



CONVERGENCE

OPTIMAL PERFORMANCE

AUDIT FIRM INDEPENDENCE SUPPORT SERVICES

Objectives of the Service

- Reduce non-revenue generating hours focused on SEC independence-oriented tasks
- Increase independence from audit clients
- Enhance the quality of the independence process
- Enhance training on maintaining independence from clients

Description of Service

- Convergence works with the Audit Firm's Independence, Quality, Risk and Client teams to ensure that the Audit Firm meets the SEC's Independence Regulation under S-X 2-01.

Description of our Methods

- Convergence uses RPA¹ and data science techniques to identify and validate potential SEC Independence issues related to 1) Mutual Fund and ETF holdings and 2) Investment Company Complexes (ICC).
- Convergence develops custom analytics that help you monitor potential SEC Independence issues.

Success Measures

- Reduction of time spent on gathering Independence-related data.
- Identification and timely reporting of potential SEC independence issues.
- Reduction of instances where the Audit Firm may be exposed to regulatory matters due to independence issues.

Please contact George Gainer at 856-287-1681 for more information

¹ RPA – Robotic process automation (RPA), also known as software robotics, uses automation technologies to mimic back-office tasks of human workers, such as extracting data, filling in forms, moving files, et cetera.



Form N-CEN Analytics

Convergence monitors Form N-CEN filings to identify changes in a Mutual Fund or ETFs' "Diversification" disclosure.

Baseline Identification

- Convergence uses RPA and data science techniques to identify and validate the "Diversification" disclosures made by Mutual Funds and ETFs in their N-CEN filings.
- Our testing reveals an 18+% error rate for funds that disclose being "Diversified," but our testing validates they should be "Non-Diversified."

Ongoing Monitoring

- We refresh the model and monitor the "baseline" for changes on a monthly basis.
- We "push" those changes to you.
- Convergence can also develop client-specific custom analytics. Examples include:
 - Alerting you to late Form N-CEN filings.
 - Alerting you to funds that are approaching "Non-Diversification" status based on thresholds established by you.

Reporting

- We provide periodic reporting on trends in the filing quality and diversification disclosures within Form N-CEN filings. Includes an allowance of 10 hours of custom analysis provided.

Benefit

- The automated processing scale of our platform:
 - Eliminates manual errors
 - Lowers the cost of monitoring
 - Identifies exceptions
 - Increases your capacity to manage them.



Investment Company Complex (ICC) Analytics

Convergence identifies and monitors ICCs so Audit Firms can determine whether potential independence issues exist based on the services they provide to affiliated entities within an ICC.

Baseline Identification

- Convergence uses RPA and data science techniques to identify affiliated entities and map those entities to a Unique Manager Group (UMG), a Convergence-created proxy for an ICC.
- Affiliated entities include investment advisers, financial industry affiliates, registered funds, private funds, special purpose acquisition vehicles (SPACs), general partners to funds, financial industry affiliates and operating companies owned by private funds.
- The baseline analysis includes your existing clients. New clients and prospects can be added upon request.

Ongoing Monitoring

- We refresh the model and monitor the “baseline” for changes on a monthly basis.
- We “push” those changes to you.

Reporting

- We provide periodic reporting on trends in ICCs and potential independence issues related to ICCs. Includes an allowance of 10 hours of custom analysis provided.

Benefit

- The automated processing scale of our platform:
 - Eliminates manual errors
 - Lowers the cost of monitoring
 - Identifies exceptions
 - Increases your capacity to manage them.