

APRIL 2025

MFDF Report

Fund Director Recruitment Practices

Introduction and Methodology

The following report provides findings and analysis on current fund board recruitment practices. The data reflects responses from 79 fund boards on a January 2025 survey that asked questions regarding the board's most recent director search as well as their intentions for future recruitment.

We thank all the directors who completed the survey to enable the creation of this report. We hope that the findings provide practical insights on recruitment practices within fund boardrooms.

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About the Data Set

The 79 unique boards included in this report represent boards with assets under management (AUM) from under \$2B to over \$275B. The distribution across the size of complexes was balanced, without over-sampling within any one segment of the fund industry on the metric of complex size by assets. Furthermore, the boards included represent a variety of different types of fund structures including open-end, closed-end, ETF, and series trust boards.

Boards surveyed indicated that their last candidate recruitment had been conducted between 2010 and 2025, with just over 75% of respondents having last recruited in the last 5 years (2020-2024). The remaining approximately 25% of respondents had last conducted searches for new trustees between 2010 and 2019, though only one board in that set indicated their last search had taken place between 2015 and 2017. Approximately 24% of responding boards had last recruited in 2024. Fifteen boards represented on the survey (19%) conducted their last recruitment in 2020-2021, and some specifically noted that there were deviations from their normal processes due to COVID.

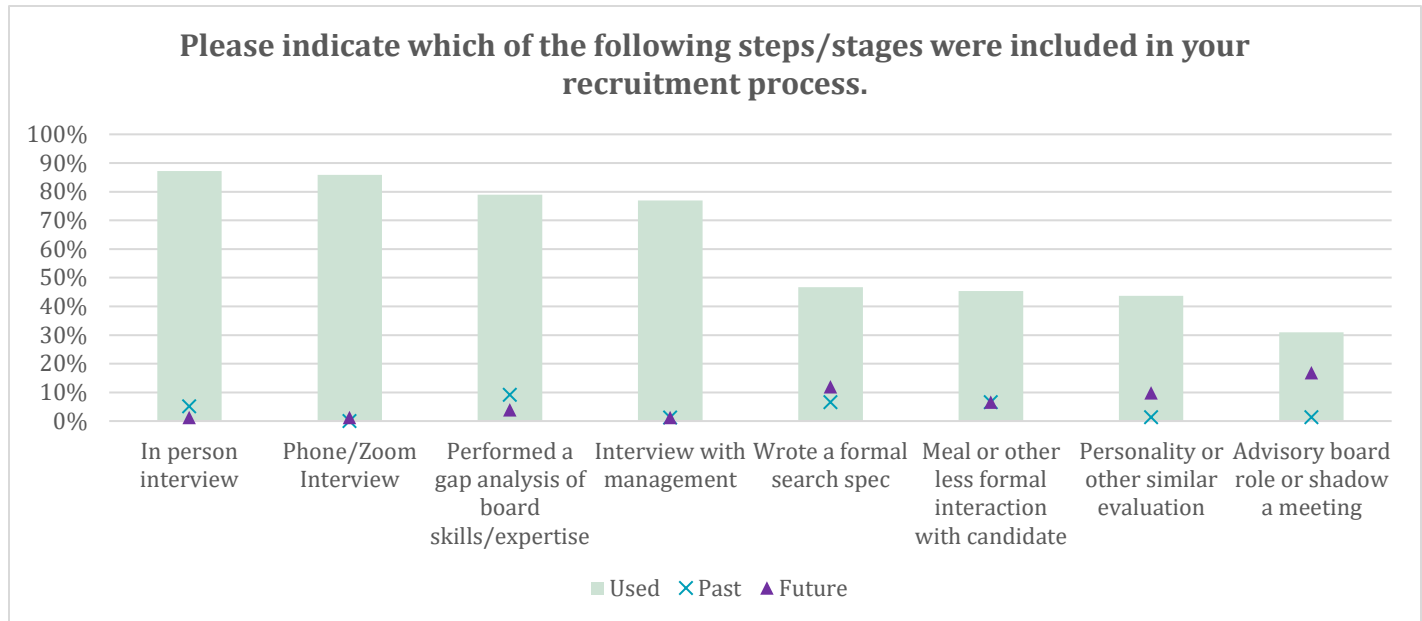
Of the boards in this sample, 58% hired one new director in their last recruitment, 33% of respondents brought in two at once, and 8% brought in three. The one board who hired more than three directors in their last recruitment was seating a new board. In at least one case, a board indicated it intended initially to fill one seat and ended up hiring two directors because of the quality of candidates identified.



Over 85% of all survey participants expect to recruit within the next 5 years (2025-2030), with the largest share of those (~34% of respondents) expecting to recruit within the next 1-2 years (2026-2027), ~29% in 3-5 years from the survey date (2028-2030) and ~24% in the next year (2025).

Current Practices

PROCESS



The survey asked boards to select from a list which steps/stages they used in recruiting. Most boards used at least two different interviews as part of their recruitment process, with phone/video interviews and in-person interviews each conducted by more than 80% of responding boards. An interview with management could also be considered a majority practice, with approximately 75% of respondents including one in their last recruitment process. We also see nearly 80% of boards performing a gap analysis of board skills/expertise. In another question, 64% of respondents indicated they had used a [skills matrix](#) to list and validate desirable qualifications/skills or experience.

Other process steps were used by less than half of respondents, though still used in meaningful numbers. This data provides a useful validation of whether practices that are often discussed anecdotally among directors can be considered common practice. For example, slightly less than half of boards in their last recruitment included a meal as part of the interview process.

In this question, respondents could indicate that they have not used something in the past but would consider using it in future, or that they have used something in the past that they did not use on their most recent recruitment. On these,

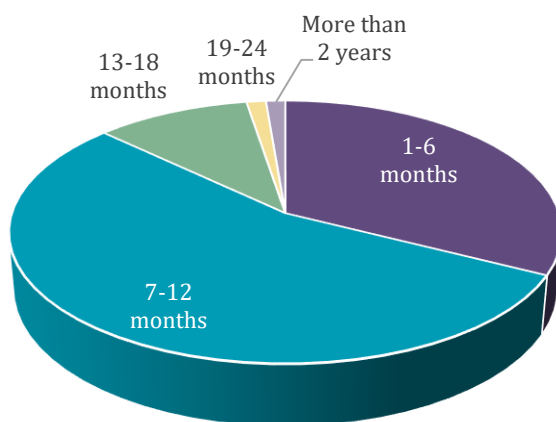
- More than 10% indicated they have not used before but would consider writing a formal search spec, using a personality or other similar evaluation, and using an advisory board role or having a candidate shadow a meeting. This may be an indication that while these are not yet majority practices, they may be growing in popularity.

- Mostly, boards did not indicate there were items that they have used in the past and dropped. However, between 5-10% of respondents reported past (but not continued) use of performing a gap analysis, writing a formal search spec, and using a meal or other less formal interaction with candidates as part of the recruitment process. Conversely to the above, these may be items that are decreasing in popularity.
- In the cases of writing a formal search spec and a meal or other less formal interaction with candidates, nearly equal proportions indicated future and past use, which could be considered to negate each other and/or may simply indicate that use of these steps may depend on other factors.

DURATION OF RECRUITMENT

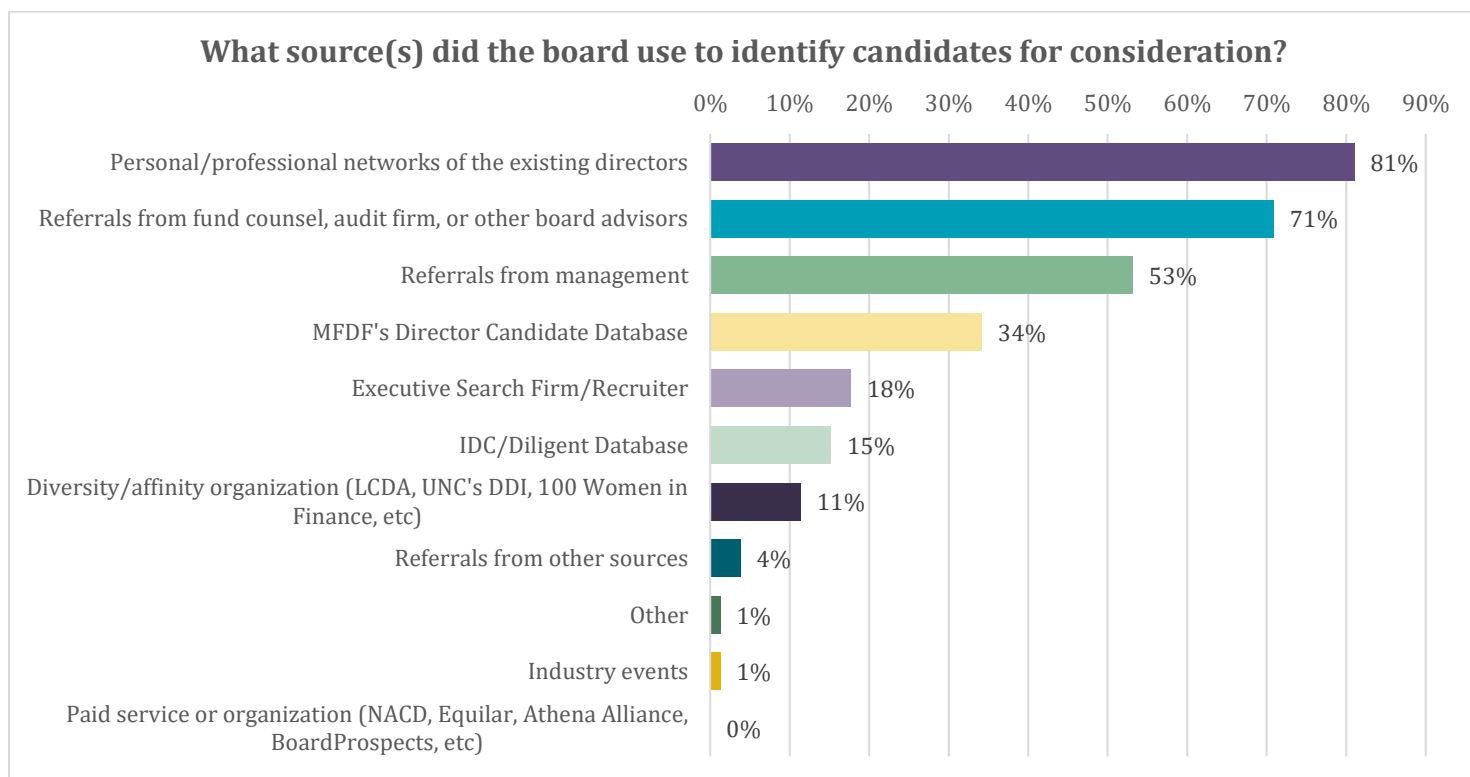
Survey respondents were asked to measure the duration of the search ‘starting from defining the desired qualifications for candidates and ending with the new director’s first meeting.’

How long did the recruitment process take from start to finish?



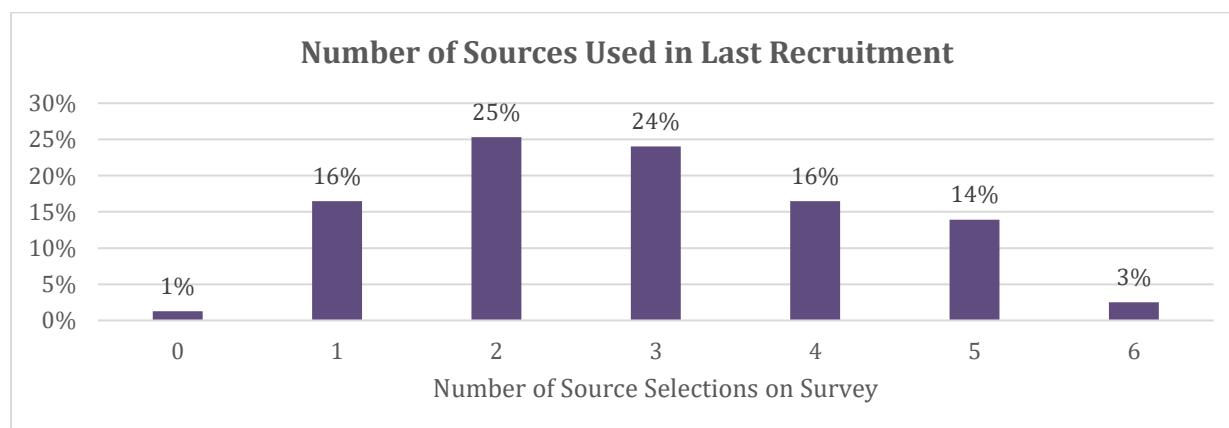
Most fund board searches take approximately one year to complete, with 65% of the searches represented in this sample taking between seven and eighteen months from start to finish. However, the share of boards whose searches took 1-6 months was 32% of the sample. The data does not indicate whether the faster searches were by design (as in cases where the board was working against a deadline) or an outcome of a particularly efficient process.

LOCATING CANDIDATES



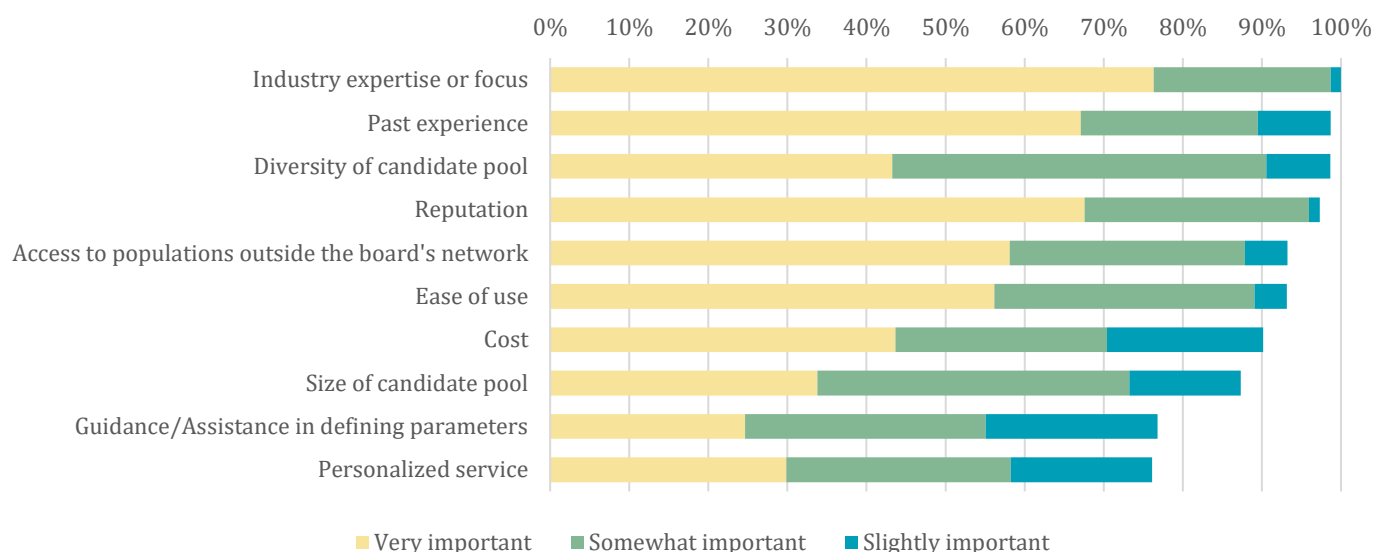
When boards were asked about sources for board candidates, referral from existing directors, trusted advisors to the board, and management emerged as the most commonly used sources. Importantly, this chart shows where boards looked for candidates but does not trace back the sources of candidates who ultimately were hired to the board. When asked whether the director candidate ultimately hired was known previously to at least one member of the board prior to the recruitment, 58% of respondents said yes and 42% said no.

Additional research may be helpful to shed light on whether there are trends on the sources from which directors who were ultimately hired were sourced. This survey did not capture that level of detail.



The survey found that most boards had used two or more of the listed sources in their most recent recruitment.

Please indicate how important the following factors are in deciding which sources to use to locate candidates.

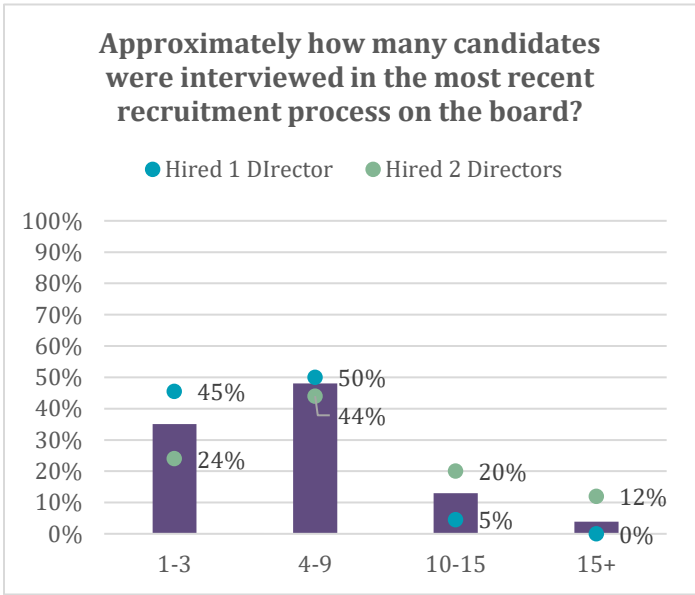
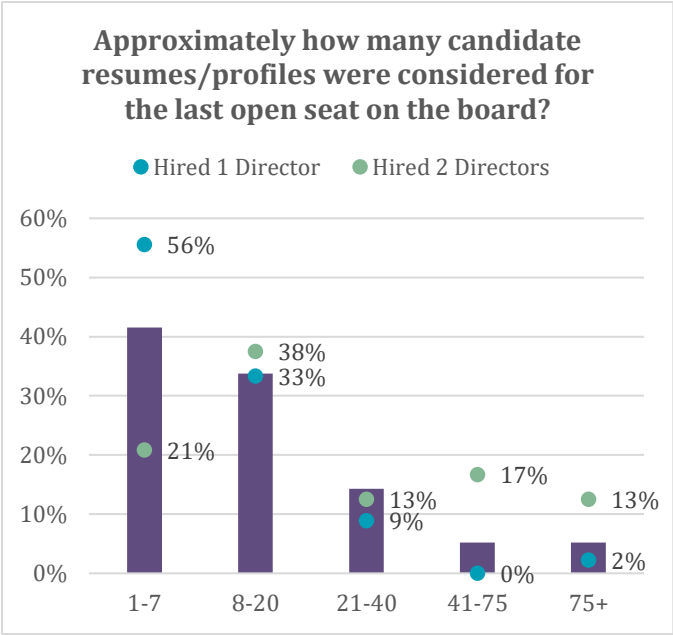


The survey also asked about the importance of various factors in the decision of which sources (referrers, databases, firms, etc) to use. All of the factors offered were ranked as either 'somewhat important' or 'very important' by more than half of respondents. However, industry expertise or focus outranked all of the other options, with 76% of respondents indicating it was very important. Here, this refers to a source's expertise or focus in the industry, rather than candidates' qualifications. Reputation, past experience, access to populations outside of the board's network, and ease of use were also commonly ranked as 'very important' in the decision-making about source selection.

Personalized service and guidance/assistance in determining parameters held more varied weight, with nearly 25% ranking each as not important at all, while 30% and 25%, respectively, ranked them as very important.

CANDIDATE SLATES

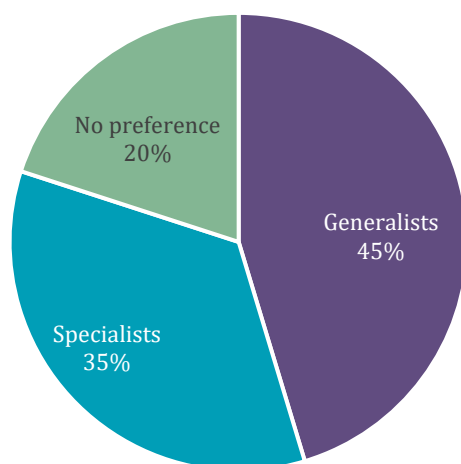
Overall, boards mostly reviewed 1-20 candidate resumes in their most recent search. However, there were correlations between this data and the number of directors hired. 31 boards (40% of the sample) indicated that they hired two or more directors in their last recruitment. Of the boards that hired one new director, 56% fell into the group that reviewed 1-7 resumes and 33% reviewed 8-20 resumes. However, among boards that hired two directors, only 21% reviewed seven or fewer resumes while 38% reviewed 8-20 resumes and the remaining 42% of responses were split nearly equally between the bands of 21 or more resumes reviewed (21-40, 41-75, and 75 or more). The sample size of boards hiring more than 2 directors at once is too small to draw any meaningful insights.



Similarly, most boards interviewed 1-9 candidates in their most recent search. However, only 24% of boards who hired 2 directors in their last recruitment interviewed three or fewer candidates while 45% of boards that hired one director interviewed three or fewer candidates. At the top end of the range, 20% of boards that hired two directors interviewed 10-15 candidates while only 5% of boards that hired one director conducted that many interviews. All the boards that interviewed more than 15 candidates were filling two seats.

CANDIDATE QUALIFICATIONS

In considering qualifications for the new director(s), did the board have a preference for specialists or generalists?



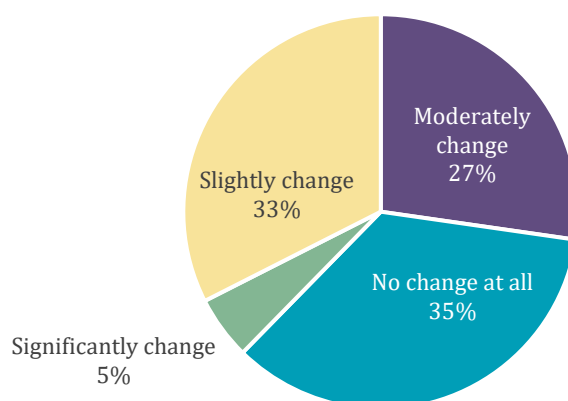
In asking boards whether their board had a preference for specialists or generalists in their last recruitment, specialists were defined as “experts in a specific functional area, strategy, fund type or other” while generalists were defined as “professionals with a variety of experiences, or high-level experience with oversight over multiple business lines or functional areas.”

Initial findings suggest that this is a matter of the search at hand and that the same boards might have different preferences on future searches. When examined alongside data approximating board size by AUM, there were no clear correlations between the two in this data set.

When asked whether there are certifications that are compelling to the respondent’s board when considering candidates, with examples such as the NACD.DC, HBS Corporate Director Certification, Corporate Governance Institute Diplomas or others, 89% of survey respondents said ‘no.’ In the explanation, some directors indicated that a certification like CFA or CPA may be relevant, especially for an audit committee financial expert, but less so these certifications relating to governance.

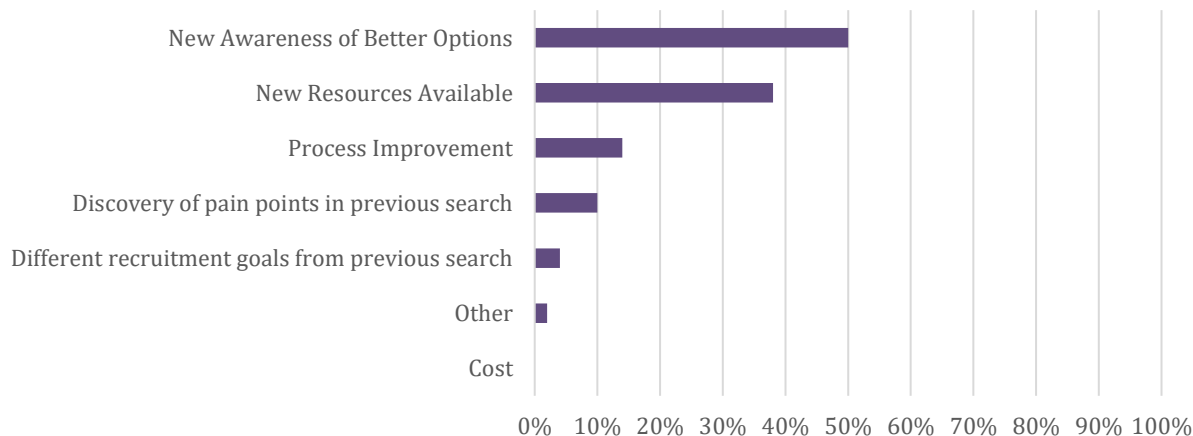
Envisioning Future Recruitment

To what degree do you anticipate that your board will change its approach to recruiting the next time around?



Despite the vast majority (87%) of respondents indicating that they were 'very satisfied' with the outcome of the last recruitment process undertaken by the board, ~64% of survey respondents indicated they anticipated at least slightly changing their approach to recruitment the next time they look for new directors. However, perhaps due to general satisfaction with the outcomes, only 5% indicated that they anticipated any changes to the approach would be significant.

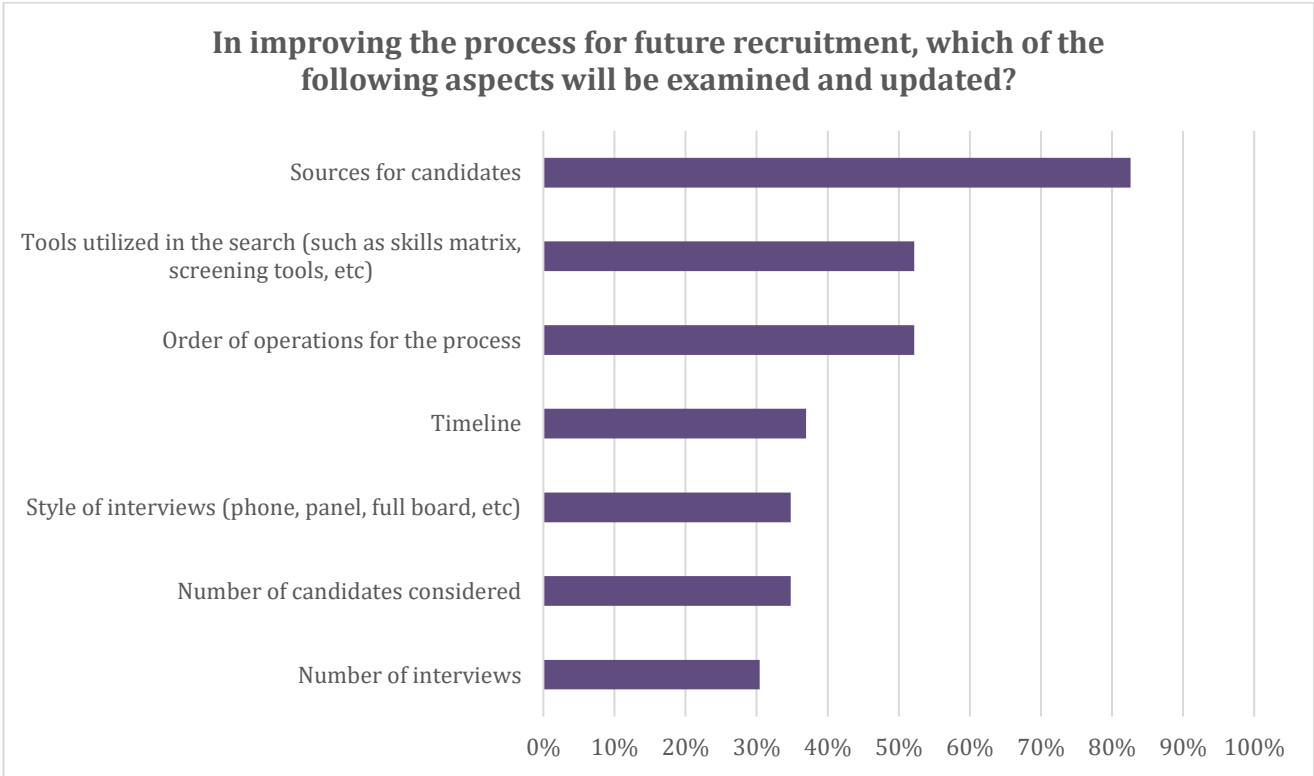
What are the primary reason(s) for making changes to the process?



Among those boards that anticipated changing their process for the next recruitment, the most cited reason was a new awareness of better options. However, additional answers given also included a

commitment to keeping up with the times, shown in both use of new resources available since the last recruitment and those who cited improvements to process as a reason for making changes. ‘Other’ reasons cited included preventing repetition of pain points that occurred in previous searches (e.g. discovering conflicts of interest late in the process), and different goals for the next search (e.g. different types of candidates being sought).

Notably absent were any directors citing cost as a reason for changes. This is especially interesting when taken in combination with the data indicating that cost was cited as of at least slight importance by approximately 90% of respondents in the question about factors that influence selection of sources for candidates (p. 5).



Looking specifically at where the subset of directors who anticipated changing their processes see opportunities for improvement, ‘sources for candidates’ was the most common response, given by more than 80% of the 46 respondents who answered this question. Search tools and the order of steps in the process were also given by more than half of respondents as places they might make changes for future recruitment. This question was a follow-up only to those who had indicated anticipated changes to their search process, and this set of data includes only 58% of the total survey participants.

Questions for Board Discussion

- What is the desired outcome of each component of our recruitment process?

Component	Possible Desired Outcomes
Process steps/stages	<ul style="list-style-type: none"> • <i>The recruitment process advances at an efficient and predictable rate</i> • <i>Issues can be identified at appropriate points in the process to avoid problems (such as conflicts of interest) arising too late</i> • <i>Each step/stage is intentional and yields desirable results</i>
Defining the skills/expertise/attributes sought in candidates	<ul style="list-style-type: none"> • <i>Board members share a clear and consistent understanding of the profile being sought</i> • <i>Defined criteria/parameters can be sent to and applied by search partners/sources</i> • <i>Candidates can be objectively reviewed against agreed-upon criteria</i>
Selecting sources to locate potential candidates	<ul style="list-style-type: none"> • <i>Sources yield high-quality, viable candidates</i> • <i>Sources yield a variety of candidates (not duplicative ones)</i> • <i>Sources expand the board's reach for locating possible future directors</i>
Reviewing candidate materials	<ul style="list-style-type: none"> • <i>The board/nominating committee is able to assess candidates against desired qualifications/skills/expertise</i> • <i>Materials representing candidates are able to be easily compared to each other</i> • <i>Reduce bias by anonymizing candidate materials or pulling qualifications out of resumes/bios into a separate document for comparison</i>
Interviewing	<ul style="list-style-type: none"> • <i>Interviews yield insights that allow the board to reliably assess whether the candidate would be a valuable addition to the board</i> • <i>The interview process is run efficiently and does not unnecessarily delay advancement of the recruitment process</i> • <i>Interviews are conducted in a manner that allows for objective comparison of candidates who are known to members of the board and those who are unfamiliar</i>

- To what degree have our current methods within each stage been effective at achieving the desired outcomes?
- To what degree are we being intentional and strategic about our process (the steps, tools, people/committees involved)?
- Where do we envision the balance between a process that is consistent and repeatable with a flexible process that can be adjusted to the specific conditions of each individual search?