



## Corporate Political Spending and the Mutual Fund Vote 2014 PROXY SEASON ANALYSIS

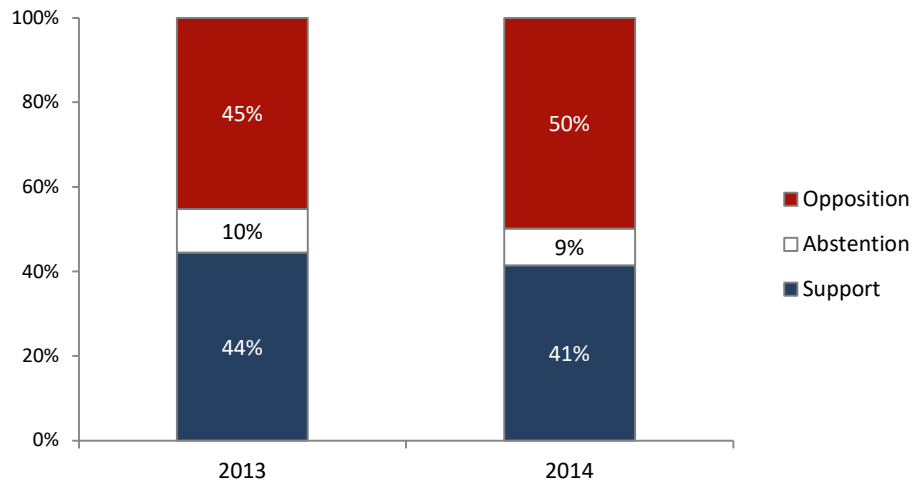
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Expanded analysis of mutual funds' voting records shows that support for corporate political disclosure has been higher than previously reported, according to the Center for Political Accountability. The review looked at how 100 of the largest mutual fund families voted on CPA's model shareholder resolution that asked companies to disclose their political spending from corporate funds.

Results show that 69 of the fund families had at least 10 unique votes in each of the past two proxy seasons, and these fund families supported corporate political disclosure at least 41 percent of the time in 2014, on average, compared with 44 percent in 2013. In the past, CPA's analysis of 40 of the largest mutual fund families showed average support levels in the 30-percent range (See Appendix II).

This year's analysis of mutual fund votes looks at how 69 of the largest U.S. fund families voted on 58 shareholder requests for disclosure of corporate political contributions at U.S. companies in the last two proxy seasons (between September 1, 2012 and June 30, 2014). Together, these fund families manage **around \$10.3 trillion in U.S. securities**, according to Morningstar® fund data, and control a significant portion of the shareholder vote.

Figure 1: Mutual Fund Voting Trend on Political Contributions Resolutions 2013-2014<sup>1</sup>

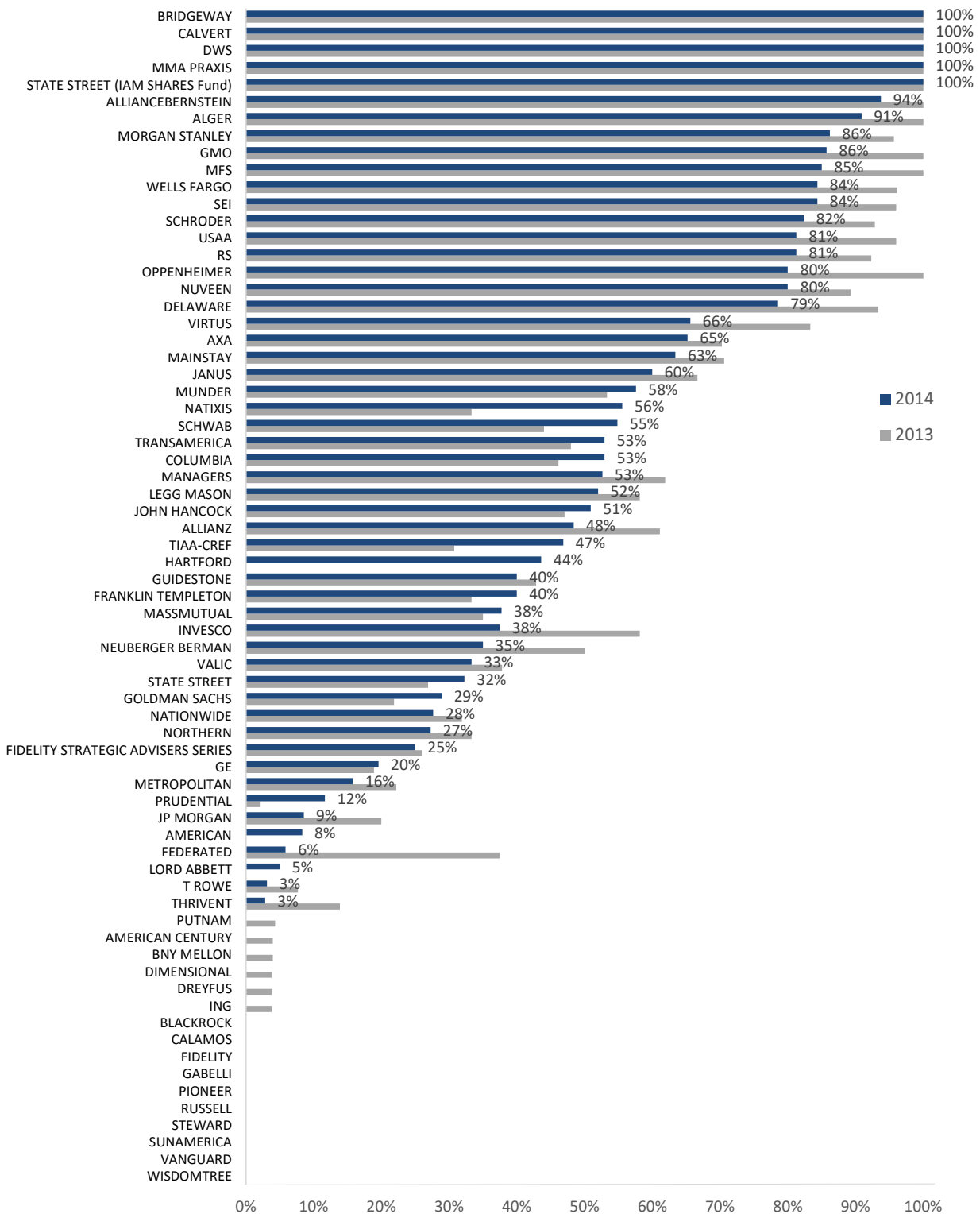


<sup>1</sup> For this review, CPA counted the numbers of votes cast for, against, and abstained by the mutual funds, not taking into account how many shares the funds voted with for each resolution. Hence, CPA is looking only at the funds' *decision* on each resolution, in the three possible options of "for, against, and abstain."

## Key Findings:

1. In the 2014 proxy season, 69 of the largest mutual fund families supported the 32 shareholder resolutions calling for corporate political spending disclosure, on average, 41 percent of the time. In 2013, the fund families supported 26 resolutions about 44 percent of the time.
2. Five fund groups supported corporate political disclosure resolutions 100 percent of the time in 2014: State Street (IAM SHARES Fund), MMA Praxis, DWS Investments, Calvert Investments, and Bridgeway. In 2013, 10 fund families did the same: Oppenheimer, MFS Investment Management, GMO, Alger, AllianceBernstein, State Street (IAM SHARES Fund), MMA Praxis, DWS Investments, Calvert Investments, and Bridgeway.
3. In 2014, 30 of the 69 mutual fund families, or 43 percent, supported corporate political disclosure at least half of the times. In 2013, 28 of the fund families supported the same.
4. In 2014, the mutual fund families opposed corporate political spending disclosure resolutions about half of the times. In 2013, they opposed about 45 percent of the times.
5. The likelihood of mutual funds to abstain from these resolutions were consistent in 2013 and 2014, during which time the funds abstained, on average, about 10 percent of the time and 9 percent of the time, respectively.
6. Six mutual fund families in this study failed to support a single resolution in the past two years. They were: WisdomTree Investments, Steward Mutual Funds, Russell Investments, Gabelli Funds, Calamos Investments, and BlackRock.
7. Just one fund family, SunAmerica Asset Management, abstained from all votes in 2013 and 2014.

**Figure 2: Mutual Fund Families Ranked by 2014 Support for Corporate Political Disclosure Resolutions**



This year's survey considered 20,881 votes cast by large U.S. mutual funds on 58 shareholder-sponsored resolutions voted on during the 2013 to 2014 proxy seasons.<sup>2</sup>

<sup>2</sup> In order not to overweight large companies that tend to be more widely held across fund groups' portfolios, only unique votes were counted for the survey. Where a single resolution was voted across multiple funds within a single fund family, each holding the

**The Resolutions:** Appendix I lists all 32 resolutions based on the CPA model that came to vote in the 2013 proxy season. In 2014, a typical CPA-model resolution asked the company to report and update semiannually on the following:

1. *Policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum.*
2. *Monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described in section 1 above, including:*
  - a. *The identity of the recipient as well as the amount paid to each; and*
  - b. *The title(s) of the person(s) in the Company responsible for decision-making.*

The 32 resolutions earned an average 28.8% shareholder support<sup>3</sup> (counting votes cast for and against) and were filed by a range of state-run pension funds, socially responsible asset managers, labor funds, faith-based investors and foundations. The resolution with the highest level of shareholder support in 2014 was filed at Dean Foods (DF), Inc. by New York State Common Retirement Fund. This resolution was voted on by shareholders on May 14, 2013, and earned 52 percent shareholder support. In addition, six resolutions received support from over 40 percent of shareholders and eight received over 30 percent support.

Mutual funds looking to update their proxy voting policies with more specific guidance on corporate political disclosure and oversight may draw on Appendix 2 of the Conference Board's [Handbook on Corporate Political Activity](#), in which sample proxy voting guidelines are provided. In addition, CPA's one-page summary on the [key elements of meaningful corporate political disclosure](#) provides concise guidance to proxy voters as they try to determine where the gaps may lie in a company's policies and disclosure.

## Data Source

This report was based on data provided by [Fund Votes](#), an independent project started in 2004 by Jackie Cook ([CookESG Research](#)). Fund Votes tracks institutional proxy voting. The database of over 40 million proxy voting decisions by large financial institutions spans ten years of mutual fund proxy voting disclosure. The data has been indexed to facilitate analysis of investment institutions' voting patterns on a wide range of issues proposed by both management and shareholders.

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corresponding security in their fund portfolios, only one vote is recorded against the corresponding fund family. In the case of inconsistent voting within a fund family, i.e. conflicting votes on a single resolutions, each unique fund family-vote combination is recorded. In total 11,302 unique votes were analyzed.

<sup>3</sup> As of **November X**, 2014, the average shareholder support for all 34 resolutions amounted to 29.2%. Two resolutions at H&R Block (50.6%) and FedEx Corp. (27.9%) were not included in this study due to their late annual meeting dates.

## Appendix I:

### 2014 Shareholder-Sponsored Political Spending Disclosure Resolutions Using CPA Model Resolution

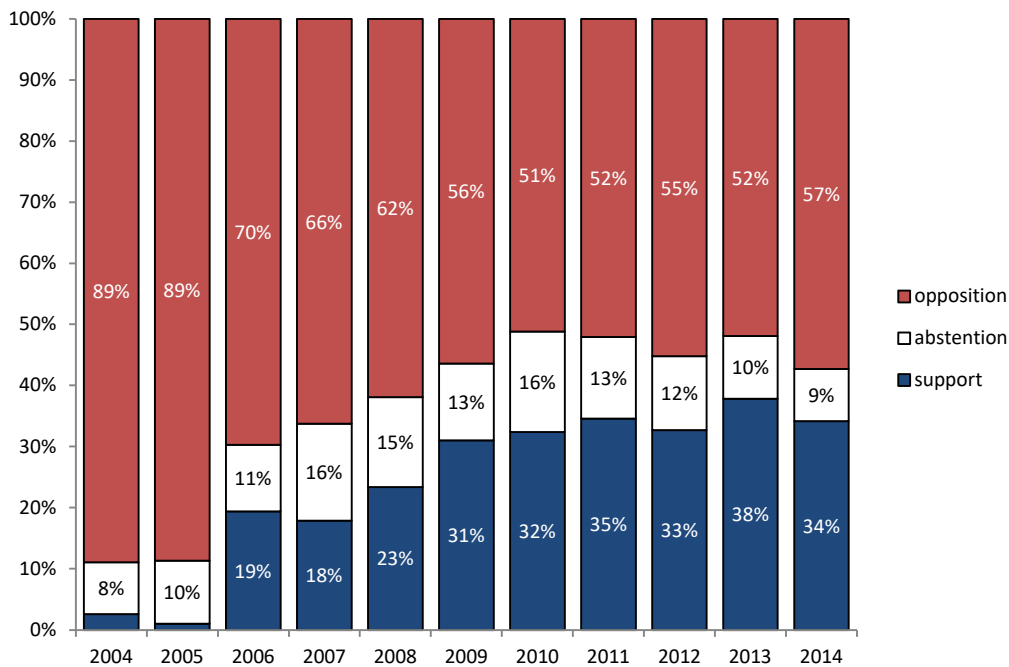
Company	AGM	Shareholder Proponent	Support <sup>4</sup>
Dean Foods Co.	14-May	New York State Common Retirement Fund	51.80%
Duke Energy CORP	1-May	Nathan Cummings Foundation	49.40%
Emerson Electric Co.	4-Feb	Trillium Asset Management	47.40%
McKesson Corp	31-Jul	Miami Firefighters' Relief and Pension Fund	46.80%
Cabot Oil & Gas Corp.	1-May	New York City Pension Funds and Retirement Systems	44.70%
TECO Energy Inc.	30-Apr	City of Philadelphia Public Employees Retirement System	42.70%
Western Union CO	16-May	New York State Common Retirement Fund	42.10%
PPL Corp	21-May	New York City Pension Funds and Retirement Systems	41.00%
Waste Management Inc.	13-May	New York State Common Retirement Fund	38.90%
Danaher Corp.	6-May	Mercy Investment Services	38.60%
Raytheon Co.	29-May	New York State Common Retirement Fund	34.20%
DTE Energy Co.	1-May	New York City Pension Funds and Retirement Systems	34.10%
NiSource Inc.	13-May	New York State Common Retirement Fund	33.50%
Travelers Companies, Inc.	27-May	New York State Common Retirement Fund	33.20%
Ameriprise Financial Inc.	30-Apr	New York City Pension Funds and Retirement Systems	31.30%
Spectra Energy Corp.	15-Apr	Nathan Cummings Foundation	29.60%
Charles Schwab Corp.	15-May	New York City Pension Funds and Retirement Systems	26.60%
Anadarko Petroleum Corp.	13-May	New York State Common Retirement Fund	26.10%
Wynn Resorts Ltd.	16-May	New York State Common Retirement Fund	26.10%
AT&T Inc.	25-Apr	Domini Social Investment; Sisters of St. Joseph	24.60%
Motorola Solutions, Inc.	5-May	Michael Loeb, c/o Trillium Asset Management	23.90%
Amazon.com Inc.	21-May	Bryce Mathern, c/o Investor Voice	22.90%
Humana Inc.	29-Apr	New York State Common Retirement Fund	22.00%
Autonation Inc.	6-May	New York State Common Retirement Fund	21.20%
Republic Services, Inc.	8-May	New York State Common Retirement Fund	18.90%
Expedia, Inc.	17-Jun	New York State Common Retirement Fund	18.30%
CONSOL Energy Inc.	7-May	New York State Common Retirement Fund	14.00%
Allstate Corp.	20-May	New York State Common Retirement Fund	11.10%
Genworth Financial Inc.	15-May	New York State Common Retirement Fund	8.40%
Newmont Mining Corp.	23-Apr	New York State Common Retirement Fund	6.80%
Yahoo! Inc.	25-Jun	Michael Loeb, c/o Trillium Asset Management	6.10%
Cablevision Systems Corp.	22-May	City of Philadelphia Public Employees Retirement System	5.90%

<sup>4</sup> These figures include only the numbers of shares voted for and against the resolution.

## Appendix II: 10-Year Average Support Analysis by the Largest 40 Mutual Fund Families

Until 2013, CPA’s review of mutual fund votes looks at how 40 of the largest U.S. fund families voted on 305 shareholder requests for disclosure of corporate political contributions at U.S. companies over proxy seasons from 2004 to 2013 (covering shareholder meetings from 1 July 2003 to 31 August 2014). Together, these fund families manage **around \$4.3 trillion in U.S. securities**, according to Morningstar® fund data, and control a large portion of the shareholder vote in U.S. securities. The following graph shows its 10-year voting patterns, including 2014.

**Figure 3: Mutual Fund Voting Trend on Political Contributions Resolutions 2004-2014<sup>5</sup>**



<sup>5</sup> For this review, CPA counted the numbers of votes cast for, against, and abstained by the mutual funds, not taking into account how many shares the funds voted with for each resolution. Hence, CPA is looking only at the funds’ *decision* on each resolution, in the three possible options of “for, against, and abstain.”