

Evolution Revolution

A Profile of the Investment Adviser Profession



2011



INVESTMENT ADVISER
ASSOCIATION



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Introduction

The Investment Adviser Association and National Regulatory Services are pleased to present our eleventh annual Evolution Revolution report—a profile of the SEC-registered investment adviser profession. This report identifies significant trends and developments based on information that investment advisers are required to file with the U.S. Securities and Exchange Commission.

We created this report in 2001 to help identify impacts of the National Securities Markets Improvement Act of 1996 and subsequent implementation of the Investment Adviser Registration Depository. During the past year, there have once again been many significant developments affecting investment advisory firms and the foundations have been laid for even greater change in the future. Aside from the impact of new and proposed regulations—mostly due to fallout from the Madoff scandal and the implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act—studies regarding the basic regulatory structure of the investment advisory profession may have profound consequences in the future.

As these initiatives are considered and debated, we hope that this report will contribute to a better understanding of the diverse investment advisory profession. We welcome your feedback and comments.

Explanation of Report Data

This report is based on Form ADV, Part 1 data filed by SEC-registered investment advisers with the SEC as of May 1, 2011. Advisers are required to file information electronically using the Investment Adviser Registration Depository (IARD) system. SEC regulations require investment advisers to update Form ADV, Part 1 no later than 90 days after the end of the adviser's fiscal year. Because the overwhelming majority of investment advisers (92.5%) operate on a calendar-year basis, the data we are using in this report constitute a representative snapshot of 2011 information.

Form ADV, Part 1 has limitations and anomalies. Please consult the text of Form ADV (available on the SEC's web site) for a more thorough understanding of the underlying data included in this report.

IAA and NRS have independently tabulated all data in this report. Whenever a number is rounded, it is rounded from the original data source. This method of rounding creates more accurate percentages, but may create complementary percentages that do not sum to 100%.

Executive Summary

Following are key findings of our 2011 report:

- *Number of Investment Advisers.* Since our 2010 report, the number of investment advisers registered with the SEC declined by 104 to 11,539 in 2011. Although small, this is the first year-over-year decline in the total number of SEC-registered investment advisers since we began compiling these reports in 2001. The reason for the decline is not readily apparent, although we note that it is attributable to a significant decline in the number of advisers with \$25-\$100 million in assets under management (AUM). Some anecdotal evidence points to two possible contributing factors to the reported decline. First, some investment advisers managing less than \$30 million in assets may already have transitioned to state registration in anticipation of Dodd-Frank rules. Second, there have been reports of increased consolidation among small investment advisers. We certainly cannot predict whether the decline represents any future trend. However, given the anticipated effect of new SEC rules required by the Dodd-Frank Act (e.g., increasing the threshold for SEC registration from \$25 million AUM to \$100 million AUM), 2010's 11,643 SEC-registered investment advisers may serve as the high-water mark in the number of SEC-registered investment advisers for years to come.
- *Assets Under Management.* Total AUM reported by all investment advisers increased 13.7% to \$43.8 trillion in 2011, from \$38.6 trillion in 2010. This represents the highest level of total AUM ever reported and demonstrates a two-year recovery from the substantial decline in aggregate assets during the 2008-2009 recession. Even with the anticipated reduction in the number of SEC-registered advisers in 2012, it is likely that AUM levels will actually increase, in part because of other significant Dodd-Frank Act requirements (e.g., the registration of "private fund advisers" that manage \$150 million in assets or more).
- *Asset Concentration.* A relatively small number of large advisers continue to manage a high percentage of total AUM. For example, the 78 largest advisers, those that reported \$100 billion AUM or more, managed over half (50.9%) of all reported assets. Similarly, the 565 advisers with \$10 billion AUM or more reported managing 84.4% of all assets.
- *Small Advisers.* The vast majority of SEC-registered investment advisers are small businesses. In 2011, 81.2% of advisers reported managing less than \$1 billion AUM and 41.3% reported managing less than \$100 million AUM. Additionally, about half of all advisers (49.8%) reported fewer than 5 full and part-time, non-clerical employees. More than two-thirds of all advisers (68.8%) employed fewer than ten full and part-time, non-clerical staff, and more than 9 in 10 of all advisers (90.6%) employed fewer than 50.
- *Custody.* Most investment advisers do not have custody of client assets or securities (other than being deemed to have custody by virtue of deducting fees). In 2011, only 29.7% of all SEC-registered investment advisers reported that they or a related person have custody of advisory assets, a slight decrease from 2010. These advisers reported \$4.4 trillion in custodied assets attributable to their own firms and \$2.5 trillion in custodied assets attributable to related persons. Given the fact that a general partner of a limited partnership is deemed to have custody of partnership assets, hedge fund advisers report a higher incidence of custody of client assets. Indeed, of advisers who reported hedge funds or other pooled investment vehicles as clients, 53.0% also reported that they or a related person have custody of client assets. Only 1.0% of advisers (120) reported acting as a qualified custodian in connection with their advisory services—that is, only 1% have actual physical custody of client assets.

- *Hedge Fund Advisers.* The number of investment advisers that specialize in hedge funds has declined in recent years. In 2011, a total of 1,200 investment advisers (10.4%) reported that more than 75% of their clients are hedge funds or other pooled investment vehicles, compared with 16.1% in 2006. With the registration of private fund advisers required pursuant to the Dodd-Frank Act, the number of hedge fund advisers will undoubtedly increase; indeed, the SEC staff estimates that an additional 700 private fund advisers will register with the SEC under the Investment Advisers Act when the requirements are implemented during the first quarter of 2012.
- *Mutual Fund Advisers.* During the decade we have been compiling these reports, the number of investment advisers reporting that more than 75% of their clients are investment companies has remained relatively stable at around 400 firms. The vast majority of investment advisers do not manage mutual funds—in 2011, 9,805 (85%) of all SEC-registered advisers reported that they have no investment company clients.
- *Typical Adviser.* The investment advisory profession is extremely diverse. However, using median values we can sketch the profile of a typical SEC-registered investment adviser. This typical adviser is a U.S.-based limited liability company or corporation with discretionary authority over most of its 133 accounts. It manages \$136.3 million in assets for 26-100 clients with 1-5 full and part-time, non-clerical staff. Lastly, its only business is to give investment advice by providing portfolio management to individuals, small businesses, and other clients.
- *Dodd-Frank Act: SEC Registration.* The Dodd-Frank Act will have critical implications for investment advisers. Current SEC rules state that by March 30, 2012, certain private fund advisers (e.g., hedge fund and private equity fund advisers) with \$150 million or more AUM will be required to have completed registration with the SEC. On the other hand, most current SEC-registered investment advisers¹ with under \$100 million² AUM will need to end their SEC registration and switch to state registration by June 28, 2012. This “switch” will move an estimated 3,200 advisers from SEC registration to state registration.
- *Dodd-Frank Act: Form ADV, Part 1.* Another component of the Dodd-Frank Act will significantly change Form ADV, Part 1. Current SEC rules state that by March 30, 2012, all SEC registered advisers will be required to file a new Form ADV, Part 1 with the SEC. The new form will, among other things, request a statement as to whether the firm is eligible to continue to register with the SEC; contain additional questions regarding employees, clients, advisory services, affiliations, custody, and soft dollars; contain a new method for calculating AUM; and for private funds advisers, contain questions on investment strategies and service providers. These changes will provide significant additional data for our 2012 report.
- *Form ADV, Part 2.* One of the most important regulatory changes during the past year was implementation of the SEC’s rules amending Form ADV, Part 2. Under the final rule, all investment advisers were required to produce a plain English brochure that describes an investment adviser’s qualifications, investment strategies, conflicts of interest, and business practices. In addition, advisers are required to provide new and prospective clients with a brochure supplement that includes information about specific individuals who provide investment advisory services. We have not undertaken a review of this wealth of data but note that Part 2 information submitted by all SEC-registered investment advisers is publicly available on the Investment Adviser Registration Depository (www.adviserinfo.sec.gov).

¹ Advisers in New York and Wyoming, advisers required to register in more than 15 states, and advisers with only foreign offices will remain eligible for SEC registration.

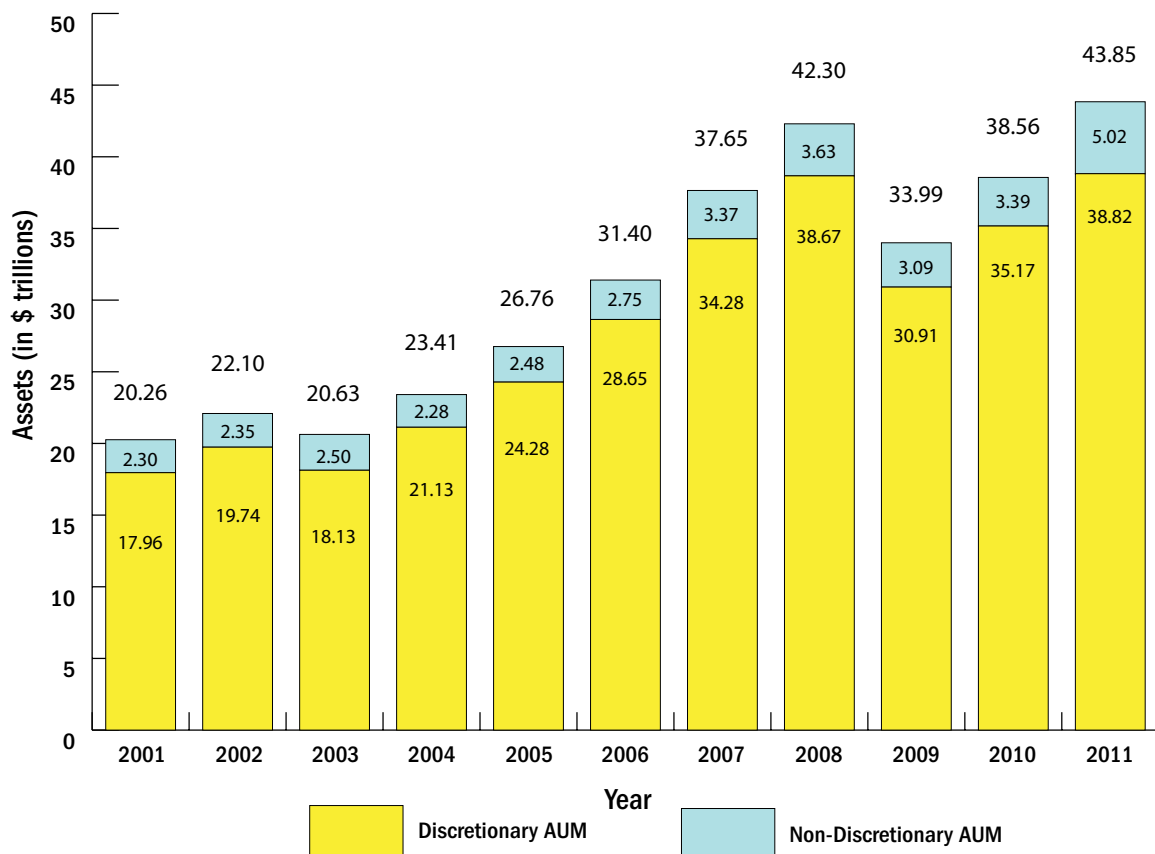
² Specifically, SEC-registered investment advisers with more than \$90 million but less than \$110 million AUM will be able to choose whether to keep their SEC registration or to register with their respective state(s). This “buffer” is intended to limit the frequency of advisers switching between SEC and state registration.

Assets Under Management

Advisers reported total assets under management (AUM) of \$43.9 trillion, an increase of \$5.3 trillion, or 13.7%, from \$38.6 trillion in 2010. Advisers reported that they exercise discretionary authority over 88.5% of all AUM.

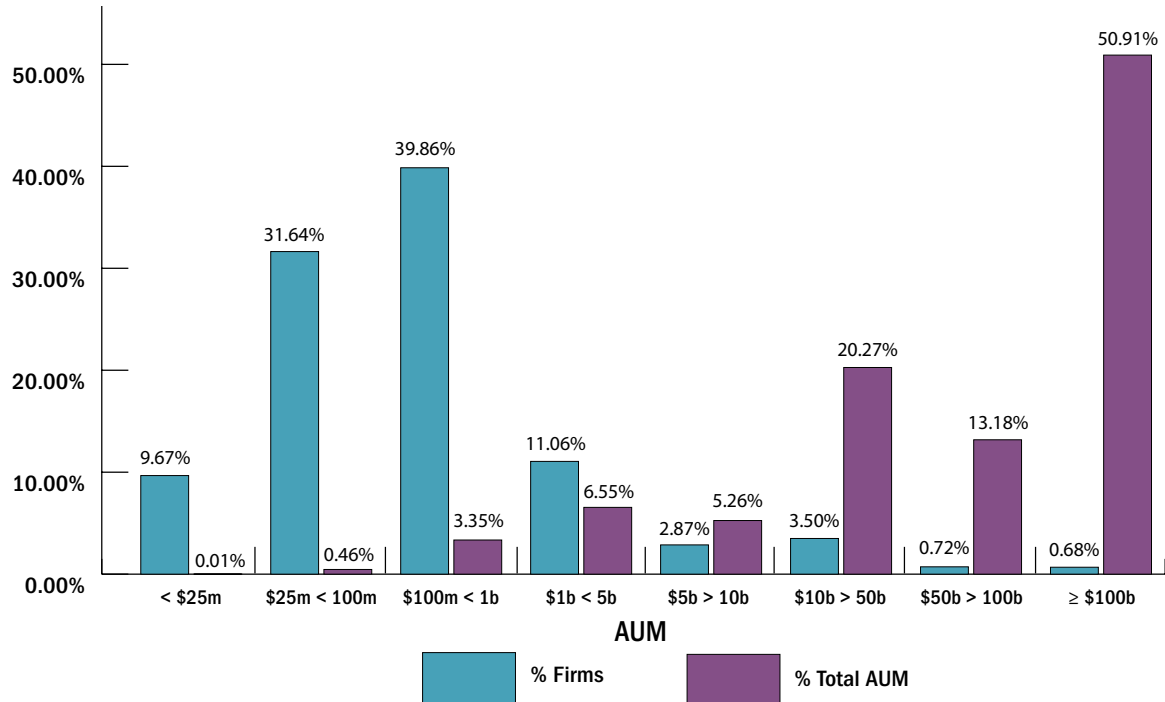
The SEC instructions for Form ADV, Part 1 permit more than one adviser to report the same assets and accounts under certain circumstances (e.g., sub-advisory relationships). Therefore, aggregate figures may be overstated.

Chart 1: Assets Under Management Comparison 2001-2011



Assets under management remain highly concentrated with a small number (78) of very large advisers (i.e., those managing \$100 billion AUM or more) managing 50.8% of all AUM. While advisers that manage less than \$1 billion represent more than 80% of the total number of SEC-registered investment advisers, they collectively manage less than 4% of all reported AUM.

Chart 2: Concentration of Assets Under Management



As noted in Chart 3, investment advisers reporting \$100 million to \$1 billion AUM gained significantly more total AUM, in aggregate, than all other AUM categories between 2010 and 2011.

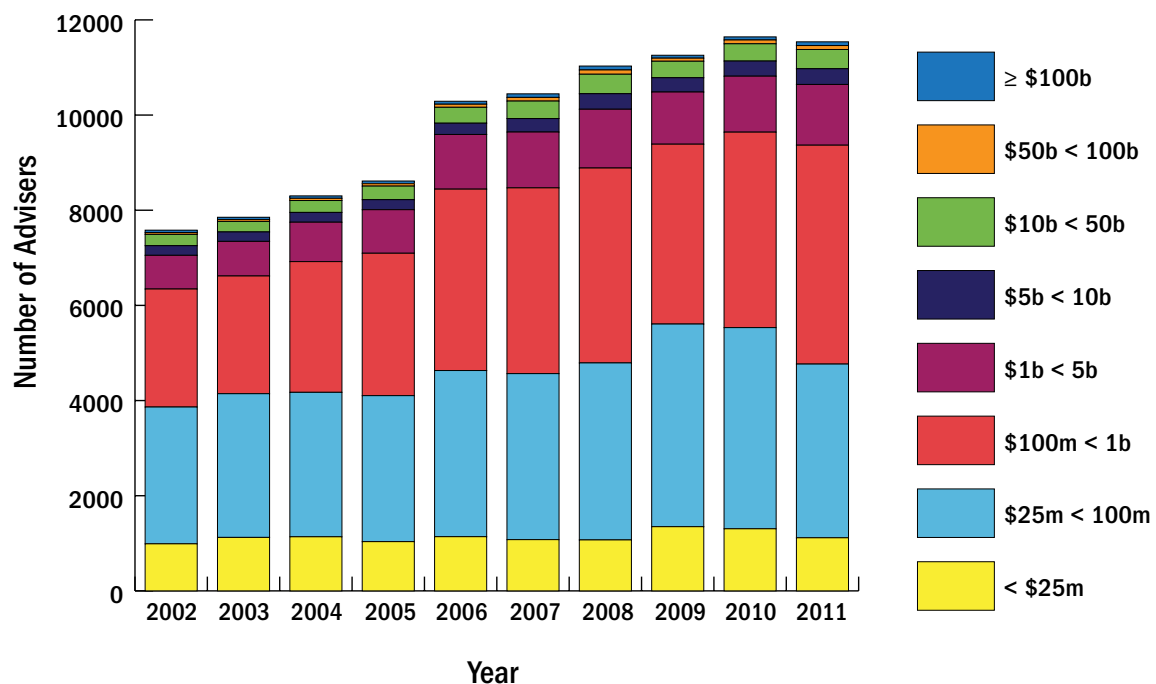
Chart 3: Total AUM of Advisers Registered 2010-2011 by AUM Category in 2010

2010 AUM Category	# of Advisers with			AUM Percentage Change		AUM Change
	AUM Increase	AUM Decrease	No AUM Change	Median Total	Aggregate Total	Aggregate Total (in billions)
< \$25m	437	98	399	n/a	n/a	\$212.00
\$25 < 100m	3,087	620	194	13.73%	104.85%	\$220.77
\$100m < 1b	3,080	722	117	12.75%	147.46%	\$1,868.20
\$1 < 5b	803	290	28	11.10%	15.38%	\$388.58
\$5 < 10b	225	78	5	10.19%	32.90%	\$712.07
\$10 < 50b	254	90	5	10.53%	13.74%	\$1,055.12
\$50 < 100b	56	20	1	11.23%	8.11%	\$425.50
≥ \$100b	42	20	1	9.05%	3.52%	\$652.52

Number of Investment Advisers

Reversing a trend that has lasted over the eleven year lifespan of this publication, the total number of SEC-registered investment advisers decreased slightly to 11,539 in 2011 from 11,643 in 2010. We note that the number of advisers increased in every AUM category except the less than \$100 million categories. Some anecdotal evidence points to two possible contributing factors to the reported decline. First, some investment advisers may already have transitioned to state registration in anticipation of Dodd-Frank rules. Second, there have been reports of increased consolidation among small investment advisers. We certainly cannot predict whether the decline represents any future trend.

Chart 4: Number of SEC-Registered Investment Advisers by AUM Category



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Advisers	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
■ ≥ \$100b	52	48	52	56	62	75	82	61	64	78
■ \$50b < 100b	37	39	46	51	65	77	90	65	81	83
■ \$10b < 50b	237	221	250	285	334	367	409	346	363	404
■ \$5b < 10b	203	199	206	211	237	284	327	301	318	331
■ \$1b < 5b	708	727	828	915	1,149	1,173	1,235	1,096	1,176	1,276
■ \$100m < 1b	2,480	2,474	2,747	2,993	3,812	3,904	4,096	3,780	4,108	4,600
■ \$25m < 100m	2,875	3,020	3,036	3,068	3,492	3,489	3,720	4,259	4,228	3,651
■ < \$25m	989	1,124	1,137	1,035	1,139	1,077	1,071	1,349	1,305	1,116

Chart 5: Change in the Number of Advisers by AUM Category

AUM Category	2010-2011		2009-2010		2001-2011	
	Net Change	Percent Change	Net Change	Percent Change	Average Annual Percent Change	Total Percent Change
< \$25m	-189	-14.48%	-44	-3.26%	-1.31%	-22.39%
\$25 < 100m	-577	-13.65%	-31	-0.73%	4.78%	53.34%
\$100m < 1b	492	11.98%	328	8.68%	7.53%	100.26%
\$1 < 5b	100	8.5%	80	7.30%	6.50%	80.99%
\$5 < 10b	13	4.09%	17	5.65%	5.99%	74.21%
\$10 < 50b	41	11.29%	17	4.91%	6.23%	74.89%
\$50 < 100b	2	2.47%	16	4.62%	10.20%	137.14%
≥ \$100b	14	21.88%	3	4.92%	6.61%	73.33%
All Advisers	-104	-0.89%	386	3.43%	4.78%	57.59%

Based on the information advisers filed in 2011, an estimated 3,236 advisers (28.0%) will “switch” from SEC registration to state registration when the \$100 million AUM Dodd-Frank Act registration threshold is implemented during the first quarter of 2012. We note that a number of advisers under \$100 million AUM will remain eligible for SEC registration because, for example, of their location (they are located in New York, Wyoming, a foreign country, or are registered in 15 or more states) or they are registered with the SEC on a basis other than AUM (e.g., pension consultants). This estimate is comparable to the SEC’s estimate that “approximately 3,200 SEC-registered advisers will be required to withdraw their registration and register with one or more state securities authorities.”³

Chart 6: Projected Effects of Dodd-Frank Act’s Required Registration “Switch”⁴

	# of Advisers	Discretionary AUM	Non-Discretionary AUM	Total AUM	# of Accounts
Current Registration Requirements	11,539	\$38,822,536,698,702	\$5,023,778,199,546	\$43,846,314,898,248	20,699,709
After the “Switch”	8,303	\$38,678,937,133,498	\$4,987,988,357,494	\$43,666,925,490,992	19,483,501
Net Change	-3,236	-\$143,599,565,204	-\$35,789,842,052	-\$179,389,407,256	-1,216,208

³ Rules Implementing Amendments to the Investment Advisers Act of 1940, SEC Rel. IA-3221 (June 22, 2011), available at <http://www.sec.gov/rules/final/2011/ia-3221.pdf>.

⁴ This projection defines an investment adviser as ‘switching’ from SEC registration to state registration if, and only if, 1) it is registered with the SEC based on AUM, 2) it has AUM of less than \$100 million, and 3) its primary business location is not a foreign country, New York, or Wyoming.

Custody of Client Assets

Fewer than 3 in 10 investment advisers reported that they or a related person have custody of advisory client assets.

Chart 7: Custody of Client Assets

	# of Advisers	% of Advisers
Adviser has custody of client cash/bank accounts	2,371	20.55%
Adviser has custody of securities	2,313	20.05%
Related person(s) has custody of client cash/bank accounts	1,982	17.18%
Related person(s) has custody of securities	1,942	16.83%
Adviser and/or related person(s) has custody of advisory client assets (answered yes to any of the above)	3,436	29.78%

The total number of investment advisers that reported having custody of client cash, bank accounts, and/or securities, as opposed to a related person having custody, is 21.6%.⁵ As seen in the chart below, the largest advisers, in terms of AUM, are generally more likely to have custody of client assets. The data also show that advisers with less than \$100 million in AUM are least likely to have custody.

Chart 8: Value of Assets and Number of Clients for Custody Accounts

AUM Category	Number of Advisers	Advisers with Custody		Custodied Assets		Clients	
		Number	Percent	Total Value	Average	Number	Average
< \$25m	1,116	138	12.4%	132,847,739,026	962,664,776	225,181	1,631.75
\$25 < 100m	3,651	369	10.1%	9,632,028,717	26,103,059	3,908	10.59
\$100m < 1b	4,600	1091	23.7%	182,296,387,627	167,091,098	69,973	64.14
\$1 < 5b	1,276	499	39.1%	472,449,907,262	946,793,401	254,628	510.28
\$5 < 10b	331	152	45.9%	716,962,216,425	4,716,856,687	185,225	1,218.59
\$10 < 50b	404	166	41.1%	1,053,600,254,634	6,346,989,486	678,954	4,090.08
\$50 < 100b	83	34	41.0%	359,110,596,295	10,562,076,362	674,316	19,832.82
≥ \$100b	78	44	56.4%	1,496,062,041,248	34,001,410,028	2,550,824	57,973.27
All Advisers	11,539	2,493	21.6%	4,422,961,171,234	1,774,152,094	4,643,009	1,862.42

Of the 3,436 advisers who reported that they or a related person have custody of advisory client assets, 34.2% (1,176) also reported using an independent public accountant to conduct an annual surprise examination of those assets.

⁵This figure represents investment advisers that responded affirmatively to “do you have custody of any advisory clients’ cash or bank accounts [or] securities?”. In Form ADV, however, the SEC defines “you” as both the adviser and its related person(s), so this figure likely also includes some related person(s) with custody of client assets.

Chart 9: Custody Controls

Control	# of Advisers	% of Advisers
A qualified custodian(s) sends account statements at least quarterly to the investors in the pooled investment vehicle(s) you manage.	922	7.99%
An independent public accountant audits annually the pooled investment vehicle(s) that you manage and the audited financial statements are distributed to the investors in the pools.	2,130	18.46%
An independent public accountant conducts an annual surprise examination of client funds and securities.	1,176	10.19%
An independent public accountant prepares an internal control report with respect to custodial services when you or your related persons are qualified custodians for client funds and securities.	447	3.87%

Chart 10: Qualified Custodians of Client Assets

AUM Category	Adviser			Related Person		
	Yes	No	NA	Yes	No	NA
< \$25m	12	912	192	20	902	194
\$25 < 100m	18	3,277	356	22	3,273	356
\$100m < 1b	39	4,257	304	87	4,209	304
\$1 < 5b	21	1,158	97	101	1,078	97
\$5 < 10b	13	286	32	31	268	32
\$10 < 50b	7	350	47	66	291	47
\$50 < 100b	3	71	9	14	60	9
≥ \$100b	7	62	9	27	42	9
All Advisers	120	10,373	1,046	368	10,123	1,048

Appendix: Characteristics of Advisory Firms

The following data are derived from Evolution Revolution reports for the past 11 years.⁶ The compilation is not exhaustive, but represents much of the data we have collected from Form ADV filings⁷ by investment advisers during the past 11 years. The presentation generally follows the order in which Form ADV, Part 1 asks its questions with a brief description of the item.

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
Number of Investment Advisers by:											
1I: Web Site	3,546	4,265	4,672	5,177	5,665	6,842	7,284	7,992	8,340	8,847	9,052
1L: Foreign Registration	379	460	488	513	541	825	797	835	846	819	754
Number of Investment Advisers by Basis of SEC Registration											
2A1: AUM	5,719	6,397	6,524	6,960	7,379	8,918	9,160	9,749	9,704	10,132	10,163
2A2: Wyoming IA	94	84	69	75	64	70	34	30	33	46	42
2A3: Foreign IA	229	303	311	319	328	588	515	516	525	530	480
2A4: IA to Investment Company of '40 Act	1,135	1,180	1,122	1,106	1,106	1,041	1,073	1,085	1,084	1,086	1,142
2A5: NRSRO	3	4	5	6	5	5	6	2	2	1	0
2A6: Pension Consultant IA	269	308	306	317	319	321	319	333	340	344	318
2A7: Rule 203A-2(c)	385	442	450	462	418	421	398	404	421	421	412
2A8: Newly Formed IA	86	109	169	199	137	225	158	164	165	196	130
2A9: Multi-State IA	57	61	57	49	44	50	50	46	36	40	40
2A10: Internet IA	5	8	13	17	25	26	33	36	40	54	52
2A11: Exempt	58	102	148	6	7	4	3	3	3	3	3
2A12: No Longer Eligible	N/A	N/A	N/A	116	102	115	135	118	328	208	230
3A: Form of Organization											
Corporation	4,538	4,925	4,927	4,960	4,928	5,252	5,278	5,401	5,366	5,322	5,084
Sole Prop	309	372	352	355	334	350	363	368	350	330	300
LLP	53	52	54	62	68	170	116	118	117	116	107
Partnership	311	314	297	301	303	441	419	406	372	376	393
LLC	1,331	1,788	2,072	2,448	2,788	3,802	4,010	4,476	4,780	5,217	5,369
Other	107	130	150	176	193	275	260	261	272	282	286

⁶ Certain numbers in previous Evolution Revolution editions may have been edited in or omitted from this chart.

⁷ Form ADV has been changed substantively since 2001. This chart may exclude data to compensate for these changes.

⁸ 2001 data include many incomplete Form ADV filings.

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
5A: Number of Investment Advisers by Number of Non Clerical Employees											
1-5	3,092	3,681	3,859	4,162	4,235	4,971	5,110	5,427	5,653	5,913	5,742
6-10	1,297	1,441	1,440	1,521	1,635	2,059	2,013	2,081	2,058	2,141	2,193
11-50	1,510	1,663	1,742	1,795	1,901	2,291	2,319	2,434	2,456	2,520	2,525
51-250	511	538	551	565	574	686	704	784	782	762	777
251-500	81	98	91	97	102	107	127	127	132	136	133
501-1000	72	65	71	65	72	80	74	77	77	76	75
More than 1000	86	95	98	97	95	96	99	100	99	95	94
5B1: Number of Investment Advisers by Employees Performing Investment Advisory Functions											
0	159	198	179	176	157	184	182	180	183	168	172
1-5	4,226	4,921	5,093	5,468	5,634	6,662	6,781	7,147	7,335	7,648	7,512
6-10	1,037	1,114	1,176	1,211	1,282	1,596	1,544	1,611	1,621	1,654	1,664
11-50	906	1,003	1,044	1,066	1,141	1,391	1,457	1,559	1,592	1,640	1,639
51-250	231	252	260	270	291	350	352	402	392	404	421
251-500	45	50	53	64	52	49	63	55	57	55	55
501-1000	23	20	25	24	32	28	38	46	41	38	36
More than 1000	22	23	22	23	25	30	29	30	36	36	40
5B2: Number of Investment Advisers by Employees Who Are Registered Representatives of a Broker-Dealer											
0	3,721	4,308	4,508	4,832	5,144	6,584	6,706	7,134	7,322	7,702	7,735
1-5	1,794	2,044	2,078	2,185	2,171	2,322	2,331	2,393	2,425	2,416	2,331
6-10	401	440	468	494	505	503	499	546	526	539	508
11-50	470	503	504	484	481	544	575	614	643	662	633
51-250	151	168	177	179	182	203	192	203	199	189	196
251-500	33	44	43	57	48	53	53	44	43	42	39
501-1000	33	35	35	32	38	34	40	46	49	42	45
More than 1000	46	39	39	39	45	47	50	50	50	51	52
5B3: Number of Investment Advisers by Number of Firms or Other Persons Soliciting Advisory Clients on Their Behalf											
0	4,225	4,754	4,859	5,078	5,264	6,265	6,416	6,916	7,175	7,478	7,440
1-5	1,976	2,307	2,431	2,593	2,732	3,324	3,326	3,411	3,408	3,531	3,500
6-10	168	210	243	275	285	328	334	337	307	273	257
11-50	197	212	230	256	245	276	265	261	268	263	243
51-250	59	74	68	71	62	68	71	76	65	69	70
251-500	13	15	13	13	14	20	24	15	24	16	18
501-1000	7	7	5	10	9	7	7	8	3	7	4
More than 1000	4	2	3	6	3	2	3	6	7	6	7

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
5C: Number of Investment Advisers by Number of Advisory Clients											
0	251	365	434	505	468	535	513	519	510	588	493
1-10	1,141	1,359	1,444	1,487	1,543	2,426	2,205	2,150	2,066	2,091	2,021
11-25	620	725	730	802	818	919	968	1,005	1,028	1,058	1,040
26-100	1,834	2,025	2,034	2,133	2,199	2,472	2,571	2,784	2,858	2,908	2,811
101-250	1,424	1,598	1,635	1,666	1,760	1,946	2,061	2,304	2,415	2,508	2,542
251-500	748	815	842	907	961	1,024	1,098	1,175	1,244	1,306	1,378
More than 500	631	694	733	802	865	968	1,030	1,093	1,136	1,184	1,254
5D1: Number of Investment Advisers by Number of Individual (Not High-Net Worth) Clients											
none	2,503	2,887	3,014	3,205	3,259	4,422	4,153	4,125	4,069	4,175	4,010
up to 10%	1,026	1,160	1,164	1,220	1,232	1,346	1,398	1,490	1,463	1,541	1,552
11-25%	693	766	783	847	907	1,029	1,091	1,171	1,193	1,215	1,217
26-50%	831	980	1,034	1,083	1,188	1,279	1,395	1,549	1,584	1,702	1,750
51-75%	776	858	901	958	1,008	1,103	1,212	1,353	1,434	1,464	1,502
More than 75%	820	930	956	989	1,020	1,111	1,197	1,342	1,514	1,546	1,508
5D2: Number of Investment Advisers by Number of High-Net Worth Individual Clients											
none	1,766	2,049	2,159	2,316	2,369	3,403	3,155	3,124	3,063	3,163	3,023
up to 10%	1,135	1,302	1,320	1,316	1,352	1,436	1,492	1,606	1,737	1,704	1,657
11-25%	864	939	1,005	1,062	1,089	1,210	1,266	1,348	1,454	1,501	1,520
26-50%	1,083	1,250	1,273	1,344	1,413	1,588	1,721	1,871	1,926	2,026	2,091
51-75%	910	1,036	1,068	1,161	1,235	1,363	1,449	1,565	1,556	1,672	1,706
More than 75%	891	1,005	1,027	1,103	1,156	1,290	1,363	1,516	1,521	1,577	1,542
5D3: Number of Investment Advisers by Number of Banking/Thrift Institution Clients											
none	5,954	6,782	7,038	7,435	7,743	9,335	9,487	10,074	10,287	10,696	10,628
up to 10%	531	613	636	675	699	771	778	770	778	754	733
11-25%	65	75	76	87	77	92	80	81	78	71	68
26-50%	44	51	48	45	47	46	52	53	58	55	47
51-75%	10	10	14	17	10	8	12	15	14	20	18
More than 75%	45	50	40	43	38	38	37	37	42	47	45
5D4: Number of Investment Advisers by Number of Investment Company Clients											
none	5,257	6,081	6,345	6,813	7,143	8,723	8,872	9,412	9,615	9,979	9,805
up to 10%	644	707	703	704	708	785	769	788	795	799	857
11-25%	171	167	171	182	169	192	195	207	220	221	218
26-50%	121	136	146	133	131	140	140	143	151	153	172
51-75%	55	64	68	58	75	71	77	72	71	81	74
More than 75%	401	426	419	412	388	379	393	408	405	410	413
5D5: Number of Investment Advisers by Number of Pension & Profit Sharing Plan Clients											
none	2,375	2,808	3,015	3,274	3,388	4,693	4,592	4,832	4,892	5,078	4,988
up to 10%	2,534	2,870	2,978	3,174	3,377	3,684	3,951	4,270	4,452	4,621	4,623
11-25%	864	934	901	903	916	987	968	981	959	973	977
26-50%	467	502	500	496	477	470	497	512	495	499	495
51-75%	184	203	200	192	184	184	170	161	176	173	169
More than 75%	225	264	258	263	272	272	268	274	283	299	287

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
5D6: Number of Investment Advisers by Number of Other Pooled Investment Vehicle Clients											
none	5,272	5,962	6,090	6,396	6,503	6,919	7,284	7,844	8,142	8,527	8,440
up to 10%	710	801	816	854	904	1,014	1,047	1,082	1,110	1,125	1,128
11-25%	141	166	188	188	187	233	244	260	274	288	297
26-50%	128	157	159	161	177	259	256	252	238	262	283
51-75%	69	79	91	102	108	204	194	185	174	170	191
More than 75%	329	416	508	601	735	1,661	1,421	1,407	1,319	1,271	1,200
5D7: Number of Investment Advisers by Number of Charitable Organization Clients											
none	3,611	4,221	4,405	4,704	4,842	6,254	6,193	6,501	6,561	6,796	6,592
up to 10%	2,498	2,797	2,870	3,012	3,176	3,438	3,653	3,932	4,082	4,239	4,338
11-25%	377	393	400	399	423	438	431	431	438	433	425
26-50%	129	129	133	140	125	114	123	118	120	118	125
51-75%	18	22	24	27	29	28	24	27	36	32	36
More than 75%	16	17	20	20	19	18	22	21	20	25	23
5D8: Number of Investment Advisers by Number of Corporate or Other Business Clients Not Listed Above											
none	3,275	3,815	3,945	4,226	4,355	5,541	5,472	5,707	5,739	5,935	5,757
up to 10%	2,638	2,967	3,070	3,209	3,369	3,753	3,986	4,342	4,565	4,711	4,793
11-25%	408	465	487	510	546	590	582	571	539	582	571
26-50%	183	177	197	194	188	235	230	233	242	228	226
51-75%	49	52	57	55	56	69	70	70	67	82	79
More than 75%	96	105	96	108	100	102	106	107	105	105	113
5D9: Number of Investment Advisers by Number of State or Municipal Government Clients											
none	5,655	6,474	6,691	7,130	7,410	9,057	9,201	9,750	9,946	10,307	10,171
up to 10%	690	765	789	808	835	871	880	923	932	948	960
11-25%	146	160	178	173	197	196	196	191	197	196	202
26-50%	88	99	105	104	88	87	84	83	95	96	107
51-75%	31	33	37	31	28	32	31	33	30	36	38
More than 75%	39	50	52	56	56	47	54	50	57	60	61
5D10: Number of Investment Advisers by Number of Other Clients Not Listed Above											
none	6,044	6,891	7,133	7,554	7,778	9,340	9,441	9,996	10,193	10,493	10,362
up to 10%	361	396	419	431	494	538	570	586	605	638	676
11-25%	90	104	108	104	119	145	138	171	171	188	172
26-50%	46	57	63	69	71	93	109	106	102	112	112
51-75%	21	29	26	30	31	33	46	39	45	47	53
More than 75%	87	104	103	114	121	141	142	132	141	165	164
Number of Investment Advisers by Compensation Arrangements											
5E1: % of AUM	6,286	7,143	7,402	7,834	8,146	9,808	9,964	10,541	10,760	11,110	11,036
5E2: Hourly Charges	1,988	2,318	2,488	2,739	2,919	3,192	3,874	3,855	4,087	4,289	4,215
5E3: Subscription Fees	131	149	144	160	161	175	174	168	170	164	145
5E4: Fixed Fees	2,407	2,806	3,079	3,386	3,610	3,999	4,326	4,717	4,963	5,281	5,314
5E5: Commissions	798	914	945	955	912	966	975	1,025	1,048	1,038	954
5E6: Performance	1,493	1,766	1,891	2,082	2,291	3,541	3,319	3,362	3,238	3,233	3,116
5E7: Other	497	605	687	750	800	948	1,052	1,155	1,240	1,305	1,304

Total Number of Advisers	5/16	4/29	4/8	4/5	4/20	4/10	4/8	4/23	4/10	4/18	5/1
	2001 ⁸	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
Number of Investment Advisers Providing Continuous and Regular Supervisory or Management Services to Securities											
5F1	6,303	7,150	7,399	7,838	8,193	9,850	10,020	10,634	10,852	11,219	11,191
5F2A: Number of Investment Advisers by Discretionary AUM Category											
≤ 25M (2008 & after, <25)	2,346	2,115	2,284	2,261	2,158	2,312	2,287	2,319	2,708	2,636	2,315
25M+-100M (2008 & after, <100)	1,969	2,298	2,391	2,495	2,560	3,062	3,033	3,281	3,658	3,680	3,323
100M+-1BM (2008 & after, <1b)	1,975	2,098	2,098	2,351	2,581	3,338	3,379	3,533	3,253	3,583	4,022
1B+-5B (2008 & after, <5b)	583	614	636	697	766	1,003	1,017	1,083	950	1,013	1,083
5B+-10B (2008 & after, <10b)	173	172	169	186	190	212	258	296	266	279	292
10B+-50B (2008 & after, <50b)	206	202	198	224	258	298	331	355	308	318	355
50B+-100B (2008 & after, <100b)	28	35	33	39	48	59	71	88	58	73	80
≥ 100B	42	47	43	49	53	58	69	75	56	61	69
5F2B: Number of Investment Advisers by Non-Discretionary AUM Category											
< \$25m	5,586	5,615	5,905	6,250	6,452	7,890	7,939	8,317	8,638	8,909	8,611
\$25 < 100m	890	1,058	1,059	1,071	1,079	1,187	1,171	1,250	1,282	1,304	1,305
\$100m < 1b	608	661	655	715	792	923	995	1,071	1,001	1,061	1,169
\$1 < 5b	161	169	159	191	212	225	235	269	229	254	329
\$5 < 10b	35	31	30	31	34	42	44	57	50	58	65
\$10 < 50b	35	42	37	41	41	50	54	55	49	46	48
\$50 < 100b	5	3	4	2	3	2	5	8	6	9	7
≥ \$100b	2	2	3	1	1	2	2	3	2	2	5
5F2C: Number of Investment Advisers by Total AUM Category											
< \$25m	1,438	989	1,124	1,137	1,035	1,139	1,077	1,071	1,349	1,305	1,116
\$25 < 100m	2,381	2,875	3,020	3,036	3,068	3,492	3,489	3,720	4,259	4,228	3,651
\$100m < 1b	2,297	2,480	2,474	2,747	2,993	3,812	3,904	4,096	3,780	4,108	4,600
\$1 < 5b	705	708	727	828	915	1,149	1,173	1,235	1,096	1,176	1,276
\$5 < 10b	190	203	199	206	211	237	284	327	301	318	331
\$10 < 50b	231	237	221	250	285	334	367	409	346	363	404
\$50 < 100b	35	37	39	46	51	65	77	90	65	80	83
≥ \$100b	45	52	48	52	56	62	75	82	61	65	78
5F2D: Number of Investment Advisers by Discretionary Accounts Category											
0	1,811	1,423	1,476	1,527	1,438	1,578	1,551	1,548	1,596	1,635	1,417
1-14	3,418	2,920	3,038	3,187	3,209	4,350	4,073	2,452	2,364	2,372	2,312
15-50	939	1,000	991	1,023	1,025	1,099	1,156	1,276	1,269	1,239	1,280
51-100	741	800	815	830	837	898	945	989	993	1,033	975
101-500	1,841	2,019	2,091	2,212	2,372	2,609	2,809	3,131	3,264	3,443	3,472
>500	383	842	917	1,050	1,171	1,334	1,463	1,634	1,771	1,920	2,083

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
5F2E: Number of Investment Advisers by Non-Discretionary Accounts Category											
0	4,493	4,346	4,532	4,814	4,955	6,321	6,243	6,472	6,494	6,711	6,327
1-14	5,798	5,701	5,909	6,264	6,508	8,001	8,035	1,896	1,972	2,092	2,240
15-50	545	591	630	682	663	703	746	827	865	900	976
51-100	303	345	359	361	361	398	431	469	484	511	536
101-500	590	666	671	708	745	820	853	963	1,007	989	971
>500	86	278	283	287	337	368	380	403	435	439	489
5F2F: Number of Investment Advisers by Total Accounts Category											
0	1,140	593	662	716	631	704	643	617	645	727	585
1-14	2,823	2,074	2,199	2,339	2,366	3,433	3,136	2,411	2,324	2,319	2,243
15-50	991	1,068	1,081	1,104	1,095	1,170	1,231	1,319	1,318	1,323	1,330
51-100	823	915	906	923	942	983	1,011	1,080	1,086	1,110	1,045
101-500	2,211	2,410	2,479	2,590	2,738	3,032	3,255	3,582	3,715	3,851	3,814
>500	474	1,114	1,187	1,346	1,473	1,672	1,812	2,021	2,169	2,312	2,522
5F: AUM & Account Totals for All Investment Advisers											
Discretionary AUM (Trillions)	\$17.957	\$19.743	\$18.129	\$21.131	\$24.283	\$28.649	\$34.282	\$38.668	\$30.908	\$42.720	38.823
Non-Discretionary AUM (Trillions)	\$2.301	\$2.354	\$2.502	\$2.277	\$2.476	\$2.747	\$3.371	\$3.628	\$3.086	\$3.391	5.024
Total AUM (Trillions)	\$20.258	\$22.097	\$20.631	\$23.408	\$26.759	\$31.396	\$37.653	\$42.296	\$33.994	\$46.111	43.846
Number of Investment Advisers by Advisory Services:											
5G1: Financial Planning	2,169	7,581	2,733	2,997	3,166	3,502	3,820	4,274	4,530	4,780	4,772
5G2: PM for Individuals/Small Buss.	4,987	5,839	5,862	6,213	6,438	7,107	7,548	8,159	8,405	8,756	8,726
5G3: PM for Investment Companies	1,363	3,335	1,478	1,463	1,441	1,419	1,419	1,470	1,485	1,500	1,566
5G4: PM for Buss. or Institutional Clients	4,044	1,481	4,867	5,185	5,436	6,492	6,591	6,961	7,104	7,372	7,352
5G5: Pension Consulting	955	556	1,242	1,366	1,427	1,536	1,651	1,806	1,900	2,023	2,091
5G6: Selection of Other Advisers	1,320	149	1,917	2,179	2,340	2,692	2,953	3,241	3,430	3,616	3,585
5G7: Publications	463	32	583	652	666	696	725	734	725	759	766
5G8: Security Ratings or Pricing	32	6	39	42	44	45	50	38	45	52	43
5G9: Market Timing	200	1	245	225	205	181	174	168	158	154	144
5G10: Other	855	-	1,219	1,408	1,640	2,433	2,502	2,663	2,760	2,870	2,931

Total Number of Advisers	5/16	4/29	4/8	4/5	4/20	4/10	4/8	4/23	4/10	4/18	5/1
	2001 ⁸	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
5H: Number of Investment Advisers by Number of Clients Provided Financial Planning Services											
0	1,497	1,788	1,949	2,104	2,175	2,583	2,667	2,822	2,951	3,126	3,083
1-10	484	541	575	637	686	815	874	1,023	1,152	1,213	1,176
11-25	340	407	421	466	464	483	549	603	604	612	617
26-50	330	394	409	444	481	533	577	598	622	625	608
51-100	355	384	420	461	470	513	552	590	601	610	667
101-250	360	418	457	474	510	530	553	626	641	676	665
251-500	167	194	206	213	218	222	256	264	269	290	296
>500	113	124	118	130	125	141	151	157	159	158	176
Number of Investment Advisers Participating in a Wrap Fee Program and											
5I1: Sponsoring the Wrap Fee Program	310	352	369	388	399	435	455	516	568	632	660
5I2: PM for the Wrap Fee Program	700	823	866	900	937	1,017	1,068	1,170	1,212	1,291	1,286
Number of Investment Advisers by Other Business Activities											
6A1: Broker-Dealer	588	642	650	637	613	611	628	644	623	611	561
6A2: Registered Rep. of a Broker-Dealer	778	912	921	963	905	919	922	946	955	895	874
6A3: Futures CM or Commodity PO/TA	290	338	379	391	383	497	436	408	383	378	355
6A4: Real Estate Broker, Dealer, or Agent	61	77	69	72	76	76	87	82	92	84	79
6A5: Insurance Broker or Agent	826	982	1,037	1,110	1,118	1,180	1,266	1,358	1,422	1,434	1,433
6A6: Bank	73	81	87	82	73	72	52	44	40	37	35
6A7: Other Financial Product Salesperson	151	166	184	206	197	227	233	250	262	263	232
6B1: Other Non-Advisory Business	916	1,073	1,121	1,219	1,269	1,483	1,559	1,660	1,721	1,774	1,720
6B2: Non-Advisory Primary Business	372	436	462	486	511	632	681	713	753	767	720
6B3: Adv. Clients Sold Non-Advisory Services	1,582	1,848	1,981	2,154	2,249	2,476	2,569	2,777	2,881	2,947	2,884
Number of Investment Advisers by Financial Industry Affiliations											
7A1: Broker-Dealer or Muni/Gov Broker/Dealer	2,371	2,631	2,640	2,629	2,573	2,729	2,633	2,681	2,688	2,630	2,506
7A2: Investment Co.	1,385	1,549	1,582	1,592	1,589	1,627	1,571	1,604	1,597	1,578	1,561

Total Number of Advisers	5/16	4/29	4/8	4/5	4/20	4/10	4/8	4/23	4/10	4/18	5/1
	2001 ⁸	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
7A3: Other IA	2,338	2,683	2,862	2,925	2,962	3,457	3,397	3,459	3,470	3,491	3,419
7A4: Futures CM or Commodity PO/TA	711	856	930	911	898	1,033	961	957	903	851	817
7A5: Banking or Thrift Institution	957	1,099	1,181	1,178	1,154	1,193	1,156	1,205	1,184	1,137	1,094
7A6: Accountant or Accounting Firm	503	633	702	780	823	910	949	1,035	1,106	1,121	1,105
7A7: Lawyer or Law Firm	332	411	440	459	480	575	599	628	643	645	670
7A8: Insurance Company or Agency	1,379	1,635	1,744	1,737	1,767	1,811	1,817	1,909	1,980	2,025	1,967
7A9: Pension Conslnt	422	505	555	586	600	626	654	710	739	719	693
7A10: Real Estate Broker or Dealer	374	467	492	525	525	548	576	602	612	595	538
7A11: Spnsr or Syndctr of Lmted Prtnrshps	781	976	1,114	1,179	1,256	1,501	1,539	1,580	1,600	1,613	1,575
7B: Rule 203(b)(3)-1	2,129	2,543	2,749	2,887	1,980	4,497	4,326	4,378	4,302	4,320	4,277
Number of Investment Advisers by Participation or Interest in Client Transactions											
8A1: Principal Trans.	581	647	666	675	697	827	829	880	868	888	846
8A2	4,751	5,397	5,662	6,013	6,322	7,554	7,770	8,417	8,740	9,138	9,183
8A3	1,546	1,786	1,868	2,004	2,147	2,738	2,662	2,740	2,790	2,844	2,791
8B1: Agency Cross Trans.	647	698	703	683	663	690	651	630	636	616	575
8B2	1,273	1,511	1,617	1,725	1,854	2,439	2,407	2,514	2,515	2,539	2,500
8B3	745	913	955	1,037	1,077	1,252	1,248	1,295	1,329	1,331	1,254
8C1	5,699	6,417	6,670	7,094	7,438	9,076	9,205	9,775	10,012	10,397	10,424
8C2	5,687	6,404	6,662	7,081	7,434	9,077	9,202	9,771	10,006	10,391	10,413
8C3	4,496	5,028	5,237	5,475	5,729	7,082	6,969	7,176	7,190	7,376	7,321
8C4	4,097	4,566	4,727	4,931	5,140	6,392	6,218	6,307	6,245	6,355	6,233
8D	4,289	4,895	5,160	5,551	5,906	6,848	7,197	7,816	8,113	8,407	8,463
8E: Soft Dollars	3,858	4,365	4,533	4,774	4,989	6,232	6,235	6,619	6,758	7,100	7,123
8F: Client Referrals	2,851	3,234	3,378	3,694	3,916	4,733	4,756	4,887	4,917	4,996	4,898
Number of Investment Advisers by Custody of Client Assets Held by Adviser											
9A1A: Cash/Bank Acc.	735	832	846	1,330	1,642	2,528	2,493	2,523	2,506	2,481	2,371
9A1B: Securities	674	750	773	1,263	1,557	2,422	2,388	2,382	2,355	2,352	2,313

Total Number of Advisers	5/16 2001 ⁸	4/29 2002	4/8 2003	4/5 2004	4/20 2005	4/10 2006	4/8 2007	4/23 2008	4/10 2009	4/18 2010	5/1 2011
	7,322	7,581	7,852	8,302	8,614	10,290	10,446	11,030	11,257	11,643	11,539
Number of Investment Advisers by Custody of Client Assets Held by Related Person											
9B1A: Cash/Bank Account	865	983	1,020	1,250	1,444	2,198	2,117	2,184	2,254	2,292	1,982
9B1B: Securities	844	950	973	1,208	1,388	2,117	2,046	2,090	2,132	2,181	1,942
Number of Investment Advisers by 10 Year Disciplinary History											
No Disclosure		6,221	6,490	6,900	7,205	8,750	8,864	9,431	9,689	10,086	10,014
11A1	45	46	41	37	35	39	45	50	54	42	39
11A2	32	47	47	42	52	48	58	63	87	113	94
11B1	37	36	39	34	35	30	31	32	32	33	39
11B2	12	16	22	20	18	16	28	30	35	30	32
11C1	73	94	94	125	158	173	180	217	208	184	178
11C2	340	370	349	334	341	362	377	438	453	420	382
11C3	20	19	17	21	21	23	21	37	21	18	12
11C4	255	298	290	289	300	337	362	395	408	384	378
11C5	268	324	308	301	309	337	360	399	412	387	366
11D1	115	115	125	145	188	206	220	219	213	227	215
11D2	573	621	618	627	646	684	729	723	724	718	708
11D3	64	88	76	81	77	72	88	81	79	41	33
11D4	560	599	588	554	571	589	625	636	636	632	614
11D5	208	254	238	239	238	243	270	259	259	218	205
11E 1	29	39	41	40	43	57	76	87	105	83	71
11E 2	494	552	548	538	558	635	691	712	705	703	646
11E 3	19	25	19	17	16	18	17	15	17	16	15
11E 4	92	106	114	125	129	139	149	159	170	161	167
11F	14	16	14	14	23	18	18	19	23	21	21
11G	98	126	136	181	158	186	204	185	177	144	143
11H1A	30	35	46	83	112	115	124	149	167	179	149
11H1B	68	60	68	74	104	137	150	163	129	125	106
11H1C	51	61	65	62	82	95	101	100	119	122	111
11H2	141	163	176	210	206	209	215	185	189	201	198

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