

## SEC Marketing Rule + eVestment Database

### Frequently Asked Questions

On December 22, 2020, the SEC adopted reforms under the Investment Advisers Act of 1940 (Advisers Act) to modernize rules that govern investment adviser advertisements and payments to solicitors, including Advisers Act Rule 206(4)-1 ("**Marketing Rule**"). This document is to share information with clients around how the Nasdaq eVestment database ("**eVestment**") operates to help assess their compliance requirements. Clients are strongly advised to consult their own legal counsel to evaluate their compliance obligations under the Marketing Rule. If you have any questions about eVestment, please reach out to your Omni partner or Client Success Manager.

#### **Who does the Marketing Rule apply to?**

The Marketing Rule applies to all firms registered as investment advisers with the SEC. The rule is designed to allow advisers to provide existing and prospective investors with useful information as they choose among investment advisors, subject to conditions that are reasonably designed to prevent fraud.

#### **When will the Marketing Rule go into effect?**

The deadline for SEC-registered investment advisers to comply with the Marketing Rule is November 4, 2022.

#### **How is eVestment impacted by the Marketing Rule?**

eVestment clients include SEC-registered investment advisers that are required to comply with the Marketing Rule. In certain circumstances, communications through the eVestment database may be considered "advertisements" under the Marketing Rule.

#### **How does eVestment present information on gross performance and net performance?**

The Marketing Rule states that advertisements may not include any presentation of gross performance unless the advertisement also presents net performance with equal prominence to, and in a format designed to facilitate comparison with, gross performance.<sup>1</sup>

The eVestment database provides capability for managers to submit gross performance data and net performance data. Managers have the option to choose the category(ies) of performance data, i.e., gross performance data and/or net performance data, they wish to display. This selection is solely at the discretion of the manager. We suggest that RIA clients select net performance as the default setting for data submission.

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<sup>1</sup> IAA Rule 206(4)-1(d)(1).

Exports with performance data will notate the vehicle type and track record (gross/net) used to produce the analysis. Below is an example of the display in the eVestment database identifying whether the performance data is gross or net performance.

**Full Profile**

Product
Firm
**Performance**
Holdings Analysis
Manager Research

Request Data
Fast Facts
Alert

Performance Tables
Vehicles & Disclosures

Profile Settings

Period End Date:
Q2 2022

Risk Index:
(All Families)
(All Datasets)
S&P 500
Use a Product

Risk-Free Index:
Index
Custom Rate
FTSE 3-Month T-Bill
Use a Product

Currency:
Base Currency

Track Record:
SA - Composite - U.S. Large Cap Core Equity Composite - Gross of Fees
SA - Composite - U.S. Large Cap Core Equity Composite - Net of Fees
USA - PF - SEC-Registered 1940 Act Mutual Fund - Equity Growth Fund - Gross of Fees
USA - PF - SEC-Registered 1940 Act Mutual Fund - Equity Growth Fund - Net of Fees

Data Frequency:
MAR / Hurdle %:
Header Color:
Title Color:

View All Performance Tables
View Index Quarterly/Monthly Returns
View Quarterly/Monthly Returns

Status: Active | June 30, 2022

Product Base Currency of US Dollar (USD)

**Product vs Benchmark: Trailing Periods & Calendar Years**

**Product vs Benchmark for Trailing Periods**

**Product vs Benchmark for Calendar Years**

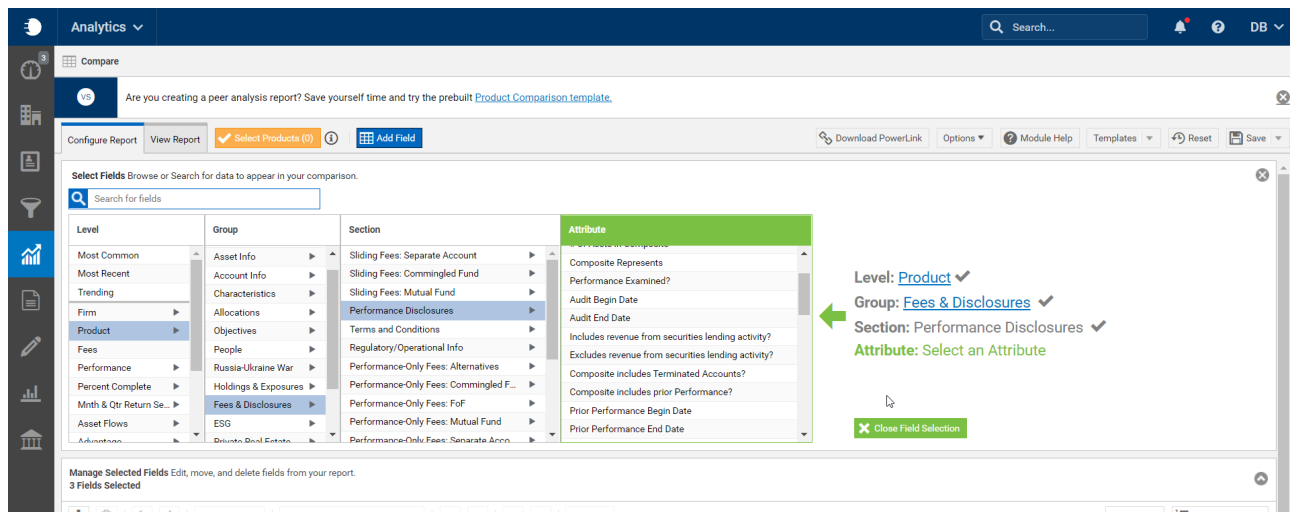
	MRQ	YTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	SI
Product	-16.88	-21.75	-13.94	7.72	9.43	8.96	11.54	10.02
Benchmark	-16.10	-19.96	-10.62	10.60	11.31	11.14	12.96	9.78
Excess Returns	-0.78	-1.79	-3.33	-2.88	-1.88	-2.19	-1.41	0.25

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Product	27.31	15.27	29.12	-5.64	22.60	10.65	-3.60	14.10	33.87	17.07
Benchmark	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
Excess Returns	-1.39	-3.12	-2.37	-1.26	0.77	-1.31	-4.98	0.41	1.49	1.07

## How are disclosures displayed to users?

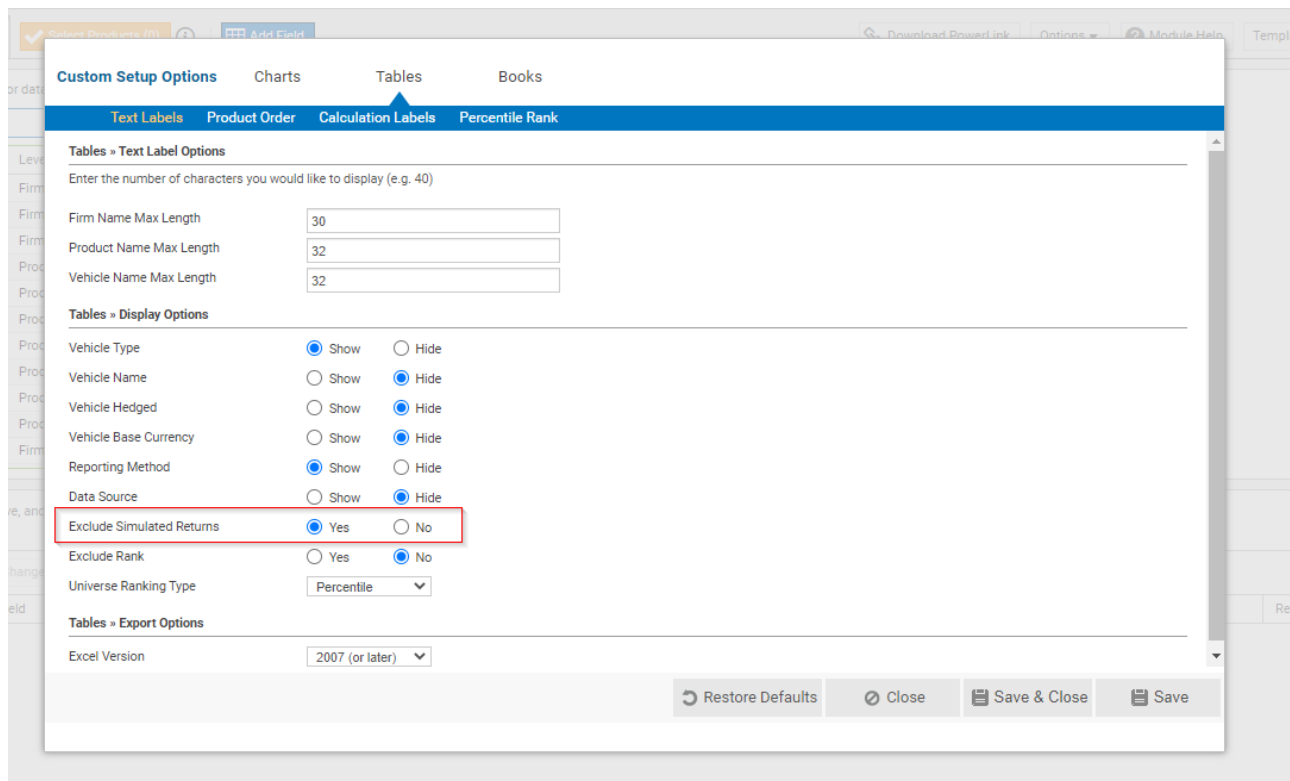
The eVestment database allows for the collection of disclosures, including attestations required by a manager's compliance group. These disclosures and related fields may be included in reports throughout the platform. eVestment does not verify performance data or draft disclosures on behalf of the manager. Managers registered with the SEC as investment advisers are responsible for determining required disclosures or attestations and including such material with their data upload.

Below is an example of display of disclosures:



### Does the eVestment database display hypothetical performance data?

Yes, it is possible for an asset manager to provide simulated performance results. However, simulated performance is excluded from results by default so that the user only sees live track records unless actively selecting the option to see simulated performance. Additionally, exhibits that include simulated results (e.g. a manager profile) are notated accordingly.



## How can I provide Performance Data?

The Marketing Rule adopts a 1-, 5-, and 10-year time period for the presentation of performance results in an advertisement, with certain exceptions.

Managers have the ability to submit historical data through the eVestment database in the format shown below. The performance submission page includes the ability to manually input monthly historical performance or import historical performance using Excel-based templates. Additional detail describing the reporting method, vehicle type, and currency is required to submit performance.

Performance for Sample Direct Fund ▶ See New Features! Tools ▼

Want to enter performance data for multiple vehicles and reporting methods? [Try the new Bulk Upload Performance tool!](#)

**Performance Section**

Vehicle/Share Class:

Reporting Method: ☐ Gross of Fees ☐ Net of Fees

Preliminary Performance: ☐ Mark returns as preliminary (expires after 7 days)

Vehicle Base Currency:

Conversion Method: [Spot Rate \(SR\)](#)

Converted Values Shown in Gray

Manager Input Values Shown in Black

Do you have simulated performance or need to provide a [disclosure](#)?

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022												
2021												
2020												
2019												
2018												
2017												
2016												
2015												
2014												
2013												
2012												
2011												
2010												
2009												
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