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Optional Shareholder Voting

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Abstract

Mutual funds are required to vote, but shareholder voting is optional for institutional managers (IMs), a category that includes activists, hedge funds, and private wealth. Only 44% of IMs vote on firms' say-on-pay policies. However, the dollar value of their shares voted is twice that of mutual funds. IMs' voting differs significantly from mutual funds: IMs' support for management is 5 percentage points greater among small positions, but 4 percentage points lower among large positions. The differences arise from: (1) small IMs' tendency to either not vote or simply be friendly toward management vs. mutual funds' tendency to follow ISS recommendations; (2) large IMs' tendency to monitor firms via voting more intensely. These differing strategies are observable at the underlying firm level.

Keywords: Shareholder Voting, Optional Voting, CEO Compensation, Firm Governance, Activists, Hedge Funds

JEL Classification: G23, G34, G38

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Abstract

Mutual funds are required to vote, but shareholder voting is optional for institutional managers (IMs), a category that includes activists, hedge funds, and private wealth. Only 44% of IMs vote on firms' say-on-pay policies. However, the dollar value of their shares voted is twice that of mutual funds. IMs' voting differs significantly from mutual funds: IMs' support for management is 5 percentage points greater among small positions, but 4 percentage points lower among large positions. The differences arise from: (1) small IMs' tendency to either not vote or simply be friendly toward management vs. mutual funds' tendency to follow ISS recommendations; (2) large IMs' tendency to monitor firms via voting more intensely. These differing strategies are observable at the underlying firm level.

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1 Introduction

Institutional investor holdings are frequently used as a proxy for the extent of firm monitoring. However, institutions differ widely in their incentives and ability to monitor. Prior literature shows that larger and more long-term investors engage in greater scrutiny of management (Shleifer and Vishny, 1986; Chen, Harford, and Li, 2007), and some investors, such as hedge funds (Brav et al., 2008), are more activist-oriented. However, despite this heterogeneity, empirical evidence across the broad universe of institutional investors is limited, largely due to a lack of data.

We take advantage of newly available data to explore heterogeneity across institutions in one of the most direct and democratic forms of monitoring: shareholder voting.[1] The literature on shareholder voting is largely centered on voting by one subset of institutional investors: registered management investment companies (RMICs), commonly referred to as mutual funds.[2] That is both understandable and easily defensible: this class of investors has been required to vote and to report their votes since 2003 (Securities and Exchange Commission, 2003), and many mutual funds represent active and consequential investors. However, this literature ignores a larger set of institutional investors. In fact, most US institutional investors are not mutual funds; rather, they are broadly defined by the Securities and Exchange Commission (SEC) as "institutional managers" (IMs).

Unlike mutual funds, most IMs do not have a fiduciary duty to vote.[3] For these institutions, voting represents a strategic choice. We begin by developing a

[1]The U.S. Securities and Exchange Commission adopted new rules that require each person that (1) is an institutional investment manager as defined in the Exchange Act; and (2) is required to file reports under section 13(f) of the Exchange Act, to report its say-on-pay votes on Form N-PX. These amendments were driven by the mandate in Section 951 of the Dodd-Frank Act. See SEC Release Nos. 33-11131.

[2]RMICs also include ETFs and closed-end funds. We use mutual funds as an umbrella term to include all RMICs.

[3]We discuss the legal and regulatory details in Section 2.

discrete choice model, which examines how the costs and benefits of voting affect both the propensity to vote and the direction of the vote. The propensity to vote is an increasing function of position size, as the benefits of voting increase with this parameter whereas the costs are largely fixed. The propensity also relates to institution size and information structure, which contribute to economies of scale.

The vote direction depends on the source of the benefits. The benchmark strategy represents the lowest cost option for each institution type. Mutual funds follow the recommendation of a proxy advisory service company such as ISS (Iliev and Lowry (2015)); IMs, which are less likely to subscribe to such services, simply vote with management. As position sizes increase, benefits of voting rise and institutions find it optimal to move away from these benchmark 'low-cost' strategies. These benefits can arise from two sources: research and access to management. Research increases the probability of uncovering problems at the firm, and thus leads to more votes against management, with the ultimate objective of value-increasing changes. In contrast, access to management is achieved by voting for management; in this case, the ultimate objective may be facilitating behind-the-scenes engagement, or it may reflect conflicts of interest arising from managing firms' pension funds (see, e.g., Cvijanovic, Gupta, and Zachariadis (2016)). Simulations across varying parameterizations provide insight into the interactive effects of these factors.

We then take the insights from the model to the data. First, we explore each institution's choice of whether to participate in voting and, conditional on participation, which portfolio companies to vote on. Second, we examine the direction of voting in the subset of companies voted on. Third, we analyze heterogeneity in votes across firms with varying levels of governance concerns, as a function of institution type.

We focus on say-on-pay (SOP) votes across 7,021 annual firm meetings in 2023–2025. SOP votes were introduced in 2011, and they are both common and consequential, with low votes causing changes to compensation policies and governance practices (Cai and Walkling, 2011; Ferri and Maber, 2013; Ertimur, Ferri, and Oesch, 2013; Cunat, Gine, and Guadalupe, 2016; Correa and Lel, 2016; Iliev and Vitanova, 2019). As per SEC Rule 14Ad-1, all IMs who file 13F forms are required to disclose information related to votes on SOP votes starting in July, 2023. If a manager has a policy of not voting or simply did not vote, they must indicate this.

Descriptive evidence on aggregate dollars voted provides the first insight into the voting behavior of this class of institutional investors. Over our sample period, only 44% of IMs voted in any of their portfolio firms. In fact, 33% of IMs have a stated policy not to vote, meaning that even if faced with a controversial agenda item, they do not vote. Strikingly, even though IMs only vote a fraction of their total shares, their aggregate voting footprint is enormous: in 2025, IMs cast votes on $22 trillion in shares, more than double the $9 trillion voted by mutual funds. These simple tabulations highlight two important points. First, while institutional ownership is a widely used proxy for monitoring, a substantial portion of these investors do not engage in one of the most basic forms of monitoring. Second, while nearly all literature to date on shareholder voting has focused exclusively on mutual funds, other institutions have a greater impact on voting results.

Our first main set of tests focuses on IMs' voting strategy, where options range from having a stated policy to not vote, to simply not voting any portfolio companies, to voting on at least a subset. IMs represent a highly heterogeneous group both in their structure and investment goals. We focus on the 88% of 13F holdings designated as sole voting authority.[4] We categorize these IMs into four non-overlapping

[4]In contrast, Brav and Li (2026) focus on IMs' decisions to delegate voting.

groups: activists, non-activist hedge funds, private wealth, and mixed asset management. Activist IMs are significantly more likely to vote, consistent with them having more monitoring expertise. Larger IMs and IMs with larger active shares are also more likely to vote, consistent with model predictions regarding economies of scale and information structures that include company-level research.

Drilling down to the IM $\times$ portfolio firm level, we find further support for model predictions. At the univariate level, the probability of voting increases monotonically across position size quintiles, from 42% to 67%. Controlling for all vote and firm characteristics, as absorbed by meeting fixed effects, a one standard deviation increase in IM NAV is associated with a 16.5 percentage point higher probability of voting. At the within-IM level, a one standard deviation increase in position size/NAV is associated with a 12.2 percentage point higher probability of voting.

Our next set of tests focuses on the direction of voting. While IMs' propensity to vote increases as a function of position size, their support for management decreases. Strikingly, mutual funds exhibit the opposite pattern, becoming *more* supportive as position size increases. Compared to mutual funds, IMs are five percentage points more supportive of management within the smallest position size quintile, but four percentage points less supportive in the largest quintile. These differences are even greater among more contentious issues, where IMs are 15 - 27 percentage points more positive than mutual funds among small position sizes and 5 - 8 percentage points more negative among large positions.

Differences in dollar position size reflect the combined effects of position size/NAV and institution net asset value (NAV). We find that the relation between voting strategies and dollar position size is primarily driven by differences in institution NAV. As NAV increases, mutual funds become more supportive of management,

whereas IMs become less supportive.

Viewing these patterns through the model provides several insights. First, small institutions, for whom the costs of informed voting outweigh the benefits, follow their low-cost benchmark strategy: IMs vote with management, whereas mutual funds follow the recommendations of a proxy advisory service company. Consistent with this, we find that among small position sizes (and among small institutions) MFs are significantly more likely to always follow ISS, compared to IMs.

Second, among large institutions, for whom the benefits of voting are larger, both IMs and mutual funds deviate from their low-cost benchmark strategies. However, patterns suggest that the key sources of benefits differ across the two groups. Among larger mutual funds, the greater support of management suggests that benefits arise from access to management. This access may be motivated by either prioritization of engagement as a way to pressure firm management into value-increasing changes, or by conflicts of interest such as business ties. In contrast, among IMs, the benefits appear to be driven by monitoring, for example research that uncovers problems at the underlying firms and associated votes against management.

While our findings suggest that the access to management channel explains cross-sectional patterns across mutual funds, with larger mutual funds putting more weight on it, we find that it has some influence among nearly all institutions. Specifically, turning to within-institution analyses, we find that all institutions are more likely to vote for management on their largest holdings. Our results suggest that among IMs, the access to management channel is motivated by a prioritization of engagement, rather than solely by business ties. Specifically, IMs' support for management is higher when they own a greater percent of the firm, and these are the cases in which costs of engagement are lower due to greater access to management.

Finally, we additionally examine whether a tendency to 'hold what you like', as proxied by position size relative to a passive market benchmark, affects the direction of the vote. We find only weak evidence that this plays a role among IMs.

Heterogeneity across IM types provides added support for the above conclusions. The positive relation between percent of firm value and voting support, which proxies for tendency to prioritize engagement, exists among every IM type except private wealth, consistent with these entities not having an engagement infrastructure. The negative relation between IM size and voting support, which captures economies of scale in research, is strongest among mixed IMs; we do not observe a significant relation among activists, which all monitor, or among hedge funds whose business model focuses on active trading rather than monitoring. Finally, 'hold what you like' effects, as proxied by large active share position, are strongest among hedge funds, again consistent with their focus on active trading.

In the last portion of the paper, we examine heterogeneity in these effects across underlying firms. We find that the tendency of IMs to monitor portfolio firms, as evidenced by voting against management in firms with greater governance concerns, is greatest among large IMs. This provides further evidence that economies of scale and scope among these entities contribute to higher incentives to monitor.

We contribute to several bodies of literature. First, we contribute to the literature on shareholder voting. Studies to date have focused almost exclusively on voting by mutual funds, but mutual funds represent only a minority of aggregate institutional ownership. The only exception is a contemporaneous paper by Brav and Li (2026), which focuses primarily on IMs' decisions to delegate their voting authority. As shown by Cai, Garner, and Walkling (2009), Ertimur, Ferri, and Oesch (2013), Iliev and Lowry (2015), and Malenko and Shen (2016), mutual funds

frequently follow the advice of a proxy advisory service company such as ISS, in particular when the costs of voting exceed the benefits. In contrast, we show that IMs are more likely to either indiscriminately follow management or to refrain from voting in such instances. This affects overall vote support.

Second, we contribute to the literature on institutional investors as monitors. If a portfolio firm underperforms, institutional investors can either exert monitoring effort or exit, a choice that is theoretically modeled by Shleifer and Vishny (1986), Maug (1998), and Kahn and Winton (1998). This choice is influenced by factors such as holding size, holdings duration, costs of obtaining information, governance preferences, and competitors' stakes (see, e.g., Chen, Harford, and Li, 2007; Bushee, 1998; Parrino, Sias, and Starks, 2003; Appel, Gormley, and Keim, 2016; Dimson, Karakas, and Li, 2015; Iliev, Kalodimos, and Lowry, 2021; Lewellen and Lewellen, 2022, among others). Survey evidence by McCahery, Sautner, and Starks (2016) shows how strategies differ across investors. This stream of literature generally categorizes institutions based on their characteristics and then relates these to various proxies for monitoring, such as merger outcomes. In a related vein, Brav, Cain, and Zytnick (2022) examine monitoring by retail investors by analyzing retail shareholder voting. Using new data to analyze one of the most direct channels of monitoring across nearly all institutional investors, we show that the extent of monitoring across different shareholders is more nuanced than previously recognized.

Finally, we contribute to the literature on SOP and executive compensation. The requirement for SOP votes came out of the Dodd-Frank Act, and it has been a topic of debate since. If CEO compensation is driven by managerial power and board capture, as suggested by Bertrand and Mullainathan (2001), then it is advantageous to provide shareholders with the ability to vote on CEO compensation. Consistent

with this view, prior literature finds that firms with high CEO pay are more likely to be targeted by activists, and the introduction of SOP votes leads to decreases in CEO pay (Ertimur, Ferri, and Muslu, 2011; Ferri and Maber, 2013; Correa and Lel, 2016). In contrast, if CEO compensation is driven by efficient contracting, as suggested by Kaplan (2013), then mandatory SOP votes can have unintended consequences. These regulatory requirements expose CEOs to increased risk, which might cause CEOs to demand additional pay. Perry and Zenner (2001), Murphy (2013), and Iliev and Vitanova (2019) find evidence consistent with this view. Our finding that much of IMs' voting behavior on these SOP items reflects monitoring incentives relates to Cunat, Gine, and Guadalupe (2016)'s conclusion that SOP represents a vote of confidence in the CEO and serves as a disciplining device.

2 A Model of Optional Institutional Voting

We develop a discrete choice model to examine the voting behaviors of institutional managers (IMs) and mutual funds (MFs). We focus on the influence of two fundamental factors: position size and investor type. We examine how each affects the propensity to vote and the direction of the vote.[5]

2.1 Simple Model Setup

We begin with a baseline model. The investor holds a dollar stake S in a firm. The firm faces a potential agency issue; if the investor learns of this agency inefficiency (with probability p), it votes against management, and this vote increases firm value by v, where v is the proportional return to a governance improvement. Thus, the

[5]This model is in the spirit of the Downs (1957) model; the institutional manager's decision to vote is modeled as a rational calculation where participation occurs only when the expected benefit of voting exceeds the costs of information acquisition and vote execution.

expected benefit from voting is $v \cdot S$ with probability p. We assume that informed voting requires research, denoted by a parameter C_R, the cost of research; this provides information on whether a negative vote is warranted and value-enhancing.

2.2 Benchmark strategies vs research

Investors categorized as IMs (as opposed to mutual funds) have the option of whether to vote, and therefore they choose an action $A \in \{$Do Not Vote, Benchmark Vote, Informed Vote$\}$. The utilities for each action are:

- **Do Not Vote:** The IM avoids all costs. $U_{\textbf{Do Not Vote}} = 0$.
- **Benchmark strategy:** The IM reaps a small administrative net benefit B_d. This net benefit is not always positive, as the small costs from logging in votes might outweigh the small benefits from default voting. Voting with management is the default vote cast when these net benefits are positive with $U_{\textbf{Benchmark}} = B_d$.
- **Research:** The IM must perform fundamental research to determine whether the firm has an agency issue, incurring a cost C_R. On average, the IM votes against in p of the cases and receives utility from the expected portfolio benefit of the improved firm value v, which is proportional to her stake S and the probability of uncovering problems p. The value increase from informed voting is "firm specific" (hence v varies with different firms), and the IM has a correct estimate of this value before voting. In our simulations, both the agency conflict v and cost of research C_R vary between firms. Hence, the IM observes the potential benefits and costs from voting research and makes an optimal decision on where to further investigate the voting issue and cast a vote. $U_{\textbf{Research}} = v \cdot S \cdot p - C_R$.

For an IM, voting is optimal only if its expected benefits are above the cost. The IM thus maximizes utility as follows:

$$U_{IM} = \max\{0, B_d, v \cdot S \cdot p - C_R\} \tag{1}$$

It is obvious that for any non-trivial parametrization the IM will vote on more issues as her stake increases. Moreover, among cases voted on, the Say-on-Pay support will be decreasing with the stake, as the investor will find it optimal to engage and research and uncover issues at larger stakes.

Mutual funds differ from IMs because they are required to vote. When the costs of informed research outweigh the benefits, they follow the recommendation of a proxy advisory service company, for example ISS, at a trivial cost. Hence, when the net benefits of informed research are negative, a MF will vote against management with the baseline probability implied by these recommendations. For simplicity, we assume that proxy advisory service companies recommend voting against management with the same probability p. Thus, their utility-maximizing equation is:

$$U_{MF} = \max\{B_d, v \cdot S \cdot p - C_R\} \tag{2}$$

The mutual fund's choice between costly research and the proxy advisor's recommendation follows Malenko and Malenko (2019), in which shareholders trade off acquiring a private signal against purchasing a common signal from a proxy advisor; our contribution is to add the option not to vote, which is available only to IMs.

In Panel A of Figure 1, we simulate the optimal investor choice to vote and the observed vote direction (For or Against management) for both IMs and MFs. We assume that the agency cost parameter v varies between firms, with distribution

$v \sim U(0,1)$. We assume that $p = 0.2$ and $C_R \sim U(0,10)$. We then plot the investor's propensity to vote for dollar stakes S between 0 and 100.

At these parameter values, IMs' propensity to vote increases from 40% to 80% across position size quintiles, compared to the required 100% rate for mutual funds. Among IMs, support for management decreases from 93% to 82%, reflecting the increase in net benefits of research, which lead them to move away from their benchmark strategy of supporting management. In contrast, support for management always equals 80% for mutual funds: they either follow ISS's recommendation or do their own research. While doing their own research increases the preciseness of their information, it does not (by assumption) change average support levels.

2.3 Addition of access to management

Here, we add one more action the investor can take: prioritizing access to management. Such access provides two potential benefits: it can facilitate engagement as a way to pressure management to make value-increasing governance improvements, or it can contribute toward business ties such as managing the firm's pension plans (a form of conflict of interest). In either case, the institution votes for management to obtain access.[6] Compared to the actions delineated in the prior subsection, access entails both a higher cost and analogously has a higher potential benefit.

In addition to the actions outlined above, the institution now has a fourth option:

- **Access to management:** The IM incurs high firm-specific access costs: $C_A > C_R$. The benefits of access are convex in position size, consistent with the idea that access to management is a limited commodity and largely

[6]While outside the framework of this one-period model, intuitively one can think of the engagement investor voting with management while productive talks are occurring, but reserving the right to vote against, i.e., become an 'informed vote', the next period.

available to investors with the largest stakes. This is also in line with findings in prior literature suggesting that both engagement and business ties are more prevalent among large position sizes (Cohen and Schmidt (2009), Heath, Macciocchi, and Ringgenberg (2025)). This IM always votes with management, and the expected utility from access to management will be $U_{\textbf{Access}} = a \cdot S^2 - C_A$, where a is a scalar to capture returns to access.

The institution estimates the expected improvement v, expected default vote benefit B_d, and expected access benefit a, and maximizes utility by choosing the optimal action.

IMs choose from $A \in \{\text{Do Not Vote}, \text{Benchmark}, \text{Research}, \text{Access}\}$, and.

$$U_{IM} = \max\{0, v \cdot S \cdot p - C_R, B_d, a \cdot S^2 - C_A\} \tag{3}$$

If the IM chooses "Research" it supports management in $1 - p$ of the cases. In contrast, if the IM chooses "Benchmark" or "Access" it always supports management. IM voting participation again increases with its stake size. This is because even a small cost to participate in voting can trigger non-voting.

Mutual funds face the same set of options and trade-offs, with the important exception that they must always vote. When the "Research" and "Access" options both fail to be value-enhancing, they default to the benchmark low-cost option of following the recommendation of a proxy advisory service company.

We now have opposing forces in observed support, as illustrated in Panel B of Figure 1. Patterns reflect the combined influence of research and access ($v > 0$ and $e > 0$). Among IMs, we observe a U-shaped pattern. At the lowest position sizes, IMs either refrain from voting or follow the low-cost benchmark strategy of supporting management. As position sizes increase, it becomes optimal to incur research

costs and become an informed voter, and thus support for management decreases. At the highest position sizes, the convex benefits of access kick in, and IMs become more likely to vote for management to maintain open communication channels. In contrast, among mutual funds we see a monotonically increasing pattern, which is driven by the fact that they tend to follow ISS among the smallest position sizes, as this has the lowest cost option that also fulfills their fiduciary duties.

Overall, the model demonstrates that as the dollar stake S increases, the propensity to vote increases monotonically, but the direction of the vote is determined by the contrasting effects of multiple factors.

2.4 Investor type

Incremental to position size, the incentives to participate in voting and to support management also differ across investor types. Some types are more informed, and as a result they have lower costs of voting. Variation can stem from several factors, including investor size, investor skill, and investor client base. First, larger investors (as measured by NAV) are more likely to benefit from economies of scope in research, meaning they face lower costs to engage even at the same stake size S. Relatedly, firms are more likely to engage in meaningful dialogue if they are called by a large investor. Second, some investors are more skilled, for example due to more active monitoring of firms in the past. Prior literature suggests that firms will be more responsive to investors that have successfully pushed for changes in underlying firms in the past. Third, investors whose clients put a high weight on governance-type issues have higher benefits from voting, for example as a means of attracting flows.[7]

We simulate scenarios with different investor types in Figure 2. In Panel A, higher investor types have lower costs of research, and in Panel B higher investor

[7]This may reflect institutional clients, who are more likely to pay attention to such matters.

types have both lower costs of research and lower costs of access.

Focusing first on Panel A, IMs' propensity to vote increases with investor type, consistent with the decreasing costs of research. Among IMs, support for management decreases because the higher rate of voting is motivated by research, which leads to a higher rate of uncovering problems. In contrast, among MFs, support for management stays nearly constant, because the lower costs of research change their voting strategy but not their voting propensity. Specifically, mutual funds switch from relying on ISS to making their own voting decision, and by assumption the rate of uncovering problems by each of these parties is the same, p.[8]

Turning to Panel B, we find that decreasing costs of access affect propensity to vote in a similar manner as decreasing costs of research: both make IMs more likely to vote, and thus once we incorporate both, the slope (as a function of investor type) becomes steeper. However, these two factors have contrasting effects on vote direction. When investors' costs of access decrease, they are more likely to support management as a means of maintaining open communication channels. They only vote against management in cases where engagement fails and/or business ties are not sufficiently influential. Thus, when we allow for both research and access costs to change, we observe a U-shaped pattern in support for management (similar to what we observed as a function of stake size, in Figure 1). Across all investor types, IMs' support for management is higher than that of mutual funds; this reflects IMs' benchmark strategy of following management as opposed to ISS.

Broadly, these examples illustrate the idea that irrespective of the stake size S, investor type can affect both participation and voting support. In empirical tests, we explicitly test for the influence of investor type.

[8]The slight decrease in support for management is driven by MFs prioritizing research over access as their costs of research go down.

3 Data and descriptive statistics

3.1 Data sample and institutional details

Our sample consists of publicly traded firms with Compustat data following implementation of SEC Rule 14Ad-1, which required IMs to disclose their votes on SOP proposals. Under SEC terminology, IMs include all institutions other than registered management investment companies (RMICs), that is, other than open-end mutual funds, closed-end funds, and exchange-traded funds (ETFs). While RMICs (which, following prior literature, we refer to as mutual funds) have been required to vote on all proposals since 2003, voting is generally optional for IMs.[9] Many IMs represent investment advisors (e.g., private wealth, hedge funds, and large banks), and as such, they represent fiduciaries who owe their clients duties of care and loyalty. However, the SEC has stated that an investment advisor and its clients can agree to not cast votes if "voting the proxy exceeds the expected benefit to the client" or "casting a vote would not reasonably be expected to have a material effect on the value of the client's investment" (Securities and Exchange Commission, 2019). For IMs who do not represent investment advisors, basic US corporate law applies, which stipulates that voting is a right but not an obligation.

Under SEC regulation, institutions must file several forms that contain information related to voting policies. First, on the 13F, each institution must list all holdings and denote whether it has 'sole', 'shared', or 'no' voting authority. This authority includes non-routine matters such as SOP, though as explained below the

[9]Because a mutual fund is the beneficial owner of its portfolio securities, it "has the right and the obligation to vote proxies relating to the fund's portfolio securities" (Securities and Exchange Commission, 2003). In contrast, the SEC explicitly recognizes IMs' choice to vote, and it offers "a streamlined reporting option for managers who have a disclosed policy of not voting proxies and in fact have not voted proxies during the reporting period" (Securities and Exchange Commission, 2019).

interpretation of these classifications is nuanced. Importantly, as per the de minimis exclusion, holdings that are less than 10,000 shares and have a market value of less than $200,000 do not need to be reported on the 13F.

Second, on the N-PX, the institution must record all shares voted.[10] This includes shares listed on the 13F as sole voting authority as well as several other cases we are interested in. For example, it includes small holdings not included on the 13F because they are subject to the de minimis exclusion. It also includes shares listed as 'shared' on the 13F but which the IM voted. Finally, it has cases where the institution states that it has 'No voting authority' simply because the underlying funds, rather than the 13F organizational level, control the voting authority, for example individual Vanguard funds, individual hedge funds, or entities within large custodial banks. If the IM did not vote any shares, it must stipulate whether it has a 'stated policy to not vote' or it 'did not exercise its right to vote'.[11]

Institutions are required to file their Form N-PX by August 31st each year. We download all N-PX forms in the July 2023 – September 2025 period, though the filings in our sample are primarily filed in August 2024 and August 2025, which include shareholder meetings between July 1, 2023, and June 30, 2025. We use a Python script to scrape all voting information on the main SOP proposal, which represents an advisory vote on CEO compensation.[12] Each N-PX filer must also state whether it is an RMIC or an IM.[13]

[10]Unlike previous general disclosures, Rule 14Ad-1 requires managers to report the specific number of shares voted and how they were voted (For, Against, or Abstain) using eXtensible Business Reporting Language (XBRL) tags.

[11]Institutions additionally must file ADV forms, which contain information related to delegation of voting power. As discussed in further detail below, we focus on shares actually voted as listed on the N-PX filings. Brav and Li (2026) examine direct vote delegation.

[12]We exclude the less common SOP frequency proposals, which represent advisory votes on whether SOP votes should be every one, two, or three years.

[13]In Internet Appendix Figures IA1 and IA2, we provide examples of the header from the 2025 N-PX filing of an institutional manager. We also provide examples of voting tables and XBRL code for the complete submission texts.

We further categorize IMs into activists, hedge funds, private wealth, and mixed asset management. These classifications are based on data reported in 13D filings and ADV forms, all of which are filed with the SEC. Activist IMs are defined as IMs that file one or more 13D forms within the past three years. We define hedge funds as IMs that report being an advisor to private funds and classify 50% or more of these funds as hedge funds, as listed on ADV forms. Private wealth is defined as IMs whose client base is composed of 75% or more high-net-worth individuals, where these data similarly come from ADV filings. Finally, mixed asset managers represent all other IMs. This category includes many large IMs that represent combinations of the above categories, as well as entities such as banks, pension funds, insurance companies, foreign investors, foundations, and endowments.

We obtain firm financial characteristics from Compustat and CEO pay from Execucomp.[14] Because Institutional Shareholder Services (ISS) no longer publicly shares data on its recommendations, we use inferred ISS recommendations as calculated by Zytnick (2025).[15] As described in more detail in Zytnick (2025), the inferred recommendations are based on publicly available institutional voting data, combined with estimated rates at which investors follow ISS recommendations.

Figure 3 describes this set of firms. Each bar represents aggregate market capitalization of the designated category based on 2025 data. Beginning with the left-hand bar, aggregate firm equity value equals $69 trillion. Of this, $48 trillion is owned by institutional investors who report shares in 13F filings (second bar). Approximately 88% of all 13F holdings represent sole voting authority (third bar).

[14]Because 2025 CRSP data was not available at the time of the study, we use Compustat data on price, shares outstanding, and stock share splits to calculate returns. We verified that this data is identical to CRSP returns.

[15]We thank Jonathan Zytnick for making these data publicly available. Over the period for which ISS recommendations are publicly available, these imputed recommendations replicate actual recommendations with 99.6% accuracy.

IMs vote $22 trillion (fourth bar) and mutual funds vote $9 trillion.[16] It is noteworthy that while nearly all shareholder voting literature has focused on mutual funds, the value voted by IMs is significantly greater.

Our main analyses require matching the shares reported on 13F filings with those on N-PX filings. We describe here the basic approach we use. However, we acknowledge that due to differences in filing requirements across institutional types, there are some shareholders that we cannot classify, and we discuss this as well.

We begin by matching N-PX filers to 13F filers by CIK. To ensure the highest possible data quality, we limit our sample to one-to-one matches. There are some N-PX filers that cannot be reliably matched to 13F data based on CIKs, for example, cases where an N-PX filer belongs to a bigger financial institution, and the organizational level of the N-PX filing differs from that of the 13F filing. Such cases are not included in our main sample.[17] Thus, a conservative interpretation of our results would be that they hold for the institutions in our sample that can be cleanly matched to their 13F filings.

We then construct two IM samples. First, to examine IMs' choice of whether to vote, we focus on IMs that unambiguously have voting authority, defined as designating sole voting authority. Second, to examine vote direction, we extend the sample to all votes reported on N-PX filings. This enables us to include small positions that are excluded from 13F filings due to the de minimis rule, as well as votes reported as 'No Voting Authority' on the 13F due to nuances related to the level within the organization where voting authority is held, as described above.

[16] The shares voted by IMs and mutual funds do not sum to the total 13F holdings, due to both nonvoting of many shares and differences in reporting requirements, for example the de minimis exclusion.

[17] We match approximately two-thirds of the IMs that file N-PX forms. The remainder represent cases when a financial institution's N-PX and 13Fs are characterized as one-to-many, many-to-one, or many-to-many.

We additionally create a sample in which we combine these IM votes with mutual fund votes. For mutual funds, we assume that the number of shares owned in each portfolio company is equal to the number of shares voted and reported on Form N-PX, as they are required to vote all their shares.[18] Data on mutual funds' shareholdings and votes should be relatively complete.

Given that these disclosure rules were implemented in 2023, one question is whether they caused IMs to change their voting strategy. While it is impossible to directly answer this because pre-2023 IM voting data are (by definition) unavailable, several pieces of evidence suggest that there have not been significant changes. First, for each firm, we determine the percent of total shares outstanding that were voted, as reported in the aggregate voting results from ISS Voting Analytics. In Panel A of Internet Appendix Figure IA3, we plot these percentages separately for three different types of proposals: SOP, directors, and other (which includes all other management and shareholder proposals). Because the rules changes pertained only to SOP proposals, if these disclosure requirements had a significant effect, then we should observe an increase in the percentage of shares voted for SOP relative to these other proposal types. Alternatively, if the new disclosure rules caused IMs to pay more attention to all voting, voting rates across all proposal types would increase. However, we see no evidence of either of these patterns: the percent of shares voted exhibits little change in 2024, relative to earlier years.

Second, in Panel B, we plot average support for management across each pro-

[18]The majority of RMICs match many-to-one when we try to link them to 13F filers. Vanguard provides an illustrative example. All of Vanguard funds are reported together on one 13F, under the legal name VANGUARD GROUP INC (CIK 0000102909). However, the Vanguard funds are organized under several RMICs, each of which reports its own N-PX, including, for example, VANGUARD INDEX FUNDS (CIK 0000036405) VANGUARD INTERNATIONAL EQUITY INDEX FUNDS (CIK 0000857489), VANGUARD EXPLORER FUND (CIK 0000034066), and VANGUARD HORIZON FUNDS (CIK 0000932471). Because mutual funds are required to vote all their holdings, we can assume that shares voted equal shares owned.

posal type. Because these investors hold so much voting power, if the new rule leads to changes in how IMs vote, we will observe changes in aggregate voting support. However, we again see no meaningful change. In sum, there is little evidence that IMs changed their voting policies in response to these new disclosure rules.[19]

3.2 Descriptive statistics

In Table 1, we provide descriptive statistics. We start in Panel A with the voting policies of each institution type. While mutual funds are required to vote, a striking 33% of IMs have a stated policy to not vote, and an additional 14% did not exercise their right to vote. Activists and hedge funds have the highest rates of voting, with 81% and 73%, respectively, voting at least a portion of their shares. In comparison, analogous rates among private wealth and mixed asset management are 29% and 40%, respectively.

In Panel B, we provide descriptive statistics across the sample of N-PX filers that we can match to 13F filers and that report sole voting authority, as this is the sample we use to examine IMs' choice to vote. Statistics are at the IM $\times$ year level, a total of 6,510 observations. The average IM has \$7,583 million NAV and holds 78 stocks (4.35 in log form). Based on our classifications, 8% of these IMs represent activists, 22% represent hedge funds, and 17% represent private wealth. The remaining 53% represent mixed asset management.

In Panel C, we expand the sample to all institution $\times$ firm $\times$ year observations in which the institution voted on the firm's SOP policy, where institutions include both IMs and mutual funds.[20] This represents two years of shareholder meetings for

[19]We do not have overall voting data from the ISS Voting Analytics dataset for 2025 voting rates, and thus we focus only on the first year (2024) following the disclosure change.

[20]Similar to Panel B, these statistics are based on the subset of IMs included in our main sample, that is, the IMs for which we can match N-PX and 13F filings. However, we include all votes reported, as described above.

most firms, and three years for a minority. We compare these characteristics across mutual funds versus IMs. Across most of the variables, the differences between the two groups are relatively small in economic terms, albeit statistically significant due in part to the large sample sizes. Exceptions include: IMs have smaller average positions, invest in larger firms, and invest in firms that offer higher CEO pay.

In Figure 4, we illustrate average voting support across IMs, conditional on the decision to vote. In Panel A, we plot average support for management across each of the IM classes. Private wealth are the most pro-management; given their smaller size and general lack of a monitoring infrastructure, this is consistent with model predictions that they follow the benchmark strategy of voting with management. Consistent with this interpretation, Panel B shows that 63% of private wealth IMs effectively always vote with management.[21] Average support for management is the second highest among activists, potentially reflecting their prioritization of access to management, for example to facilitate engagement. Also, this group appears to be more discriminating, as only 38% vote with management in all cases.

It is striking that within every class of IM, the propensity to indiscriminately follow management is greater than that of mutual funds. This is consistent with mutual funds being more likely to rely on the recommendations of a proxy advisory company such as ISS, using either the standard recommendation or a tailored recommendation (Hu, Malenko, and Zytnick, 2025).

4 IM's voting strategy

In this section, we analyze the voting choice of each IM. We analyze voting at the IM level in section 4.1, and at the IM×portfolio company level in section 4.2. As

[21] In Panel B, we additionally restrict the analysis to IMs that vote on at least 10 agenda items.

such, these analyses represent tests of the first set of model predictions.

4.1 Analyses at the IM level

To analyze voting choice at the IM level, we estimate a series of logistic regressions at the IM × year level. We focus on three fundamental voting options faced by IMs. First, as explained above and reported in Table 1, on the N-PX forms each IM must denote whether: (1) it has a 'Stated policy to not vote', (2) it 'Did not exercise its right to vote', or (3) it voted at least a subset of its holdings. In column 1, we focus on the contrast between the first two options, recognizing that a 'Stated policy to not vote' represents a more extreme stance, as the IM is committing to not vote even if an extreme governance situation arises, including, for example, a controversial proxy contest or merger. In column 2, we examine the two subsequent choices, i.e., between options (2) and (3). In each case, the dependent variable equals one when the IM opts for the more active voting option. Finally, in column (3) we estimate an ordered logit in which we include all options together.

Our first set of explanatory variables includes IM size, measured as *Log Institutional NAV*, and IM position concentration, measured as *Log # IM Positions*. Larger IMs and IMs with fewer portfolio firms, all else equal, will tend to have larger positions in portfolio firms. As laid out in the model, irrespective of the motivation for voting (research or access to management), greater position size and greater IM size are positively related with predicted propensity to vote.

Our second set of factors captures variation in IM type. As described by the model, some IM types are likely to be more informed, for example due to differences in research economies of scale, monitoring expertise, or client base. To capture the quality of the information structure, we include active share. Following Cremers

and Petajisto (2009), it is calculated as the extent to which an institution's portfolio differs from a benchmark portfolio, where we use the passive market index as the benchmark. While active share directly captures a firm's investment strategy, information underlying these decisions is also potentially relevant for voting decisions. We also include indicator variables for each IM type: *Activist*, *Hedge fund*, and *Private wealth*.[22] To the extent that activists have more governance expertise, they should be more active voters, that is, higher types according to the model. In contrast, private wealth should be least likely to focus on governance and monitoring, in part because they are smaller and thus less able to effect change in firms. Finally, hedge funds lie between these two extremes, in both strategy and size.

Results are reported in Table 2. Marginal effects are reported, and continuous independent variables are standardized, such that coefficients reflect the effect of a one standard deviation change. For indicator variables, coefficients reflect the effect of going from a value of zero to one. As described above, we limit the sample to IMs with 'Sole voting authority'.

Results are largely consistent with predictions. Looking at column 1, a one standard deviation increase in IM NAV is associated with an 8.7 percentage point lower likelihood of having a stated policy to not vote (as captured by the dependent variable equal to zero). When NAV is spread across more portfolio firms, this effect is mitigated. Finally, activists, who tend to have more monitoring and engagement expertise, are significantly less likely to pre-commit to not vote, whereas private wealth are significantly more likely. Looking at column 2, similar factors explain IMs' tendency to vote some shares versus not vote at all, though the number of stocks held and the private wealth indicator are no longer significant. Finally, in column 3, we estimate an ordered logit that incorporates all IM-level voting

[22]Mixed asset management represents the omitted category.

strategies. Findings again echo those shown in column 1.

4.2 Analyses at the IM x portfolio firm level

Analyses at the IM x portfolio firm level provide further evidence on model predictions. The sample similarly consists of IM x positions with sole voting authority. We begin in Panel A of Figure 5 by providing univariate evidence on the influence of position value, which represents the dollar value of the IM's position in the firm. We form quintiles based on position value across all IM × firm × year observations. Consistent with model predictions, propensity to vote increases monotonically: it equals 42% in the lowest quintile, and 67% in the highest.

Panels B and C focus on the two main factors that contribute to differences in position value. Specifically, in Panel B we form quintiles based on *Institution NAV*, and in Panel C we form quintiles based on *Percent of NAV* (equal to Position value / Institution NAV). Results indicate that propensity to vote increases as a function of both these factors. However, the greatest magnitude effects are found across *Institution NAV*: propensity to vote increases from 38% in quintile 1 to approximately 60% in quintiles 4 and 5.

In Table 3, we examine these relations more robustly. We estimate regressions at the IM × year × portfolio firm level, where the dependent variable is an indicator equal to one if the IM voted on the portfolio firm's SOP policy, zero otherwise. First, we include variables that capture the size of the IM's investment in the firm: *Log position value* (in dollars), *Percent of NAV* (where NAV voted is measured as dollar value of shares with an SOP vote), and *Percent of firm value* (where value is measured as firm market capitalization). In some specifications, we additionally include *Large active share position* to capture 'hold what you like' effects; this is an

indicator variable equal to one if the IM's portfolio weight in the security exceeds the passive index weight by more than 200%, zero otherwise. Second, we include measures of the portfolio firm's financial characteristics: *Firm returns* (measured over past 12 months), *Log(Market capitalization)*, *Dividend yield*, *Book leverage*, *Cash to assets*, and *Capex to assets*. Third, we include IM-level variables related to size and concentration, as used in Table 2. Column 1 has industry × year fixed effects, columns 2 and 3 have meeting fixed effects, and columns 4 and 5 have meeting and firm fixed effects. Independent variables are again standardized.

These regressions show further evidence consistent with model predictions. In addition to confirming the influence of IM size and concentration, as previously shown in Table 2, we observe variation within each IM's portfolio. First, IMs are more likely to vote on value-type firms, as reflected by the significantly positive coefficients on dividend yield and leverage. Second, stake size has a large effect. After controlling for all firm and IM characteristics with meeting and IM fixed effects, a one standard deviation increase in *Log position value* is associated with a 12.2 percentage points higher propensity to vote, consistent with the net benefits of voting being higher among larger positions. Propensity to vote is also higher in instances where the IM owns a greater percent of the firm. Finally, we also find evidence that 'hold what you like' contributes positively to voting propensity, as reflected by the significantly positive coefficient on *Large active share position*.

5 IMs support versus opposition to management

Having established the determinants of IMs' participation in voting and decisions of which portfolio firms to vote on, we now turn to the direction of their votes.

Results in the prior section showed that position size is one of the most im-

portant determinants of propensity to vote. As outlined by the model, if voting is primarily driven by monitoring, as suggested by the research channel, then we should also observe a higher likelihood of voting against management in these cases. Alternatively, if the access to management channel is more influential, motivated by either a prioritization of engagement or conflicts of interest arising from business ties, then we would expect a higher likelihood of voting for management.

We examine these contrasting conjectures across several sets of tests. In section 5.1, we analyze the effects of variation in position size, within each IM's portfolio. In section 5.2, we turn to analyses that capture both within-IM and across-IM dynamics. Finally, in section 5.3, we analyze differences across IM types: hedge funds, activists, private wealth, and mixed asset management.

5.1 Variation within investors' portfolios

We focus in this subsection on factors that relate to institutions' incentives to support versus oppose management, across different firms in their portfolio. We estimate regressions at the institution × portfolio holding × year level. Results are shown in Table 4. In columns 1 - 4, we focus on IMs, and in column 5 we focus on mutual funds; in each case, the sample includes all positions on which the institutions report votes. The dependent variable equals support for management on the SOP proposal, which is measured in percentage terms and varies between 0 and 100.[23] All specifications include meeting fixed effects, meaning we are comparing the voting of different institutions on the same proposal. To capture within-institution dynamics, we additionally include CIK fixed effects in most specifications.

In columns 1 - 3, we individually include one independent variable related to

[23]While this measure equals 0% or 100% for most cases, in 1.16% of the voting observations the manager reports some shares voted for and some against a proposal. For example, funds inside an institution might vote differently.

within-IM position size, and in column 4 we include all together. Specifically, in column 1, we include *Log position value* with CIK fixed effects, meaning we are capturing the relative weight of each holding within each IM's portfolio. In column 2, we capture similar dynamics with *Percent of NAV* as the key independent variable; because this by definition measures within-IM effects, we exclude IM fixed effects. Finally, in column 3, we examine the effects of *Percent of firm value*.

The coefficient on each of these variables is significantly positive. Viewed through the model, this suggests that IMs prioritize access to management on their larger holdings. In regards to the relative influence of prioritization of engagement versus business ties, the significantly positive coefficient on *Percent of firm value* is particularly informative. It suggests that IMs are more likely to vote for management when engagement costs are lower, that is, when they have greater access to management and can thus communicate their demands more effectively. Our suggestive evidence regarding engagement among IMs builds upon Heath, Macciocchi, and Ringgenberg (2025)'s conclusion that mutual funds prioritize engagement on their larger holdings.

In column 5, we estimate a similar regression, but within the sample of mutual funds. There are two key differences, compared to IMs. First, the coefficient on *Percent of firm value*, albeit statistically significant, is close to zero. Second and more striking, we observe a much stronger influence of stake size: a one standard deviation increase in log position value is associated with a 2.5% increase in support for management. This compares to a 0.5% increase among IMs. This difference is consistent with two alternative economic explanations. On the one hand, it is possible that mutual funds' efforts to win other business from firms, for example the management of firms' retirement plans, contributes to this greater magnitude

(see, e.g., Cvijanovic, Gupta, and Zachariadis (2016)). Alternatively, compared to IMs, mutual funds may place a greater weight on the maintenance of open communication channels as a means of effectively engaging with firms (though the small negative coefficient on *Percent of firm value* casts some doubt on this explanation). Importantly, both scenarios suggest that voting support overstates true support for management. Given the basic tenet that institutions' incentives to do research increase as a function of stake size, the finding of a positive relation between position size reveals that factors other than monitoring via voting drive observed voting.

5.2 Variation across investors

As explained by the model, both within-institution and across-institution effects, for example in position size, can affect the benefits of voting and the sources of those benefits. Evidence in Section 4.2 showed that across-IM factors explained a larger portion of the propensity to vote. In this subsection, we analyze whether across-IM dynamics similarly play a larger role in the direction of the vote.

We begin with univariate evidence, in a format similar to Figure 5, but focusing on vote direction. Across Panels A - C of Figure 6, we plot vote direction as a function of dollar position size, institution size, and position size / institution NAV, respectively. In each case, we separately plot IMs and mutual funds.

Looking first at Panel A, the X-axis shows quintiles of *Position value*, which represents the dollar value of holdings, and the y-axis represents support for management. The dashed line shows patterns among IMs, and the solid line among mutual funds. The relation is distinctly different between the two groups. Going from the smallest quintile of holdings to the largest, support for management increases monotonically among mutual funds, but decreases among IMs. Among the

smallest holdings, IMs are five percentage points more positive than mutual funds, whereas among the largest holdings they are four percentage points more negative.

Panels B and C show that these effects are predominantly driven by differences across IMs, rather than differences in position size within each IM's portfolio.[24] Among the smallest two NAV quintiles, IMs are three to six percentage points more positive than mutual funds, whereas in the largest two quintiles they are four to seven percentage points more negative.

Among large institutions, results suggest that mutual funds' benefits of voting arise from different sources than IMs. Mutual funds support management, suggesting they prioritize access. In contrast, IMs are more likely to disagree with management, consistent with employing voting as a form of monitoring.

Among small institutions, the more positive stance of IMs compared to mutual funds is consistent with them having different benchmark policies. In cases where the benefits of voting are low, for example among small institutions that tend to have small dollar positions in each stock, IMs follow the low-cost strategy of supporting management, whereas mutual funds are more likely to follow the recommendation of a proxy advisor such as ISS.

Figure 7 provides empirical support for the existence and influence of different benchmark strategies. For each NAV quintile, we tabulate the percent of institutions (either IMs or mutual funds) that vote in line with ISS's recommendation across 99% or more of all portfolio firms.[25] Consistent with differences in benchmark strategy, as outlined in the model, small mutual funds are significantly more likely than small IMs to always follow ISS. In contrast, we do not see similar differences

[24]Further, in Figure IA4 we show that these relationships across NAVs hold when we explicitly condition for the position size held or when we plot differences across NAV quintiles while holding the position size relatively constant around its median value (in the third quintile).

[25]We restrict the sample to investors that vote on at least 10 SOP agenda items in the year.

within larger NAV quintiles, where economies of scale contribute to greater benefits of voting and all institutions are less likely to follow a low-cost benchmark strategy.

We find that these differences in voting strategies are even greater among the most salient SOP proposals, as shown in Figure 8. In Panel A, we focus on the subsample of SOP votes that received less than 80% support, and in Panel B we examine the subsample where ISS recommended against. Strikingly, among small institutions, IMs are 15 - 27 percentage points more positive than mutual funds. In contrast, among large institutions, the IMs are 5 - 8 percentage points more negative. These stark contrasts highlight the extent to which voting is driven by many different factors. A simple vote tally does not necessarily capture institutions' true beliefs regarding firm governance. Rather it is affected by institutions' choices of benchmark policies when benefits of voting are low and by the extent to which access to management is prioritized.

In Table 5, we estimate a series of regressions to examine the robustness of these patterns. We focus here on the full sample, and we estimate regressions at the institution × portfolio holding × year level. Similar to Table 4, columns 1 - 4 focus on IMs, and column 5 focuses on mutual funds. The sample includes all positions on which the institutions report votes, and the dependent variable equals support for management on the SOP proposal. However, we now exclude CIK fixed effects, thereby capturing variation both within and across institutions. Key independent variables include: *Percent of firm value*, *Log Institution NAV*, and *Large active share position*. We first include each one individually, and then we put them all together in one regression. Results provide several takeaways.

Looking first at column 1, the coefficient on *Percent of firm value* continues to be significantly positive with a slightly greater magnitude than that in Table 4.

This suggests that both across IMs and within IMs, there is a tendency to support management when the costs of engaging are lower.

In contrast, the coefficient on Institution NAV is significantly negative, as shown in column 2. Consistent with patterns observed in Panel B of Figure 6, larger IMs are significantly more likely to employ voting as a form of monitoring. A one standard deviation increase in NAV is associated with 1.4 percentage point lower voting support. These results are consistent with larger institutions being better able to cover the fixed costs associated with monitoring, and with them voicing their concerns via voting. Moreover, given Cai, Garner, and Walkling (2009)'s finding that even a 1% decrease in vote support significantly affects CEO compensation and CEO turnover, this magnitude is meaningful.

In column 3, we include *Large active share position*, which is measured as holdings relative to the benchmark market index portfolio and proxies for 'hold what you like' effects. The coefficient is significantly positive, providing some evidence that such dynamics contribute to vote support. However, the coefficient becomes insignificant in column 4, when we include all variables together.

Columns 4 and 5 facilitate a comparison of these effects across IMs versus mutual funds. Similar to Table 4, we find striking differences. Compared to IMs where a one standard deviation increase in institution NAV is associated with a 1.6 percentage point decrease in voting support, among mutual funds the analogous effect is a positive 2.0 percentage points. The difference of 3.6 percentage points between the two groups provides further evidence that mutual funds' observed support for management may understate the true extent of agency problems within firms.

In aggregate, our findings suggest that compared to their mutual fund counterparts, small IMs are less diligent monitors. When the costs of informed voting

exceed the benefits, IMs either abstain from voting or simply adopt the low-cost option of being friendly toward management. In contrast, mutual funds still have to vote, and they tend to follow ISS.

As institution size increases, we observe two effects. First, large IMs are more likely to use voting as a form of monitoring: they are both more likely to vote and more likely to vote against management. In contrast, large mutual funds are significantly more supportive of management, potentially due to the effects of business ties. Second, at the largest institution size, i.e., Q5, we see an uptick in the support of both IMs and mutual funds. This is consistent with a prioritization of engagement among both groups. The finding that differences are meaningfully greater among contentious issues highlights the influence of these multiple factors that drive voting.

5.3 Heterogeneity across IM types

Earlier results show that there is considerable variation across types of IMs. In this subsection, we examine the extent to which the motivations underlying voting vary across different IMs. In Table 6, we estimate regressions similar to those in column 4 of Table 5, but we restrict the sample to one IM type: activists (column 1), hedge funds (column 2), private wealth (column 3), and mixed asset management (column 4). Several patterns emerge, which are broadly consistent with variation in the fundamental business models of these institutions.

First, private wealth is the only IM type for which *Percent of firm value* is not significantly positively related to voting support. This is consistent with the fact that these institutions rarely engage, meaning even when they own a larger percent of firm value they are unlikely to vote for as a means of prioritizing engagement.

Second, the positive coefficient on *Large active share position* is largest among hedge funds. These IM types represent particularly active traders, seeking to overweight firms for which they predict the most positive future performance. That is, they are most likely to 'hold what they like', and to vote accordingly.

Third, the negative coefficient on *Log NAV* is largest in magnitude and statistical significance among mixed IMs. This is consistent with the fact that this represents the group with the greatest variation in size and also the largest institutions, who can truly take advantage of economies of scale in monitoring.

6 Effects on underlying portfolio firms

In this final section of the paper, we consider heterogeneity across portfolio firms. Results in the prior section indicate that large IMs are more likely than small IMs to oppose management, consistent with differences in monitoring intensity. To independently test this premise, we examine the voting behavior across these two groups, as a function of firm characteristics that arguably correlate with governance concerns. Specifically, we examine the voting behavior of large versus small IMs as a function of firm performance, attention to the firm, and firm governance.

In Figure 9, we plot voting support across quintiles of five different firm characteristics which collectively capture both firm performance and firm governance: industry-adjusted returns (Panel A), firm size (Panel B), cash to assets (Panel C), CEO abnormal pay (Panel D), and CEO tenure (Panel E). Following results in the prior section that large IMs monitor more intensely than small IMs, we separately plot average support for management for IMs with above-median versus below-median IM NAV, according to each of these firm dimensions. Across each of these firm characteristics, results provide further evidence of large IMs monitoring more

intensely than small IMs.[26]

Looking first at Panel A, the x-axis represents quintiles of industry-adjusted returns. Across every quintile, large IMs are less supportive of management than small IMs. Moreover, the difference is largest among the extreme performers. This includes the lowest-performing firms, who have the most serious concerns. Interestingly, it also includes the highest-performing firms, potentially because non-diligent monitors assume that the high performance represents a sufficiently positive signal and thus no further information is necessary. In contrast, only the more diligent institutions, i.e., the large IMs, truly engage in monitoring of these firms and thus uncover any concerns.

In Panel B, we show a similar figure but based on firm size, defined as market capitalization of equity. A large literature suggests that small firms tend to receive less attention, including less analyst coverage and media attention. To the extent that this lower attention correlates with greater governance problems, we would expect large IMs to be more likely to vote against management in these cases. This is exactly what we observe. Large IMs are more negative than small IMs across all quintiles, but the difference is nearly twice as large among the smallest firms.

Panels C - E focus on more specific measures of governance. Prior literature concludes that governance concerns are greater in firms with higher cash holdings, higher CEO abnormal pay, and higher CEO tenure. Strikingly, this is precisely where we observe the largest gap between the voting support of large versus small IMs. Large IMs are two to four percentage points more negative than small IMs among such firms.

In Table 7, we explore these relations in more depth through a series of regres-

[26]Figure IA5 provides the corresponding plots for the propensity to vote across quintiles of five different firm characteristics.

sions. Similar to prior tables, we estimate regressions at the IM x portfolio firm x year level, and the dependent variable is the percentage support for management. The key independent variables represent interaction terms, based on firm characteristics examined in Figure 9. Looking first at column 1, this interaction is *Low return x Large NAV*, where *Low return* is indicator variable equal to one if firm industry-adjusted performance is in Q1, and *Large NAV* equals one if the IM's NAV is above-median. Specifications in columns 2 - 5 are similar, but the firm characteristic indicator variables equal *Small size*, *High cash*, *High CEO Pay*, and *Long CEO Tenure*, respectively. Consistent with inferences from the figures, these interaction terms are significantly negative in every case.

In sum, results in this section provide further evidence that large IMs represent more diligent monitors than small IMs. Small IMs are less likely to vote, and when they do vote they are more likely to adopt the low-cost option of being friendly toward management. At the firm level, this translates into higher voting support, even when governance concerns are greater. In contrast, large IMs are both more likely to vote, and more likely to monitor. This translates into lower vote support, particularly in cases where agency costs are highest.

7 Conclusion

Unlike mutual funds, voting represents a choice for most institutional investors. We refer to all institutional investors other than mutual funds as IMs. IMs can have a larger impact on the governance of portfolio firms than mutual funds, as evidenced by both the greater dollar value of shares voted and the fact that they hold further shares that they opt not to vote.

While mutual funds' voting behavior has been extensively studied, we know little

about IMs. We take advantage of newly required disclosures by IMs to conduct an extensive analysis of IMs' votes on SOP proposals. We find that IMs differ from mutual funds in several fundamental ways. First, only 44% of IMs vote on any of their total portfolio holdings, compared to the required 100% among mutual funds. Second, the voting rates are lowest among low-position holdings and among small IMs, for which the costs of voting are more likely to exceed the benefits. Third, conditional on voting, IMs tend to be more pro-management than mutual funds on smaller positions, but more anti-management on larger positions. In aggregate, our results suggest that IMs employ voting as a monitoring mechanism more intensely than mutual funds within larger positions. However, among small positions IMs are more likely to adopt the low-cost option of being friendly toward management, while mutual funds are more likely to follow ISS's recommendations.

Finally, this has implications for the underlying portfolio firms. Firms with poor performance and high agency costs tend to receive lower voting support from IMs, but the extent of such monitoring is greatest among large IMs who benefit from economies of scale in informed voting.

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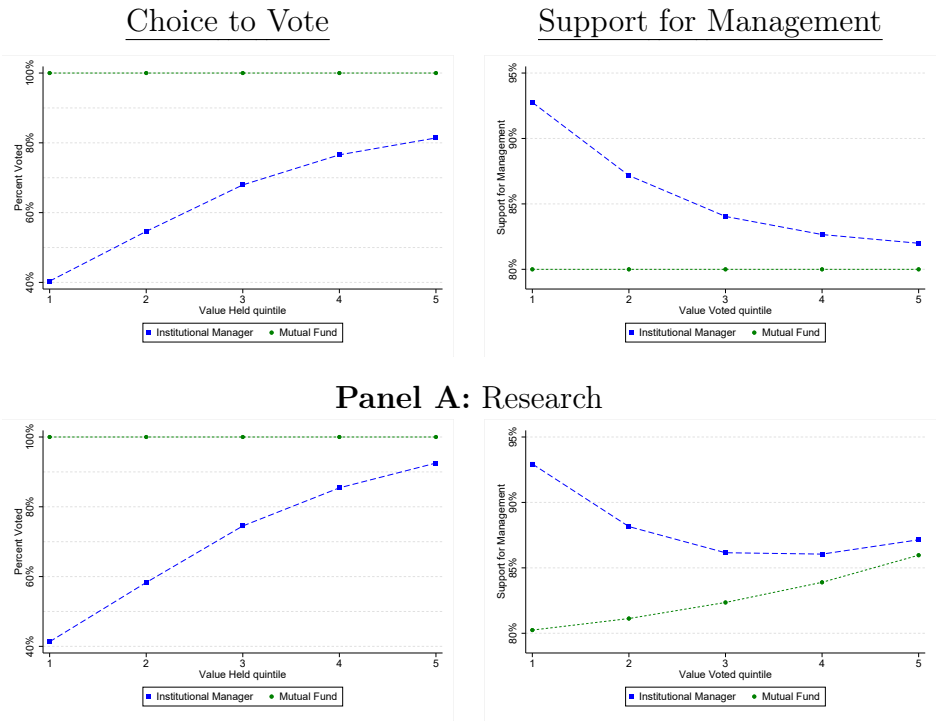
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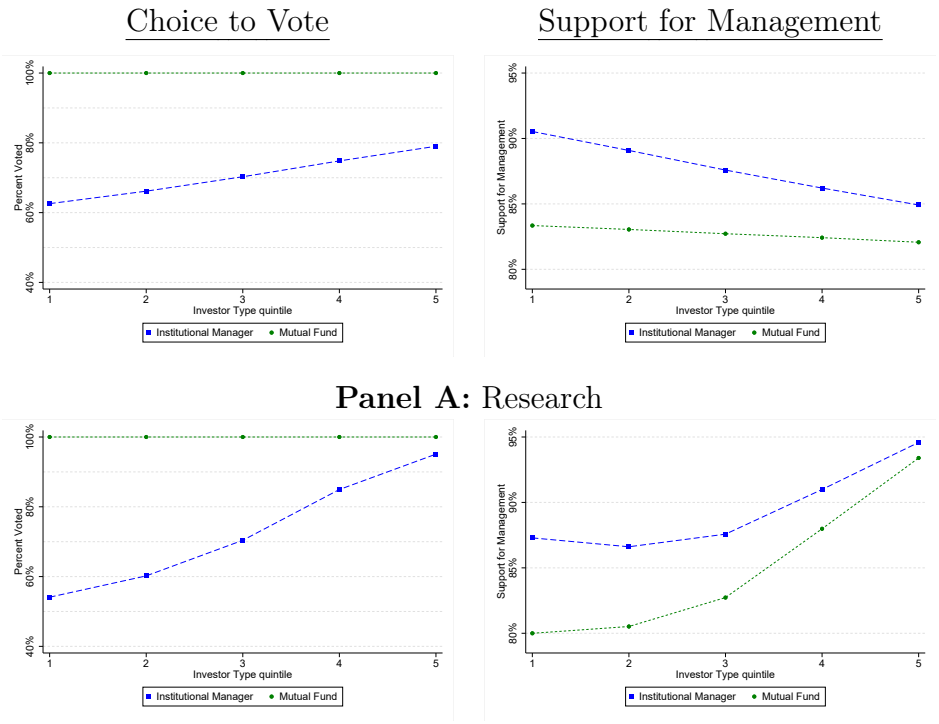


Panel A: Research

Panel B: Research and Access

Figure 1: Participation and Support, as a function of Position Size

See Section 2 for model details. The blue square lines represent the investors with the option not to vote (IMs) and the green circle lines represent investors with an option of zero-cost ISS advice (MFs). The cost functions for research are $B_d \sim U(-0.7, 0.3)$, $C_R \sim U(0, 10)$, and $C_A \sim U(0, 15)$. The benefit from voting $v \sim U(0, 1)$, and $p = 0.2$. In Panel A, we set $a = 0$. In Panel B, we set $a = 0.001$. In all figures, S varies between \$0 and \$100. Hence, quintile one is $S \in [0, \$20)$ and quintile five is $S \in [\$80, \$100]$.



Panel A: Research

Panel B: Research and Access

Figure 2: Participation and Support as a function of Investor Type

See Section 2 for model details. We simulate a model similar to Figure 1 Panel B. However, we now impose heterogeneity in investor type, with five types of investors. In Panel A, the cost of research decreases with investor type. In Panel B, both the cost of research and the cost of access decrease with investor type. As before, the blue square lines represent investors with the option not to vote (IMs), and the green circle lines represent investors with the option of zero-cost ISS advice (MFs).

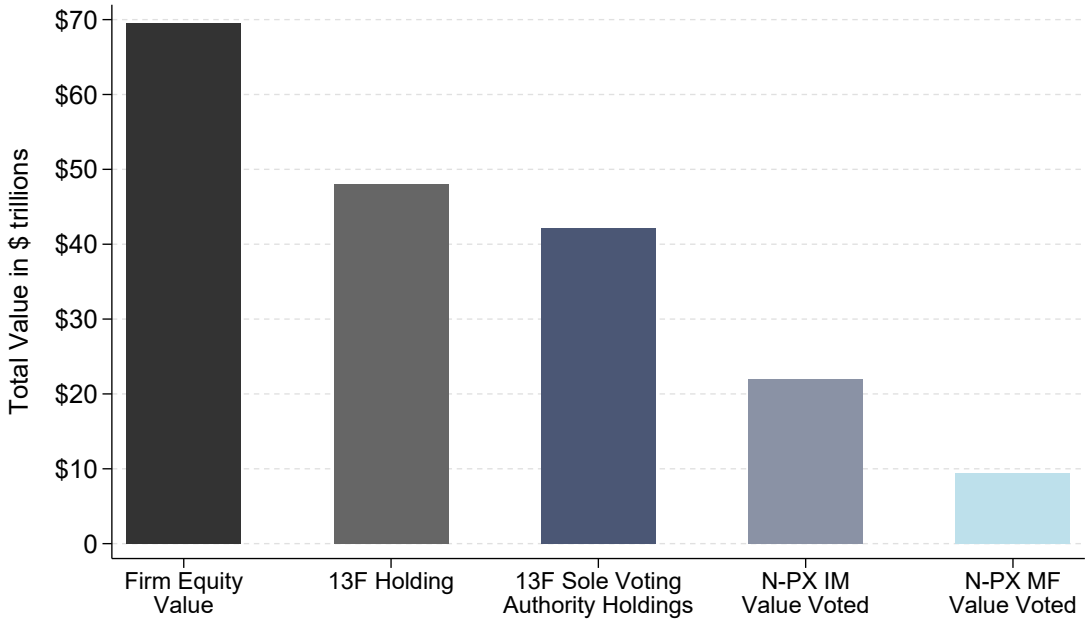
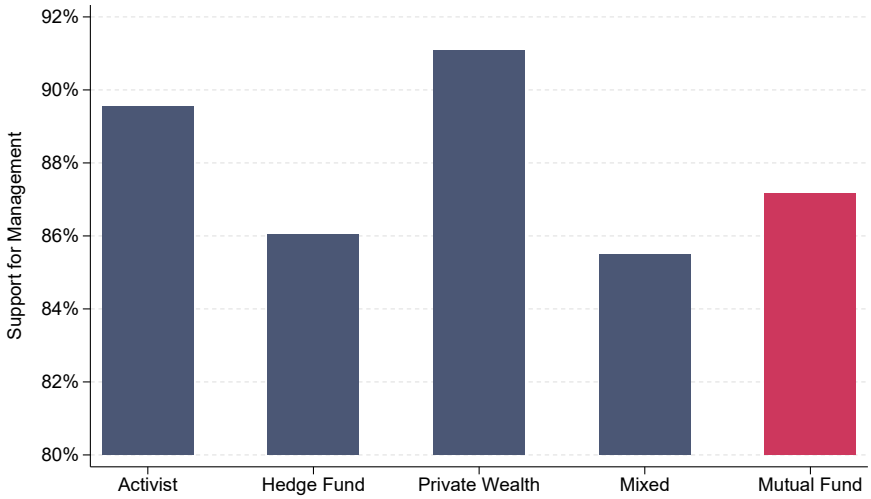
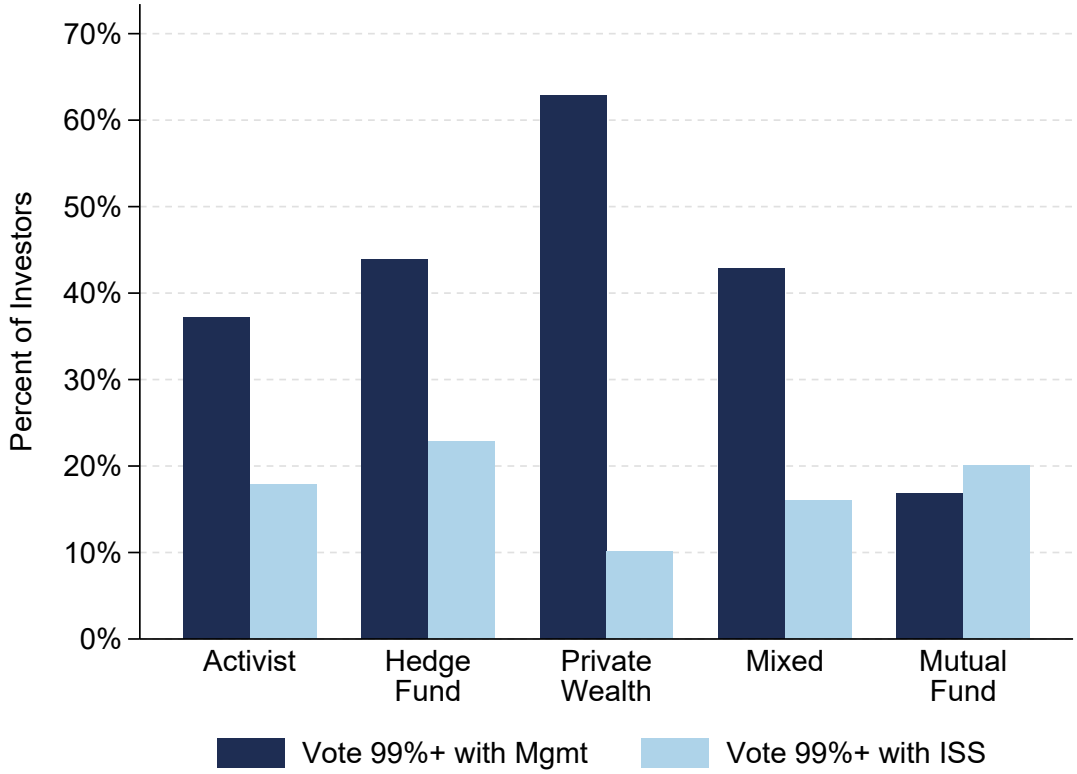


Figure 3: Estimation of shares held and voted by each investor class

This figure provides the aggregate positions for firms in our sample. Based on 2025 data, the approximate value of each category is denoted. Total aggregate firm values = $69 trillion. Total value held by institutional managers, as measured through 13F filings = $48 trillion. Of these $48 trillion, $42 trillion are reported as "Sole Voting Authority". Total value voted, as reported on N-PX forms = $31 trillion. Total value voted by IMs = $22 trillion, and total value voted by mutual funds = $9 trillion.



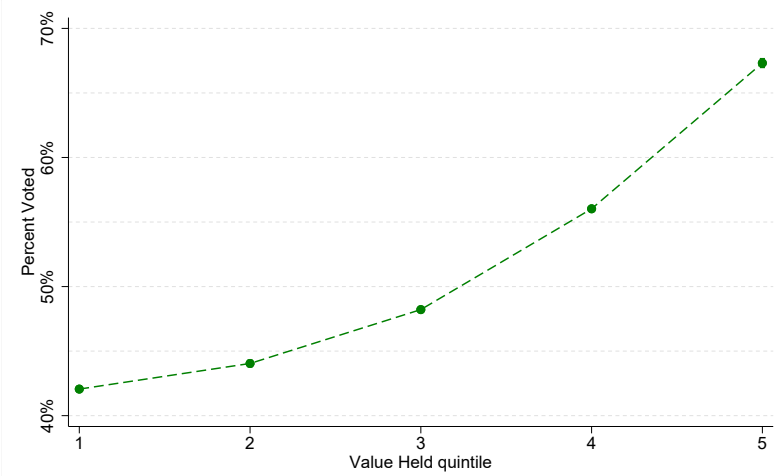
Panel A: Support for management



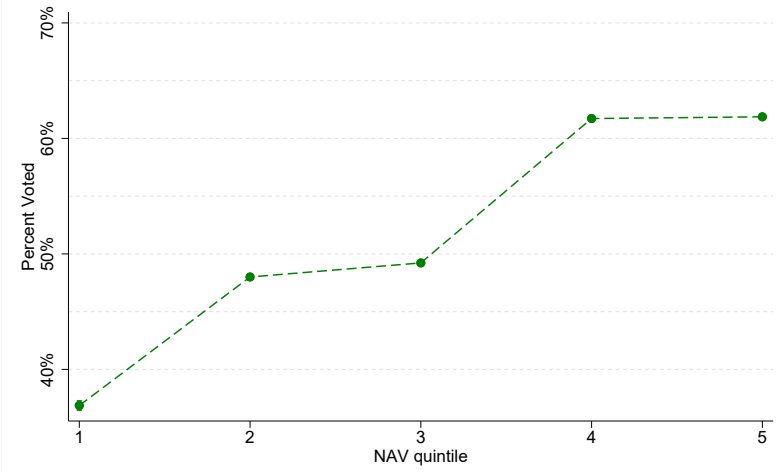
Panel B: Always with ISS or Management

Figure 4: Vote Support by Investor Type

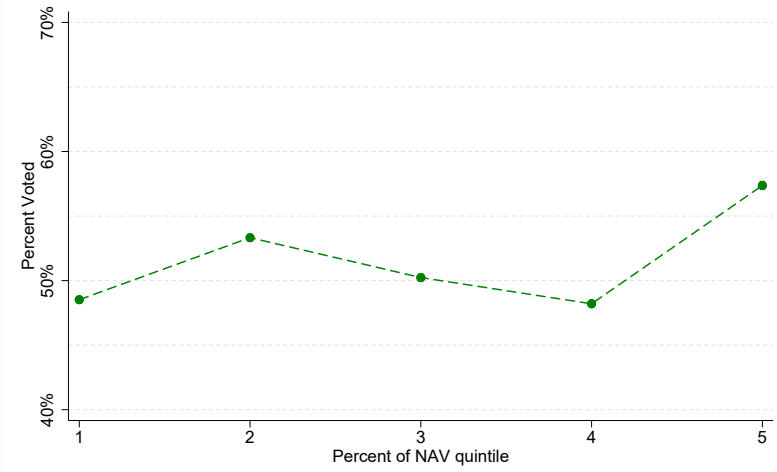
In Panel A, we summarize the average support for management on Say-on-Pay votes cast by each investor type.
In Panel B we plot the propensity of each Institutional Manager (IM) type and mutual funds to always vote with management or always with ISS, which is defined as voting for management (or with ISS) on Say-on-pay (SOP) agenda items, across 99% or more of all portfolio firms. The sample is restricted to IMs that vote on at least 10 such agenda items.



Panel A: Propensity to Vote and Position value



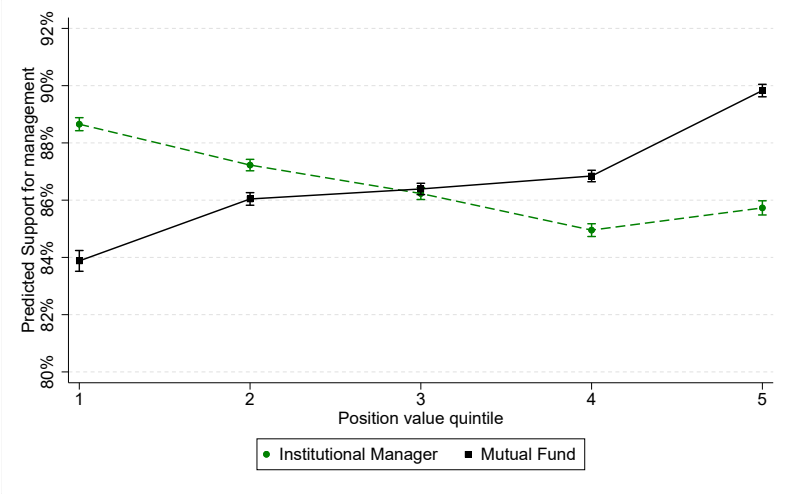
Panel B: Propensity to Vote and IM NAV



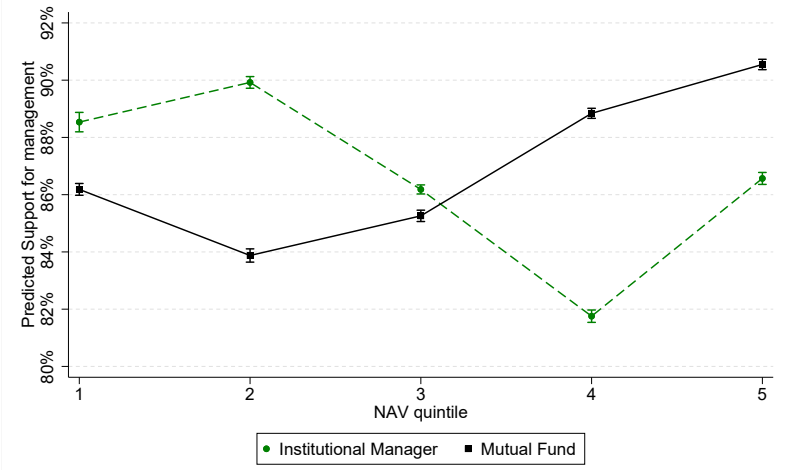
Panel C: Propensity to Vote and Position as Percent of NAV

Figure 5: Propensity to Vote at the IM level

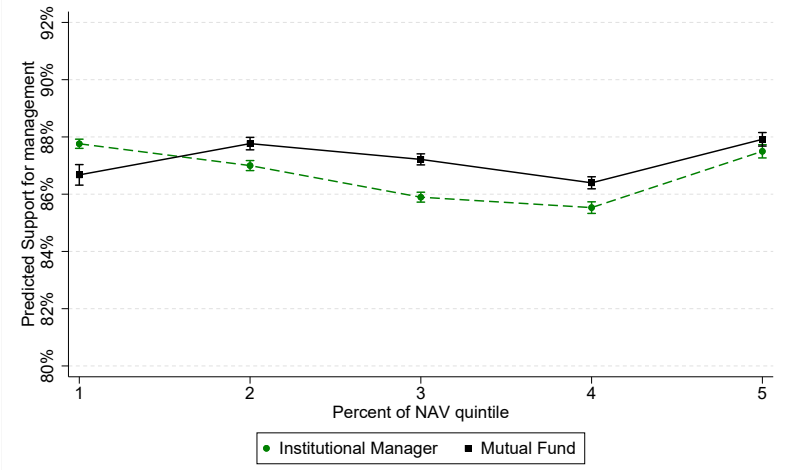
All figures include meeting fixed effects, and standard errors are clustered at the meeting level.



Panel A: Support for Management and Position value



Panel B: Support for Management and IM NAV



Panel C: Support for Management and Position as Percent of NAV

Figure 6: Support for Management at the IM level

All figures include meeting fixed effects, and standard errors are clustered at the meeting level.

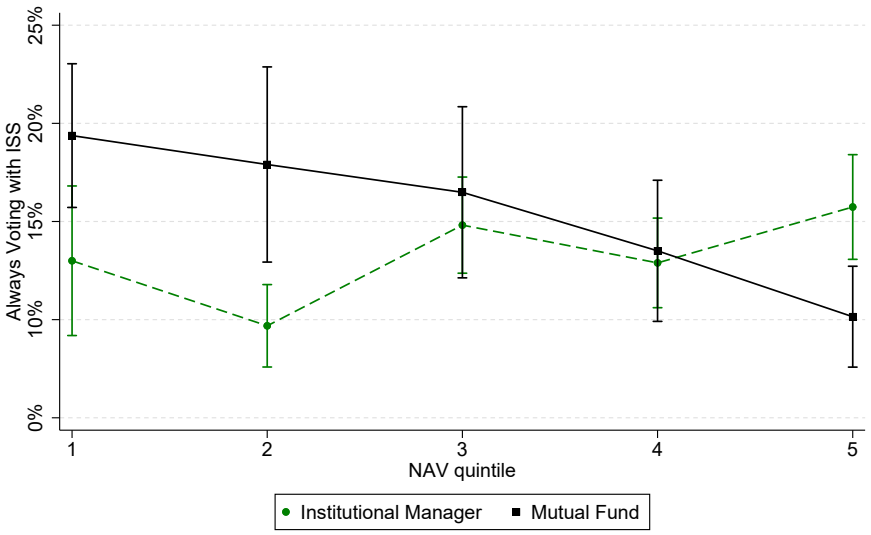
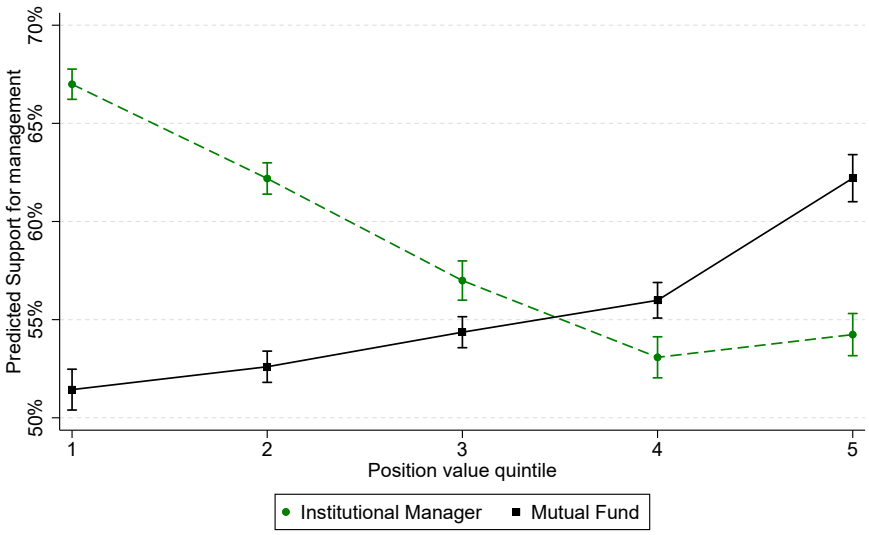
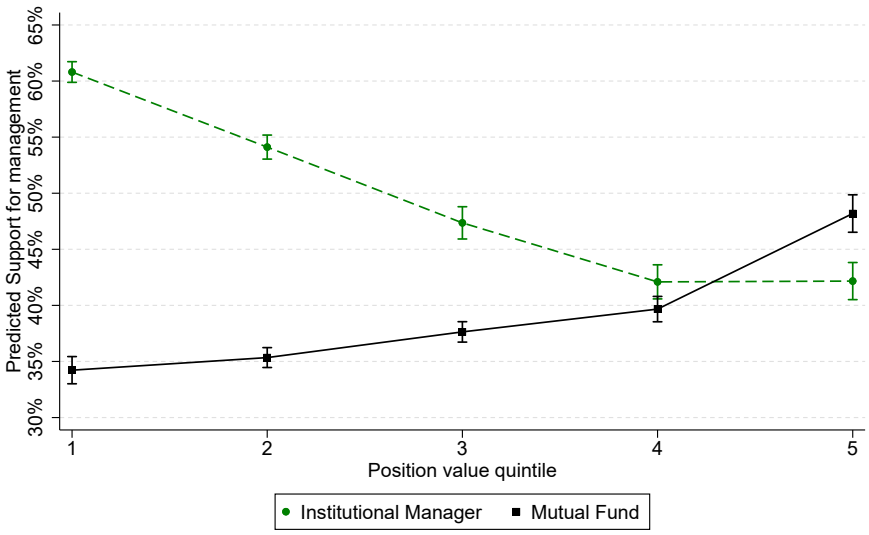


Figure 7: Propensity to always follow ISS, by investor size

We plot the propensity of each institutional managers and mutual fund to always vote with ISS by investor NAV size. Always voting with ISS is defined as voting with ISS on Say-on-pay (SOP) agenda items, across 99% or more of all portfolio firms. The sample is restricted to investors that vote on at least 10 such agenda items in a year.



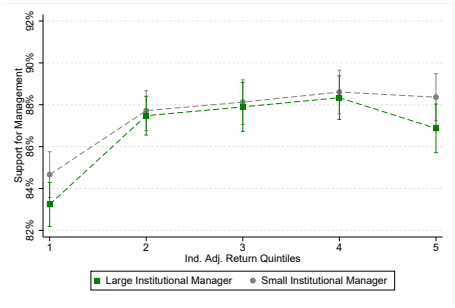
Panel A: Contentious Votes



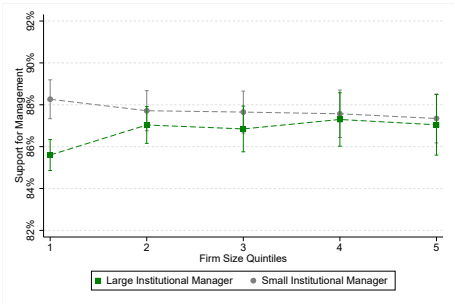
Panel B: ISS Recommends Against Votes

Figure 8: Support for Management in Contentious Elections

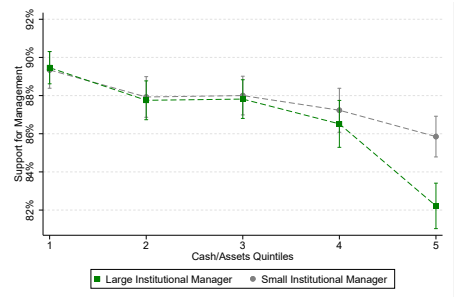
All figures include meeting fixed effects, and standard errors are clustered at the meeting level.



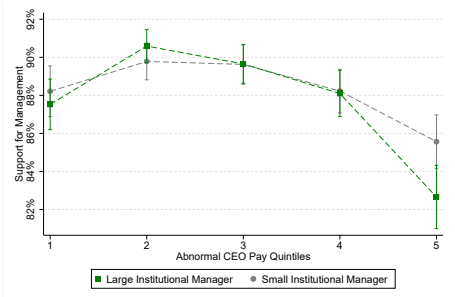
Panel A: Industry Adjusted Returns



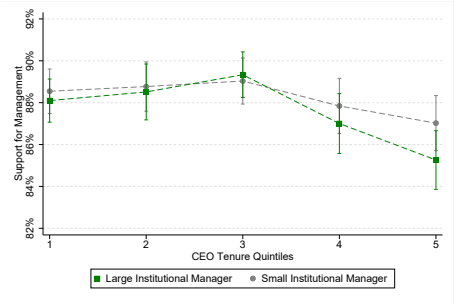
Panel B: Firm Size



Panel C: Cash to Assets



Panel D: CEO Abnormal Pay



Panel E: CEO Tenure

Figure 9: Vote Support and Firm Characteristics

Characteristics bins are based on quintiles, which are formed based on industry adjusted returns (Panel A), firm equity market capitalization (Panel B), cash to assets (Panel C), abnormal CEO pay (Panel D), and CEO tenure (Panel E). All variables are defined in the variable appendix. The green dashed line plots average support for management among large IMs, defined as above-median NAV. The black dashed line plots average support for management among small IMs, defined as below-median NAV. Each panel is based on a regression with investor fixed effects, and standard errors are clustered at the meeting level.

Table 1: Descriptive Statistics

In Panel A, we tabulate details regarding the voting policy of institutions in our sample, including both IMs and mutual funds. Data come from N-PX filings, which, by regulatory requirement, these institutions must file. Within the N-PX filing, each institution must denote whether they: have a 'Stated policy to not vote' (col 1), 'Stated did not exercise right to vote' (col 2), or 'Stated votes reported by other managers' (col 3). Cases in which none of these boxes are checked represent cases in which they 'Voted at least a portion of holdings' (col 4). The last column lists the number of observations. Statistics are provided for All institutions (row 1), for the subsets of institutions representing mutual funds versus IMs (rows 2 and 3, respectively), and for the subsets of IMs that are activists (row 4), hedge funds that are not activists (row 5), and private wealth (row 6).
The statistics in the Panels are based on the main sample used throughout for analyses, which consists of mutual funds and IMs for which we can match N-PX filings to 13F filings. Panel B provides descriptive statistics on the IMs in our sample, at the IM × Year level. We further require that the IMs have "Sole Voting Authority" over the shares they report. Panels C provide descriptive statistics at the Institution × Firm × Year level, where institutions include both IMs and mutual funds, and each firm × year observation equates to one say-on-pay vote. Variable definitions are in Appendix A.

Panel A: Voting policy of institutional investors

	Stated policy to not vote	Stated did not exercise right to vote	Stated Votes reported by Other Managers	Voted a portion of holdings	Number of Observations
Type of Institution					
IMs	33%	14%	9%	44%	14,899
Mutual Funds	0%	0%	0%	100%	2,612
Type of IM					
Activist	2%	10%	7%	81%	809
Hedge fund (non-activist)	9%	14%	4%	73%	1,883
Private wealth	64%	6%	1%	29%	2,901
Mixed	31%	17%	12%	40%	9,306

Panel B: IMs, statistics at the IM × year level

	Mean	St. Dev.	25^{th} perc	Median	75^{th} perc	Observations
Reports voting	0.720	0.449	0.000	1.000	1.000	6,510
NAV	7,583	114,224	199	469	1,501	6,510
Log # IM Positions	4.350	1.589	3.332	4.466	5.352	6,510
Activist	0.083	0.276	0.000	0.000	0.000	6,510
Hedge fund	0.222	0.416	0.000	0.000	0.000	6,510
Private wealth	0.166	0.372	0.000	0.000	0.000	6,510
Mixed	0.529	0.499	0.000	1.000	1.000	6,510

Panel C: IMs vs Mutual Funds, statistics at the Institution × Firm × Year level

	IMs (n=981,294)	Mutual Funds (n= 639,004)	Difference
Investor Characteristics			
Position value	20.08	24.258	-4.178***
Percent of firm value	0.117	0.13	-0.013***
Percent of NAV	0.228	0.338	-0.111***
Firm Characteristics			
Market capitalization	67,688	49,696	17,992***
Firm return	0.138	0.14	-0.003***
Total CEO pay	15.147	13.451	1.696***
Performance pay	83.943	83.303	0.641***
Voting			
Support for management	86.878	87.169	-0.291***
ISS Rec	90.028	90.177	-0.149**

Table 2: Propensity to Vote at the IM Level

This table shows logistic models estimated at the IM × year level for IMs that have "Sole Voting Authority" over the shares they report. In column 1, the sample consists of all IMs that can be matched to 13F filings and either reported "Policy of Not Voting" or reported that they "Did Not Vote" on their form N-PX filing. In column 2, the sample consists of all IMs that either reported that they "Did Not Vote" or voted on some of their holdings on their form N-PX filing. Finally, in column 3, the sample consists of all IMs. Variable definitions are in Appendix A. Year fixed effects are included in all regressions. Marginal effects are reported, and all continuous variables are standardized. Standard errors are clustered at the IM level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) Did Not Vote vs. Policy of Not Voting	(2) Voted vs. Did Not Vote	(3) Ordered Logit
Log Institutional NAV	0.087***	0.085***	0.180***
	(0.000)	(0.000)	(0.000)
Log # IM Positions	-0.097***	-0.009	-0.098***
	(0.000)	(0.281)	(0.000)
Active Share	0.053***	0.026***	0.081***
	(0.000)	(0.001)	(0.000)
Activist	0.205**	0.123***	0.308***
	(0.011)	(0.000)	(0.000)
Hedge Fund	0.192***	0.062***	0.222***
	(0.000)	(0.000)	(0.000)
Private wealth	-0.081***	-0.032	-0.135***
	(0.000)	(0.133)	(0.000)
Fixed Effects	Year	Year	Year
Pseudo R-squared	0.177	0.078	0.240
Observations	4,912	4,706	8,786

Table 3: Propensity of IMs to vote each holding

This table shows regressions at the IM × portfolio firm × year level, for positions that were reported as "Sole Voting Authority" in the IM 13F and across the subset of IMs that voted at least some of their shares. The dependent variable equals Voted Indicator, which represents an indicator variable equal to one if the IM voted shares in the portfolio company during that year, zero otherwise. In column 1, we include industry × year fixed effects. In columns 2 and 3, we include meeting fixed effects. In columns 4 and 5, we include meeting and manager fixed effects. Variable definitions are in Appendix A. All continuous variables are standardized. We report marginal effects on the probability of the outcome. Standard errors are clustered at the meeting level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) Voted Indicator	(2) Voted Indicator	(3) Voted Indicator	(4) Voted Indicator	(5) Voted Indicator
Log Position value	0.075***	0.048***		0.122***	
	(0.000)	(0.000)		(0.000)	
Large active share position			0.042***		0.056***
			(0.000)		(0.000)
Percent of NAV	-0.015***	-0.002*	0.001	0.007***	0.020***
	(0.000)	(0.077)	(0.565)	(0.000)	(0.000)
Percent of firm value	-0.014***	-0.014***	-0.011***	0.001	0.005**
	(0.000)	(0.000)	(0.000)	(0.572)	(0.011)
Log Institutional NAV	0.092***	0.124***	0.165***		
	(0.000)	(0.000)	(0.000)		
Log # IM Positions	-0.058***	-0.077***	-0.081***		
	(0.000)	(0.000)	(0.000)		
Firm return	-0.017				
	(0.107)				
Log Market size of equity	0.007				
	(0.649)				
Dividend yield	0.026***				
	(0.006)				
Book leverage	0.030***				
	(0.000)				
Cash to assets	-0.004				
	(0.110)				
Capex to assets	-0.043***				
	(0.004)				
Fixed Effects	FF12 times Year	Meeting	Meeting	Meeting and CIK	Meeting and CIK
Adj. R-squared	0.024	0.139	0.139	0.624	0.621
Observations	706,960	716,259	716,259	716,199	716,199

Table 4: Say-on-Pay Voting within Investor

We estimate regressions at the institution × portfolio firm × year level for IMs and MFs with investor fixed effects. The dependent variable equals *Fund support for management*, defined as the percentage of investor shares voted for management. Variable definitions are in Appendix A. We report standardized coefficients with standard errors in parentheses. All continuous variables are standardized. Standard errors are clustered at the meeting level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) IM	(2) IM	(3) IM	(4) IM	(5) MF
Log Position value	0.601***			0.501***	2.519***
	(0.044)			(0.045)	(0.093)
Percent of NAV		0.567***			
		(0.045)			
Percent of firm value			0.429***	0.342***	-0.149**
			(0.034)	(0.035)	(0.068)
Fixed Effects	Meeting and CIK	Meeting	Meeting and CIK	Meeting and CIK	Meeting and CIK
Adj. R-squared	0.456	0.177	0.456	0.456	0.442
Observations	981,049	981,005	981,049	981,049	638,787

Table 5: Say-on-Pay Voting across Investor and Position

We estimate regressions at the institution × portfolio firm × year level for IMs and MFs. The dependent variable equals *Fund support for management*, defined as the percentage of investor shares voted for management. Variable definitions are in Appendix A. We report standardized coefficients with standard errors in parentheses. All continuous variables are standardized. Standard errors are clustered at the meeting level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) IM	(2) IM	(3) IM	(4) IM	(5) MF
Percent of firm value	0.780***			1.002***	0.363***
	(0.031)			(0.040)	(0.063)
Log Institutional NAV		-1.446***		-1.630***	1.993***
		(0.090)		(0.096)	(0.049)
Large active share position			0.570***	-0.075	0.775***
			(0.043)	(0.046)	(0.045)
Fixed Effects	Meeting	Meeting	Meeting	Meeting	Meeting
Adj. R-squared	0.177	0.179	0.177	0.180	0.299
Observations	981,168	981,005	981,168	981,005	638,825

Table 6: Say-on-Pay Voting and Investor Type

We estimate regressions at the IM × portfolio firm × year level. The dependent variable equals *Support for management*, which represents the percentage of votes the IM voted for management. Variable definitions are in Appendix A. We include meeting fixed effects. All continuous variables are standardized. Standard errors are clustered at the meeting level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) Activist	(2) Hedge Fund	(3) Private Wealth	(4) Mixed
Percent of firm value	0.559***	0.233***	0.362	1.438***
	(0.045)	(0.078)	(0.318)	(0.073)
Log NAV	-0.044	0.065	-0.570***	-1.821***
	(0.123)	(0.124)	(0.128)	(0.097)
Large active share position	0.009	1.885***	-0.373***	-0.324***
	(0.177)	(0.091)	(0.094)	(0.061)
Fixed Effects	Meeting	Meeting	Meeting	Meeting
Adj. R-squared	0.222	0.276	0.097	0.185
Observations	42,427	124,679	197,891	614,258

Table 7: Heterogeneity across Firm Characteristics

We estimate regressions at the IM × portfolio firm × year level. The dependent variable is the percentage support for management. Independent variables include indicator variables equal to one if firm characteristic is in the top or bottom quartile. The models include investor and Fama-French 12 industry × year fixed effects, as well as control variables used in prior tables. Variable definitions are in Appendix A. All continuous variables are standardized. Standard errors are clustered at the meeting level, and ***, **, and * denote significance at the 1, 5, and 10% levels, respectively.

	(1) Support	(2) Support	(3) Support	(4) Support	(5) Support
Low Return × Large NAV	-0.944**				
	(0.370)				
Small Size × Large NAV		-2.346***			
		(0.333)			
High Cash × Large NAV			-3.552***		
			(0.421)		
High Pay × Large NAV				-2.867***	
				(0.485)	
Long Tenure × Large NAV					-1.674***
					(0.447)
Large NAV	-1.249***	-0.973***	-0.720*	-0.520	-0.779*
	(0.384)	(0.377)	(0.384)	(0.415)	(0.420)
Low Industry Adj. Return	-2.766***	-3.591***	-3.588***	-4.177***	-3.857***
	(0.485)	(0.601)	(0.601)	(0.751)	(0.743)
Small Size	0.140	2.246***	0.144	-0.864	0.824
	(0.497)	(0.389)	(0.497)	(0.837)	(0.625)
High Cash to Assets	-4.469***	-4.469***	-1.375***	-1.768**	-1.759**
	(0.718)	(0.718)	(0.511)	(0.889)	(0.886)
High CEO Pay				-2.520***	-4.938***
				(0.588)	(0.826)
Long CEO Tenure				-1.594**	-0.220
				(0.784)	(0.600)
Book leverage	-4.102***	-4.109***	-4.113***	-3.283**	-3.086**
	(1.180)	(1.180)	(1.180)	(1.516)	(1.517)
Capex to assets	-4.642	-4.656	-4.831	-3.908	-4.760
	(7.331)	(7.326)	(7.327)	(8.731)	(9.016)
Dividend yield	36.238***	36.314***	36.365***	39.246***	29.701***
	(9.051)	(9.051)	(9.041)	(11.355)	(10.257)
Fixed Effects	CIK & FF12 x Year	CIK & FF12 x Year	CIK & FF12 x Year	CIK & FF12 x Year	CIK & FF12 x Year
Adj. R-squared	0.292	0.292	0.292	0.320	0.319
Observations	967,458	967,458	967,458	742,939	742,939

Appendix A Variable Descriptions

Investment Managers Characteristics

Institutional NAV is the investor Net Asset Value calculated as total 13F holdings for IMs, or the value of total shares voted on form N-PX (because they are required to vote on everything).

Log Institutional NAV is the natural logarithm of total institutional manager NAV.

Log # IM Positions the natural logarithm of the number of securities held by the institutional manager as reported on Form 13F.

Active Share is a measure of portfolio divergence, calculated as half of the sum of the absolute values of the differences between the portfolio weights of the investor and the weights of the benchmark index (comprising all Say-on-Pay firm positions across all investors as reported on Form 13F), following the methodology introduced by Cremers and Petajisto (2009).

Institutional manager is an indicator variable equal to one if the investor is classified as an institutional manager according to Form N-PX filings and zero otherwise.

Mutual fund is an indicator variable equal to one if the investor is a registered management investment company (RMIC), including open-end mutual funds, closed-end funds, and ETFs, and zero otherwise.

Activist is an indicator variable equal to one if the institutional manager filed at least one Schedule 13D in the previous three years, and zero otherwise.

Hedge fund is an indicator variable equal to one if the institutional manager reports advising private funds and classifies at least 50% of these funds as hedge funds in Form ADV filings.

Private wealth is an indicator variable equal to one if at least 75% of the institutional manager's client base consists of high-net-worth individuals according to Form ADV filings.

Mixed is an indicator variable equal to one if the institutional manager does not fall into the activist, hedge fund, or private wealth categories. This group includes large and diversified asset managers that serve multiple client types or pursue multiple investment strategies. Examples include banks, insurance

companies, pension managers, foundations, endowments, and multi-strategy investment advisors.

Position value is the dollar value of the investor's holdings in a given firm measured in millions of dollars.

Large active share position is an indicator variable equal to one if the investor's portfolio weight in a security exceeds the benchmark weight by more than 200%, and zero otherwise.

Percent of firm value is the investor's holdings in a firm expressed as a percentage of the firm's total shares outstanding.

Percent of NAV is the value of the investor's position in the firm divided by the investor's total NAV.

Large Position is an indicator variable equal to one if the investor's dollar position in the firm is above the sample median.

Large NAV is an indicator variable equal to one if the investor's total NAV is above the sample median.

Large Percent of firm value is an indicator variable equal to one if the investor's ownership stake in the firm exceeds the sample median.

Large Percent of NAV is an indicator variable equal to one if the investor's position as a share of its total NAV exceeds the sample median.

Voting Variables

Reports voting is an indicator variable equal to one if the institutional manager voted on at least one portfolio company during the year and zero otherwise.

Voted on most positions is an indicator variable equal to one if the institutional manager voted on at least 90% of its portfolio positions in that year.

Vote is an indicator variable equal to one if the institutional manager voted on the firm's say-on-pay proposal and zero otherwise.

Shares voted is the number of shares reported as voted by the investor in Form N-PX filings.

Support for management is the percentage of shares voted by the institution in favor of management on the say-on-pay proposal.

Vote with management is an indicator variable equal to one if the institution voted in favor of management on the say-on-pay proposal and zero otherwise.

ISS Recommendation (ISS Rec) is the inferred recommendation from Institutional Shareholder Services (ISS) regarding the say-on-pay proposal. The variable equals one if the recommendation is to vote in favor of management and zero otherwise.

Firm Characteristics

Market capitalization is the firm's market capitalization measured in millions of dollars, calculated as share price multiplied by shares outstanding.

Log Market size of equity is the natural logarithm of firm market capitalization.

Firm return is the firm's stock return over the prior twelve months.

Industry Adj. Firm return is the firm's stock return over the prior twelve months relative to the equal-weighted return of all firms in the same Fama-French 12 industry.

Dividend yield is the ratio of cash dividends to total assets.

Book leverage is the ratio of total debt to total assets.

Cash to assets is the ratio of cash and cash equivalents to total assets.

Capex to assets is capital expenditures divided by total assets.

Total CEO pay is total CEO compensation measured in millions of dollars, obtained from ExecuComp.

Performance pay is the percentage of CEO compensation that is performance-based, including stock and option compensation.

High CEO Pay is an indicator variable equal to one if the firm's abnormal CEO compensation—defined as the residual from an annual OLS regression of total pay on firm characteristics and industry fixed effects falls within the top quintile of the sample distribution, and zero otherwise.

Long CEO Tenure is an indicator variable equal to one if the number of years the CEO has been in office falls within the top quartile of the sample distribution, and zero otherwise.

Internet Appendix to "Optional shareholder voting"
Peter Iliev and Michelle Lowry

Form N-PX Filer Information	UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549	OMB APPROVAL
Form N-PX	FORM N-PX ANNUAL REPORT OF PROXY VOTING RECORD	OMB Number: 3235-0582 Estimated average burden hours per response: 20.8

N-PX: Filer Information

Filer CIK	0001976435
Filer CCC	********
Date of Report	06/30/2025
Are you a Registered Management Investment Company or an Institutional Manager?	Institutional Manager
Is this a LIVE or TEST Filing?	(•) LIVE ( ) TEST
Is this an electronic copy of an official filing submitted in paper format?	☐

Submission Contact Information

Name	
Phone Number	
E-mail Address	

Notification Information

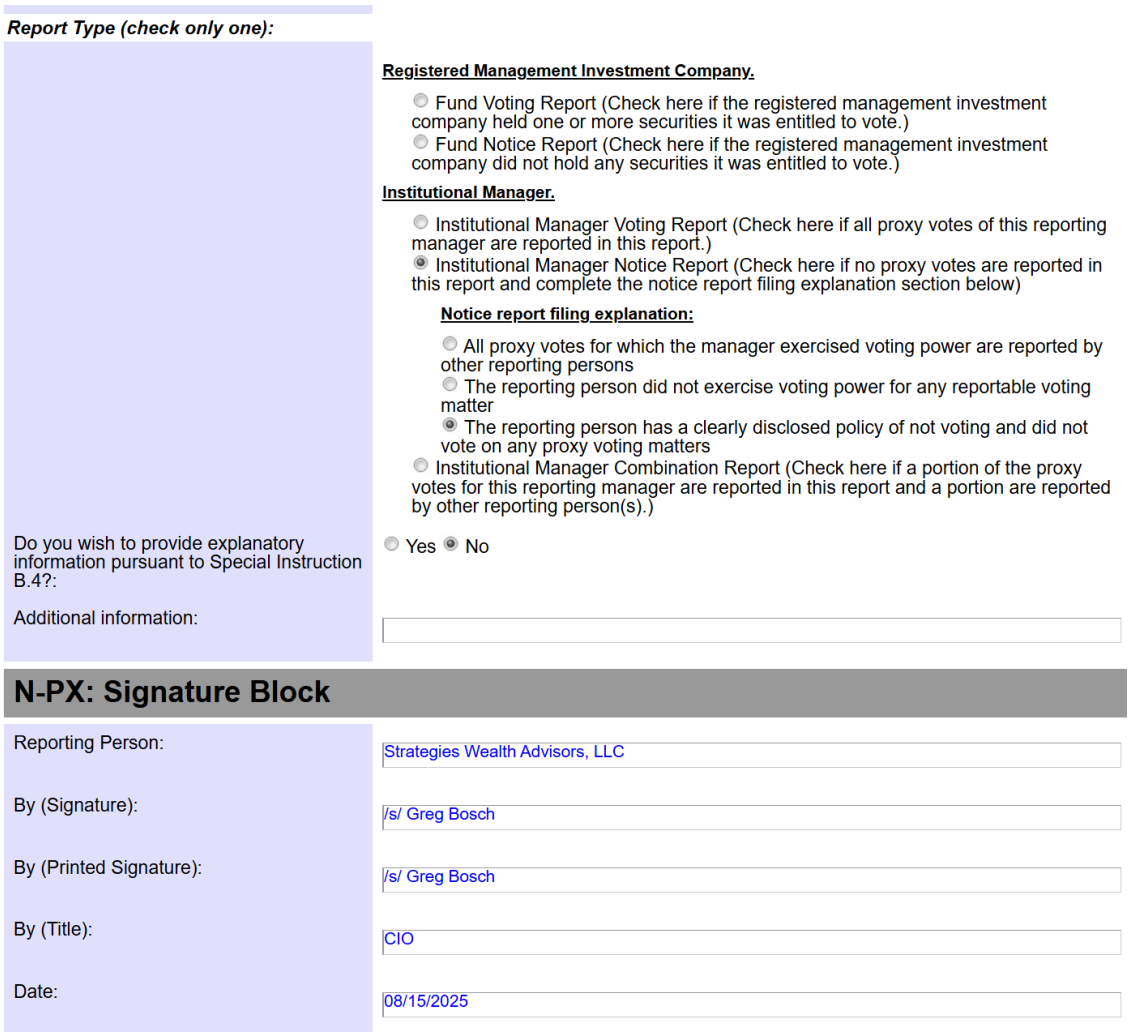
Notify via Filing Website only?	☐

N-PX: Cover Page

Name and address of reporting person:

Name of reporting person (For registered management investment companies, provide exact name of registrant as specified in charter)	Strategies Wealth Advisors, LLC
Street 1	171 MONROE AVE NW
Street 2	SUITE 800
City	GRAND RAPIDS
State/Country	MICHIGAN
Zip code and zip code extension or foreign postal code	49503
Telephone number of reporting person, including area code:	616-655-1592

(continued)



Report Type (check only one):

Registered Management Investment Company.

- ○ Fund Voting Report (Check here if the registered management investment company held one or more securities it was entitled to vote.)
- ○ Fund Notice Report (Check here if the registered management investment company did not hold any securities it was entitled to vote.)

Institutional Manager.

- ○ Institutional Manager Voting Report (Check here if all proxy votes of this reporting manager are reported in this report.)
- ◉ Institutional Manager Notice Report (Check here if no proxy votes are reported in this report and complete the notice report filing explanation section below)

Notice report filing explanation:

- ○ All proxy votes for which the manager exercised voting power are reported by other reporting persons
- ○ The reporting person did not exercise voting power for any reportable voting matter
- ◉ The reporting person has a clearly disclosed policy of not voting and did not vote on any proxy voting matters

- ○ Institutional Manager Combination Report (Check here if a portion of the proxy votes for this reporting manager are reported in this report and a portion are reported by other reporting person(s).)

Do you wish to provide explanatory information pursuant to Special Instruction B.4?: ○ Yes ◉ No

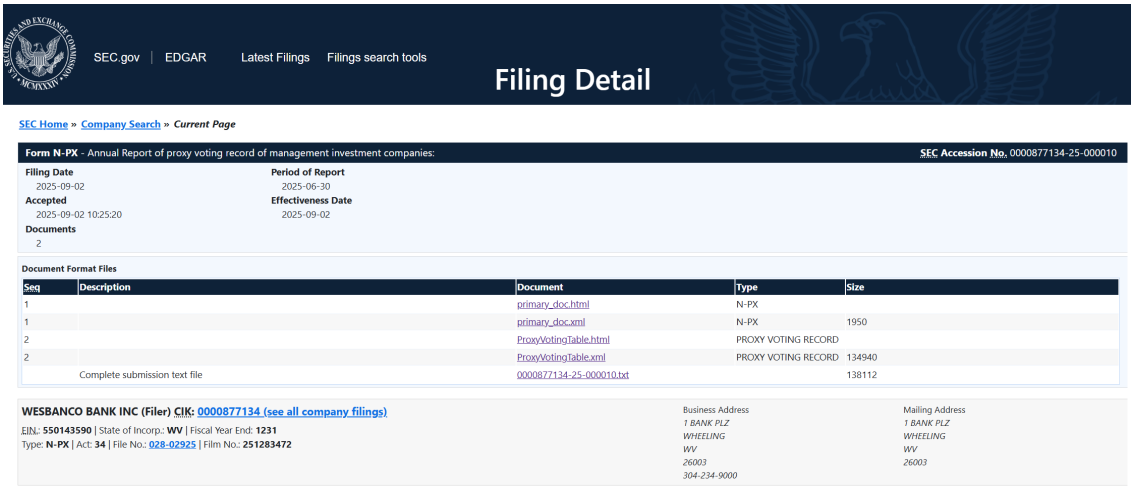
Additional information:

N-PX: Signature Block

Reporting Person:	Strategies Wealth Advisors, LLC
By (Signature):	/s/ Greg Bosch
By (Printed Signature):	/s/ Greg Bosch
By (Title):	CIO
Date:	08/15/2025

Figure IA1: Sample N-PX Header Information

This figure provides an example of the filing page for form N-PX filed by Strategies Wealth Advisors, LLC on 2025/08/21. Source https://www.sec.gov/Archives/edgar/data/1976435/000090572925000145/xslN-PX_X01/primary_doc.xml



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Filing Detail

SEC Home » Company Search » *Current Page*

Form N-PX - Annual Report of proxy voting record of management investment companies: **SEC Accession No.** 0000877134-25-000010

Filing Date 2025-09-02
Accepted 2025-09-02 10:25:20
Documents 2
Period of Report 2025-06-30
Effectiveness Date 2025-09-02

Document Format Files

Seq	Description	Document	Type	Size
1		primary_doc.html	N-PX	
1		primary_doc.xml	N-PX	1950
2		ProxyVotingTable.html	PROXY VOTING RECORD	
2		ProxyVotingTable.xml	PROXY VOTING RECORD	134940
	Complete submission text file	0000877134-25-000010.txt		138112

WESBANCO BANK INC (Filer) CIK: 0000877134 (see all company filings)
EIN: **550143590** | State of Incorp.: **WV** | Fiscal Year End: **1231**
Type: **N-PX** | Act: **34** | File No.: **028-02925** | Film No.: **251283472**

Business Address
1 BANK PLZ
WHEELING
WV
26003
304-234-9000

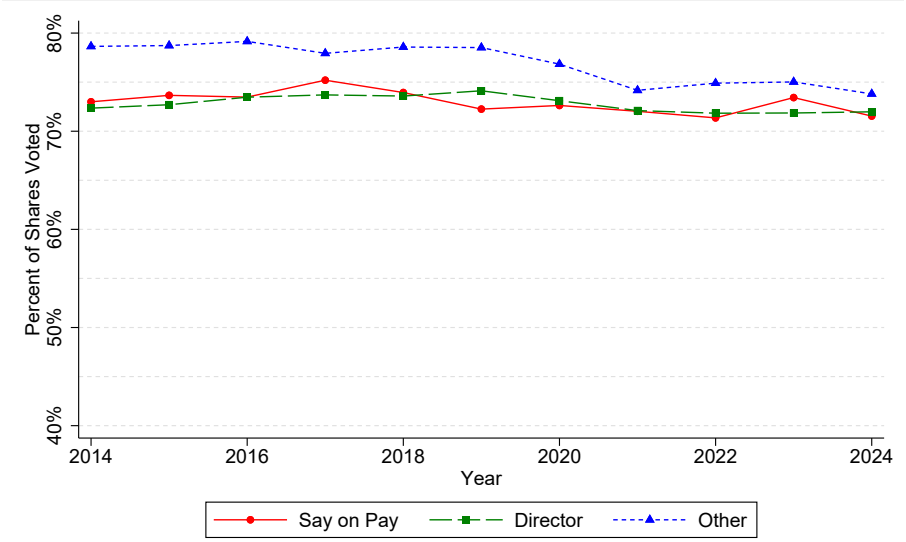
Mailing Address
1 BANK PLZ
WHEELING
WV
26003

FORM N-PX PROXY VOTING RECORD

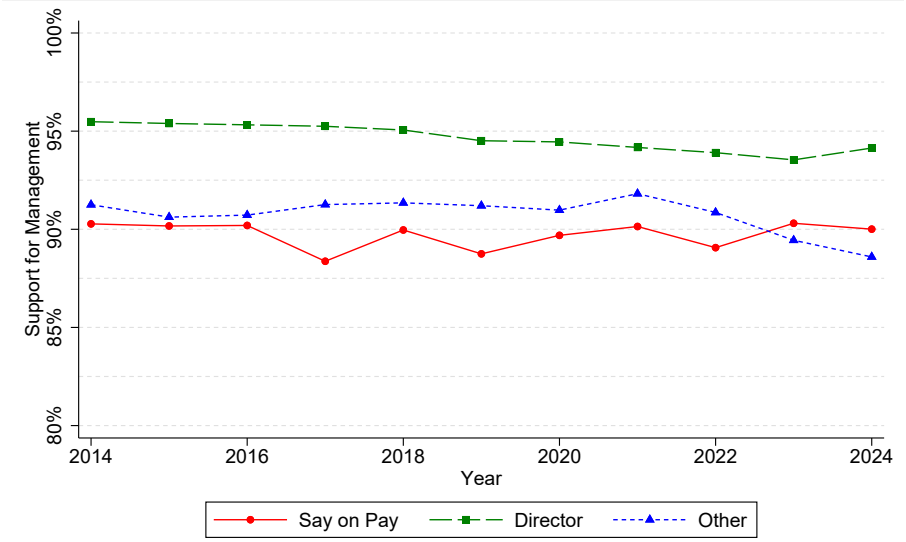
COLUMN1	COLUMN2	COLUMN3	COLUMN4	COLUMN5	COLUMN6	COLUMN7	COLUMN8	COLUMN9	COLUMN10	COLUMN11	COLUMN12			COLUMN13	COLUMN14	COLUMN15
NAME OF ISSUER	CUSIP	ISIN	FIGI	MEETING DATE	VOTE DESCRIPTION	VOTE CATEGORY	DESCRIPTION OF OTHER CATEGORY	VOTE SOURCE	SHARES VOTED	SHARES ON LOAN	DETAILS OF VOTE			MANAGER NUMBER	SERIES ID	OTHER INFO
											HOW VOTED	SHARES VOTED	FOR OR AGAINST MANAGEMENT			
Box, Inc.	10316T104	US10316T1043	-	07/02/2024	To approve, on an advisory basis, the compensation of our named executive officers.	SECTION 14A - SAY-ON-PAY VOTES	-	-	81254.000000	0	FOR	81254.000000	FOR		-	-
Constellation Brands, Inc.	21036P108	US21036P1084	-	07/17/2024	To approve, by an advisory vote, the compensation of the Company's named executive officers as disclosed in the Proxy Statement.	SECTION 14A - SAY-ON-PAY VOTES	-	-	28861.000000	0	FOR	28861.000000	FOR		-	-
SilverBow Resources, Inc.	82836G102	US82836G1022	-	07/29/2024	The SilverBow Advisory Compensation Proposal: To approve, on a non-binding, advisory basis, certain compensation that may be paid or become payable to SilverBow's named executive officers that is based on or otherwise relates to the Mergers.	SECTION 14A - SAY-ON-PAY VOTES	-	-	27934.000000	0	AGAINST	27934.000000	AGAINST		-	-
Hawkins, Inc.	420261109	US4202611095	-	07/31/2024	Non-binding advisory vote to approve executive compensation ("say-on-pay").	SECTION 14A - SAY-ON-PAY VOTES	-	-	18350.000000	0	FOR	18350.000000	FOR		-	-
Prestige Consumer Healthcare Inc.	74112D101	US74112D1019	-	08/06/2024	Say on Pay - An advisory vote on the resolution to approve the compensation of Prestige Consumer Healthcare Inc.'s named executive officers.	SECTION 14A - SAY-ON-PAY VOTES	-	-	11109.000000	0	FOR	11109.000000	FOR		-	-
e.l.f. Beauty, Inc.	26856L103	US26856L1035	-	08/22/2024	To approve, on an advisory basis, the compensation of the Company's named executive officers.	SECTION 14A - SAY-ON-PAY VOTES	-	-	8824.000000	0	FOR	8824.000000	FOR		-	-
Mitek Systems, Inc.	606710200	US6067102003	-	09/10/2024	To approve, on an advisory (non-binding) basis, the compensation of our named executive officers as presented in the Proxy Statement accompanying this notice; and	SECTION 14A - SAY-ON-PAY VOTES	-	-	78000.000000	0	FOR	78000.000000	FOR		-	-
NIKE, Inc.	654106103	US6541061031	-	09/10/2024	To approve executive compensation by an advisory vote.	SECTION 14A - SAY-ON-PAY VOTES	-	-	7500.000000	0	FOR	7500.000000	FOR		-	-
Patterson Companies, Inc.	703395103	US7033951036	-	09/16/2024	Advisory approval of executive compensation.	SECTION 14A - SAY-ON-PAY VOTES	-	-	38036.000000	0	FOR	38036.000000	FOR		-	-
Korn Ferry	500643200	US5006432000	-	09/25/2024	Advisory (non-binding) resolution to approve the Company's executive compensation.	SECTION 14A - SAY-ON-PAY VOTES	-	-	32945.000000	0	FOR	32945.000000	FOR		-	-
RPM International Inc.	749685103	US7496851038	-	10/03/2024	Approve the Company's executive compensation.	SECTION 14A - SAY-ON-PAY VOTES	-	-	2907.000000	0	FOR	2907.000000	FOR		-	-
Carpenter Technology Corporation	144285103	US1442851036	-	10/07/2024	Approve the compensation of the corporation's named executive officers, in an advisory vote.	SECTION 14A - SAY-ON-PAY VOTES	-	-	9682.000000	0	FOR	9682.000000	FOR		-	-
The Procter & Gamble Company	742718109	US7427181091	-	10/08/2024	Advisory Vote to Approve the Company's Executive	SECTION 14A - SAY-ON-PAY VOTES	-	-	39307.000000	0	FOR	39307.000000	FOR		-	-

Figure IA2: Sample N-PX Filing with Reported Voting

This figure provides the N-PX landing page and excerpt from the voting report table for form N-PX filed by WestBanco Bank Inc for the period ending 2025/06/30. Source https://www.sec.gov/Archives/edgar/data/877134/000087713425000010/0000877134-25-000010-index.html and https://www.sec.gov/Archives/edgar/data/877134/000087713425000010/xslNPX-INFO-TABLE_X01/ProxyVotingTable.xml



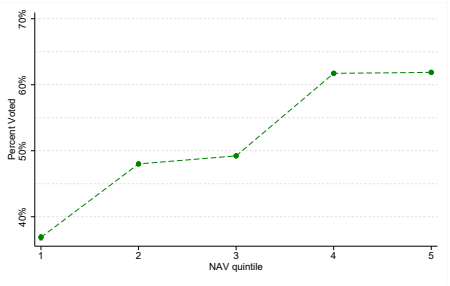
Panel A: Propensity to vote



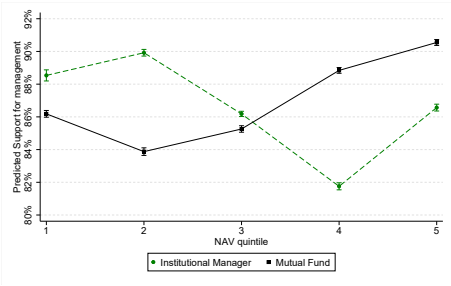
Panel B: Support for management

Figure IA3: Do IMs change their voting strategy after 2023 disclosure rule?

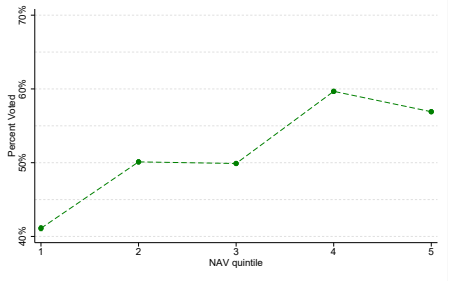
In Panel A, we plot the percentage of total shares voted across all publicly traded firms, for three different types of agenda items: say-on-pay (the red solid line), directors (the green, long-dashed line), and other (the blue, short-dashed line). In Panel B, we plot the average support for management each year, across these same three types of proposals. Years represent calendar years in which annual meetings occurred. The year 2023 represents the first year for which IMs were required to disclose votes regarding SOP agenda items.



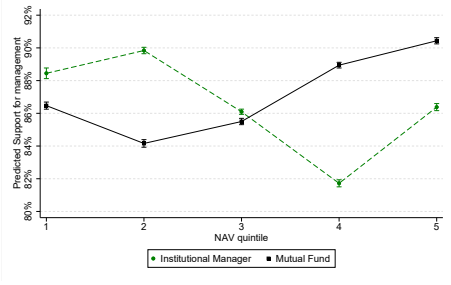
Panel A: Participation



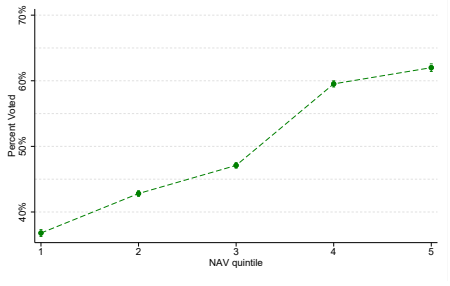
Panel B: Support For Management



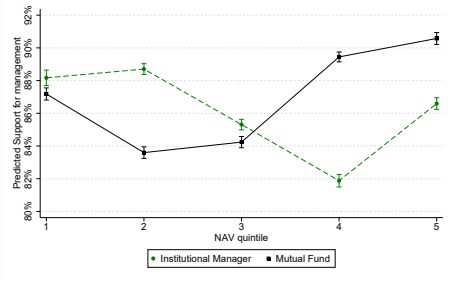
Panel C: Participation with Position Fixed Effects



Panel D: Support For Management with Position Fixed Effects



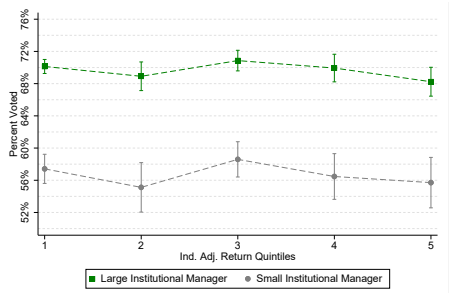
Panel E: Participation with Medium Positions



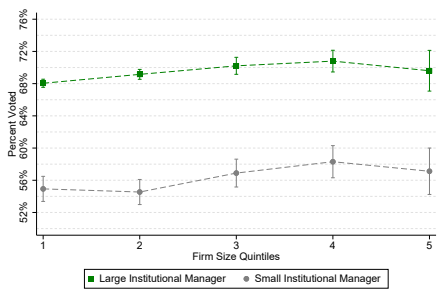
Panel F: Support For Management with Medium Positions

Figure IA4: Participation and Support conditional on Position Size

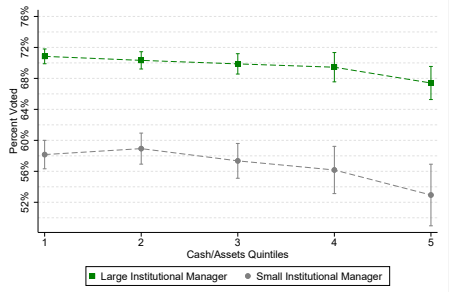
Position fixed effects are based on five position bins. Medium positions are positions in the medium (third) quintile of the overall positions distribution. All figures also include meeting fixed effects, and standard errors are clustered at the meeting level. Panels C and D further include position size fixed effects based on ten size bins. Panels E and F use only position sizes around the median of the position distribution (third quintile).



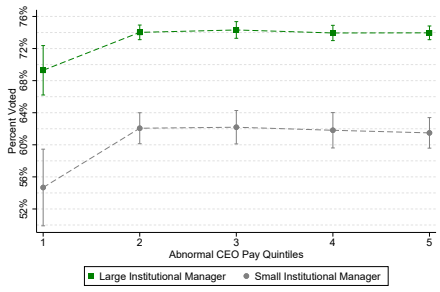
Panel A: Industry Adjusted Returns



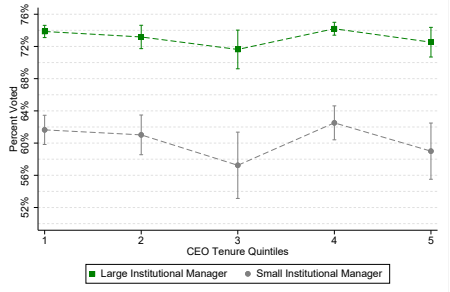
Panel B: Firm Size



Panel C: Cash to Assets with Position Fixed Effects



Panel D: CEO Abnormal Pay with Position Fixed Effects



Panel E: CEO Tenure

Figure IA5: Participation and Firm Characteristics

Characteristics bins are based on ten position bins. All figures include investor fixed effects, and standard errors are clustered at the meeting level.

european corporate governance institute

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ECGI is an international non-profit membership organisation that provides a platform for debate and dialogue among academics, policymakers, and business leaders, with a focus on major corporate governance, ESG, and stewardship issues.

The views expressed in this working paper are those of the authors, not those of the ECGI or its members.

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