

BOARD UPDATE

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Board Update November 2020

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First Virtual Fund Directors Conference Draws Record Attendance

Welcome to the new Board Update! We are inaugurating the new quarterly *Board Update* with a special feature on [the 2020 Fund Directors Conference](#), which took place with record attendance on October 21–22. Usually held in person in Chicago, the independent fund director community’s premier annual event went virtual for the first time. The conference celebrated IDC’s rededication to excellence in fund governance, with the distinguished speakers and lively peer-to-peer engagement that have been its hallmark for years. Read below for just some of the highlights.

Pre-Conference Panels and Peer Engagement

Leading up to the main conference, IDC offered three sessions on Core Responsibilities of Fund Directors to help fund directors navigate their duties. This popular education program provided an overview of roles and responsibilities, advisory contract reviews, and specific responsibilities, such as valuation, compliance, and risk management.

The conference also provided ample opportunities for fund directors to engage with each other. In addition to a virtual reception, peer-to-peer events included discussions on board recruiting, practical tips for preparing for a board meeting, and board oversight during a crisis.

Turbulent Times and Steadfast Mission: Kathie Barr

IDC Governing Council Chair Kathie Barr, an independent director at Professionally Managed Portfolios and William Blair Funds, [opened the conference](#) with a tribute to independent directors’ steadfast work in trying times and a look to the future. “In my view, few priorities will take on more importance than fostering greater diversity and inclusion in our ranks,” she said, calling upon independent directors to commit to this goal and to

support [the Investment Company Institute's new diversity and inclusion efforts](#).

Shareholders at the Heart of Every Decision: Tom Kim

Tom Kim, IDC managing director, put the [spotlight on IDC's rededication this year](#) to excellence in fund governance, an even stronger independent director community, and directors' commitment to fund shareholders. With the challenges of a fast-evolving industry and policy landscape against the backdrop of COVID-19, he said, "I would submit that today, protecting shareholders has never been more important." Active steps that directors can take to fulfill their duties include continually sharpening their skills, sharing perspectives, and putting "shareholders at the heart of every decision," he noted.

Message from Outgoing ICI President and CEO Paul Stevens

Ahead of his retirement, ICI president and CEO Paul Schott Stevens recounted the work that ICI has done over decades on behalf of fund shareholders, including achievements in securities regulation and retirement and tax policy. He noted that his tenure began shortly after the industry's late trading and market timing scandal in 2004 and that the importance of putting investor interests first continues to drive the work of ICI and IDC.

Word from Dalia Blass and the SEC

Dalia Blass, director of the Division of Investment Management at the Securities and Exchange Commission, [illuminated several of her latest priorities](#), including outreach to smaller funds and the Commission's responses to COVID-19. Issues facing small funds often inspire modernizing efforts, such as the simplification of proxy materials, she noted. She also invited funds to give feedback on their experiences in the markets and in operations during the pandemic. Then, in a wide-ranging discussion with Tom Kim, she addressed other regulatory topics, including the possibility of permanent SEC relief regarding in-person board meetings.

Parsing the Political Moment

Libby Cantrill, managing director and head of public policy at PIMCO, weighed the advantages of a sitting president in a reelection against factors such as a slowing economy and mediocre approval ratings. She analyzed distinctive features of this year's presidential race, the electoral college, and the potential composition of Congress. Regarding the fund industry's prospects, she offered the reminder that "In Washington, personnel is policy," and much depends on the appointees that will lead the regulatory agencies.

The Fund Industry Beyond 2020

Keith Hartstein, independent chair of PGIM Funds and Neil Bathon, founder and partner of FUSE Research Network, returned this year with trenchant insights on fund industry trends, including fee pressure, ETFs, ESG investing, and the evolving distribution model. For example, fee pressure from passive funds and ETFs are overstated; active managers who deliver alpha returns don't have to worry. They also said mergers will continue; the trick is adding not only scale, but also new capabilities.

How to Be "Color-Brave": A Candid Conversation

Dawn Vroegop, independent chair at Brighthouse Funds and independent director at Driehaus Funds, moderated a candid discussion on race and gender diversity in fund board rooms with Stephanie Braming, global head of investment management at William Blair & Company, and Shundrawn Thomas, president of Northern Trust Asset Management. Fund directors should embrace honest conversation and purposeful action on these issues, they said. Active steps include asking fund advisers for regular updates on their progress in

diversity. Addressing the importance of being “color-brave,” Shundrawn encouraged the audience not only “to learn about people from different racial backgrounds,” but also to “unlearn things...we have been taught about race.”

Upcoming Events

Industry Segment Call

Directors of ETFs November 17, 2020

1:00–2:00 p.m. (ET)

Webinars

[IDC Webinar: The Post-Election Political Environment](#) December 2, 2020

2:00–3:00 p.m. (ET) [IDC Webinar: Insurance Considerations for Fund Boards](#) December 17, 2020

2:00–3:00 p.m. (ET)

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