which of the following procedures have you updated because of the new Marketing Rule?

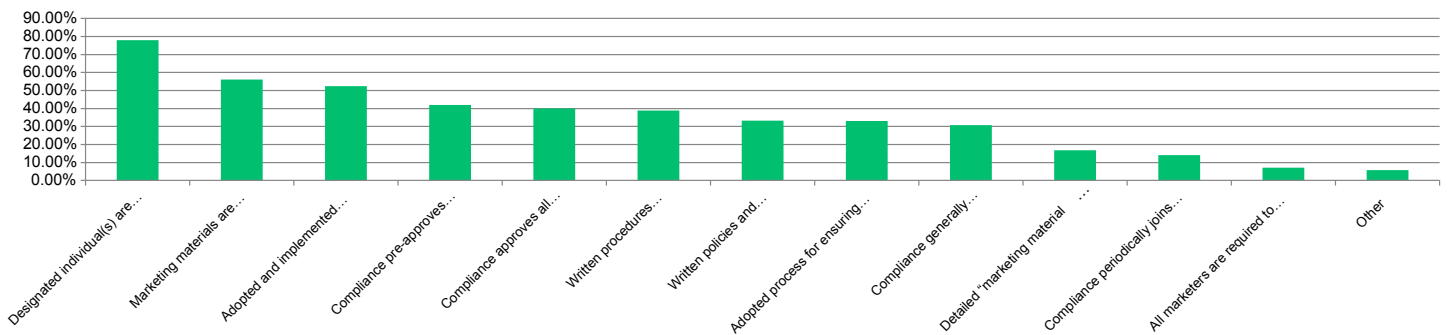
(check all that apply)



Answer Choices	Responses	
Reviewing marketing materials	67.01%	262
Training (e.g., frequency, topics)	45.01%	176
Recordkeeping	39.90%	156
Performance calculations	39.90%	156
Performance-related recordkeeping	36.32%	142
Logging and tracking of marketing materials	34.78%	136
Solicitation/referral arrangements	27.11%	106
Testing performance presentations (e.g., disclosures, gross/net, sample RFP databases)	26.60%	104
Firm use of social media	23.79%	93
Dissemination of advertisements by third parties (e.g., consultants or other advisers)	22.25%	87
Disclosure checklist on marketing materials (e.g., compliance guidebook on "do" and "don't do")	21.48%	84
Testing and annual reviews	20.72%	81
Use of placement agents	19.44%	76
Process for ensuring consistency with disclosures (e.g., Form ADV)	18.67%	73
Employee personal use of social media	17.90%	70
Responses to request for proposals ("RFP")	14.83%	58
Communications with public, including media	14.07%	55
Other	5.37%	21
	Answered	391
	Skipped	190

Implementation of the New Marketing Rule:

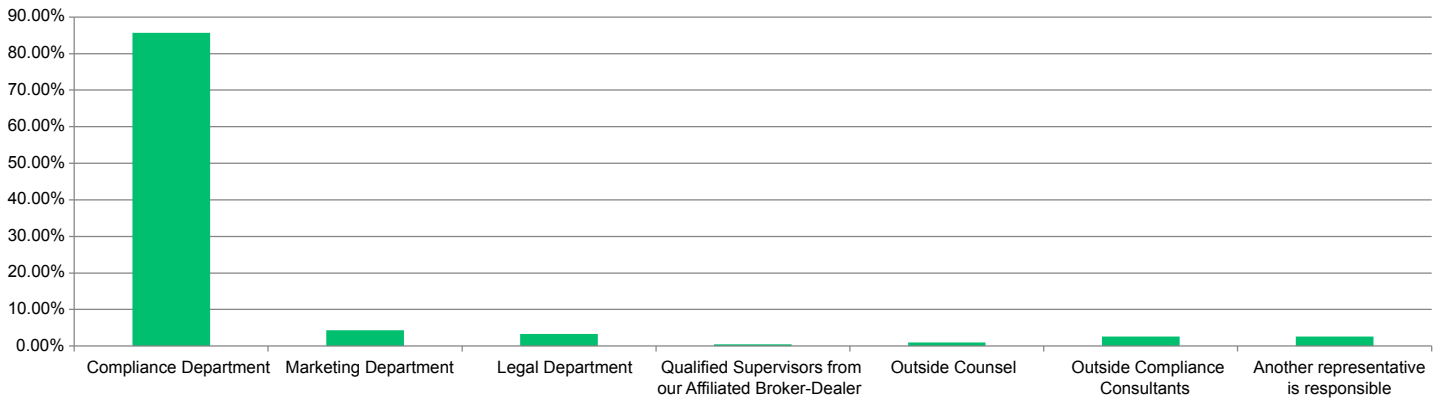
Which of the following controls has your firm put into place with respect to marketing/advertising activities? (check all that apply)



Answer Choices	Responses	
Designated individual(s) are responsible for reviewing all advertisements for compliance with our policies and procedures	77.86%	306
Marketing materials are logged and tracked as they are prepared	55.98%	220
Adopted and implemented recordkeeping policies and procedures relating to our advertising/marketing practices	52.42%	206
Compliance pre-approves marketing/advertising activities in new geographic jurisdictions	41.98%	165
Compliance approves all third-party solicitation engagements	39.95%	157
Written procedures regarding communications with the public, including the media	38.93%	153
Written policies and procedures regarding the dissemination of advertisements by third parties (e.g., consultants or other advisers)	33.33%	131
Adopted process for ensuring consistency of advertising and marketing materials with our disclosures (e.g., Form ADV)	33.08%	130
Compliance generally participates in new business development/product meetings	30.79%	121
Detailed "marketing material preparation guidebook" on the compliance dos and don'ts	16.79%	66
Compliance periodically joins meetings with prospective clients	13.99%	55
All marketers are required to be licensed (e.g., hold a Series 65) or meet some specified qualification standard	7.12%	28
Other	5.85%	23
	Answered	393
	Skipped	188

Implementation of the New Marketing Rule:

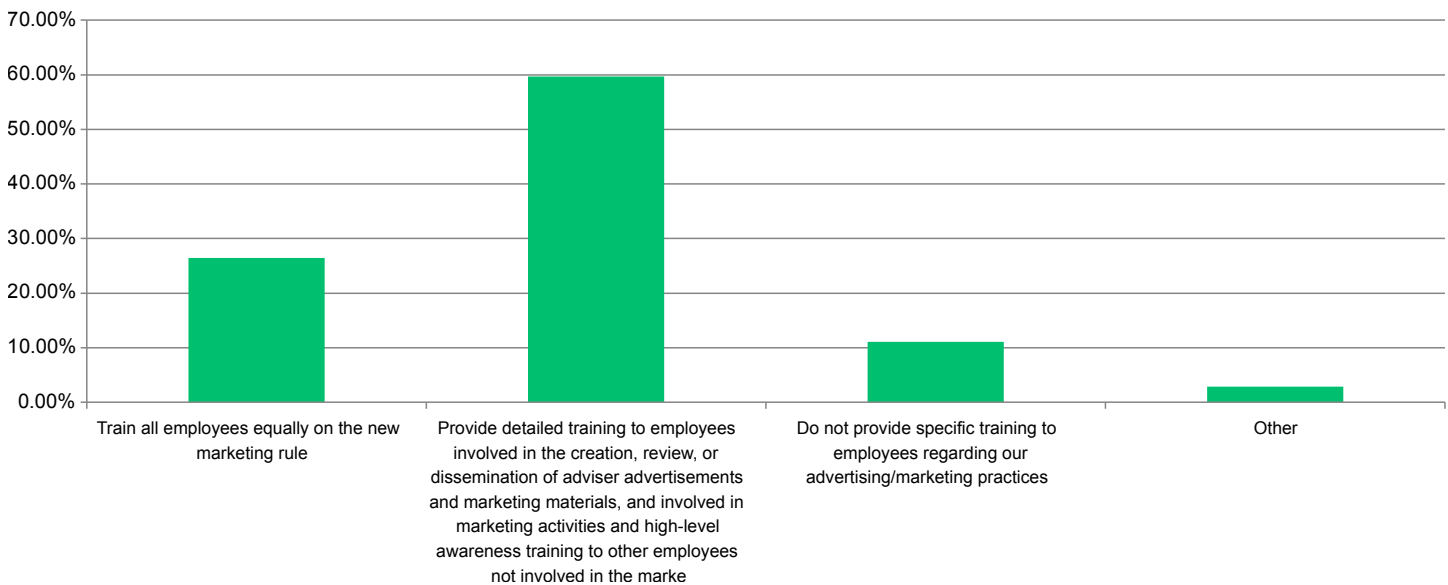
Which representatives are PRIMARILY responsible for approving marketing/advertising activities?



Answer Choices	Responses	
	Compliance Department	85.71%
Marketing Department	4.29%	18
Legal Department	3.33%	14
Qualified Supervisors from our Affiliated Broker-Dealer	0.48%	2
Outside Counsel	0.95%	4
Outside Compliance Consultants	2.62%	11
Another representative is responsible	2.62%	11
	Answered	420
	Skipped	161

Implementation of the New Marketing Rule:

What type of training does your firm provide to employees related to marketing/advertising activities?

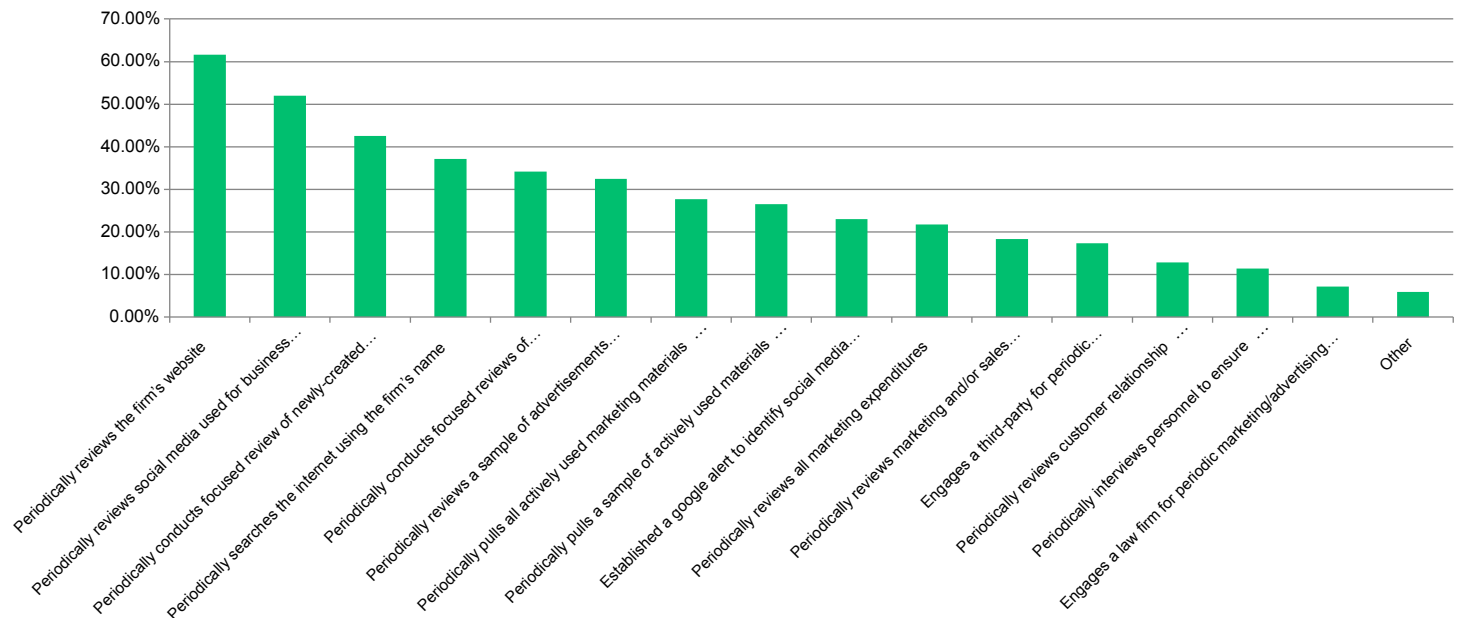


Answer Choices	Responses	
Train all employees equally on the new marketing rule	26.42%	112
Provide detailed training to employees involved in the creation, review, or dissemination of adviser advertisements and marketing materials, and involved in marketing activities and high-level awareness training to other employees not involved in the marketing function	59.67%	253
Do not provide specific training to employees regarding our advertising/marketing practices	11.08%	47
Other	2.83%	12
	Answered	424
	Skipped	157

Implementation of the New Marketing Rule:

How does your firm test compliance with marketing/advertising policies and procedures?

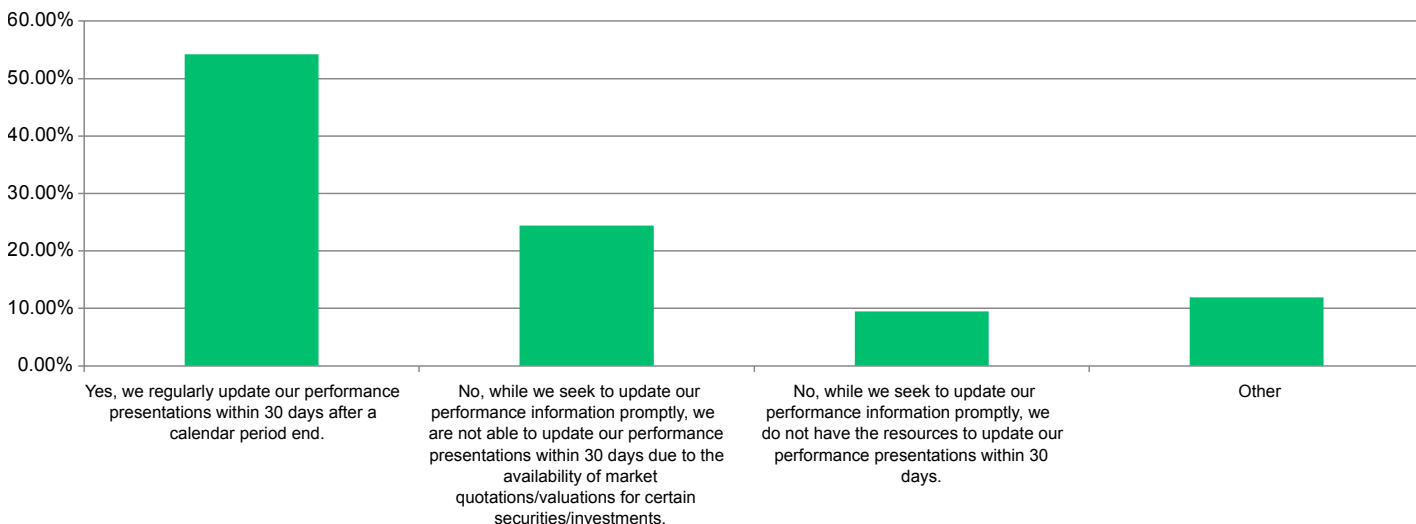
(check all that apply)



Answer Choices	Responses	
Periodically reviews the firm's website	61.63%	249
Periodically reviews social media used for business purposes	51.98%	210
Periodically conducts focused review of newly-created marketing/advertising documents	42.57%	172
Periodically searches the internet using the firm's name	37.13%	150
Periodically conducts focused reviews of marketing/advertising employee e-mails	34.16%	138
Periodically reviews a sample of advertisements based on risk or pre-approving templates	32.43%	131
Periodically pulls all actively used marketing materials to determine that materials are current and compliance with the firm's policies and procedures	27.72%	112
Periodically pulls a sample of actively used materials (e.g., spot-checks) to determine compliance with the firm's policies and procedures	26.49%	107
Established a Google alert to identify social media references of the firm and its senior personnel	23.02%	93
Periodically reviews all marketing expenditures	21.78%	88
Periodically reviews marketing and/or sales department communication logs	18.32%	74
Engages a third-party for periodic marketing/advertising reviews	17.33%	70
Periodically reviews customer relationship management ("CRM") databases	12.87%	52
Periodically interviews personnel to ensure compliance with the firm's policies and procedures	11.39%	46
Engages a law firm for periodic marketing/advertising reviews	7.18%	29
Other	5.94%	24
	Answered	404
	Skipped	177

Implementation of the New Marketing Rule:

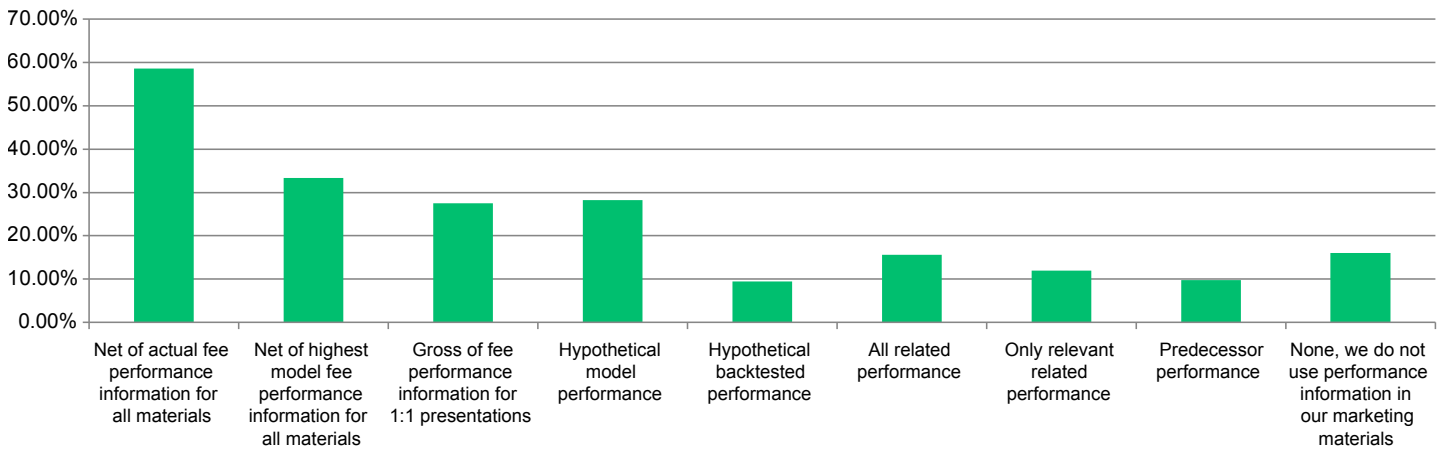
In an SEC FAQ, the SEC guided that performance should generally be updated within 30 days. In practice, do you find that timing reasonable?



Answer Choices	Responses	
Yes, we regularly update our performance presentations within 30 days after a calendar period end.	54.23%	218
No, while we seek to update our performance information promptly, we are not able to update our performance presentations within 30 days due to the availability of market quotations/valuations for certain securities/investments.	24.38%	98
No, while we seek to update our performance information promptly, we do not have the resources to update our performance presentations within 30 days.	9.45%	38
Other	11.94%	48
	Answered	402
	Skipped	179

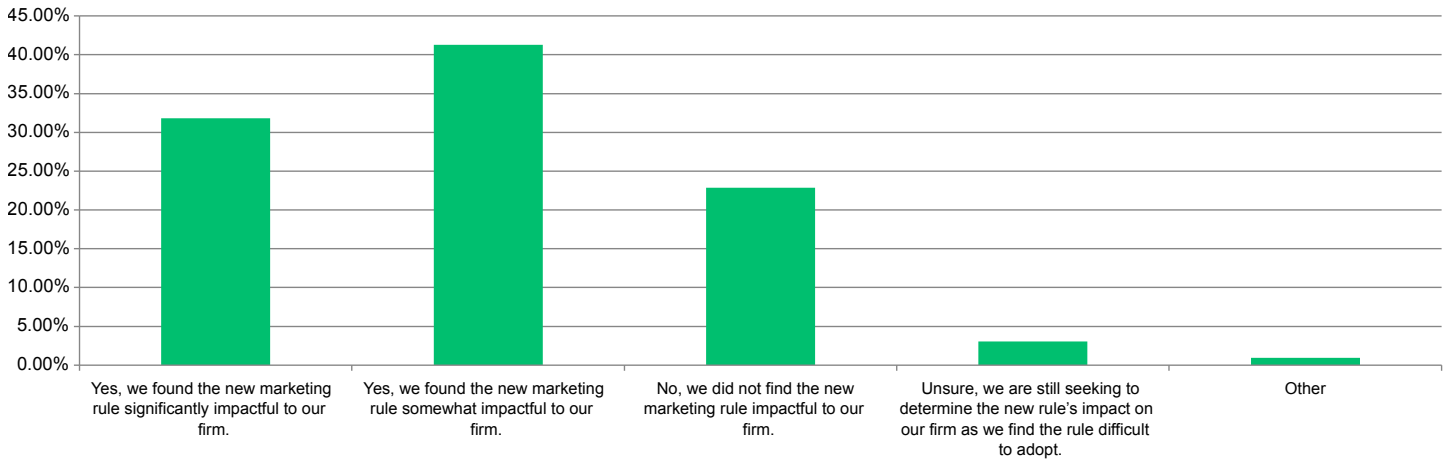
Implementation of the New Marketing Rule:

We use the following in our marketing materials: *(check all that apply)*



Answer Choices	Responses	
Net of actual fee performance information for all materials	58.64%	241
Net of highest model fee performance information for all materials	33.33%	137
Gross of fee performance information for 1:1 presentations	27.49%	113
Hypothetical model performance	28.22%	116
Hypothetical backtested performance	9.49%	39
All related performance	15.57%	64
Only relevant related performance	11.92%	49
Predecessor performance	9.73%	40
None, we do not use performance information in our marketing materials	16.06%	66
	Answered	411
	Skipped	170

Implementation of the New Marketing Rule: Did you find the new Marketing Rule impactful to your firm?

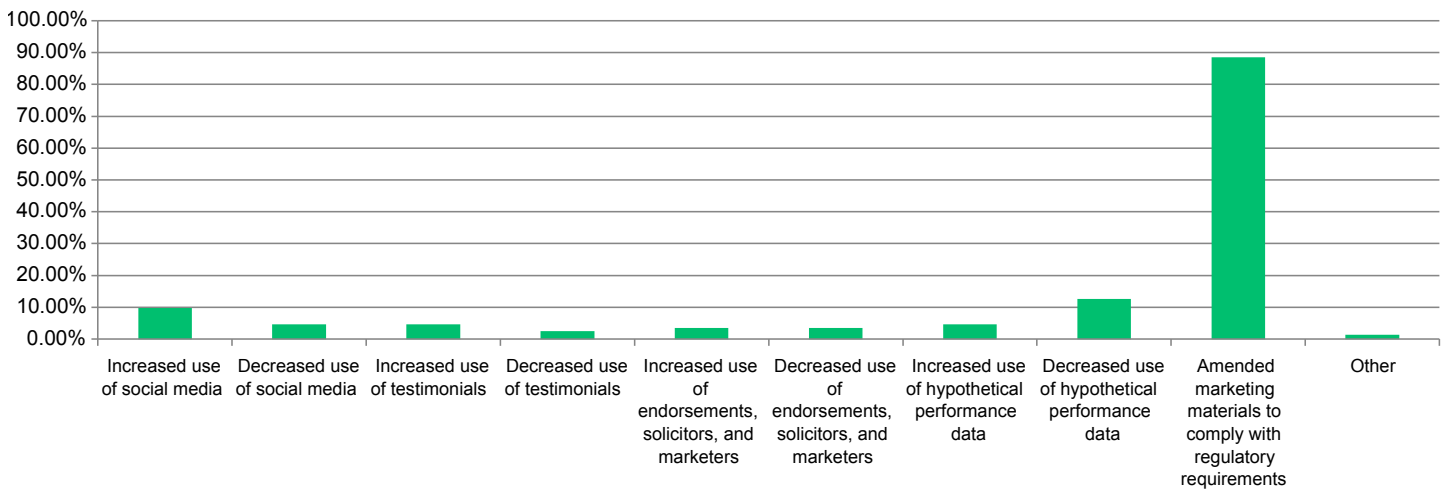


Answer Choices	Responses	
Yes, we found the new marketing rule significantly impactful to our firm.	31.84%	135
Yes, we found the new marketing rule somewhat impactful to our firm.	41.27%	175
No, we did not find the new marketing rule impactful to our firm.	22.88%	97
Unsure, we are still seeking to determine the new rule's impact on our firm as we find the rule difficult to adopt.	3.07%	13
Other	0.94%	4
	Answered	424
	Skipped	157

Implementation of the New Marketing Rule:

How has your firm's marketing practices changed in light of the new Marketing Rule?

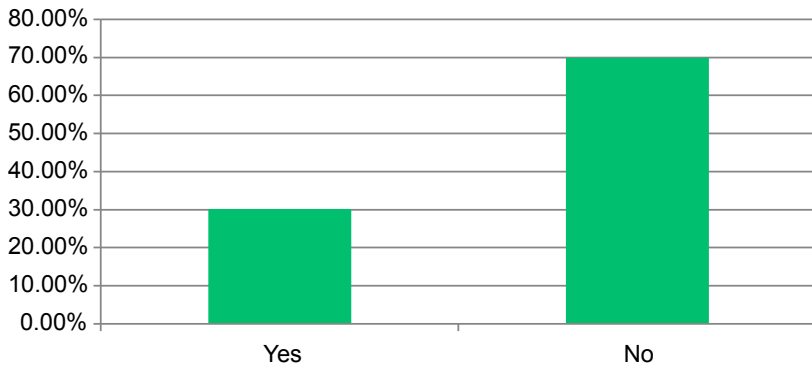
(check all that apply)



Answer Choices	Responses	
Increased use of social media	9.79%	28
Decreased use of social media	4.55%	13
Increased use of testimonials	4.55%	13
Decreased use of testimonials	2.45%	7
Increased use of endorsements, solicitors, and marketers	3.50%	10
Decreased use of endorsements, solicitors, and marketers	3.50%	10
Increased use of hypothetical performance data	4.55%	13
Decreased use of hypothetical performance data	12.59%	36
Amended marketing materials to comply with regulatory requirements	88.46%	253
Other	1.40%	4
	Answered	286
	Skipped	295

Implementation of the New Marketing Rule:

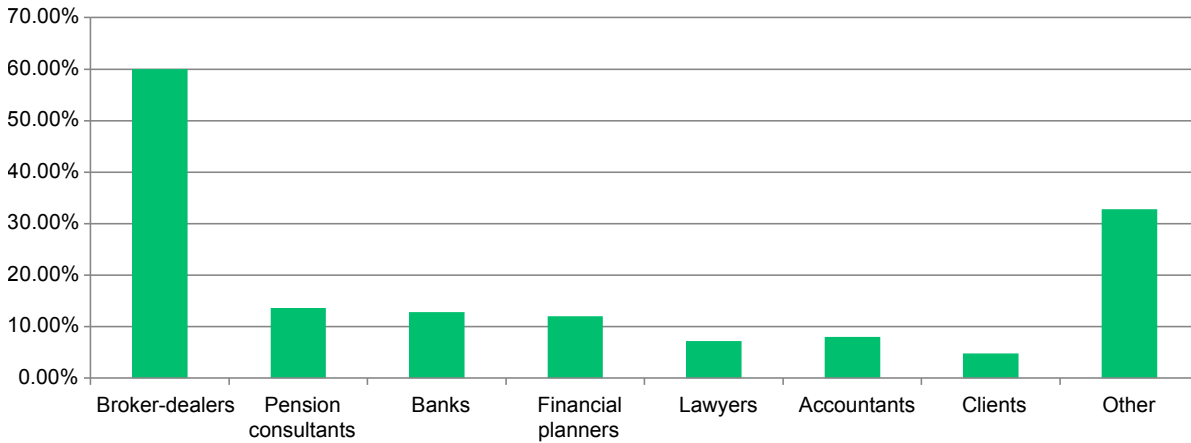
Does your firm rely on third-party solicitors and/or paid testimonials to introduce potential clients?



Answer Choices	Responses	
Yes	30.18%	131
No	69.82%	303
	Answered	434
	Skipped	147

Implementation of the New Marketing Rule:

What type of third-party solicitors do you rely upon? *(check all that apply)*

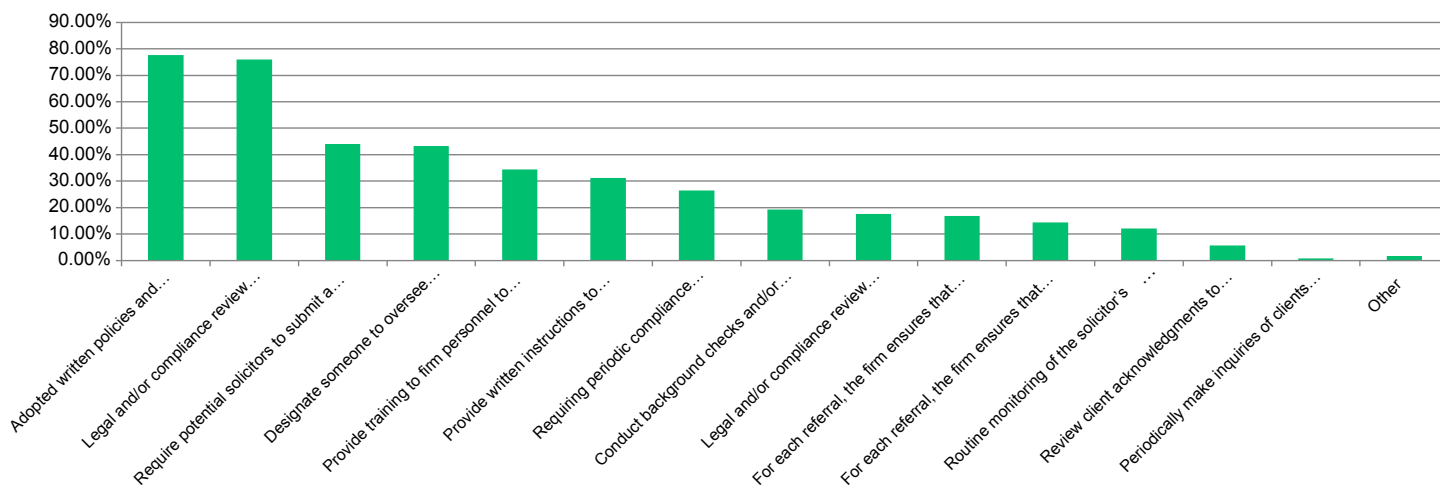


Answer Choices	Responses	
Broker-dealers	60.00%	75
Pension consultants	13.60%	17
Banks	12.80%	16
Financial planners	12.00%	15
Lawyers	7.20%	9
Accountants	8.00%	10
Clients	4.80%	6
Other	32.80%	41
	Answered	125
	Skipped	456

Implementation of the New Marketing Rule:

What types of controls do you have in place with respect to your firm's solicitation activities?

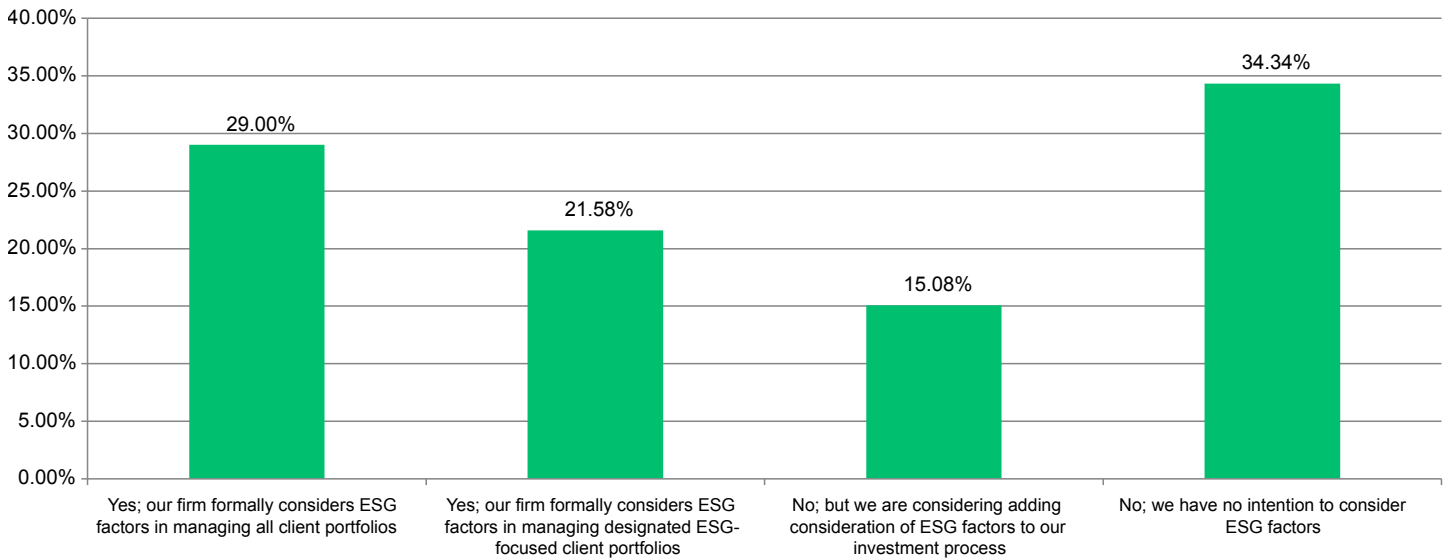
(check all that apply)



Answer Choices	Responses	
Adopted written policies and procedures governing cash and/or non-cash solicitation activities	77.60%	97
Legal and/or compliance review solicitation agreements to ensure they contain the specified provisions (e.g., description of the solicitation activities and compensation to be received)	76.00%	95
Require potential solicitors to submit a questionnaire or certification regarding any statutory disqualifications	44.00%	55
Designate someone to oversee solicitation arrangements	43.20%	54
Provide training to firm personnel to ensure that they understand which types of activities and communications implicate the rules regarding endorsements and testimonials and that they bring all relevant arrangements and activities to the attention of designated personnel	34.40%	43
Provide written instructions to solicitors regarding disclosure to be provided, as well as any marketing materials provided or representations made to prospects, and any other relevant procedures	31.20%	39
Requiring periodic compliance certifications from solicitors	26.40%	33
Conduct background checks and/or require references from potential solicitors	19.20%	24
Legal and/or compliance review solicitor disclosure documents although no longer required to be provided	17.60%	22
For each referral, the firm ensures that the solicitor has complied with the specific terms of the solicitation agreement	16.80%	21
For each referral, the firm ensures that it receives timely signed and dated client acknowledgment of receipt of the adviser brochure and the solicitor disclosure document although no longer required	14.40%	18
Routine monitoring of the solicitor's practices, including requesting periodic reports on whether/when it is giving clients the brochure and complying with other terms of the agreement	12.00%	15
Review client acknowledgments to ensure that they are dated correctly (e.g., dated before the client enters into an advisory agreement) although no longer required	5.60%	7
Periodically make inquiries of clients referred by a solicitor	0.80%	1
Other	1.60%	2
	Answered	125
	Skipped	456

Trend Update: Environmental, Social and Governance:

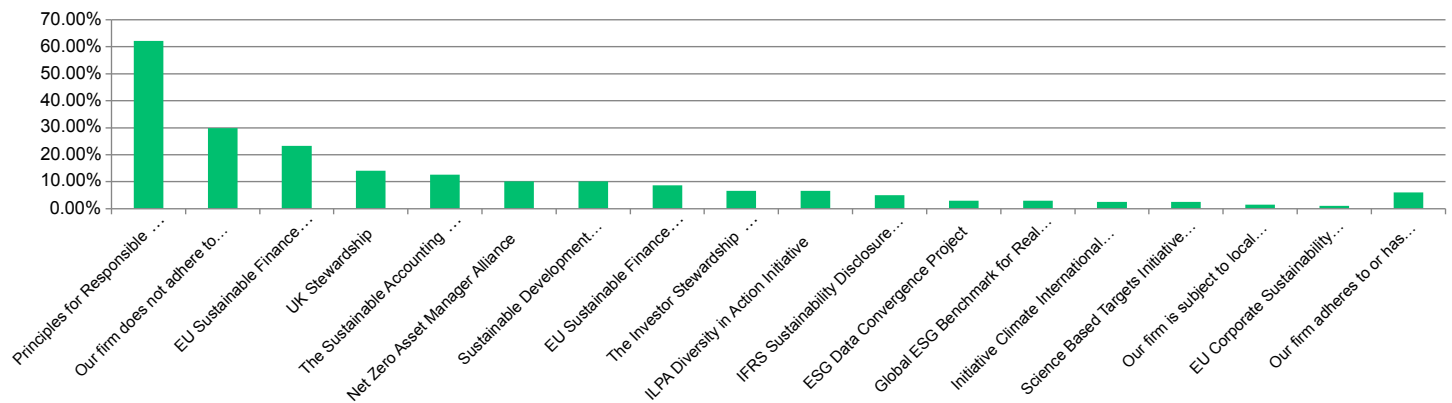
Does your firm consider environmental, social, and governance (“ESG”) factors in managing client portfolios?



Answer Choices	Responses	
Yes; our firm formally considers ESG factors in managing all client portfolios	29.00%	125
Yes; our firm formally considers ESG factors in managing designated ESG-focused client portfolios	21.58%	93
No; but we are considering adding consideration of ESG factors to our investment process	15.08%	65
No; we have no intention to consider ESG factors	34.34%	148
	Answered	431
	Skipped	150

Trend Update: Environmental, Social and Governance:

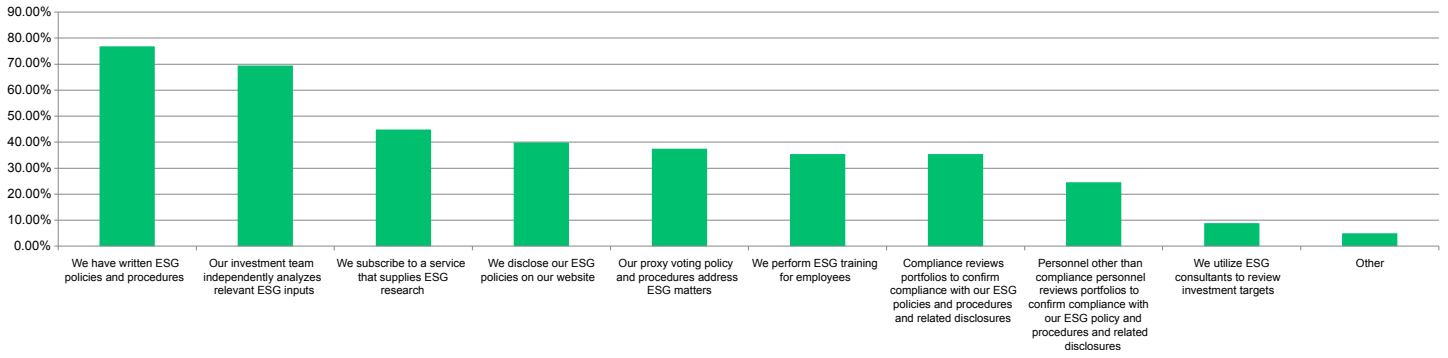
Does your firm adhere to any of the following principles or regulatory standards related to ESG investing? (check all that apply)



Answer Choices	Responses	
Principles for Responsible Investment ("PRI")	62.12%	123
Our firm does not adhere to any specific principle or standard related to ESG investing	29.80%	59
EU Sustainable Finance Disclosure Regulation (SFDR) – Article 8	23.23%	46
UK Stewardship	14.14%	28
The Sustainable Accounting Standards Board ("SASB") Alliance	12.63%	25
Net Zero Asset Manager Alliance	10.10%	20
Sustainable Development Goals (SDGs)	10.10%	20
EU Sustainable Finance Disclosure Regulation (SFDR) – Article 9	8.59%	17
The Investor Stewardship Group ("ISG")	6.57%	13
ILPA Diversity in Action Initiative	6.57%	13
IFRS Sustainability Disclosure Standards (IFRS SDS)	5.05%	10
ESG Data Convergence Project	3.03%	6
Global ESG Benchmark for Real Assets (GRESB)	3.03%	6
Initiative Climate International (ICI)	2.53%	5
Science Based Targets Initiative (SBTI)	2.53%	5
Our firm is subject to local requirements related to sustainable investing or a stewardship code	1.52%	3
EU Corporate Sustainability Reporting Directive (CSRD)	1.01%	2
Our firm adheres to or has signed on to another principle or standard	6.06%	12
	Answered	198
	Skipped	383

Trend Update: Environmental, Social and Governance:

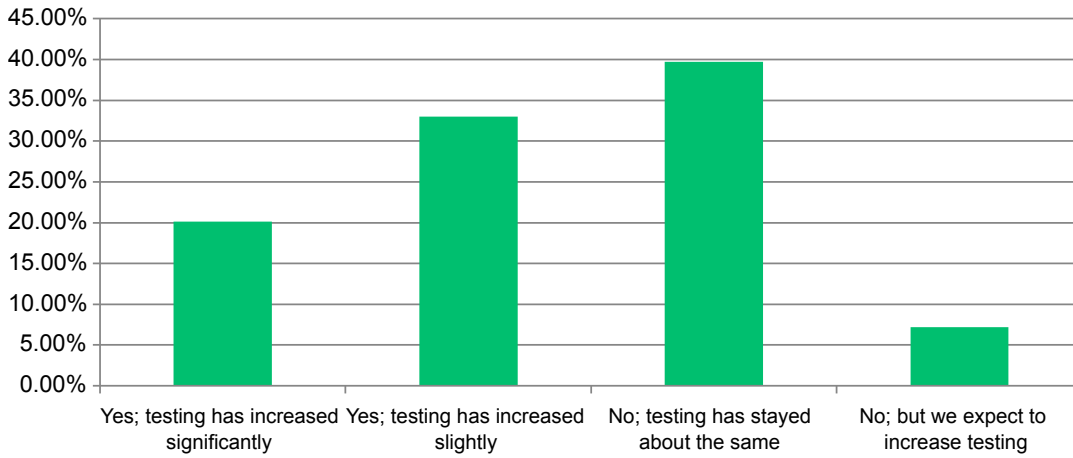
Which of the following ESG controls are in place at your firm? (check all that apply)



Answer Choices	Responses	
We have written ESG policies and procedures	76.85%	156
Our investment team independently analyzes relevant ESG inputs	69.46%	141
We subscribe to a service that supplies ESG research	44.83%	91
We disclose our ESG policies on our website	39.90%	81
Our proxy voting policy and procedures address ESG matters	37.44%	76
We perform ESG training for employees	35.47%	72
Compliance reviews portfolios to confirm compliance with our ESG policies and procedures and related disclosures	35.47%	72
Personnel other than compliance personnel reviews portfolios to confirm compliance with our ESG policy and procedures and related disclosures	24.63%	50
We utilize ESG consultants to review investment targets	8.87%	18
Other	4.93%	10
	Answered	203
	Skipped	378

Trend Update: Environmental, Social and Governance:

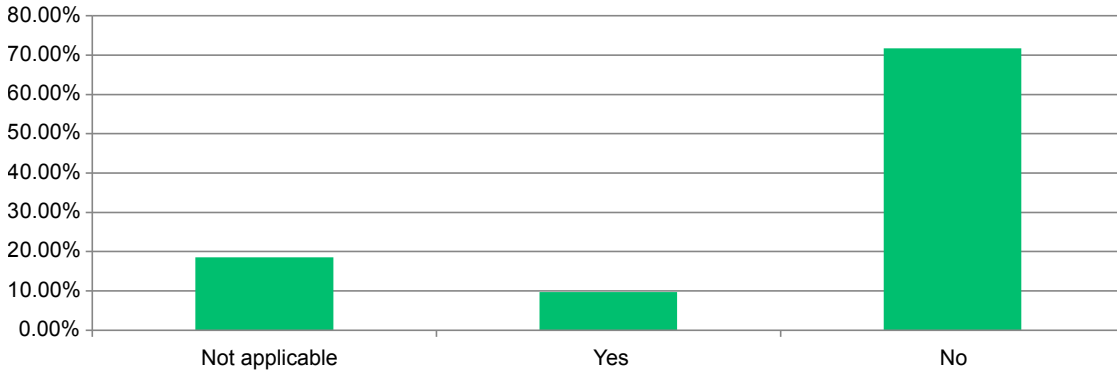
Since regulatory focus has increased on ESG, has your firm's testing of ESG changed?



Answer Choices	Responses	
Yes; testing has increased significantly	20.10%	42
Yes; testing has increased slightly	33.01%	69
No; testing has stayed about the same	39.71%	83
No; but we expect to increase testing	7.18%	15
	Answered	209
	Skipped	372

Trend Update: Environmental, Social and Governance:

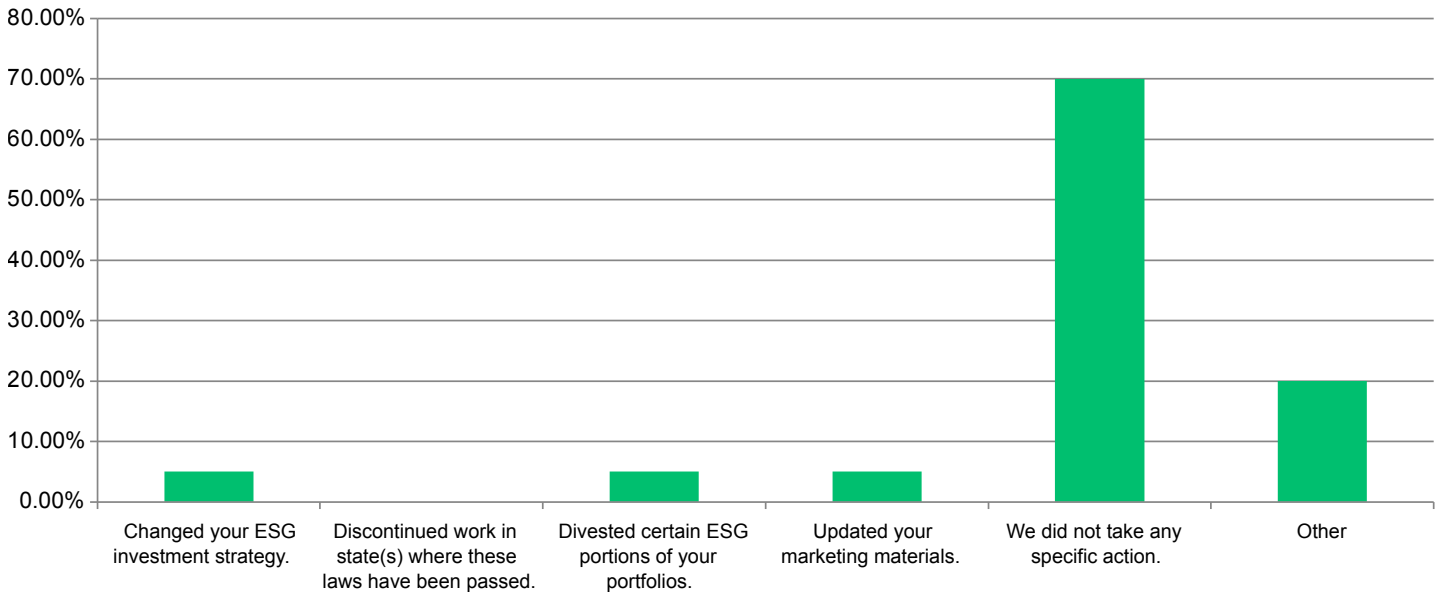
Has your firm been impacted by any of the recently enacted state laws (Texas, Oklahoma, West Virginia, etc.) that prohibit firms that engage in ESG investing from working with those states' pension funds and governmental agencies?



Answer Choices	Responses	
Not applicable	18.52%	40
Yes	9.72%	21
No	71.76%	155
	Answered	216
	Skipped	365

Trend Update: Environmental, Social and Governance:

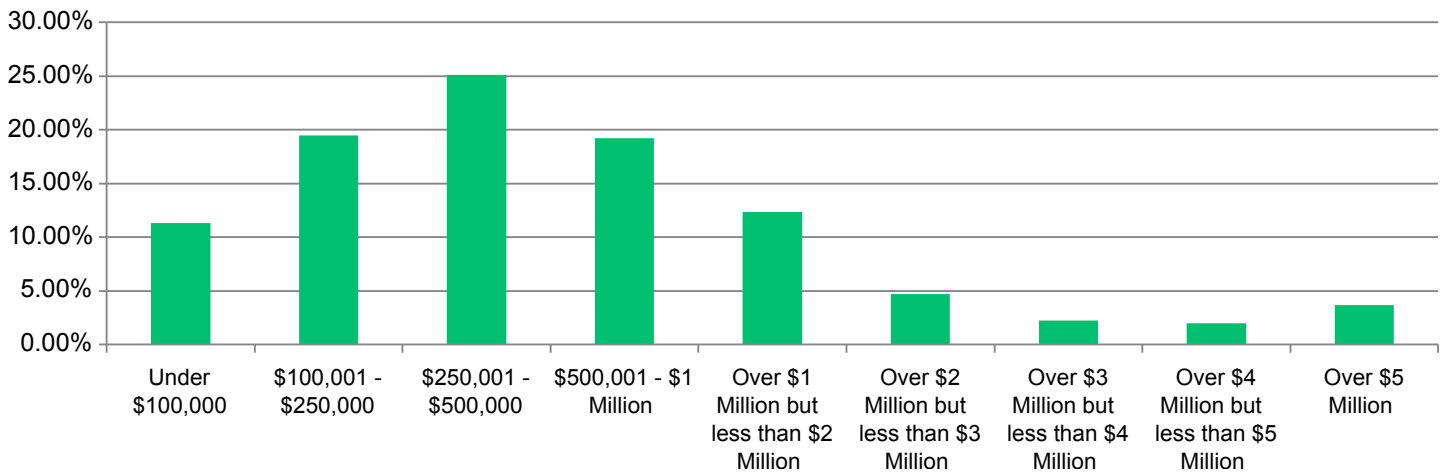
Did your firm take any specific actions in response to these laws?



Answer Choices	Responses	
Changed your ESG investment strategy.	5.00%	1
Discontinued work in state(s) where these laws have been passed.	0.00%	0
Divested certain ESG portions of your portfolios.	5.00%	1
Updated your marketing materials.	5.00%	1
We did not take any specific action.	70.00%	14
Other	20.00%	4
	Answered	20
	Skipped	561

Cost of Regulatory Compliance:

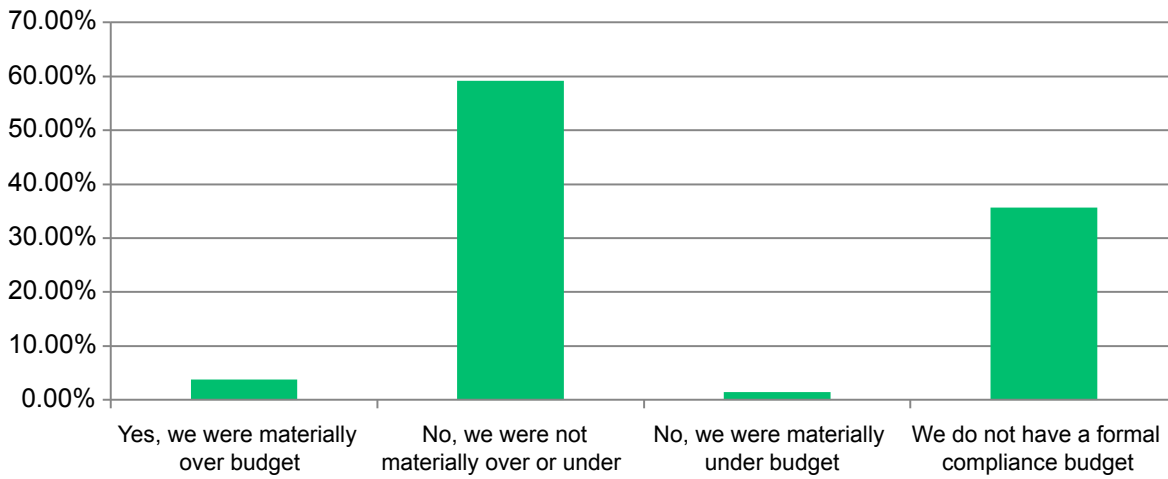
How much does your firm incur in total compliance-related costs annually? Include compensation of the firm's compliance professional(s) (roughly prorated if they wear multiple hats).



Answer Choices	Responses	
Under \$100,000	11.33%	46
\$100,001 - \$250,000	19.46%	79
\$250,001 - \$500,000	25.12%	102
\$500,001 - \$1 Million	19.21%	78
Over \$1 Million but less than \$2 Million	12.32%	50
Over \$2 Million but less than \$3 Million	4.68%	19
Over \$3 Million but less than \$4 Million	2.22%	9
Over \$4 Million but less than \$5 Million	1.97%	8
Over \$5 Million	3.69%	15
	Answered	406
	Skipped	175

Cost of Regulatory Compliance:

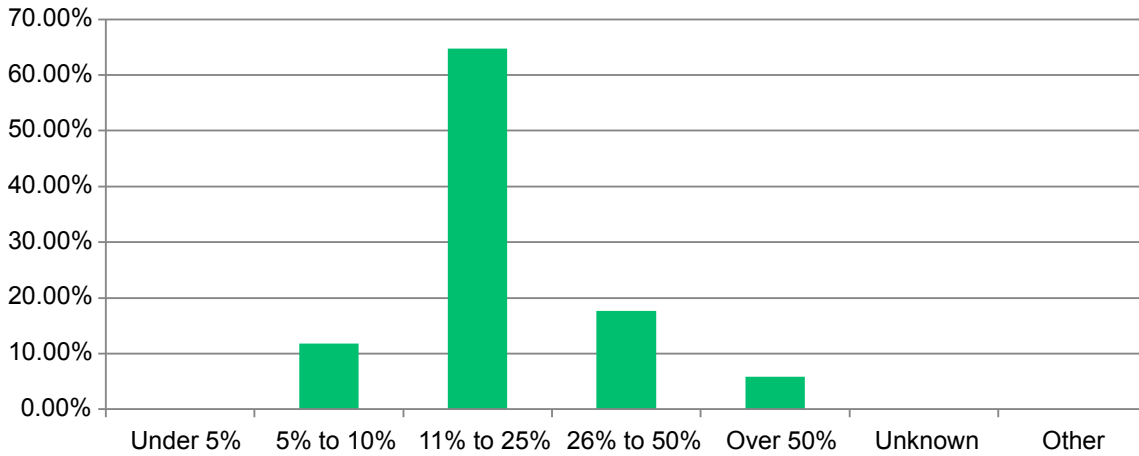
Did your firm exceed your compliance budget in 2022?



Answer Choices	Responses	
Yes, we were materially over budget	3.76%	16
No, we were not materially over or under budget	59.15%	252
No, we were materially under budget	1.41%	6
We do not have a formal compliance budget	35.68%	152
	Answered	426
	Skipped	155

Cost of Regulatory Compliance:

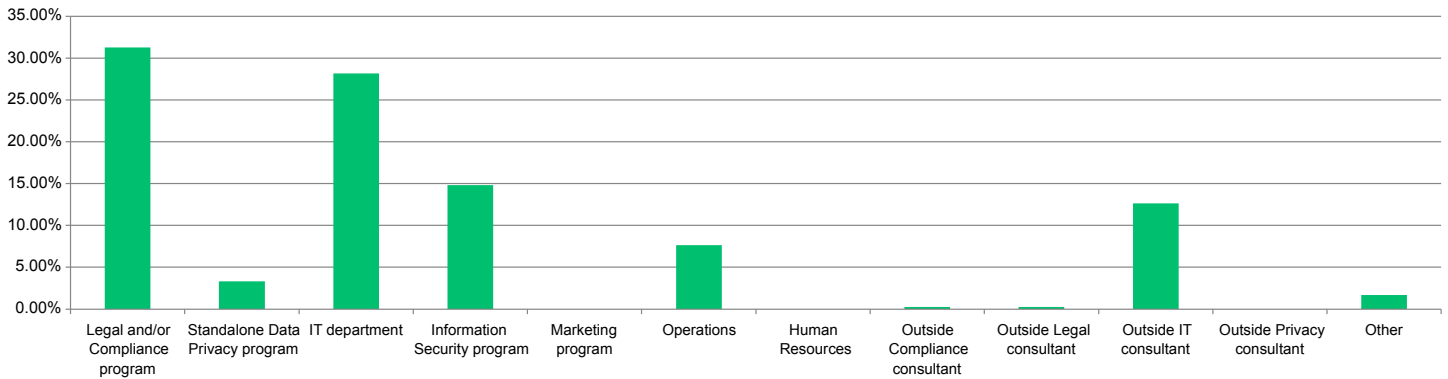
By roughly what percentage did you exceed your compliance budget in 2022?



Answer Choices	Responses	
Under 5%	0.00%	0
5% to 10%	11.76%	2
11% to 25%	64.71%	11
26% to 50%	17.65%	3
Over 50%	5.88%	1
Unknown	0.00%	0
Other	0.00%	0
	Answered	17
	Skipped	564

Data Privacy:

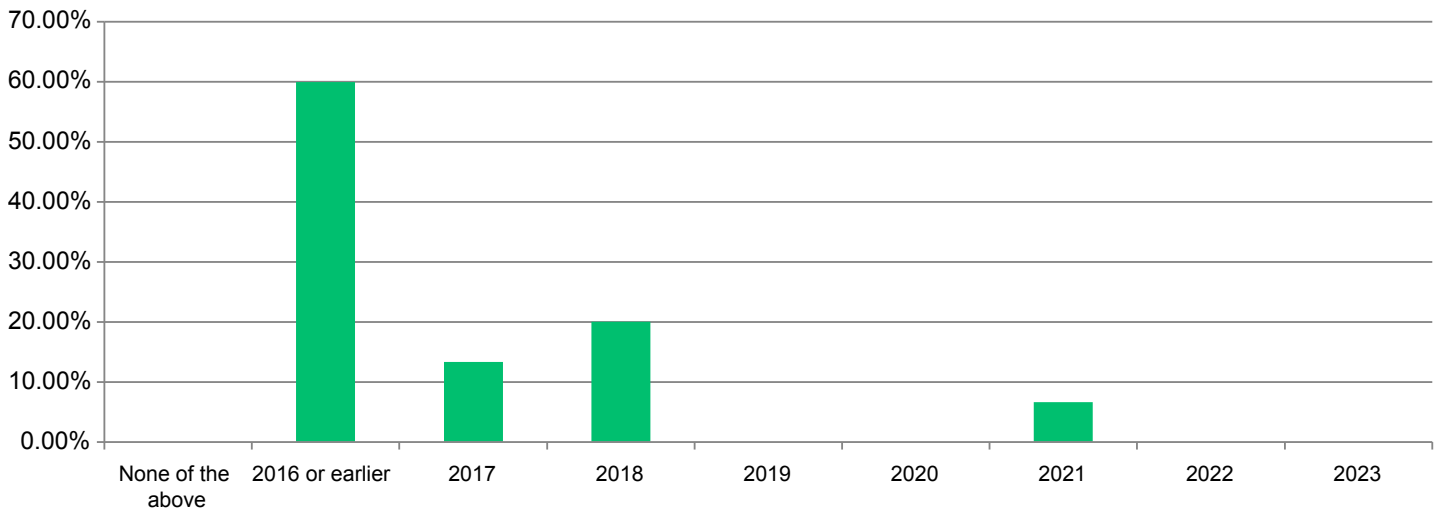
What department is primarily responsible for managing data privacy?



Answer Choices	Responses	
Legal and/or Compliance program	31.26%	131
Standalone Data Privacy program	3.34%	14
IT Department	28.16%	118
Information Security program	14.80%	62
Marketing program	0.00%	0
Operations	7.64%	32
Human Resources	0.00%	0
Outside Compliance consultant	0.24%	1
Outside Legal consultant	0.24%	1
Outside IT consultant	12.65%	53
Outside Privacy consultant	0.00%	0
Other	1.67%	7
	Answered	419
	Skipped	162

Data Privacy:

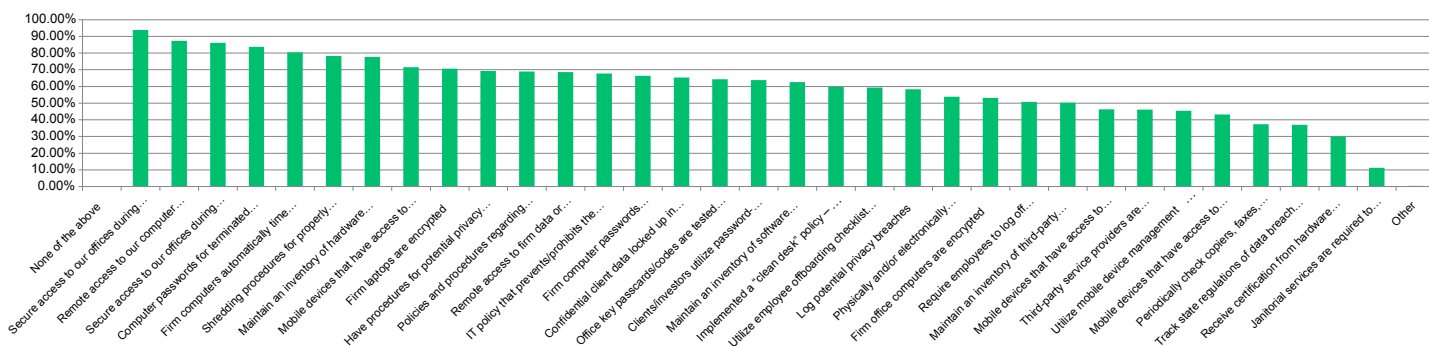
When was the data privacy program established?



Answer Choices	Responses	
None of the above	0.00%	0
2016 or earlier	60.00%	9
2017	13.33%	2
2018	20.00%	3
2019	0.00%	0
2020	0.00%	0
2021	6.67%	1
2022	0.00%	0
2023	0.00%	0
	Answered	15
	Skipped	566

Data Privacy:

What steps has your firm taken to mitigate risk in the privacy area? (check all that apply)



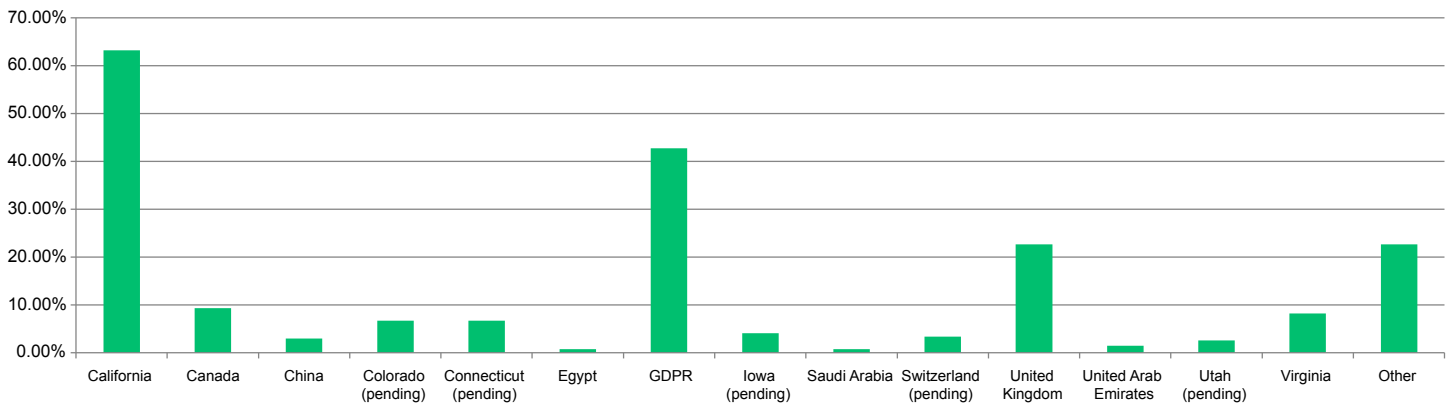
Answer Choices	Responses	
None of the above	0.00%	0
Secure access to our offices during non-business hours	93.90%	385
Remote access to our computer system is secure	87.32%	358
Secure access to our offices during the workday	86.10%	353
Computer passwords for terminated employees are deactivated promptly	83.66%	343
Firm computers automatically time out after a preset interval	80.49%	330
Shredding procedures for properly disposing of consumer information	78.29%	321
Maintain an inventory of hardware used by employees	77.80%	319
Mobile devices that have access to firm emails are password protected	71.46%	293
Firm laptops are encrypted	70.73%	290
Have procedures for potential privacy breaches	69.27%	284
Policies and procedures regarding reporting lost or stolen laptops, wireless devices, and/or flash drives	69.02%	283
Remote access to firm data or resources requires two-factor authentication	68.54%	281
IT policy that prevents/prohibits the use of USB thumb drives	67.80%	278
Firm computer passwords systematically reset at regular time intervals	66.34%	272
Confidential client data locked up in file cabinets	65.37%	268
Office key passcards/codes are tested and codes for terminated employees are deactivated promptly	64.39%	264
Clients/investors utilize password-protected website/portal for personal information	63.90%	262
Maintain an inventory of software used by employees	62.68%	257
Implemented a "clean desk" policy – no papers with confidential client data left on desks or unlocked offices	59.76%	245
Utilize employee offboarding checklist that accounts for termination of access to third-party hosted systems used by employees	59.27%	243
Log potential privacy breaches	58.29%	239
Physically and/or electronically destroy hard drives and memory drives of obsolete machines	53.90%	221
Firm office computers are encrypted	53.17%	218
Require employees to log off computers if they will be away for a period of time	50.73%	208
Maintain an inventory of third-party hosted systems used by employees	50.24%	206

continued

Answer Choices	Responses	
Mobile devices that have access to firm emails utilize two-factor authentication	46.34%	190
Third-party service providers are required to certify or make a representation in agreements with our firm that they have in place a privacy and data protection program consistent with applicable law	46.10%	189
Utilize mobile device management software ("MDM") for mobile devices	45.37%	186
Mobile devices that have access to firm emails are encrypted	43.17%	177
Periodically check copiers, faxes, conference rooms, etc. for confidential client data	37.32%	153
Track state regulations of data breach and privacy regulations	37.07%	152
Receive certification from hardware and peripheral vendors (e.g., printers, copy machines etc.) about the physical and/or electronic destruction of hard drives and memory drives from leased devices that are returned	30.00%	123
Janitorial services are required to certify or make a representation in agreements with our firm that they have in place a privacy and data protection program consistent with applicable law	11.22%	46
Other	0.49%	2
	Answered	410
	Skipped	171

Data Privacy:

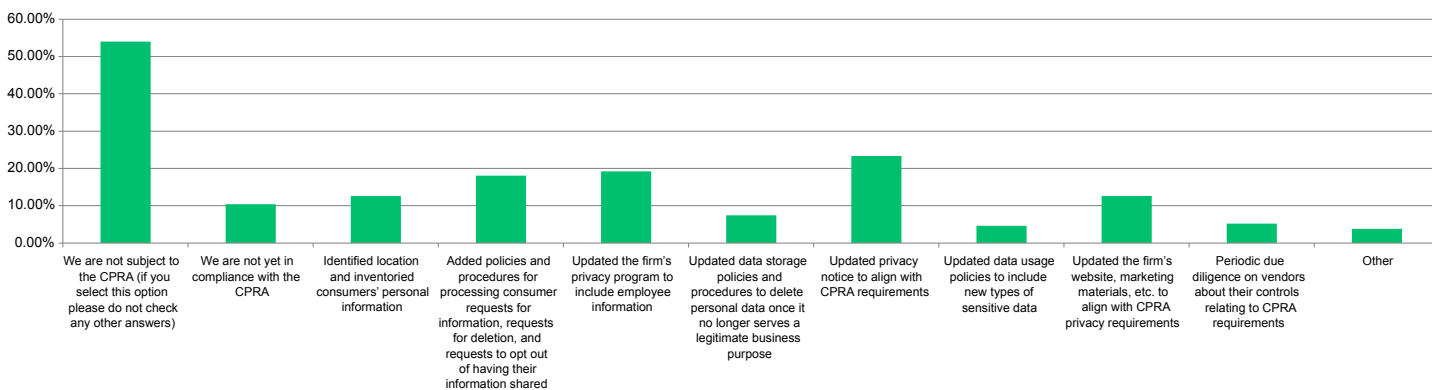
For which jurisdictions do you maintain privacy policies? (check all that apply)



Answer Choices	Responses	
California	63.20%	170
Canada	9.29%	25
China	2.97%	8
Colorado (pending)	6.69%	18
Connecticut (pending)	6.69%	18
Egypt	0.74%	2
GDPR	42.75%	115
Iowa (pending)	4.09%	11
Saudi Arabia	0.74%	2
Switzerland (pending)	3.35%	9
United Kingdom	22.68%	61
United Arab Emirates	1.49%	4
Utah (pending)	2.60%	7
Virginia	8.18%	22
Other	22.68%	61
	Answered	269
	Skipped	312

Data Privacy:

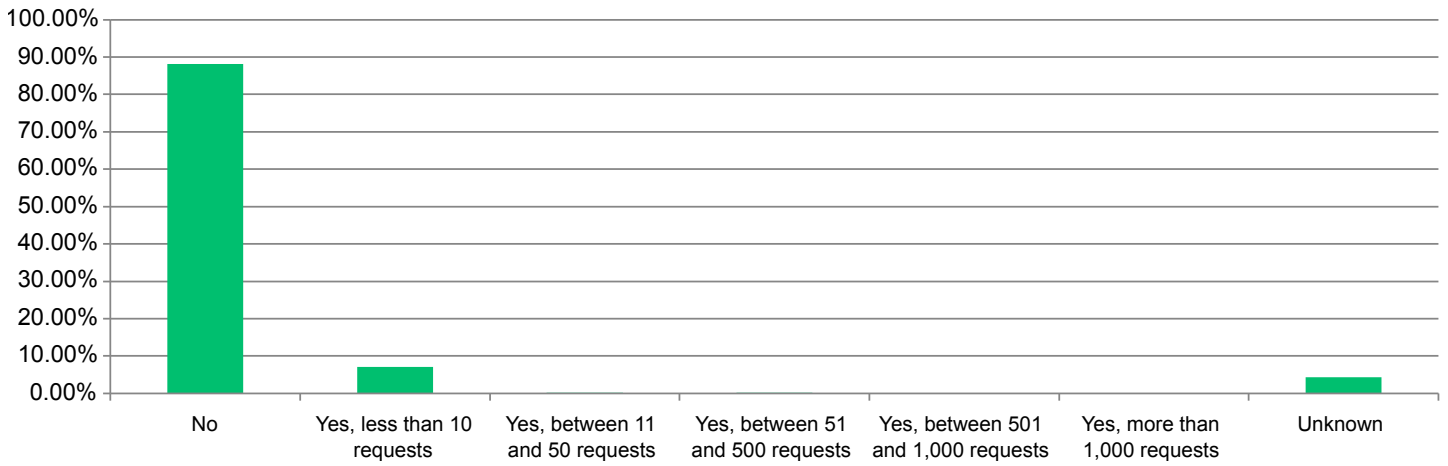
What steps has your firm taken as a result of the California Privacy Rights Act (“CPRA”), an amendment to the California Consumer Privacy Act of 2018, which had the majority of its provisions come into effect on January 1, 2023? (check all that apply)



Answer Choices	Responses	
We are not subject to the CPRA	53.97%	197
We are not yet in compliance with the CPRA	10.41%	38
Identified location and inventoried consumers' personal information	12.60%	46
Added policies and procedures for processing consumer requests for information, requests for deletion, and requests to opt out of having their information shared	18.08%	66
Updated the firm's privacy program to include employee information	19.18%	70
Updated data storage policies and procedures to delete personal data once it no longer serves a legitimate business purpose	7.40%	27
Updated privacy notice to align with CPRA requirements	23.29%	85
Updated data usage policies to include new types of sensitive data	4.66%	17
Updated the firm's website, marketing materials, etc. to align with CPRA privacy requirements	12.60%	46
Periodic due diligence on vendors about their controls relating to CPRA requirements	5.21%	19
Other	3.84%	14
	Answered	365
	Skipped	216

Data Privacy:

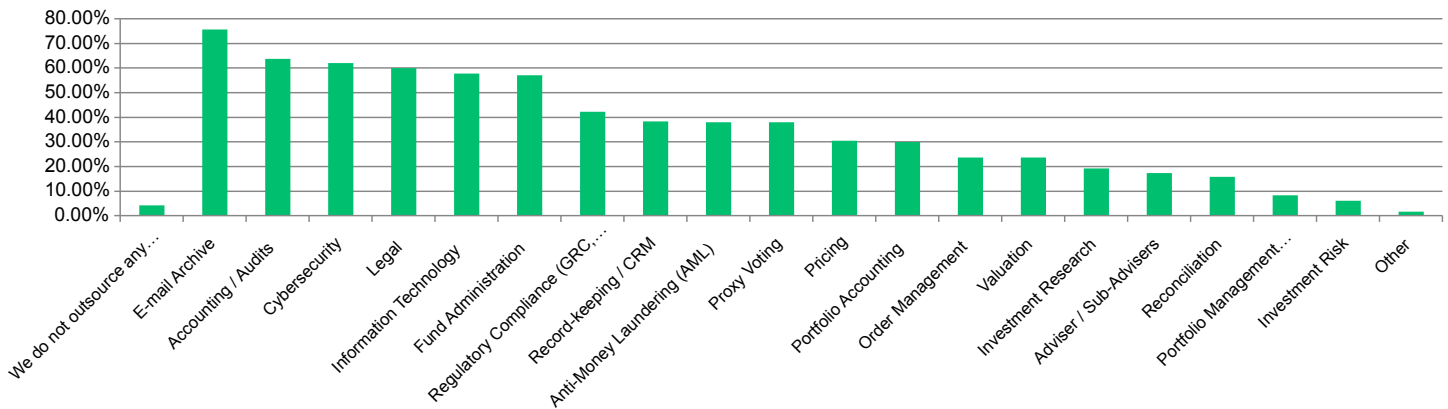
Have you had any inbound requests to remove or delete personal data as a result of a privacy regulation (e.g., CPRA, GDPR, etc.)



Answer Choices	Responses	
No	88.07%	347
Yes, less than 10 requests	7.11%	28
Yes, between 11 and 50 requests	0.25%	1
Yes, between 51 and 500 requests	0.25%	1
Yes, between 501 and 1,000 requests	0.00%	0
Yes, more than 1,000 requests	0.00%	0
Unknown	4.31%	17
	Answered	394
	Skipped	187

Oversight of 3rd Parties:

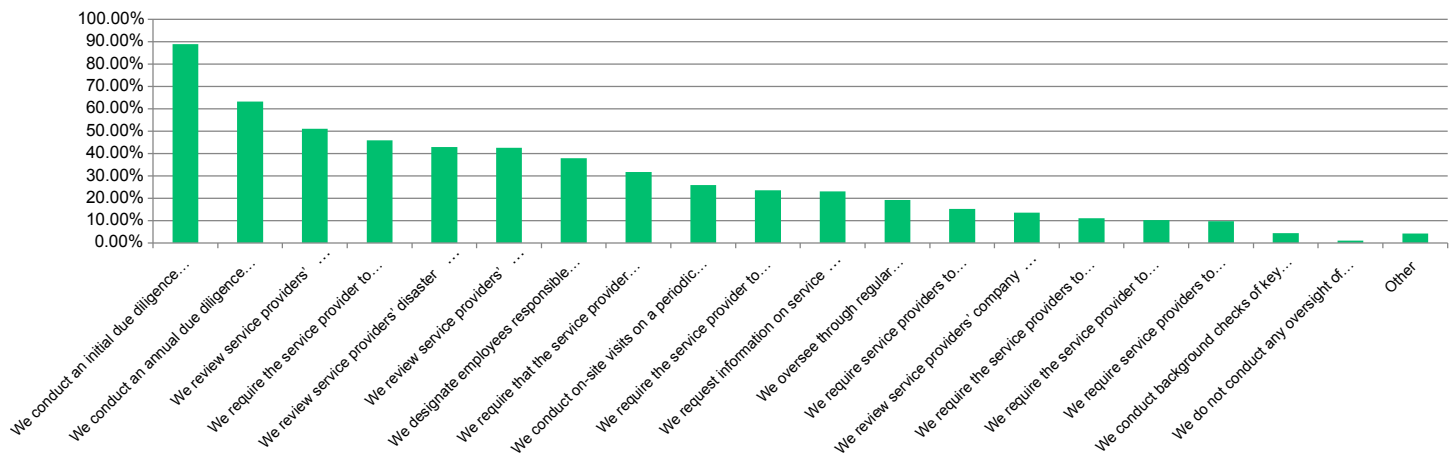
For which types of advisory services or functions does your firm engage third-party service providers? (check all that apply)



Answer Choices	Responses	
We do not outsource any advisory services or functions	4.15%	17
E-mail Archive	75.61%	310
Accounting / Audits	63.66%	261
Cybersecurity	61.95%	254
Legal	60.00%	246
Information Technology	57.80%	237
Fund Administration	57.07%	234
Regulatory Compliance (GRC, compliance training, compliance helpline, etc.)	42.20%	173
Record-keeping / CRM	38.29%	157
Anti-Money Laundering (AML)	38.05%	156
Proxy Voting	38.05%	156
Pricing	30.49%	125
Portfolio Accounting	30.00%	123
Order Management	23.66%	97
Valuation	23.66%	97
Investment Research	19.27%	79
Adviser / Sub-Advisers	17.32%	71
Reconciliation	15.85%	65
Portfolio Management (excluding adviser/sub-adviser)	8.29%	34
Investment Risk	6.10%	25
Other	1.71%	7
	Answered	410
	Skipped	171

Oversight of 3rd Parties:

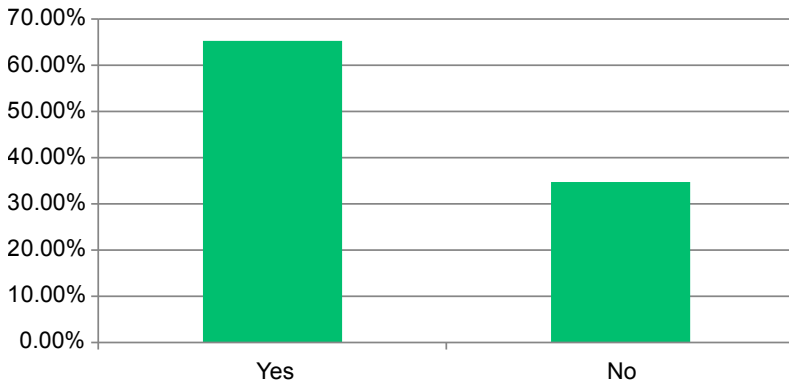
How does your firm conduct oversight of its third-party service providers? (check all that apply)



Answer Choices	Responses	
We conduct an initial due diligence review	88.97%	347
We conduct an annual due diligence review	63.33%	247
We review service providers' cybersecurity policies	51.03%	199
We require the service provider to complete a periodic questionnaire	45.90%	179
We review service providers' disaster recovery plans	42.82%	167
We review service providers' International Organization for Standardization (ISO) or System and Organization Controls (SOC) reports where applicable	42.56%	166
We designate employees responsible for managing each relationship	37.95%	148
We require that the service provider notify us of material changes (e.g., significant financial issues, loss/change of key personnel)	31.79%	124
We conduct on-site visits on a periodic basis for all key service providers	25.90%	101
We require the service provider to provide us with its standard periodic questionnaire	23.59%	92
We request information on service providers' regulatory and legal disciplinary history	23.08%	90
We oversee through regular interaction but do not conduct a focused review	19.23%	75
We require service providers to provide information on critical sub-contractors	15.13%	59
We review service providers' company financial statements.	13.59%	53
We require the service providers to provide a process for orderly termination	11.03%	43
We require the service provider to complete annual attestations of compliance with the service agreement	10.26%	40
We require service providers to provide exception reporting	9.74%	38
We conduct background checks of key employees of service providers	4.36%	17
We do not conduct any oversight of service providers	1.03%	4
Other	4.10%	16
	Answered	390
	Skipped	191

Proxy Voting:

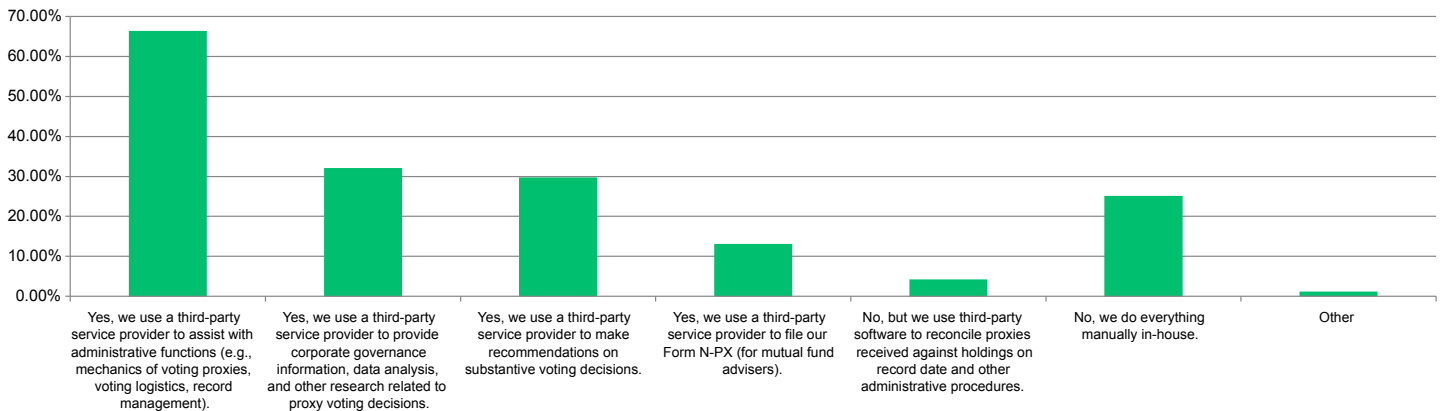
Does your firm vote proxies on behalf of its clients?



Answer Choices	Responses	
Yes	65.31%	273
No	34.69%	145
	Answered	418
	Skipped	163

Proxy Voting:

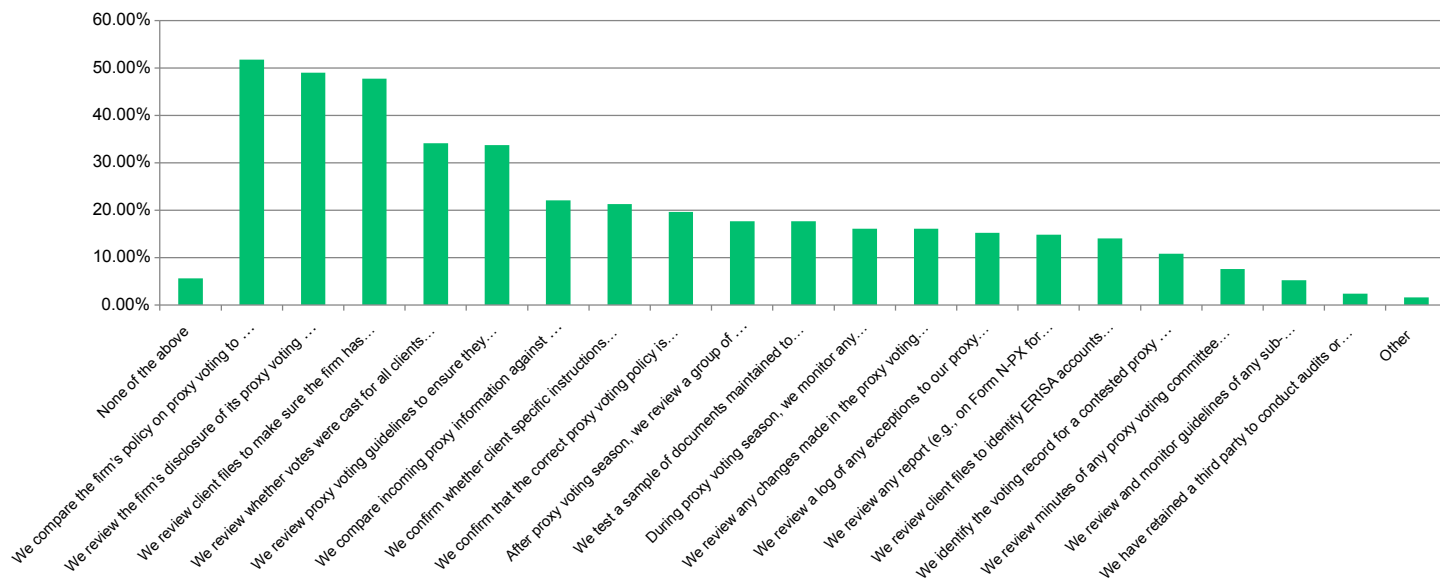
Does your firm use a third-party service provider to assist with proxy voting? (check all that apply)



Answer Choices	Responses	
Yes, we use a third-party service provider to assist with administrative functions (e.g., mechanics of voting proxies, voting logistics, record management).	66.41%	172
Yes, we use a third-party service provider to provide corporate governance information, data analysis, and other research related to proxy voting decisions.	32.05%	83
Yes, we use a third-party service provider to make recommendations on substantive voting decisions.	29.73%	77
Yes, we use a third-party service provider to file our Form N-PX (for mutual fund advisers).	13.13%	34
No, but we use third-party software to reconcile proxies received against holdings on record date and other administrative procedures.	4.25%	11
No, we do everything manually in-house.	25.10%	65
Other	1.16%	3
	Answered	259
	Skipped	322

Proxy Voting:

How does your firm test compliance with proxy voting policies and procedures? (check all that apply)



Answer Choices	Responses	
None of the above	5.62%	14
We compare the firm's policy on proxy voting to the firm's actual votes.	51.81%	129
We review the firm's disclosure of its proxy voting practice in light of its policies and actual practices.	49.00%	122
We review client files to make sure the firm has accurately identified accounts for which it has authority to and has agreed to vote proxies.	47.79%	119
We review whether votes were cast for all clients holding the subject security for which the adviser has proxy voting authority and has agreed to vote proxies.	34.14%	85
We review proxy voting guidelines to ensure they are consistent with the best interest of the client.	33.73%	84
We compare incoming proxy information against the firm's holdings records.	22.09%	55
We confirm whether client specific instructions were followed for proxy voting.	21.29%	53
We confirm that the correct proxy voting policy is aligned with the client type (e.g., a Taft Hartley proxy voting policy is not in place for a non-Taft-Hartley account).	19.68%	49
After proxy voting season, we review a group of proxies to assess whether the firm missed any votes and whether votes were cast consistent with the firm's policies and procedures.	17.67%	44
We test a sample of documents maintained to ensure we are complying with the applicable record-keeping rules related to proxy voting.	17.67%	44
During proxy voting season, we monitor any deviations from policy and track potential errors.	16.06%	40
We review any changes made in the proxy voting policies to determine whether there is an appropriate reason for the change and that related disclosures have been updated.	16.06%	40
We review a log of any exceptions to our proxy voting policies and analyze any patterns over time.	15.26%	38
We review any report (e.g., on Form N-PX for mutual funds) or disclosure to clients (e.g., in response to client request) regarding how we voted proxies to ensure accuracy of disclosure or report.	14.86%	37

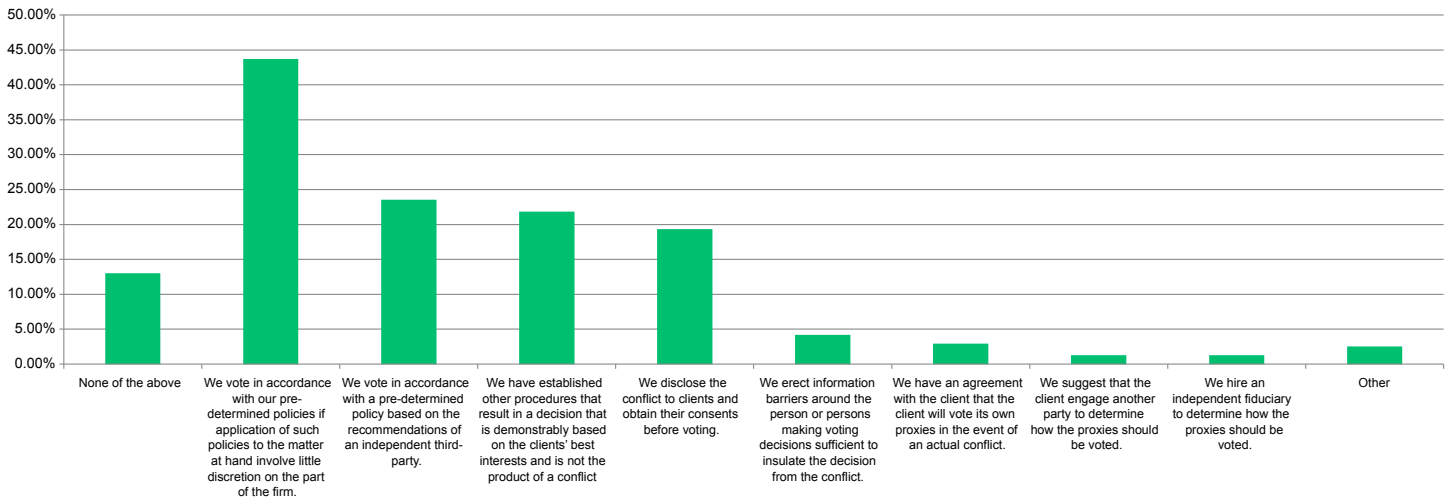
continued

Answer Choices	Responses	
We review client files to identify ERISA accounts and ensure compliance with ERISA guidance on proxy voting.	14.06%	35
We identify the voting record for a contested proxy contest and test whether proxies were voted according to the firm's policy or based on the guidelines or direction of clients (if any).	10.84%	27
We review minutes of any proxy voting committee to assess patterns of handling decisions in situations involving conflicts of interest.	7.63%	19
We review and monitor guidelines of any sub-advisers to ensure they are voting proxies in the best interests of the sub-advised funds or accounts.	5.22%	13
We have retained a third party to conduct audits or reviews of our proxy voting.	2.41%	6
Other	1.61%	4
	Answered	249
	Skipped	332

Proxy Voting:

How does your firm handle any conflicts of interest your firm may have in voting proxies?

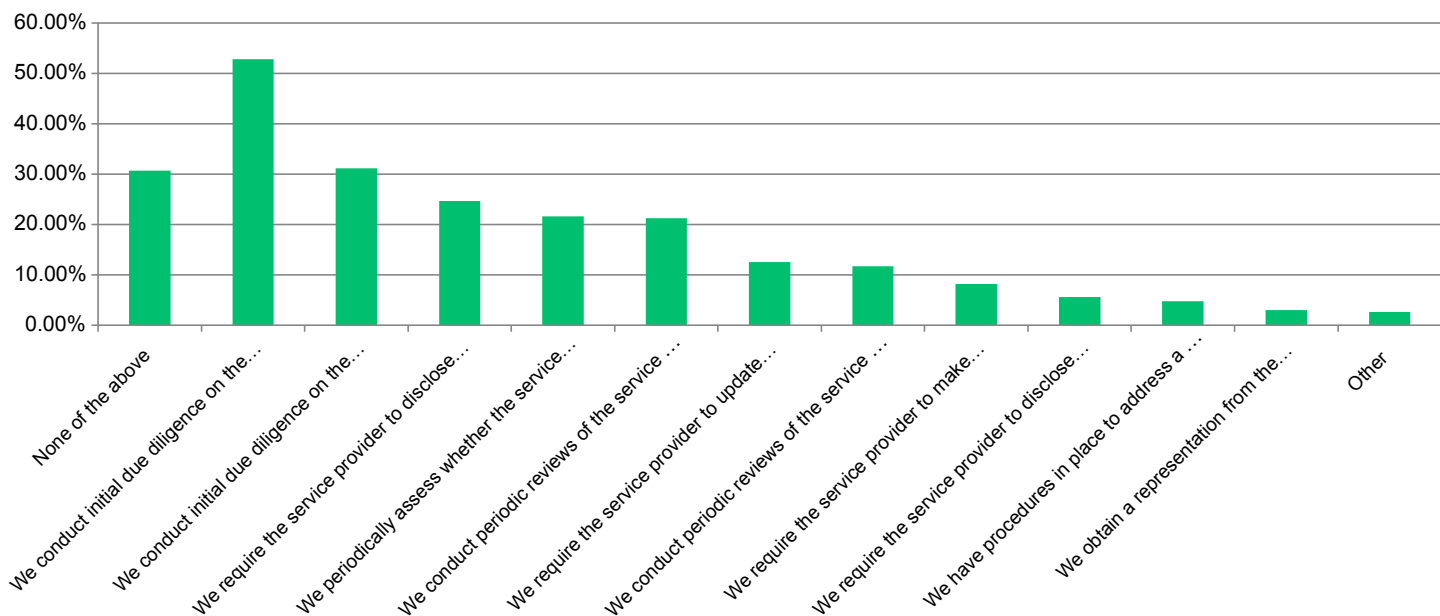
(check all that apply)



Answer Choices	Responses	
None of the above	13.03%	31
We vote in accordance with our pre-determined policies if application of such policies to the matter at hand involve little discretion on the part of the firm.	43.70%	104
We vote in accordance with a pre-determined policy based on the recommendations of an independent third-party.	23.53%	56
We have established other procedures that result in a decision that is demonstrably based on the clients' best interests and is not the product of a conflict	21.85%	52
We disclose the conflict to clients and obtain their consents before voting.	19.33%	46
We erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict.	4.20%	10
We have an agreement with the client that the client will vote its own proxies in the event of an actual conflict.	2.94%	7
We suggest that the client engage another party to determine how the proxies should be voted.	1.26%	3
We hire an independent fiduciary to determine how the proxies should be voted.	1.26%	3
Other	2.52%	6
	Answered	238
	Skipped	343

Proxy Voting:

What procedures does your firm use in engaging with third-party service providers for proxy voting?
(check all that apply)

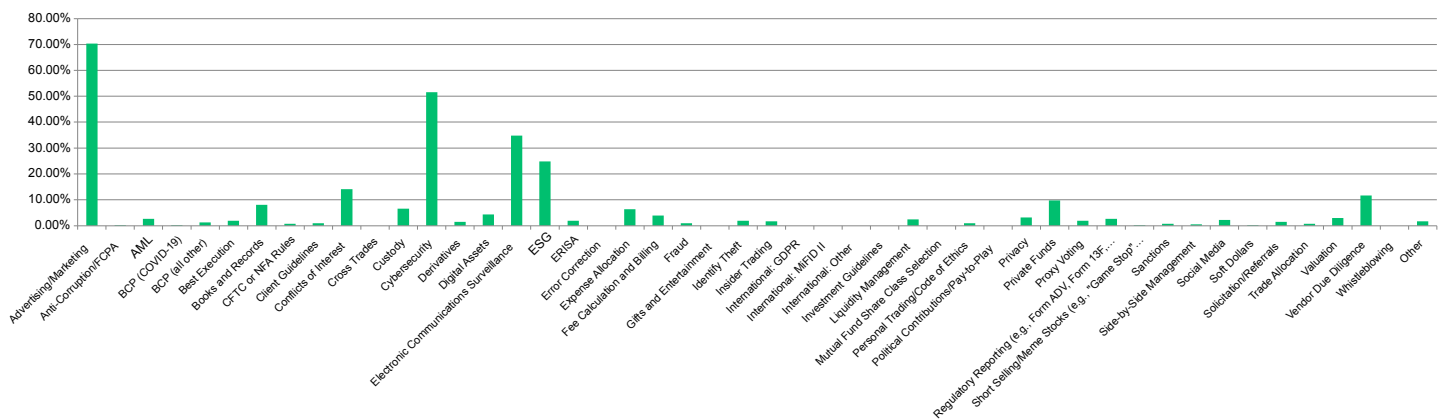


Answer Choices	Responses	
None of the above	30.74%	71
We conduct initial due diligence on the service provider retained for administrative functions to assess its capabilities and procedures in handling proxy voting mechanics.	52.81%	122
We conduct initial due diligence on the service provider retained to provide corporate governance or proxy recommendations to assess its conflicts of interests; conflicts policies and procedures; and the effectiveness of their implementation.	31.17%	72
We require the service provider to disclose their conflicts of interest as a general matter.	24.68%	57
We periodically assess whether the service provider has effectively implemented its conflict procedures.	21.65%	50
We conduct periodic reviews of the service provider's administrative functions to ensure that it is carrying out its responsibilities competently and consistently.	21.21%	49
We require the service provider to update our firm regarding any changes in business or conflicts procedures.	12.55%	29
We conduct periodic reviews of the service provider's recommendations (e.g., to assess whether they may be affected by conflicts).	11.69%	27
We require the service provider to make periodic reports to our firm regarding the duties it performs on our behalf.	8.23%	19
We require the service provider to disclose each specific conflict of interest.	5.63%	13
We have procedures in place to address a service provider's specific conflicts of interest (e.g., the firm will vote those proxies, assuming no conflict of its own; or the firm will hire an independent fiduciary to vote).	4.76%	11
We obtain a representation from the service provider each time the provider makes a voting recommendation that the provider faces no conflict of interest.	3.03%	7
Other	2.60%	6
	Answered	231
	Skipped	350

Trend Update: “Hot” Compliance Topics:

Which of the following areas do you view as the “hottest” compliance topics for 2023?

(Please pick only three)



Answer Choices	Responses	
Advertising/Marketing	70.32%	289
Anti-Corruption/FCPA	0.24%	1
AML	2.68%	11
BCP (COVID-19)	0.24%	1
BCP (all other)	1.22%	5
Best Execution	1.95%	8
Books and Records	8.03%	33
CFTC or NFA Rules	0.73%	3
Client Guidelines	0.97%	4
Conflicts of Interest	14.11%	58
Cross Trades	0.00%	0
Custody	6.57%	27
Cybersecurity	51.58%	212
Derivatives	1.46%	6
Digital Assets	4.38%	18
Electronic Communications Surveillance	34.79%	143
ESG	24.82%	102
ERISA	1.95%	8
Error Correction	0.00%	0
Expense Allocation	6.33%	26
Fee Calculation and Billing	3.89%	16
Fraud	0.97%	4
Gifts and Entertainment	0.00%	0
Identify Theft	1.95%	8
Insider Trading	1.70%	7
International: GDPR	0.00%	0

continued

Answer Choices	Responses	
International: MiFID II	0.00%	0
International: Other	0.00%	0
Investment Guidelines	0.00%	0
Liquidity Management	2.43%	10
Mutual Fund Share Class Selection	0.00%	0
Personal Trading/Code of Ethics	0.97%	4
Political Contributions/Pay-to-Play	0.00%	0
Privacy	3.16%	13
Private Funds	9.73%	40
Proxy Voting	1.95%	8
Regulatory Reporting (e.g., Form ADV, Form 13F, Form PF)	2.68%	11
Short Selling/Meme Stocks (e.g., "Game Stop" Trading)	0.24%	1
Sanctions	0.73%	3
Side-by-Side Management	0.49%	2
Social Media	2.19%	9
Soft Dollars	0.24%	1
Solicitation/Referrals	1.46%	6
Trade Allocation	0.73%	3
Valuation	2.92%	12
Vendor Due Diligence	11.68%	48
Whistleblowing	0.00%	0
Other	1.70%	7
	Answered	411
	Skipped	170