

A New Age in Proxy Voting

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Running a proxy voting campaign is more challenging than ever. The growing use of broker-dealer platforms, registered investment advisors and other third-party channels has compounded the difficulty of reaching shareholders directly, leading to a downward trend in industry response rates. Indeed, successfully contacting shareholders requires more time and resources than ever before. Faced with these complications, seasoned proxy servicing partners have developed a range of solutions that harness advanced technologies and electronic communications mediums. These methods are ushering in a new age in proxy voting, with customized, high-value models that help maximize responses while minimizing expense.

An Active Approach

Providers who can leverage strengths in transfer agency, output, and workflow management are improving the success rate of fund company proxy campaigns. Their ability to customize a campaign based on shareholder demographics, trends and vote patterns leads to a highly effective outcome. An active, hands-on route to reaching shareholders can include:

- **Data Mining:** For proxy businesses that also run large transfer agency operations such as Boston Financial, the ability to leverage shareholder data leads to a decided advantage. Experience with specific shareholder servicing needs and access to data points such as share holdings, consent preferences and general demographic profile, allows for a “surgical” approach to stimulate shareholder participation.

These providers can assess how regularly a shareholder votes, decreasing resources to those who vote regularly and reallocating resources or trying different communications for those who vote less often. They can track preferences such as whether a shareholder chooses to receive information by mail or electronically, thereby limiting the expense of a full mail campaign. Proxies that are e-delivered are generally voted at a higher rate than normal paper channels. Key to the success of electronic submission is capturing shareholder e-mail addresses, which ensures repeated use of the internet as a voting channel. At Boston Financial, an active consent management process has led to fewer paper mailings, which saves costs and promotes good environmental stewardship. The ability to incorporate specific demographic information also allows call representatives to better understand how and when to reach shareholders. For example, working-age shareholders are more likely to be home in the evening than during the day. In this case, calling during the day is inefficient and adds cost.

- **Tracking and Monitoring:** Having a current and accurate status on outstanding proxies is an important component of tracking campaign response and expense. Knowing what to expect can help determine additional steps that need to be taken. New developments like Intelligent Mail Barcode (IMB) tracking identifies if a return vote is in-process, allowing the campaign manager to remove the shareholder from follow-up solicitation. Internet voting, smart phone voting and touchtone voting

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options provide easy and immediate response rates. Such tools allow real-time updates to fund companies, helping the overall monitoring and decision process, and saving resource time and expense.

- **Diverse Contact Points:** Unquestionably, being able to reach shareholders through a number of channels can drive results. Some proxy servicers have the ability to tap their transfer agency and call center businesses, leveraging in-bound shareholder calls to harness responses. For example, when a shareholder calls about a balance or transaction, technology can prompt the call center representative to ask about unvoted shares. Technology allows call center representatives to inquire about outstanding proxy votes, and electronic self-servicing platforms incorporate reminders and updates. In this case, passive solicitation generates active results.

Results through Quality Control

Data security and shareholder confidentiality are necessary considerations of any proxy campaign. Data transmission risks multiply with any actions that involve cutting files, file transmission, uploading, and reconciling. Especially with the rise of third-party distribution channels, minimizing opportunities for data breaches is a necessary consideration. Those entities who can keep all data on thoroughly integrated systems can best ensure shareholder security and confidentiality, thereby helping to maintain a fund company's reputation.

Partnering for Success

The best proxy campaigns are those that are well-defined and well-communicated. Aligning servicing and fund company objectives and expectations lays an important campaign foundation. With most campaign cycles running a relatively short 60 – 90 days, planning and implementing are critical to results. A team of experienced, consultative proxy campaign managers with a hands-on approach is paramount to success. Setting a communication and solicitation strategy that employs all shareholder channels (electronic and print) drives response rates and leads to cost reductions. Dedicated campaign managers provide a level of expertise and oversight to ensure that progress is on-track. By using real-time tracking and reporting tools and regularly communicating with the fund company, campaign managers help ensure a customized and effective result.

Pairing innovation with experience has led to a new age in proxy campaign management. Technology has significantly changed the landscape of the proxy solicitation process, and it will continue to be a deciding element in successful campaigns. Full service proxy providers who continually enhance and upgrade their models, leveraging developments across the electronic spectrum, will be best-positioned to help fund companies achieve the maximum results with the minimum cost.



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