



Responsible Investment Association

Canadian Mutual Fund Proxy Voting Survey

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This report was prepared by the Responsible Investment Association.

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EXECUTIVE SUMMARY

Canadian mutual funds represent a growing influence in corporate securities ownership, both in Canada and across the globe. By February 2014, Canadian mutual funds reached C\$1.045 trillion in collective assets under management. Canada now has more than 115 fund companies offering 2,950 funds.¹

The high levels of investment by the Canadian mutual fund industry in the Canadian securities market, combined with the proven value of integrating environmental, social, and governance (ESG) criteria into investment selection,² indicate that now more than ever, fund companies need to take proxy voting and other stewardship functions seriously as part of their responsible investment (RI) strategy.

In order to understand the extent to which Canadian mutual fund companies are exercising their proxy voting stewardship on ESG issues, the Responsible Investment Association (RIA) conducted a study analysing Canadian mutual fund votes on selected categories of management and ESG-related shareholder resolutions appearing on the ballots of S&P/TSX Composite and Russell 3000 companies in the 2013 proxy season.

The study investigated a survey of voting patterns of 25 Canadian fund complexes representing a cross-section of Canada's mutual fund industry. Three of these, including RIA members, NEI, Inhance (IA Clarington) and Meritas (OceanRock), are historically RI fund complexes, while the remainder cover a broad spectrum of Canadian mutual fund groupings, including some of the largest and best-known mutual fund brand names.

The study revealed that across the board, **RI funds opposed management on both management and shareholder resolutions far more often than the larger non-RI fund groups.**

Voting against management recommendations is, of course, not limited to the RI funds -- a number of the non-RI fund groups surveyed supported multiple ESG issues and appear to be ready to take a long-term view. Not surprisingly, though, funds with an RI orientation supported ESG shareholder resolutions in nearly every case, and readily voted against compensation-related resolutions put forward by management.

Voting patterns differ markedly from fund group to fund group, both in overall support for management recommendations as well as with respect to specific categories of resolutions. Even so, this study makes clear that firms with a responsible investment strategy tend to take the most active ownership roles.

¹ Babad, M., 'Canadian mutual funds top \$1-trillion for first time', The Globe and Mail, February 2014

² See "RI Funds Perform Strongly," Responsible Investment Association, August 2013

INTRODUCTION

Year-on-year growth in the number of signatories to the UN Principles for Responsible Investment (UN PRI), along with the recent release of number of stewardship codes in Canada and abroad, are evidence of a global movement in investor stewardship.³

Investor stewardship includes the variety of activities collectively referred to as ‘active ownership.’ These activities may include:

- engaging with investee companies on key ESG issues;
- filing shareholder resolutions where necessary;
- actively voting the proxies of investee companies according to proxy voting guidelines that have integrated ESG risk factors;
- disclosing both the votes cast and the proxy voting guidelines.

The number of UN PRI signatories reached 1,200 in 2013, with almost US \$35 trillion in collective assets under management. Proxy voting is included among the possible suggested actions related to the UN PRI’s Principle 2 (“Exercise voting rights or monitor compliance with voting policy (if outsourced)”) and Principle 6 (“Disclose active ownership activities (voting, engagement, and/or policy dialogue)”)⁴.

Proxy voting is also encouraged under Canadian Securities Law, which requires investment companies to act in the best interests of their beneficiaries, many of whom hold stakes in mutual funds via their RRSP or individual investment accounts. A key element of investment companies’ fiduciary duty is to vote their proxies responsibly.⁵

Even so, in practice, many Canadian mutual fund companies do not make their proxy voting records available on their public websites, but only to members on secure areas of their website or on request – complying very strictly with the disclosure requirements. SHARE’s [2013 Key Proxy Votes Survey](#) found that, while levels of public disclosure among survey respondents had increased dramatically since 2006, only 51% of asset managers that responded to the survey indicated that some or all proxy voting records were made publicly available.

Furthermore, formats for disclosure differ markedly. The SHARE survey found that the percent of asset management firms using standard disclosure formats had actually declined from 63% in 2011 to 54% in 2013. These factors, combined with the decentralized mode of disclosure, make it difficult to survey voting patterns across a number of fund companies, and speak to the need for greater transparency.

³ See, for example, [The UK Stewardship Code](#) released by the UK’s Financial Services Authority in 2010 (updated in 2012); the International Corporate Governance Network’s [Statement of Principles on Institutional Shareholder Responsibilities](#); and the “[Principles for Governance Monitoring, Voting and Shareholder Engagement](#)” published by the Canadian Coalition for Good Governance (CCGG) in December 2012.

⁴ UN Principles for Responsible Investment, <http://www.unpri.org/about-pri/the-six-principles/>

⁵ In strengthening this duty, the Ontario Securities Commission introduced [National Instrument 81-106](#) in 2005, which came into effect in August 2006. This rule obligates investment funds to disclose their voting records upon the request of a unit holder as well as on their website.

METHODOLOGY

Funds Surveyed

See Appendix 1 for a complete list of the 25 funds included in this survey.

Resolution Categories Surveyed

In order to gain a general sense of how proactive fund families are in voting their proxies, the survey compared voting records across a total of seven resolution categories, including both management and shareholder resolution categories. Votes on most management-sponsored resolutions are almost always cast in support, and therefore do not discriminate well on mutual funds' propensity to challenge management. RI-branded mutual funds, however, consider all resolutions to be of paramount importance and only vote against management if the resolution is not in the best interest of the shareholders and stakeholders of the company.

Management Resolutions

Three categories of management resolutions brought to vote at S&P/TSX Composite companies in the 2013 proxy season were chosen for analysis. These include:

- Management nominees of directors
- Management advisory resolutions on executive compensation ('say on pay')
- Management-sponsored resolutions on share-based compensation plans

The survey also considers the position of the Canadian mutual fund groups on 'say on pay' resolutions brought to vote at US companies listed on the Russell 3000 Index during the same season.

Shareholder Resolutions

A relatively small number of shareholder resolutions come to vote at Canadian companies -- only 66 were filed in the 2013 proxy season, most by a single filer⁶, and therefore may not represent the scope of investor concerns in Canada. For this reason, this survey did not include S&P/TSX Composite company shareholder resolutions in calculating the final ranking of Canadian mutual funds.

Rather, the survey considered Canadian mutual fund voting on four ESG resolution categories that came to vote at Russell 3000 companies. These include:

- Severance pay
- Independent board chairpersons
- Transparency in corporate political influence
- Climate change

These four categories were chosen as having particular relevance to Canadian fund stewardship, and also are each comprised of a sufficient number of resolutions to be able to discern each fund group's position on the issue.

⁶ MEDAC (Mouvement d'Education et de Défense des Actionnaires) filed 52 of the 66 Canadian shareholder resolutions that came to vote, with the remainder filed by six other filers.

Data Collection

The survey analysed voting patterns with respect to 246 proxy ballots of S&P/TSX Composite annual shareholder meetings held between 1 June 2012 and 31 July 2013, of which 106 were combined annual general and special meetings. These ballots brought a total of 2,840 resolutions to vote, of which 66 are shareholder-sponsored resolutions.

Of the complete set of resolutions reviewed, the vast majority – 2,157 (76%) – are resolutions proposing director nominees;⁷ 96 (3%) are management advisory votes on executive compensation, or ‘say on pay,’ resolutions; and 77 (3%) request approval for a variety of new or amended share-based executive compensation plans.

With regard to proxy ballots of US Russell 3000 company shareholder meetings, this survey analysed a total of 1,234 ‘say on pay’ resolutions and 215 shareholder resolutions on the four selected ESG categories.

Data Analysis

In order to compute support by fund family, unique votes were counted. That is, only a single vote on a single resolution was counted, regardless of how many funds within a single fund family recorded votes on that particular resolution. This was so as not to overweight widely held stocks – typically of larger companies – relative to less widely held stocks within a family of funds, thereby keeping the focus on the issues being voted on. Where funds within a family vote inconsistently on a particular resolution, each unique fund family-resolution-vote combination (called a ‘unique vote’) was counted.

- The survey analysed a total of 192,647 individual votes on S&P/TSX Composite company 2013 proxy ballot resolutions, cast by 579 separate funds across the 25 fund groups in the survey. Of these, 182,727 votes (95%) were cast on 2,774 management-sponsored resolutions and 9,920 (5%) were cast on the 66 shareholder sponsored resolutions.
- A total of 44,122 unique votes were distilled from the 192,647 individual votes on resolutions at S&P/TSX Composite companies in the 2013 proxy season.
- A total of 21,505 individual votes on Russell 3000 company resolutions were analysed, including 7,414 votes on 215 ESG-related shareholder resolutions, amounting to 2,864 unique votes, and 14,091 votes on 1,234 ‘say on pay’ resolutions – or 6,180 unique votes.

On all categories of resolutions, calculations of votes in support are computed as total votes ‘for’ divided by the sum of votes for, against and abstained. In the review that follows, vote results are expressed as votes against management’s recommendations. Votes withheld from director nominees are counted as against management recommendations. Typically, management recommends a vote ‘against’ shareholder resolutions and ‘for’ management resolutions. This was true for all shareholder and management resolutions considered for this survey. Therefore, measuring opposition to management implies setting as the numerator votes cast ‘against’ management resolutions and votes cast ‘for’ shareholder resolutions.

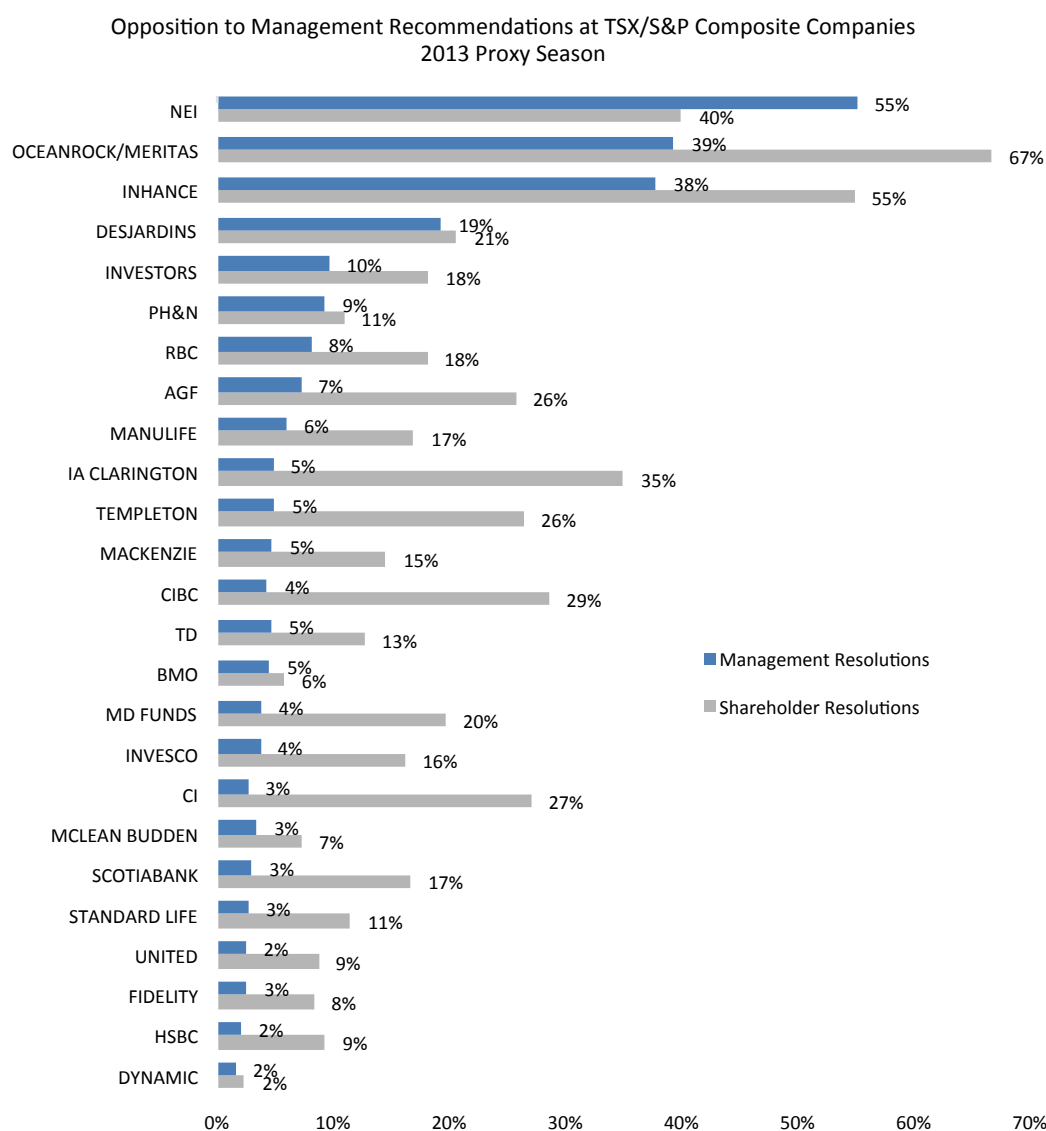
⁷ The analysis counts votes on nominee slates as votes on individual nominees.

KEY FINDINGS

Breakdown by Fund

Table 1 below compares the percent of votes cast against management resolutions with the percent of votes cast against shareholder resolutions that came to vote at S&P/TSX Composite companies in the 2013 proxy season for each of the 25 fund groups. It shows that, while Canadian mutual funds differ markedly in their propensity to oppose management, **the three RI groups are the strongest opponents of management across both types of resolutions.**

Table 1



The table also draws attention to fund groups that strongly support management resolutions and readily support shareholder resolutions – with 25 percentage points separating the votes on these two categories in the case of IA Clarington, CIBC and CI Funds.

Breakdown by Resolution Category

In each of the three categories of **management resolutions** examined, the three RI-branded fund groups showed a significantly higher propensity to vote against management:

- On Director Elections resolutions, the RI funds voted against management 42% of the time, as opposed to 4% of the time by mainstream funds.
- On ‘say on pay’ resolutions, the RI funds voted against management 90% of the time on ballots at Canadian companies surveyed and 97% of the time on ballots at US companies, as opposed to 13% of the time by mainstream funds in both US and Canadian company votes.
- On resolutions concerning executive stock incentive compensation plans, the RI funds voted against management 84% of the time, as opposed to 26% of the time by mainstream funds.

Similarly, in each of the four categories of **shareholder resolutions**, the three RI-branded fund groups voted against management and with shareholders significantly more often than their counterparts:

- The RI funds voted in favour of independent board chair resolutions 100% of the time, as opposed to 53% of the time by mainstream funds.
- The RI funds voted in favour of climate-change resolutions 92% of the time, as opposed to 39% of the time by mainstream funds.
- The RI funds voted in favour of executive severance pay resolutions 92% of the time, as opposed to 55% of the time by mainstream funds.
- The RI funds voted in favour of political influence resolutions 86% of the time, as opposed to 34% of the time by mainstream funds.

Rankings

In an effort to distinguish among the fund groups on the vigilance with which they execute their stewardship function in voting their proxies, this survey groups the fund groups into ranked categories on a combination of their voting patterns across the seven resolutions categories analysed (see Table 2). Percent support for shareholder resolutions/opposition to management resolutions were averaged across the seven resolution categories to identify fund families’ propensity to vote against management.⁸

⁸ In each of the categories, at least four votes were required in order to be included. Four votes were registered in the case of Inhance on climate-related resolutions. Other percentages are based on votes on seven or more resolutions in the respective category.

The resulting rank ordering revealed four groups of fund families amongst the 25 surveyed (bearing no relation to the size of constituent fund groups):

- **NEI, OCEANROCK/MERITAS, INHANCE, DESJARDINS, PH&N and CIBC:** The six fund families listed in the top section of Table 2 tend to be the most highly critical of the status quo and most vigilant with their proxy voting.
- **IA CLARINGTON, HSBC, MANULIFE, AGF, BMO, CI, INVESTORS, STANDARD LIFE, RBC and TEMPLETON:** These ten fund families support multiple ESG issues and appear to be ready to take a long-term view.
- **UNITED, TD, MACKENZIE, MCLEAN BUDDEN and INVESCO:** These five fund families appear mostly satisfied with the status quo; they are selective about the issues they support, and are cautious in opposing management.
- **SCOTIABANK, DYNAMIC, MD FUNDS and FIDELITY:** This group of four funds most likely to support management and the least likely to support shareholder resolutions in the ESG categories examined.

Table 2: Summary of Votes on Key Resolution Categories

	MGMT RESOLUTIONS: S&P/TSX Composite			SHR RESOLUTIONS: Russell 3000				AVG.
	DIRECTOR ELECTIONS	SAY ON PAY	EXECUTIVE SHARE-BASED INCENTIVE PLANS	SEVERANCE PAY	INDEPENDENT BOARD CHAIR	CORPORATE POLITICAL INFLUENCE	CERES CLIMATE-RELATED	
NEI	60%	83%	84%	83%	100%	83%	100%	85%
OCEANROCK/MERITAS	32%	96%	82%	100%	100%	88%	100%	85%
INHANCE	34%	97%	92%		100%	86%	75%	81%
DESJARDINS	19%	42%	81%	100%	74%	74%	83%	68%
PH&N	8%	5%	88%	100%	100%	64%	45%	58%
CIBC	4%	4%	23%	91%	86%	77%	83%	53%
IA CLARINGTON	2%	34%	35%	69%	65%	63%	52%	46%
HSBC	2%	10%	0%	100%	47%	61%	71%	41%
MANULIFE	3%	35%	40%	50%	43%	37%	59%	38%
AGF	7%	6%	24%	75%	73%	39%	37%	37%
BMO	4%	16%	10%	63%	77%	30%	50%	36%
CI	2%	10%	21%	43%	51%	39%	67%	33%
INVESTORS	9%	22%	29%	54%	62%	27%	23%	32%
STANDARD LIFE	2%	8%	28%		38%	50%	67%	32%
RBC	7%	8%	42%	43%	48%	36%	33%	31%
TEMPLETON	5%	4%	21%	53%	74%	23%	28%	30%
UNITED	2%	11%	19%	36%	41%	28%	67%	29%
TD	3%	6%	51%	90%	29%	0%	15%	28%
MACKENZIE	4%	14%	18%	29%	75%	21%	21%	26%
MCLEAN BUDDEN	3%	6%	5%	54%	16%	51%	31%	24%
INVESCO	3%	15%	12%	33%	59%	4%	14%	20%
SCOTIABANK	2%	14%	12%	21%	33%	21%	14%	17%
DYNAMIC	1%	11%	0%	17%	44%	14%	0%	12%
MD FUNDS	3%	11%	18%	20%	24%	9%	0%	12%
FIDELITY	2%	4%	25%	17%	0%	0%	0%	7%

* Figures shown reflect the percent of votes against management recommendations. With respect to severance pay resolutions, Standard Life and Inhance did not have enough votes for inclusion, and their rating on this criterion was therefore omitted from the ranking calculation.

VOTING PATTERNS ON MANAGEMENT RESOLUTIONS

The survey found that Canadian mutual funds side with management on the vast majority of resolutions brought to vote at S&P/TSX Composite companies – around 95% of the time, in most cases.

In contrast, the three RI-branded funds voted with management on their resolutions only 56% of the time on average, and virtually none of the time in the case of ‘say on pay’ resolutions.

Along with the RI-branded funds, a number of “mainstream” funds also voted discerningly on compensation issues – with Manulife, IA Clarington, Invesco and Desjardins voting down management ‘say on pay’ up to a quarter of the time at S&P/TSX Composite or Russell 3000 companies.

Director Elections

Overall, support for management nominees at S&P/TSX Composite companies was around 95%, with **the RI fund groups significantly more likely to challenge managements’ nominees than the non-RI fund groups**, of which only five supported managements’ nominees less than 95% of the time. Eight fund groups supported managements’ nominees 98% of the time or more.

NEI was the least likely to support managements’ nominees, voting against or withholding votes from 60% of nominees for board directorships put forward at S&P/TSX Composite companies.

‘Say on Pay’

Commonly known as ‘say on pay’, the advisory vote on executive compensation offers shareholders the opportunity to cast a vote for or against pay practices, as reflected in companies’ proxy statements.

Opposition to management ‘say on pay’ resolutions at S&P/TSX Composite companies and Russell 3000 companies is highly correlated from fund group to fund group. Notwithstanding some variance, the strong correlation between votes on Canadian and US ‘say on pay’ resolutions suggests the same voting rationale is being applied, and perhaps some of the same pay concerns prevail in each of the jurisdictions.

Not surprisingly, **the three RI fund groups were far more likely to oppose management’s compensation practices than were the other fund groups – both at Canadian and US companies**. NEI, OceanRock/ Meritas and Inhance readily voted against ‘say on pay’ resolutions put forward by management in almost every case – 92% of the time at S&P/TSX Composition companies and 97% of the time at Russell 3000 companies, compared to 13% in the case of their mainstream counterparts at both Canadian and US companies.

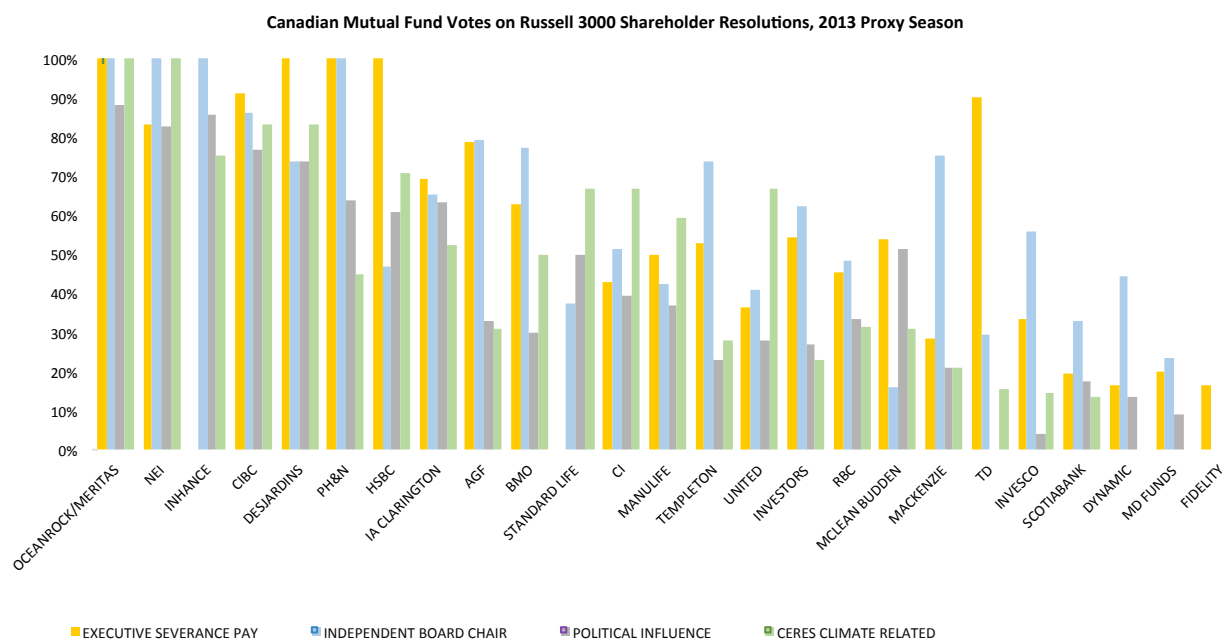
Executive Share-Based Incentive Plans

Votes by Canadian mutual funds on 77 management resolutions requesting shareholder approval of new or amended share-based compensation plans were less likely to be cast reflexively for management than votes on other management resolution categories, including 'say on pay'. On average, 33% of votes were cast against management on this category of resolution by the fund groups surveyed. Of the non-RI fund groups surveyed, an average of 26% of votes were cast against management.

VOTING PATTERNS ON SHAREHOLDER RESOLUTIONS

The bar chart below (Table 3) show the relative levels of support for the resolution categories across the mutual fund groups surveyed. Fund groups are arranged in descending order of the average level of support across the four resolution categories.

Table 3



Governance resolutions typically attract higher levels of support from mutual funds relative to environmental and social resolutions. The average percent of votes cast for both independent board chairpersons and severance pay limits combined was 58% across the mutual funds surveyed.

Environmental and social issues still fared very well among large Canadian mutual funds. The average level of support across the four resolution categories is 51%, averaged across the 25 fund groups.

The most obvious distinction in voting patterns is between three fund groups that retain strong responsible investment (RI) orientations in their voting patterns - OceanRock, NEI and Inhance - and the remaining 22 fund groups that are not RI-branded. **The three RI fund groups supported ESG shareholder resolutions in nearly every case and readily voted against compensation-related resolutions put forward by management.**

Trade union and state-run pension funds and independent governance advocates comprise the majority of filers of executive pay and chairperson independence resolutions.

Even among the 22 fund families that are not RI-branded, there are differences in voting patterns that distinguish a few as more ready to challenge management on key ESG issues.

Executive Severance Pay

The 31 executive severance resolutions call for shareholder approval of future severance agreements and for limitations on the practice of accelerated vesting of equity awards in the event of a change of control.

A shareholder vote on severance agreements establishes what shareholders consider to be fair severance compensation policy in order to limit over-generous severance packages. Accelerated vesting of share-grants made before the change in control event can make severance packages very lucrative, especially if the executive retains his or her position after the change in control. Therefore, many shareholder resolutions request limits on the accelerated vesting of restricted shares already granted to executives in the event of a change in the ownership of the company.

Four fund groups (including RIA members OceanRock, Desjardins and PH&N) supported all the severance resolutions on which they voted.

Independent Board Chairpersons

The 62 resolutions addressing board chair independence call for the separation of the chair and CEO roles and for boards to adopt a policy ensuring chairperson independence. The rationale behind this resolution category is that, if the board is to function effectively in exercising oversight of management, it should be led by a board chair person who is not the present or former CEO or who in any other way is compromised in acting as an agent of shareholders rather than management.

Four fund groups (RIA members NEI, OceanRock, PH&N and Inhance) supported 100% of the independent board chair resolutions. Along with the RI-branded funds, five non-RI branded fund groups – including RIA members PH&N and AGF, as well as CIBC, BMO and MACKENZIE - supported independent board chair resolutions more than 75% of the time.

Corporate Political Influence

Although political influence resolutions are comprised of a variety of specific shareholder requests, those related to disclosure are typically an easier 'ask' than, for instance, prohibiting corporate political spending.

Therefore, the latter make up only a very small portion of resolutions in this category. The political influence resolutions mostly call for disclosure of:

- corporate political spending;
- how spending relates to corporate values;
- lobbying policies, expenditures, activities; and
- contributions to trade associations involved in political lobbying.

Six of the 84 resolutions in this category call for a prohibition on corporate political spending; one called for an advisory vote on political spending. Seven of the 22 fund families that are not RI-branded – including RIA members Desjardins, PH&N, IA Clarington and Standard Life – supported shareholder calls for more transparency in political spending and lobbying activities more than half of the time.

Climate Change

The 38 climate resolutions include those tracked by Ceres in the 2013 proxy season.⁹ There are a variety of proposals within the broad category of climate-related resolutions that are tracked by Ceres from year to year. Some call for sustainability reports with an emphasis on GHG emissions; some address forestry practices, hydraulic fracturing, or water management; some call for GHG emission disclosures, GHG emission reductions, or quantitative GHG emission target setting; and some request disclosure addressing the financial risks posed by climate change.

Canadian RI fund groups supported climate-related resolutions 92% of the time and non-RI fund groups 39% of the time. Nine of the 22 non-RI fund groups supported at least 50% of the climate-related resolutions tracked by the Boston-based investor climate advocacy group Ceres.

CONCLUSION

2013 proxy voting records show that large Canadian mutual funds tend to side with management on the vast majority of resolutions brought to vote at both Canadian and US companies – around 95% of the time in most cases.

However, not all mutual funds accept the status quo. There are a handful of fund families, specifically those with an orientation toward responsible investment, who take a more active stance in challenging management recommendations. They tend to oppose more management-sponsored resolutions and support more ESG-related shareholder resolutions than their mainstream counterparts. Most, but not all, of these funds are members of the Responsible Investment Association.

It is important for retail investors to let the mutual fund companies in which they invest know that they want them to take a more active ownership role, which they can do through proxy voting and other stewardship activities. If retail investors care about these issues, then so will the mutual fund companies that see those investors as clients.

⁹ [Mutual Fund Companies Show Record High Support for Climate Change Shareholder Resolutions](#),” Ceres website, February 2014.

The concerned mutual fund investor might thus include proxy voting among the considerations for choosing between fund groups.

The RIA supports greater disclosure of proxy voting records by Canadian mutual funds, not just to their unitholders, but to the general public via their websites. In this way, individuals concerned about the impact of their investments will have more valuable information with which to make their own investment decisions.

APPENDIX 1

Fund Complexes Included in the Survey

AGF FUNDS – OFFERED BY AGF INVESTMENTS

BMO MUTUAL FUNDS – OFFERED BY BMO INVESTMENTS

CI MUTUAL FUNDS – OFFERED BY CI INVESTMENTS

CIBC MUTUAL FUNDS – OFFERED BY CIBC ASSET MANAGEMENT

DESJARDINS MUTUAL FUNDS – OFFERED BY DESJARDINS FUNDS

DYNAMIC MUTUAL FUNDS – OFFERED BY 1832 ASSET MANAGEMENT

FIDELITY FUNDS – OFFERED BY FIDELITY INVESTMENTS CANADA

FRANKLIN TEMPLETON (INCL. FRANKLIN, TEMPLETON AND FRANKLIN BISSETT AND TEMPLETON FUNDS) - OFFERED BY FRANKLIN TEMPLETON INVESTMENTS, CANADA

HSBC MUTUAL FUNDS – OFFERED BY HSBC CANADA

IA CLARINGTON MUTUAL FUNDS – OFFERED BY IA CLARINGTON INVESTMENTS

INHANCE SRI FUNDS – OFFERED BY IA CLARINGTON INVESTMENTS

INVESCO, TRIMARK AND POWERSHARES FUNDS – OFFERED BY INVESCO CANADA

INVESTORS GROUP MUTUAL FUNDS– OFFERED BY INVESTORS GROUP

MACKENZIE MUTUAL FUNDS – OFFERED BY MACKENZIE INVESTMENTS

MANULIFE MUTUAL FUNDS – OFFERED BY MANULIFE INVESTMENTS

MCLEAN BUDDEN MUTUAL FUNDS (SUN LIFE MFS MACLEAN BUDDEN) - OFFERED BY SUN LIFE GLOBAL INVESTMENTS

MD FUNDS – OFFERED BY MD PHYSICIAN SERVICES

NEI (NORTHWEST AND ETHICAL) FUNDS – OFFERED BY NEI INVESTMENTS

OCEANROCK/MERITAS (OCEANROCK MUTUAL FUNDS AND MERITAS SRI FUNDS) - OFFERED BY OCEANROCK INVESTMENTS

PH&N FUNDS – OFFERED BY PH&N INVESTMENT SERVICES

RBC FUNDS – OFFERED BY RBC GLOBAL ASSET MANAGEMENT

SCOTIABANK MUTUAL FUNDS – OFFERED BY SCOTIABANK ASSET MANAGEMENT SERVICE

STANDARD LIFE MUTUAL FUNDS – OFFERED BY STANDARD LIFE MUTUAL FUNDS LTD, A SUBSIDIARY OF STANDARD LIFE PLC.

TD MUTUAL FUNDS – OFFERED BY TD ASSET MANAGEMENT

UNITED MUTUAL FUNDS – OFFERED BY CI INVESTMENTS

A Note on Ownership

Each of the three historically RI fund groupings have been acquired by non-RI fund companies in recent years:

- NEI is now owned 50% by the Desjardins Group and 50% by the Provincial Credit Union Centrals
- Inhance is now owned by IA Clarington Investments
- Meritas is now owned by OceanRock Investments

RI funds within the NEI and Inhance fund complexes continue to vote independently of their owner, and for purposes of this study are examined apart from their owner. In the case of Meritas, the owner votes alongside the RI fund complex so it is now effectively a single fund complex (referred to in this survey as OceanRock/Meritas).

Of the 21 non-RI fund complexes, CI Funds and United Funds are both owned by CI Investments, and Dynamic and Scotia fund complexes are both owned by Scotia Global Asset Management.