

2019 Form ADV
Filing Season

Quality Compliance
Programs

Advisers with Perfect
Form ADV Scores

May 2020



CONVERGENCE

OPTIMAL PERFORMANCE

Overview

Convergence analyzed the 2019 Form ADV Filing season for Quality

- Convergence wants to congratulate the founders, CCOs and supporting infrastructure groups who have created quality compliance programs.
- Convergence measures the “quality” of Form ADV, Form D and Form 13F by testing the is accuracy, consistency and frequency of these filings and comparing them to the entire market.

Form ADV 2020 filings

- We examined 13,252 filings and kudos to the 95% of Advisers that filed by 3/31/2020. Of this number:
 - 2,351 had best practice scores, meaning their quality scores are higher than 85% of their peers. **This is a good signal and positive of the Adviser.**
 - 8,184 had “consistent practices”, meaning they are consistent with the market, or within 1 standard deviation of their peer group mean.
 - 2,707 had “negative” scores, meaning that their quality scores are below 85% of their peers. **This is not a good signal and can be detrimental to the Adviser.**
- 104 of the 2,351 Advisers, or 0.79% of 13,252 filers, received **perfect test scores**, meaning there were no errors or inconsistencies in the 600+ tests conducted by Convergence on their Form ADV filings.

What Differentiates Advisers in our Distribution

- Demonstrating one's commitment to a strong compliance culture has long been an arduous and impossible process. I know, I have supported the compliance efforts of many of the worlds leading asset mangers. Investors, regulators and others look for evidence that the Adviser has a strong commitment to compliance. My firm created an objective and independent way to measure an Adviser's commitment to compliance.
- No one will dispute the idea that strong compliance cultures require a true team effort. Think about the roles played by investment staff, investment operations, fund accountants, tax, investor relations and technology and the service providers in developing and delivery to Compliance the data they need to file.
- In fact, today's successful CCO needs to have a strong blend of technical and interpersonal skills to lead and manage the complicated effort required to meet their firm's regulatory requirements.

Why Quality Matters

- The SEC, and more frequently investors, look for Advisers that demonstrate a commitment to regulatory compliance.
- And litigators for investor plaintiffs look for inconsistent practices to support their lawsuits.
- Convergence's ADV Analyzer is one way that Advisers can demonstrate their commitment to a strong compliance culture.
- The analysis, and any actions taken as a result, is an independent and verifiable piece of empirical evidence that can be offered to regulators and investors to demonstrate your commitment to regulatory compliance.
- It will differentiate you among other Advisers when marketing your funds.
- It will differentiate you during “routine or sweep based exams” that are conducted by the SEC.

2019 Quality Results and Call To Action

Convergence's 2019 Overall Form ADV Quality Results by Peer Group

Category	# Filers	Left Tail	Middle	Right Tail	% Left	% Middle	% Right	Perfect Scores	% Perfect Scores
Non-Exempt w/ Funds	3,782	621	2,656	505	16%	70%	13%	85	2.25%
Non-Exempt No Funds	7,048	1,418	3,958	1,672	20%	56%	24%	18	0.26%
Exempt w/ Funds	2,233	648	1,441	144	29%	65%	6%	1	0.04%
Exempt No Funds	179	20	129	30	11%	72%	17%	0	0.00%
Total Filers	13,242	2,707	8,184	2,351	20%	62%	18%	104	0.79%

Three Steps to improving your Form ADV Quality Results.....

1. Determine your Quality Score – Call or email Adam Safi at Convergence
2. Understand the areas that can be improved (Accuracy, Consistency, Frequency)
3. Work with your colleagues on the specific actions need to improve your score

Meaning of Peer Groups

- **There are 4 Convergence Peer Groups.**
 1. Non-Exempt Filers with Private Funds
 2. Non-Exempt Filers without Private Funds
 3. Exempt Filers with Private Funds
 4. Exempt Filers without Private Funds
- **We score Advisors within each peer group to properly benchmark and compare their results.**
- **The number of tests by peer group differ, please see the number of tests by group below:**

1. Non-Exempt Filers with Private Funds	75 tests
2. Non-Exempt Filers without Private Funds	62 tests
3. Exempt Filers with Private Funds	52 tests
4. Exempt Filers without Private Funds	44 tests
- **We test the accuracy, consistency, and frequency of each Advisors Annual and Interim Filings to create a statistical comparison of all Advisor scores:**
 - Left-Tail: Advisor Score is lower than 85% of their Peer Group Scores
 - Right-Tail: Advisor Score is higher than 85% of their Peer Group Scores
 - Middle: Advisor Score is consistent with 68% of their Peer Group Scores (Within 1 STDEV of the Peer Group Mean)

2019 Perfect Scores - Non-Exempt Filers with Private Funds

Filer Leagal Name	Filer Leagal Name	Filer Leagal Name
ACCIPITER CAPITAL MANAGEMENT, LLC	EMINENCE CAPITAL, LP	PETROCAP, LLC
AETHER INVESTMENT PARTNERS, LLC	FIREFLY VALUE PARTNERS, LP	PHARMAKON ADVISORS, LP
ALTA FUNDAMENTAL ADVISERS LLC	FIREMAN CAPITAL PARTNERS LLC	PROVIDENCE EQUITY CAPITAL MARKETS L.L.C.
ALTERNA CAPITAL PARTNERS LLC	FORESTER CAPITAL, L.L.C.	RCP ADVISORS 2, LLC
ARETEX CAPITAL MANAGEMENT, LP	GALLANT CAPITAL PARTNERS LLC	RED CEDAR MANAGEMENT, LP
ARROWSTREET CAPITAL, LIMITED PARTNERSHIP	GILEAD CAPITAL LP	ROSE GROVE CAPITAL MANAGEMENT, LLC
ASCENSION INVESTMENT MANAGEMENT, LLC	GLAZER CAPITAL, LLC.	ROTHSCHILD & CO ASSET MANAGEMENT US INC.
BEAR CREEK ASSET MANAGEMENT, LLC	GOODNOW INVESTMENT GROUP LLC	SACHEM HEAD CAPITAL MANAGEMENT LP
BENGAL ASSET MANAGEMENT, LLC	INSIGHT VENTURE MANAGEMENT, LLC	SAPPHIRE VENTURES, LLC
BLACKSTONE STRATEGIC CAPITAL ADVISORS, L.L.C.	INVESTCORP CREDIT MANAGEMENT US LLC	SCION ASSET MANAGEMENT, LLC
BREAKAWAY CAPITAL MANAGEMENT HOLDINGS, LLC	JANA PARTNERS LLC	SELKIRK MANAGEMENT, LLC
BRIDGEWATER ASSOCIATES, LP	KCL CAPITAL, L.P.	SHERPACAPITAL, LLC
CASPIAN CAPITAL, LP	KEYSTONE NATIONAL GROUP, LLC	SPP MANAGEMENT SERVICES, LLC
CEDAR ROCK CAPITAL LIMITED	LANX MANAGEMENT, LLC	STELLAR CAPITAL MANAGEMENT LLC
CHICAGO EQUITY PARTNERS LLC	LINDEN ADVISORS LP	SUN CAPITAL ADVISORS, INC.
CHI-RHO FINANCIAL, LLC	LINDEN MANAGER LLC	SYSTEMATICA INVESTMENTS LIMITED
CKC CAPITAL LLC	MARTIS CAPITAL MANAGEMENT, LLC	THAYER STREET PARTNERS MANAGEMENT, LLC
CLARION CAPITAL PARTNERS, LLC	MARVIN & PALMER ASSOCIATES	TIGER IRON CAPITAL, LLC
COLONY CAPITAL INVESTMENT ADVISORS, LLC	MORGAN RIO CAPITAL MANAGEMENT, LLC	TISHMAN SPEYER PROPERTIES, L.P.
CONTENT PARTNERS LLC	MPA CAPITAL MANAGEMENT LLC	TSG CONSUMER PARTNERS LLC
CORDILLERA INVESTMENT PARTNERS, L.P.	NARWHAL CAPITAL MANAGEMENT, LLC	TURNING ROCK PARTNERS, L.P.
CORRE PARTNERS MANAGEMENT, LLC	NEW 2ND CAPITAL ADVISORS, L.P.	TWO SIGMA VENTURES, LP
COURY FIRM ASSET MANAGEMENT LLC	NFC INVESTMENTS, LLC	VINCI PARTNERS USA LLC
CRAWFORD LAKE CAPITAL MANAGEMENT, LLC	NUWA VE INVESTMENT MANAGEMENT, LLC	VIS ADVISORS, LP
DUKE FUNDING MANAGEMENT, L.L.C.	OLD BELLOWS PARTNERS L.P.	WL ROSS & CO. LLC
EIDELMAN VIRANT CAPITAL	OLD IRONSIDES ENERGY, LLC	WYNNCHURCH CAPITAL, L.P.
EIG MANAGEMENT COMPANY, LLC	ONEX PARTNERS MANAGER LP	ZWEIG-DIMENNA ASSOCIATES LLC
ELEMENT CAPITAL MANAGEMENT LLC	ORIGAMI CAPITAL PARTNERS, LLC	
ELEVAGE PARTNERS, LLC	PENNANT CAPITAL MANAGEMENT, LLC	

2019 Compliance Honor Role - Non-Exempt Filers w/Private Funds

Filer Legal Name
ATLAS CAPITAL MANAGEMENT CORP
BXMT ADVISORS L.L.C.
CHECK CAPITAL MANAGEMENT INC
CLNC MANAGER, LLC
COLTER LEWIS INVESTMENT PARTNERS LLC
CUMBERLAND INVESTMENT COUNSEL INC.
GBS FINANCE, LLC
KARAMAAN GROUP LLC
KA FUND ADVISORS, LLC
LUGANO FINANCIAL ADVISORS S.A.
MCCLAIN VALUE MANAGEMENT, LLC
MENDON CAPITAL ADVISORS CORP
CNI RECF ADVISORS, LLC
OVATION PARTNERS, LP
PHOCAS FINANCIAL CORPORATION
SUNRISE CAPITAL PARTNERS LLC
TERRA INCOME ADVISORS, LLC
WOLFF WIESE MAGANA LLC

2019 Compliance Honor Role - Exempt w/ Private Funds

Filer Legal Name

ONE EAST CAPITAL ADVISORS, L.P.

2019 Compliance Honor Role – Exempt w/o Private Funds

There were no Advisers in the Category **Exempt No Private Funds** that received a perfect score from Convergence on their annual ADV filing. If you firm falls in this category, please contact Convergence and we will provide you with the information needed to improve your score.

Disclaimer

“Convergence’s 2019 Compliance Form ADV Perfect Score Advisers™” is provided for informational and educational purposes only. This report is made available for the public good and the insights and comments contained herein (the “information”) are based on data obtained on the relevant subject from regulatory filings and other third-party sources, unless otherwise specified. While Convergence takes steps to verify the accuracy and completeness of the information used, it makes no representation or warranty as to the accuracy of its sources. This report does not constitute, nor should it be used to form, an opinion on the quality of the Adviser’s control environment. In addition, recipients are not to construe this report as legal, financial or tax advice.

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Company Leadership



John Phinney, Chairman and Co-President

Career History

- ❖ Apollo Global Management-Fund Group: CFO/COO, Rohatyn Group: CFO/COO, JPMorgan [Various Divisions]: CFO, Fidelity Alternative Investments: Director of Operations
jphinney@convergenceinc.com



Eileen Cleary, President, Convergence Talent Management

Career History

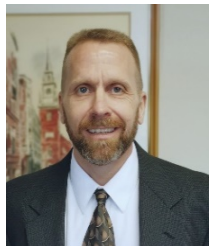
- ❖ Executive Management Consultant, Atlas Data: Chief Executive Officer and Co-founder, J. & W. Seligman & Co. Incorporated: V.P. Human Resources, UJB-Financial: V.P. Employee Benefits
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George Gainer, CPA Global Head – Client Management

Career History

- ❖ Gravitas: Finance & Business Performance Analyst, Apollo [through Gravitas]: Business Analysis & Reporting, Iron Mountain: Acquisition Accounting Manager, KPMG: Transaction Services Manager, Deloitte: Audit Senior Staff
ggainer@convergenceinc.com



John Pethtel, Chief Technology Officer

Career History

- ❖ Bank of America – Head of Global Equities Reference Data and Client Delivery, Merrill Lynch: Portfolio Risk Analytics Technology Head, ITG: Senior Product Manager Market and Reference Data, Nicholas Applegate: Market and Reference Data Head
jpethtel@convergenceinc.com



George Evans, Co-President

Career History

- ❖ Gladstone Associates: Managing Director, GlobeOp Financial, Outsource Partners International, BISYS Financial Services: Global Head of Business Development, JPMorgan Investor Services: Senior Vice President, The Prudential: Assistant Treasurer
gevans@convergenceinc.com



James Kelly, Senior Managing Director-Institutional Investors

Career History

- ❖ Citibank-Head Capital Introduction (Americas), Morgan Stanley-Head Capital Introduction (Americas), Texas Alternative Investment Association-Advisory Board, Bear Stearns-Managing Director of Transition Management, NYSE-Floor Official and Member Judiciary Hearing Panel
jkelly@convergenceinc.com



Vidya Minukuri, Global Head of Data Science & Research

Career History

- ❖ Tata Consultancy Services: Assistant Business Consultant & Project Manager, British Telecom [through TCS]: Lead Business Analyst & Solution Architect, Ericsson [through TCS] : IT Systems Engineer and IT development team leader
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