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Finance Working Paper N° 1160/2026
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# Abstract

We provide the first large-sample evidence that decentralized voting is widespread within mutual fund families. Contrary to the view that families vote as unified blocs, we find that more than one-third of families exhibit evidence of decentralized voting, starting as early as 2006. We measure decentralization using voting disagreement within the family, which is low unconditionally due to the high volume of routine proposals, but rises substantially for controversial proposals, environmental and social issues, and when proxy advisors recommend voting "against." Decentralized voting is more prevalent in families with more active funds and greater stewardship resources, and funds within a family vote more similarly when they share management structures and characteristics. Decentralization has consequences for governance and fund investors. First, it weakens the monitoring effectiveness of institutional investors - a result we corroborate using Vanguard's 2019 adoption of decentralized voting as a quasi-natural experiment. Second, funds that deviate from their family's voting stance charge higher fees without delivering higher returns for clients. Yet, funds that deviate attract higher inflows.



**Keywords:** Corporate Governance, Decentralization, Fund Families, Institutional Investors, Monitoring, Stewardship, Voting

**JEL Classification:** G23; G30; D72; L22



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# Decentralized Voting in Mutual Fund Families*

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September 2026

**Abstract**

We provide the first large-sample evidence that decentralized voting is widespread within mutual fund families. Contrary to the view that families vote as unified blocs, we find that more than one-third of families exhibit evidence of decentralized voting, starting as early as 2006. We measure decentralization using voting disagreement within the family, which is low unconditionally due to the high volume of routine proposals, but rises substantially for controversial proposals, environmental and social issues, and when proxy advisors recommend voting "against." Decentralized voting is more prevalent in families with more active funds and greater stewardship resources, and funds within a family vote more similarly when they share management structures and characteristics. Decentralization has consequences for governance and fund investors. First, it weakens the monitoring effectiveness of institutional investors—a result we corroborate using Vanguard's 2019 adoption of decentralized voting as a quasi-natural experiment. Second, funds that deviate from their family's voting stance charge higher fees without delivering higher returns for clients. Yet, funds that deviate attract higher inflows.

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# 1 Introduction

The advent of voting choice initiatives has placed a spotlight on the democratization of proxy voting, and it is widely viewed as a significant departure from past practices (Brav et al., 2025). The prevailing view in the academic literature is that fund families use centralized voting. In other words, all funds within a family vote as a single, unified bloc (e.g., Cvijanović et al., 2016; Bolton et al., 2020). The same view underlies the political debate and has motivated policy initiatives aimed at forcing decentralization (e.g., Pitcher, Jack and Emily Glazer, 2025).[1] This perspective, however, overlooks a more complex, long-standing reality: significant decentralization in proxy voting has existed within mutual fund families for years, even before the introduction of new shareholder options like pass-through voting.[2] In this paper, we provide the first large-sample examination of voting decentralization within fund families, exploring both its determinants and its consequences.

We find that decentralized voting is more common than previously realized. Over our sample of U.S. equity funds from 2006 to 2023, approximately 40% to 60% of fund families exhibit evidence of decentralized voting. Of course, there is substantial heterogeneity: decentralized voting is more likely in families with more active funds and disagreement within a family is more likely when there is a controversial vote. Importantly, our evidence suggests that centralized voting leads to more effective monitoring than decentralized voting. In particular, we show that director turnover following shareholder dissent is significantly higher when fund families vote cohesively, suggesting that centralized voting sends a stronger signal to corporate boards. The results suggest that the increasing popularity of pass-through voting programs could damage the effectiveness of institutional monitoring.

It is perhaps not surprising that much of the literature has maintained the assumption of centralized voting within fund families (e.g., Bolton et al., 2020; Cvijanović et al., 2016).

[1] While some studies have noted that voting can vary across funds within a family (e.g., Iliev and Lowry, 2015), this evidence remains scattered.

[2] For example, BlackRock and Vanguard have recently adopted voting choice initiatives that give investors the ability to choose voting policies directly rather than delegating voting authority to fund managers.

Indeed, using proxy voting records from Institutional Shareholder Services (ISS), we find that disagreement (defined as non-unanimous voting among funds within the same family on a given proposal) occurs in only a small fraction of cases, approximately 4.2% of institution–proposal observations over the 2006–2023 proxy seasons. This low overall rate of disagreement reflects the fact that the vast majority of proxy proposals are routine management items and lie near the extremes of the support distribution: the median proposal receives 98% shareholder support. In such cases, funds within the same family are likely to vote together. Similarly, for many low-quality or poorly constructed shareholder proposals, it is natural to expect funds to vote consistently against, both across and within fund families. And that is what we find: disagreement is virtually absent for proposals receiving near-unanimous support or opposition, but rises sharply to 15–20% for proposals with vote outcomes closer to 50%. Thus, because most proposals have unambiguous merits (or lack thereof), unanimity is the natural outcome for the vast majority of cases, and observing such uniformity does not necessarily imply that voting authority is centralized.

We observe similar patterns along other proposal characteristics that are more likely to create internal disagreement. In particular, for ideologically charged proposals, especially shareholder proposals on environmental and social (ES) issues, within-family disagreement is substantial, occurring in approximately 15% of institution–proposal observations and rising to about 18% for ES proposals (see also, Michaely et al., 2024). Disagreement is also more prevalent when proxy advisors issue negative recommendations. When ISS or Glass Lewis recommends voting against management, heightened scrutiny by monitors (Hu et al., 2024) appears to generate greater divergence within families: disagreement increases from 3.2% when ISS recommends a vote in favor to 13.2% when it recommends a vote against. Although these dimensions are correlated, regression results indicate that each independently contributes to higher levels of within-family disagreement. Overall, these patterns suggest that fund family voting is not fully centralized and that, on contentious issues, disagreement within families is common.

Furthermore, our analysis establishes that voting decentralization is not a recent phenomenon but a persistent and widespread feature of the mutual fund industry. We observe material levels of decentralization as early as 2006, at the beginning of our sample period, with between 35% to 70% of fund families exhibiting some disagreement.[3] This historical variation is important, as it predates recent changes to institutional voting behavior—such as Vanguard's 2019 policy shift (Herrmann et al., 2024) and the advent of pass-through voting (Brav et al., 2025). That said, we find that the timing and extent of this decentralization vary considerably across families. For instance, while families like BlackRock and State Street show evidence of decentralization throughout our sample period, Vanguard only began decentralization in 2019.[4]

A fund family's decision to decentralize voting authority is not arbitrary, but rather reflects a trade-off between leveraging specialized information, economizing on stewardship costs, and catering to client mandates. Given this, we next investigate whether fund family characteristics relate to voting decentralization. We find that they do. One prominent view is that decentralization—or the delegation of authority to fund managers—leverages fund managers' specialized, firm-specific information (Gibbons and Roberts, 2013; Malenko, 2024). Consistent with this view, we find higher decentralization in families with a smaller share of index funds, as active funds are more likely to possess firm-specific information through their portfolio selection activities. Another view is that voting is costly, and centralized voting decisions can economize on costly stewardship resources (Choi et al., 2013). Consistent with this view, we find that robo-voters—institutional investors that blindly follow proxy advisor recommendations, indicating limited stewardship capacity—are less likely to exhibit disagreement when voting on the same proposal. We also find greater decentralization in

[3]The more conservative 35% reflects a margin of error. Specifically, We classify a family as exhibiting near-perfect voting alignment (i.e., as centralized) in a proxy season if its average within-family pairwise voting alignment is at least 99.5%, and as decentralized otherwise. The 99.5% threshold, rather than 100%, accounts for occasional recording errors or idiosyncratic votes that are not indicative of genuine decentralization.

[4]Our proxies for decentralization are deliberately comprehensive, measuring the extent to which voting decisions vary among funds within the same family. Given that pass-through voting is a recent phenomenon, our results do not capture much of this source of decentralization.

families that employ sub-advisors. If families hire external sub-advisors to access specialized expertise, it is reasonable that they would also delegate the associated voting decisions to them.[5] Finally, while decentralization could be intended to cater to heterogeneous fund clients (Malenko et al., 2026), we find that the presence of heterogeneous clients (such as operating both ES and non-ES funds or institutional vs. retail clients) does not, by itself, predict a higher overall degree of family-level disagreement.

A natural question follows: which funds tend to vote together, and which funds tend to vote apart within the same family? Answering this requires us to move beyond the institution-proposal level. We measure the voting alignment between every unique pair of funds within a family by calculating the percentage of proposals on which they voted identically (e.g., an 80% alignment rate if they agreed on 8 of 10 common proposals). We then relate this rate to fund characteristics, controlling for institution-by-proxy season fixed effects. Our pair-level findings largely reinforce our institution-level results. For example, pairs of two index funds, pairs of two robo-voters, and pairs sharing the same subadvisor all exhibit significantly higher voting alignment. We also find that fund pairs sharing the same ES status vote more similarly to one another than mixed ES/non-ES pairs do, suggesting that ES orientation is a key driver of within-family voting disagreement.

Recent initiatives to decentralize voting have raised concerns about their implications for corporate governance (e.g., Fisch and Schwartz, 2023). The main concern is that decentralizing voting may dilute shareholder influence, leading to less responsive managers, while acting as a single shareholder allows for a more unified and effective signal to corporate boards (e.g., Shleifer and Vishny, 1986). Moreover, centralized voting can mitigate the free-rider problem by facilitating activists' efforts to gain support for their demands (Grossman and Hart, 1980; Appel et al., 2019). To inform this debate, we examine director elections. Specifically, we examine how shareholder dissent against directors affects subsequent board turnover when investors vote in a decentralized way.

[5] Administrative considerations may also make it more practical to outsource both investment management and voting, rather than retaining voting decisions in-house.

Director elections are an ideal laboratory for this test: dissent is an observable and frequent outcome across nearly all firms and years, and it represents a form of "gentle pressure," allowing us to see how boards respond to shareholder voice. Our analysis shows that the impact of shareholder dissent on a director's departure from the board is strongest when a fund family's vote is unified and weakens significantly when it exhibits disagreement. Using Vanguard's 2019 adoption of decentralized voting as a quasi-natural experiment, we find that after this policy is adopted, a vote "against" a director from Vanguard is significantly less likely to lead to a director departure.

We next examine the consequences of decentralized voting for fund clients. Specifically, we investigate whether funds that exhibit voting divergence charge higher fees and perform differently from those that vote with the family. On the one hand, funds that deviate may face higher voting costs. On the other hand, if funds deviate because their managers have better information about the firms they hold, that information can show up in overall fund performance. We find that funds that deviate are indeed more expensive (i.e., have higher expense ratios), but they do not exhibit better performance, whether measured by gross or net alpha. This evidence is inconsistent with the notion that deviating funds possess superior information, but it aligns with the idea that funds are catering to clients' preferences and values.[6] If this is the case, we would expect fund clients to reward deviations from a fund's family peers. Although clients may not directly observe the votes of their peers, deviations can produce outcomes that are more closely aligned with investors' preferences, better reflecting their governance priorities (Malenko et al., 2026; Michaely et al., 2024). Consistently, we find that funds deviating from their family stance attract significantly higher investor flows when offered to institutional clients, suggesting that these sophisticated investors reward such behavior.

Overall, we contribute to the literature by providing the first systematic, large-sample

[6]In the Berk and Green (2004) model, alpha is driven to zero by flows so alpha, alone, does not measure skill. Instead, what matters is the product of alpha and assets under management (Berk and van Binsbergen, 2015). We examine and discuss this alternative interpretation in greater detail in Section 5 and find little evidence that deviating funds possess superior information.

documentation of decentralized voting within mutual fund families. For decades, the prevailing view in much of the corporate governance literature has treated these families as single decision-making units, aggregating votes to the family level (e.g., Cvijanović et al., 2016; Bolton et al., 2020). While prior work has touched upon aspects of decentralization (e.g., Choi et al., 2013; Iliev and Lowry, 2015), examined differentiated policies for certain fund types (Michaely et al., 2024), or recent shifts in delegation (e.g., Herrmann et al., 2024; Brav et al., 2025), our study is the first to systematically show that material internal disagreement has been a pervasive and persistent feature of the industry for nearly two decades.

Our findings help reconcile the seemingly contradictory evidence of high unconditional voting agreement with the existence of material decentralization. Much of the apparent agreement stems from the large volume of uncontroversial proposals where near-unanimity is the market-wide norm, masking the substantial disagreement that emerges on more contentious issues. Furthermore, our documentation of this long-standing internal fragmentation speaks directly to debates about the concentration of shareholder power held by large institutions (Bebchuk and Hirst, 2019; Elhauge, 2015; Gerardi et al., 2024). By showing that the "one institution, one voice" assumption often fails to hold, our work introduces a critical nuance, suggesting that the influence of major asset managers may be more internally complex—and potentially more fragmented—than is commonly presumed when assessing their impact based on aggregate holdings alone.

Our findings also contribute to the literature by providing empirical evidence on the governance consequences of a fragmented shareholder voice. Foundational theories posit that large, unified shareholders are more effective monitors (Shleifer and Vishny, 1986) and a unified voting bloc is critical for successful engagement (Appel et al., 2019). While recent work raises concerns that pass-through voting could lead to more dispersed ownership and weaken corporate governance (e.g., Fisch and Schwartz, 2023; Lund, 2024; Malenko et al., 2026), empirical evidence on the impact of fragmentation has been scarce. Our findings address this gap: by showing that directors are less likely to leave the board following

shareholder dissent when there is disagreement within the fund family, our findings provide timely and useful insight into the debate.

Our analysis also sheds light on the economic rationale for voting decentralization. Our finding that institutional clients reward deviating funds with higher flows, even in the absence of superior performance, suggests that decentralization is unlikely to reflect a general informational advantage regarding portfolio firms. Instead, decentralization appears to function as a product differentiation strategy. The patterns revealed in our fund pair-level analysis—where voting alignment clusters systematically by fund characteristics, such as ES funds voting more similarly with other ES funds than with non-ES funds—further support this interpretation. Taken together, these findings indicate that families decentralize to cater to the heterogeneous governance preferences of clients, consistent with theoretical models emphasizing the demand for such differentiation (Malenko et al., 2026).

Finally, our work contributes to the literature on the industrial organization of mutual fund families. Previous studies examining family structure, such as the use of subadvisors, have primarily focused on asset pricing outcomes like fund performance and fees (e.g., Chen et al., 2013; Moreno et al., 2018; Evans et al., 2020). We extend this research by connecting these organizational choices, including subadvising and the mix of index versus non-index funds, directly to proxy voting behavior.

The rest of the paper proceeds as follows. Section 2 provides an overview of the data as well as descriptive evidence on the sample, providing the first large-scale evidence on the prevalence of decentralization. In Section 3, we explore the determinants of decentralization. Section 4 examines the consequences of decentralized voting for firm governance while Section 5 examines the consequences of decentralized voting for fund investors. Finally, Section 6 concludes.

# 2 Data and Descriptive Evidence

## 2.1 Data

Our primary data source is ISS Voting Analytics, which provides shareholder voting records at the fund level. The dataset also reports each fund's family affiliation (variable *institutionid*), allowing us to link funds to their parent asset management company. This high-level grouping is central to our research question, as we directly test the prevailing assumption that fund families operate as single, unified voting blocs.[7] Although mutual funds have been required to disclose voting records since 2003, the early years of coverage in ISS are less reliable. Therefore, our main analyses use voting data beginning with the 2006 proxy season (i.e., meetings occurring from July 2005 onward).

Information on meeting details and proposal vote outcomes comes from the ISS Company Vote Results dataset. We also incorporate benchmark recommendations from ISS and Glass Lewis. For ISS recommendations, we use a dataset from ISS covering the 2009 to 2021 proxy seasons. To cover the remaining years for ISS and to obtain Glass Lewis recommendations, we use the data from Zytnick (2025). Adding this information reduces our sample size because recommendations are not available for all proposals, either due to a lack of proxy advisor coverage for some firms or because the data are not provided for certain proposals in these sources.

We also collect information on subadvisors from the WRDS Mutual Fund database, which compiles data from the N-SAR and N-CEN regulatory filings. Form N-SAR is the semi-annual report filed by funds until May 2018, while Form N-CEN is the newer annual report that replaced N-SAR beginning in June 2018. Linking these data sources to our ISS voting records requires a multi-step matching process, as there is no single common fund

[7]Herrmann et al. (2024) note that the ISS family identifier can be problematic for studies examining decentralization policies. Their goal is to separate the votes of external fund managers from the central stewardship group, a distinction the high-level ISS family identifier would obscure. Because our objective is to examine voting disagreement within a family, the standard ISS family identifier is the correct unit of analysis for our study. Similar to Herrmann et al. (2024), we later use separate data on subadvisors as an explanatory variable for the disagreement we find within this bloc, without redefining the bloc itself.

identifier. To link ISS with the N-CEN database, we first merge ISS data to SEC N-PX filings using the accession number, then perform fuzzy name matching between the ISS fund name and N-PX series name to assign the correct CIK and Series ID to each ISS fund identifier (*fundid*) within a common accession number. Next, we use CIK and Series ID as the common identifiers to merge ISS with N-CEN. Because the older N-SAR database does not contain Series ID, we perform a separate fuzzy matching by linking the Series Name in the N-SAR database to the Series Name in the N-PX within a common CIK.

Additionally, we obtain mutual fund characteristics (e.g., investment advisors, total net assets, expense ratio, flows, and monthly returns) from the CRSP Mutual Fund database. We gather director-level data from BoardEx, firm-level financial information from Compustat, and institutional ownership data from LSEG (formerly Thomson Reuters). To link director characteristics from BoardEx (e.g., tenure) to their election results in ISS, we perform an additional fuzzy matching. Specifically, we first extract director names from the ISS proposal descriptions (*itemdesc*) and then match them to director names in BoardEx. All variables are defined in Appendix A.

## 2.2 Measuring Voting Decentralization

We use two distinct methodologies to measure voting decentralization. The first identifies the presence of disagreement within an institution at the proposal level. The second captures the degree of alignment in voting behavior across funds within the same institution, based on voting alignment at the fund pair-level. We use this agreement percentage directly at the pair level and also aggregate it to create measures at the fund-proxy season and family-proxy season levels.

First, at the institution-proposal level, we construct an indicator of voting disagreement. If all funds within the family vote identically—for example, all vote in favor of a given proposal—we classify this instance as unanimous ($Disagreement = 0$). If at least one fund votes differently from the rest, we consider this an instance of disagreement (*Disagreement*

= 1). The measure is calculated only when at least two funds within the family cast a vote on the same proposal; otherwise, it is treated as missing.

**Exhibit 1. Example of Fund Family Voting Records**

| Proposal | Fund X | Fund Y | Fund Z |
|---|---|---|---|
| Proposal 1 | 1 (For) | 1 (For) | 1 (For) |
| Proposal 2 | 1 (For) | — | 1 (For) |
| Proposal 3 | 1 (For) | 0 (Against) | 0 (Against) |
| Proposal 4 | 0 (Against) | 1 (For) | — |
| Proposal 5 | — | 0 (Against) | 1 (For) |

Exhibit 1 illustrates these calculations with an example of a single fund family with three funds—$X$, $Y$, and $Z$—that hold different portfolios. For this family, the *Disagreement* measure would be 0 for Proposals 1 and 2, where all voting funds agree. For Proposals 3, 4, and 5, *Disagreement* would be 1.[8]

Our subsequent measures capture voting alignment based on pairwise agreement percentages, allowing a more granular assessment. This method directly calculates the share of common votes on which two funds voted identically. A higher percentage means greater agreement. The pairwise voting alignment is calculated for every unique pair of funds within the same family for a given proxy season using the formula:

$$Pairwise\ Voting\ Alignment\ (X,Y) = \frac{\text{Number of votes where } X \text{ and } Y \text{ agreed}}{\text{Total number of proposals voted by both } X \text{ and } Y}$$

Applying the formula to the voting records in Exhibit 1, the pairwise similarities are: $Pairwise\ Voting\ Alignment\ (X,Y) \approx 0.33$; $Pairwise\ Voting\ Alignment\ (X,Z) \approx 0.67$; and $Pairwise\ Voting\ Alignment\ (Y,Z) \approx 0.67$. This pairwise score is our most granular measure and is used directly in our pair-level analyses to examine which fund characteristics are associated with higher alignment.

[8]While the Exhibit only considers votes for and against for simplicity, the calculation of *Disagreement* distinguishes between votes for, against, abstentions, and withholds as separate categories. That is, an abstention or a withhold vote is not treated as equivalent to a vote against, nor to each other. For Say on Pay Frequency votes, *Disagreement* is calculated using the three possible options (one, two, or three years).

This pairwise score is also the fundamental building block in constructing a fund-level *Deviate* indicator, identifying funds that are outliers in their voting behavior relative to their family peers. We first compute an average peer similarity score for each fund. For example, Fund X's score in Exhibit 1 is $(0.33 + 0.67)/2 \approx 0.50$. A fund is then classified as an outlier ($Deviate = 1$) if its average peer similarity score falls more than three inter-quartile ranges below the family's median score for that proxy season.

## 2.3 Evidence of Widespread Voting Decentralization

We begin by providing some of the first descriptive evidence on the extent of voting decentralization. We first examine *Disagreement*, an indicator variable calculated at the institution-proposal level that equals one if at least one fund within a family votes differently from its peers on a given proposal, and zero if all funds vote within the same family unanimously. Our analysis is restricted to observations where at least two funds from the same family cast a vote on a proposal, as disagreement is mechanically impossible otherwise. Using this measure, Table 1 Panel A, reports that disagreement arises in only a small fraction of all institution-proposal observations during our sample period, approximately 4.2%. At first glance, this suggests that fund families operate as single, coordinated blocs, consistent with centralized decision-making and prior literature showing little variation in voting behavior within family (Cvijanović et al., 2016; Bolton et al., 2020).

However, this low unconditional figure masks the true extent of voting decentralization, as it is heavily skewed by the large volume of routine proposals where unanimous support is the norm. Indeed, the median vote support for all proposals in our sample during the 2006–2023 proxy seasons is about 98%. This picture of apparent consensus changes markedly when we turn to more contentious proposals. Specifically, we examine how disagreement varies along three dimensions: (i) the proposal's overall vote support, (ii) the proposal's topic, and (iii) proxy advisors' recommendations.

The impact of a proposal's overall shareholder disagreement is illustrated in Figure 1,

which plots the rate of disagreement against the proposal's overall vote support. Disagreement is rare for proposals that receive near-unanimous support (e.g., above 90%) or overwhelming opposition (below 10%). However, as the final vote outcome approaches the 50% majority threshold, the rate of internal disagreement rises substantially, reaching approximately 15–20% for both management-sponsored (Panel A) and shareholder-sponsored (Panel B) proposals. This pattern strongly suggests that funds within the same family are far more likely to vote differently on proposals that are more contested or harder to evaluate.

Disagreement is also strongly linked to the proposal topic. As shown in Table 1 Panel A, the disagreement rate for all shareholder proposals (14.9%) is nearly four times higher than for management proposals (3.8%). This is especially true for E&S proposals, which show an 18.1% disagreement rate. The disagreement is even more pronounced when we focus on cases where more funds from the same family are voting. Columns (2) and (3) of Table 1 Panel A confirm this: the disagreement rate for shareholder proposals rises to 22.4% when at least five funds vote, and to 26.2% when at least ten funds vote.

Table 2 further breaks down these proposal topics. Panel A lists the topics with the highest disagreement, a list dominated by E&S shareholder proposals like "Hydraulic Fracturing" (28.7%) and "Climate Change Lobbying" (26.0%). Panel B lists the most frequent management proposal topics, showing very low disagreement. For example, "Ratify X as Auditors" and "Elect Director" have disagreement rates of only 1.9% and 3.5%, respectively. This low rate is consistent with these items being routine and receiving overwhelmingly high shareholder support. In contrast, Panel C shows that many of the most frequent shareholder proposals, such as "Require Independent Board Chair" (21.8%), exhibit substantial disagreement.

Similarly, when proxy advisors recommend voting against a proposal—external signals of contention—greater scrutiny and disagreement are triggered. Table 1 Panel B shows that the disagreement rate jumps from 3.2% when ISS recommends a vote in favor to 13.2% when it recommends a vote against. A similar pattern holds for Glass Lewis, where the rate

increases from 3.2% to 11.7%.

These three factors (the proposal's overall support, topic, and advisor recommendations) are correlated. To examine whether these factors independently contribute to disagreement, we examine OLS regressions of the form:

$$Disagreement_{ipt} = \beta \times Vote\ Characteristic_{ip} + \alpha_{it} + \epsilon_{ipt},$$

where the unit of observation is the institution-proposal level, and the dependent variable is an indicator variable equal to one if at least one fund from the same family votes differently on a given proposal, and zero otherwise. $Vote\ Characteristic$ represents sponsor and proposal characteristics including indicator variables for shareholder proposals, management proposals, management say on pay (SOP) proposals, shareholder environmental and social (E&S) proposals, shareholder non-E&S proposals, ISS recommends against, Glass-Lewis recommends against, Distance to 50%, and Total Votes. All specifications include institution times proxy season fixed effects to absorb any time-invariant family policies and aggregate time trends.

The results are shown in Table 3. Columns (1) through (4) confirm the patterns observed in our descriptive tables and figures, even after controlling for these unobserved investor-specific characteristics and time trends. For example, shareholder proposals (in columns (1)-(2)) and negative proxy advisor recommendations (in column (3)) remain strongly predictive of higher disagreement. Column (5), which includes all variables simultaneously, shows that these effects are independent and economically significant. For instance, after controlling for fixed effects, proxy advisor recommendations, and how controversial the vote was (Distance to 50%), a shareholder E&S proposal is still associated with a 7.6 percentage point higher probability of within-family disagreement, relative to the omitted category (management-sponsored director election proposals). Likewise, an ISS against recommendation is associated with a 4.3 percentage point higher probability of disagreement, after

accounting for proposal type and how controversial the vote was. Overall, these patterns suggest that on contentious issues, substantial voting disagreement exists within fund families. Put differently, voting is not fully centralized at the fund family level.

Finally, our analysis establishes that voting decentralization is not a recent phenomenon but a persistent and widespread feature of the mutual fund industry. Figure 2 plots trends in within-family disagreement and alignment over time. Panel A shows that the low unconditional disagreement rate has been relatively stable, consistent with the 4.2% average from Table 1. Panel B provides important context using the average of *Pairwise Voting Alignment*. It confirms that alignment *within* the same family is very high (top line, around 97%), but it also shows that alignment between randomly paired funds from *different* families is exceptionally high (bottom line, around 85 to 90%). In other words, most funds vote the same, even when they are part of *different* families. This latter finding illustrates that the high apparent agreement is largely driven by the proposals themselves, which are dominated by routine items that garner near-unanimous market-wide approval. In stark contrast, Panel C reveals that non-unanimous voting is a persistent industry feature. It plots the percentage of fund families whose average within-family voting alignment is less than 100% in each proxy season. This measure shows that material levels of decentralization have been widespread, with around 40% to 60% of all fund families exhibiting some disagreement consistently since 2006, the beginning of our sample period. This long-standing presence of decentralization is notable, as it predates recent innovations like pass-through voting or high-profile policy shifts by firms like Vanguard, which only began to decentralize in 2019.

# 3 Determinants of Decentralization

The analysis above documents considerable decentralization in voting decisions, particularly for proposals where disagreement is more likely. In this section, we examine whether this decentralization occurs in settings where economic theory predicts it to be most beneficial.

That is, the stewardship structure adopted by a fund family likely reflects a trade-off between the benefits and costs of delegating voting authority to lower-tier managers versus maintaining a centralized approach, while also catering to client preferences.

We first examine how family-level characteristics relate to disagreement in voting decisions. Specifically, we estimate the following specification at the institution–proposal level:

$$Disagreement_{ipt} = \beta \times Family\ Characteristic_{it} + \alpha_p + \epsilon_{ipt}, \tag{1}$$

where $i$, $p$, and $t$ denote the institution (family), proposal, and proxy season, respectively. The dependent variable, $Disagreement_{ipt}$, is an indicator for within-institution disagreement on a given proposal. $Family\ Characteristic_{it}$ represents institution-proxy season level attributes ($Family_Index$, $Family_Robo$, $Family_ES_NonES$, $Family_Inst_Fund$, $Family_Has_Subadvisor$). All specifications include proposal fixed effects, $\alpha_p$, to control for proposal-specific characteristics such as topic or sponsor. This design allows us to isolate how variation across families relates to the likelihood of disagreement on the same proposal. We also control for institution size to ensure that our variables of interest capture effects beyond differences in overall scale.

The results are presented in Table 4. Theoretically, delegating authority to lower-level portfolio managers allows fund families to better use the information possessed by those managers (Gibbons and Roberts, 2013; Malenko, 2024). Portfolio managers who are closer to the investment decision are more likely to have relevant, firm-specific insights that can inform voting. Delegation may therefore enhance the quality of voting decisions when managers have superior information or expertise relative to a centralized stewardship team.

To test this idea, we examine whether each fund is actively or passively managed. Active funds engage in security selection, giving each fund an incentive to acquire fund-specific information about portfolio firms. In contrast, passive funds track broad indices and, by design, have weaker incentives to acquire such information. Consequently, the potential

benefit of decentralizing voting responsibilities is lower for passive fund families. Consistent with this mechanism, column (1) of Table 4 shows that families with a higher share of index funds exhibit significantly less within-family voting disagreement (coefficient = −0.029, $t$-stat = −2.404).

On the other hand, centralization allows a family to economize on the high costs of stewardship by avoiding the need to gather and analyze firm- and proposal-specific information for each fund individually. Families with limited stewardship resources may therefore prefer to centralize decision-making. For example, families that rely heavily on proxy advisors (so called "robo-voters") may face resource constraints in conducting in-depth evaluations internally (Iliev and Lowry, 2015). Indeed, column (2) of Table 4 shows that robo-voters are significantly less likely to disagree (coefficient =−0.042, $t$-stat = −7.221).

Decentralization may also be a response to heterogeneous client preferences. As client preferences diverge, a single, centralized voting policy becomes less viable, as it risks imposing a uniform stance that does not reflect the preferences of all clients. This is particularly evident with the rise of funds with specific mandates, such as E&S or socially responsible investing, where clients expect votes to align with those distinct values. Delegation can therefore support differentiated voting policies across funds with different investment purposes (Malenko et al., 2026). Similarly, sophisticated institutional clients may demand more tailored stewardship than a broad retail base, prompting families to grant more voting discretion to those specific funds.

In columns (3) and (4) of Table 4, we examine whether heterogeneous preferences predict disagreement at the family level. In column (3), we test whether families that manage both E&S and non-E&S funds are more likely to disagree, potentially reflecting a structure designed to cater to different clienteles. While the coefficient is positive, it is statistically insignificant. Similarly, in column (4), we find no effect from the family's share of institutional-focused assets. This suggests that simply having a mix of fund types or clients at the family level does not automatically lead to disagreement on the average proposal.

Finally, decentralized voting may arise as a consequence of a family's organizational structure. Families often hire external sub-advisors to leverage specialized investment expertise (Chen et al., 2013; Moreno et al., 2018). When portfolio management is outsourced in this way, firm-specific knowledge resides with the sub-advisor rather than the parent family. It is therefore natural that voting authority would also be delegated to, or influenced by, the sub-advisor, who is best positioned to evaluate how proposals affect the firms in their portfolio. Consequently, decentralization may be more prevalent in families that rely on sub-advisors (Brav and Li, 2026).

Consistent with this, column (5) of Table 4 shows that families using sub-advisors are 3.7 percentage points more likely to exhibit within-family voting disagreement (relative to an unconditional mean of 4.2%), supporting the view that voting authority is often delegated alongside portfolio management responsibilities. In a contemporaneous working paper, Brav and Li (2026) explore this mechanism in greater depth, documenting that many funds delegate voting authority such that total institutional ownership does not necessarily correspond to total voting authority. Our paper complements their work by situating delegation within a broader set of determinants: we find that sub-advising explains some, but not all, of the within-family voting disagreement we document. As shown in column (6), when all characteristics are included simultaneously, the full pattern of results holds: families with more index funds and robo-voters exhibit less disagreement, while families utilizing sub-advisors exhibit more.

While Table 4 shows which families are more likely to decentralize, it does not speak to how that decentralization is structured or which funds vote together within the same family. Hence, we examine whether a pair of funds within the same family is more likely to vote similarly if they share certain characteristics. Specifically, we estimate the following specification:

$$Pairwise\ Voting\ Alignment_{ikt} = \beta \times Shared\ Characteristic_{ikt} + \alpha_{it} + \epsilon_{ikt}, \qquad (2)$$

where $i$, $k$, and $t$ correspond to the institution, fund pair, and proxy season, respectively, and the unit of observation is the fund pair-proxy season level. The dependent variable ($Pairwise\ Voting\ Alignment_{ikt}$) measures the degree of voting alignment between the two funds in pair $k$. All specifications include institution-by-proxy-season fixed effects ($\alpha_{it}$), which absorb any voting patterns common to all funds within a family in a given year. This allows us to isolate how pair-level characteristics predict alignment relative to the family's average behavior in a given proxy season. A positive coefficient indicates that pairs sharing a specific attribute (e.g., both are index funds) exhibit higher alignment than the omitted baseline of mixed pairs (e.g., one index and one active fund).

Table 5 presents the results. Panel A examines whether voting alignment is higher for funds with similar characteristics. In columns (1) and (2), we find that sharing an index-fund status is associated with slightly higher alignment, but the coefficient is only statistically significant when we decompose this into cases where both are index funds and both are non-index funds. That is, we find a positive and significant coefficient for pairs where both are index funds ($t$-stat = 2.387), suggesting that index funds within a family have a tendency to vote together. However, relative to mixed pairs (one index fund, one non-index fund), two non-index funds are no more likely to vote alike, indicating that non-index funds do not systematically align with one another. This pattern is consistent with non-index fund managers acting on distinct private signals rather than a shared decision rule, supporting an information-based explanation for decentralization. Column (3) shows that pairs sharing the same robo-voter status are significantly more aligned. Column (4) reveals this effect is mainly driven by pairs that are robo-voters.

We next examine whether the voting alignment is driven by fund managers catering to heterogeneous client preferences. In column (5), we find a strong positive and significant coefficient for pairs sharing an E&S/non-E&S status (coefficient =0.03, $t$-stat = 3.784). The decomposition in column (6) shows that the coefficient for pairs where both are non-E&S funds (0.03) is larger than for cases where both are E&S funds (0.025), and the coefficients

are more precisely estimated (and hence, statistically stronger) after controlling for other pair characteristics (see column (10)). This suggests that families decentralize along this margin, allowing both E&S and non-E&S funds to vote cohesively with their respective peers and differently from each other. Finally, in columns (7) and (8), we find no statistically significant evidence that sharing an institutional or retail client focus predicts voting alignment. In columns (9) and (10), we include all characteristics simultaneously, and the results are largely consistent with those in columns (1) to (8). This confirms that pairs of index funds, robo-voters, and pairs sharing an ES status are significantly more likely to vote alike.

Panel B examines whether funds sharing the same organizational structure are more likely to vote more similarly. In column (1), we find that pairs sharing the same subadvisor have significantly higher alignment (coefficient = 0.029, $t$-stat = 3.676). Column (2) decomposes this effect, showing that it holds for both external (coefficient = 0.038) and inhouse (coefficient = 0.020) subadvisors, with the magnitude of the alignment being larger for pairs sharing an external subadvisor. Using similar logic, columns (3) and (4) examine alignment based on sharing the same advisor, which is typically an internal entity within the fund family that holds the primary management contract and oversees any subadvisors.[9] Finally, column (5) interacts these two organizational layers to examine all combinations, confirming that voting alignment is driven both by the advisor and, more strongly, by the subadvisor. However, in unreported analyses, we find that perfect alignment is rarely achieved even among funds sharing the same sub-advisor, providing strong evidence of fund-level discretion.

Taken together, the results show that the decision to decentralize is linked to specific fund characteristics and the fund family's organizational structures. Our family-level analysis shows that disagreement is more prevalent in families that possess more firm-specific

[9] A mutual fund's advisor is typically an internal entity that holds the management contract with the fund and oversees investment management, compliance, and supervision of any delegated managers. For instance, The Vanguard Group, Inc. serves as advisor for most Vanguard funds. Advisors may hire subadvisors to manage specific portfolios or strategies; subadvisors can be internal affiliates (e.g., Vanguard Global Advisers, LLC) or external managers such as Wellington Management or PIMCO. While advisors formally retain responsibility for the fund, subadvisors often make independent trading and voting decisions within their mandates, creating a natural layer of decentralization within fund families.

information (i.e., fewer index funds), have greater stewardship resources (i.e., are non-robo-voters), and use delegated organizational structures (i.e., employ sub-advisors). Our fund pair-level analysis then reveals how this decentralization is implemented, showing that funds within a family vote more cohesively when they are pairs of index funds, indicating that voting alignment is higher for funds sharing similar investment styles and stewardship approaches. Voting alignment is also significantly higher for pairs of funds that are both E&S or both non-E&S, suggesting that families decentralize to cater to heterogeneous client preferences. Finally, we find that funds sharing the same management structure, such as the same advisor or sub-advisor, exhibit significantly higher voting alignment.

# 4 Consequences for Governance

We next investigate whether voting decentralization within fund families has implications for firm governance. Theoretically, there are two possibilities. On the one hand, concentrated ownership and unified voting can enhance monitoring effectiveness (e.g., Shleifer and Vishny, 1986). According to this argument, a unified signal from large shareholders can send a clear message to management and facilitate coordination to hold management accountable (Appel et al., 2019). Conversely, a fragmented voice, potentially arising from decentralized voting, might dilute shareholder influence and make managers less accountable (e.g., Fisch and Schwartz, 2023). On the other hand, decentralization could lead to more specialized fund-level knowledge (Malenko et al., 2026), which could lead to more informed voting and therefore enhanced monitoring quality. Given these opposing arguments, the net effect of voting decentralization on governance outcomes remains an open empirical question.

To investigate this, we use director elections as a laboratory for studying whether decentralization within family, holding dissent constant, affects board composition. Director elections are well-suited for this purpose: they are frequent, observable, and provide a direct measure of shareholder dissatisfaction. Our test examines whether a director departs from

the board within one, two, or three years following an election, with the analysis conducted at the meeting-director level. The sample covers the 2006–2021 proxy seasons.[10]

Figure 3 presents the overall pattern using a binned scatter plot. The horizontal axis measures shareholder opposition to a director (i.e., the percentage of votes cast against, withheld, or abstained), while the vertical axis displays the subsequent probability of that director departing the board within three years. The plot separates observations based on whether all voting fund families cast internally unanimous votes (blue dots) or whether at least one voting family exhibited internal disagreement (red dots).

The results provide evidence that centralization matters for governance outcomes. While director turnover generally increases with shareholder opposition, this relation is markedly steeper for funds that vote unanimously (shown with the blue dots). That is, holding fixed the level of shareholder opposition, there is a a higher probability of director turnover when all voting families present a united view. This unconditional pattern suggests that a unified message of disapproval carries more weight and is harder for boards to ignore, consistent with concerns that fragmented voting weakens shareholder monitoring effectiveness (e.g., Fisch and Schwartz, 2023; Lund, 2024; Malenko et al., 2026).

To examine this finding further, we examines OLS regressions that include controls as well as fixed effects. Specifically, we estimate the following specification at the director–meeting level:

$$Director_Turnover_{djt} = \beta_1 Opposition_Pct_{djt} + \beta_2 Mean_Within_Family_Disagreement_{djt} + \beta_3 (Opposition_Pct_{djt} \times Mean_Within_Family_Disagreement_{djt}) + Controls + \alpha_j + \delta_t + \epsilon_{djt} \quad (3)$$

where $d$, $j$, and $t$ correspond to the director, firm, and proxy season, respectively. The dependent variable, $Director_Turnover_{djt}$, is an indicator variable equal to one if director $d$ of firm $j$

[10]The sample ends in 2021 because reliably tracking director departures requires three years of post-election data.

departs from the board within a specified horizon following the election, and zero otherwise. Columns (1) and (2) use a three-year turnover horizon, column (3) uses a two-year horizon, and column (4) uses a one-year horizon. Our main independent variables are *Opposition_Pct*, the overall shareholder opposition percentage, and *Mean_Within_Family_Disagreement*. The latter variable measures the fraction of all voting fund families that exhibited internal disagreement on a specific director's election. It serves as a continuous, granular measure analogous to the grouping (i.e., red vs. blue) in Figure 3. We control for institutional ownership structure (including ownership percentage, concentration, and blockholders), firm characteristics (size, market-to-book ratio, leverage, dividends, and cash holdings), and ISS voting recommendations (*ISS_For*). We include company fixed effects to control for time-invariant firm characteristics (e.g., governance culture) and proxy season fixed effects to account for broader time trends.

The results are shown in Table 6. The level effect, *Opposition_Pct*, measures whether directors are more likely to depart when there is a higher percentage of votes cast against, withheld, or abstained. As expected, the coefficient is positive and significant in all specifications indicating that directors are more likely to depart the board when shareholders vote against them. Our main coefficient of interest is the interaction term, *Opposition Pct* $\times$ *Mean_Within_Family_Disagreement*. The interaction tests whether the impact of opposition also depends on the level of internal disagreement within fund-families. We find that it does.

The results in column (2) show that the interaction term is negative ($-0.021$) and highly statistically significant ($t$-stat $= -5.835$). This confirms the pattern in Figure 3: the positive relation between shareholder opposition and subsequent director turnover is significantly weaker when institutional voting is more fragmented (i.e., at higher values of *Mean_Within_Family_Disagreement*). The effect is economically significant. To illustrate the magnitude, consider the baseline case where there is no institutional disagreement (*Mean_Within_Family_Disagreement* $= 0$). In this scenario, a 1 percentage point increase in shareholder opposition is associated with a 0.4 percentage point increase in the probability of

director turnover (based on the main *Opposition_Pct* coefficient). However, at the mean level of institutional disagreement observed in our sample (0.027), a 1 percentage point increase in opposition only leads to a 0.34 ($\approx 0.004 + (-0.021 \times 0.027)$) percentage point increase in turnover probability. That is, the average level of disagreement observed in practice already diminishes the sensitivity of director turnover to shareholder opposition by approximately 15% (=$(0.004 - 0.0034)/0.004$). As shown in columns (3) and (4), the interaction coefficient remains negative and highly significant for both the two-year and one-year horizons ($-0.020$ and $-0.015$, respectively), indicating that this finding is robust over different time horizons.

## 4.1 The 2019 Vanguard Policy Shift

One challenge with the analysis above is that of omitted correlated variables: even after controlling for the overall level of shareholder opposition, votes with more internal disagreement may differ from those with less disagreement. For example, funds that disagree internally may be more likely to hold shares in firms with weaker governance, more contentious boardrooms, or more activist investor pressure. If so, these underlying firm characteristics, rather than the disagreement itself, could drive higher director turnover.

The ideal experiment would isolate disagreement as the sole source of variation. Imagine taking two otherwise identical director elections: same firm, same director, same overall level of shareholder opposition, and randomly assigning one to have internal disagreement within voting families and the other to have unanimity. Any subsequent difference in turnover could then be cleanly attributed to the disagreement itself.

Accordingly, to better identify the effect of decentralization on monitoring effectiveness, we exploit a quasi-natural experiment: Vanguard's 2019 policy shift to decentralize voting authority from its central stewardship group to its external fund managers. Herrmann et al. (2024) examine how the shift changes voting within Vanguard and show that many funds changed their voting behavior after the policy implementation, leading to more within-family disagreement. Building on this result, we examine a new dimension of the policy shift: we

test whether greater within-family disagreement changes monitoring effectiveness. The key identifying assumption is that fund preferences did not shift after the policy change, the only change was *their ability to vote differently*.

We use a triple-difference specification to test whether Vanguard's dissenting votes carry less weight after the policy shift. Specifically, we examine how the relation between shareholder opposition and director turnover changes once Vanguard delegates voting authority. Motivated by Figure 3, our object of interest is the *slope* of the opposition–turnover relation, and how that slope changes before versus after the Vanguard policy shift, depending on whether Vanguard itself dissented. Formally, we estimate director-meeting-level regressions of the form:

$$\begin{aligned} Director_Turnover_{djt} = \beta_1 Opposition_Pct_{djt} + \beta_2 Post_t + \beta_3 Dissent_Vanguard_{djt} + \\ \beta_4 (Opposition_Pct_{djt} \times Post_t) + \beta_5 (Opposition_Pct_{djt} \times Dissent_Vanguard_{djt}) \\ + \beta_6 (Post_t \times Dissent_Vanguard_{djt}) + \beta_7 (Opposition_Pct_{djt} \times Post_t \times Dissent_Vanguard_{djt}) \\ + Controls + \alpha_j + \delta_t + \epsilon_{djt} \end{aligned} \tag{4}$$

where $d$, $j$, and $t$, as well as the dependent variable and controls, are defined as in equation (3). $Post_t$ indicates proxy seasons following the 2019 decentralization event, and $Dissent_Vanguard_{djt}$ captures Vanguard's voting behavior measured in two ways: a binary indicator for whether any Vanguard fund dissented (Panel A), and the continuous fraction of Vanguard funds that dissented, capturing dissent intensity (Panel B).

The coefficient of interest is $\beta_7$ which measures whether the marginal effect of overall shareholder opposition on turnover, when Vanguard dissents, changed after decentralization. As in Table 6, we include company and proxy-season fixed effects ($\alpha_j$, $\delta_t$) and cluster standard errors at the company level. Identification rests on two main assumptions: (i) conditional on company and proxy-season fixed effects, the timing of decentralization is unrelated to unobserved trends in how opposition translates into turnover (i.e., the standard parallel-

trends-in-slopes assumption underlying triple-difference designs) and (ii) Vanguard's decision to dissent in a given meeting is not itself driven by the turnover outcome.

The results are shown in Table 7. The central coefficient of interest is the triple-interaction term ($\beta_7$), which measures how the amplifying effect of a Vanguard dissent on overall shareholder opposition changed after the decentralization period. A negative $\beta_7$ would indicate that, holding the overall level of shareholder opposition and Vanguard's dissent status fixed, the marginal effect of opposition on turnover became weaker after the policy change when Vanguard dissented. Put differently, Vanguard dissent became less predictive of turnover post-policy. In Panel A column (1), using a three-year turnover horizon, the coefficient on the triple interaction term is negative and statistically significant ($t$-stat $= -5.269$). This indicates that the decentralization policy significantly weakened and even reversed the previously positive (though smaller) amplifying effect of a Vanguard dissent. We observe a similar negative and significant triple-interaction coefficient when replacing the dependent variable with two-year (column (2)) and one-year (column (3)) turnover horizons.

To capture the intensity of Vanguard's dissent more precisely, Panel B replace the binary dissent indicator $Dissent_Vanguard$ with $Frac_Dissent_Vanguard$, the fraction of funds that voted against a director. Column (1) shows the results for the three-year turnover horizon. In the pre-decentralization period, the interaction $Opposition_Pct \times Frac_Dissent_Vanguard$ is positive and significant ($t$-stat $= 2.043$). This indicates that, for a given level of overall shareholder opposition, a higher fraction at Vanguard amplified the pressure for director turnover. However, once again, the triple-interaction term is negative and statistically significant ($t$-stat $= -3.960$). This shows that the decentralization policy completely reversed this dynamic, as the net interaction effect ($0.001 + -0.005 = -0.004$) is negative in the post-period. That is, for the same level of opposition, a higher fraction of Vanguard dissent is no longer associated with increased turnover. This result also holds for the two-year (column (2)) and one-year (column (3)) horizons. Across all specifications, the evidence consistently shows that after Vanguard's decentralization, its

dissent carried less weight, as it weakened the link between overall shareholder opposition and director departure.

Overall, we show that shareholder dissent translates more effectively into board accountability when institutional investors vote cohesively. This finding lends empirical support to concerns that the trend towards greater decentralization and pass-through voting initiatives could potentially undermine the effectiveness of institutional monitoring.

# 5 Consequences for Fund Investors

Having examined the governance implications at the firm level, we now turn to how decentralized voting affects fund investors. In particular, we analyze whether deviations from the family vote are associated with differences in subsequent fund fees, performance, and flows. These outcomes allow us to assess whether investors value individualized voting and whether such deviations signal skill or simply impose additional costs.

## 5.1 Costs and Benefits of Deviating Funds

An important question is whether fund investors benefit from decentralization. Funds that deviate from the family vote may be pursuing a customized voting approach aligned with their clients' values. However, such an approach can be costly — the fund may need to charge higher fees to cover the additional expenses associated with individualized voting. At the same time, deviations from the family vote may occur when fund managers possess superior firm-specific information. If that is the case, we expect their superior information to translate into higher fund performance, which could at least partially offset their potentially higher costs.[11] Thus, analyzing the performance of funds that deviate from the family stance allows us to assess whether this behavior reflects investment skill and whether the net financial

[11] Iliev and Lowry (2015) and Gao and Huang (2025) provide evidence consistent with active and informed voting, respectively, leading to higher fund performance. Deviations from family voting can, to some extent, capture instances of informed or active voting.

benefits are positive for clients. Of course, this test does not capture any non-pecuniary benefits that clients may derive from a customized voting approach (e.g., supporting E&S proposals that align with their personal values).

Our empirical specification examines whether a fund's decision to deviate from the family vote is associated with differences in fund cost and performance. Specifically, we estimate,

$$Y_{ft} = \beta_1 Deviate_{ft} + \beta_2 Controls_{it} + \alpha_{it} + \epsilon_{ft} \tag{5}$$

where $f$ and $t$ correspond to the fund and proxy season, respectively. $Deviate_{ft}$, the main independent variable, is an indicator equal to one if a fund is classified as a voting outlier relative to its family peers within a given proxy season, based on pairwise voting alignment (see Section 2.2). We consider several dependent variables that capture different dimensions of the potential trade-off. First, we use the expense ratio to assess whether funds that deviate charge higher fees, as customized voting may require additional resources. This proxy captures any direct cost of decentralization borne by clients. We then examine gross alpha (i.e., alpha before expenses) as a measure of investment performance. However, even if informed voting leads to better investment outcomes, clients may not benefit if the fund retains these gains through higher fees. Therefore, we also examine net alpha, which reflects performance after expenses and thus indicates how much investors actually receive.

All specifications include institution-by–proxy-season fixed effects. Following Iliev and Lowry (2015), we control for fund size, fund age, turnover, and fund flows, and include the expense ratio as an additional control when the dependent variable is alpha. We analyze the relation contemporaneously (within the proxy season). Although voting may not immediately translate into firm performance, Gao and Huang (2025) show that informed voting is associated with higher firm performance as early as two months after the vote. Thus, a contemporaneous analysis should capture at least part of any performance improvement. Moreover, any higher costs associated with decentralized voting are likely to be incurred

during the proxy season itself.

The results are shown in Table 8. Column (1) shows that funds deviating from the family stance charge higher fees—approximately 0.062% more per year—and the result is statistically significant at conventional levels ($t$-stat = 6.562). Relative to the unconditional mean of 0.71%, this corresponds to an increase of about 9% in the expense ratio. This finding is consistent with the idea that customized voting is more costly for funds, and that funds pass these higher costs on to clients. In column (3), we examine whether this customized voting translates into higher fund performance, measured by gross alpha. We find that gross alpha is negative (−6.153 basis points per month, or approximately −0.74% annually) and statistically significant ($t$-stat = −3.631). This suggests that funds do not deviate from the family vote because of their information advantage about portfolio firms. Considering both the higher costs and the lower performance, the overall financial benefit for clients is negative (−7.859 basis points per month) and significant ($t$-stat = −4.340), as reported in column (5).

In columns (2), (4), and (6), we interact our main variable of interest, *Deviate*, with the type of fund, $Inst_Fund$, an indicator equal to one if the fund is offered exclusively to institutional investors. We find that institutional funds do not pay significantly higher or lower fees when their funds deviate from family stance, and their performance is statistically similar to that of retail funds. This reinforces the point that deviations do not appear to reflect the use of superior, firm-specific information that is specific to certain types of clients.

## 5.2 Do Fund Clients Value Deviations?

We next test whether funds that deviate from the family vote receive higher or lower flows. It is possible that the alpha results above do not reflect the full story: in the Berk and Green (2004) framework, gross alpha is competed away by flows in equilibrium, so the product of alpha and assets under management, not alpha alone, is the relevant measure of skill or value added (Berk and van Binsbergen, 2015). Put differently, if deviating funds attract additional

flows despite an alpha penalty, this could be informative about what investors value, even absent any improvement in risk-adjusted performance. In particular, flow patterns can shed light on client perceptions behind such deviations: if deviations reflect an attempt to better align votes with the specific preferences of a fund's clientele (e.g., pro-E&S investors), clients might reward such tailored stewardship with increased flows. Accordingly, we next test whether fund clients value customized voting as an attribute distinct from financial performance by examining fund flows. To test this, we examine fund flows following the annual disclosure of voting records (at the end of August), considering 3-, 6-, 9-, and 12-month horizons after disclosure, as in Michaely et al. (2024). In particular, we estimate the following specification:

$$Y_{ft} = \beta_1 Deviate_{ft} + \beta_2 Inst_Fund_{ft} + \beta_3 Deviate_{ft} \times Inst_Fund_{ft} + \beta_4 Controls_{ft} + \alpha_{it} + \epsilon_{ft} \tag{6}$$

where $f$ and $t$ correspond to the fund and proxy season, respectively. $Deviate_{ft}$ is the main independent variable, as before. We also interact the *Deviate* indicator with *Inst_Fund*, an indicator variable equal to one if the fund is offered exclusively to institutional investors, to examine whether fund flows vary by client type. All specifications include institution times proxy season fixed effects, absorbing any average differences across families in a given year (e.g., overall voting stance, family reputation, performance), isolating the effect associated with a specific fund deviating from its contemporaneous family peers. We also include standard controls such as fund size, expense ratio, turnover, and lagged performance and flows.

Table 9 presents the results using future fund flows (in percent) as the dependent variable. The coefficient on *Deviate* in columns (1), (3), (5), and (7) is economically small and statistically insignificant, suggesting that the average fund client does not identify and/or react to a customized voting approach at any horizon. This is perhaps unsurprising, given that most funds cater to retail clients, who have limited incentives and capacity to monitor

fund votes (Michaely et al., 2024). This may be different for institutional clients. Hence, in columns (2), (4), (6), and (8), we interact *Deviate* with the type of fund. We find that the interaction term is positive and statistically significant at all horizons, although the magnitude is larger at shorter intervals around the disclosure, and the economic magnitude is modest. These results are consistent with the idea that sophisticated institutional investors value more tailored voting strategies, while the broader retail clientele does not detect or reward the deviation. Together, these patterns are difficult to reconcile with a Berk and Green (2004) interpretation of deviation as skill: deviating funds exhibit worse, not better, gross and net alpha, and the corresponding flow response is muted and concentrated in a narrow institutional segment rather than economy-wide. If deviation reflected valuable private information or skill, we would expect either superior performance or broad-based inflows large enough to compete away that performance. We observe neither.

The combination of negative alpha and limited flow response is more consistent with two non-skill-based explanations. First, deviation may function as a costly signal that funds use to cater to the preferences of a specific, monitoring-capable clientele, consistent with Malenko et al. (2026), who emphasize how heterogeneity in investor preferences creates demand for differentiated voting products, even when that differentiation is unrelated to performance. Second, deviation may instead reflect a conflict of interest: rather than serving any clientele, a fund manager may use voting discretion to pursue private benefits unrelated to fund performance. For example, currying favor with portfolio companies, advancing personal preferences, or building relationships useful elsewhere in the manager's business. Under this interpretation, the negative alpha is a direct cost imposed on fund investors, and the absence of a broad flow response indicates most clients neither detect nor discipline the behavior; the modest institutional flow response may instead reflect institutional investors' greater capacity to identify funds whose deviations happen to align with their own preferences, rather than evidence that deviation is being rewarded as skill.

# 6 Conclusion

We show that proxy voting within mutual fund families is significantly more decentralized than previously realized. At least 40% of families in our sample exhibit evidence of decentralized voting, dating back to at least 2006. While funds appear unified on routine matters, this masks substantial internal fragmentation that emerges on contentious issues, such as those related to environmental and social factors or proposals receiving negative proxy advisor recommendations.

Decentralized voting arises, in part, as a consequence of a family's organizational structure. We find decentralization is more common in families with a higher fraction of active funds and those that use sub-advisors. Importantly, we show this divergence aligns with a product differentiation strategy: deviating funds charge higher fees but do not deliver superior performance, yet institutional clients reward this customized voting approach with significantly higher fund flows. The results suggest that decentralization is driven by client catering and preference alignment rather than informational advantage.

Our findings have important implications for governance. The evidence supports the view that a unified signal carries more weight: director turnover following shareholder dissent is significantly diminished when a fund family's vote is internally divided compared to when it votes cohesively. By demonstrating this association between decentralized voting and monitoring effectiveness, our work provides timely evidence for the ongoing debate surrounding pass-through voting initiatives. In short, pass-through voting may substantially weaken the monitoring effectiveness of institutional investors.

Ultimately, our analysis challenges the conventional "one institution, one voice" assumption: while large asset managers hold significant power, the internal complexity and heterogeneity of their voting blocs suggest that their influence on corporate governance is more fragmented than commonly recognized.

# A Variable Definitions

| Variable | Definition (Source) |
|---|---|
| ***Institution-Proxy Season Level*** | |
| Family_ES_NonES | An indicator variable equal to one if the fund family offers both ES and non-ES funds during a given proxy season, and zero otherwise. ES/non-ES designation is determined by identifying keywords in fund names. (ISS) |
| Family_Has_Subadvisor | An indicator variable equal to one if a fund family employs at least one subadvisor for any of its funds during a given proxy season, and zero otherwise. Subadvisor information is identified from SEC Form N-CEN and its predecessor, Form N-SAR, available through WRDS. (Mutual Fund Data by WRDS) |
| Family_Index | The fraction of a fund family's total assets that are held in index funds for a given proxy season. It is calculated as a total net assets (TNA)-weighted average of an index fund indicator across all funds within the family. A fund is identified as an index fund based on the variable $index_fund_flag$. (CRSP) |
| Family_Inst_Fund | The fraction of a fund family's total assets that are held in funds offered exclusively to institutional investors. A fund is classified as institutional for this measure only if all of its share classes are designated for institutional clients. The variable is calculated as the sum of TNA for these strictly institutional funds, divided by the total TNA for the entire family. (CRSP) |
| Family_Robo | Dummy equal to 1if the family's votes match at least 99% of ISS recommendations or at least 99% of Glass Lewis recommendations. Zero otherwise. (ISS, Jonathon Zytnick's website) |
| ***Fund-Proxy Season Level*** | |
| Ln(Family_TNA) | The natural logarithm of the total net assets of an entire fund family, where Family TNA is the sum of the TNA of all individual fund portfolios belonging to the same institution in a given proxy season. (CRSP) |
| Deviate | Dummy equal to one if the fund is classified as a voting outlier, and zero otherwise. An outlier is identified by first calculating the average voting alignment for each fund against all its peers within the family for that season. A fund is classified as an outlier if its own average score falls more than three interquartile ranges below the score for the family's median score. See Section 2.2 for details. (ISS) |
| Expense_Ratio | Total operating expenses of the fund as a percentage of fund total net assets. For funds with multiple classes, the expense ratio is the weighted average across classes, where weights equal the TNA of each class. (CRSP) |
| Fund_Flows | The net flow of money into a fund portfolio, calculated as the percentage growth in TNA that is not attributable to investment returns. This is measured over various horizons (e.g., 3, 6, 9, and 12 months) beginning in September, following the August disclosure of proxy votes. Previous proxy season's flow: Lag(Fund_Flows) (CRSP) |
| Gross_Alpha | The fund portfolio's monthly risk-adjusted return before fees over a proxy season, in basis points. Calculated as the intercept from a rolling 36-month regression of the fund's excess gross returns against the Carhart four factors. Previous proxy season's gross alpha: *Lag(Gross_Alpha)* (CRSP) |
| Inst_Fund | An indicator variable equal to one if all share classes of the fund are offered to institutional investors, and zero otherwise. (CRSP) |
| GL_Against | A dummy variable equal to one if Glass Lewis recommends a vote against the proposal, and zero otherwise. (Jonathon Zytnick's website) |
| ISS_Against | A dummy variable equal to one if ISS recommends a vote against the proposal, and zero otherwise. (ISS, Jonathon Zytnick's website) |
| Management | An indicator variable equal to one if the proposal is sponsored by management, and zero if it is sponsored by a shareholder. It is the omitted category in Table 3 column (1). (ISS) |

*(Continued)*

| Variable | Definition (Source) |
|---|---|
| Management - Other | An indicator variable equal to one if a proposal is sponsored by management and is neither a director election nor a Say-on-Pay (SOP) advisory vote, and zero otherwise. (ISS) |
| Ln(Fund_Age) | The natural log of the years between the current date and the fund inception date. (CRSP) |
| Ln(Fund_TNA) | The TNA of a fund portfolio for a given month, measured in millions of dollars. It is calculated by summing the assets of all share classes that belong to the same fund portfolio. (CRSP) |
| Net_Alpha | The fund portfolio's monthly risk-adjusted return after fees over a proxy season, in basis points. Calculated as the intercept from a rolling 36-month regression of the fund's excess net returns against the Carhart four factors. Previous proxy season's net alpha: Lag(Net_Alpha) (CRSP) |
| Turnover_Ratio | A measure of how frequently a fund buys and sells assets in its portfolio. It is calculated as the lesser of the total value of securities purchased or sold over a year, divided by the fund's average monthly net assets, expressed as a percentage. (CRSP) |
| ***Fund Pair-Proxy Season Level*** | |
| Pairwise Voting Alignment | The fraction of proposals on which a pair of funds voted identically. (ISS) |
| Same Advisor | Equals one if both funds in the pair have the same investment advisor, and zero otherwise. (CRSP) |
| Same ES/Non-ES | Equals one if both funds in the pair share the same environmental/social (ES) designation (i.e., both are designated ES funds or both are designated non-ES funds), and zero if one is ES and the other is not. Variants like *Same ES/Non-ES Status - Both ES* identify pairs where both funds are ES. Other indicators such as *Same Index/Non-Index Status* and *Same Inst/Retail Status* in Table 5 are defined analogously based on whether the pair shares the index fund status, or client type (institutional or retail). (CRSP, ISS) |
| Same Robo/Non-Robo | Equals one if both funds in the pair are robo voters status, and zero otherwise. Robo voter status is equal to 1 if the fund's votes match at least 99% of ISS recommendations or at least 99% of Glass Lewis recommendations. (ISS, Jonathon Zytnick's website) |
| Same Subadvisor | Equals one if both funds in the pair have the same subadvisor status (either the same external firm or both are managed in-house by the parent company), and zero otherwise. Variants like *Same Subadvisor: Both External* and *Same Subadvisor: Both Inhouse* identify pairs sharing the same external subadvisor or pairs where both are managed in-house (i.e., no subadvisor), respectively. (Mutual Fund Data by WRDS) |
| ***Institution-Proposal Level*** | |
| Disagreement | Dummy equal to one if at least one fund from the same family votes differently on a given proposal, and zero otherwise. (ISS) |
| Total_Votes | The total number of funds within a given fund family that cast a vote on a specific proposal. (ISS) |
| ***Proposal Level*** | |
| Distance to 50% | A measure of how close a proposal's outcome was to the majority vote, calculated as the absolute difference between the proposal's final vote support and 50% (i.e., $\lvert \text{Vote Support} - 0.5 \rvert$) (ISS) |

*(Continued)*

| Variable | Definition (Source) |
|---|---|
| Management - DIR | An indicator variable equal to one if the proposal is a management-sponsored director election proposal, and zero otherwise. It is an omitted category in Table 3 columns (2) and (5). (ISS) |
| Management - SOP | An indicator variable equal to one if the proposal is a management-sponsored Say-on-Pay advisory vote, and zero otherwise. (ISS) |
| Shareholder | An indicator variable equal to one if the proposal is sponsored by a shareholder, and zero if it is sponsored by management. (ISS) |
| Shareholder - E&S | An indicator variable equal to one if the proposal is a shareholder-sponsored proposal on an environmental or social topic, and zero otherwise. Analogous for *Shareholder - Non-E&S* (ISS) |
| Vote Support | The proportion of "For" votes, relative to the specific voting base for each proposal (e.g., Votes For + Against, or Votes For + Against + Abstain). (ISS) |
| ***Meeting Level*** | |
| Cash | The firm's cash and short-term investments as a fraction of its total assets. (Compustat) |
| Dividends | Total dividends paid by the firm relative to the value of equity. (Compustat) |
| InstOwn_HHI | A measure of ownership concentration for a given company, calculated by summing the squared percentage ownership stakes of all its institutional investors. The formula is $HHI = \sum(\%Ownership_i)^2$, where $\%Ownership_i$ is the percentage of the firm's shares held by institution $i$. A higher HHI (closer to 1) indicates that ownership is concentrated among a few large institutions, while a lower HHI (closer to 0) indicates that ownership is widely dispersed. (Thomson Reuters) |
| InstOwn_Perc | The percentage of shares outstanding that are held by institutional investors at the end of the fiscal year before the annual meeting. (Thomson Reuters) |
| Leverage | The ratio of long-term debt to total assets. (Compustat) |
| Ln(MktCap) | Natural logarithm of market capitalization as of the end of the fiscal year. (Compustat) |
| Mkt_to_Book | Firm market value divided by common stockholder equity, at the end of the fiscal year before the annual meeting. (Compustat) |
| NumInstBlockOwners | The number of institutional investors that each hold more than 5% of a firm's total shares outstanding. (Thomson Reuters) |
| NumInstOwners | Number of 13-F Institutional Owners. (Thomson Reuters) |
| ***Director-Meeting Level*** | |
| Director_Turnover | An indicator variable equal to one if a director departs from the board within three years following the election, and zero otherwise. (BoardEx) |
| Dissent_Vanguard | An indicator variable equal to one if at least one Vanguard fund voted against the specific director, and zero otherwise. (ISS) |
| Frac_Dissent_Vanguard | The fraction of Vanguard funds that voted against the specific director. (ISS) |
| ISS_For | A dummy variable equal to one if ISS recommends a vote in favor of the director, and zero otherwise. (ISS) |
| Mean_Within_Family_Disagreement | The fraction of all voting institutions that exhibited internal disagreement on a given director's election. For example, if four institutions voted on a director and two of them had internal splits (i.e., their own funds voted differently), this measure would be 0.5. (ISS) |
| Opposition_Pct | The percentage of total votes cast in a director's election that were not cast in favor of the director, including votes against, abstain, and withhold. (ISS) |
| ***Proxy Season Level*** | |
| Post | An indicator variable equal to one for the 2020 and 2021 proxy seasons (the period following Vanguard's decentralization policy change in July 2019), and zero otherwise. |

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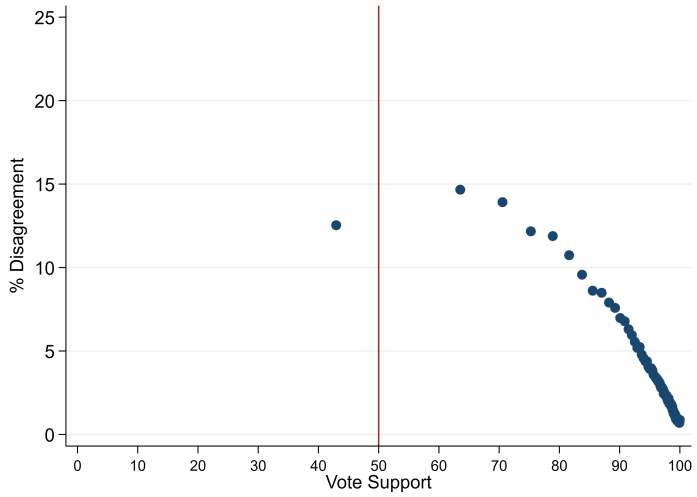
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*Panel A. Management Proposals*




*Panel B. Shareholder Proposals*

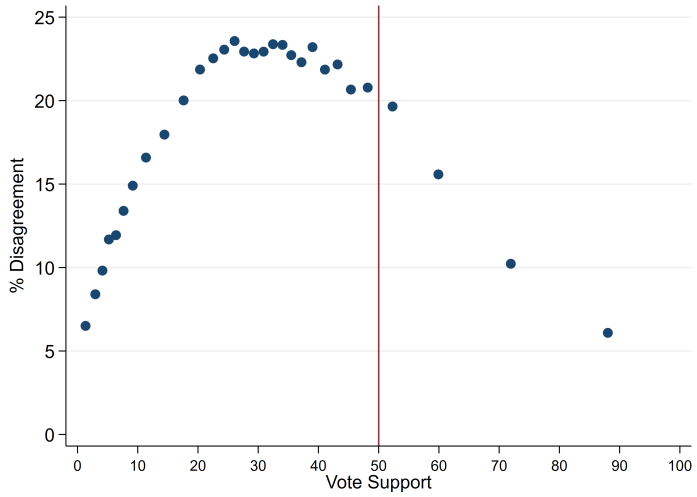
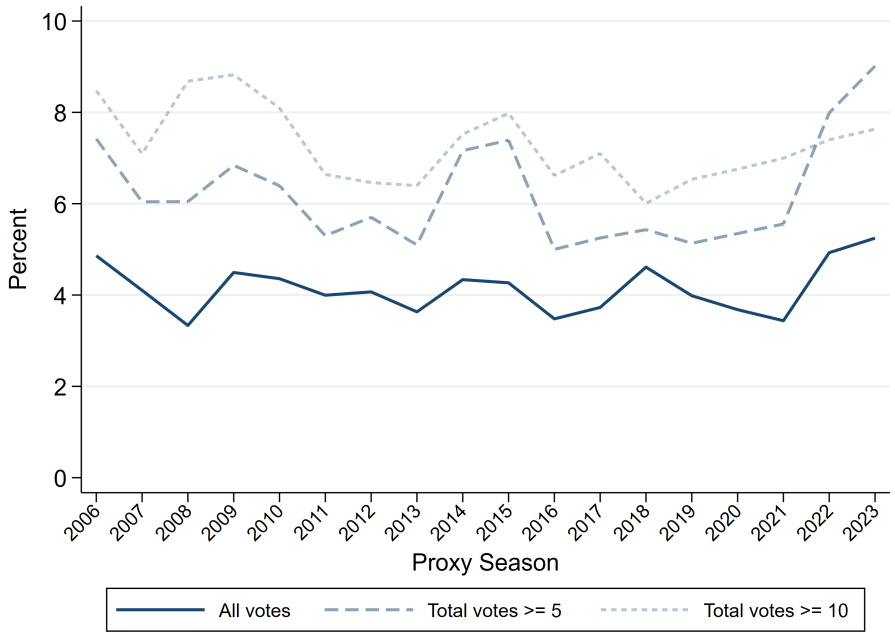
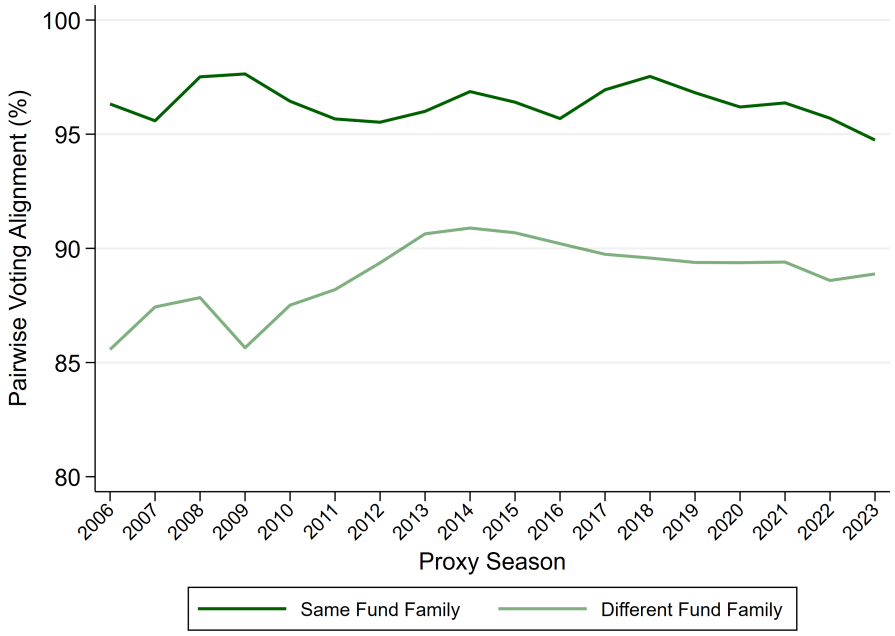



**Figure 1. Within-Family Voting Disagreement vs. Vote Support.** This figure plots the relation between within-family voting disagreement and overall vote support for proposals that require a majority of vote support to pass. The figure presents a binscatter plot, where the x-axis is divided into bins, each containing an equal number of observations. *Disagreement* is an indicator variable calculated at the institution-proposal level, equal to one if at least one fund from the same family vote differently on a given proposal, and zero otherwise. Each dot on the plot represents the average value of this *Disagreement* variable across all institution-proposal observations within a given vote support bin. The x-axis, Vote Support, is calculated as the proportion of "For" votes, relative to the specific voting base for each proposal (e.g., Votes For + Against, or Votes For + Against + Abstain). The vertical line indicates the majority vote support threshold. Panel A shows the relation for management-sponsored proposals, and Panel B shows it for shareholder-sponsored proposals. The sample covers 2006–2023 proxy seasons.

*Panel A. Within-Family Voting Disagreement*




*Panel B. Pairwise Voting Alignment: Within vs. Across Families*




(*Continued*)

*Panel C. Prevalence of Non-Perfect Voting Alignment*

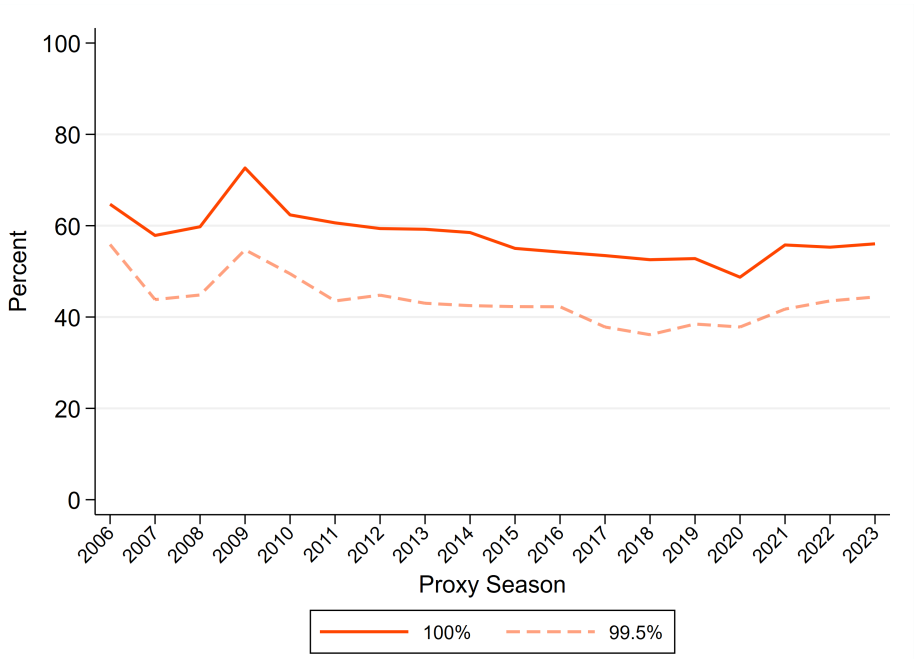



**Figure 2. Voting Disagreement and Alignment Within Mutual Fund Families: Over Time.** This figure plots trends in voting disagreement and alignment from 2006 to 2023 proxy seasons. Panel A shows the percentage of institution-proposal observations with voting disagreement over time, where disagreement is a dummy equal to one if at least one fund from the same family votes differently on a given proposal, and zero otherwise. The different lines restrict the sample to proposals where at least five or ten funds from the same family cast a vote, illustrating how the likelihood of disagreement increases with the number of participating funds. Panel B plots the average of *Pairwise Voting Alignment* over time. The top line shows the average alignment for all unique fund pairs within the same fund family. We obtain this figure by first calculating the alignment percentage for every fund pair within an institution, then averaging these scores to get an institution-level score, and finally averaging all institution scores to get the figure for the proxy season. See Section 2.2 for details. The bottom line plots the average alignment for all possible pairs of funds from different fund families. This is calculated by averaging the agreement percentages of all these across-family pairs at the proxy-season level. Panel C shows the percentage of fund families per proxy season that did not exhibit perfect voting alignment, as measured by an average within-family pairwise agreement score of less than 100%. The dashed line shows the percentage of families that did not exhibit near-perfect voting alignment, defined as an average within-family pairwise agreement score of less than 99.5%.

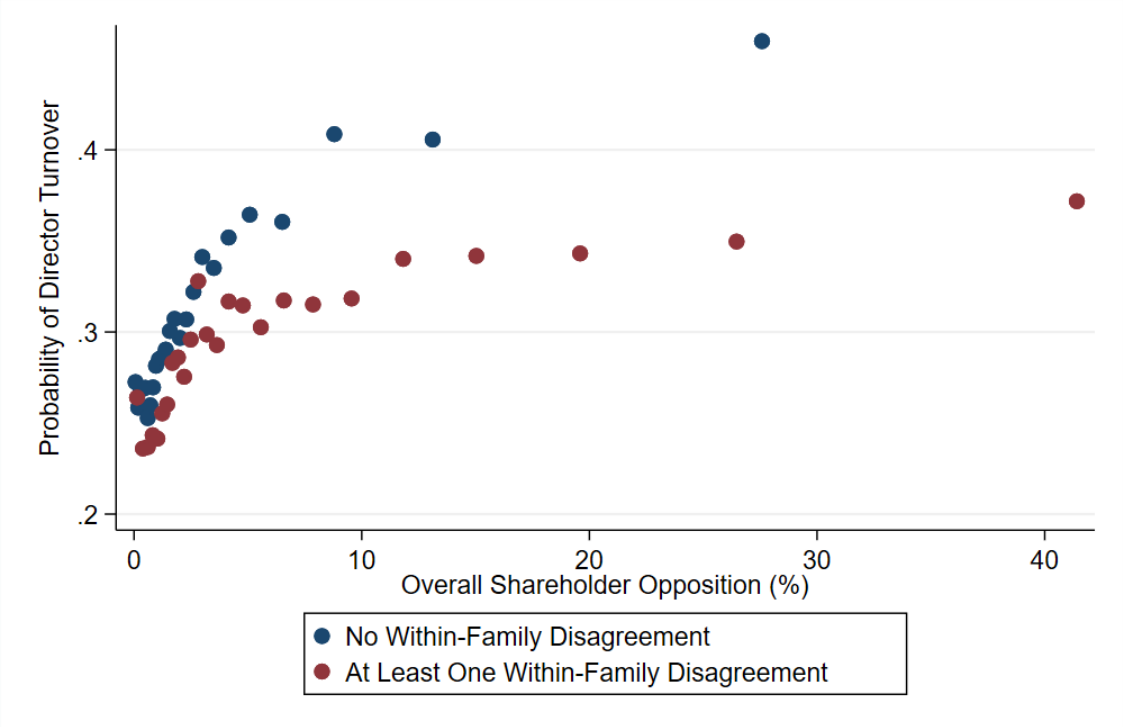



**Figure 3. Director Turnover vs. Overall Opposition: By Within-Family Voting Alignment.** This figure presents a binned scatter plot illustrating how the relation between shareholder opposition and subsequent director turnover varies with the presence of disagreement within the fund family. The x-axis, Overall Shareholder Opposition (%), measures the percentage of total shareholder votes cast against a director's election, including votes against, abstain, and withhold. The y-axis shows the average probability of the director leaving the board within three years following the election. Each dot represents the average turnover probability for directors within a specific bin of overall opposition. Blue dots represent director elections where all voting fund families cast unanimous votes internally, while red dots represent elections where at least one voting fund family exhibited internal disagreement. The sample covers 2006–2021 proxy seasons.

## Table 1. Summary Statistics

This table summarizes the level of voting disagreement and alignment within fund families across different types of proposals. Columns (1)–(3) show *Disagreement*, the percentage of institution-proposal observations where the votes of funds from the same family are not unanimous on a given proposal. Panel A reports figures by proposal sponsor and topic, and Panel B reports them conditional on the recommendations of proxy advisors ISS and Glass Lewis. Within each panel, the columns show results for the full sample and for subsamples, restricted to proposals where at least five or ten funds from the same family voted. The sample covers 2006–2023 proxy seasons.

*Panel A. Disagreement: By Proposal Sponsors & Topics*

| | Disagreement (%) | | |
|---|---|---|---|
| | All | Votes $\geq 5$ | Votes $\geq 10$ |
| | (1) | (2) | (3) |
| All Proposals | 4.2 | 6.3 | 7.2 |
| All Management Proposals | 3.8 | 5.6 | 6.1 |
| Director Elections | 3.5 | 4.8 | 5.3 |
| Say on Pay | 4.9 | 6.4 | 7.4 |
| Other Management | 4.1 | 7.0 | 7.9 |
| All Shareholder Proposals | 14.9 | 22.4 | 26.2 |
| Environmental & Social | 18.1 | 24.8 | 28.5 |
| Governance | 13.7 | 21.2 | 25.0 |

*Panel B. Disagreement: By Proposal Characteristics*

| | Disagreement (%) | | |
|---|---|---|---|
| | All | Votes $\geq 5$ | Votes $\geq 10$ |
| | (1) | (2) | (3) |
| ISS Against | 13.2 | 18.8 | 23.5 |
| ISS For | 3.2 | 4.3 | 5.0 |
| Glass Lewis Against | 11.7 | 15.8 | 19.3 |
| Glass Lewis For | 3.2 | 4.3 | 5.1 |

## Table 2. Disagreement by Proposal Topics

This table presents the level of within-family voting disagreement across different proposal topics. *Disagreement*, is an indicator variable calculated at the institution-proposal level, equal to one if at least one fund from the same family votes differently on a given proposal, and zero otherwise. Panel A lists the ten proposal topics with the highest average levels of disagreement. Panel B reports the disagreement levels for the most frequent management-sponsored proposals, while Panel C does the same for the most frequent shareholder-sponsored proposals. Panel A also indicates whether it is a shareholder proposal or an environmental and social issue (E&S Topic), similar in Panel C. The sample covers 2006–2023 proxy seasons. We require a topic to have at least 10 proposals to be included in this analysis.

*Panel A. Proposal Topics with Highest Disagreement*

| Topic Description | Disagreement (%) | Shareholder Proposals | E&S Topic |
|---|---|---|---|
| Hydraulic Fracturing | 28.7 | 1 | 1 |
| Climate Change Lobbying | 26.0 | 1 | 1 |
| Approve Alternative Equity Plan Financing | 25.9 | 0 | 0 |
| Political Spending Congruency | 24.6 | 1 | 1 |
| Adopt Policy on Succession Planning | 23.6 | 1 | 0 |
| Political Lobbying Disclosure | 23.5 | 1 | 1 |
| Gender Pay Gap | 23.5 | 1 | 1 |
| Disclosure of Fossil Fuel Financing | 23.3 | 1 | 1 |
| Recycling | 23.0 | 1 | 1 |
| Adopt Policy on Bonus Banking. | 23.0 | 1 | 0 |

*Panel B. Disagreement for Most Frequent Proposal Topics: Management Proposals*

| Topic Description | Disagreement (%) |
|---|---|
| Elect Director | 3.5 |
| Accept Financial Statements and Statutory Reports | 3.6 |
| Ratify X as Auditors | 1.9 |
| Advisory Vote to Ratify Named Executive Officers' Compensation | 4.9 |
| Elect Director (Cumulative Voting or More Nominees Than Board Seats) | 5.5 |
| Approve Allocation of Income and Dividends | 3.9 |
| Approve Remuneration of Directors and/or Committee Members | 3.9 |
| Approve Auditors and Authorize Board to Fix Their Remuneration | 1.8 |
| Amend Articles/Bylaws/Charter-Non-Routine | 4.1 |
| Appoint Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration] | 4.8 |

*Panel C. Disagreement for Most Frequent Proposal Topics: Shareholder Proposals*

| Topic Description | Disagreement (%) | E&S Proposal |
|---|---|---|
| Elect Director (Cumulative Voting or More Nominees Than Board Seats). | 5.9 | 0 |
| Elect a Shareholder-Nominee to the Board (Proxy Access Nominee) | 5.3 | 0 |
| Appoint Alternate Internal Statutory Auditor(s) [and Approve Auditor's/Auditors' Remuneration]. | 5.9 | 0 |
| Company-Specific – Miscellaneous | 7.5 | 0 |
| Elect Directors (Opposition Slate) | 9.9 | 0 |
| Company-Specific Board-Related | 6.6 | 0 |
| Elect a Shareholder-Nominee to the Supervisory Board. | 2.3 | 0 |
| Miscellaneous – Equity Related | 6.5 | 0 |
| Remove Existing Directors | 4.6 | 0 |
| Require Independent Board Chair | 21.8 | 0 |

**Table 3. Within-Family Voting Disagreement: By Sponsor & Proposal Characteristics**

This table presents OLS regression estimates examining the relation between various proposal topics and characteristics and within-family voting disagreement according to the model:

$$Disagreement_{ipt} = \beta \times Vote\ Characteristic_{ip} + \alpha_{it} + \epsilon_{ipt},$$

where *Disagreement*, is an indicator variable calculated at the institution-proposal level, equal to one if at least one fund from the same family votes differently on a given proposal, and zero otherwise. *Vote Characteristic* represents sponsor and proposal characteristics including indicator variables for shareholder proposals, management proposals, management say on pay (SOP) proposals, shareholder environmental and social (ES) proposals, shareholder non-ES proposals, ISS recommends against, Glass-Lewis recommends against, Distance to 50%, and Total Votes. All models include institution × proxy season fixed effects. The omitted category is management-sponsored proposals in column (1) and management-sponsored director election proposals in columns (2) and (5). Standard errors are clustered at the institution (i.e., fund family) level. *t*-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

| *Dependent Variable*: | Disagreement | | | | |
|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) |
| Shareholder | 0.107*** | | | | |
| | (10.418) | | | | |
| Management - Other | | 0.010*** | | | -0.003** |
| | | (4.059) | | | (-1.968) |
| Management - SOP | | 0.015*** | | | 0.000 |
| | | (4.243) | | | (0.083) |
| Shareholder - ES | | 0.141*** | | | 0.076*** |
| | | (10.824) | | | (8.669) |
| Shareholder - Non-ES | | 0.099*** | | | 0.050*** |
| | | (10.183) | | | (8.564) |
| ISS_Against | | | 0.081*** | | 0.043*** |
| | | | (5.990) | | (4.239) |
| GL_Against | | | 0.051*** | | 0.015*** |
| | | | (8.695) | | (4.314) |
| Distance to 50% | | | | -0.446*** | -0.307*** |
| | | | | (-8.230) | (-7.500) |
| Total_Votes | 0.003*** | 0.003*** | 0.004*** | 0.003*** | 0.003*** |
| | (6.270) | (6.516) | (6.322) | (6.338) | (6.142) |
| Observations | 32,517,082 | 32,517,082 | 18,581,291 | 18,001,614 | 17,787,888 |
| Adjusted $R^2$ | 0.095 | 0.096 | 0.125 | 0.140 | 0.147 |
| Institution × Proxy Season FE | Yes | Yes | Yes | Yes | Yes |

**Table 4. Within-Family Voting Disagreement: By Investor Characteristics**

This table presents OLS regression estimates of the relation between fund family characteristics and within-family voting disagreement according to the model:

$$Disagreement_{ipt} = \beta \times Family\ Characteristic_{it} + \alpha_p + \epsilon_{ipt},$$

where the dependent variable, *Disagreement*, is an indicator variable calculated at the institution-proposal level, equal to one if at least one fund from the same family vote differently on a given proposal, and zero otherwise. *Family Characteristic*$_{it}$ represents institution-proxy season level attributes ($Family_Index$, $Family_Robo$, $Family_ES_NonES$, $Family_Inst_Fund$, $Family_Has_Subadvisor$). All models include proposal fixed effects. Standard errors are clustered at the institution (i.e., fund family) level. $t$-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

| *Dependent Variable*: | Disagreement | | | | | |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Family_Index | -0.029** | | | | | -0.027** |
| | (-2.404) | | | | | (-1.993) |
| Family_Robo | | -0.042*** | | | | -0.031*** |
| | | (-7.221) | | | | (-5.669) |
| Family_ES_NonES | | | 0.011 | | | 0.009 |
| | | | (1.190) | | | (1.189) |
| Family_Inst_Fund | | | | -0.007 | | 0.004 |
| | | | | (-0.591) | | (0.367) |
| Family_Has_Subadvisor | | | | | 0.037*** | 0.031*** |
| | | | | | (5.541) | (5.186) |
| Total_Votes | 0.003*** | 0.003*** | 0.003*** | 0.003*** | 0.003*** | 0.003*** |
| | (4.136) | (3.821) | (3.576) | (3.938) | (3.491) | (4.393) |
| Ln(Family_TNA) | -0.001 | -0.003 | -0.002 | -0.001 | -0.001 | -0.003 |
| | (-0.240) | (-1.069) | (-0.704) | (-0.467) | (-0.519) | (-1.196) |
| Observations | 27,938,016 | 27,938,016 | 27,938,016 | 27,938,016 | 26,948,104 | 26,948,104 |
| Adjusted R-squared | 0.074 | 0.076 | 0.073 | 0.073 | 0.078 | 0.081 |
| Proposal FE | Yes | Yes | Yes | Yes | Yes | Yes |

## Table 5. Within-Family Voting Alignment: A Pair-Level Analysis

This table presents OLS regression estimates examining the determinants of voting alignment between pairs of funds within the same fund family according to the model:

$$Pairwise\ Voting\ Alignment_{ikt} = \beta \times Shared\ Characteristic_{ikt} + \alpha_{it} + \epsilon_{ikt},$$

where the dependent variable is *Pairwise Voting Alignment*, estimated at the fund pair-proxy season level. Panel A examines fund characteristics, using indicators for whether fund pairs share the same ES, index, or client-type status. Panel B examines organizational structure, using indicators for whether pairs share the same subadvisor or advisor. All models include institution × proxy season fixed effects. Standard errors are clustered at the institution (i.e., fund family) level. *t*-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

*Panel A: Fund Characteristics*

| *Dependent Variable*: | Pairwise Voting Alignment | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) |
| Same Index/Non-Index | 0.011 | | | | | | | | 0.015 | |
| | (1.418) | | | | | | | | (1.461) | |
| Both Index | | 0.009** | | | | | | | | 0.010** |
| | | (2.387) | | | | | | | | (2.192) |
| Both Non-Index | | 0.011 | | | | | | | | 0.018 |
| | | (1.215) | | | | | | | | (1.360) |
| Same Robo/Non-Robo | | | 0.014*** | | | | | | 0.009*** | |
| | | | (3.751) | | | | | | (4.661) | |
| Both Non-Robo | | | | 0.010* | | | | | | 0.005** |
| | | | | (1.952) | | | | | | (2.500) |
| Both Robo | | | | 0.038*** | | | | | | 0.030*** |
| | | | | (8.157) | | | | | | (6.614) |
| Same ES/Non-ES | | | | | 0.030*** | | | | 0.028*** | |
| | | | | | (3.784) | | | | (4.171) | |
| Both ES | | | | | | 0.025 | | | | 0.016* |
| | | | | | | (1.323) | | | | (1.916) |
| Both Non-ES | | | | | | 0.030*** | | | | 0.028*** |
| | | | | | | (3.775) | | | | (4.114) |
| Same Institutional/Retail | | | | | | | 0.001 | | 0.000 | |
| | | | | | | | (1.201) | | (0.152) | |
| Both Institutional | | | | | | | | 0.001 | | 0.001 |
| | | | | | | | | (0.262) | | (0.374) |
| Both Neither | | | | | | | | 0.003 | | 0.002 |
| | | | | | | | | (1.391) | | (1.170) |
| Both Retail | | | | | | | | 0.001 | | 0.001 |
| | | | | | | | | (1.331) | | (0.534) |
| Constant | 0.960*** | 0.959*** | 0.957*** | 0.958*** | 0.940*** | 0.940*** | 0.979*** | 0.979*** | 0.933*** | 0.934*** |
| | (150.502) | (131.104) | (294.330) | (228.976) | (124.870) | (124.157) | (1,859.113) | (1,386.103) | (127.214) | (124.135) |
| Observations | 2,184,419 | 2,184,419 | 2,095,491 | 2,095,491 | 2,184,419 | 2,184,419 | 1,217,453 | 1,217,453 | 1,172,102 | 1,172,102 |
| Adjusted $R^2$ | 0.128 | 0.128 | 0.135 | 0.138 | 0.130 | 0.130 | 0.155 | 0.155 | 0.174 | 0.177 |
| Institution × Proxy Season FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

**Table 5: Within-Family Voting Alignment: A Pair-Level Analysis (—*Continued from previous page*)**

| *Panel B: Institutions' Organizational Structure: Subadvisors and Advisors* | | | | | |
|---|---|---|---|---|---|
| *Dependent Variable*: | Pairwise Voting Alignment | | | | |
| | (1) | (2) | (3) | (4) | (5) |
| Same Subadvisor | 0.029*** | | | | |
| | (3.676) | | | | |
| Both External | | 0.038*** | | | |
| | | (5.588) | | | |
| Both Inhouse | | 0.020*** | | | |
| | | (3.089) | | | |
| Same Advisor | | | 0.008*** | | |
| | | | (2.933) | | |
| Same Advisor & | | | | 0.006* | |
| Diff. Subadvisor | | | | (1.662) | |
| Same Advisor & | | | | 0.022*** | |
| Same Subadvisor | | | | (3.915) | |
| Same Subadvisor & | | | | 0.014** | |
| Diff. Advisor | | | | (2.250) | |
| Same Advisor & | | | | | 0.005* |
| Diff. Subadvisor | | | | | (1.717) |
| Same Advisor & | | | | | 0.024*** |
| Same Subadvisor: Both External | | | | | (5.583) |
| Same Advisor & | | | | | 0.021*** |
| Same Subadvisor: Both Inhouse | | | | | (2.910) |
| Same Subadvisor & | | | | | 0.014** |
| Diff. Advisor | | | | | (2.126) |
| Constant | 0.955*** | 0.956*** | 0.974*** | 0.966*** | 0.966*** |
| | (272.357) | (409.129) | (461.940) | (240.163) | (237.522) |
| Observations | 1,507,430 | 1,507,430 | 1,217,278 | 889,830 | 889,830 |
| Adjusted $R^2$ | 0.205 | 0.208 | 0.235 | 0.257 | 0.258 |
| Institution × Proxy Season FE | Yes | Yes | Yes | Yes | Yes |

## Table 6. Voting Decentralization and Director Turnover

The table examines the relation between voting decentralization, overall shareholder dissent, and subsequent director turnover from 2006 to 2021 using the model:

$$Director_Turnover_{djt} = \beta_1 Opposition_Pct_{djt} + \beta_2 Mean_Within_Family_Disagreement_{djt} + \beta_3 (Opposition_Pct_{djt} \times Mean_Within_Family_Disagreement_{djt}) + Controls + \alpha_j + \delta_t + \epsilon_{djt},$$

where the dependent variable, Director_Turnover, is an indicator variable at the meeting-director level, equal to one if a director departs from the board within three years following the election, and zero otherwise. All models include company fixed effects and proxy season fixed effects. Standard errors are clustered at the company level. $t$-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

| *Dependent Variable*: | Director Turnover | | | |
|---|---|---|---|---|
| *# Years After Election:* | Three Years | | Two Years | One Year |
| | (1) | (2) | (3) | (4) |
| Opposition_Pct | 0.003*** | 0.004*** | 0.004*** | 0.003*** |
| | (9.059) | (10.681) | (10.606) | (8.854) |
| Mean_Within_Family_Disagreement | 0.169*** | 0.409*** | 0.353*** | 0.229*** |
| | (3.900) | (7.057) | (6.720) | (5.363) |
| Opposition_Pct × | | -0.021*** | -0.020*** | -0.015*** |
| Mean_Within_Family_Disagreement | | (-5.835) | (-5.995) | (-5.599) |
| InstOwn_HHI | -0.052 | -0.051 | 0.022 | 0.080* |
| | (-1.069) | (-1.043) | (0.435) | (1.716) |
| InstOwn_Perc | 0.007 | 0.010 | -0.022 | -0.034* |
| | (0.248) | (0.364) | (-0.863) | (-1.667) |
| NumInstBlockOwners | -0.003 | -0.003 | -0.002 | -0.004*** |
| | (-1.286) | (-1.263) | (-1.000) | (-3.024) |
| NumInstOwners | -0.000*** | -0.000*** | -0.000*** | -0.000*** |
| | (-7.798) | (-7.795) | (-7.777) | (-6.227) |
| Ln(MktCap) | -0.010* | -0.009 | -0.011** | -0.011*** |
| | (-1.763) | (-1.606) | (-2.178) | (-3.106) |
| Mkt_to_Book | 0.000 | 0.000 | 0.000 | 0.000 |
| | (1.130) | (1.178) | (0.622) | (1.054) |
| Dividends | 0.222* | 0.218* | 0.062 | 0.093 |
| | (1.789) | (1.753) | (0.524) | (1.147) |
| Leverage | 0.037* | 0.038* | 0.029 | 0.017 |
| | (1.670) | (1.721) | (1.589) | (1.173) |
| Cash | -0.076*** | -0.076*** | -0.087*** | -0.057*** |
| | (-2.640) | (-2.659) | (-3.399) | (-2.860) |
| ISS_For | 0.014* | 0.010 | 0.008 | -0.000 |
| | (1.646) | (1.113) | (0.925) | (-0.000) |
| Observations | 150,524 | 150,524 | 150,524 | 150,524 |
| Adjusted $R^2$ | 0.189 | 0.190 | 0.161 | 0.116 |
| Company FE | Yes | Yes | Yes | Yes |
| Proxy Season FE | Yes | Yes | Yes | Yes |

**Table 7. The Impact of Shareholder Opposition on Director Turnover: Before and After Vanguard Decentralization**

This table presents triple-difference regression estimates examining how Vanguard's voting decentralization altered the relation between overall shareholder dissent, Vanguard's dissent, and director turnover according to the model:

$$Director_Turnover_{djt} = \beta_1 Opposition_Pct_{djt} + \beta_2 Post_t + \beta_3 Dissent_Vanguard_{djt} + \beta_4 (Opposition_Pct_{djt} \times Post_t) + \beta_5 (Opposition_Pct_{djt} \times Dissent_Vanguard_{djt}) + \beta_6 (Post_t \times Dissent_Vanguard_{djt}) + \beta_7 (Opposition_Pct_{djt} \times Post_t \times Dissent_Vanguard_{djt}) + Controls + \alpha_j + \delta_t + \epsilon_{djt},$$

where the dependent variable, *Director_Turnover*, is an indicator variable at the meeting-director level, equal to one if a director departs from the board within one, two, or three years following the election, and zero otherwise (indicated in the top of the table). *Opposition_Pct* is the percentage of total votes cast in a director's election that were not cast in favor of the director, including votes against, abstain, and withhold. Panel A uses the binary indicator *Dissent_Vanguard*, which is equal to one if at least one Vanguard fund voted against the director. Panel B uses *Frac_Dissent_Vanguard*, a continuous version of the variable measuring the fraction of Vanguard funds that voted against the director. *Post* is an indicator equal to one for 2020 and 2021 proxy seasons. The same control variables as in Table 6 are included in all models. All models include company fixed effects and proxy season fixed effects. Standard errors are clustered at the company level. *t*-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

*Panel A: Binary Measure of Vanguard Dissent*

| *Dependent Variable*: | Director_Turnover | | |
|---|---|---|---|
| *# Years After Election:* | Three Years | Two Years | One Year |
| | (1) | (2) | (3) |
| Opposition_Pct | 0.003*** | 0.003*** | 0.002*** |
| | (7.454) | (7.308) | (5.661) |
| Dissent_Vanguard | 0.001 | -0.000 | -0.018* |
| | (0.070) | (-0.038) | (-1.679) |
| Opposition_Pct | 0.004*** | 0.002*** | 0.002*** |
| × Post | (5.806) | (3.762) | (4.007) |
| Opposition_Pct × | 0.001* | 0.001* | 0.002*** |
| Dissent_Vanguard | (1.918) | (1.921) | (2.955) |
| Dissent_Vanguard | 0.043* | 0.025 | 0.036** |
| × Post | (1.833) | (1.177) | (2.019) |
| Opposition_Pct × Post × | -0.006*** | -0.004*** | -0.004*** |
| Dissent_Vanguard | (-5.269) | (-3.689) | (-4.693) |
| Observations | 147,829 | 147,829 | 147,829 |
| Adjusted $R^2$ | 0.188 | 0.160 | 0.114 |
| Control Variables | Yes | Yes | Yes |
| Company FE | Yes | Yes | Yes |
| Proxy Season FE | Yes | Yes | Yes |

**Table 7. The Impact of Shareholder Opposition on Director Turnover: Before and After Vanguard Decentralization** (*—Continued from previous page*)

| *Panel B: Continuous Measure of Vanguard Dissent* | | | |
|---|---|---|---|
| *Dependent Variable*: | Director_Turnover | | |
| *# Years After Election:* | Three Years | Two Years | One Year |
| | (1) | (2) | (3) |
| Opposition_Pct | 0.003*** | 0.003*** | 0.002*** |
| | (7.511) | (7.342) | (5.742) |
| Frac_Dissent_Vanguard | -0.000 | -0.002 | -0.017* |
| | (-0.030) | (-0.172) | (-1.652) |
| Opposition_Pct | 0.003*** | 0.002*** | 0.001*** |
| × Post | (4.869) | (3.187) | (3.226) |
| Opposition_Pct × | 0.001** | 0.001** | 0.002*** |
| Frac_Dissent_Vanguard | (2.043) | (2.036) | (2.969) |
| Frac_Dissent_Vanguard | 0.037 | 0.003 | 0.023 |
| × Post | (1.249) | (0.118) | (1.072) |
| Opposition_Pct × Post × | -0.005*** | -0.003** | -0.003*** |
| Frac_Dissent_Vanguard | (-3.960) | (-2.410) | (-3.351) |
| Observations | 147,829 | 147,829 | 147,829 |
| Adjusted $R^2$ | 0.188 | 0.160 | 0.114 |
| Control Variables | Yes | Yes | Yes |
| Company FE | Yes | Yes | Yes |
| Proxy Season FE | Yes | Yes | Yes |

**Table 8. Voting Decentralization, Expense Ratio, and Fund Performance**

This table presents OLS regression estimates of the relation between a fund's voting deviation and its expense ratio and performance according to the model:

$$Y_{ft} = \beta_1 Deviate_{ft} + \beta_2 Controls_{it} + \alpha_{it} + \epsilon_{ft}$$

where the dependent variable is *Expense_Ratio* (unit: percentage) in columns (1)–(2), *Gross_Alpha* (unit: basis point) in columns (3)–(4), and *Net_Alpha* (in basis point) in columns (5)–(6). $Deviate_{ft}$, the main independent variable, is an indicator equal to one if a fund is classified as a voting outlier relative to its family peers within a given proxy season, based on pairwise voting alignment. The unit of observation is the fund-proxy season. All models include institution × proxy season fixed effects. Standard errors are clustered at the fund level. *t*-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

| *Dependent Variable*: | Expense_Ratio | | Gross_Alpha | | Net_Alpha | |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| Deviate | 0.059*** | 0.052*** | -7.362*** | -6.803*** | -8.888*** | -8.238*** |
| | (4.386) | (2.621) | (-5.917) | (-4.557) | (-6.673) | (-5.120) |
| Inst_Fund | | -0.259*** | | -3.596*** | | -3.916*** |
| | | (-16.414) | | (-3.624) | | (-3.547) |
| Deviate × Inst_Fund | | 0.008 | | -1.472 | | -1.708 |
| | | (0.325) | | (-0.567) | | (-0.620) |
| Ln(Fund_TNA) | -0.009*** | -0.005* | 2.588*** | 2.625*** | 2.931*** | 2.972*** |
| | (-2.696) | (-1.737) | (11.949) | (12.200) | (12.640) | (12.916) |
| Ln(Fund_Age) | 0.041*** | 0.009 | -0.572 | -1.018** | -0.746 | -1.231** |
| | (6.507) | (1.439) | (-1.153) | (-2.016) | (-1.365) | (-2.222) |
| Turnover_Ratio | 0.249*** | 0.239*** | 0.532 | 0.549 | 0.640 | 0.658 |
| | (24.595) | (23.279) | (0.960) | (0.996) | (1.120) | (1.159) |
| Fund_Flows | 0.001 | -0.000 | 1.091*** | 1.087*** | 1.121*** | 1.116*** |
| | (0.812) | (-0.358) | (13.294) | (13.247) | (12.792) | (12.740) |
| Expense_Ratio | | | -3.333*** | -3.989*** | -9.453*** | -10.169*** |
| | | | (-4.095) | (-4.888) | (-9.984) | (-10.581) |
| Observations | 41,705 | 41,705 | 40,715 | 40,715 | 40,715 | 40,715 |
| Adjusted $R^2$ | 0.529 | 0.551 | 0.111 | 0.112 | 0.141 | 0.141 |
| Institution × Proxy Season FE | Yes | Yes | Yes | Yes | Yes | Yes |

## Table 9. Voting Decentralization and Future Fund Flow

This table presents OLS regression estimates of the relation between a fund's voting deviation and its subsequent flows according to the model:

$$Y_{ft} = \beta_1 Deviate_{ft} + \beta_2 Inst_Fund_{ft} + \beta_3 Deviate_{ft} \times Inst_Fund_{ft} + \beta_4 Controls_{ft} + \alpha_{it} + \epsilon_{ft},$$

where the dependent variable is future fund flows in percentage over different horizons. $Deviate_{ft}$, the main independent variable, is an indicator equal to one if a fund is classified as a voting outlier relative to its family peers within a given proxy season, based on pairwise voting alignment. The unit of observation is the fund-proxy season. All models include institution × proxy season fixed effects. Standard errors are clustered at the fund level. $t$-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level, respectively. All variables are defined in Appendix A.

| *Dependent Variable*: | Fund_Flows | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *Horizon:* | 3 months | | 6 months | | 9 months | | 12 months | |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| Deviate | -0.077 | -0.335** | -0.090 | -0.299** | -0.099 | -0.228** | -0.050 | -0.177* |
| | (-0.657) | (-2.252) | (-0.951) | (-2.487) | (-1.202) | (-2.173) | (-0.671) | (-1.871) |
| Inst_Fund | | 0.151* | | 0.214*** | | 0.240*** | | 0.263*** |
| | | (1.838) | | (3.238) | | (4.138) | | (5.050) |
| Deviate × Inst_Fund | | 0.666*** | | 0.540*** | | 0.335** | | 0.329** |
| | | (2.808) | | (2.818) | | (1.995) | | (2.182) |
| Ln(Fund_TNA) | -0.216*** | -0.217*** | -0.274*** | -0.276*** | -0.263*** | -0.265*** | -0.236*** | -0.238*** |
| | (-13.943) | (-14.019) | (-21.956) | (-22.095) | (-24.025) | (-24.206) | (-23.993) | (-24.221) |
| Ln(Fund_Age) | -0.252*** | -0.230*** | -0.276*** | -0.247*** | -0.295*** | -0.264*** | -0.287*** | -0.253*** |
| | (-6.805) | (-5.998) | (-9.227) | (-7.972) | (-11.251) | (-9.724) | (-12.194) | (-10.392) |
| Expense_Ratio | 0.137** | 0.171*** | 0.160*** | 0.204*** | 0.162*** | 0.208*** | 0.145*** | 0.195*** |
| | (2.197) | (2.666) | (3.196) | (3.962) | (3.697) | (4.626) | (3.681) | (4.826) |
| Turnover_Ratio | 0.168*** | 0.168*** | 0.119*** | 0.119*** | 0.136*** | 0.137*** | 0.140*** | 0.140*** |
| | (7.554) | (7.576) | (6.619) | (6.638) | (8.689) | (8.694) | (9.913) | (9.917) |
| Lag(Gross_Alpha) | 0.005*** | 0.005*** | 0.004*** | 0.004*** | 0.004*** | 0.004*** | 0.003*** | 0.003*** |
| | (13.759) | (13.760) | (15.399) | (15.410) | (14.869) | (14.890) | (13.833) | (13.859) |
| Lag(Fund_Flows) | 0.245*** | 0.245*** | 0.254*** | 0.254*** | 0.222*** | 0.222*** | 0.193*** | 0.193*** |
| | (34.098) | (34.087) | (43.691) | (43.706) | (43.581) | (43.618) | (42.139) | (42.193) |
| Observations | 40,173 | 40,173 | 40,278 | 40,278 | 40,314 | 40,314 | 40,316 | 40,316 |
| Adjusted $R^2$ | 0.142 | 0.142 | 0.211 | 0.211 | 0.227 | 0.227 | 0.230 | 0.231 |
| Institution × Proxy Season FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |

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