November 29, 2018

Brent Fields
Secretary, Securities and Exchange Commission
100 F Street NE Washington, DC 20549

Re: File No. 4-725: SEC Staff Roundtable on the Proxy Process

Dear Mr. Fields:

I believe in a simple principle: Public pension funds exist to maximize long-term financial security for workers, not to advance political views. With mounting evidence that a handful of proxy advisory firms are bending this principle, I welcome the SEC's interest in adopting standards to ensure greater transparency in industry practices.

Like many teachers and other public employees, I depend heavily on the successful performance of the Pennsylvania Public School Employees Retirement System (PSERS). Like many teachers and retirees, I do not have lucrative real estate holdings or other income streams. I expect my investments in PSERS to work as hard for me as I do for my students as a teacher.

More and more, it appears activist shareholders are seeking to leverage the trillions of dollars public pension funds have under management to pressure companies to make investment decisions with environmental, social, and governance, or "ESG," priorities in mind.

Closely connected to this trend are proxy advisory firms. These firms utilize their position as advisors for shareholders and pension funds alike to put a finger on the scale in favor of ESG resolutions rather than the financial stake of pensioners. Just two firms, Glass Lewis and Institutional Shareholder Services, control 97 percent of the proxy advisory market.

Given their outsized role in directing the policies of corporations, the SEC needs to exercise its oversight and regulatory authority to ensure such firms operate with transparency and clear standards. The patchwork of policies is no longer adequate amid today's growing shareholder activism. Individual investors and the marketplace as a whole would be well served with greater certainty that the proxy advisory duopoly are devoid of conflicts of interests and operate with guardrails against political activism.

I respect those who want to connect their investments to environmental stewardship, civil rights, human rights, gun safety, and a range of other issues. However, pension funds are not a vehicle with which an individual should promote personal political or social agendas. As future pensioners, we are depending on the fund managers to generate positive returns with our investments. Their responsibility as fiduciaries should be paramount, absent of any other motives. The SEC is perfectly positioned to increase transparency around these proxy advisory firms regarding their relationship with pension funds and their role as fiduciaries.

Recently, the PSERS Board said their fiduciary obligations that prevent divesting from companies or industries solely on moral grounds, "no matter how worthy the cause." This is a sound policy for managing the pension assets of workers with a wide range of sentiments, passions and political views. This is already a bedrock principle for private sector pension funds, operating under the Employee Retirement Income Security Act of 1974 (ERISA).

Most pensioners are wary that an emphasis on value-based investing could limit the value of fund assets. Barely a fifth of investors said ESG investing was "very important" to them, according to a survey by ACCA Global. These preferences can be expressed in discrete up-or-down votes on divestment from a company or industry, but ESG-related proxy votes are more elusive to average pensioners.

With socially- and environmentally-minded shareholder activism apparently being bolstered by proxy advisory firms, it is imperative for the SEC to ensure that proxy advisory firms act with investors' financial interests in mind, not political or social activism. They must be held to the standards of a fiduciary to ensure that hard-working pensioners receive the retirement promised through a lifetime of work.

Thank you for your consideration of these views.

Sincerely,

Ronald Baselj
[redacted]