

Schedule of Voting



MFM voted at 140 shareholder meetings in the quarter of 1 January to 31 March 2008. At 43 of these meetings we voted against or abstained on at least one resolution.

As we prepare for the busiest time of the year, we have set out below the issues that are currently on our agenda:

Sovereign Wealth Funds:

While only recently coming to public prominence, government investment vehicles or Sovereign Wealth Funds (SWFs) have been around now for around half a century. Their growth in recent years is a reflection of the rapid expansion of the global economy and capital markets, although it has led to a number of concerns being expressed. The actual size of this 'sector' and the level of SWF is rather less worrying than some commentators appear to understand or, perhaps, want people to believe. Given the level of interest that has been seen in SWFs we have produced an short piece "Sovereign Wealth Funds – Evolving with the times" that introduces SWFs and puts them in context, in the inaugural edition of the Aviva Investors Journal. Copies are available on request.

Board issues:

One of the most important aspects of good governance is to have an independent chairman except in the most exceptional cases. We have seen an uncomfortable trend of the appointment of non independent or executive chairmen. A recent, controversially example has been announced that Stuart Rose, the CEO of Marks & Spencer who is to become joint Chairman/CEO of the company.

Executive remuneration:

The papers are full of stories about the moral hazard inherent in the pay arrangements for bankers - where they benefit disproportionately from short term positive performance but insufficiently when the performance deteriorates, thereby encouraging risk taking. Many have attributed these pay structures as contributing to the current credit crisis. We agree. However, meaningful change is unlikely as both shareholders and regulators seem loathe to take a stance on this sensitive issue. We are also concerned with the growing trend of paying compensation to employees who miss out on top job promotions. For the forthcoming voting season we will also be taking a robust line on pay increases during this difficult time.

FSA review of Listing Regime:

The FSA has published a discussion paper on the possible restructuring of the Listing Regime to address concerns about the misconception that a "London listing" suggests a higher standard. The FSA proposes two options which attempt to address these concerns. Option 1 is to restrict the remit of the UK Listing Authority to the Primary Listed equity segment plus debt and securitised derivatives, with everything else (directive-minimum and overseas equity, GDRs) effectively de-listed and given the directive-minimum status of being admitted to trading. Option 2 retains the current scope of the Listing Regime but separates out the Primary Segment – renamed as Tier 1 – more clearly. Tier 2 would include everything else, namely GDRs, directive-minimum equity, debt and securitised derivatives. We have indicated that we are supportive of Option 2

If you have any comments, points of view or any other feedback, please feel free to e-mail us at corpgovernance@morleyfm.com. We are always eager to find out what is important to our clients.

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Number of meetings voted	180	
Meetings voted against or abstained on at least one resolution	50	
Number of resolutions	1162	
Votes for	1062	
Votes against	74	
Abstentions	26	
Breakdown of opposition issues		
Resolution	Against votes	Abstentions
Approval of / amendments to Incentive Schemes	5	2
Articles of Association	1	2
Auditors	1	0
Board/Committee nomination process	1	0
Continuation of Company/Investment Trust	5	0
Executive Directors	1	3
Non-Executive Directors	27	5
Remuneration Policy	16	2
Report & Accounts (Governance)	1	3
Report & Accounts (SEE & Governance)	1	0
Report & Accounts (SEE)	2	4
Share Issues with out Pre-Emptive Rights	6	4
Share Issues with Pre-Emptive Rights	1	1
Shareholder Resolutions	5	0
Transact any other business	1	0
Engagement/activism issues covered during the quarter (i.e separate from routine meetings with companies as part of our investment process)	243	
Acquisition/Merger strategies	3	
Management succession, Board and auditor issues	10	
Re-structuring discussions	0	
Management buy-out discussions	0	
Social and environmental issues	182	
Remuneration consultations	14	
AGM/EGM issues	34	