
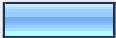
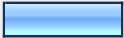


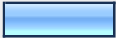







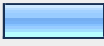

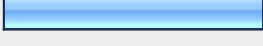
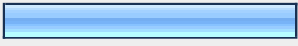
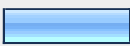






2009 Investment Management Compliance Testing Survey


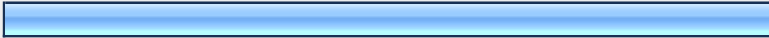
1. What is your firm's total AUM (assets under management)?			
		Response Percent	Response Count
Under \$250 million.		22.7%	100
\$250 million to \$500 million.		12.0%	53
\$500 million to \$1 billion.		12.7%	56
\$1 billion to \$10 billion.		32.5%	143
\$10 billion to \$20 billion.		8.2%	36
Over \$20 billion.		11.8%	52
		answered question	440
		skipped question	0

2. How many full and part-time employees are employed by your firm?			
		Response Percent	Response Count
1 to 5.		15.0%	66
6 to 10.		14.3%	63
11 to 50.		41.6%	183
51 to 250.		19.8%	87
251 to 500.		2.7%	12
More than 500.		6.6%	29
		answered question	440
		skipped question	0

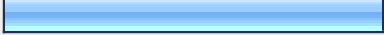
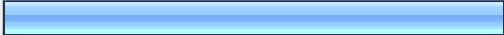
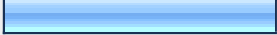
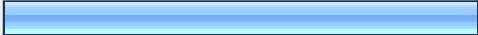
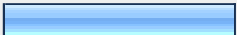
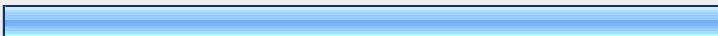



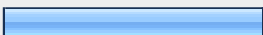




3. How would you describe your firm?			Response Percent	Response Count
Brand new firm (less than 1 year in business).			1.1%	5
Relatively new firm (1 to 5 years in business).			10.9%	48
Established firm (5 to 25 years in business).			59.5%	262
A long-timer (more than 25 years in business).			28.4%	125
		<i>answered question</i>		440
		<i>skipped question</i>		0

4. How many employees at your firm are engaged full-time in legal and/or compliance functions?			Response Percent	Response Count
0.			23.9%	105
1.			32.0%	141
2-3.			20.2%	89
4-10.			13.6%	60
11-20.			4.1%	18
More than 20.			6.1%	27
		<i>answered question</i>		440
		<i>skipped question</i>		0


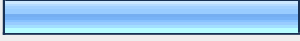

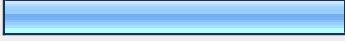


5. Does your firm's CCO perform a significant amount of non-CCO functions (for example, by also serving as COO or CFO)?			Response Percent	Response Count
No, our CCO solely performs CCO functions.			30.5%	134
Yes, our CCO wears two or more hats and performs other non-CCO functions.			69.5%	306
	<i>answered question</i>			440
	<i>skipped question</i>			0

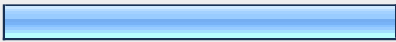
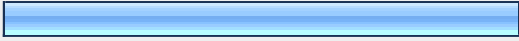
6. Since the market crisis began, has your firm cut compliance resources (or is it currently planning to cut compliance resources)?			Response Percent	Response Count
Yes.			15.2%	67
No.			84.8%	373
	<i>answered question</i>			440
	<i>skipped question</i>			0

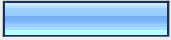
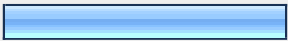

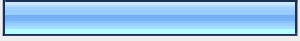
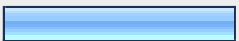
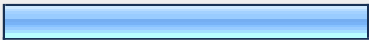
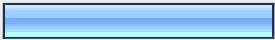
7. You indicated that your firm has cut compliance (or plans to). What has been (or will be) cut? (check all that apply)

		Response Percent	Response Count
Staff positions (there have been layoffs in the compliance department).		41.8%	28
Staff compensation (salaries and/or bonuses for compliance personnel have been reduced).		55.2%	37
Staffing allocations (for example, compliance personnel are being asked to take on additional duties as the need arises, because the firm is not hiring new employees).		29.9%	20
Overall compliance budget (the 2009 compliance budget is less than 2008).		52.2%	35
Subscriptions to compliance-related publications.		25.4%	17
Attendance at out-of-town compliance conferences.		79.1%	53
Attendance at local compliance conferences (even when no travel is required).		20.9%	14
Other compliance-related education, such as webinars.		28.4%	19
Compliance-related travel, such as due diligence visits.		22.4%	15
Use of compliance software or other compliance-related IT expenditures.		28.4%	19
Use of outside legal counsel.		23.9%	16
Use of outside compliance consultants.		41.8%	28
Use of other outside compliance service providers.		9.0%	6
Other (please describe):		3.0%	2
answered question			67

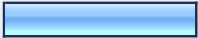
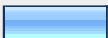

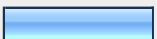
8. What effect, if any, did the SEC staff's recent "don't cut compliance" message (as expressed in speeches and other communications) have on your firm's budgeting decisions?

		Response Percent	Response Count
We were not aware of the staff's "don't cut compliance" message.		14.3%	63
We were aware of it, but the staff's message was not considered as a factor when making budgeting decisions.		32.3%	142
We did consider the staff's message, but in the end it had no effect on our budgeting decisions. We ended up cutting compliance; we simply had to make the decisions we did.		7.3%	32
We did consider the staff's message, but in the end it had no effect on our budgeting decisions. Regardless of the staff's message, we were not planning to cut compliance, anyway.		37.5%	165
We considered it, and it had a minor effect on our budgeting decisions.		6.1%	27
We considered it, and it had a significant effect on our budgeting decisions. We did not cut compliance as deeply as we otherwise might have.		2.5%	11
		answered question	440
		skipped question	0



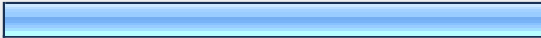
9. Since the market crisis began, has your firm conducted new tests or otherwise heightened or changed your testing to specifically address issues raised by the crisis?			
		Response Percent	Response Count
Yes.		43.2%	190
No.		56.8%	250
		<i>answered question</i>	440
		<i>skipped question</i>	0

10. Which new tests have you have you conducted specifically as a result of the market crisis? (check all that apply)			
		Response Percent	Response Count
Reviewed portfolio management decisions to identify any aggressive trading or deviations from investment objectives that might indicate that portfolio managers are trying to “swing for the fences” in an effort to make up losses.		17.9%	34
Reviewed portfolio holdings to confirm adherence to applicable diversification requirements.		31.1%	59
Reviewed portfolio holdings against client investment guidelines in light of new information indicating that certain products once deemed liquid or “safe” are now illiquid or risky.		31.6%	60
Increased the frequency of the monitoring and testing of investment guideline compliance.		32.1%	61
Reviewed the firm’s policies and procedures regarding liquidity tolerances.		25.3%	48
Reviewed adequacy of disclosures about investment risk and/or credit risk in light of new information about products or markets.		40.0%	76
Reviewed adequacy of disclosures about liquidity and/or valuations in light of new information about		29.5%	56

products or markets.			
Compared the firm's external communications to clients and consultants about the current economic outlook to the firm's internal assessments of the economic outlook.		19.5%	37
Compared the firm's external communications about risks and strategies related to client portfolios with the firm's internal assessment of those risks and strategies.		18.9%	36
Reviewed the firm's credit analysis process in light of recent events (e.g. to catch overly optimistic analysis influenced by hopes of avoiding mark downs).		15.3%	29
Compared the firm's portfolio management decisions against credit analysis documentation.		9.5%	18
Sampled credit files with respect to defaulted securities.		6.8%	13
Compared a list of the firm's counterparties with current news reports and other information concerning the strength, viability, and creditworthiness of those counterparties.		29.5%	56
Reviewed the firm's exposure to a particular counterparty on an aggregate basis.		37.4%	71
Reviewed the firm's exposure to a particular counterparty on a client-by-client basis.		17.4%	33
Reviewed the firm's disclosures regarding the risks involved in participating in securities lending programs.		10.0%	19
Conducted a heightened review of the firm's participation in securities lending programs.		14.7%	28
Reviewed the firm's fair valued instruments to identify any graduated mark downs or values		25.8%	49




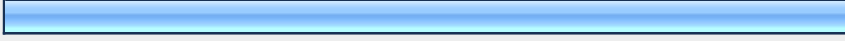
that have held constant.			
Compared actual prices realized on sales to fair values assigned.		21.1%	40
Conducted heightened testing around Rule 2a-7 compliance.		11.1%	21
Compared the firm's external communications regarding redemptions with the firm's internal policies and procedures to ensure consistency.		10.5%	20
We have not conducted any new tests specifically as a result of the market crisis, but have generally heightened our testing or changed our general testing focus in some other manner.		16.3%	31
Other specific new test (please describe):			14
			answered question
			190
			skipped question
			250

11. You indicated that while your firm has not adopted any specific new tests in response to the market crisis, your firm has generally heightened its testing or changed its general testing focus in some other manner. Please describe.	
	Response Count
	20
	answered question
	20
	skipped question
	420

12. Since the market crisis began, has the credit market turmoil impacted your firm's pricing and valuation process?			Response Percent	Response Count
Yes, significantly.			4.8%	21
Yes, slightly. We've had some isolated issues but seem to have worked through them.			35.9%	158
No, not at all. None of our securities have been difficult to price.			59.3%	261
	<i>answered question</i>			440
	<i>skipped question</i>			0

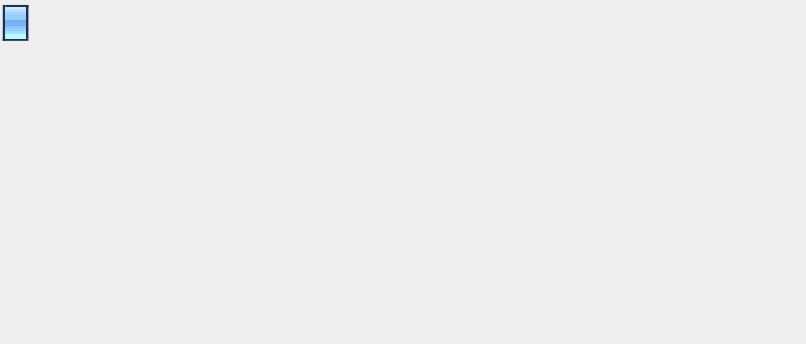
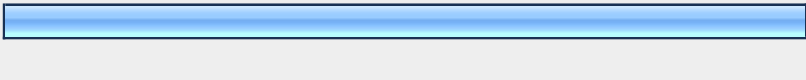
13. You indicated that your firm's pricing and valuation process has been significantly impacted by the current market crisis. Please describe.			Response Count
			21
	<i>answered question</i>		21
	<i>skipped question</i>		419

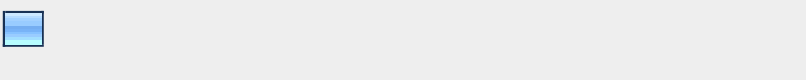
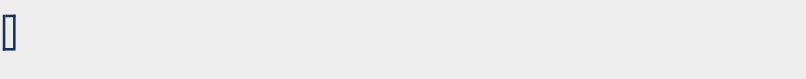
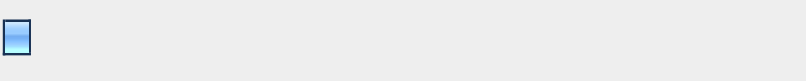
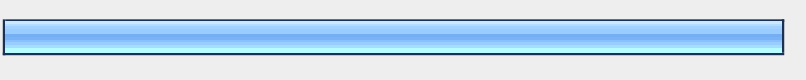
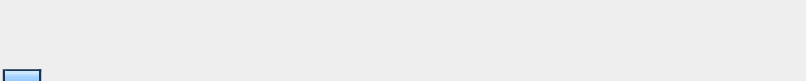

14. Does your firm, or an affiliate, maintain physical custody of client assets? (select the most applicable answer) Note: answer “no” to this question if the only reason your firm “technically” has custody is because it directly debits fees, has check-writing authority, has a power of attorney, serves as general partner to an affiliated limited partnership, and/or serves as trustee/executor, etc.

		Response Percent	Response Count
Yes, our clients' assets generally are maintained with an affiliated broker-dealer or affiliated bank as custodian.		4.8%	21
Yes, our clients' assets generally are maintained with our firm, which is a dually-registered broker-dealer.		1.1%	5
Yes, our clients' assets generally are maintained with our firm, which is also a bank (our advisory services are provided through a SID).		0.9%	4
No, our clients' assets generally are maintained at a third-party, independent firm as custodian.		93.2%	410
		Other (please describe):	17
		answered question	440
		skipped question	0

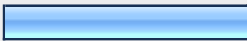
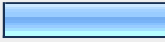
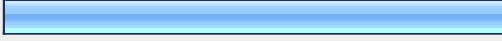
15. Has your firm changed its testing of custody in light of the Madoff scandal? (check all that apply)

		Response Percent	Response Count
Yes, we have increased the frequency of our account statement to custodial statement reconciliations.	<input type="checkbox"/>	2.7%	12
Yes, we have increased the scrutiny of signatory authorities on client accounts.	<input type="checkbox"/>	1.6%	7
Yes, we have reviewed our contracts with our custodian(s) to ensure that proper controls are in place.	<input type="checkbox"/>	4.3%	19
Yes, we have begun requesting formal written confirmations of account balances from our custodians or underlying fund managers (for fund-of-hedge fund firms).	<input type="checkbox"/>	1.8%	8
Yes, we have begun requesting formal written confirmations of account balances from DTC (or other relevant securities depositories).	<input type="checkbox"/>	0.0%	0
Yes, we have begun requesting formal written confirmations of account balances and/or account transaction information from our own clients.	<input type="checkbox"/>	0.0%	0
Yes, we have attempted to reconcile our client account balances, as shown on the books of our custodian, directly with DTC (or other relevant securities depositories).	<input type="checkbox"/>	0.5%	2
Yes, we have begun performing heightened oversight of our outside custodians (such as requesting SAS 70s or performing on-site due diligence visits).	<input type="checkbox"/>	5.0%	22
Yes, our CCO (or another compliance officer) or an independent third-party (e.g., outside counsel or compliance consultant) has begun requesting holdings	<input type="checkbox"/>		

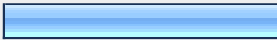
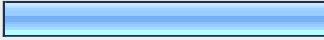


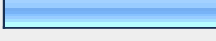
reports directly from our outside custodian and uses them to reconcile a sample of firm account statements to custodial statements, in order to provide an independent check on the regular reconciliations that are performed by the firm's portfolio managers, accounting department, or other area of the firm.		2.3%	10
No, we have not changed our testing in this area.		88.6%	390
Yes, we have conducted other tests (please describe):			18
answered question			440
skipped question			0

16. On October 30, 2008, the Treasury Department's Financial Crimes Enforcement Network (FinCEN) withdrew the investment adviser anti-money laundering (AML) program rules that had been proposed, but never adopted. Since then, has your firm's AML program changed?			
		Response Percent	Response Count
Yes, our AML program has been enhanced.		3.9%	17
Yes, we have significantly curtailed our AML program.		0.9%	4
Yes, we have eliminated our AML program.		2.5%	11
No, it has not significantly changed, and there are no current plans to change it.		86.1%	379
No, it has not significantly changed, but we are planning to make it more comprehensive.		3.6%	16
No, it has not significantly changed, but we are planning to make it less comprehensive.		3.0%	13
answered question			440
skipped question			0


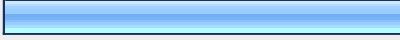
17. Does your firm currently have a formal, firm-wide “risk management program” with a designated Chief Risk Officer (CRO) or an individual acting in a similar capacity? Note: this would be broader than the general risk assessment conducted through your firm’s compliance program.

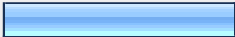
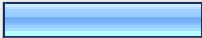


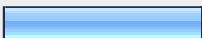


		Response Percent	Response Count
Yes.		26.6%	117
No, but we are considering it.		18.0%	79
No, and we are not planning to.		55.5%	244
		<i>answered question</i>	440
		<i>skipped question</i>	0



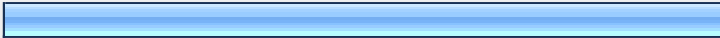

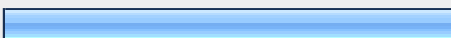
18. Who serves as your firm’s CRO (or similar capacity)?

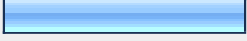
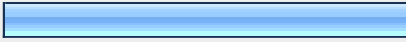
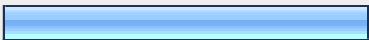
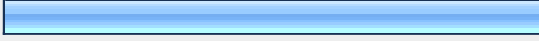
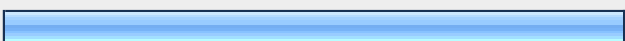
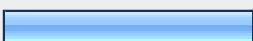
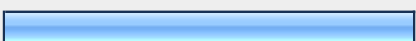
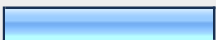
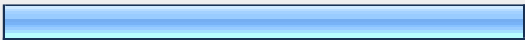
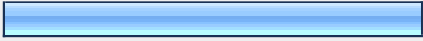

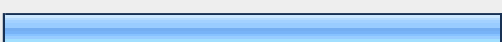
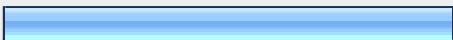
		Response Percent	Response Count
Our CRO holds no other title.		30.4%	35
Chief Compliance Officer (CCO).		35.7%	41
Chief Operating Officer (COO).		6.1%	7
Chief Financial Officer (CFO).		4.3%	5
Other (please describe):		23.5%	27
		<i>answered question</i>	115
		<i>skipped question</i>	325





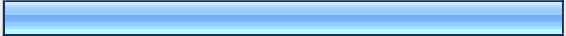
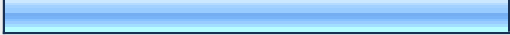

19. Does your firm have a formal Risk Committee?

		Response Percent	Response Count
Yes.		56.0%	65
No.		44.0%	51
		<i>answered question</i>	116
		<i>skipped question</i>	324

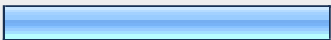


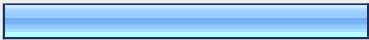
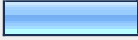
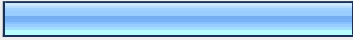
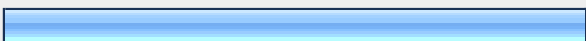
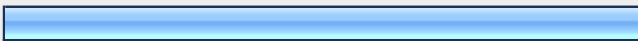

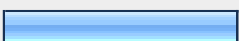
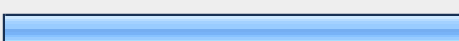

20. Who does your CRO report to? (check all that apply)			Response Percent	Response Count
CEO.			25.2%	29
Board of Directors.			21.7%	25
Risk Committee.			5.2%	6
Other functional committee (e.g. Audit Committee, Compliance Committee).			6.1%	7
Functional head (e.g., general counsel, CCO, or CFO).			21.7%	25
Executive management team.			33.9%	39
Other (please describe):			14.8%	17
			answered question	115
			skipped question	325



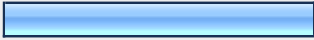



21. What type of risks are assessed? (check all that apply) Note: Please read through all the possible answers before selecting, as some risk categories initially may appear similar.			Response Percent	Response Count
Catastrophic risk (such as the risks of natural disaster or terrorism).			70.1%	82
Competition risk (risks related to competition by other firms or products).			29.1%	34
Compliance program risk (risks stemming from non-compliance with internal compliance policies and procedures).			79.5%	93
Counterparty risk (risks relating to the strength, viability, and creditworthiness of market counterparties).			53.0%	62
Credit risk (risks relating to the credit status of instruments, such as the risk of downgrade or default).			49.6%	58

Distribution / sales risk (risks related to the level of future purchases of the firm's products or services).		26.5%	31
Employment risk (risks related to the attraction and retention of employees, such as key person risk and succession risk).		44.4%	52
External fraud risk (the risk that the firm will be a victim of fraud by a service provider, client, or other "outsider").		40.2%	47
Financial risk (risks related to the firm's revenues and debts, and overall financial strength).		59.0%	69
Information technology / security risk (risks related to the firm's IT system and data security).		68.4%	80
Interest rate risk (risks presented by movements in interest rates).		27.4%	32
Internal fraud risk (the risk that an employee of the firm or other "insider" has engaged in fraud).		45.3%	53
International risk (risks related to overseas developments, such as the firm's expansion overseas).		23.1%	27
Investment risk (risks relating to the investment performance of client and/or proprietary assets).		57.3%	67
Litigation risk (the risk that the firm or its employees will be the target of a lawsuit).		46.2%	54
Liquidity risk (risks that particular instruments will become illiquid).		48.7%	57
Mandate/investment guideline/restriction risk (risks that portfolio managers will violate client investment parameters).		54.7%	64
Market risk (risks relating to the functioning of the exchanges and other markets).		49.6%	58
Operational risk (risks related to the			

firm's day-to-day business functions).		76.1%	89
Product / business development risk (risks presented by specific products or services offered by the firm).		53.8%	63
Redemption risk (risks presented by en masse redemptions from a fund or account).		29.9%	35
Regulatory risk (risks related to compliance with securities, tax, ERISA, or other applicable laws, such as the risk of a deficiency letter or enforcement action, as well as the risk of regulatory change).		70.1%	82
Service provider risk (risks relating to the services provided by outside administrators, custodians, counsel, consultants, vendors, and other service providers).		61.5%	72
Strategic risk (risks related to the firm's overall business vision).		55.6%	65
Other (please describe):		4.3%	5
		answered question	117
		skipped question	323

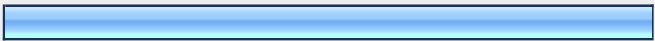
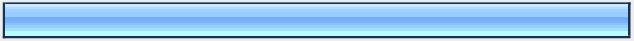

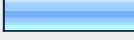
22. What methods does your firm use to identify risks? (check all that apply)


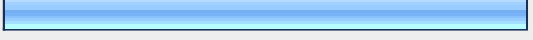
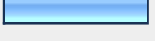

		Response Percent	Response Count
Questionnaires.		35.9%	42
Checklists.		50.4%	59
Risk management software.		30.8%	36
Scenario analysis (where the worst-case scenario is assumed and its implications evaluated).		40.2%	47
SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).		14.5%	17
Quantitative measures (e.g. value-at-risk).		38.5%	45
Interviews with firm personnel.		64.1%	75
Self-assessments.		70.1%	82
Facilitated workshops.		5.1%	6
Outside consultant or third-party evaluation.		25.6%	30
Review of news articles and industry publications.		50.4%	59
Other (please describe)		6.8%	8
		<i>answered question</i>	117
		<i>skipped question</i>	323

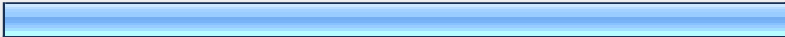
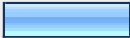
23. How are risks reported?			Response Percent	Response Count
Formal written reports.			61.5%	72
Formal oral reports.			18.8%	22
Informal, ad hoc written reports.			34.2%	40
Informal, ad hoc oral reports.			33.3%	39
Risks are not reported.			0.9%	1
Other (please describe):			8.5%	10
			answered question	117
			skipped question	323



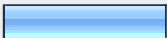




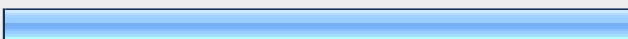
24. You indicated that risks are reported via formal, written reports. Please describe the audience, form, and frequency of your firm's written risk reports.			Response Count
			66
			answered question
			66
			skipped question
			374

25. You indicated that risks are reported via formal, oral reports. Please describe the audience, form, and frequency of oral risk reports, and who provides them.			Response Count
			61
			answered question
			61
			skipped question
			379



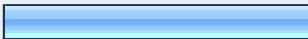

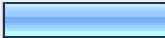


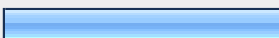
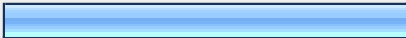

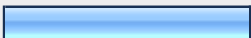
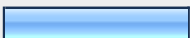
26. In what activities does the CRO (or others individuals involved in the risk management function) participate? (check all that apply)			
		Response Percent	Response Count
Due diligence reviews when new products or services are being considered.		71.7%	81
Business development efforts, when new clients or markets are being considered.		69.0%	78
Functional committee meetings (e.g. Investment Committee).		69.0%	78
Other (please describe):		14.2%	16
		answered question	113
		skipped question	327

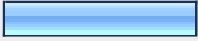

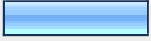
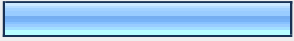
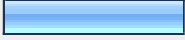
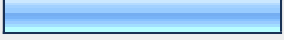

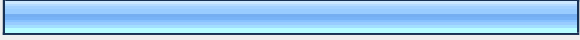
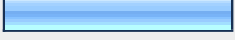
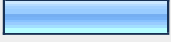

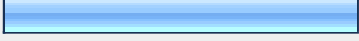

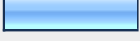
27. Since January 1, 2008, has your risk management program added value to your firm?			
		Response Percent	Response Count
Absolutely. Our risk management program has identified critical issues that – if not detected – might have developed into real problems for our firm.		25.9%	30
Somewhat. It has caused us to think strategically about potential issues in a way that has benefited the firm overall.		57.8%	67
Not really. It hasn't hurt, but it is difficult to see what value it has added.		15.5%	18
No. Risk management is a bureaucratic time-waster.		0.9%	1
		answered question	116
		skipped question	324






28. Does your firm have written policies and procedures governing marketing activities?			
		Response Percent	Response Count
Yes.		86.4%	380
No.		13.6%	60
answered question			440
skipped question			0




29. Since January 1, 2008, has your firm made any modifications to its written marketing policies and procedures?			
		Response Percent	Response Count
Yes, we have implemented additional policies and procedures. (please describe)		19.1%	56
Yes, we have eliminated some policies and procedures. (please describe)		1.7%	5
Yes, we have implemented/strengthened the approval process. (please describe)		17.7%	52
Yes, we have eliminated the approval process. (please describe)		1.7%	5
Yes, we have eliminated certain activities. (please describe)		1.7%	5
Yes, we have restricted certain activities. (please describe)		2.4%	7
Yes, we have permitted certain additional activities. (please describe)		2.4%	7
No, we have not modified our procedures.		68.9%	202
answered question			293
skipped question			147

30. What types of monitoring and testing do you conduct on your firm's marketing/advertising activities? (check all that apply)


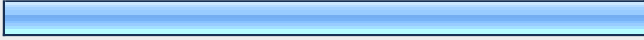
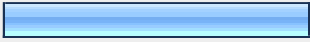
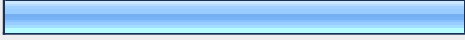
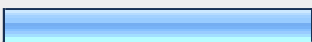
		Response Percent	Response Count
Marketing materials require formal approval by the CCO prior to use.		58.6%	258
Marketing materials require formal approval by the preparer's supervisor prior to use.		20.2%	89
Marketing materials require formal approval by another individual within the firm (other than the CCO or the preparer's supervisor) prior to use.		33.9%	149
Marketing materials are formally reviewed by a law firm or another outside consultant prior to use.		10.5%	46
Marketing materials are generally reviewed by Compliance prior to use, but no formal approval is required.		17.5%	77
Marketing materials currently in use are periodically reviewed by Compliance (after-the-fact review), but no formal approval is required.		11.4%	50
The firm engages a third-party firm for periodic marketing/advertising reviews.		9.5%	42
The firm engages a GIPS verification firm.		30.5%	134
Performance numbers and other statistics are reviewed internally by an individual other than the preparer.		44.3%	195
Responses to RFPs require formal approval by the CCO.		27.5%	121
Responses to RFPs require formal approval by another individual within the firm (other than the CCO) prior to use.		27.0%	119
Responses to RFPs are generally reviewed by Compliance prior to use, but no formal approval is required.		20.2%	89


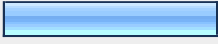
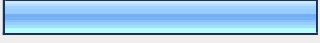
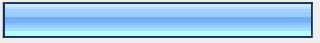
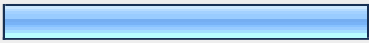
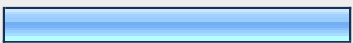
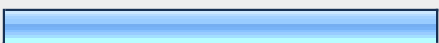
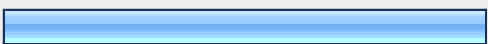
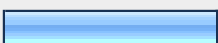
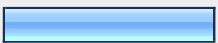


Compliance pre-approves responses in RFP database.		21.1%	93
Marketing materials are logged and tracked as they are prepared.		45.9%	202
Compliance periodically reviews all marketing expenditures.		15.7%	69
Compliance conducts focused reviews of marketing/advertising employee e-mails.		31.6%	139
Compliance conducts focused reviews of newly-created marketing/advertising documents on the marketing drive.		19.5%	86
Compliance periodically pulls marketing materials to determine that materials are current and have been properly approved.		30.5%	134
Compliance periodically reviews the Internet for mentions of the firm (by, for example, conducting Google™ searches of the firm's name).		26.8%	118
Compliance periodically reviews the firm's website.		63.4%	279
All marketers are required to be licensed (e.g., hold a Series 65) or meet some specified qualification standard.		25.0%	110
Compliance periodically reviews customer relationship management (CRM) database.		18.0%	79
Compliance periodically reviews marketing and/or sales department telephone log.		3.4%	15
Compliance is involved in new business/product development meetings.		38.9%	171
Compliance periodically participates in meetings with prospective clients.		30.9%	136
Compliance pre-approves entry into new geographic jurisdictions prior to contact with prospects located in		14.5%	64


those jurisdictions.			
Employees must pre-clear participation in and presentations given at conferences/seminars sponsored by third-parties.		38.2%	168
Employees must pre-clear any interaction with the media.		43.0%	189
Reprints are reviewed by Compliance for reprint permission, approval for use, and necessary disclosures.		37.5%	165
All third party-solicitation engagements must be approved by Compliance.		45.9%	202
Other (please describe):		6.6%	29
	answered question		440
	skipped question		0

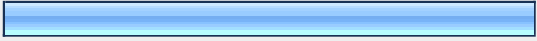
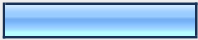
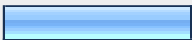
31. Does your firm have policies and procedures in place to ensure that portfolios are managed in accordance with client objectives and restrictions?			
		Response Percent	Response Count
Yes.		91.4%	402
No.		4.8%	21
Not applicable. We do not manage client portfolios.		3.9%	17
	answered question		440
	skipped question		0

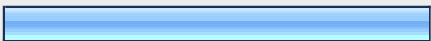
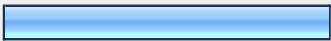

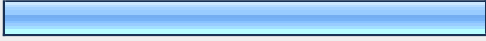
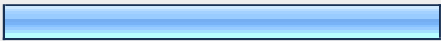
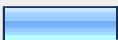
32. How does your firm test its portfolio management policies and procedures? (check all that apply)

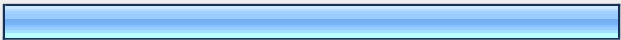

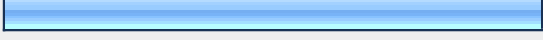
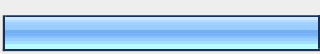
		Response Percent	Response Count
We compare account transactions against client investment guidelines and/or restrictions.		58.8%	233
We compare account holdings against client investment guidelines and/or restrictions.		70.7%	280
We use a front-end automated compliance system.		33.6%	133
We use a back-end automated compliance system.		30.3%	120
We evaluate portfolio turnover rate to determine consistency with client objectives.		18.9%	75
We evaluate portfolio turnover rate by portfolio manager to determine whether certain portfolio managers are overtrading securities.		9.8%	39
We compare the performance of similarly managed client accounts to detect any favoritism, misallocation of investment opportunities, or other breaches of fiduciary responsibility.		50.8%	201
We compare the performance of accounts with performance-based compensation to those with non-performance-based compensation.		14.9%	59
We review trades over a period of time to identify trends that indicate front running, insider trading, or other improper trading activities.		41.4%	164
We review end-of-quarter and/or end-of-year trading for any evidence of window dressing or portfolio pumping.		26.5%	105
We compare the list of restrictions used by the portfolio manager or automated front-end compliance system against the restrictions in client contracts or other documents.		33.8%	134

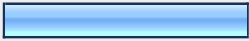

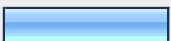
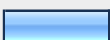
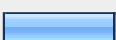




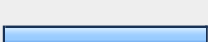

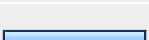
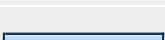
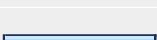

We sample credit files with respect to defaulted securities.		2.8%	11
We test the portfolio for mutual fund limits, if applicable (e.g. market cap limits, issuer, security types, foreign securities, leveraging, borrowing).		23.2%	92
We test compliance with any applicable fund portfolio diversification requirements.		34.3%	136
We compare disclosures made to clients with actual portfolio management activities.		33.8%	134
We generate cash holdings reports to identify any large or unnecessary cash balances.		40.2%	159
We contact clients to ensure that objectives and restrictions are current.		38.1%	151
We review client accounts to ensure that all investments and associated risks are appropriate for the client.		47.7%	189
We compare performance of accounts with like objectives to determine consistency of portfolio management.		53.0%	210
We review cross trades to determine whether portfolio managers tried to “dump” securities on certain clients to benefit other clients.		23.2%	92
We compare performance of personal, related, or proprietary accounts against the performance achieved by clients for indications of favoritism.		23.0%	91
We calculate and compare the percentage of profitable trades in client accounts against the percentage of profitable trades in personal, related, or proprietary accounts.		6.6%	26
We do not test our portfolio management policies and procedures.		2.0%	8







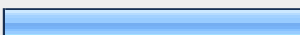

Other (please describe):		4.3%	17
		answered question	396
		skipped question	44

33. Does your firm have written policies and procedures in place with respect to portfolio management by sub-advisers, to ensure that they are managing portfolios in accordance with client objectives and restrictions?			
		Response Percent	Response Count
Not applicable. We do not utilize sub-advisers.		58.7%	247
Yes.		20.9%	88
No, but we do have sub-advisers.		20.4%	86
		answered question	421
		skipped question	19

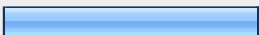
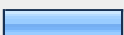
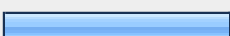
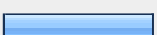

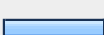
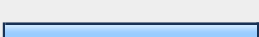
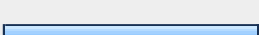
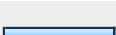


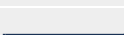
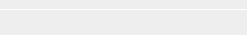

34. How does your firm test its oversight of sub-adviser portfolio management? (check all that apply)			
		Response Percent	Response Count
We conduct the same type of portfolio testing as we do for our own client accounts.		46.9%	38
We conduct limited portfolio testing.		35.8%	29
We obtain certifications from sub-advisers regarding compliance with client objectives and restrictions.		58.0%	47
We review sub-adviser policies and procedures related to portfolio management compliance.		53.1%	43
We require notification of compliance breaches by sub-advisers regarding portfolios they manage for our clients.		48.1%	39
We require sub-advisers to have SAS 70s or other types of audits of their control systems.		12.3%	10



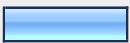


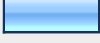

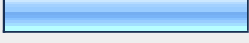

We visit each of our sub-advisers and interview key personnel.		67.9%	55
We perform risk-based reviews of sub-advisers.		37.0%	30
We distribute and review questionnaires.		59.3%	48
We review each sub-adviser's annual compliance program review report.		34.6%	28
Other (please describe):			4
answered question			81
skipped question			359


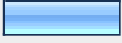










35. Which of the following areas do you view as the “hottest” compliance topics? (please pick only three!)			
		Response Percent	Response Count
Advertising/marketing.		26.6%	117
AML.		6.1%	27
Best execution.		18.0%	79
Books and records.		11.4%	50
Client guidelines.		11.8%	52
Custody.		25.9%	114
Data security.		22.3%	98
Disaster recovery planning.		14.1%	62
Error correction.		2.3%	10
Fraud prevention.		22.3%	98
Gifts and entertainment.		2.3%	10
Insider trading.		15.5%	68
Personal trading.		17.3%	76
Portfolio management.		16.6%	73
Proxy voting.		0.9%	4

Side-by-side management.		5.0%	22
Regulatory reporting (e.g. Form ADV, Form SH).		10.0%	44
Rumors/market manipulation.		7.7%	34
Short selling.		5.7%	25
Soft dollars.		6.8%	30
Trade allocation.		5.7%	25
Valuation.		33.0%	145
Other hot topic (please specify):		1.8%	8
answered question			440
skipped question			0

36. In which of the following areas have you increased either the type, scope, or frequency of compliance testing (since January 1, 2008)? (check all that apply)

		Response Percent	Response Count
Advertising/marketing.		28.0%	123
AML.		12.7%	56
Best execution.		24.8%	109
Books and records.		16.1%	71
Client guidelines.		25.9%	114
Custody.		10.7%	47
Data security.		28.0%	123
Disaster recovery planning.		27.7%	122
Error correction.		11.8%	52
Fraud prevention.		6.4%	28
Gifts and entertainment.		10.0%	44
Insider trading.		13.0%	57
Personal trading.		26.6%	117
Portfolio management.		22.3%	98

Proxy voting.		9.3%	41
Side-by-side management.		8.0%	35
Regulatory reporting (e.g. Form ADV, Form SH).		13.4%	59
Rumors/market manipulation.		5.5%	24
Short selling.		7.3%	32
Soft dollars.		10.2%	45
Trade allocation.		14.1%	62
Valuation.		26.6%	117
Other area (please specify):		7.5%	33
		answered question	440
		skipped question	0

37. In which of the following areas have you decreased either the type, scope, or frequency of compliance testing (since January 1, 2008)? (check all that apply)			
		Response Percent	Response Count
Advertising/marketing.		4.3%	19
AML.		12.5%	55
Best execution.		2.7%	12
Books and records.		4.1%	18
Client guidelines.		1.6%	7
Custody.		4.8%	21
Data security.		1.1%	5
Disaster recovery planning.		5.2%	23
Error correction.		1.8%	8
Fraud prevention.		1.4%	6
Gifts and entertainment.		8.0%	35
Insider trading.		1.4%	6

Personal trading.		1.8%	8
Portfolio management.		0.5%	2
Proxy voting.		8.9%	39
Side-by-side management.		3.4%	15
Regulatory reporting (e.g. Form ADV, Form SH).		0.9%	4
Rumors/market manipulation.		3.2%	14
Short selling.		3.0%	13
Soft dollars.		8.9%	39
Trade allocation.		2.5%	11
Valuation.		1.8%	8
Other area (please specify):		46.1%	203
		<i>answered question</i>	440
		<i>skipped question</i>	0