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IAA/NRS 2010 REPORT ON INVESTMENT ADVISORY PROFESSION HIGHLIGHTS RESUMED GROWTH IN ASSETS UNDER MANAGEMENT

WASHINGTON, D.C./LAKEVILLE, CT – September 29, 2010: The Investment Adviser Association (IAA) and National Regulatory Services (NRS) today issued their tenth annual report, *Evolution/Revolution*, profiling the investment advisory profession. The report is based on information registered investment advisers must file electronically with the Securities and Exchange Commission annually.

Evolution/Revolution is an in-depth study on the trends of the investment adviser profession that analyzes annual updates filed by SEC-registered investment advisers, including information on assets under management, employees, advisory and other business activities, clients, custody, disciplinary history and other information the SEC requires investment advisers to file electronically. This year, the report includes statistics covering the ten years of information from preceding reports.

The 2010 report notes slight growth in the number of SEC-registered investment advisers and the resumed growth in total assets under management (AUM). As of April 2010, there were a total of 11,643 investment advisers registered with the SEC, representing a 3.4% growth over the 11,257 firms registered last year. Total assets under management (AUM) reported by all firms increased 13.4% to \$38.6 trillion up from the more depressed level of \$33.99 trillion in 2009.

As reported in prior years, small firms, those with 50 or fewer employees, represent 90.8% of all firms – firms with 5 or fewer employees represent 50.8% of the total. In contrast, less than one percent (.5%) of all SEC-registered advisers report over \$100 billion in AUM. Collectively that group reports AUM of \$18.7 trillion or almost half of total AUM.

“Overall, the investment advisory profession has shown its strength, health and vitality by recovering from a significant setback in the market drop of 2008-2009,” said David Tittsworth, IAA executive director. “Over the last ten years, we have chronicled the growth of the advisory profession, both in terms of the total number of SEC-registered firms and assets under management. Since 2002, total investment adviser registrations have increased from 7,581 to 11,643, representing an annual average growth of about 500 firms. Similarly, the growth in total assets under management reported by all SEC-registered investment advisers has grown impressively, from \$20.2 trillion in 2002 to

more than \$38 trillion in 2010. Provisions of the recently enacted Dodd-Frank Act of 2010 will significantly reduce the number of SEC-registered advisers by shifting about 4,000 advisers with AUM of less than \$100 million to state oversight. On the other hand, a smaller number of private fund advisers with AUM of \$150 million or more will be required to register with the SEC.”

“Despite many changes to the markets, the economy and regulations, the profile of an average investment adviser has remained relatively constant for the last ten years in terms of the clients they serve, the services they provide and the way they are compensated,” observed John Gebauer, managing director of NRS. “There are however many more advisers, serving more clients and managing more assets. The near doubling of assets managed by SEC advisers is pretty amazing considering that the Dow Jones Industrial Average has remained relatively flat in the same time period. (10,768.85 on 12/31/2000 and 10,428.05 on 12/31/2009)”

Copies of the 2010 report may be obtained by contacting IAA or NRS. A PDF version of the report is available online at www.investmentadviser.org and www.nrs-inc.com.

About NRS

NRS is the nation’s leader in compliance and registration products and services for investment advisers, broker-dealers, hedge funds, investment companies and insurance institutions. NRS has the practical expertise, proven capability and unparalleled reach to deliver integrated and effective compliance solutions to a wide range of users within the financial services industry. NRS delivers these solutions through three interrelated offerings—comprehensive education, best-in-class technology and expert consulting services—enabling our clients to meet their regulatory requirement and minimize risk. For more information, visit www.nrs-inc.com.

About IAA

The Investment Adviser Association (formerly the Investment Counsel Association of America) is a non-profit association that represents the interests of SEC-registered investment advisory firms. The IAA’s membership consists of approximately 500 SEC-registered investment adviser firms that collectively manage in excess of \$9 trillion for a variety of institutional and individual clients. www.investmentadviser.org.

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