

IMPAX ASSET MANAGEMENT LLC

IMPAX OVERCOMES NEGATIVE ISS RECOMMENDATION
WITH PROXY SOLICITATION

“The staff, the collaboration, the pricing; we truly feel that we are partners when we work together.”

Sue Penney, Director, Shareholder Service Operations

Impax Asset Management LLC, formerly Pax World Management LLC, held a shareholder meeting in June 2017 with an agenda that included non-routine proposals. The company also planned a second meeting in November of that same year to approve an acquisition by Impax. In addition to the challenge of conducting a second solicitation within such a short timeframe, in the first campaign Impax needed a comprehensive plan to overcome a negative recommendation from proxy advisory firm Institutional Shareholder Services (ISS) on one proposal. At both meetings, due to the successful proxy campaigns lead by Computershare, shareholders approved the ballot proposals.

The timing of the first meeting was driven by the retirement of a board member. Shareholders needed to vote on the board to maintain the appropriate elected ratio. The company also included proposals which would update bylaws of its oldest funds to align with newer funds, making some provisions non-fundamental and allowing future lending options.

As a small, hands-on firm, Impax sought a proxy solicitation partner that would understand its needs and culture. It also needed a partner to provide knowledgeable proxy leadership and educate and guide the Impax team. After requesting bids from several vendors, Impax reselected Computershare as its proxy partner based on its team experience, collaborative approach and pricing – noting the cost estimate was very accurate compared to the final project cost.

To provide an excellent shareholder experience with clear, trustworthy communications that would drive voting, Impax engaged team members from across their organization from marketing, sales, phone staff and more. The President recorded voicemails that were distributed to shareholders to remind them to vote by explaining the importance of their participation.

Impax also needed a deep understanding of who has voting authority – the firm, the advisor of the underlying client – and how to reach them. Impax and Computershare were able to analyze the shareholder base and target based on preferred method of contact, sensitivity to a second solicitation and whether investors followed proxy advisory firm vote recommendations. Computershare determined the difficulty of passing each fund based on highly accurate underlying shareholder data. That information empowered Impax to focus resources on the appropriate relationships.

Case Study

IMPAX ASSET MANAGEMENT LLC

“The partnership and mutual respect from and for everyone we have worked with at Computershare may be the secret sauce.”

Maureen Conley, SVP Shareholder Services & Operations

“Getting the vote as soon as possible is the key to all things - happy shareholders and cost savings.”

Maureen Conley, SVP Shareholder Services & Operations

Impax told Computershare that the partnership and mutual respect made it feel like everyone was working towards the same goals. The fund company also relied upon Computershare's expertise to find creative solutions. “Our account manager has significant experience, great contacts and relationships with all firms involved in getting the proxy vote out. When the voting started getting rough she responded with new ideas,” said Impax.

When ISS unexpectedly recommended against a proposal in the first campaign, Impax and Computershare relied on targeted shareholder engagement, broker discretionary voting and proportional echo voting to solve the issue. A final solicitation to an unvoted shareholder segment resulted in enough positive votes to pass the proposals.

With a shareholder focus, Impax debriefed following the initial proxy to determine how they could improve processes and communications for the second campaign. The Impax acquisition proxy timeframe was condensed and included major holidays. Concerned with potential lagging tabulation results, stakeholders were prepared to adjourn the second meeting, but between Computershare's guidance, lessons learned, positive ISS and Glass Lewis recommendations, the proposal passed all funds on the initial meeting date.

“After not having a complex-wide proxy for many years and then successfully closing two in one year, we can't say enough about the benefits of working with Computershare. They have strong relationships within the industry and their staff is personable, knowledgeable and collaborative. We would be strongly inclined to work with Computershare again,” Impax remarked.

Impax has one final piece of advice for mutual fund companies planning for an upcoming shareholder meeting: choose the right partner.