A mid-sized mutual fund complex was facing a challenging proxy campaign comprised of 33 Money Market funds, 98 CUSIPS and 3.8 million positions, including 381,000 e-deliveries. Proposals included trustee election as well as three amendments to the Declaration of Trust, in response to changes in SEC regulations. Two of these proposals were viewed as more contentious and in the past tended to receive negative recommendations, so they needed a smart approach.

Broadridge made recommendations regarding content and language in the proxy statements — engaging voters in ways that increased understanding and comfort with the overall intent of the proposals. A strategic, targeted approach to communications ensured that more votes were cast, while minimizing overall spend. As a result, proxy advisory firms recommended in favor of the contentious proposals, and all four proposals were passed.

Faced with potentially divisive issues, funds must be mindful of proxy advisory firms’ impact on the vote. Broadridge provides guidance that can help you present your proposals in the clearest, best possible light.

Traditional proxy packages were mailed to a select few large shareholders, as well as those who requested a full package, while the remainder received an electronic notification or Notice of Internet Availability of Proxy Materials. The result was a significant reduction in printing and postage costs.

No one should be caught by surprise. Broadridge works to identify and reach the right constituents, including internal audiences and advisors. Involving key stakeholders early allows you to educate them in the issues to make a quick decision once proxy materials are delivered.

For information about our mutual fund proxy services, visit us at broadridge.com or call +1(866) 359-0456.
A PROACTIVE STRATEGY
In response to regulatory changes under Rule 2a-7 of the Investment Act of 1940, the mutual fund needed to adopt amendments to its Declaration of Trust in order to restructure a number of its money market funds. This placed the client in the unenviable position of making changes to the portfolio composition of many of their funds, and instituting new rules for how the funds would operate. While the regulation in question was intended to improve liquidity, resilience and transparency, the required changes could potentially make certain funds less attractive to some investors. Broadridge advisors engaged with the fund’s management to examine the voting implications for both retail and institutional investors.

ADDRESS THE CONCERNS OF PROXY ADVISORS
Based on decades of experience, Broadridge was able to accurately forecast how proxy advisors were likely to view the proposals and tailor an approach accordingly. Historically, large proxy advisory firms have tended to recommend against two of the proposals. Broadridge advised the client to include language in the proxy statement that would help voting agents better understand the thinking behind the amendments, and increase their comfort level with the proposals. The language clearly resonated with its intended audience, and both proxy advisory firms issued recommendations supporting the proposals. Importantly, their support was directly related to the content that Broadridge had suggested.

MAXIMIZE SHARES VOTED
Recognizing that large institutional shareholders and high net worth individuals often vote in accordance with the recommendations of proxy advisor firms, Broadridge utilized a hybrid strategy that resulted in significant cost savings.

THE OUTCOME
All four proposals passed, positioning the funds for successful operation for the next several years.

Broadridge, a global fintech leader with $4 billion in revenue, provides communications, technology, data and analytics solutions. We help drive business transformation for our clients with solutions for enriching client engagement, navigating risk, optimizing efficiency and generating revenue growth.

broadridge.com