



2014 Evolution Revolution

A Profile of the Investment Adviser Profession





1050 17th Street, NW, Suite 725
Washington, DC 20036-5514
202.293.4222
Fax 202.293.4223
www.investmentadviser.org

P.O. Box 71, 29 Brook St.
Lakeville, CT 06039
860.435.0200
Fax 860.435.0031
www.nrs-inc.com

David G. Tittsworth
President & CEO
david.tittsworth@investmentadviser.org

John Gebauer
Managing Director
jgebauer@nrs-inc.com

Karen L. Barr
General Counsel
karen.barr@investmentadviser.org

Marianne Czernin
Executive Consultant
mczernin@nrs-inc.com

Kathy D. Ireland
Associate General Counsel
kathy.ireland@investmentadviser.org

Larry Nakamura
Senior Consultant
lnakamura@nrs-inc.com

Garrett Honea
Manager of Member Services & IT
garrett.honea@investmentadviser.org

Max Dubecky
Technical Support Manager
mdubecky@nrs-inc.com

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Introduction

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

This dynamic profession employs more than 700,000 individuals. In 2014, a total of 10,895 firms reported that they collectively manage \$61.7 trillion in client assets – more than three times the annual GDP of the United States¹ and more than eight times the total savings deposits at all depository institutions.²

We hope this report will contribute to a better understanding of the diverse investment advisory profession.

We welcome any feedback and comments regarding information contained in this report.

Explanation of Report Data

This report is based on Form ADV, Part 1 data filed by all SEC-registered investment advisers as of April 7, 2014. Advisers are required to file specific information electronically using the Investment Adviser Registration Depository (“IARD”) system.³

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

Increasingly, the terms “investment adviser,” “financial advisor,” and “adviser” are used imprecisely in the press and by market participants and are often employed when referring to individuals or registered representatives of a broker-dealer. This is unfortunate and adds to the general public’s confusion regarding the different types of providers in the financial services industry. For the sake of clarity throughout this report, the term “investment adviser” refers to an entity that is registered as such with the SEC, based on the definition set forth in the Investment Advisers Act of 1940.⁴

¹ \$17.089 trillion as of December 31, 2013, U.S. Dept. of Commerce, Bureau of Economic Analysis.

² \$7.172 trillion as of December 31, 2013, Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (FRED).

³ 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%. Unless otherwise stated in this report, a null response to a “Yes or No” question is considered a “No,” and a null response to any other question is not included in the data set.

⁴ Section 202 of the Investment Advisers Act defines an investment adviser as “any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities...” Section 202 also excludes certain entities under certain circumstances, including banks, bank holding companies, broker-dealers and publishers of bona fide news publications.

Executive Summary

Following are key findings of this 2014 report:

- *Number of Investment Advisers.* Since our 2013 report, the total number of investment advisers registered with the SEC increased by 3.4% – rising by 362 advisers, from 10,533 to 10,895. Cumulatively over the past two years, the total number of SEC-registered investment advisers has increased by 3.7%, from 10,511 to 10,895.
- *Regulatory Assets Under Management.* SEC-registered investment advisers in 2014 reported \$61.7 trillion in aggregate regulatory assets under management (“RAUM”), a substantial increase of 12.6% from \$54.8 trillion in 2013. Since 2012, aggregate RAUM reported by all SEC-registered advisers has increased by nearly 25%. The increase in RAUM managed by advisers may be attributable to both rising markets and organic industry growth, evidenced by the increase in the number of clients served.
- *Asset Concentration.* As reported in previous years, a relatively small number of very large advisers manages a high percentage of total RAUM. This year, the 112 largest advisers, i.e., those reporting \$100 billion or more in RAUM, collectively accounted for more than half (52.6%) of all reported RAUM – a 1.7% net increase from last year – while only accounting for 1.0% of the total number of SEC-registered advisers. On the other end of the spectrum, advisers with less than \$1 billion RAUM – which account for 71.5% of all advisers – collectively managed only 3.5% of all reported RAUM.
- *Custody.* Most investment advisers (more than two-thirds) report that neither they nor a related person have custody of client assets or securities (other than being deemed to have custody by virtue of deducting advisory fees). In 2014, 3,518 investment advisers (32.3%) reported having custody of client cash, bank accounts and/or securities. Overall, there has been a steady increase in the number of advisers reporting custody of assets since the implementation of the SEC’s 2009 Custody Rule amendments. In 2011, only 2,493 advisers indicated that they had custody of client funds or securities, compared to 3,518 in 2014, an increase of 41.1%. Those advisers reported that their firms have custody with respect to \$8.2 trillion in assets. Only 86 advisers (0.7% of all advisers) reported acting as a “qualified custodian” in connection with their advisory services – thus, only a very small number have actual physical custody of client assets. Private fund advisers reported a high incidence of custody of client assets, likely because a firm acting as both an adviser and general partner to a limited partnership is deemed to have custody.
- *Small Businesses.* Even considering the shift of smaller advisers to state registration caused by the Dodd-Frank Act (i.e., advisory firms that manage less than \$100 million RAUM), the fact remains that the vast majority of SEC-registered investment advisers are small businesses. In 2014, more than half of all advisers (6,216 or 57.1%) reported having ten or fewer full-time and part-time non-clerical employees and 9,581 (87.9%) reported having 50 or fewer such employees. Similarly, 5,768 (52.9%) firms reported having five or fewer employees engaged specifically in investment advisory functions (including research) and 7,980 (73.2%) reported having ten or fewer.
- *Advisory Clients.* In 2014, advisers reported serving at least 27,835,033 clients – up from 25,456,054 (an increase of 9.3%) in 2013. Consistent with prior years, more than half of all SEC-registered advisers reported having both non-high net worth and high net worth individuals as clients. Despite the shift of smaller advisers to state registration, individuals continue to comprise the largest categories of clients of SEC-registered advisers. In 2014, 6,484 (59.5%) investment advisers reported having at least some high-net worth clients and 5,601 (51.4%) reported having at least some non-high-net worth clients.

- Private Fund Advisers. In 2014, 3,939 investment advisers (36.2%) reported advising at least one private fund, with a total of 28,429 private funds, of which 26.8% are funds of funds.⁵ The total gross asset value of all private funds is approximately \$9.5 trillion - up 11.8% from 2013 — representing more than 15.3% of all reported RAUM. The average gross asset value of these private funds is \$332.7 million, while the median is \$53.2 million, reflecting the existence of a small number of very large funds. Hedge funds comprise 39.9% of all reported private funds, while private equity funds comprise 33.0%.

The 2014 “Typical” SEC-Registered Investment Adviser

- U.S.-based limited liability company
- Exercises discretionary authority over most accounts
- \$331.2 million in regulatory assets under management (median)
- 9 employees (median)
- 26–100 clients (median)
- 100 accounts (median)
- Clients include individuals (59.8%) and pension/profit sharing plans (48.2%)
- Does not have actual physical custody of client assets or securities

Regulatory Assets Under Management

Advisers reported total regulatory assets under management (“RAUM”) of \$61.7 trillion in 2014, an increase of approximately \$6.9 trillion, or 12.6%, from the \$54.8 trillion in RAUM in 2013. By any measure – even acknowledging that this number includes some amount of double-counting of client assets – this is a staggering number. It underscores the critical role played by the investment advisory profession in the financial lives of both individuals and institutions. The continued increase in aggregate RAUM may be attributed to a variety of factors, including rising equity markets, organic growth, and the enhanced value investors may perceive in professional investment advice.

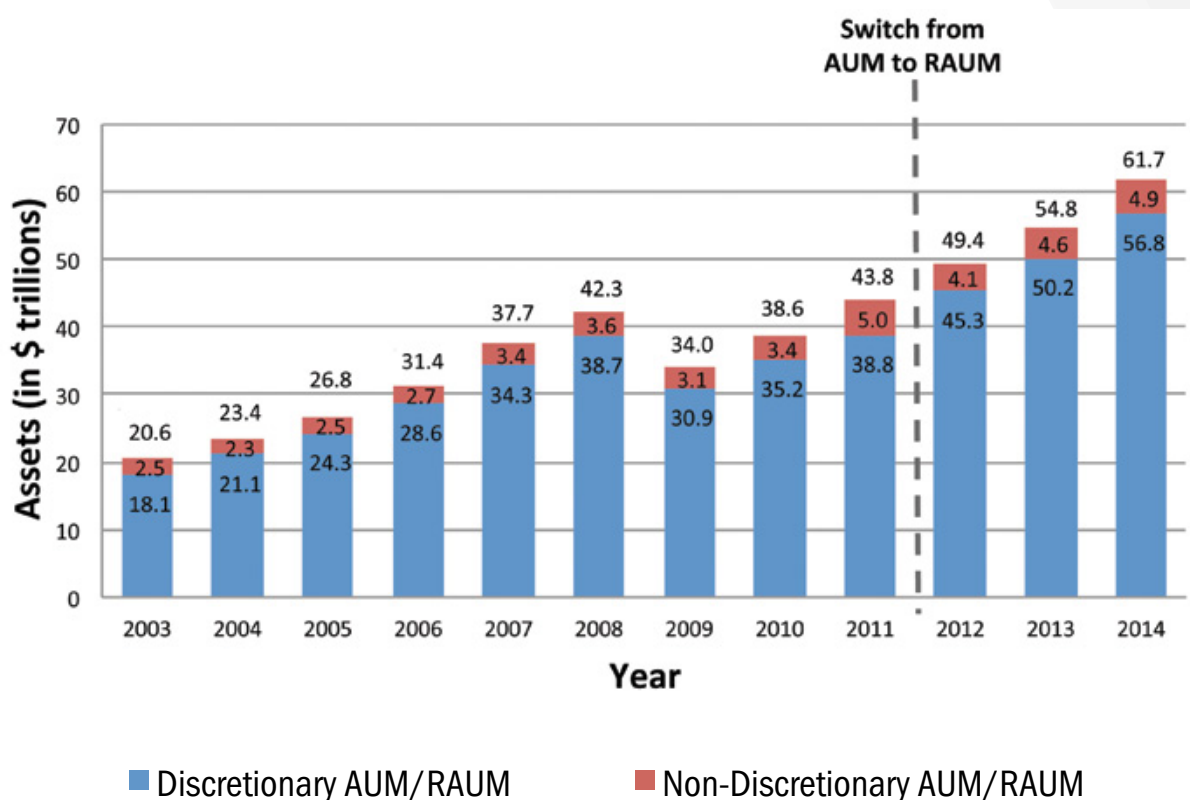
We note, however, that the industry’s aggregate RAUM overstates actual RAUM because more than one investment adviser can “claim” the same assets. For example, an adviser that allocates assets among mutual funds on a discretionary basis will report a subset of the same assets that are reported by the advisers to these funds. Similarly, a sub-adviser to a fund may count the same RAUM as the primary manager of the fund. We do not know, however, the extent to which these figures are overstated. Similarly, we note that the RAUM figure includes assets in addition to those actually currently invested for clients. For example, RAUM includes uncalled capital commitments and proprietary assets.

⁵ 4,156 advisers reported being “an adviser to any private fund” in Form ADV, Part 1, Item 7B; 3,939 advisers reported advising at least one private fund in Form ADV, Schedule D 7B(1); and in Form ADV, Schedule D 7B(2), 647 advisers reported advising at least one private fund that is reported by another adviser.

This is only the third year that investment advisers have been required to report RAUM instead of assets under management (“AUM”), thus allowing for a short-term view of any trends. One would intuitively conclude that changes in RAUM and AUM would largely mirror changes in broad equity markets. But we are unable to confirm such a correlation. For example, during the period 2012-2014, when RAUM reporting has been required, total RAUM managed by the industry has experienced a compound annual growth rate (“CAGR”) of 11.7%, while the S&P 500 index has delivered a CAGR of 21.2% over the same period. By comparison, during a similar period following the 2002 recession from 2004 to 2006, the situation was reversed: the S&P had a CAGR of 8.2% while total AUM had a CAGR of 18.6%.

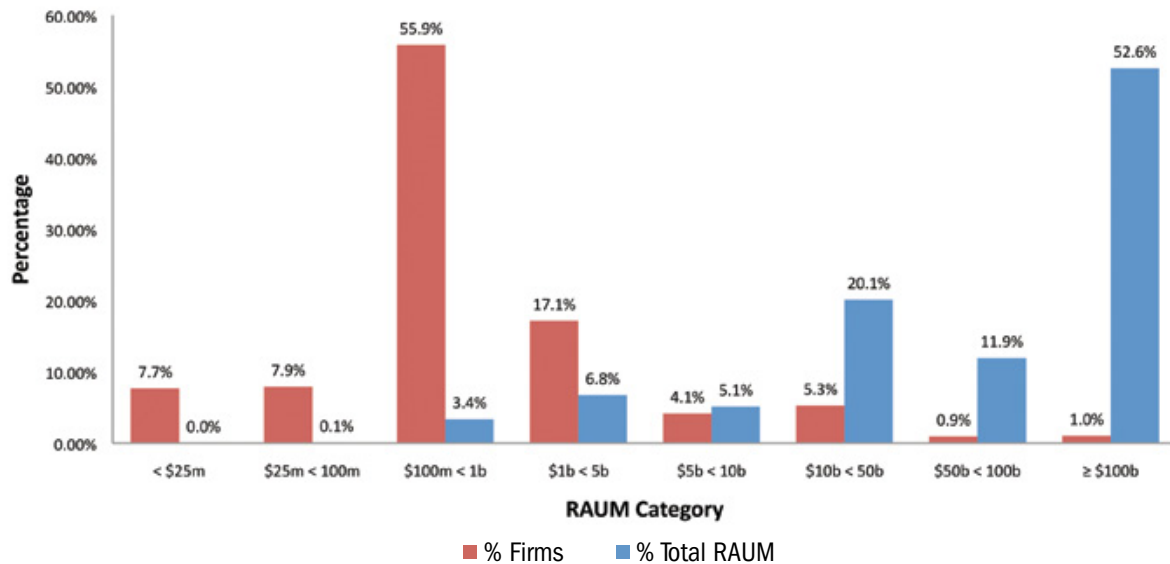
The reasons for this disconnect between stock market performance and the growth of adviser-managed assets are unclear. We will continue to analyze data in future reports to attempt to discern any clarifying emerging patterns.

Chart 1: Regulatory Assets Under Management Comparison 2003-2014



In addition to the changes noted regarding total RAUM of the industry, this year’s data revealed that RAUM are increasingly concentrated in the largest investment advisers. Continuing a trend that has been observed since the RAUM change in 2011, investment advisers with RAUM greater than \$100 billion saw their share of total RAUM rise from 48.9% in 2012 to 50.9% in 2013 and now to 52.6% in 2014. However, contrary to past years, advisers with RAUM between \$50 and \$100 billion saw their share of RAUM decrease from 13.4% in 2013 to 12.0% in 2014. Meanwhile, the share of assets managed by advisers with less than \$50 billion stayed nearly the same, decreasing by only a quarter of a percent to 35.4%. In stark contrast to the largest advisory firms, advisers with less than \$1 billion RAUM represent 71.5% of the total number of all SEC-registered advisers, but collectively manage only 3.5% of all reported RAUM.

Chart 2: Concentration of Regulatory Assets Under Management by RAUM Category



Discretionary vs. Non-Discretionary Accounts. Most investment advisers (90.0%) manage assets on a discretionary basis. For example, in 2014 SEC-registered advisers reported that they manage client assets on a discretionary basis for 16.8 million accounts (7.1% increase from 2013) and on a non-discretionary basis for 6.0 million accounts (13.5% increase from 2013). The prevalence of discretionary management is even more pronounced when calculating the amount of assets. For example, in 2014 the percentage of total RAUM classified as discretionary was 92.1%, up from 91.7% in 2013.

Even considering the various AUM/RAUM calculation and reporting methodologies and two recessions since we began this report in 2001, it is notable that 7.9% is the lowest percentage of non-discretionary assets under management that we have reported. This can be partially attributed to the “switch” several years ago to state regulation by smaller firms and the influx of private fund advisers, but there appears to be a downward trend that extends back to 2003 when 12.1% of AUM was classified as non-discretionary.

Number of Investment Advisers

After several notable regulatory changes in recent years impacted the total number of SEC-registered investment advisers, the number reported in 2014 was 10,895 – only a slight increase of 362 from 2013.⁶ The number of advisers in each RAUM category increased since our last report, except those advisers with less than \$100 million and those between \$50 billion and \$100 billion in RAUM. Given the significant increases in equity markets during 2013,⁷ an overall increase in the value of managed assets likely contributed to the movement of many advisers into higher RAUM categories. The Dodd-Frank Act provided explicit authority to the SEC to adjust the RAUM threshold for registration. A similar authority was provided under the National Securities Markets Improvement Act (“NSMIA”) and was never exercised. Given the market performance of the past few years and the SEC’s self-acknowledged resource constraints, as the number of smaller SEC-registered advisers increases the SEC may consider increasing the threshold.

Chart 3: Number of SEC-Registered Investment Advisers by RAUM Category



The number of advisers with less than \$100 million in RAUM decreased by 88 since last year’s report to 1,701. These advisers, presumably, qualify for registration with the SEC for reasons other than their RAUM level.⁸ As a result of the SEC’s implementation of the Dodd-Frank Act, advisers with more than \$90 million in RAUM at the time of their last annual updating amendment that are currently SEC-registered continue to qualify for SEC registration because they are “large” advisers. Also included in the 1,701 advisers in the less than \$100 million RAUM categories were 422 newly-registered advisers and 116 advisers that previously reported \$100 million or more.

⁶The highest total number of advisers we have ever reported was 11,539 in 2011.

⁷For example, the S&P 500 Index closed at 1,426.19 on December 31, 2012 and 1,848.36 on December 31, 2013 – an increase of 29.6%.

⁸The vast majority of investment advisers claim registration with the SEC on the basis that they manage RAUM of more than \$100 million. However, Item 2 of Form ADV specifies additional criteria under which entities are eligible for SEC registration, such as certain pension consultants, advisers to investment companies and certain business development companies, advisers that are not subject to examination by the state securities authority in which the adviser’s principal office is located, certain multi-state advisers, Internet advisers, etc.

The chart below highlights changes in the number of advisers by RAUM category. Between 2013 and 2014, the number of advisers with RAUM between \$25 million and \$100 million decreased only by 11.4%, compared to a 21.8% decrease from 2012-2013 and a 65.9% decrease from 2011-2012. The categories between \$5 billion and \$50 billion RAUM, on the other hand, experienced the largest growth during the past year.

Chart 4: Change in the Number of Advisers by RAUM Category

RAUM Category	2011-2012		2012-2013		2013-2014	
	Net Change	Percent Change	Net Change	Percent Change	Net Change	Percent Change
< \$25m	-264	-23.7%	-37	-4.3%	23	2.8%
\$25 - < 100m	-2,406	-65.9%	-271	-21.8%	-111	-11.4%
\$100m - < 1b	1,080	23.5%	187	3.3%	218	3.7%
\$1 - < 5b	380	29.8%	91	5.5%	121	6.9%
\$5 - < 10b	83	25.1%	15	3.6%	23	5.4%
\$10 - < 50b	81	20.0%	13	2.7%	76	15.3%
\$50 - < 100b	6	7.2%	15	16.9%	-1	-1.0%
≥ \$100b	12	15.4%	9	10.0%	13	13.1%
All Advisers	-1,028	-8.9%	22	0.2%	362	3.4%

In 2013, 271 advisers reported less than \$100 million RAUM and are absent from this year's data; these advisers may have been late "switchers," i.e., they did not complete their de-registration from the SEC until long after the June 30, 2012 regulatory deadline, but may have also de-registered for other reasons (e.g., merger, acquisition, loss of business).

Offsetting those and other de-registrations were 973 new advisers in this year's data that were not present last year.

Within asset categories, the largest reported increase this year, measured by total number of advisers, was in the RAUM category of \$100 million to \$1 billion. The number of advisers in this category increased from 5,867 firms in 2013 to 6,085 firms in 2014, a total increase of 218 firms.

The total number of SEC-registered investment advisers overstates the total number of truly separate advisers. For example, some investment advisory firms report numerous affiliated advisory entities (for legal or business reasons) but these separate legal entities share the same business address, share key personnel and, for all practical purposes, operate as an integrated business.

Based on our experience, there are a significant number of these types of affiliated investment advisers that have their own IARD identities but actually operate as a more unified entity. We are unable to identify data from Form ADV that would provide a definitive number of these types of affiliated advisers, though we believe a reasonable guess would be in the 5-10% range (i.e., about 5-10% of all SEC-registered advisers fall in this category of affiliated entities). We welcome efforts by others to provide a more accurate count of such entities.

Custody of Client Assets^{9,10}

Our past several reports have noted that, since the adoption of amendments to the investment adviser Custody Rule in December 2009, many investment advisers have struggled to implement and comply with the rule. In March 2013, the SEC's Office of Compliance Inspections and Examinations ("OCIE") published a Risk Alert which emphasized that non-compliance with the "new" Custody Rule provisions was among one of the most common issues found in routine investment adviser examinations. The 2013 Risk Alert further cited that examiners routinely found that many advisers failed to realize they had custody and therefore failed to comply with the requirements of the Rule. The Custody Rule and related questions on Form ADV continue to be a source of confusion for advisers.

For purposes of this report, we note that advisers may be "deemed" to have custody even if they do not physically hold client funds or securities and that advisers that are deemed to have custody for certain types of reasons are not required to answer certain custody questions on Form ADV and are therefore not reflected in the data we discuss below, unless otherwise indicated.

Under the amended Custody Rule, an adviser with custody of client assets (with some exceptions) is required to: (1) maintain the assets with a "qualified custodian" (generally a bank or broker-dealer); (2) have a reasonable belief, after due inquiry, that the qualified custodian sends account statements directly to clients; and (3) undergo an annual surprise exam by an independent public accountant.

This year, 3,518 (32.3%) of investment advisers reported having custody of client cash, bank accounts and/or securities. An additional 242 advisers joined the ranks of being deemed to have custody, a 7.4% increase from the 3,276 advisers in 2013. Overall, there has been a steady increase in the number of advisers reporting custody of assets since the adoption of the revised Custody Rule in 2009. In 2011, only 2,493 advisers indicated that they had custody of client funds or securities compared to 3,518 in 2014, an increase of 41.1%.

Advisers with RAUM between \$100 million and \$1 billion constitute more than half of SEC-registered investment advisers (55.9%) and account for nearly half (48.0%) of advisers that report having custody. Of the 6,085 advisers in that RAUM category, 1,687 reported having custody of \$646.4 billion in client assets. By comparison, of the 112 firms with \$100 billion or more RAUM, 64 report having custody of \$2.7 trillion in client assets, accounting for 32.6% of the \$8.2 trillion total custodied assets reported by all firms. Advisers in that RAUM category reported having custody with respect to an average of \$41.5 billion of assets for a total of 4.2 million clients. Overall, the average value of custodied assets reported per investment adviser increased by 6.0% from 2013 to 2014, while the average number of clients whose assets were custodied decreased by 1.9%, from 1,884 in 2013 to 1,849 in 2014.

⁹ 11 advisers reported not having custody, but went on to report assets and/or clients with respect to which the advisers were deemed to have custody. These advisers are not included in this section, but are included in the rest of the report.

¹⁰ One adviser reported being deemed to have custody with respect to \$233 in RAUM and 225,937,963 clients. As these values are likely a mistake, the "custody" assets and clients of this adviser have been removed from the entire report.

Chart 5: Custody of Client Assets

Category	2012		2013		2014	
	# of Advisers	% of Advisers	# of Advisers	% of Advisers	# of Advisers	% of Advisers
Adviser has custody of client cash/bank accounts	3,076	29.26%	3,157	29.97%	3,396	31.17%
Adviser has custody of securities	3,032	28.85%	3,103	29.44%	3,337	30.63%
Related person(s) has custody of client cash/bank accounts	2,937	27.94%	3,013	28.60%	3,171	29.11%
Related person(s) has custody of securities	2,910	27.69%	2,967	28.17%	3,118	28.62%
Adviser and/or related person(s) has custody of advisory client assets (answered yes to any of the above)	4,456	42.39%	4,530	43.00%	4,703	43.17%

The number of advisers reporting that they or a related person had custody increased by 173 to 4,703 in 2014 compared to 4,530 in 2013, representing a change of 3.8% but remaining steady on a percentage basis (43.0% of advisers in 2013 to 43.2% in 2014).

Private fund advisers report a high incidence of custody of client assets because a firm that acts as both adviser and general partner to a limited partnership is deemed to have custody. Indeed, of advisers that identified themselves as advisers to private funds, 88.4% also reported that they or a related person have custody of client assets.

As noted above, the Custody Rule, among other requirements, stipulates that advisers with custody of client funds or securities must undergo an annual surprise custody examination by an independent public accountant. However, there is an exception from this requirement for advisers to private funds (pooled vehicles) if an independent public accountant audits the pooled vehicle(s) annually and distributes the audited financial statements to each investor in the pool within 120 days (180 days for funds of funds) of the fiscal year end. Most SEC-registered investment advisers that are deemed to have custody because they or their affiliate manage a private investment fund choose to comply with the audit exception provision of the Custody Rule rather than undergo an annual surprise custody examination. Indeed, only 31 out of 3,939 private fund advisers did not report that an independent public accountant annually audits at least one of the pooled investment vehicles they manage and the audited financial statements are distributed to the investors in the pools.¹¹ Overall, 34.9% (3,806) of all advisers in 2014 reported compliance with the audit exception.

¹¹ Further, out of 28,429 private funds reported, only 3,025 funds are not subject to an annual audit.

Chart 6: Value of Assets and Number of Clients for Custody Accounts

AUM Category	Number of Advisers	Advisers with Custody		Assets		Clients	
		Number	Percent	Total Value	Average	Number	Average
< \$25m	838	78	9.3%	\$117,791,826,007	\$1,510,151,615	258,359	3,312
\$25 - < 100m	863	177	20.5%	\$6,965,060,265	\$39,350,623	1,311	7
\$100m - < 1b	6,085	1,687	27.7%	\$646,381,017,431	\$383,154,130	68,256	40
\$1b - < 5b	1,868	913	48.9%	\$886,854,557,192	\$971,363,151	214,755	235
\$5b - < 10b	452	250	55.3%	\$680,335,658,049	\$2,721,342,632	218,141	873
\$10b - < 50b	574	299	52.1%	\$2,292,943,310,958	\$7,668,706,726	1,131,247	3,783
\$50b - < 100b	103	50	48.5%	\$873,296,601,694	\$17,465,932,034	368,267	7,365
≥ \$100b	112	64	57.1%	\$2,658,907,070,794	\$41,545,422,981	4,245,905	66,342
All Advisers	10,895	3,518	32.3%	\$8,163,475,102,390	\$2,320,487,522	6,506,241	1,849

According to the 2014 data, 13.0% of all SEC-registered investment advisers have a surprise custody audit of client funds and/or securities. Surprisingly, the year-over-year number of investment advisers that engaged a public accountant to conduct an annual surprise custody audit rose by 4.3%, nearly doubling the rate of change compared to 2013 data which showed a 2.3% increase from 2012. However, the number of advisers that undergo surprise examinations (1,418) is still significantly lower than the number of advisers that have their pooled investment vehicles audited and distribute the reports to the investors in the pool (3,806 advisers).

Firms that are required to have an independent public accountant perform a surprise exam, conduct an annual audit of a pooled investment vehicle, or prepare an internal control report, utilize 1,257 accountants. 2,898 of the reports prepared by these accountants contained unqualified opinions (i.e., a “clean” audit or report), while 553 of the reports had not been provided as of the time of filing, and 383 reports did not contain an unqualified opinion.

Chart 7: Controls Required by Custody Rule

Control	2012		2013		2014	
	# of Advisers	% of Advisers	# of Advisers	% of Advisers	# 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	1,141	10.86%	1,092	10.37%	1,078	9.89%
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	3,566	33.93%	3,652	34.67%	3,806	34.93%
An independent public accountant conducts an annual surprise examination of client funds and securities	1,343	12.78%	1,374	13.04%	1,418	13.02%
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	485	4.61%	515	4.89%	472	4.33%

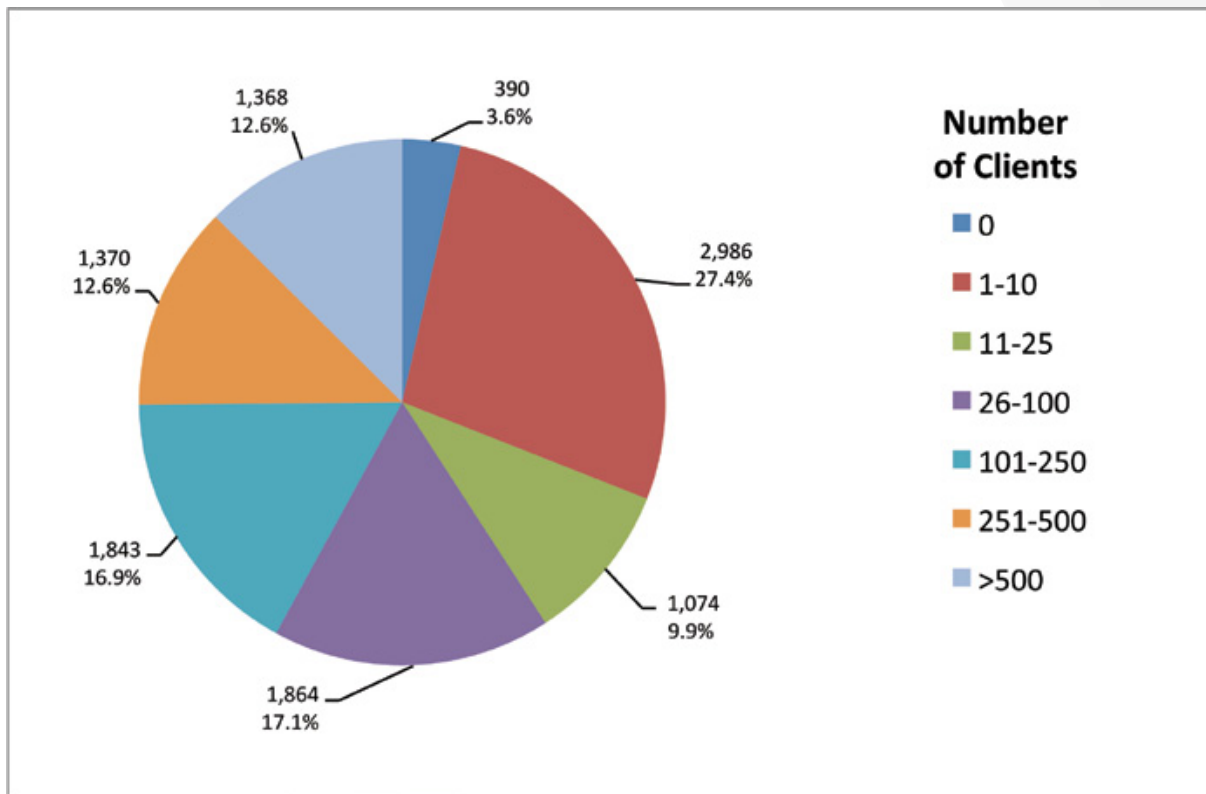
The number of advisers that reported acting as a qualified custodian for clients decreased by 13.1% between 2013 and 2014 (99 to 86), contributing to the 28.3% decline since 2011, when 120 firms reported acting in such a capacity. The number of advisers reporting that a related person acts as a qualified custodian also continued its decline in 2014 to 404 compared to 417 in 2013. Of the advisory firms that reported at least one related person acting as a qualified custodian for clients, 189 firms reported being able to demonstrate that the related person is operationally independent. These firms are not required to obtain a surprise examination for client funds or securities maintained at the related qualified custodian.

Overall, 4,960 advisers reported using an aggregate 21,664 qualified custodians (including related custodians) for an average of more than four custodians per adviser. The number of advisers reporting their number of qualified custodians increased dramatically this year from 3,040 in 2013. This is a direct result of the SEC staff's clarification that advisers must respond to the "number of custodians" question on Form ADV, even if they have custody only because they deduct fees or a related person has custody but the adviser is operationally independent and are therefore not responding affirmatively to any other Form ADV custody question. Of the 86 advisers reporting that they acted as a qualified custodian, 83 reported using a total of 367 qualified custodians. Of the 404 advisers reporting that a related person acted as a qualified custodian, 381 reported using an aggregate of 2,333 qualified custodians. Only 30 advisers reported using 50 or more qualified custodians and 168 advisers reported using 20 or more qualified custodians.

Clients of Investment Advisers

Commencing in 2012, changes to the questions on Form ADV, Part 1 have provided additional detail on the number and types of advisory clients reported by SEC-registered investment advisers. Prior to 2012, advisers were only required to provide responses indicating ranges of clients. Since then, advisers that have more than 100 clients also are required to submit their total numbers of clients (rounded to the nearest 100).

Chart 8: Number and Percentage of Advisers by Number of Clients



SEC-registered advisers in 2014 reported a total of at least 27,835,033 clients (up from 25,456,054 clients in 2013).¹² This increase of 9.3% underscores the continuing health and growth of the advisory profession.

While those reporting more than 100 clients comprise the largest category of advisers at 42.0%, a significant portion also report between 1 and 10 (27.4%) clients, as well as between 26 and 100 (17.1%) clients. The median number of clients category reported by SEC-registered advisers in 2014 is between 26 and 100.

Individual clients continue to comprise the largest categories of advisory clients. Consistent with prior years, the 2014 data indicate that 6,484 (59.5%) of SEC-registered advisers have at least some high net worth clients and 5,601 (51.4%) have at least some non-high net worth clients.¹³ 6,519 advisers (59.8%) report that they have at least some individual clients of either type. These are the only two types of client categories listed on Form ADV that exceed the 50% mark by all advisers. This dominance of individual clients continues despite changes in SEC registration requirements under the Dodd-Frank Act, including shifting a significant number of smaller advisers to state registration, requiring SEC registration of certain private fund advisers and increasing the overall average size of reporting advisers.

Types of non-individual clients reflect some specialization within the advisory profession. In 2014, nearly half of investment advisers (48.2%) reported that at least one client that is a pension or profit-sharing plan. On the other hand, only 758 (7.0%) reported any banking/thrift institution clientele, only 970 (8.9%) reported any insurance company clients, only 1,320 (12.1%) reported any state or municipal government clients, and only 1,777 (16.3%) reported any investment company clients.

Form ADV, Part 1 data allow for a comparison of the number of various types of clients to the percentage of total RAUM that each client type represents. As shown on Chart 10, and consistent with our analysis in past years, the 2014 numbers line up relatively closely across the two measures.

¹² This figure does not include advisers reporting 100 or fewer clients. Advisers are only required to provide a specific number if they have more than 100 clients.

¹³ For purposes of this reporting period, a high net worth client has at least \$1 million managed by the adviser or has a total net worth (including assets held jointly with his or her spouse) exceeding \$2 million (excluding the value of a person's primary residence for purposes of the net worth test).

Chart 9: Types of Clients by Percentage of Clientele

Type of Client	Percentage of Clientele							Total Reporting > 0	Percent of All Advisers
	None	Up to 10%	11-25%	26-50%	51-75%	76-99%	100%		
Individuals (other than high net worth individuals)	5,294	1,009	874	1,252	1,241	1,164	61	5,601	51.4%
High net worth individuals	4,411	1,242	1,193	1,601	1,246	1,094	108	6,484	59.5%
Banking or thrift institutions	10,137	598	75	31	14	12	28	758	7.0%
Investment companies (including mutual funds)	9,118	930	227	172	64	81	303	1,777	16.3%
Business development companies	10,791	51	10	7	2	2	32	104	1.0%
Pooled investment vehicles (other than investment companies)	6,431	1,050	333	436	282	450	1,913	4,464	41.0%
Pension and profit sharing plans (but not the plan participants)	5,639	3,705	722	414	160	153	103	5,256	48.2%
Charitable organizations	6,486	3,870	383	117	20	14	5	4,409	40.5%
Corporations or other businesses not listed above	6,237	3,850	501	200	52	23	32	4,658	42.8%
State or municipal government entities	9,575	941	199	99	28	23	30	1,320	12.1%
Other investment advisers	9,901	666	136	83	26	27	56	994	9.1%
Insurance companies	9,925	780	102	43	14	18	13	970	8.9%
Other	9,792	640	183	124	51	38	67	1,103	10.1%

Chart 10: Types of Clients by Percentage of RAUM¹⁴

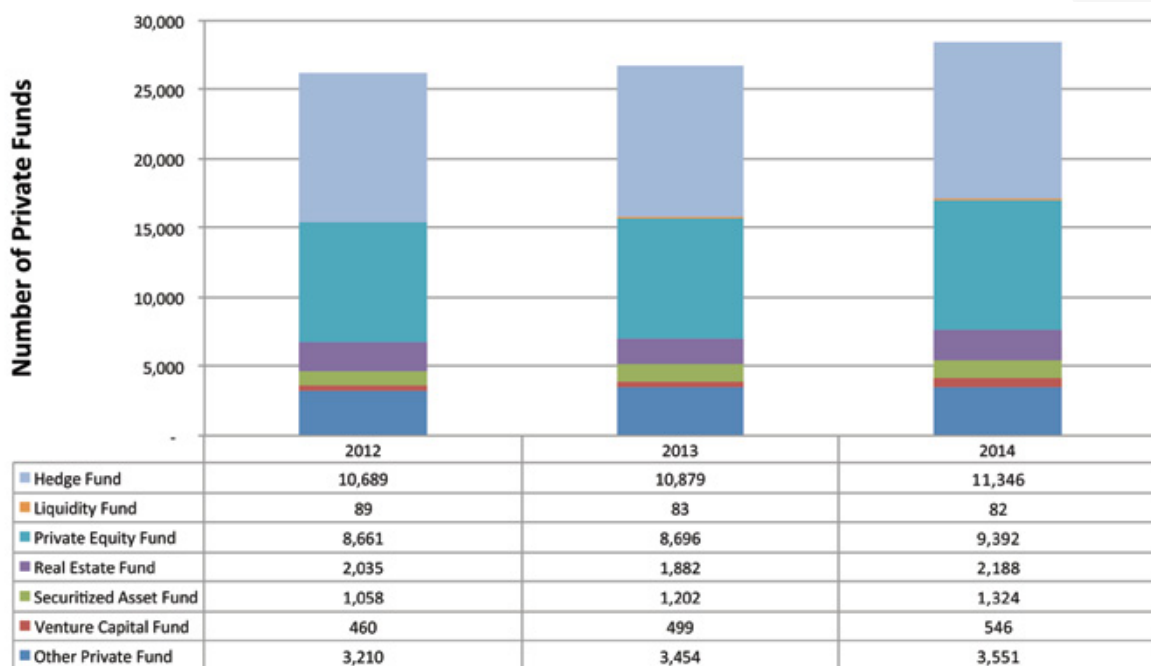
Type of Client	Percentage of RAUM					Total Reporting > 0	Percent of All Advisers
	None	Up to 25%	Up to 50%	Up to 75%	> 75%		
Individuals (other than high net worth individuals)	5,400	3,079	1,090	777	549	5,495	50.4%
High net worth individuals	4,541	2,218	1,321	1,424	1,391	6,354	58.3%
Banking or thrift institutions	10,216	544	51	23	61	679	6.2%
Investment companies (including mutual funds)	9,210	745	258	173	509	1,685	15.5%
Business development companies	10,801	43	9	3	39	94	0.9%
Pooled investment vehicles (other than investment companies)	6,470	1,284	345	319	2,477	4,425	40.6%
Pension and profit sharing plans (but not the plan participants)	5,851	4,061	473	210	300	5,044	46.3%
Charitable organizations	6,599	4,093	137	45	21	4,296	39.4%
Corporations or other businesses not listed above	6,461	4,078	176	96	84	4,434	40.7%
State or municipal government entities	9,648	971	133	66	77	1,047	9.6%
Other investment advisers	10,035	661	83	37	79	860	7.9%
Insurance companies	10,004	751	61	24	55	891	8.2%
Other	9,856	761	104	62	112	1039	9.5%

¹⁴ Despite the fact that the actual text of Form ADV, Part 1 misstates questions relating to RAUM attributable to types of clients (the form asks advisers to report percentages of RAUM "up to 25%" and "up to 50%" and "up to 75%" instead of "26-50%," "51-75%," etc.), it appears that advisers have based their responses on how the questions should have been phrased.

Private Funds

This is the third year that advisers have been required to report on the details of the private funds they advise. Section 7.B.(1) of Schedule D asks advisers questions relating to each fund's type, gross asset value, number of owners, service providers and a number of other areas. In 2014, 4,156 advisers (38.1%) reported advising 28,429 private funds, 26.8% of which are funds of funds (compared to 3,811 advisers, or 36.2%, advising 26,695 private funds, 27.0% of which were funds of funds in 2013).¹⁵ Hedge funds and private equity funds continue to represent the largest portions of this group, comprising nearly 75% of all reported private funds, with hedge funds making up 39.9% and private equity funds making up 33.0%. The total gross asset value of reported private funds is approximately \$9.5 trillion (an 11.8% increase above 2013), representing more than 15.4% of all reported RAUM. The average gross asset value of private funds is \$332.7 million and the median gross asset value is \$53.2 million. The difference between the median and average is attributable to a relatively small number of very large private funds. The number of beneficial owners of private funds also continues to vary widely, with most funds reporting few owners and a small number of funds reporting a very large number of beneficial owners. The median number of beneficial owners is 15, while the average number is 150.

Chart 11: Number of Private Funds by Fund Type



¹⁵ See n.5, *supra*.

Investment Adviser Compensation

Advisers are compensated in a number of ways and the data from 2014 reflect the continuation of some interesting industry developments that we have reported in previous years. The percentage of all investment advisers reporting compensation based on hourly charges fell significantly from 36.5% in 2011 to 28.1% in 2014 (and was virtually flat year-over-year in 2012 and 2013). The initial significant decrease from 2011 to 2012 was likely the result of the Dodd-Frank Act's impact on the number of smaller advisers registered with the SEC – firms that are more likely to charge hourly based fees. Advisers reporting performance-based compensation fees increased from 27.0% in 2011 to 38.5% in 2014 (but decreased slightly from 38.9% in 2013). The initial increase from 2011 to 2012 in the number of advisers receiving performance-based compensation was likely attributable to the Dodd-Frank Act's provisions requiring the registration of certain private fund advisers, the majority of which receive performance-based compensation.

What has not changed is the dominance of asset-based fees in the investment advisory profession. Consistent with our prior reports, 94.8% of advisers report that they are compensated based on a percentage of their clients' AUM.

Chart 12: Investment Adviser Compensation

Category of IA Compensation	2011		2012		2013		2014	
	Number of Advisers	Percent of All Advisers	Number of Advisers	Percent of All Advisers	Number of Advisers	Percent of All Advisers	Number of Advisers	Percent of All Advisers
Percentage of Client's AUM	11,036	95.6%	9,986	95.0%	10,011	95.0%	10,332	94.8%
Hourly Charges	4,215	36.5%	2,911	27.7%	2,933	27.8%	3,057	28.1%
Subscription Fees	145	1.3%	128	1.2%	124	1.2%	119	1.1%
Fixed Fees	5,314	46.1%	4,303	40.9%	4,374	41.5%	4,521	41.5%
Commissions	954	8.3%	646	6.1%	570	5.4%	546	5.0%
Performance-Based Fees	3,116	27.0%	4,090	38.9%	4,095	38.9%	4,200	38.5%
Other	1,304	11.3%	1,383	13.2%	1,450	13.8%	1,559	14.3%

Other Characteristics of Investment Advisory Firms

Employees

Form ADV, Part 1 (Item 5) was revised in 2012 to require advisers to submit exact numbers of their full-time and part-time employees (excluding clerical workers) and employees who perform investment advisory services (including research). In past years, advisers were only required to provide responses indicating ranges of certain employees. In addition, advisers are required to provide information on the number of employees who are also registered representatives of a broker-dealer, state-licensed investment adviser representatives and licensed agents of an insurance company or agency.

Chart 13: Investment Adviser Non-Clerical Employees

Number of Employees	# of Advisers		
	2012	2013	2014
0 to 5	3,687	3,620	3,680
6 to 10	2,456	2,465	2,536
11 to 50	3,180	3,211	3,365
51 to 250	870	922	986
251 to 500	127	131	146
501 to 1,000	100	87	85
More than 1,000	89	97	97
Total	759,438	707,097	719,638
Average	72	67	66
Median	8	8	9

In 2014, SEC-registered advisers reported a total of 719,638 non-clerical employees. This represents a modest 1.8% increase in employment from 2013. Of these employees, 360,121 provide investment advisory services (including research), an increase of 5.3% from 2013. In addition, advisers collectively reported 355,399 employees who are also registered representatives of a broker-dealer, a 3.9% increase from 2013. The percentage of advisers that reported no registered representative (7,654) decreased by 2.3% from 69.9% to 67.6% this year.

Even though smaller advisers have now switched to state regulation, the data confirm that most SEC-registered investment advisers are small businesses. In fact, 57.1% (6,216) reported that they employ 10 or fewer non-clerical employees and 87.9% (9,581) reported that they employ 50 or fewer non-clerical employees. Both of these percentages decreased marginally from the previous year due to an increase of 77 advisers that report employing more than 50 non-clerical employees.

Chart 14: Activities by Investment Adviser Employees

Number of Employees	Number of advisers with employees who:				
	perform investment advisory functions	are registered representatives of a broker-dealer	are registered with more than 1 state(s) as investment adviser representative	are registered with more than 1 state(s) as investment adviser representative for another adviser	are licensed agents of an insurance company
Zero	189	7,654	5,412	9,849	8,486
1 to 5	5,579	1,678	3,614	805	1,716
6 to 10	2,212	531	894	115	228
11 to 50	2,258	648	690	88	239
51 to 250	511	234	179	34	124
251 to 500	68	47	36	1	28
501 to 1,000	29	42	25	1	27
More than 1,000	49	61	45	2	47
Total	360,121	355,399	264,689	13,968	237,247
Average	33	33	24	1	22
Median	5	-	1	-	-

Other Business Activities

Advisers' engagement in business activities other than investment advice remained largely unchanged from 2013. As noted in last year's report, there has been a noticeable increase in the number of advisers that are also commodity pool operators ("CPOs") or commodity trading advisors ("CTAs"). This year, 15.2% (1,660) of all investment advisers reported also being a CPO or CTA, an increase of 1.6% (232) from 2013. The number of advisers reporting that they are also a CPO or CTA has now increased from 355 in 2011 to 1,660 this year. While the rate of increase has slowed, the trend is noteworthy and likely the result of (1) the Dodd-Frank Act's inclusion of "swaps" in the definition of commodity pool and (2) the 2011 clarification in Form ADV that this question applies to both registered and exempt CPOs and CTAs.

As in years past, most advisers focus primarily on providing investment advice to clients. In 2014, 6,889 advisers (63.2%) reported that they are not actively engaged in any business other than giving investment advice about securities.

Chart 15: Other Business Activities of Investment Advisers

Firm's Non-Advisory Business	Number of Advisers	Percentage of Advisers
Broker-dealer	456	4.2%
Registered representative of a broker-dealer	459	4.2%
Commodity pool operator or commodity trading advisor	1,660	15.2%
Futures commission merchant	28	0.3%
Real estate broker, dealer, or agent	49	0.4%
Insurance broker or agent	883	8.1%
Bank	18	0.2%
Trust company	20	0.2%
Registered municipal advisor	58	0.5%
Registered security-based swap dealer	1	0.0%
Major security-based swap participant	NA	0.0%
Accountant or accounting firm	154	1.4%
Lawyer or law firm	21	0.2%
Other financial product salesperson	199	1.8%

Financial Industry Affiliations

Form ADV requires advisers to disclose information relating to their affiliations with other persons in the financial industry. The average adviser in 2014 reported two affiliations, with a median number of affiliations of one. In 2014, 2,422 advisers (22.2%) reported only one financial industry affiliation, 1,821 advisers (16.7%) reported two affiliations, 1,066 advisers (9.8%) reported three affiliations and 1,581 advisers (14.5%) reported 4-14 affiliations.

Chart 16: Financial Industry Affiliations

Related person is:	Number of Advisers	Percentage of Advisers
Broker-dealer, municipal securities dealer or government securities broker or dealer	2,323	21.3%
Other investment adviser (including financial planners)	4,090	37.5%
Registered municipal advisor	393	3.6%
Registered security-based swap dealer	61	0.6%
Major security-based swap participant	7	0.1%
Commodity pool operator/trading advisor (whether registered or exempt)	1,893	17.4%
Futures commission merchant	250	2.3%
Banking or thrift institution	824	7.6%
Trust company	745	6.8%
Accountant or accounting firm	725	6.7%
Lawyer or law firm	463	4.2%
Insurance company or agency	1,752	16.1%
Pension consultant	589	5.4%
Real estate broker or dealer	469	4.3%
Sponsor or syndicator of limited partnerships (or equivalent), excluding pooled investment vehicles	624	5.7%
Sponsor, general partner, managing member (or equivalent) of pooled investment vehicles	3,856	35.4%

In 2014, 4,005 advisers (36.8%) reported having no financial industry affiliations. As in years past, the most common affiliation among registered investment advisers is with another investment adviser, with 37.5% reporting such an affiliation. In a close second, 35.4% of advisers now report an affiliation with a sponsor, general partner, managing member (or equivalent) of pooled investment vehicles. 848 advisers reported an affiliation with a sponsor, general partner, or managing member of a pooled investment vehicle as their only affiliation, perhaps reflecting the integrated structure of private fund adviser complexes.

Broker-Dealer Affiliations

Included in the numbers cited under “Other Business Activities” and “Financial Industry Affiliations” are broker-dealer relationships, where advisers are either dually-licensed as investment advisers and broker-dealers or are affiliated (through common ownership and/or control) with broker-dealers.

The number of dual-registered advisers (those entities registered both as SEC investment advisers and SEC/FINRA broker-dealers) has decreased slightly, from 480 in 2012 and 477 in 2013 to 456 in 2014.

Those advisers affiliated with broker-dealers had a similar relatively small decline since 2012: 2,361 in 2012 and 2,318 in 2013 to 2,323 in 2014.

These numbers do not appear to be impacted proportionately by the downwardly trending broker-dealer numbers. From information contained within NASD/FINRA's Annual Year in Review and Annual Financial Reports, membership in the SRO has declined approximately 24%, from about 5,400 broker-dealer firms in 2003 to about 4,100 in 2013.

While the number of broker-dealer firms is declining, it appears that registered representatives are having no difficulty finding new homes, indicating that significant consolidation into fewer, larger firms has occurred while demand for the services offered has remained constant. Since 2003, FINRA reports have indicated a high of 673,000 registered representatives (2007) to a low of 613,000 (2010), with the last several years settling in at around 630,000. In its most recent annual report, FINRA noted that it oversaw 636,000 registered securities representatives as of December 31, 2013. More than half of these registered representatives appear to be employed by SEC-registered dual registrants (SEC-registered advisers reported employing 355,399 registered representatives in 2014). SEC-registered advisers also reported having 264,689 employees that are investment adviser representatives.

Location of Investment Advisers

The locations of the main offices of investment advisers are concentrated in a relatively small number of states. The distribution likely is driven by several factors, including access to financial markets, population and client net worth. Not surprisingly, New York and California top the list with 2,162 and 1,286 advisers, respectively. Texas, Massachusetts and Illinois round out the top five.

It is clear that New York,¹⁶ as a major world financial hub, is an attractive location for investment advisers to be headquartered. Proximity to New York City is also partially responsible for Connecticut and New Jersey being the seventh and ninth states for investment adviser locations. Connecticut's ranking is also influenced by the concentration of hedge funds located in the Greenwich and Stamford areas.

Chart 17: Top Ten States by Number of Investment Advisers Headquartered¹⁷

State	Number of Advisers	Rank	Percent of Total	Population (2010)	Rank	Percent of Total	Average Household Net Worth (2007)	Rank
New York	2,162	1	19.8%	19,651,127	3	6.2%	\$525,358	13
California	1,286	2	11.8%	38,332,521	1	12.1%	\$559,819	5
Texas	561	3	5.1%	26,448,193	2	8.4%	\$481,273	20
Massachusetts	526	4	4.8%	6,692,824	14	2.1%	\$577,681	4
Illinois	514	5	4.7%	12,882,135	5	4.1%	\$542,457	10
Pennsylvania	429	6	3.9%	12,773,801	6	4.0%	\$474,152	25
Connecticut	414	7	3.8%	3,596,080	29	1.1%	\$631,272	2
Florida	356	8	3.3%	19,552,860	4	6.2%	\$479,325	22
New Jersey	282	9	2.6%	8,899,339	11	2.8%	\$645,594	1
Ohio	234	10	2.1%	11,570,808	7	3.7%	\$465,366	26

Given the fact that Los Angeles, San Francisco and Chicago are home to secondary financial hubs, both California and Illinois rank high among states that are home to advisory practices. The large population base in Texas contributes to that state's high ranking.

Massachusetts is an interesting occupant of the number four position in the rankings. It is only the 14th state in population ranking, but it has a high average household net worth and is the home of many advisers in the mutual fund industry.

¹⁶ New York is one of the states that does not subject investment advisers to examination by the state securities authority and, as such, advisers in New York with RAUM of less than \$100 million qualify for registration with the SEC. The total number of SEC-registered advisers includes 286 such advisers in New York.

¹⁷ Population data obtained from U.S. Census Bureau, 2010 Census; net worth data obtained from Board of Governors of the Federal Reserve System, "2007 Survey of Consumer Finances," Feb. 2009.

Disciplinary Information

It is difficult to draw broad conclusions from the disciplinary disclosure information provided in Form ADV, Part 1. For example, Item 11 asks many “true or false” questions relating to disciplinary events, but most of these questions are fairly broad and imprecise, requiring delving into specifics of each such event to have any clear understanding of what was involved. Also, the information is provided for the advisory firm and its employees, officers, directors and advisory affiliates for the past 10 years, whether or not these persons or entities were affiliated with the reporting firm during that time. In addition, the same disciplinary event at one firm may be reported by multiple separate affiliates and the same disciplinary event may generate affirmative answers to several different questions. The SEC has added a helpful clarifying question requiring firms to now specify whether any of the events reported involve the firm or its supervised persons.

Subject to these limitations, we make the following observations:

- 9,380 registered investment advisers (86.1%) reported no disciplinary history at all, which is comparable to last year, when 9,063 advisers (86.0%) reported no disciplinary history. While newly registered advisers made up a total of 8.9% of the total number of investment advisers (973 of 10,895), the number of newly registered advisers reporting disciplinary history makes up only 5.0% (76) of the 1,515 advisers now reporting such history.
- Of the 81 advisers reporting that they or an advisory affiliate had been charged with a felony, 23 firms (0.2% of all advisers) reported having been convicted or having pled guilty or nolo contendere (“no contest”) to the charges in court.
- 159 firms or advisory affiliates (1.4%) reported that the SEC or the Commodity Futures Trading Commission (“CFTC”) found them to have made a false statement or omission and 411 firms (3.9%) reported that the SEC or CFTC found them to have been involved in the violation of SEC or CFTC regulations or statutes. Only 12 firms reported that they or an advisory affiliate has been found by the SEC or CFTC of having been the cause of an investment-related business having its authorization to conduct business denied, suspended, revoked or restricted.
- Of the 1,515 advisers reporting at least one disciplinary event, 767 advisers reported that at least one of the events involved the firm or its supervised persons (as opposed to an affiliate).¹⁸
- Of the 973 advisers newly registered since our last report, 76 (7.8% of new advisers) reported a disciplinary event and 33 (3.4% of new advisers) reported that the event involved them or a supervised person. Private fund advisers make up 303 of all newly registered advisers (31.1%) and accounted for 26 of the 76 new advisers (34.2%) that reported a disciplinary event.

¹⁸ Curiously, however, an additional 27 advisers reported that a disciplinary event outlined “below”—in Item 11 of Form ADV—involves them or a supervised person (answering “yes” to Item 11), but did not mark any specific disciplinary events in response to the subsections of Item 11. These advisers are included in calculating the aggregate number of advisers reporting no disciplinary history (9,380).

Appendix: Form ADV, Part 1 Responses 2012-2014

The following represents the aggregate data from Form ADV, Part 1 filed by all SEC-registered investment advisers as of April 9, 2014 and compares that data to the data from April 12, 2013 and July 16, 2012, which formed the basis for the 2013 and 2012 Evolution Revolution reports, respectively. The presentation generally follows the order in which Form ADV, Part 1 asks its questions with a brief description of the item, but does not include data from Schedules A through D or disciplinary reporting pages (“DRPs”).

The 2011 Evolution Revolution report contained an appendix of data derived from Evolution Revolution reports for the previous 11 years. Form ADV, Part 1 has been revised so significantly after that report (including new and amended questions and changed item numbers) that presenting a year-to-year comparison to subsequent years in a similar format would not be meaningful. For historical information before 2012, please see:

https://www.investmentadviser.org/eweb/docs/Publications_News/Reports_and_Brochures/IAA-NRS_Evolution_Revolution_Reports/evolution_revolution_2011.pdf

or:

<http://www.nrs-inc.com/About-Us/White-Papers/Evolution-Revolution-2011/>

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
Total Number of Advisers	10,511	10,533	10,895
Registration Status: New	164	128	141
Registration Status: Approved	10,347	10,405	10,754
Adviser Exempt from ADV Part 2	379	372	393
1: Number of IAs by			
Has a Web Site	8,572	8,722	9,157
Has a Foreign Registration	861	888	932
Is a Public Reporting Co.	109	100	94
Has more than \$1B in Assets	284	428	552
2A: Number of IAs by Basis of SEC Registration			
AUM	8,674	8,777	9,133
Mid-Size Exception	523	453	443
Wyoming IA	39	45	42
Foreign IA	583	598	636
IA to Investment Company ('40 Act)	1,212	1,227	1,303
Business Development Company	28	38	46
Pension Consultant IA	272	280	265
Rule 203A-2(c)	523	481	443
Newly Formed IA	144	110	122
Multi-State IA	144	128	120
Internet IA	63	67	74
Exempt	3	3	3
No Longer Eligible ²	771	108	134
3A: Number of IAs by Form of Organization			
Corporation	4,008	3,957	3,921
Sole Proprietorship	123	107	104
LLP	118	126	133
Partnership	154	122	93
LLC	5,331	5,402	5,732
LP	560	609	682
Other	217	210	230
3B: Number of IAs by Fiscal Year End			
January	31	33	31
February	16	15	15
March	221	230	224
April	26	28	26
May	25	23	21

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
June	163	169	173
July	17	20	20
August	11	11	11
September	154	156	160
October	55	59	63
November	30	28	27
December	9,762	9,761	10,124
5A: Number of IAs by Number of Non-Clerical Employees			
0-5	3,687	3,620	3,680
6-10	2,456	2,465	2,536
11-50	3,180	3,211	3,365
51-250	870	922	986
251-500	127	131	146
501-1000	100	87	85
More than 1000	89	97	97
Total Non-Clerical Employees	759,438	707,097	719,638
Average Non-Clerical Employees	72	67	66
Median Non-Clerical Employees	8	8	9
5B1: Number of IAs by Employees Performing Investment Advisory Functions			
0	217	190	189
1-5	5,496	5,455	5,579
6-10	2,123	2,108	2,212
11-50	2,085	2,170	2,258
51-250	450	470	511
251-500	63	60	68
501-1000	33	31	29
More than 1000	42	49	49
Total of Employee Subset	343,434	342,010	360,121
Average of Employee Subset	33	32	33
Median of Employee Subset	5	5	5
5B2: Number of IAs by Employees Who Are Registered Representatives of a Broker-Dealer			
0	7,367	7,365	7,654
1-5	1,646	1,652	1,678
6-10	514	521	531
11-50	619	615	648
51-250	217	234	234
251-500	47	42	47

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
501-1000	41	44	42
More than 1000	58	60	61
Total of Employee Subset	345,018	339,669	355,399
Average of Employee Subset	33	32	33
Median of Employee Subset	0	0	0
5B3: Number of IAs by Employees Who Are Registered Investment Adviser Representatives			
0	5,566	5,403	5,412
1-5	3,372	3,443	3,614
6-10	767	810	894
11-50	552	613	690
51-250	151	162	179
251-500	31	27	36
501-1000	28	29	25
More than 1000	42	46	45
Total of Employee Subset	222,112	249,324	264,689
Average of Employee Subset	21	24	24
Median of Employee Subset	0	0	1
5B4: Number of IAs by Employees Who Are Registered Investment Adviser Representatives for Another IA			
0	9,541	9,562	9,849
1-5	738	722	805
6-10	106	119	115
11-50	96	100	88
51-250	23	25	34
251-500	2	2	1
501-1000	1	1	1
More than 1000	2	2	2
Total of Employee Subset	11,387	12,347	13,968
Average of Employee Subset	1	1	1
Median of Employee Subset	0	0	0
5B5: Number of IAs by Employees Who Are Licensed Agents of an Insurance Company or Agency			
0	8,362	8,291	8,486
1-5	1,537	1,600	1,716
6-10	197	198	228
11-50	201	222	239
51-250	109	116	124
251-500	35	30	28
501-1000	25	33	27

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
More than 1000	42	43	47
Total of Employee Subset	224,845	226,397	237,247
Average of Employee Subset	21	21	22
Median of Employee Subset	0	0	0
5B6: Number of IAs by Number of Firms or Other Persons Soliciting Advisory Clients on Their Behalf			
0	7,561	7,604	7,953
1-5	2,523	2,495	2,513
6-10	199	203	192
11-50	162	161	167
51-250	48	52	49
251-500	7	9	9
501-1000	5	4	9
More than 1000	4	5	3
Total of Firms or Other Persons	32,160	29,022	36,443
Average of Firms or Other Persons	3	3	3
Median of Firms or Other Persons	0	0	0
5C1: Number of IAs by Number of Advisory Clients			
0	418	327	390
1-10	2,949	2,933	2,986
11-25	1,030	1,034	1,074
26-100	1,987	1,882	1,864
More than 100	4,127	4,357	4,581
More than 100: Total Clients ³	23,225,455	25,456,054	27,835,033
More than 100: Average Clients	5,540	5,843	6,076
More than 100: Median Clients	300	300	300
5C2: Number of IAs by Foreign Client Percentage			
0%	6,681	6,627	6,827
1-10%	1,442	1,482	1,561
11-25%	376	396	410
26-50%	691	690	698
51-75%	530	524	554
76-89%	197	221	221
90-100%	590	592	624
Average Percentage	14	14	14
Median Percentage	0	0	0

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D1A: Number of IAs by Percentage of Retail Clients			
None	5,106	5,096	5,294
Up to 10%	1,075	1,027	1,009
11-25%	859	874	874
26-50%	1,175	1,184	1,252
51-75%	1,096	1,163	1,241
76-99%	1,129	1,122	1,164
100%	67	67	61
5D1B: Number of IAs by Percentage of High-Net Worth Clients			
None	4,213	4,244	4,411
Up to 10%	1,280	1,254	1,242
11-25%	1,140	1,146	1,193
26-50%	1,487	1,518	1,601
51-75%	1,167	1,181	1,246
76-99%	1,086	1,080	1,094
100%	134	110	108
5D1C: Number of IAs by Percentage of Banking/Thrift Institution Clients			
None	9,736	9,758	10,137
Up to 10%	606	601	598
11-25%	71	82	75
26-50%	38	38	31
51-75%	15	12	14
76-99%	13	13	12
100%	27	29	28
5D1D: Number of IAs by Percentage of Investment Company Clients			
None	8,828	8,846	9,118
Up to 10%	870	875	930
11-25%	206	213	227
26-50%	151	164	172
51-75%	64	63	64
76-99%	80	76	81
100%	308	296	303

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D1E: Number of IAs by Percentage of Business Development Company Clients			
None	10,388	10,427	10,791
Up to 10%	72	57	51
11-25%	13	9	10
26-50%	7	9	7
51-75%	1	2	2
76-99%	0	0	2
100%	25	29	32
5D1F: Number of IAs by Percentage of Other Pooled Investment Vehicle Clients			
None	6,242	6,226	6,431
Up to 10%	1,022	1,033	1,050
11-25%	336	345	333
26-50%	360	400	436
51-75%	292	281	282
76-99%	391	404	450
100%	1,863	1,844	1,913
5D1G: Number of IAs by Percentage of Pension & Profit Sharing Plan Clients			
None	5,388	5,363	5,639
Up to 10%	3,560	3,611	3,705
11-25%	713	717	722
26-50%	425	413	414
51-75%	170	168	160
76-99%	146	152	152
100%	105	109	103
5D1H: Number of IAs by Percentage of Charitable Organization Clients			
None	6,242	6,232	6,486
Up to 10%	3,700	3,755	3,870
11-25%	391	382	383
26-50%	129	124	117
51-75%	17	19	20
76-99%	18	16	14
100%	9	5	5

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D1I: Number of IAs by Percentage of Corporate or Other Business Clients Not Listed Above			
None	6,022	5,985	6,237
Up to 10%	3,657	3,722	3,850
11-25%	515	529	501
26-50%	199	180	200
51-75%	59	63	52
76-99%	23	21	23
100%	32	33	32
5D1J: Number of IAs by Percentage of State or Municipal Government Entity Clients			
None	9,205	9,218	9,575
Up to 10%	922	929	941
11-25%	204	201	199
26-50%	105	107	99
51-75%	21	27	28
76-99%	19	19	23
100%	30	32	30
5D1K: Number of IAs by Percentage of Other IA Clients			
None	9,604	9,576	9,901
Up to 10%	615	635	666
11-25%	125	144	136
26-50%	80	88	83
51-75%	17	18	26
76-99%	16	19	27
100%	49	53	56
5D1L: Number of IAs by Percentage of Insurance Company Clients			
None	9,635	9,616	9,925
Up to 10%	688	720	780
11-25%	97	104	102
26-50%	38	40	43
51-75%	13	14	14
76-99%	19	23	18
100%	16	16	13

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D1M: Number of IAs by Percentage of Other Clients			
None	8,416	9,486	8,839
Up to 10%	567	615	640
11-25%	171	151	183
26-50%	111	126	124
51-75%	39	51	51
76-99%	53	33	38
100%	79	71	67
5D2A: Number of IAs by Percentage of RAUM from Retail Clients			
None	5,198	5,189	5,400
Up to 25%	2,952	3,005	3,079
Up to 50%	1,023	1,024	1,090
Up to 75%	735	743	777
More than 75%	598	572	549
5D2B: Number of IAs by Percentage of RAUM from High-Net Worth Clients			
None	4,346	4,358	4,541
Up to 25%	2,253	2,215	2,218
Up to 50%	1,282	1,269	1,321
Up to 75%	1,337	1,367	1,424
More than 75%	1,291	1,324	1,391
5D2C: Number of IAs by Percentage of RAUM from Banking/Thrift Institution Clients			
None	9,808	9,839	10,216
Up to 25%	559	565	544
Up to 50%	46	39	51
Up to 75%	36	29	23
More than 75%	57	61	61
5D2D: Number of IAs by Percentage of RAUM from Investment Company Clients			
None	8,933	8,931	9,210
Up to 25%	714	715	745
Up to 50%	229	235	258
Up to 75%	154	166	173
More than 75%	476	486	509
5D2E: Number of IAs by Percentage of RAUM from Business Development Company Clients			
None	10,403	10,440	10,801
Up to 25%	68	52	43
Up to 50%	4	6	9
Up to 75%	3	2	3
More than 75%	28	33	39

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D2F: Number of IAs by Percentage of RAUM from Other Pooled Investment Vehicle Clients			
None	6,292	6,263	6,470
Up to 25%	1,253	1,273	1,284
Up to 50%	331	357	345
Up to 75%	297	298	319
More than 75%	2,333	2,342	2,477
5D2G: Number of IAs by Percentage of RAUM from Pension & Profit Sharing Plan Clients			
None	5,609	5,566	5,851
Up to 25%	3,900	3,970	4,061
Up to 50%	484	469	473
Up to 75%	228	230	210
More than 75%	286	298	300
5D2H: Number of IAs by Percentage of RAUM from Charitable Organization Clients			
None	6,352	6,330	6,599
Up to 25%	3,946	3,994	4,093
Up to 50%	136	146	137
Up to 75%	46	42	45
More than 75%	26	21	21
5D2I: Number of IAs by Percentage of RAUM from Corporate or Other Business Clients Not Listed Above			
None	6,270	6,217	6,461
Up to 25%	3,868	3,943	4,078
Up to 50%	207	197	176
Up to 75%	84	92	96
More than 75%	78	84	84
5D2J: Number of IAs by Percentage of RAUM from State or Municipal Government Entity Clients			
None	9,282	9,290	9,648
Up to 25%	955	965	971
Up to 50%	147	140	133
Up to 75%	52	65	66
More than 75%	70	73	77
5D2K: Number of IAs by Percentage of RAUM from Other IA Clients			
None	9,718	9,699	10,035
Up to 25%	620	649	661
Up to 50%	73	81	83
Up to 75%	31	40	37
More than 75%	64	64	79

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5D2L: Number of IAs by Percentage of RAUM from Insurance Company Clients			
None	9,695	9,680	10,004
Up to 25%	670	697	751
Up to 50%	50	63	61
Up to 75%	37	31	24
More than 75%	54	62	55
5D2M: Number of IAs by Percentage of RAUM from Other Clients			
None	8,529	8,607	8,951
Up to 25%	683	707	761
Up to 50%	85	96	104
Up to 75%	58	56	62
More than 75%	134	122	112
5E: Number of IAs by Compensation Arrangements			
Percentage of AUM	9,986	10,011	10,332
Hourly Charges	2,911	2,933	3,057
Subscription Fees	128	124	119
Fixed Fees	4,303	4,374	4,521
Commissions	646	570	546
Performance	4,090	4,095	4,200
Other	1,383	1,450	1,559
5F1: Number of IAs Providing Continuous and Regular Supervisory or Management Services to Securities			
5F1	10,154	10,163	10,516
5F2: Number of IAs by RAUM Category			
Discretionary RAUM: 0	1,121	1,064	1,086
Discretionary RAUM: 1<25m	496	466	463
Discretionary RAUM: 25<100m	1,518	1,299	1,155
Discretionary RAUM: 100m<1b	4,959	5,145	5,426
Discretionary RAUM: 1<5b	1,450	1,544	1,653
Discretionary RAUM: 5<10b	369	377	399
Discretionary RAUM: 10<50b	428	450	513
Discretionary RAUM: 50<100b	88	97	94
Discretionary RAUM: 100b or more	82	91	106
Non-Discretionary RAUM: 0	6,144	6,102	6,337
Non-Discretionary RAUM: 1<25m	1,549	1,586	1,602
Non-Discretionary RAUM: 25<100m	987	953	993
Non-Discretionary RAUM: 100m<1b	1,340	1,399	1,441
Non-Discretionary RAUM: 1<5b	356	345	364
Non-Discretionary RAUM: 5<10b	66	74	74

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
Non-Discretionary RAUM: 10<50b	56	60	70
Non-Discretionary RAUM: 50<100b	8	8	6
Non-Discretionary RAUM: 100b or more	5	6	8
Total RAUM: 0	550	515	548
Total RAUM: 1<25m	302	300	290
Total RAUM: 25<100m	1,245	974	863
Total RAUM: 100m<1b	5,680	5,867	6,085
Total RAUM: 1<5b	1,656	1,747	1,868
Total RAUM: 5<10b	414	429	452
Total RAUM: 10<50b	485	498	574
Total RAUM: 50<100b	89	104	103
Total RAUM: 100b or more	90	99	112
5F2: Assets by RAUM Category			
Discretionary RAUM: 1<25m	\$4,575,466,327	\$4,253,808,400	\$4,262,414,072
Discretionary RAUM: 25<100m	\$99,487,139,990	\$82,309,162,032	\$73,525,658,463
Discretionary RAUM: 100m<1b	\$1,631,236,561,703	\$1,696,220,425,698	\$1,839,109,158,983
Discretionary RAUM: 1<5b	\$3,281,799,984,856	\$3,423,286,804,378	\$3,690,957,725,620
Discretionary RAUM: 5<10b	\$2,579,455,595,589	\$2,637,305,303,748	\$2,791,808,457,427
Discretionary RAUM: 10<50b	\$9,131,390,047,745	\$9,541,466,262,477	\$11,205,105,175,020
Discretionary RAUM: 50<100b	\$6,095,038,937,834	\$6,832,353,560,068	\$6,666,084,740,281
Discretionary RAUM: 100b or more	\$22,498,969,585,329	\$25,975,453,124,714	\$30,508,595,329,043
Discretionary RAUM: Total	\$45,321,953,319,373	\$50,192,648,451,515	\$56,779,448,658,909
Discretionary RAUM: Average	\$4,311,859,321	\$4,765,275,653	\$5,211,514,333
Discretionary RAUM: Median	\$208,883,394	\$203,864,824	\$261,867,962
Non-Discretionary RAUM: 1<25m	\$12,775,158,634	\$13,162,998,556	\$13,324,089,119
Non-Discretionary RAUM: 25<100m	\$54,755,968,326	\$52,611,573,668	\$53,277,820,822
Non-Discretionary RAUM: 100m<1b	\$416,646,474,653	\$447,132,897,179	\$478,977,379,156
Non-Discretionary RAUM: 1<5b	\$778,044,973,618	\$773,908,217,984	\$810,079,452,404
Non-Discretionary RAUM: 5<10b	\$469,792,851,828	\$512,763,162,744	\$519,622,390,552
Non-Discretionary RAUM: 10<50b	\$1,115,288,259,557	\$1,257,393,411,725	\$1,319,021,826,559
Non-Discretionary RAUM: 50<100b	\$606,636,822,825	\$645,477,525,392	\$401,379,909,447
Non-Discretionary RAUM: 100b or more	\$666,727,145,924	\$870,330,150,048	\$1,283,581,498,810
Non-Discretionary RAUM: Total	\$4,120,667,655,365	\$4,572,779,934,296	\$4,879,264,366,869
Non-Discretionary RAUM: Average	\$392,033,836	\$434,138,416	\$447,844,366
Non-Discretionary RAUM: Median	\$0	\$0	\$0
Total RAUM: 1<25m	\$2,695,073,714	\$2,768,393,156	\$2,528,455,360
Total RAUM: 25<100m	\$84,137,740,886	\$62,978,780,883	\$53,374,983,774
Total RAUM: 100m<1b	\$1,858,118,424,674	\$1,938,631,189,882	\$2,076,093,702,484

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
Total RAUM: 1<5b	\$3,726,846,487,756	\$3,893,621,922,491	\$4,164,465,651,306
Total RAUM: 5<10b	\$2,890,715,791,139	\$3,031,228,170,649	\$3,161,256,201,451
Total RAUM: 10<50b	\$10,420,967,551,905	\$10,612,986,095,339	\$12,403,318,282,445
Total RAUM: 50<100b	\$6,258,477,269,353	\$7,363,506,903,529	\$7,365,247,992,627
Total RAUM: 100b or more	\$24,200,662,635,311	\$27,859,706,929,882	\$32,432,427,756,331
Total RAUM: Total	\$49,442,620,974,738	\$54,765,428,385,811	\$61,658,713,025,778
Total RAUM: Average	\$4,703,893,157	\$5,199,414,069	\$5,659,358,699
Total RAUM: Median	\$270,100,000	\$298,974,754	\$331,206,901
5F2: Number of IAs by Number of Accounts			
Discretionary Accounts: 0	764	694	707
Discretionary Accounts: 1-14	3,262	3,199	3,279
Discretionary Accounts: 15-50	1,067	1,104	1,168
Discretionary Accounts: 51-100	603	594	586
Discretionary Accounts: 101-500	2,302	2,264	2,314
Discretionary Accounts: >500	2,156	2,308	2,462
Discretionary Accounts: Total	13,904,345	14,771,526	16,781,021
Discretionary Accounts: Average	1,369	1,453	1,596
Discretionary Accounts: Median	50	55	57
Non-Discretionary Accounts: 0	5,787	5,732	5,958
Non-Discretionary Accounts: 1-14	1,915	1,932	1,990
Non-Discretionary Accounts: 15-50	824	843	876
Non-Discretionary Accounts: 51-100	394	395	426
Non-Discretionary Accounts: 101-500	778	786	783
Non-Discretionary Accounts: >500	456	475	483
Non-Discretionary Accounts: Total	5,234,258	5,642,440	5,982,324
Non-Discretionary Accounts: Average	515	555	569
Non-Discretionary Accounts: Median	0	0	0
Total Accounts: 0	193	145	169
Total Accounts: <15	3,216	3,156	3,261
Total Accounts: 15-50	1,135	1,167	1,205
Total Accounts: 51-100	632	616	629
Total Accounts: 101-500	2,448	2,398	2,442
Total Accounts: >500	2,530	2,681	2,810
Total Accounts: Total	19,138,603	20,413,966	22,763,345
Total Accounts: Average	1,885	2,009	2,165
Total Accounts: Median	92	100	100

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
5G: Number of IAs by Advisory Services			
Financial Planning	3,441	3,499	3,705
PM for Individuals/Small Bus.	6,498	6,492	6,710
PM for Investment Co.	1,453	1,499	1,619
PM for Pooled Investment Vehicles	3,819	4,090	4,357
PM for Bus./Institutional Clients	5,542	5,442	5,469
Pension Consulting Services	1,711	1,751	1,819
Selection of Other Advisers	3,033	3,043	3,171
Publications	671	675	666
Security Ratings or Pricing	38	40	43
Market Timing Services	101	87	70
Educational Seminars/Workshops	451	571	667
Other	1,978	1,941	2,004
5H: Number of IAs by Number of Clients Provided Financial Planning Services			
0	2,469	2,307	2,333
1-10	801	784	831
11-25	429	437	447
26-50	411	425	418
51-100	451	456	473
101-250	540	564	597
251-500	289	301	305
>500	163	184	202
5I: Number of IAs Participating in a Wrap Fee Program and:			
Sponsoring the wrap fee program	627	674	729
Acting as pm for the wrap fee program	1,193	1,252	1,317
5J: Number of IAs Providing Investment Advice Only with Respect to Limited Types of Investments			
5J	3,297	3,237	3,290
6: Number of IAs by Other Business Activities			
Broker-Dealer	480	477	456
Registered Rep. of a Broker-Dealer	530	481	459
Commodity Pool Operator/Trading Advisor	1,004	1,428	1,660
Futures Commission Merchant	31	31	28
Real Estate Broker, Dealer, or Agent	57	52	49
Insurance Broker or Agent	889	882	883
Bank	19	21	18
Trust Company	19	21	20
Registered Municipal Advisor	56	62	58

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
Registered Securities-Based Swap Dealer	0	1	1
Major Security-Based Swap Participant	1	1	0
Accountant or Accounting Firm	126	142	154
Lawyer or Law Firm	17	20	21
Other Financial Product or Salesperson	179	191	199
Other Non-Advisory Business Not Listed	1,123	1,138	1,140
Non-Advisory Business Is Primary	441	360	329
Advisory Clients Sold Non-Advisory Services	1,643	1,717	1,793
7: Number of IAs by Financial Industry Affiliations & Private Fund Reporting			
Broker-Dealer or Muni./Gov. Broker or Dealer	2,361	2,318	2,323
Other IA	3,793	3,939	4,090
Registered Municipal Advisor	352	370	393
Registered Securities-Based Swap Dealer	13	55	61
Major Security-Based Swap Participant	24	10	7
Commodity Pool Operator/Trading Adviser	1,300	1,680	1,893
Futures Commission Merchant	275	270	250
Banking or Thrift Institution	906	853	824
Trust Company	635	690	745
Accountant or Accounting Firm	766	742	725
Lawyer or Law Firm	494	475	463
Insurance Broker or Agent	1,716	1,700	1,752
Pension Consultant	564	573	589
Real Estate Broker or Dealer	500	470	469
Sponsor or Syndicator of LPs	751	636	624
Sponsor, GP, or Managing Mem. of Pooled Investment Vehicles	3,200	3,544	3,856
Adviser to any Private Fund	3,979	4,018	4,156
8: Number of IAs by Participation or Interest in Client Transactions			
Principal Transactions	919	874	874
8A2 ⁴	7,946	7,962	8,228
8A3 ⁴	2,877	2,795	2,811
Agency Cross Transactions	511	469	450
8B2 ⁴	2,697	2,622	2,662
8B3 ⁴	1,224	1,176	1,154
8C1 ⁴	9,657	9,709	10,043
8C2 ⁴	9,648	9,705	10,037

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
8C3 ⁴	7,358	7,320	7,481
8C4 ⁴	6,517	6,426	6,539
8D ⁴	826	808	787
Recommend Brokers or Dealers to Clients	6,744	6,819	7,088
Recommend Related B/D to Clients	874	875	880
Soft Dollars	4,866	4,803	4,894
Soft Dollars under 28E of the 1934 Act	4,417	4,406	4,514
Compensate for Client Referrals	4,202	4,205	4,249
Receive Compensation for Client Referrals	1,075	1,146	1,215
9A: Number of IAs with Custody of Client Assets			
Cash or Bank Accounts	3,076	3,157	3,396
Securities	3,032	3,103	3,337
Funds Amount: 1<25m	640	641	683
Funds Amount: 25<100m	473	497	467
Funds Amount: 100m<1b	1,166	1,140	1,213
Funds Amount: 1<5b	447	485	496
Funds Amount: 5<10b	106	103	114
Funds Amount: 10<50b	99	106	127
Funds Amount: 50<100b	18	18	13
Funds Amount: >100b	7	7	10
Total Funds Amount	\$6,614,351,968,949	\$7,195,737,592,930	\$8,238,026,115,433
Average Funds Amount ⁵	\$2,237,602,155	\$2,400,980,178	\$2,637,856,585
Median Funds Amount ⁵	\$200,000,000	\$204,913,149	\$214,634,548
Accounts: 0	386	450	606
Accounts: 1-14	2,224	2,230	2,302
Accounts: 15-50	419	430	456
Accounts: 51-100	124	125	129
Accounts: 101-500	112	129	150
Accounts: >500	109	104	105
Accounts: Total	5,475,713	6,171,216	6,508,399
Accounts: Average	1,833	2,045	2,071
Accounts: Median	5	5	5

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
9B: Number of IAs by Related Persons with Custody of Client Assets			
Cash or Bank Accounts	2,937	3,013	3,171
Securities	2,910	2,967	3,118
Funds Amount: 1<25m	575	610	623
Funds Amount: 25<100m	439	447	457
Funds Amount: 100m<1b	1,242	1,222	1,291
Funds Amount: 1<5b	498	538	564
Funds Amount: 5<10b	122	127	134
Funds Amount: 10<50b	112	114	138
Funds Amount: 50<100b	20	23	25
Funds Amount: >100b	8	7	6
Total Funds Amount	\$7,712,765,264,192	\$7,571,480,317,838	\$8,550,263,247,790
Average Funds Amount	\$2,557,282,913	\$2,451,904,248	\$2,640,600,138
Median Funds Amount	\$236,729,293	\$240,368,707	\$258,641,179
Accounts: 0	188	220	250
Accounts: 1-14	2,342	2,398	2,503
Accounts: 15-50	338	363	410
Accounts: 51-100	98	103	96
Accounts: 101-500	111	114	122
Accounts: >500	140	126	122
Accounts: Total	6,780,712	6,744,127	7,634,349
Accounts: Average ⁵	2,239	2,173	2,347
Accounts: Median ⁵	5	5	5
9C: Number of Advisers by Custody Controls			
Q.C. Sends Statements to Pooled Investors	1,141	1,092	1,078
Pooled Investments Annual Audit	3,566	3,652	3,806
Surprise Exam	1,343	1,374	1,418
Internal Control Report	485	515	472
9D: Acting as Qualified Custodian for Advisory Clients			
Acting as a Qualified Custodian	106	99	86
Related Person Acting as a Qualified Custodian	420	417	404
9F: Qualified Custodians of Custodied Client Assets			
Advisers Responding >0 to Question	2,823	3,040	4,960
Qualified Custodians: Aggregate	12,265	13,147	21,664
Qualified Custodians: Average Reported ⁵	4	4	4
Qualified Custodians: Median Reported ⁵	2	2	2

Form ADV Item/Question ¹	Value on 7/16/2012	Value on 4/15/2013	Value on 4/8/2014
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11: Number of IAs by Disciplinary History			
No Disciplinary History	9,064	9,063	9,380
Event Involves Adviser or Its Supervised Person	865	834	794
11A1 ⁴	35	33	34
11A2 ⁴	88	87	81
11B1 ⁴	38	33	32
11B2 ⁴	36	37	27
11C1 ⁴	168	172	159
11C2 ⁴	383	404	411
11C3 ⁴	14	15	12
11C4 ⁴	373	391	401
11C5 ⁴	368	393	403
11D1 ⁴	218	225	226
11D2 ⁴	722	731	749
11D3 ⁴	25	34	32
11D4 ⁴	574	586	604
11D5 ⁴	200	198	198
11E1 ⁴	60	56	54
11E2 ⁴	598	598	609
11E3 ⁴	8	6	8
11E4 ⁴	146	163	170
11F ⁴	20	21	26
11G ⁴	133	134	124
11H1a ⁴	136	137	128
11H1b ⁴	127	120	106
11H1c ⁴	111	101	104
11H2 ⁴	219	225	211

Notes:

1. For purposes of this chart, null responses are not considered except for item 5D.
2. Advisers that reported no longer being eligible for SEC registration and advisers that have not filed an updated Form ADV since November 2011 are removed from this report. 950 such advisers were removed from the 2012 report, 118 such advisers were removed from the 2013 report, and 171 such advisers are removed from this report.
3. In 2012, 64 IAs provided a number even though they selected a range of less than 100, and 5 IAs did so in 2013.
4. Because of the question's length, we have only provided the question location in Form ADV. Please see Form ADV, Part 1 at <http://www.sec.gov/about/forms/formadv-part1a.pdf> for this question.
5. Average or median is of adviser subset only, not all advisers.

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1050 17th Street, NW, Suite 725
Washington, DC 20036-5514
P 202.293.4222
F 202.293.4223
www.investmentadviser.org



National Regulatory Services
29 Brook Street
P.O. Box 71
Lakeville, CT 06039
P 860.435.0200
F 860.435.0031
info@nrs-inc.com