

SPEECH

October 22, 2019

Welcoming Remarks, 2019 IDC Fund Directors Conference

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Dawn M. Vroegop
Chair, IDC Governing Council
Independent Director, Brighthouse Funds and Dreihaus Funds

October 22, 2019
Chicago, IL

As prepared for delivery.

Good morning, and welcome to IDC's 2019 Fund Directors Conference! Thank you so much for joining us here in Chicago.

Big thanks as well to our speakers and panelists, IDC's Education Committee and staff, and ICI's Conferences team. Without their time, effort, and expertise, we wouldn't have been able to put together such a terrific event.

I'd also like to thank our sponsors—US Bank Global Fund Services and Stradley Ronon.

How about a hand for everyone who had a role in making this conference happen?

You know, I always look forward to this conference, because it brings the fund director community together in ways that no other conference can.

Every year, it's the place where our community meets to hear from top regulators and industry experts on the most pressing issues facing fund boards. Where we learn the latest about the important business and policy matters affecting our industry more broadly.

It's where we gather to share information and perspective with our peers, sharpen our governance skills, and strengthen our grasp of our core responsibilities.

In every way, this year's conference builds on those in years past. But it also takes on special meaning, because this year, we commemorate IDC's 15th anniversary.

Fifteen years of fulfilling its four-part mission to educate independent directors, bring us together for meaningful dialogue, voice our perspective on policy matters, and promote public understanding of our role.

All in support of our critical work to protect the interests of fund shareholders.

The anniversary has been on my mind for quite a while now. And as I began preparing for this conference a few weeks ago, I got to thinking:

- How exactly has IDC managed to be so successful over the past 15 years?
- And where can it reinforce its support for the director community in the years ahead?

These are the two main points I'd like to talk to you about this morning.

As for the first point—the key to IDC's 15 years of success—it's simple, really. And I like to think of it this way:

Our four-part mission is a sound one—no question. But the thing about missions is: No matter who you are—no matter how considered, principled, or aspirational your mission may be—it will ultimately count for little if you don't continually improve your execution of it, especially in changing times.

Over the past 15 years, we directors have seen our fair share of change, haven't we?

Sweeping industry evolution transforming how fund complexes do business. Regulatory measures reshaping our industry in ways few could have predicted. Extraordinary technological advances forever altering the investor experience.

We've seen these developments combine to expand our oversight role, and make fulfilling our responsibilities more complex. We've seen them redefine what it means—and what it takes—to serve on a fund board.

In terrain as tricky as ours has been, it can be easy to slip, stumble, or lose your way. Yet we've been able to navigate this terrain with confidence, thanks in large part to IDC's exceptional ability to refine how it carries out its mission.

An exceptional ability to identify what all the big developments in fund business, regulation, and governance mean for us—and then use what it learns to tailor its efforts to our changing needs.

Think about it:

As our responsibilities evolved to demand broader knowledge and sharper skills, IDC time and again expanded and enhanced its suite of education initiatives to equip us with both.

As the many benefits of interacting with our peers on other fund boards began to manifest in our own boardrooms, IDC provided more opportunities for us to share ideas and experiences with one another, and empowered us to connect through more meaningful, substantive discussions.

As unfortunate misunderstandings of our work at times appeared in the press, IDC redoubled its efforts to explain the way we govern, the value we add, and the protection we provide to fund shareholders.

And as more and more policy debates held the potential to affect how we serve fund shareholders, IDC secured our seat at the table and strengthened our voice. It vigorously defended our oversight role, and challenged proposals to task us with duties that belong elsewhere.

Today, the fruits of IDC's efforts are easy to see.

Fund directors have never been more educated or engaged. The public has never been more aware of our work. And our regulators have never been more judicious in considering the types of responsibilities that fit with our role.

This is why IDC stands today as the preeminent supporter of the fund director community. It's why we should count ourselves fortunate to have an organization of IDC's caliber on our side.

You know, success at this level—success for this long—it doesn't often happen without teamwork. And so many people can be proud to have had a hand in IDC's 15-year run.

From its long-time staff members, Annette Capretta and Lisa Hamman, who have dedicated so much of their professional lives to the cause.

To its dozens of Governing Council members, volunteers who have so often gone above and beyond their board duties for the good of our community.

And of course, to so many of you here today. Your invaluable on-the-ground insights enhance everything IDC does.

But I think most would agree that no one has been more essential to IDC's success than its managing director, Amy Lancellotta.

If you've had the privilege of working closely with Amy, as I have, you know how deeply she believes in our value.

You know how thoroughly she understands the issues we tackle in the boardroom. How, no matter the type of support we need, she always seems to come up with just the right way to deliver it.

By now, you've probably heard that Amy will retire in December, after a sterling 13 years leading IDC. And it's true—her commitment to excellence, her collaborative mindset, and her boundless positive energy will all be sorely missed.

We can take heart, though, because IDC has found a worthy successor to step into Amy's critical leadership role.

In Tom Kim, IDC has found a proven consensus builder—with a strong grasp of our role, our responsibilities, and how we can best serve shareholder interests. A talented professional—with deep knowledge of law, regulation, and financial services. A seasoned leader—primed to build on Amy's tenure and take IDC to new heights.

This brings me to the second of my two main points this morning. Where can IDC reinforce its support for the director community in the years ahead?

Well, I can tell you this:

If the past 15 years are any guide, we'd be shortsighted to think our role won't continue to evolve.

And if IDC's next 15 years are to be as successful as its first 15, it will need every bit of the talent, drive, and collaboration that has gotten it this far—and every bit of the experience and expertise that Tom brings to the table.

I can also tell you that IDC has never been one to stand still, and that it's already on the move to ensure our community continues to thrive.

Indeed, IDC's Governing Council recently conducted a strategic planning session toward that end. And though the initiatives that will emerge from the session are still early in development, four of IDC's top near-term priorities are already coming into focus.

First, IDC will be incorporating even more of our input into its education programming, because the more closely it aligns with our needs, the better we'll be able to serve fund shareholders.

Second, IDC will be doing more to share the value of its training programs with the leadership on fund boards, because if more key decisionmakers recognize that value, more directors will have an opportunity to benefit from it.

Third, IDC will be increasing its emphasis on programs for newer directors, because we've never had to know more—earlier in our tenure—than we do today.

And fourth, perhaps most important, IDC will be working to further strengthen our vibrant community, because if we can meet more of our peers and connect more deeply with them, we're more likely to engage in bold, thoughtful, respectful exchanges of ideas.

Because the more we engage in these types of exchanges, the more we can learn from one another.

Because the more we learn from one another, the more we can share in our own boardrooms—and the better directors we'll become for fund shareholders.

So with that in mind, how about we begin strengthening our community right now, by welcoming our newest member in the room?

Tom, if you'll kindly stand up, so everyone can recognize you, find you later, and say hello. Fellow directors, how about a hearty congratulations for Amy and a warm welcome for Tom? Let's show him what our community is all about.

You know what, how about we all stand up with Tom as we are able, say hello to our neighbors, and introduce ourselves? If you're clustered with your fellow board members, go ahead and break out of the bunch, and look for a new face.

Now—just like last year—let's fix those names and faces in our minds. Later today and tomorrow, let's make a point to seek out the people we just met, and build on the new connections we just made. I promise—we'll all be the better for it.

Ladies and gentlemen, thank you so much for your time and attention this morning.

It's been my honor to welcome you to the conference. And it's now my pleasure to welcome

two esteemed colleagues to the stage, who will sit down with me for a conversation on the past, present, and future of fund governance.

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