

SPEECH

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IDC Governing Council Chair's Remarks, 2022 IDC Fund Directors Conference

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Thank you, Tom, for your kind words. IDC is fortunate to have you. I'm excited to partner with you and your team in furthering our mission for the next two years.

To everyone here: It's my privilege to serve as the Chair of IDC's Governing Council. It is a distinct joy to represent you.

For me, it's easy to, support and proudly take on the role of leadership for an organization that aligns with who I am. It's also easy to be a champion for others when you have had people who were champions for you.

I think it is important to acknowledge the stakeholders here whose support is essential as well. Many experts in the audience – whether from accounting firms, law firms, specialized service providers, and management companies – are critical to the success of our funds and the advancement of shareholders' interest. Thank you all for being here, and for your ongoing partnership in our work.

We all serve in a vital role as stewards of financial security. We've committed ourselves to advancing the interests of mutual fund, ETF, and other registered fund investors. Investors, who might look like us or might not. All told, we serve a hundred million shareholders from the broadest possible range of the US.

Thinking of that number, not just the trillions of dollars they represent, helps me as a director keep the shareholder, that everyday investor, front and center in this work. It's a

way of staying connected to the mission where we as independent directors, oversee the work that helps others achieve financial security.

Along with you, my colleagues, that group, the everyday investor, is on my mind today.

I want to focus on the role of education and mentoring and how that translates into the commitment I bring to the four IDC pillars that Tom mentioned. I will also talk about the importance of our input into policy creation.

As you heard from Tom, and as you will experience over the course of the next two days, we already deliver best-in-class director education. Over the year ahead, we'll continue to have a wide range of offerings and opportunity for peer-to-peer thought leadership sessions that will help our offerings reflect the needs of our community.

Education has always been a key part of my life. Fun fact, both my grandmother and my mother, went back to finish their college degrees when I was in junior high and high school. So that means the three generations graduated from college within 11 years of each other.

Education is at my core and has been throughout my life.

IDC will continue to support your continuing education in meetings like this. That looks like the speaker series that Tom mentioned, where IDC uses its resources to inform us of market dynamics. At IDC, we know how important it is to understand the markets and the broader economy in the context in which our funds operate. And today, we'll benefit from a presentation by Jim McDonald, Northern Trust's Chief Investment Strategist.

As directors we seek to educate ourselves through IDC offerings and other resources. I also hope to take us to a place where we can remind ourselves about the educational needs of our shareholders and the broader public.

I want to visit IDC's role in helping to shape the best possible public policy. It's an area where our concerted action is key, and where IDC is doubling down.

In this dynamic, rapidly changing, twenty-first century environment, our collective, thoughtful voice is necessary in public policy. That voice will be amplified as we align with the ultimate purpose, advancing shareholder interests.

As we can all attest, thoughtful regulation is the cornerstone of strong governance and investor protection. IDC supports regulation that enhances good governance. It's the kind of regulation that acknowledges the oversight role of fund boards, supports effective disclosure, aligns interests, and creates appropriate checks and balances to manage potential conflicts of interest. Our oversight role as fiduciaries can be aided by thoughtful regulation. The compliance framework established by Rule 38a-1 is an example of regulation done right.

That said, not all regulation feels as thoughtful or beneficial. Some mandates may have unintended consequences. That includes diverting attention away from issues most pressing and relevant to a fund and enacting more rigid rules that may miss the forest for the trees.

IDC remains committed to working with policymakers to improve regulation. We weigh in on a wide variety of issues, using the voice of the fund director community. Valuation,

derivatives, cybersecurity risk management, the role of information providers – all are areas where director input recently has been important.

Ongoing dialogue with policymakers is critical to supporting a greater mutual understanding that ultimately benefits shareholders. To this end, we are looking forward to our time with Director William Birdthistle today.

At a more macro level, ICI launched an initiative to seek to modernize the '40 Act. Independent directors are participants in this effort through ICI and IDC. Modernization efforts, appropriately crafted, can help to ensure stringent protection for shareholders, while also encouraging innovation and fostering capital formation.

The third focus, in addition to education and policy input, is around sustaining the pipeline of trustees.

We have an opportunity– to invest our time and talent in each other and in the next generation of independent directors. This goes hand in hand with serving shareholders.

One place to start is with mentorship. I'm confident that everyone here had someone who filled that role in your life, someone who was key in getting your first board role. I certainly did and you might have had a similar experience that impacted your career or board path. We can all mentor one another and the next generation of fund trustees.

IDC will continue taking an active role in building a pipeline of strong independent directors.

The pipeline can reflect diversity in many ways – including perspective, experience, professional background, race/ethnicity, gender, and more. It's diversity, broadly defined, that can enhance board effectiveness in representing the shareholders we serve.

I'm proud to say that IDC has been very active in this arena. This summer, we launched our director database in partnership with Diligent, and you'll see a table near the registration desk for those who may wish to learn about how to navigate the database to post a board position or add a candidate profile.

I especially want to highlight a new pilot offering that we just launched last week, called IDC Connections.

IDC Connections will link together board-ready diverse candidates with seasoned independent directors who can spend a brief period of time, sharing experiences and offering guidance.

If you're a veteran director, please consider participating in IDC Connections. It's a chance to share your wisdom and guide the next wave of board candidates. If you'd like to play a part, please email IDC with the subject line: "connections."

Thank you in advance for stepping up. There is much we can do, and I'm excited that we can get it done, together.

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