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Fund Adviser Proxy Votes Align with Fund Interests

By Paul Schott Stevens

A key assertion in "Cracking the Proxy Racket" (*The Wall Street Journal*'s Review & Outlook, September 18) is that asset managers vote "in block" to support recommendations set forth by advisory firms like Glass Lewis and Institutional Shareholder Services (ISS). Such statements ought to be tested against actual data.

A decade's worth of research shows that fund advisers vote proxies diligently, in line with their fiduciary duty to the fund and its shareholders. Preliminary tabulations of regulatory filings for 2017 bear that out. Fund advisers' votes tend to align with ISS on noncontroversial and uncontested issues (e.g., auditor ratification). In contrast, on shareholder social and environmental proxies, funds voted "yes" 25.7 percent of the time—a far cry from ISS's support for 56.5 percent. And with shareholder proposals on board structure, funds voted in favor 48.8 percent of the time, versus ISS's "yes" recommendation on 80.9 percent.

Asset management is vibrant and diverse, and asset managers' votes on proxy issues underscore this diversity. Advisers march to the interests of their client—the fund—not those of corporate management, activists, nor proxy advisors.

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