

## Quizzing Fund Managers

The NAPF's **Stewardship Policy** set out three simple actions which can be expected of pension funds in fulfilling their stewardship responsibilities. These include incorporating stewardship criteria into manager searches and subsequently monitoring their activities in order to gain a greater understanding of their stewardship approach and ensure they are aligned to and adhering to the funds' own policy.

The below questions complement the NAPF's Stewardship Disclosure Framework and aim to assist trustees in this dialogue with their current and prospective investment managers:



### ENHANCING AND PROTECT LONG-TERM VALUE

- *Do you actively intervene on issues that may affect the long term value of investee companies and the capital invested in them? Or is it a voting compliance issue?*
- *Do you consider "Stewardship" as relevant to all asset classes?*



### INCORPORATING EXTRA-FINANCIAL RISKS INTO INVESTMENT DECISIONS

- *Are environmental, social or governance (ESG) factors material to investment decisions?*
- *How do you build ESG assessments into your investment research and decisions?*
- *Does your approach differ across asset classes?*



### ENGAGEMENT AND ESCALATION

- *Do you actively or reactively engage with investee companies to influence change?*
- *Who leads company engagement - the fund manager, corporate governance team or both?*
- *Can you point to cases where you have used your full range of shareholder rights to escalate an issue of concern and achieve change?*



### PORTFOLIO HOLDINGS

- *What is the average holding period for the stocks in your portfolio? How does this align with an approach which enhances and protects long-term value?*
- *Can you give an analysis of the ESG risks within the fund?*



### VOTING OF STOCKS

- *Do you vote your shares in all jurisdictions? UK, US, Europe, Japan, Emerging Markets?*
- *Do you recall lent stock to vote in key votes? If not, why not?*



### REPORTING TO CLIENTS

- *Can you provide specific examples where you have identified issues of concern, engaged upon them and achieved positive change?*

### KEEPING IT TOPICAL

The NAPF provides monthly topical questions to aid trustees in regularly questioning the effectiveness of their managers' stewardship activity during their manager reviews.

To find these and other stewardship tools visit [www.napf.co.uk/stewardship](http://www.napf.co.uk/stewardship).