

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.¹

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.

¹ IAA Rule 206(4)-1(d)(1).

Exports with performance data will note 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  

Performance Tables Vehicles & Disclosures

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 

Data Frequency: SA - Composite - U.S. Large Cap Core Equity Composite - Gross of Fees 

MAR / Hurdle %: SA - Composite - U.S. Large Cap Core Equity Composite - Net of Fees 

Header Color: USA - PF - SEC-Registered 1940 Act Mutual Fund - Equity Growth Fund - Gross of Fees 

Title Color: USA - PF - SEC-Registered 1940 Act Mutual Fund - Equity Growth Fund - Net of Fees 

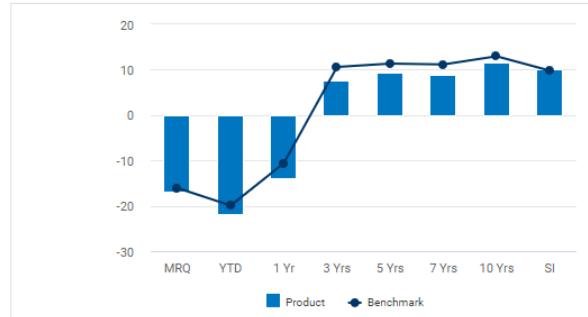
  

Status: Active | June 30, 2022

Product Base Currency of US Dollar (USD)

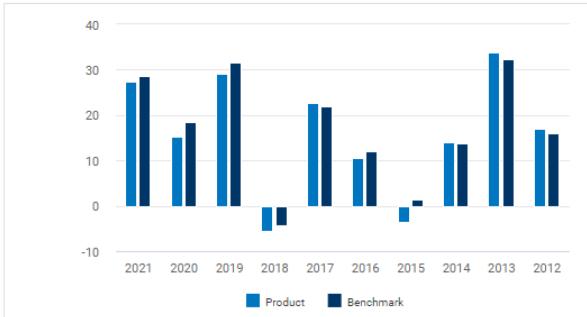
Product vs Benchmark: Trailing Periods & Calendar Years

Product vs Benchmark for Trailing Periods



	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

Product vs Benchmark for Calendar Years

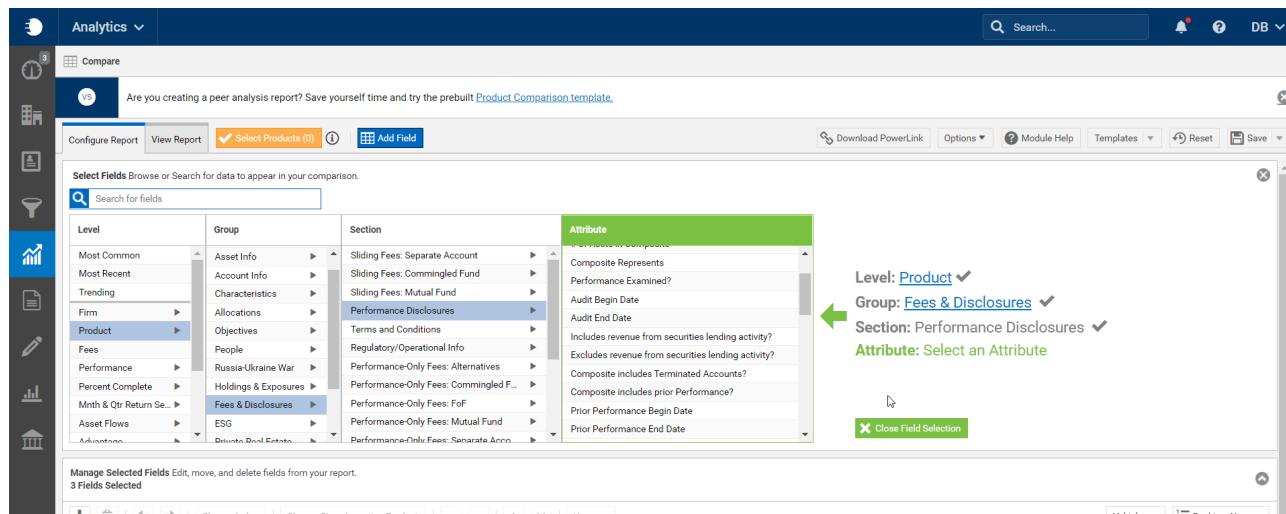


	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Product	27.31	15.27	29.12	-5.64	22.60	10.65	-3.60	14.10	33.87	17.07
Benchmark	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
Excess Returns	-1.39	-3.12	-2.37	-1.26	0.77	-1.31	-4.98	0.41	1.49	1.07

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.

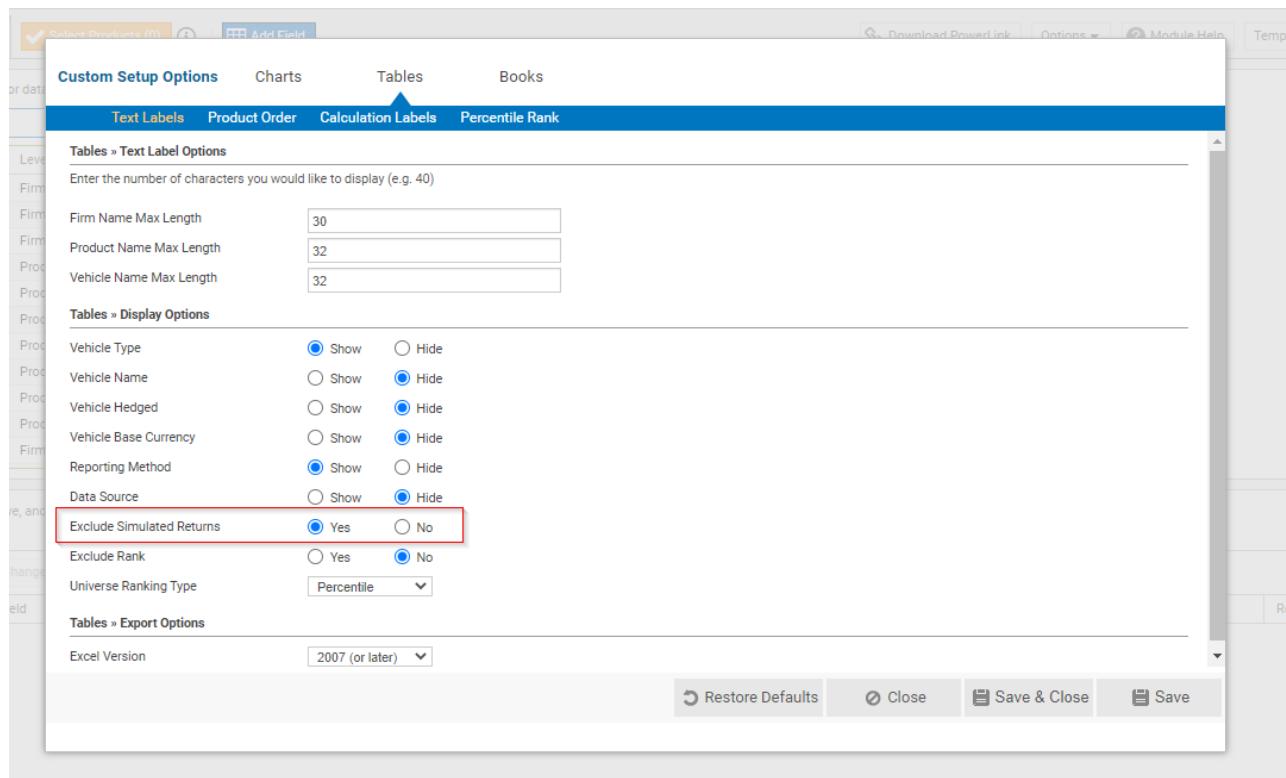
Below is an example of display of disclosures:



The screenshot shows the eVestment Analytics interface. A dropdown menu is open, showing a list of attributes under the 'Performance Disclosures' section. The menu includes options like 'Sliding Fees: Separate Account', 'Sliding Fees: Commingled Fund', 'Sliding Fees: Mutual Fund', and 'Performance Disclosures'. A green arrow points from the text 'Attribute: Select an Attribute' to this dropdown menu. The interface also shows a sidebar with a tree view of data levels and sections, and a main area for managing selected fields.

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 noted accordingly.



The screenshot shows the 'Custom Setup Options' dialog box in the eVestment Analytics interface. The 'Tables' tab is selected. Under the 'Text Labels' section, there are fields for 'Firm Name Max Length' (30), 'Product Name Max Length' (32), and 'Vehicle Name Max Length' (32). In the 'Tables > Display Options' section, there are several settings for vehicle and reporting details. A red box highlights the 'Exclude Simulated Returns' setting, which has two radio buttons: 'Yes' (selected) and 'No'. Below this, there are other options like 'Exclude Rank' (radio buttons 'Yes' and 'No') and 'Universe Ranking Type' (dropdown menu 'Percentile'). At the bottom of the dialog, there are buttons for 'Restore Defaults', 'Close', 'Save & Close', and 'Save'.

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:		Vehicle Base Currency: Spot Rate (SR)												
Reporting Method:		<input type="radio"/> Gross of Fees	<input type="radio"/> Net of Fees	Conversion Method: Spot Rate (SR)										
Preliminary Performance:		<input type="checkbox"/> Mark returns as preliminary <small>(expires after 7 days)</small>											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														
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