

# Winslow Wealth Management, LLC

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Boston, MA 02110

617-896-3554

## November 2013

This Brochure provides information about the qualifications and business practices of Winslow Wealth Management, LLC. ("WWM"). If you have any questions about the contents of this Brochure, please contact us at 617-896-3554 or [Lberline@winslowwealth.com](mailto:Lberline@winslowwealth.com) or [AMonisov@winslowwealth.com](mailto:AMonisov@winslowwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

WWM is an SEC registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about WWM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 – MATERIAL CHANGES

Pursuant to new SEC Rules, we inform you that there were no material changes pertaining to the Firm's business.

We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Leonid Berline at 617.896.3522 or [LBerline@winslowwealth.com](mailto:LBerline@winslowwealth.com) or Alina Monisov at 617. 896.3580 or [AMonisov@winslowwealth.com](mailto:AMonisov@winslowwealth.com)

Additional information about WMM is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with WMM who are registered, or are required to be registered, as investment adviser representatives.

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## **ITEM 4 – ADVISORY BUSINESS**

### **A. Advisory Firm**

WWM has been registered with the Securities and Exchange Commission as an investment adviser since December 2012 providing a variety of advisory services to its clients. The advisory services are provided by a professional and support staff of 6 people.

Robert Maloney is the Firm's Managing Member. The Firm's majority owners are Winslow Financial Inc. and indirectly Robert Maloney.

### **B. Advisory Services**

The Company provides discretionary and non-discretionary investment advisory services. WWM offers you the opportunity to obtain portfolio management services based on established investment objectives. WWM works with customers on establishing such objectives and determining appropriate investment strategies suited to such objectives. WWM's Advisory Representatives generally manage your accounts on a discretionary basis and will, on an ongoing basis, review your accounts. If we do not have trading discretion, then all trading activity will be discussed with you prior to order entry.

Your Advisory Representative acts as the account manager for your account. Investment allocation decisions, for example different investment management styles, as well as specific portfolio securities selections are reviewed on a continuous basis. We do not maintain custody of the individual shares owned in your account. All securities and funds you own will be maintained in an account in your name at a qualified custodian. WWM does not have physical custody of client funds or securities.

### **C. Client Imposed Restrictions**

You may impose reasonable restrictions on the securities purchased for your account or the way your account is managed. You may impose restrictions, for example, in order to gain a tax advantage or other objectives such as avoiding the holdings of securities of companies in certain businesses (tobacco, alcohol or arms). Any restrictions you impose may adversely affect the risk-reward level of your portfolio. We will honor the restrictions absent extraordinary circumstances. The restrictions you impose, with respect to certain assets in a managed account, may cause a portion of the portfolio to be placed outside the manager's discretion, expertise and judgment as to the purchasing, holding or selling particular securities. Your decision to retain certain assets may have

an adverse impact on the amount of risk assumed by you and may hinder the investment manager's ability to manage the portfolio properly according to your stated objectives. These restrictions will be noted in the Investment Policy Statement signed during your accounting opening or updated as needed if your investment objectives change.

#### **D. Assets under Management**

As of November 21, 2013, WWM managed \$78,799,311.04 on a discretionary basis.

### **ITEM 5 - FEES AND COMPENSATION**

#### **A. Fees**

Investment advisory services are provided on a negotiated basis, depending on the size of account, types of investments and level of investment services to be provided. A portion of such fees is paid to our Advisory Representatives.

All fees are prorated for new or terminating accounts. You will be provided with a fee disclosure statement at such times as the fee is being deducted from your account which will demonstrate the amount of the fee, the percentage and the value of securities on which the fee is calculated. The value of the securities will include cash and cash equivalents and no deduction is made for any margin balance you may have. In the event that assets are added to or withdrawn from the account during a billing quarter, the advisory fee will be adjusted by refunding, in the case of withdrawals, that portion of the pre-paid fee on a pro rata basis for the time when the assets are not being managed and billing for an additional fee in the case of additions to the account, also on a pro rata basis. You always have the right to ask questions. Fees may be discounted. Your fee schedule is included in the WWM Investment Advisory Agreement.

#### **B. How Fees are Paid**

You will be billed quarterly in advance and the fee will be deducted directly from your account at your custodian. For your convenience and with your approval, fees for multiple accounts may be charged to a single account.

#### **C. The Fee Schedule**

The fee schedule ranges from 1.10% of assets under management on a sliding scale to .3% on assets greater than \$15 million. Fees are subject to negotiation.

#### **D. Other Fees and Expenses**

You will incur additional costs including brokerage commissions, SEC fees, ticket charges and mutual funds may also include 12b-1 trail commissions and expenses paid by the mutual fund in connection with its management. WWM does not receive any fees other than the investment advisory fee.

Mutual funds that you may hold in your account may also pay expenses including management fees and brokerage fees which are separate and distinct from the fees you will pay your custodian or WWM.

#### **E. Prepaid Fees**

If you pay a fee in advance and you decide to close your account or terminate the service, the fee will be refunded to you on a pro rata basis for the period in which services have not been rendered. We will do this automatically and you will not have to request a refund.

#### **F. Termination of Agreement**

You or we may terminate the Agreement at any time, for any reason upon receipt of 30 days written notice. Upon termination, any prorated amount of fee due will be charged. In the event that there are any prepaid, unearned fees, they will be promptly refunded to you.

You have the right to terminate the agreement without penalty within five business days after entering into the agreement.

### **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

WWM does not offer performance based fee arrangements.

### **ITEM 7 – TYPES OF CLIENTS**

WWM provides investment supervisory services to individuals, pension and profit sharing plans, trusts, estates, endowments or charitable organizations and other corporate entities. WWM requires a \$250,000 minimum dollar amount to establish an account. WWM will accept an account with less than \$250,000 if with other accounts in the same household the assets are at least \$100,000. Note household does not have to be relative or bloodline, it can be a for a business relationship

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Investing in securities involves risk of loss that you should be prepared to bear.

### **A. Methods of Analysis**

WWM uses charting, fundamental, technical and cyclical methods of analysis. Charting, cyclical and technical analysis are security analysis disciplines for forecasting the direction of prices through the study of past market data, primarily price and volume. Fundamental analysis includes economic analysis, industry analysis and company analysis. On the basis of these analyses the intrinsic value of the shares are determined.

WWM employs a buy and hold strategy generally but market, economic and other events may require more frequent trading. A buy and hold strategy involves selecting investments with a long term view. Changes in the economy, international events, etc may direct that trading frequency be increased in order to hedge the investments, take gains or avoid or minimize losses.

WWM conducts Investment Committee meetings that discuss extensive research into a security that the Firm considers acquiring, holding or selling. The Investment Committee is responsible for overseeing this process under the leadership of the Firm's CIO. The members of the committee include Douglas White, Rand Folta and Robert Maloney.

### **B. Material Risks**

All of the methods of analysis and investment strategies involve risk. The inherent risk in the methods of analysis are that the analysis will not be predictive of future market activity. Charting, cyclical and technical analysis weigh heavily of past market performance. Fundamental analysis may not be predictive of events, either within a company or external to it, that would affect the value of the security.

### **C. Types of Securities Recommended**

In the due course of business we can recommend equities, bonds, mutual funds, ETF's, insurance products and alternative investments. These investments all involve risk unlike insured products, such as bank deposits.

## **ITEM 9 – DISCIPLINARY INFORMATION**

WWM has no disciplinary history to report.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. Affiliations**

WWM is affiliated with Winslow, Evans & Crocker, Inc., an SEC registered broker/dealer and a FINRA member and it is also registered with the SEC as an investment adviser. In addition, WWM is an affiliate of Winslow, Evans & Crocker Insurance Agency, Inc. and Winslow Fiduciary Services, LLC which acts as a corporate trustee.

### **B. Material Arrangements**

WWM has entered into an arrangement with Winslow, Evans & Crocker ("WEC") under which it will receive certain operational support. WWM will reimburse WEC for those services. Winslow Fiduciary Services will serve as the corporate trustee for certain accounts and will be paid a nominal fee. You may use any trustee you deem advisable.

### **C. Our Interest in Schwab's Services**

Schwab provides custodial and brokerage services for your account. The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend, request or require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed below –see "How We Select Brokers/Custodians [to Recommend]") and not Schwab's services that benefit only us. We do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We have in place policies and procedures to review advised portfolios to ensure that trading is in your best interest and consistent with the portfolio objectives and risk tolerance for your account.



## **ITEM 11 – CODE OF ETHICS**

### **A. Code**

WWM has adopted a Code of Ethics pursuant to SEC Rule 204A-1. The Code expresses our commitment to ethical conduct and requires high standards of business conduct and compliance with federal and state securities laws. Our Code stresses that no person employed by us shall prefer his/her own interests to those of advisory clients and the Code prohibits the use of material non-public information.

To supervise compliance with its Code of Ethics, WWM requires that anyone associated with our advisory practice with access to advisory recommendations, client holdings or other specified information, provide initial and annual securities holding reports and quarterly transaction reports of all reportable transactions to the WWM's Chief Compliance Officer.

WWM and our associated persons have a fiduciary responsibility to place your interests ahead of our and their interests. In summary, your interest comes first. We must avoid taking inappropriate advantage of our position and must conduct our personal securities transactions in full compliance with the code.

The full text of the code and appendices are available by writing to the CCO.

### **B. Personal Trading**

Employees of WWM often buy and sell the same securities that we may recommend to you. Those persons may have investment goals and objectives or needs that differ from yours which could result in their trading in ways different from or opposite of the recommendations we may make to you. For example, we may recommend that you purchase securities as a long term investment and at the same time an employee, with an aggressive trading strategy, may be selling the same security. It is also possible that we could recommend one client buy at the same time another client may be selling due to different investment objectives or due to a client needing liquidity.

### **C. Securities Transactions by Employees**

Generally, trading is done on a client by client basis and to the extent that a recommendation to buy or sell is being made to our clients, our employees would be prohibited from trading in advance of that recommendation and would need to wait until all client orders have been filled.

## **ITEM 12 – BROKERAGE PRACTICES**

### **The Custodian and Brokers We Use**

WWM does not maintain physical custody of the assets that we manage. Because our affiliated persons may serve as trustee for your account and/or because we may have authority to charge your account for our fees, we may be deemed to have custody of the assets in your account. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, or other broker dealer or banks as qualified custodians. We are independently owned and operated and not affiliated with any custodian we use. The custodian will hold your assets in an account in your name and buy and sell securities when we so instruct them. You will decide whether to open your account with Schwab or other custodian by entering into an account agreement directly with them. We do not open the account for you.

### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these: a combination of transaction execution services along with asset custody services (generally without a separate fee for custody); capability to execute, clear and settle trades (buy and sell securities for your account); capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.); breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.); availability of investment research and tools that assist us in making investment decisions; quality of services; competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them; reputation, financial strength and stability of the provider; their prior service to us and our other clients; availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*)

### **Your Custody and Brokerage Costs**

Not all accounts are maintained at Schwab, but for those clients’ accounts that does, maintain, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

## **Products and Services Available to Us from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we do not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees. Here is a more detailed description of Schwab's support services:

### **Services that Benefit You**

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

### **Services that May Not Directly Benefit You**

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements); facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Us**

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above –see *"How We Select Brokers/Custodians [to Recommend]"*) and not Schwab's services that benefit only us. We do believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Brokerage for Client Referral**

Winslow Wealth Management does not participate in any directed brokerage for client referrals.

### **Directed Brokerage**

Winslow Wealth Management does not allow clients to direct brokerage to other broker dealers.

### **Brokerage Aggregation**

Your transactions may be aggregated with other client orders. Aggregation will occur where the same security is either purchased or sold across a group of client accounts which receive the same advisory services. Aggregation, the bunching of various client orders in the same security, can result in more or less favorable executions depending on the particular security or market. In other cases, transactions in your account will be entered on an individualized basis, for example where you open an account or have some liquidity need that results in a sale.

## **ITEM 13 – REVIEW OF ACCOUNTS**

### **A. Periodic Review**

Your Registered Investment Advisor Representative periodically reviews your account on at least a monthly basis or more frequently as market conditions may warrant. All of our advisory accounts are supervised regularly by and reviewed at annually by the Chief Investment Officer or the Chief Executive Officer.

### **B. Other than Periodic Review**

We review accounts on other than a periodic basis based upon market conditions, economic events, international issues and other events that may have an impact on the securities held in the accounts of our clients.

### **C. Reports**

You will receive monthly statements from the custodian for your account. The monthly statements provide you with the holdings in your account and the market values as of the month end. We do not prepare any other reports for your account on a regular basis.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Other Economic Benefits**

WWM does not receive any economic benefit from any third party for the rendering of investment advice, other than as described in this Brochure.

## **ITEM 15 – CUSTODY**

Cash and securities are maintained in accounts maintained in your name at custodians. Your account will be maintained at Schwab or other qualified custodian. Account statements are prepared and distributed by the custodian and are sent directly to you. In addition, since

affiliates may serve as trustee for your account, WWM may be deemed to have custody and/or possession of the assets held in client accounts. Advisory affiliates of WWM may serve as a trustee to certain clients and as such WWM may be deemed to have custody of client funds and assets. WWM complies with the requirements under the Investment Advisers Act of 1940 relating to custody by an investment adviser.

#### **ITEM 16 – INVESTMENT DISCRETION**

For certain services, WWM receives discretionary authority from our clients at the outset of an advisory relationship which authority allows us to select the security and amount of shares to be bought or sold.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for your account. When selecting securities and determining the number of shares, WWM observes the investment objectives, limitations and restrictions of your account. Investment objectives and restrictions are provided in writing by you at the time of the opening of your account and as those objectives and restrictions may be changed from time to time, after discussion with you, and as provided in a subsequent written statement from you. The discretion you may allow over your account or portfolio is a power limited to trading but in no case would it allow WWM or our Advisory Representatives to have custody or possession of your account.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

Corporate governance matters are important, and can impact the value of your investments. It is due to this matter that we have established policies and procedures for voting proxies, summarized as follows:

WWM will vote all proxies, where the Firm has been delegated the fiduciary duty to do so, in order to maximize shareholder value and the value of our clients' investments. Should any conflict arise between the interest of WWM and our customers, we will act in the best interests of our customers. We coordinate with our clients' custodians to ensure that all proxy materials for each client are received and executed in a timely manner.

WWM maintains a committee meets once a month and determines how proxies will be voted. General guidelines have been developed on issues of a more recurring nature, in all other cases the committee will analyze what is in the best interest of its clients. It is possible, although unlikely, that proxies will be voted differently among client accounts depending upon the particular investment objectives any particular client may have. In cases where there is a conflict of interest between the Clients' interests and those of WWM or any of its

affiliates, WWM will notify the Client and the Client may elect to vote or not vote as the Client determines is in its best interest.

As a part of our ongoing investment process, our investment professionals may encounter significant corporate developments. As these situations arise, we may adjust votes for specific securities based on the current information. See Exhibit 1

Specific questions regarding how WWM voted with respect to your holdings should be directed to Leonid Berline, Chief Compliance Officer of WWM at 617 896-3522 or Alina Monisov, Compliance VP of WWM at 617 896-3580.

#### **ITEM 18 – FINANCIAL INFORMATION**

WWM is required to provide you with certain financial information or disclosures about our financial condition in the event of certain conditions. We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to you, and we have not been the subject of a bankruptcy proceeding. We do not require prepayment of \$1,200 in fees six months or more in advance.

## **Exhibit I**

### **Winslow Wealth Management LLC PROXY VOTING POLICY 2013**

#### **I. Procedures**

Winslow Wealth management, LLC ("WWM") is generally authorized by its clients, as a term of its Investment Advisory Agreement, the authority to vote and give proxies for the securities held in clients' investment accounts. At their election, however, clients may retain this authority, in which case WWM will consult with clients regarding proxy voting decisions as requested.

For those clients for whom WWM has undertaken to vote proxies, WWM retains the final authority and responsibility for such voting, subject to any specific restrictions or voting instructions by clients.

In addition to voting proxies for clients, WWM:

- 1) Provides clients with a concise summary of its proxy voting policy, which includes information describing how clients may obtain a copy of this complete policy and information regarding how specific proxies related to each respective investment account are voted. WWM provides this summary to all new clients as part of its Form ADV, Part 2 disclosure brochure;
- 2) Applies its proxy voting policy according to the following voting policies and keeps records of votes for each client;
- 3) Keeps records of proxy voting available for inspection by each client to both determine whether the votes were consistent with policy and to determine all proxies were voted; and provides complete proxy voting records to each client annually;
- 4) Monitors such voting for any potential conflicts of interest and maintains procedures to deal with these issues appropriately; and
- 5) Maintains this written proxy voting policy, which may be updated and supplemented from time to time.



WWM Chief Compliance Officer will maintain WWM proxy voting process. Clients with questions regarding proxy voting decisions in their accounts should contact the CCO.

## **II. Voting Guidelines**

WWM has not, to date, actively considered filing shareholder proposals, writing letters to companies on a regular basis, or engaging numerous companies in a dialogue. These activities and others that could be considered expressions of activism are not under consideration at this time. Should a particular equity company's policy become of concern, the evaluation and voting process will continue to be the first level of monitoring and communication.

WWM has adopted general guidelines regarding voting on routine and non-routine matters which are attached hereto. Generally WWM votes with management on routine matters. See below for further details.

## **III. Conflicts of Interest**

WWM will monitor its proxy voting process for material conflicts of interest. By maintaining the above-described proxy voting process, most votes are made based on overall voting parameters rather than their application to any particular company thereby eliminating the effect of any potential conflict of interest.

WWM has reviewed its business, financial and personal relationships to determine whether any conflicts of interest exist, and will at least annually assess the impact of any conflicts of interest.

In the event of a vote involving a conflict of interest that does not meet the specific outlines/ parameters above and/or requires additional company-specific decision-making, WWM may request client consent on the issue.

## **A. Management Proposals**

1. When voting on ballot items that are fairly common and routine management sponsored initiatives, items are generally, although not always, voted affirmatively.
  - Elections of directors, except where a majority of the company's directors are not independent
  - Approval of auditors, except where non-audit fees exceed the audit fee
  - Directors' liability and indemnification
  - General updating/corrective amendments to charter
2. When voting items that have a potential substantive financial or best interest impact, certain items are generally, although not always, voted affirmatively.
  - Capitalization changes that eliminate other classes of stock and voting rights
  - Changes in capitalization authorization for stock splits, stock dividends, and other specified needs.
  - Stock purchase plans with an exercise price of not less than 85% FMV
  - Stock option plans that are incentive based and not excessive
  - Reductions in supermajority vote requirements
  - Adoption of antigreenmail provisions
3. When voting items which have a potential substantive financial or best interest impact, certain items are generally not voted in support of the proposed management sponsored initiative:

- Capitalization changes that add classes of stock that are blank check in nature or that dilute the voting interest of existing shareholders
- Changes in capitalization authorization where management does not offer an appropriate rationale or that are contrary to the best interest of existing shareholders
- Anti-takeover and related provisions which serve to prevent the majority of shareholders from exercising their rights or effectively deter appropriate tender offers and other offers
- Amendments to bylaws that would require super-majority shareholder votes to pass or repeal certain provisions
- Classified or single-slate boards of directors
- Reincorporation into a state that has more stringent anti-takeover and related provisions
- Shareholder rights plans that allow appropriate offers to shareholders to be blocked by the board or trigger provisions which prevent legitimate offers from proceeding.
- Excessive compensation or non-salary compensation related proposals, always company specific and considered case-by-case
- Change-in-control provisions in non-salary compensation plans, employment contracts, and severance agreements that benefit management and would be costly to shareholders if triggered
- Amending articles to relax quorum requirements for special resolutions
- Re-election of director(s) directly responsible for a company's fraudulent or criminal act
- Re-election of director(s) who holds offices of chairman and CEO
- Re-election of director(s) who serve on audit, compensation and nomination committees
- Election of directors with service contracts of three years, which exceed best practice and any change in control provisions

- Adoption of option plans/grants to directors or employees of related companies
- Lengthening internal auditors' term in office to four years

## **B. Shareholder Proposals \***

Traditionally shareholder proposals have been used mainly for putting social initiatives and issues in front of management and other shareholders. Under ERISA, it is inappropriate to use (vote) plan assets to carry out such social agendas or purposes. Thus, shareholder proposals are examined closely for their relationship to the best interest of shareholders, i.e., beneficiaries, and economic impact.

### **1. When voting shareholder proposals, in general, initiatives related to the following items are supported.**

- Auditors should attend the annual meeting of shareholders
- Election of the board on an annual basis
- Equal access to proxy process
- Submit shareholder rights plan poison pill to vote or redeem
- Undo various anti-takeover related provisions
- Reduction or elimination of super-majority vote requirements
- Anti-greenmail provisions
- Submit audit firm ratification to shareholder votes
- Audit firm rotations every five or more years
- Requirement to expense stock options
- Establishment of holding periods limiting executive stock sales
- Report on executive retirement benefit plans
- Require two-thirds of board to be independent

- Separation of chairman and chief executive posts
2. When voting shareholder proposals, in general, initiatives related to the following items are not supported:
- Requiring directors to own large amounts of stock before being eligible to be elected
  - Restoring cumulative voting in the election of directors
  - Reports which are costly to provider or which would require duplicative efforts or expenditures which are of a non-business nature or would provide no pertinent information from the perspective of ERISA shareholders
  - Restrictions related to social, political or special interest issues which impact the ability of the company to do business or be competitive and which have a significant financial or best interest impact, such as specific boycotts or restrictions based on political, special interest or international trade considerations; restrictions on political contributions; and the Valdez principles.
  - Restrictions banning future stock option grants to executives except in extreme cases
3. Additional shareholder proposals require case-by-case analysis
- Prohibition or restriction of auditors from engaging in non-audit services (auditors will be voted against if non-audit fees are greater than audit and audit-related fees, and permitted tax fees combined)
  - Requirements that stock options be performance-based