

# In the Shareholders' Interest: Funds and Proxy Voting

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Figure 1

# Scope of ICI Study: 3.5 Million Proxy Votes by Funds in 2007



Figure 2

# Fund Votes On Management Proposals

Percentage of Times Funds Favored  
Each Type of Proxy Proposal

Management Proposals

Director Elections	92.3
Audit Firm Ratification	98.0
Other Management Proposals	85.0
Shareholder Proposals	38.1

Figure 3

# Fund Votes and Proxy Adviser Recommendations

Type of Proposal	Percentage of Proposals Favored by:				Proposals Passing
	Funds	Company Boards	ISS	Glass Lewis	
Director Elections	92.3	100.0	89.7	79.0	96.4
Audit Firm Ratification	98.0	100.0	99.6	97.7	96.5
Other Management	85.0	100.0	81.5	84.0	91.5
Shareholder	38.1	0.7	63.8	46.8	17.5

Figure 4

# Fund Votes on 'Other Management Proposals'

Type of Proposal	Percentage of Proposals Favored by:				Proposals Passing
	Funds	Company Boards	ISS	Glass Lewis	
Shareholder Rights/ Antitakeover-related	92.3	100.0	87.4	89.6	76.3
Capitalization	80.2	100.0	87.7	80.9	95.7
Board Structure and Election Process	93.9	100.0	95.2	96.8	96.8
Compensation-related	83.8	100.0	81.5	85.3	95.8
Mergers and Reorganizations	95.3	100.0	93.5	96.7	94.6
Miscellaneous	71.2	100.0	43.8	45.8	49.0

Figure 5

# Fund Votes on Shareholder Proposals

Type of Shareholder Proposal	Percentage Favored by:	
	Funds	Company Boards
Antitakeover-related	78.0	1.3
Board Structure and Election Process	49.1	0.9
Compensation-related	37.6	0.0
Social/Environmental	15.3	0.8

Figure 6

# Fund Votes on Shareholder Proposals by Issue

Type of Proposal	Percentage of Proposals Favored by:			Proposals Passing
	Funds	ISS	Glass Lewis	
Antitakeover-related	78.0	90.9	88.3	57.1
Board Structure and Election Process	49.1	77.2	83.3	22.8
Compensation-related	37.6	66.7	33.3	3.4
Social/Environmental	15.3	36.6	5.2	3.0

Figure 7

# Fund Guidelines on Pay

Number of Fund Families Whose Policies Mention Each Phrase\*



\* Based on voting guidelines of 35 large fund families; a family's policy may mention more than one phrase.

Figure 8

# Fund Votes on Pay

## Percentage of Time Funds Voted in Favor of Proposal

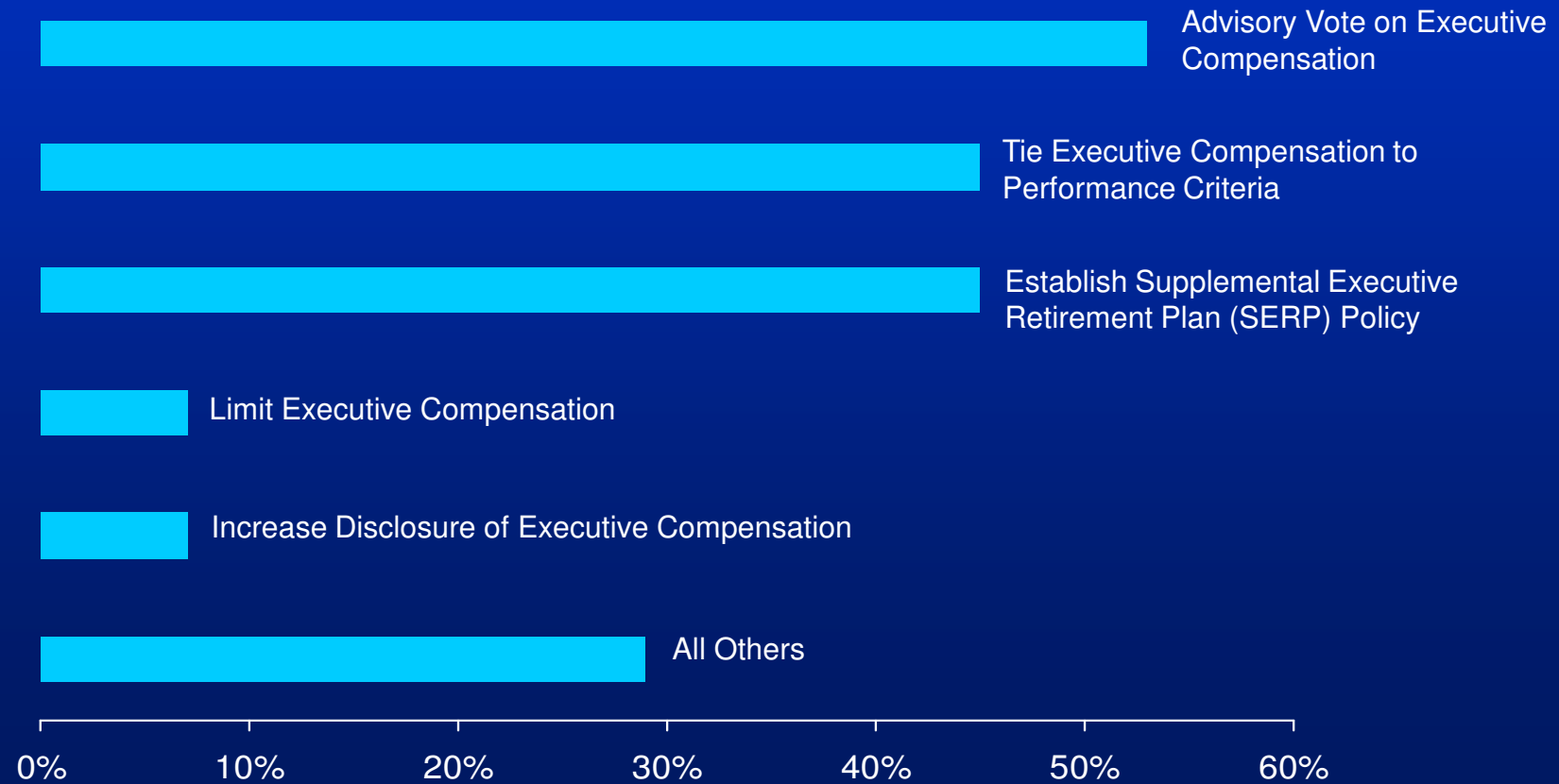


Figure 9

# Fund Guidelines on Shareholder Rights

Type of Proposal	For	Against	Against Without Shareholder Approval	Case by Case	Unstated
Supermajority Vote Provisions		24		1	10
Dual-Class Stock		22		1	12
Classified Boards		28		3	4
Poison Pills	1	12	11	11	

Figure 10

# Management Proposals On Shareholder Rights

## Management Proposals Offered to:

- Declassify Board of Directors
- Eliminate/Reduce Supermajority Voting Requirements

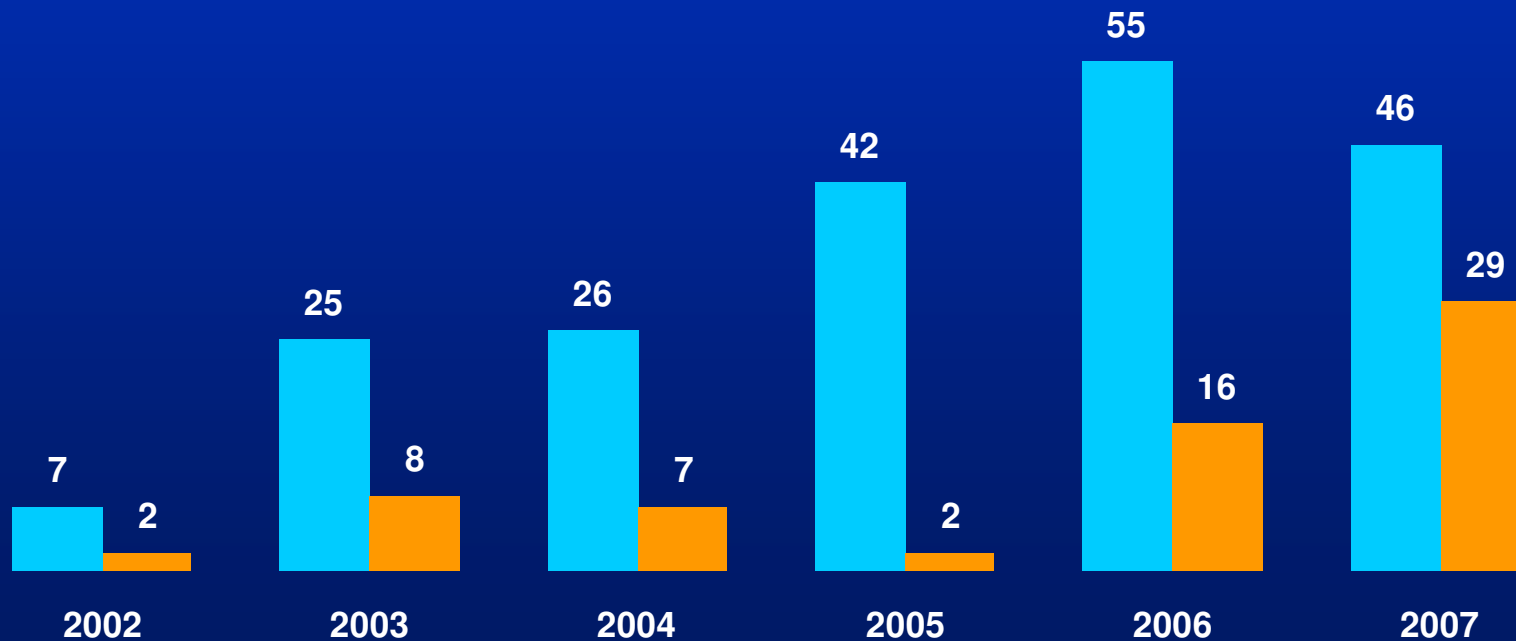


Figure 11

# Fund Votes on Social/Environmental Issues

Percentage of Social/Environmental Proposals Favored by:

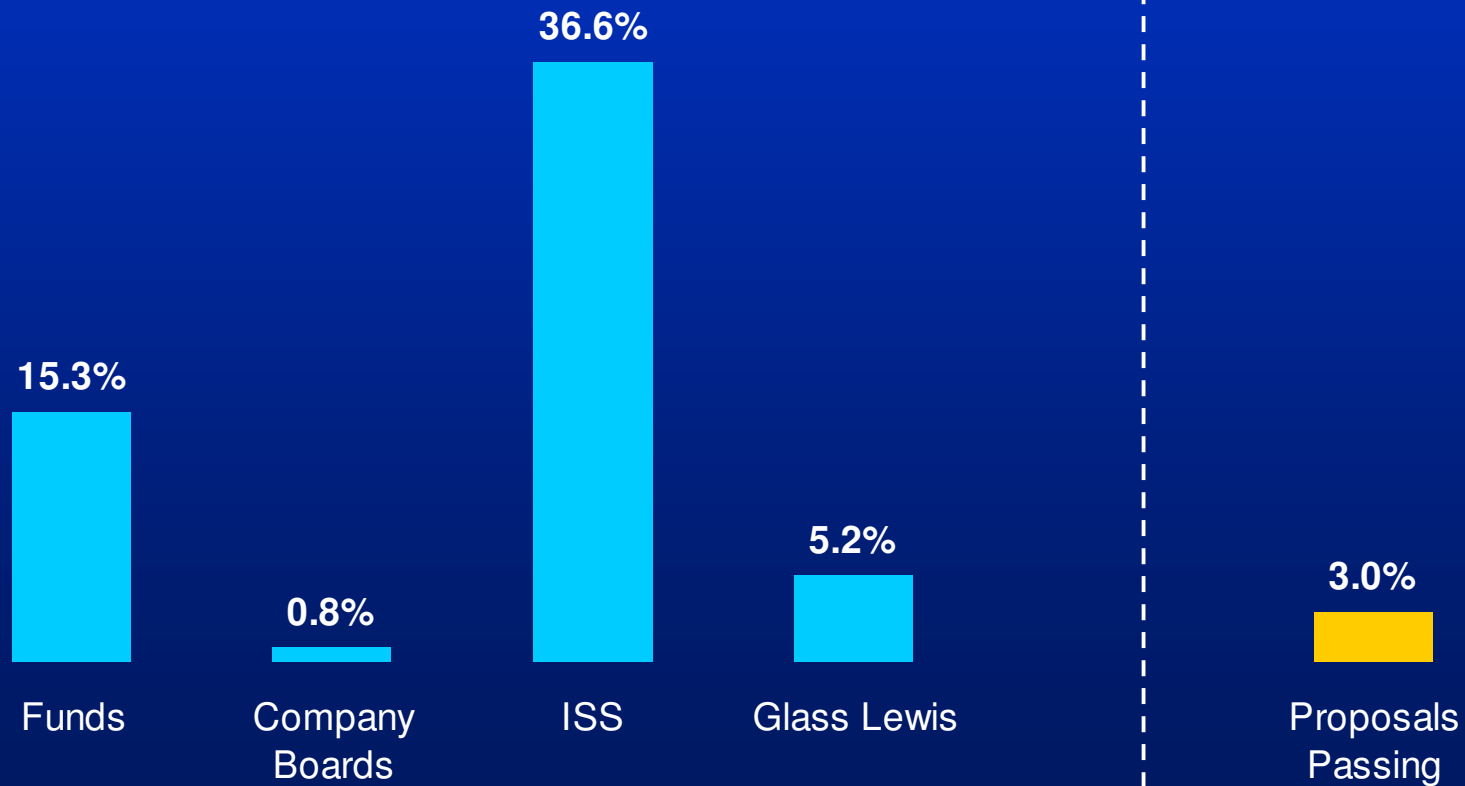
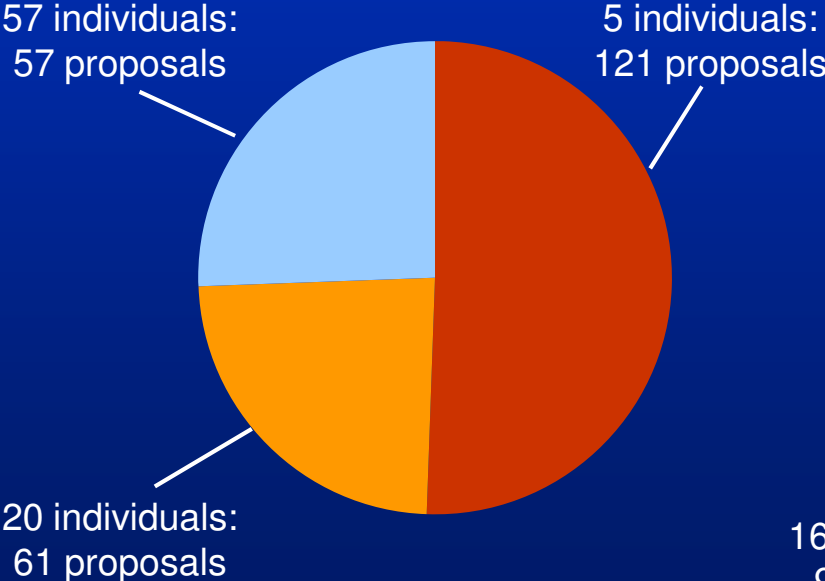


Figure 12

# Sponsorship of Shareholder Proposals

**5 Individuals Account for Half of 239 Proposals Sponsored by Individuals**



**3 Labor Unions Account for Half of 186 Proposals Sponsored by Unions**

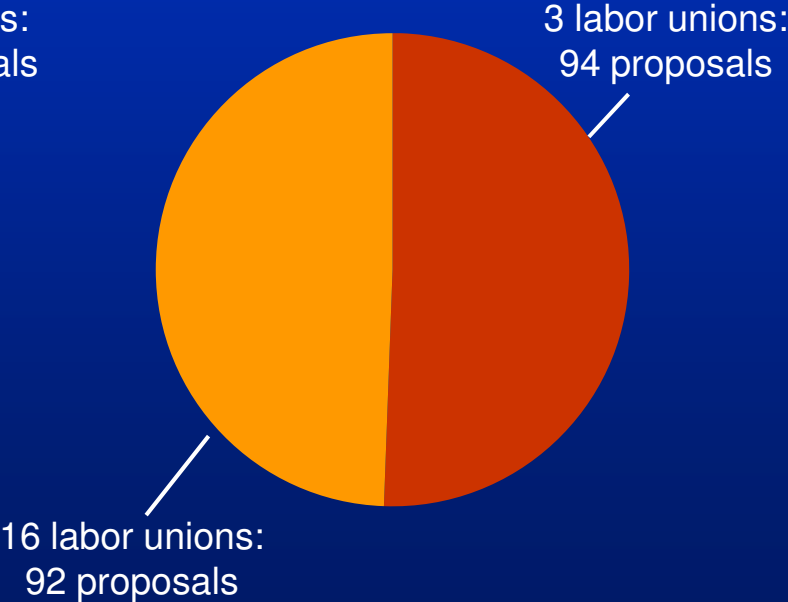


Figure 13

## Academic Studies on Fund Votes

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There is “no evidence that proxy voting depends on whether a firm is a [401(k)] client or not.”

– Gerald F. Davis and E. Han Kim, “Business Ties and Proxy Voting by Funds,” 2005

There is “no evidence that funds are allowing non-fund considerations to affect their proxy voting decisions.”

– Burton Rothberg and Steven Lilien, “Funds and Proxy Voting: New Evidence on Corporate Governance,” 2005

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