



# Auditor Independence Assessment Services

## Auditor Independence report includes

**Product** – name of the fund or investment instrument and the associated CUSIP identifier

**Shares Outstanding** – total shares in the product as of the proxy record date

**Firm Name** – name of the bank or broker

**Number of accounts** – total number of accounts held by the firm in the fund

**Number of Shares** – total number of shares held by the firm in the fund

**Total Assets** – total assets held by the firm in the fund

**Total Ownership** – the total ownership percent held by the firm

**Average Ownership** – the average account size held by the firm in the fund

**Ownership Threshold Flag** – Identifies banks or brokers that have over a 10% ownership

## SEC Rule on Auditor Independence

The Securities and Exchange Commission's rule regarding auditor independence has placed an onus on fund companies to determine whether an auditor is independent regarding investments by auditors or their family members in audit clients. When a fund goes to proxy with a trustee election, or to appoint an auditor, they are required to disclose any shareholder entity that owns 10% or more of a fund. The regulation is to ensure that an auditor presents no conflict of interest by not holding more than 10% of a fund. The reporting coincides with the proxy record date and applies across beneficial and registered shareholders. Broadridge's Auditor Independence Report helps the client meet their fiduciary obligations to ensure auditor independence.

## Auditor Independence Assessment services analytic approach

Broadridge's Auditor Independence Assessment services starts with collecting the proxy response data from banks and brokers for the beneficial shareholders and, if subscribed to, the registered shareholders. When registered shareholder information is not available, the client has the option to provide a file of registered shareholders from the transfer agent (TA) system matching the position date of the proxy event.

Once the data is collected, the assessment begins by loading all data (proxy response files and TA files, if provided). Next, Broadridge will calculate an ownership percentage for each account. Broadridge will then roll up the data by product, bank or broker to identify any that have over a 10% ownership in a fund. Finally, the assessment identifies each bank or broker that has reached a 10% ownership stake in total.



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### Client requirements and participation

To calculate an accurate ownership percentage, the client must provide a total share count of each fund covered in the proxy event to coincide with the event record date. If the client is providing a full TA feed for inclusion of the direct shareholder accounts, then this will suffice in place of the share count. Work cannot begin until these data elements are received.

### Auditor Independence Report

The Auditor Independence Report is produced from the assessment and shows each bank or broker ownership levels, and highlights any that have greater than a 10% total ownership. The report will give the client enough insight to request details from a bank or broker to validate that no individual shareholder has over 10% ownership in a fund.

### Report Delivery:

The Auditor Independence Report will be delivered within 10 business days following the date in which the last data file is received from either the banks or brokers, or from the client (for client-supplied data).

The Auditor Independence Report is delivered in PDF format.

**Proxy Event:** DEMO RUN

**Record Date:** December 2016

**Fund Name:** Bruckner International Enhanced Index

**CUSIP:** BRUCKR407

**Shares**

**Outstanding:** 1,935,879.000

Broker	Ownership > 10%	Accounts	Shares	Assets	Total Ownership	Average Ownership
AMERICAN TRUST CENTER	10% Exceeded	1	531,175.557	\$4,382,198.35	18.0%	1.80%
TD AMERITRADE CLEARING INC		108	380,957.423	\$3,142,898.74	1.3%	0.00%
PERSHING LLC		264	373,794.675	\$3,083,806.07	1.3%	0.00%
CHARLES SCHWAB & CO. INC.		21	109,176.344	\$900,704.84	0.4%	0.00%
ALERUS FINANCIAL		1	78,586.000	\$648,334.50	0.3%	0.30%
MATRIX TRUST COMPANY		9	54,570.985	\$450,210.63	0.2%	0.00%
WELLS FARGO CLEARING SERVICES		16	52,283.370	\$431,337.80	0.2%	0.00%
LPL FINANCIAL		21	46,771.879	\$385,868.00	0.2%	0.00%