

2022
ANNUAL
REVIEW

The Independent Directors Council (IDC) is the premier resource dedicated to independent directors who serve on the boards of mutual funds, exchange-traded funds, closed-end funds, and other investment companies. Through its mission focused on education, engagement, advocacy, and public understanding, IDC promotes excellence in fund governance for the benefit of funds and their shareholders. IDC is part of the Investment Company Institute (ICI), the leading association representing regulated investment funds globally. IDC's activities are overseen by a Governing Council of independent directors of ICI member funds and are supported by dedicated IDC staff.

IN THE UNITED STATES,

1,628

INDEPENDENT DIRECTORS...*

OVERSEE MORE THAN

11,000

REGISTERED FUNDS...**

WITH

\$29.2 TRILLION

IN ASSETS...**

AND REPRESENT THE INTERESTS OF MORE THAN

100 MILLION

SHAREHOLDERS

* Data for ICI member funds are as of December 2022.

** Data exclude unit investment trusts. Data for mutual funds and exchange-traded funds are as of November 2022. Data for closed-end funds are as of September 2022.

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Letter from the

IDC GOVERNING COUNCIL CHAIR



CYNTHIA R. PLOUCHÉ
Chair, IDC Governing Council

“IDC strengthens connections among fund independent directors while creating opportunities for more diversity and inclusion in our ranks.”

It is an honor to serve as Chair of the IDC Governing Council. I valued the opportunity to see many of you at IDC’s October conference in Chicago and look forward to building upon that momentum in the year ahead.

Without doubt, it’s a turbulent time to be a board member. New challenges, including an aggressive regulatory agenda and volatile market conditions, have kept even the most seasoned independent directors on our toes. Rather than hoping for easier times ahead, fund independent directors and IDC are prepared to meet whatever comes next.

One of the powerful tools we have to meet these challenges is our connection with each other. The strength of IDC is its ability to convene members and draw upon our collective experience, knowledge, and judgment. This connection holds together the four pillars of IDC’s mission: education, engagement, advocacy, and public understanding. While every individual director has a role to play, together we are greater than the sum of our parts.

With the speed and complexity of new rules governing our industry, staying informed is more important than ever. IDC designs its education programs to keep you up to date on the latest trends and issues as they arise. The conversations on these topics within the director community are instrumental in building IDC’s voice with policymakers.

IDC strengthens connections among fund independent directors while creating opportunities for more diversity and inclusion in our ranks. We’ve made great strides with initiatives like the Director Network database to help fund boards find diverse candidates and our partnership with the Robert Toigo Foundation to help diverse professionals learn about fund boards and the role of independent directors. Attracting candidates with different backgrounds is vital. Our representation of shareholders is enhanced with varied perspectives in the boardroom.

Like many of you, I view my involvement with IDC as an opportunity to be even more engaged in the industry and its leadership. We appreciate every time you share your perspective, participate in an IDC event, or take the time to engage with others in the director community. You make us stronger when you share your voice.

Together with IDC, we can find opportunities in challenging times and make ourselves better practitioners and more savvy participants in vital conversations. I look forward to working with you to strengthen the independent director community and better serve fund shareholders.

Letter from the

IDC MANAGING DIRECTOR



THOMAS T. KIM
Managing Director
Independent Directors Council

Year 2022 ended quite differently from how it began. Persistent inflation, volatility in the capital markets, and geopolitical conflict in Eastern Europe—all seemed more nascent at the beginning of the year.

Periodic snapshots, of course, cannot tell the full story. What happens in between the snapshots matters, as those events can show cause and effect, strategy and action.

At the Independent Directors Council, we continued to shape our own narrative in between the bookends. As the context in which we advance our mission continued to evolve, we took affirmative steps to deliver value to independent directors.

Our transition from virtual-only to hybrid and in-person events culminated in IDC's first Chicago Fund Directors Conference in three years. But well before the successful conference in October, we took active steps to host smaller gatherings, multi-site chapter meetings, and educational events that built on one another. Our intentional, thoughtful approach enabled us to learn and execute with success during this past year.

Likewise, we calibrated our educational content to the needs of fund directors. The webinars we hosted last year—essentially one every other month—tackled issues that are relevant for fund boards. And our Speakers Series event featuring Roger Ferguson, interviewed by Governing Council Chair Cynthia Plouché, presented key takeaways for these tumultuous times. Our library of content is shaped by what's top of mind for independent

directors. That feedback loop will continue in order to maintain the top-flight quality and relevance of our programming.

Perhaps the most significant change for IDC during the past year has been the pace and breadth of rulemaking from the SEC. The large swath of proposals emerging on the public policy front have required us to review, analyze, and weigh in from the independent director perspective on a much larger scale. Some proposals have the potential to fundamentally transform the industry in a manner that would be detrimental to shareholders.

Our mission statement provides that IDC will advocate for public policies from the independent director perspective in support of fund shareholders. Where we see the potential for considerable harm to shareholders, we are compelled to weigh in without hesitation, representing the unique perspective of fund independent directors in service to shareholders.

Much has happened in 2022. And we expect no less in 2023. IDC will continue to execute on our mission—innovating where there's opportunity and adapting to both small and seismic changes—in order to steadfastly serve the fund director community. This will continue to define our narrative in the year ahead.

“At the Independent Directors Council, we continued to shape our own narrative in between the bookends.”

Education

DEVELOPING EXPERTISE AND EXCELLENCE

As the industry continued to evolve in 2022, IDC provided opportunities both in-person and virtually for fund independent directors to connect with one another and build their skills. IDC's programming delivers the latest insights from experts, preparing independent directors for deliberations in the boardroom.

The Power of Connection

Held in Washington, DC, the annual Fund Directors Workshop provided a welcome return to in-person networking and peer-to-peer discussions. Sessions at the event included the evolution of fund governance and the future of fund boards in the modern age, and a primer on SMAs, CITs, and other investment products.

IDC's Fund Directors Conference, held in Chicago, featured a conversation between IDC Managing Director Thomas Kim and William Birdthistle, Director of the Securities and Exchange Commission's (SEC) Division of Investment Management, who provided his view of the SEC's regulatory agenda and candid thoughts on the industry. Other sessions included a panel discussion on director oversight of distribution arrangements, and market insights on how inflation

and volatility are impacting capital markets and various asset classes. In another popular session, participants heard tips from two dynamic UC Berkeley neuroscientists on how independent directors can optimize productivity and maintain focus and resilience.

The Latest Insights

In addition to conference sessions, IDC held webinars on a range of topics to keep the independent director community informed on new regulatory developments and industry trends. For example, a webinar on cybersecurity risk management included an expert from the National Security Agency and addressed topics such as risk mitigation strategies, third party reviews, and threat detection and data loss prevention tools. Other IDC webinars addressed board oversight of

proxy voting, board responsibilities for business development companies, and implementation of the SEC's valuation rule. As the SEC issued its proposal on mandatory swing pricing, hard close, and liquidity risk management near year-end, IDC hosted a critically important webinar that provided an overview of the proposal and the detrimental impacts that it would have on shareholders.

Through its Speakers Series, IDC offered directors insights on the state of the economy and the future

of the financial services industry from former Vice Chairman of the Federal Reserve and former TIAA President and CEO Roger Ferguson. As the only Governor at the Fed in Washington, DC on 9/11, he reflected on the response to keep the Fed open, provide liquidity to backstop banks, and send cash to ATMs. Mr. Ferguson also shared his views on effective leadership and the important oversight role of fund independent directors.

IDC's *Foundations for Fund Directors*® gives newer directors the skills and a sound base of knowledge necessary to serve as stewards of shareholders' interests. IDC held two sessions in March and June, each featuring live instruction, case studies, and group discussions to develop participants' knowledge and skills regarding the fund industry, the structure and regulation of funds, fund governance principles, and fund directors' oversight responsibilities.



Participants in the *Foundations*® program at the IDC offices in June 2022.

Engagement

FOSTERING THE DIRECTOR COMMUNITY

A core strength of IDC is its ability to bring fund directors together, share ideas, and provide directors with the tools to be more effective in the boardroom. This ability to convene the independent director community was even more important when the pandemic changed the way people connect.

IDC hosts meetings to give specific segments of the director community a forum tailored to their respective board roles. By offering substantive, peer-to-peer exchange opportunities, IDC's industry segment meetings have gained even greater popularity since the beginning of the pandemic.

Popular industry segments include audit committee chairs, board leaders, and governance committee chairs. Additionally, our segment focused on directors at small fund complexes provides practical insights to that core constituency. New in 2022, IDC launched segments for directors of business development companies and newer directors who have served on fund boards for approximately three years or less.

Having successfully hosted virtual roundtable gatherings in 2020 and 2021, IDC pivoted back to in-person regional chapter meetings in 2022. IDC held one such meeting in three concurrent cities: Charlotte, Chicago, and San Francisco. The meetings leveraged state-of-the-art technology to facilitate simultaneous interactions. At these meetings, as well as at the regional chapter meetings in Southern California, Boston, Washington, DC, and New York, fund directors engaged in informal discussions about issues affecting the role of directors and the fund industry at large.

Cynthia Plouché interviews Jim McDonald, Chief Investment Strategist, Northern Trust Asset Management, on the state of the capital markets and the economy at the IDC Fund Directors Conference in Chicago.



Independent director Karla Rabusch moderates a session with senior industry leaders Kristi Slavin (Brighthouse) and Andrew Owen (Allspring) at the Fund Directors Conference.

Independent director Pamela Carlton moderates an investment product-focused panel with Neil Bathon (FUZE Research) and David Blass (Simpson, Thacher & Bartlett) at the Fund Directors Workshop in Washington, DC.



IDC Managing Director Thomas Kim kicks off the Fund Directors Conference.

Advocacy

ADVANCING THE DIRECTOR PERSPECTIVE

In 2022, the fund industry saw one of the most aggressive regulatory agendas in recent history with proposals on cybersecurity risk management, money market fund reform, the fund names rule, and treating information providers with the same regulatory framework as investment advisers, to name a few. IDC responded and submitted comment letters addressing the proposals through the lens of fund independent directors.

This work will continue as the SEC's regulatory agenda shows no signs of slowing. In December, IDC hosted a widely attended and well received webinar about the detrimental impact that the SEC's proposal on swing pricing and hard close would have on shareholders. IDC will raise these and other concerns with the SEC in its comment letter.

Cybersecurity Risk Management

In its comment letter, IDC supported director oversight of fund cybersecurity preparedness and resilience, but noted the SEC's proposal on cybersecurity risk management lacked flexibility in implementation for fund boards. IDC also pointed out that it could have a disproportionate impact on small funds with limited resources to comply with cost-prohibitive rules and procedures.

Money Market Fund Reforms

While IDC agreed with some portions of the SEC's proposal on money market fund reforms, such as eliminating the framework on the imposition of liquidity fees and gates, the overall rule proposal is problematic. IDC expressed serious concerns regarding the swing pricing requirement, as well as its approach to addressing negative interest rate environments, both of which would alter essential characteristics of money market funds. As a result, the proposal would have debilitating impacts on both investors and money market funds.

Investment Company Names Rule

IDC questioned the need for an SEC proposal that would impose onerous requirements on how funds are named. IDC raised concerns that the proposal would mandate a continuous testing regime that limits the circumstances under which a fund can temporarily depart from certain investment policies, potentially forcing the sale of securities at inopportune times. IDC also highlighted the collateral consequences of the proposal that may diminish the value of fund names without providing meaningful benefit to shareholders.

Information Provider Request for Comment

IDC expressed concerns about a proposal that would treat information providers as investment advisers under the Investment Company Act. IDC argued that this

provision could subject providers to the same scrutiny that is reserved for the adviser managing the fund and its distributor, among other unintended consequences. Fund boards should be allowed to continue to exercise their business judgment in evaluating service providers.

Outsourcing by Investment Advisers

IDC questioned the need for the SEC proposal, noting that the proposed due diligence and monitoring obligations for investment advisers overlap with elements of the board's oversight role. IDC also pointed out that the SEC acknowledged that it does not have the information necessary to quantify the economic effects of the proposed rule. In IDC's view, the proposed prescriptive mandates do not justify the costs that may ultimately be borne by investors.



IDC Managing Director Thomas Kim interviews William Birdthistle, Director of the SEC's Division of Investment Management, at the IDC Fund Directors Conference in Chicago.

Public Understanding

COMMUNICATING THE VITAL ROLE OF DIRECTORS

With more than 100 million fund shareholders in the US, promoting public understanding of the role of fund independent directors is a key component of IDC's mission. Through publications, comment letters, studies, programming, and explanatory materials, IDC informs the public about the vital independent oversight they provide to mutual funds, ETFs, closed-end funds, and other registered investment companies.

The role of fund independent directors is unique. As fiduciaries, fund independent directors look after the interests of the fund and its shareholders. And as overseers of highly regulated entities, independent directors fulfill a wide range of duties as prescribed by the governing statute and the SEC. This includes overseeing the services provided by advisers and other service providers under their respective contracts, monitoring potential conflicts of interest, and overseeing the management and operations of the fund. IDC highlights the value of independent oversight of funds through regular outreach to policymakers, the media, industry professionals, and other stakeholders.

Over the past year, IDC continued its efforts to promote diversity and inclusion on fund boards. In recognition of the importance of adding diverse perspectives in fund boardrooms, IDC launched a database in partnership with Diligent Corporation. The database empowers boards of mutual funds, exchange-traded funds, and other registered funds to post open board positions and search for diverse candidates, and offers diverse, board-ready candidates the opportunity to learn about fund board positions.

Additional efforts to promote diversity and inclusion on fund boards included outreach to board-ready potential candidates who may not otherwise be familiar with the role of fund directors. To that end, IDC developed a webinar for alumni of the Robert Toigo Foundation, a not-for-profit organization that identifies and supports promising diverse talent in the financial services industry, to introduce them to the role of fund independent directors. IDC also launched a pilot program, *IDC Connections*, to match board-ready potential candidates with seasoned fund independent directors who can offer guidance and advice.

IDC Fund Director Candidate Database Within the Diligent Director Network

Built through a partnership with Diligent, the fund director candidate database within the Director Network is a database designed to help boards of mutual funds, exchange-traded funds (ETFs), and other registered funds find diverse, board-ready candidates. Director Network is complimentary for the IDC community.

Search for Candidates

Fund boards can utilize candidate search capabilities to find and recruit diverse talent and create meaningful change from the top.

Post Open Board Positions

Fund boards can share open positions to attract interest.

Create a Candidate Profile

Board fund candidates may use Director Network to create a profile.

Support the Next Generation of Rising Stars

Refer someone to be included in Director Network so they can be considered for future opportunities.



TOIGO
presents

Introduction to Fund Boards

IN PARTNERSHIP WITH

IDC Independent Directors Council

Explore the unique features of the registered fund industry, the role of boards that oversee registered funds, and the core attributes and skills of fund independent directors.

DIRECTORSHIP & DEI

Tuesday, March 15, 2022
VIRTUAL EVENT | Time 3:00 – 4:00 PM EASTERN

FEATURED SPEAKERS (CONFIRMED TO DATE)



Kathie Barr

Independent Director
William Blair Funds
Professionally Managed Portfolios



Cynthia Plouché

Independent Director
Northern Funds/
Northern Institutional Funds



With Introductory Remarks by
Thomas Kim
Managing Director
Independent Directors Council

GOVERNING COUNCIL MEMBERS

As of December 31, 2022

Chair

Cynthia R. Plouché*

Independent Director, Northern Trust Funds/Northern Trust Institutional Funds and MassMutual Funds

Chair Emeritus

Kathleen T. Barr*

Independent Director, William Blair Funds and Professionally Managed Portfolios

Governing Council

John E. Baumgardner, Jr.

Independent Director, Pioneer Funds

John V. Boyer

Independent Director, Voya Funds

Donald C. Burke

Independent Director, Duff & Phelps Funds and Virtus Funds

Pamela G. Carlton

Independent Director, Columbia Funds

Gale K. Caruso*

Independent Director, Matthews Asia Funds and Pacific Life Funds

Robert Chersi

Independent Director, Thrivent Funds

Susan C. Côté

Independent Director, SEI Funds

William R. Ebsworth*

Independent Director, Allspring Funds

Michael A. Forrester

Independent Director, TIAA-CREF Funds

George J. Gorman

Independent Director, Eaton Vance Funds

Cecilia H. Herbert

Independent Director, iShares Funds

Mary Davis Holt

Independent Director, American Funds

Cynthia Hostetler*

Independent Director, Invesco Funds

Kym M. Hubbard

Independent Director, PIMCO Funds

Peter Jones

Independent Director, MFS Funds

Patricia Louie

Independent Director, Oakmark Funds

Mary Martinez

Independent Director, JPMorgan Funds & ETFs

Eric T. McKissack

Independent Director, FlexShares Trust and Morgan Stanley Pathway Funds

Margaret (Peg) McLaughlin

Independent Director, SSGA Funds

Garry L. Moody*

Independent Director, AB Funds

Joanne Pace

Independent Director, Invesco ETF Trusts

Steven J. Paggioli*

Independent Director, AMG Funds and Professionally Managed Portfolios

Karla M. Rabusch*

Independent Director, Lord Abbett Funds

Gregory A. Ratliff

Independent Director, Domini Funds

Ronald E. Toupin, Jr.*

Independent Director, Guggenheim Funds

Dawn M. Vroegop*

Independent Director, Bighthouse Funds and Driehaus Funds

Gregory D. Weaver

Independent Director, Goldman Sachs Trust

*Also a member of ICI's Board of Governors

IDC STAFF



Thomas T. Kim
Managing Director

Thomas T. Kim joined IDC in 2019 to lead its work in advancing the education, governance, communication, and public policy priorities of independent directors on the boards of regulated investment companies. Before joining IDC, Tom served as senior vice president at the Mortgage Bankers Association, where he led strategy, public policy, governance, and member engagement across the organization's commercial real estate finance membership. Earlier in his career, he served as associate counsel in ICI's law department. He received his BA from the University of California, Irvine; his JD from the UCLA School of Law, where he served as a Law Review editor; and his LLM, with distinction, from the Georgetown University Law Center.



Nicole A. Baker
Associate Counsel

Nicole A. Baker joined IDC as associate counsel in 2021. Before joining IDC, she was counsel to the Certified Financial Planner Board of Standards (CFP Board), where she worked with industry participants to develop guidance and educational resources for certified financial planners and conducted related compliance reviews. Before joining CFP Board, Nicole was a partner in the securities compliance, enforcement, and litigation group at K&L Gates LLP. She is a graduate of the University of Pennsylvania and the George Washington University Law School.



Lisa C. Hamman
Associate Managing Director

Before joining IDC in 2004, Lisa Hamman worked at Morgan, Lewis & Bockius LLP, counseling investment advisers and investment companies, and their boards of directors or trustees, on federal regulatory matters. Lisa began her fund industry career in the legal department at Fidelity Investments. She is a graduate of the University of Michigan and Suffolk University Law School.



Scott Wilson
Director, Programs and Engagement

Scott E. Wilson joined IDC as Director of Programming and Engagement in 2022. Before joining IDC, he was the Director of Strategic Initiatives for the Global Payroll Management Institute and the American Payroll Association. Scott has two decades of experience working with nonprofits to increase engagement, program impact and growth, and community reach. He received his bachelor's degrees from SUNY Brockport in International Business and Spanish, and a master's degree in International Commerce and Policy from George Mason University.



Paul Mussoni
Administrative Assistant

Paul Mussoni joined IDC in 2018 after providing support to various ICI departments, including law and operations. Paul attended the University of Delaware, where he received a bachelor's degree in political science, and American University, where he received a master's degree in international affairs.

2022 ACTIVITIES

Conferences

- » Fund Directors Workshop, May 25–26
- » Fund Directors Conference, October 24–26

Foundations for Fund Directors[®]

- » Virtual Session, March 1–2
- » Washington, DC, June 13–14

Chapter Meetings

- » Palm Desert, March 30
- » Charlotte, May 12
- » Chicago, May 12
- » San Francisco, May 12
- » Southern California, September 15
- » Boston, October 4
- » Washington, DC, October 6
- » New York, November 16

Industry Segment Meetings

- » Audit Committee Chairs (March, June, October*)
- » Directors of BDCs (November)
- » Board Leaders (February, June, October*)
- » Directors of ETFs (March, June, October)
- » Directors at Small Fund Complexes (March, June, November)
- » Governance Committee Chairs (March, June, October*)
- » New Directors (April)

Webinars

- » Proxy Voting: Fund Board Oversight and Recent Developments, February 7
- » Fund Board Perspective: Implementation of the Valuation Rule, February 24
- » BDC Board Oversight: A Deep Dive into Valuation, March 18
- » Litigation and Enforcement Update: What Fund Directors Need to Know, May 3
- » Cybersecurity for Fund Boards: The Current Landscape, June 9
- » Spotlight on the SEC's Swing Pricing and Hard Close Proposals, December 14

Speaker Series

- » A Conversation with Roger Ferguson, October 3

Comment Letters

- » Cybersecurity Risk Management Rule, April 11
- » Money Market Fund Reforms, April 11
- » Investment Company Names Rule, August 16
- » Information Provider Request for Comment, August 16
- » Outsourcing by Investment Advisers, December 27

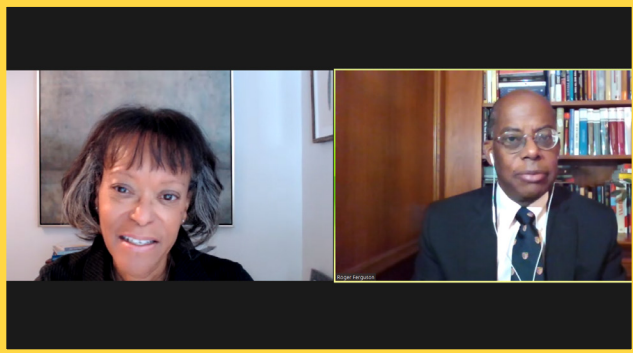
Other Programs

- » Diligent Director Network
- » IDC Connections

*held at IDC's Fund Directors Conference



Members of the IDC Governing Council and Staff in Chicago.



Cynthia Plouché interviews former Federal Reserve Vice Chairman Roger Ferguson for IDC's Speaker Series event.

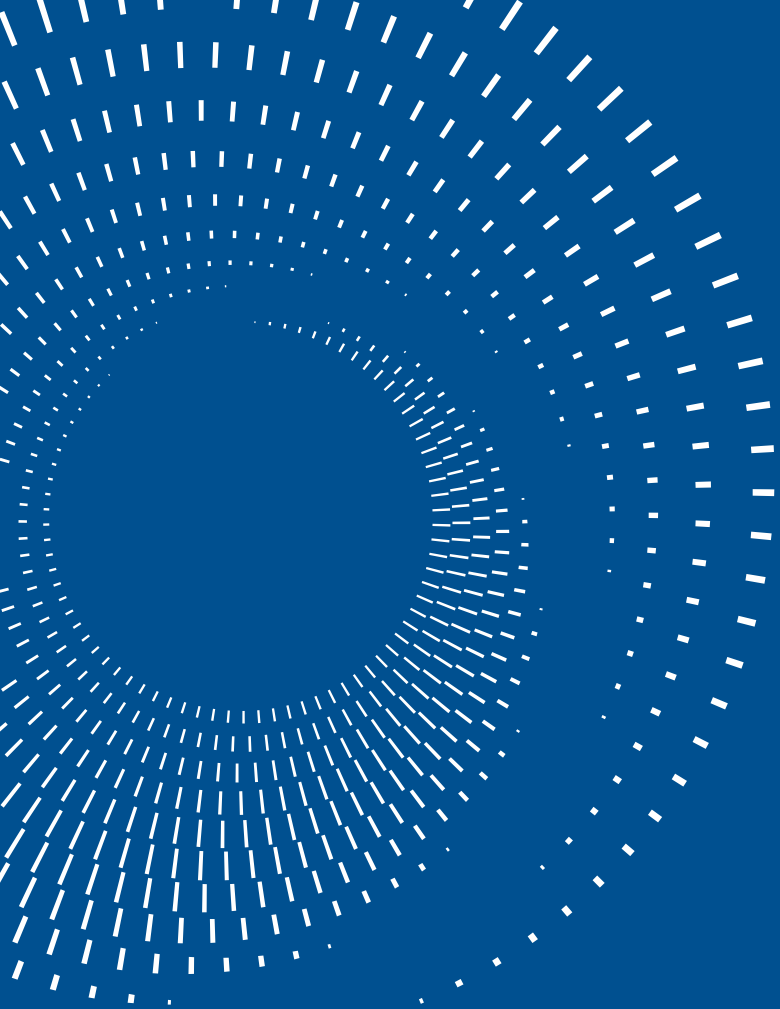


Independent director Cynthia Hostetler moderates a webinar on Cybersecurity Risk Management featuring Josiah Dykstra (NSA cybersecurity technical fellow) and independent director Pascal Millaire.



Gatherings and discussion sessions at IDC's Fund Directors Conference in Chicago.





IDC Independent
Directors
Council

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