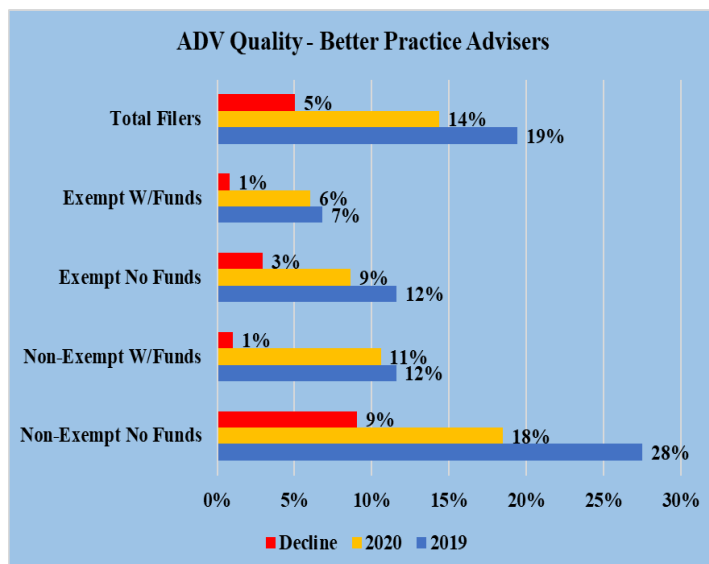




CONVERGENCE

OPTIMAL PERFORMANCE

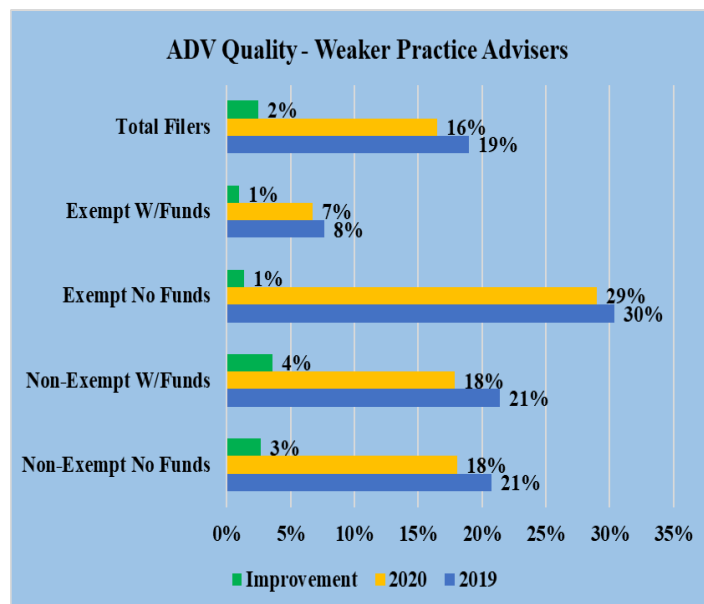
2020 Form ADV Filing Quality – Year in Review Report #1 - A Tough Year for Advisers



Better Practice Quality Peer Group - 748 fewer Advisers earned “best practice” quality scores in 2020, a decline of 5-points, to 14% of all Advisers scored.

- Non-Exempt and Exempt filers Advisers disclosing private funds experienced the lowest quality declines
- Non-Exempt and Exempt filers without private funds experienced the largest quality declines

This indicates that Advisers with private funds have stronger compliance functions than those that do not. Since advising private funds introduces greater compliance complexity, do they hire more seasoned CCOs and have better infrastructure?



Weaker Practices Quality Peer Group – 385 fewer Advisers earned a “weaker practice” quality scores in 2020, an improvement of 3-points, to 16% of all Advisers scored.

- Non-Exempt Advisers with and without private funds improved by 3-points each, showing the most improvement
- Exempt Advisers with and without private funds improved by 1-point, showing the least amount of improvement

This indicates Non-Exempt Advisers have stronger compliance functions than Exempt Advisers. Non-Exempt Advisers are larger and more complex than Exempt Advisers, so do they hire more seasoned CCOs and have better infrastructure?

Contact John Phinney at jphinney@convergenceinc.com for additional insights.