



## **Three Top Mutual Funds' Votes Support CPA Political Disclosure Resolution in Line with Their Policies**

Vanguard, Fidelity, BlackRock Continue to Walk on Political Disclosure

### ***2016 PROXY SEASON ANALYSIS***

**NOVEMBER 15, 2016**

Three of the four mutual fund groups that received top rankings for political spending disclosure and accountability in a recent benchmarking study have largely aligned their proxy votes with their policies, supporting at least half of the Center for Political Accountability's model political disclosure resolutions in this year's proxy season.

The funds are Morgan Stanley, Wells Fargo & Co. and State Street Corp. All of these companies received top-five rankings in the 2016 CPA-Zicklin Index of Corporate Political Disclosure and Accountability. During this year's proxy season, Morgan Stanley supported the CPA resolution on 83 percent of the votes, Morgan Stanley on 78 percent, and State Street on 55 percent; the votes of these and 86 other fund groups on political spending disclosure resolutions were analyzed by Fund Votes across the 2015 and 2016 proxy seasons.

At the same time, JPMorgan Chase & Co., the only other mutual fund group to earn a top-five ranking in the 2016 CPA-Zicklin Index, supported the CPA resolution 18 percent of the time. Other large institutional investors – Vanguard, Fidelity and BlackRock – continued to oppose or abstain on the resolution. BlackRock received a score of 62.9 in the 2016 Index. Vanguard and Fidelity are not publicly owned companies and hence, were not included in the Index.

While average shareholder support for corporate political spending disclosure has remained constant at just over 33 percent of all votes cast for and against, the average level of support by the 89 mutual fund families dipped by 2.6 percent to 43.8 percent in 2016 from 46.4 percent last year.

As in previous years, the Fund Votes survey sought to profile the spectrum of voting patterns across a wide range of mutual funds managed by large asset managers as well as by smaller, SRI-oriented managers.

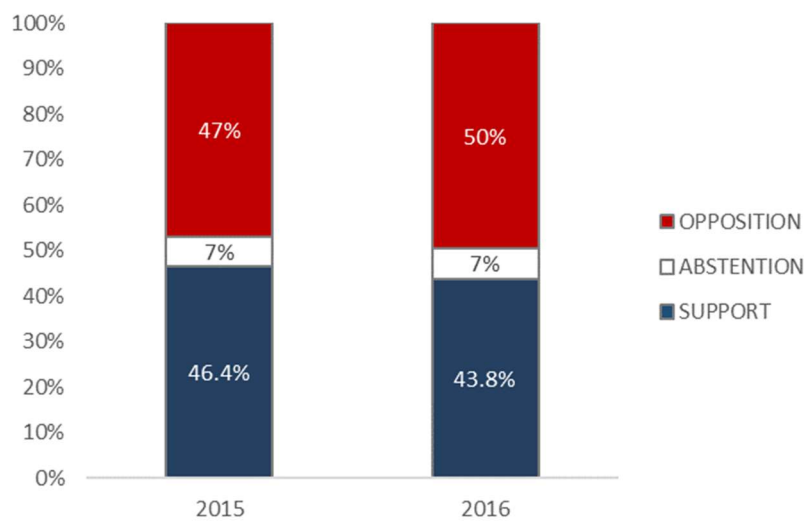
The mutual fund groups surveyed were those indexed in the Fund Votes database that had cast votes on at least five resolutions in each of the two proxy seasons. Their total assets under

management, according to Morningstar® fund data, amount to over \$12 trillion, of which almost \$5 trillion is invested in the U.S. securities market.

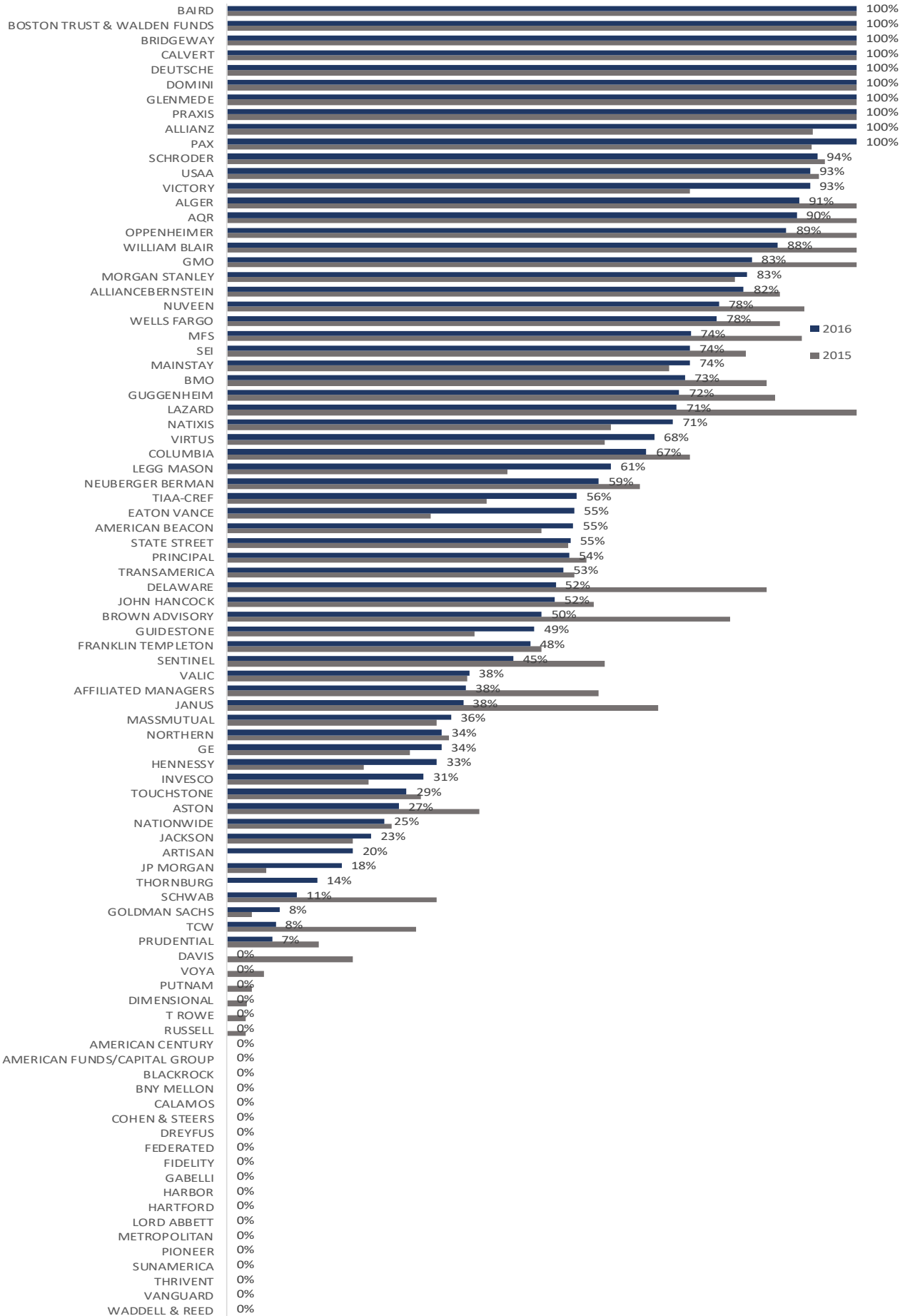
Here are other notable findings:

- Mutual fund groups' votes on corporate political spending disclosure are polarized: 25 fund groups did not support a single resolution that came before them in 2016. At the same time, nearly half of the mutual fund groups surveyed (42) supported at least 50 percent of the resolutions that came before them.
- Ten mutual fund groups supported every one of the corporate political spending disclosure resolutions on which they voted. These include the six SRI asset managers (Bridgeway, Calvert, Domini, Praxis, PAX and Walden), mutual funds offered by large German asset managers Deutsche Asset Management and Allianz Asset Management, and mutual funds offered by U.S. asset managers Baird Equity Asset Management and Glenmede Investment and Wealth Management.
- Seven fund groups, including Vanguard and Fidelity, abstained on more than half of the resolutions. Two of these – SunAmerica and Pioneer – abstained on all resolutions that came before them.
- The biggest fund groups are the biggest laggards. Vanguard, Fidelity, Blackrock and American Funds continue a nearly unbroken record of voting against or abstaining on corporate political spending disclosure resolutions.

Mutual Fund Voting Trends on Political Contributions Resolutions, 2015-2016



### Fund Family Votes on Political Spending Resolutions: 2015-2016



This year's survey considered 21,950 votes cast by 89 large U.S. mutual funds on 27 shareholder-sponsored resolutions during the 2016 proxy season, and 22,000 votes cast on 34 resolutions during the 2015 season.<sup>1</sup>

The Appendix lists all 27 resolutions based on the CPA model resolution that came to vote in the 2016 proxy season.<sup>2</sup> In 2016, a typical CPA-model resolution asked the company to report on and update semiannually 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.*

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 is 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 60 million proxy voting decisions by large financial institutions spans 14 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 management and shareholders.

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<sup>1</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 upon across multiple funds within a single fund family, each holding the 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 resolution, each unique fund family-vote combination is recorded. The 22,000 individual votes cast across two years of voting by the funds of the 68 fund groups surveyed were condensed to around 5,000 unique votes.

<sup>2</sup> See last year's CPA report on mutual fund voting on political spending resolutions for a list of the resolutions voted upon in the 2015 proxy season.

**Appendix: Shareholder-Sponsored Political Spending Disclosure Resolutions  
Using CPA Model Resolution, 2016**

Company	AGM	Shareholder Proponent	Support
AETNA INC.	15-May	New York State Common Retirement Fund	25.50%
ALLSTATE CORP.	24-May	New York State Common Retirement Fund	25.01%
ALPHABET INC.	08-Jun	Clean Yield Asset Management	9.82%
AMAZON.COM INC.	17-May	Newground Social Investment	5.50%
AMERICAN AIRLINES GROUP INC.	08-Jun	New York State Common Retirement Fund	27.72%
AT&T INC.	29-Apr	Domini Social Investments	28.98%
AUTOZONE INC.	16-Dec	New York City Public Pension Funds and Retirement Systems	36.35%
CABOT OIL & GAS CORP.	04-May	New York City Public Pension Funds and Retirement Systems	34.73%
CARMAX INC.	28-Jun	The International Brotherhood of Teamsters General Fund	24.40%
DTE ENERGY CO.	05-May	New York City Public Pension Funds and Retirement Systems	26.38%
EMERSON ELECTRIC CO. EXPRESS SCRIPTS HOLDING CO.	02-Feb 04-May	Trillium Asset Management New York State Common Retirement Fund	31.44% 30.45%
FEDEX CORP.	28-Sep	New York City Public Pension Funds and Retirement Systems	36.18%
FLUOR CORP.	05-May	City of Philadelphia Public Employees Retirement System City of Philadelphia Public Employees Retirement System; Miami Fire Fighters' Relief & Pension Fund	61.88% 43.74%
MCKESSON CORP.	29-Jul	New York State Common Retirement Fund	42.75%
NEXTERA ENERGY INC.	19-May	New York State Common Retirement Fund	42.75%
NIKE INC.	17-Sep	Newground Social Investment	27.18%
NISOURCE INC./DE	11-May	New York State Common Retirement Fund	50.28%
NRG ENERGY, INC. PINNACLE WEST CAPITAL CORP.	28-Apr 18-May	New York City Public Pension Funds and Retirement Systems As You Sow	49.43% 34.47%
RANGE RESOURCES CORP.	18-May	The Nathan Cummings Foundation	43.33%
SPECTRA ENERGY CORP.	26-Apr	Trillium Asset Management; The Nathan Cummings Foundation	31.76%
TRAVELERS COMPANIES, INC.	19-May	New York State Common Retirement Fund	34.86%
VERIZON COMMUNICATIONS INC.	05-May	Domini Social Investments	30.31%
WESTERN UNION CO. WYNDHAM	12-May	New York State Common Retirement Fund	41.71%
WORLDWIDE CORP.	10-May	Mercy Investment Services, Inc.	40.12%
WYNN RESORTS LTD.	14-Apr	New York State Common Retirement Fund	14.61%