



## **Mutual Fund Support for Political Spending Disclosure Jumps in First Year of Trump Presidency**

***2017 PROXY SEASON ANALYSIS***  
**NOVEMBER 16, 2017**

Support by mutual funds for the Center for Political Accountability's corporate political disclosure resolution jumped significantly in 2017, to 48 percent from 43 percent in 2016, according to an analysis by Fund Votes.<sup>1</sup> The analysis also found that abstentions decreased from five percent to three percent, indicating a shift toward more active support for political transparency in the first year of Donald Trump's presidency.

"These developments are important," said CPA president Bruce Freed. "Mutual funds are the largest shareholders across America, and how they cast their proxies has a major impact on company policies and practices. What we're seeing is a shift in support for political disclosure and accountability, and companies would be smart to heed it."

Among 20 of the 23 largest asset managers globally,<sup>2</sup> average support for the CPA model resolution was 37.3 percent, based on 22 resolutions filed. This represents an increase of more than six percentage points from 2016 when average support was 31.1 percent, based on 27 resolutions filed. In addition, more fund groups participated in voting on the resolutions with abstentions decreasing by an average of eight percentage points from 11.5 to 3.4 percent.

As has been the case in previous years, the biggest fund groups remained the biggest laggards. Vanguard, Fidelity, BlackRock and American Funds continued a nearly unbroken record of voting against or abstaining on corporate election spending disclosure resolutions. Average shareholder support also dropped slightly from 33 percent in 2016 to 30 percent in 2017. Nevertheless, overall opposition to corporate election spending disclosure resolutions by mutual funds was below 50 percent in 2017.

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<sup>1</sup> [Fund Votes](#) is an independent project, started in 2004 by Jackie Cook of [CookESG Research](#), that tracks institutional proxy voting. Fund Votes' database of over 60 million proxy voting decisions by large financial institutions spans 15 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 shareholders.

<sup>2</sup> These figures are based on 20 of the 23 largest asset managers globally (as reflected in AUM reported in the [IPE Top 400 Asset Managers 2017 survey](#)), together managing over \$30 trillion in assets globally at the close of 2016.

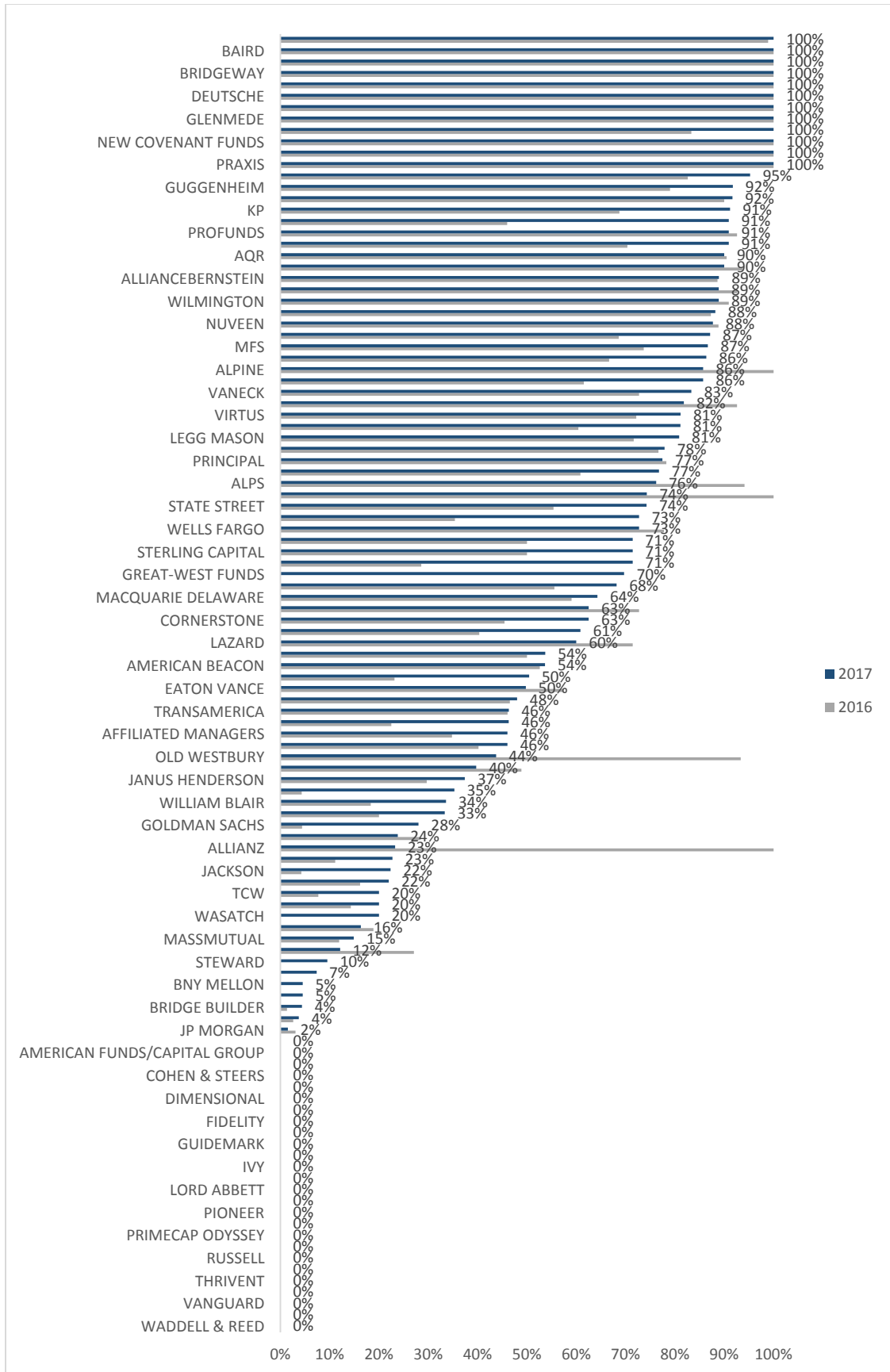
Fund Votes examined 114 fund groups' votes across the 2016 and 2017 proxy seasons. As in previous years, the study sought to profile the spectrum of voting patterns across a wide range of funds managed by large asset managers as well as by smaller, socially responsible investment-oriented managers.

The 114 fund groups identified were those indexed in the Fund Votes database that had cast votes on at least 5 resolutions in each of the two proxy seasons. Their total assets under management, according to Morningstar® fund data, amount to over \$14 trillion, of which almost \$5.5 trillion is invested in the U.S. securities market.

Other notable findings include the following:

- Of the 114 fund groups studied, 56 increased their support for political spending disclosure resolutions between 2016 and 2017, compared to only 14 fund groups that decreased such support. Among the 20 largest asset managers, 11 groups increased support while four decreased such support.
- In 2017, 40 fund groups supported at least three-quarters of the resolutions voted upon, compared with 32 fund groups in 2016. Only 26 groups failed to support a single political spending disclosure resolution in 2017, compared with 32 in 2016.
- Twelve fund groups, mostly comprised of socially responsible investment asset managers, supported all election spending disclosure resolutions in 2017. Among the 20 largest asset managers, Deutsche Funds alone supported every resolution it voted upon; American Funds and T Rowe Price were the only funds to oppose every resolution, as they did in 2016.
- Prudential, Goldman Sachs, and Invesco increased their support of disclosure by more than 20 percent, and State Street increased its support by 19 percent. The largest decrease in support was just 9 percent by Franklin Templeton group of funds.

### Fund Family Votes on CPA model resolution: 2016-2017



This year's survey considered 24,203 votes cast by 114 fund groups on 22 shareholder-sponsored resolutions during the 2017 proxy season and 21,950 votes cast on 27 resolutions in the 2016 season.

The Appendix lists all 22 shareholder proposals based on the CPA model election spending disclosure resolution that came to a vote in the 2017 proxy season. A typical CPA model resolution asks companies to report on and semiannually update 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 disclosure and oversight of corporate election spending 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 [Model Resolution Information Packet](#) provides guidance to proxy voters as they try to determine where the gaps may exist in a company's policies and disclosure.

## Appendix:

### Shareholder-Sponsored Resolutions Based on the CPA Model Resolution Voted Upon in 2017 (as of the release of this report)

Company	AGM	Shareholder Proponent	Support
Alliant Energy Corp.	May 23, 2017	Office of the New York City Comptroller	38.58%
Allstate Corp.	May 25, 2017	New York State Common Retirement Fund & Trillium Asset Management	24.85%
Alphabet Inc.	June 7, 2017	Clean Yield Asset Management	10.24%
AT&T Inc.	April 28, 2017	Domini Social Investments	30.00%
Berkshire Hathaway Inc.	May 6, 2017	Clean Yield Asset Management	11.07%
CarMax Inc.	June 26, 2017	International Brotherhood of Teamsters	28.22%
CMS Energy Corp.	May 5, 2017	New York State Common Retirement Fund	36.24%
Consol Energy Inc.	May 9, 2017	New York State Common Retirement Fund	21.63%
Emerson Electric Co.	February 7, 2017	Trillium Asset Management	40.26%
Equifax Inc.	May 4, 2017	New York State Common Retirement Fund	35.90%
Expedia Inc.	June 13, 2017	New York State Common Retirement Fund	13.75%
Great Plains Energy Inc.	May 2, 2017	<i>Not Disclosed</i>	24.77%
J.B. Hunt Transport Services Inc.	April 20, 2017	International Brotherhood of Teamsters	24.32%
NextEra Energy Inc.	May 18, 2017	New York State Common Retirement Fund	41.16%
Nike Inc.	September 22, 2016	Newground Social Investment	30.12%
NRG Energy Inc.	April 27, 2017	New York State Common Retirement Fund	30.77%
Occidental Petroleum Corp.	May 12, 2017	New York State Common Retirement Fund	7.85%
Oracle Corp.	November 15, 2016	New York State Common Retirement Fund	TBA
Range Resources Corp.	May 17, 2017	The Nathan Cummings Foundation	36.88%
Western Union Co.	May 11, 2017	New York State Common Retirement Fund	35.11%
Wyndham Worldwide Corp.	May 9, 2017	Mercy Investment Services	37.74%
Wynn Resorts Ltd.	April 21, 2017	New York State Common Retirement Fund	29.74%