



Relationships Matter

2019-2020
ANNUAL REPORT





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Letter From the Managing Partner

PASSIONATE AUTHENTIC COLLABORATIVE EXCEPTIONAL

These are our core values. They drive everything we do at BBD, and we strive to demonstrate our values every day in the work we perform for our clients and with our industry partners.

In 2019, we established several initiatives to measure our success in demonstrating these values. Examples of these initiatives include a client satisfaction survey after the completion of each engagement as well as the use of Alternative Intelligence to determine if prospective employees possess our core values. We are pleased with the results of these initiatives, but we continue to work to enhance our clients' experiences with BBD.

Our goals for 2020 build on the exciting momentum of 2019. Measured as a percentage of revenue, our organic new revenue growth for 2019 was 13%. Thus far in 2020, our pipeline remains full. BBD's focus on the client experience is resonating with clients and prospects. Our philosophy of sustainable growth will allow us to maintain, at a minimum, the same exceptional client experience we provide today as we responsibly grow our firm.

Another theme that will continue in 2020 is our focus on the expanded use of technology in our audit and tax processes to consistently improve quality as well as control and reduce costs. Often referred to internally as the BBD "Audimation" Project, we have been strategically automating routine and repetitive tasks that were once performed by staff accountants. While we have already successfully automated several aspects of our audit process, we have identified several additional areas as candidates for automation. In a world of declining margins and never-ending fee pressure for our clients, we believe we can develop a higher quality audit process at a better price.

Last but not least, we will continue to look for ways to enhance the client experience in 2020. We are committed to providing a greater amount of value-added content to help our clients and industry partners navigate industry issues and challenges, particularly through our blog and a newly enhanced webinar series. Our best ideas for content come from questions asked by our clients and friends, so please continue to reach out with any questions. We love hearing from you and helping you navigate whatever business challenges you are facing.

Please know that we are deeply grateful for the opportunity to serve you and to partner with you. At BBD, relationships truly matter.



James W. Kaiser, CPA

Driven by Our Core Values to Set the PACE for the Client Experience

It's an exciting time at BBD. The firm is in a fairly unique position among accounting firms, as we have successfully transitioned to second generation ownership. Our partners are young, dynamic and fully invested in the future of BBD. With this future in mind, BBD's partners participated in an extensive strategic planning process in the beginning of the 2019-2020 fiscal year.

It was gratifying to discover that the core values we identified in the strategic planning process have always been at the heart of the firm. This is who we are.

Our values drive everything we do at BBD and differentiate us in the commoditized world of audit and tax services. BBD's professionals are **passionate** about the investment management industry and the audit and tax issues important to investment companies; **authentic** in our relationships and communication with our clients; and **collaborative** in navigating our clients' challenges. Our commitment to living these BBD core values enables us to deliver an **exceptional** client experience. We're setting the PACE in the industry for client experience quality.



PASSIONATE

The work we do for our clients excites us and gives us energy, particularly because we know how much it matters to you. Need to discuss a burning issue—even at night—or on a weekend? We're in! We love to help you.



AUTHENTIC

We're often described as the industry nice guys, and we're okay with that. Our relationships mean everything to us at BBD, and we care deeply about our clients and industry partners. You can always count on us to be open, honest, and yes, very friendly.



COLLABORATIVE

We operate with a common-sense, solutions oriented approach to problem solving. We work with you to navigate challenges, not against you. And we're pretty sure that, like us, you also prefer to work out issues early in an audit cycle, not at the last minute.

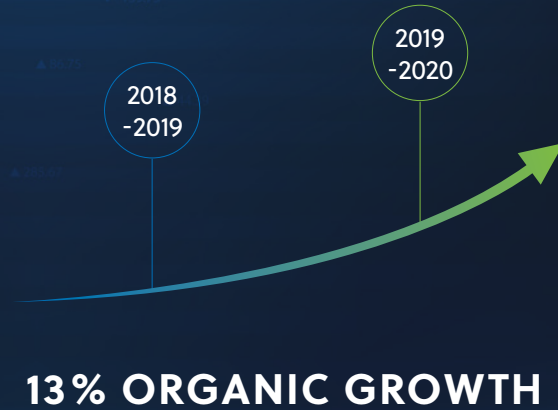


EXCEPTIONAL

As a public accounting firm, we are in a unique position of trust. The investing public relies on our integrity, objectivity and professionalism. We never forget the gravity of what we do, for you and your investors, and we demand the absolute best from ourselves.

Focus on Sustainable Growth

In the 2019-2020 fiscal year, BBD continued to grow steadily and in alignment with the firm's strategic goals for organic growth.



AVERAGE CURRENT CLIENT TENURE

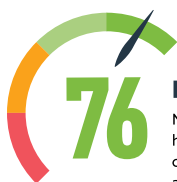
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YEARS

In the 2019-2020 fiscal year, BBD continued to grow steadily and in alignment with the firm's strategic goals for organic growth. There has been a tremendous desire for growth, organic or via merger and acquisition, across public accounting firms in recent years. We, too, are interested in growing our firm. However, nothing is more important to us than living by our core values of being passionate about the work we do; authentic in how communicate with our clients; collaborative in how we work with our clients and amongst ourselves; and providing an exceptional client experience. We recognize that growing too much too fast will make it very difficult, if not impossible, to maintain these values. This is why for many years we have adhered to the concept of sustainable and responsible growth. We will never sacrifice the experience of an existing client for the promise of a new one. Relationships matter to us, and we will only grow our firm at a rate that allows us to continue to provide the level of attention and collaboration that our clients expect and deserve.

Measuring the Value of the BBD Experience

We promise a client experience that our competitors can't deliver. Feedback from our clients is integral to maintaining this commitment. While our collaborative client relationships enable us to address issues quickly, we have also conducted regular client surveys. The results of our 2019 survey confirmed, as they had in past surveys, that our clients value collaboration and partnership as much as we do.

At the beginning of 2020, we began surveying our clients after each engagement. Monitoring and measuring the value of the BBD client experience on a more consistent basis helps us to make improvements that have an immediate impact. Going forward, we will be sharing the results of our client surveys quarterly, as well as improvements we are making to the BBD client experience.



NET PROMOTER SCORE

NPS® is an index created by Bain & Company to help organizations measure satisfaction with the client experience. Scores range from -100 to 100, and scores over 70 are considered exceptional.

“The Cadillac of Experiences;
literally the highest level of service and
quality you can get out there...”

“I believe the quality of work is unparalleled, but with the uniqueness of what we do, the ability for them to research and work on the front end in a collaborative way is invaluable...”

“A comprehensive, collaborative relationship. They go way above the call.”

“We like the boutique nature of BBD. When we were with bigger firms we felt like we were a small client. The relationship BBD provides is really great.”

“I think they provide all the expertise of one of the largest household names, but service that seems much more specialized and personable.”

“It's a somewhat rare organization where everyone I've worked with, I've enjoyed...we can't be any happier...they're doing a terrific job and we're very happy with them...”

Recruiting & Our People

BBD is the kind of firm where talented professionals make a home. We're thrilled that our distinctive culture has been recognized for four consecutive years as a *Philadelphia Business Journal* Best Place To Work.



A Pipeline For the Future



11 College Campuses Visited for On-Campus Recruiting Program in 2019-2020 Fiscal Year

BBD has a successful history of developing long-tenured, talented professionals from the entry-level. We maintain a robust recruiting program that secures a steady influx of students interested in developing an audit or tax career in the investment management industry. To introduce students to BBD's work in the investment management industry, we visit with student accounting organizations, give guest class lectures, and sponsor a Summer Leadership program. BBD also offers a selective internship program in the winter and summer. We're proud to see our entry-level classes often filled with successful former interns.

Sharing Insight

Our value of collaboration extends to the insight we share with our clients and industry friends. We genuinely enjoy opportunities to be a resource for clients, future clients, and industry friends. Our content is inspired by industry news, questions from clients and industry friends, and our participation in the Investment Company Institute's Accountants & Treasurers Committee and Tax Advisory Committee.

Jim Kaiser, BBD's managing partner, currently serves on the Independent Accountants Advisory Group of the ICI's Accountants & Treasurers Committee. Additionally, Matt Romano, a tax partner with BBD, currently serves on the ICI's Tax Advisory Committee. When accounting, audit, and tax issues arise that impact the industry, we are at the forefront of those developments and active participants in the industry's highest level conversations.

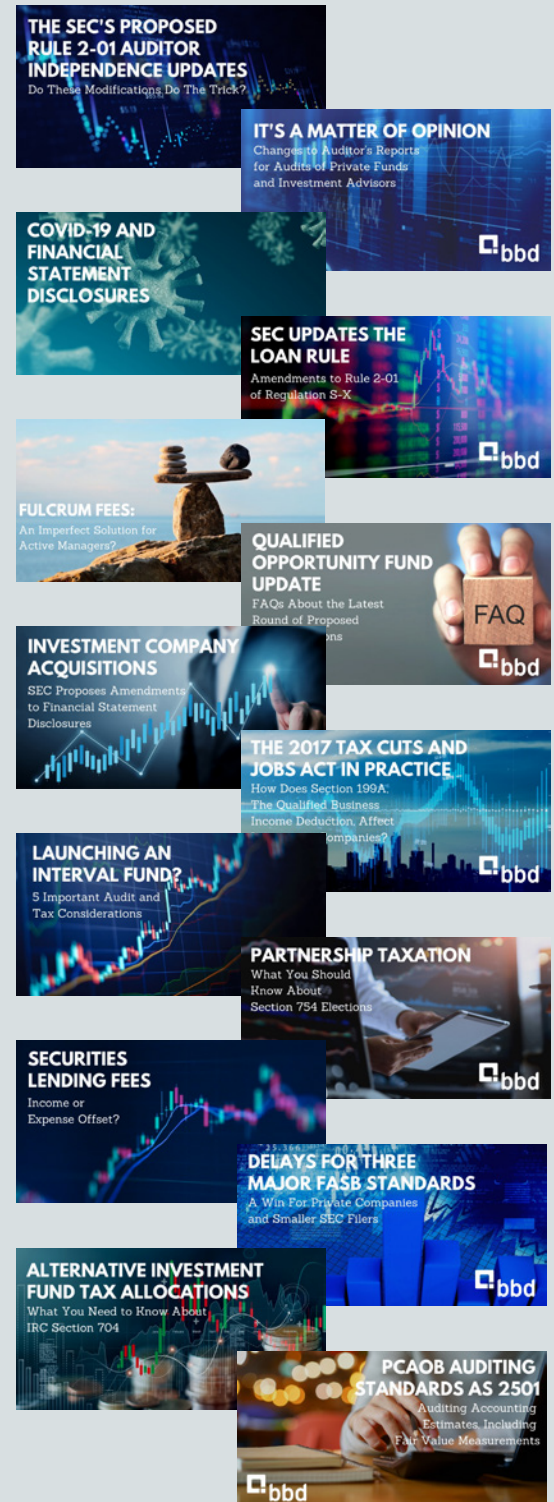


James W. Kaiser, CPA



Matthew R. Romano, CPA, MST

INSIGHT WE SHARED DURING THE 2019-2020 FISCAL YEAR INCLUDES THE FOLLOWING:



The BBD "Audimation" Project

Audit technology continues to evolve rapidly. At BBD, we embrace these developments as part of our "Audimation" project, as they are complementary to our focus on collaboration and quality. The automation of audit processes has enabled us to focus more on analysis and the bigger picture of audit issues, allowing for more efficient collaboration with clients. The more we automate the audit, the more we can reduce the possibility of human error as well as reduce costs. We value the opportunity to pass those cost savings along to our clients, especially as our clients navigate the industry's expense reduction imperatives.

For example, as we entered into the Robotic Process Automation ("RPA") arena, one area that stood out was automating the repetitive and mundane task of manually creating or rolling over audit workpapers, and copying and pasting current period data into them. We have long received certain supporting documentation in standard PDFs and convert them to Excel. We expanded on this by developing automation processes to download these journals, convert them to Excel, and create the workpapers with that data.

These automation processes save our auditors several hours during the audit cycle, maintain the integrity of the data, give a uniform layout to workpapers, and track audit status at a glance. In the next fiscal year, we will continue to make a significant investment of time and capital in our "Audimation" project.



Community

In the spirit of community, the firm sponsors hands-on service opportunities each month. Each project provides a positive impact for those in need, as well as an opportunity for collaboration and teambuilding.

In Fiscal Year 2019-2020, BBD sponsored service opportunities benefiting the following organizations:

- Chester County Food Bank
- Friends of the Wissahickon
- Habitat for Humanity
- Junior Achievement of Southeastern Pennsylvania
- La Comunidad Hispana
- Philadelphia Ronald McDonald House
- The Unforgotten Haven

BBD also is a founding member of the Steering Committee of the Philadelphia Fund Alliance. The Philadelphia Fund Alliance is a group of Philadelphia-based asset management industry professionals formed to hold an annual fundraiser to benefit charities in the Greater Philadelphia area. The November 2019 annual gala, of which BBD was a sponsor, raised more than \$100,000 for the benefit of Achieve Now, an organization dedicated to improving children's literacy in Philadelphia's underserved communities.

Because we have been so fortunate at the firm, we recognize our great responsibility to pay it forward to those in less fortunate situations. Not only are we making a difference, but we're also learning and growing as a team and having a great time.

-John Braun, Partner



What's Next?

As BBD's 2019-2020 fiscal year was coming to a close, the world was shocked and changed, perhaps forever, by the COVID-19 pandemic.

The pandemic certainly has presented challenges to both the investment management industry as a whole as well as many accounting firms. However, we are grateful that it remains an exciting, successful time at BBD! The firm transitioned seamlessly to remote work, with no disruption in service to our clients. We've strategically and creatively transitioned traditional initiatives to maintain forward momentum. For example, our summer internship program has successfully converted to a virtual internship. And our most recent community service activity was the 30-Day BBD Gives Back Challenge—in which the "Blue" team bested the "Orange" team in a lighthearted competition to do the most good, socially distanced of course, in our home communities.

While we all look forward to a return to normal, we've embraced the new normal and will continue to be a resource that our clients and industry partners can rely on through these challenging times and beyond.

With our core values ever our guide, we look forward to the following in the next year:



Continuing to share practical, valuable insight with our clients and friends.
Look for our newly improved webinar series soon!



Audimation: The next generation of BBD's "Audimation" Project. We will continue to automate processes that improve quality and pass cost savings to our clients.



100% participation among all of our firm members in our efforts in the community.



The launch of a new website and completion of our brand refresh.