

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2008

Future Fund Management Agency

Finance and Deregulation Portfolio



Outcome 1 Output 1.1

Topic: Lent shares being voted differently to the Fund's view

Question reference number: F7

Type of Question: Written

Number of Pages: 1

Senator Murray asked:

Would it be fair to characterise the Future Fund as essentially a passive investor, rather than trying to take part in management decisions? If so, would the Future Fund be concerned if shares were lent, and the borrower voted differently to the Future Fund's view?

Answer:

The Future Fund Board of Guardians recognises the value of the voting rights attached to equity securities and is committed to ensuring these are exercised to maximise shareholder value.

Currently, voting is delegated to investment managers whose voting policies are assessed prior to appointment.

As stated in the response to F6, any review of our current position that securities are not lent will incorporate consideration of the implications for the voting rights.