

From the Retail Trading Frenzy to Growing ESG Trends, What Will be in Proxy Season 2021?

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New survey from Broadridge unearths the sentiments of newer and younger retail investors
NEW YORK, May 3, 2021 /PRNewswire/ -- The recent rise and influence of the individual investor has rippled across financial markets over the past 12 months, presenting companies with a unique opportunity to engage new investors like never before. A new survey from **Broadridge Financial Solutions** (NYSE: BR), the global Fintech leader, highlights how new and younger retail investors are thinking about investing and this year's proxy season.

This new survey found that investors are specifically paying attention to ESG issues. Survey respondents said that social issues, such as diversity and environmental issues regarding how companies are managing climate change, are the two matters they are most interested in expressing their opinion on through proxy voting. Sixty-seven percent of investors surveyed believe that companies they invest in should take active steps to address environmental concerns, such as climate change, and 62% believe those companies should address social challenges, such as gender, ethnic, and racial diversity and inclusion. Additionally, the survey found that 46% of millennial investors (ages 25-40), the highest percentage of any generation, say they will vote their proxy in 2021.

Broadridge's Proxy Season 2021 Investor Sentiment Study, conducted in collaboration with Engine Group, surveyed approximately 1,000 individual investors with investment or brokerage accounts about their proxy voting and investing habits, including their motivations for voting, the issues they are most interested in voting on, and their use of technology. The study sheds light on the sentiments of a new wave of retail investors, following a year that saw more than 10 million **new brokerage accounts** open, according to research from JMP Securities.

"The recent rise of the individual investor has been driven by technology, mobile and zero fee commissions," said Martin Koopman, President, Bank Broker-Dealer, Investor Communication Solutions at Broadridge. "The survey data shows that newer and younger investors want their investments aligned with their values especially when it

comes to ESG-related issues. We are also seeing these new investors look to their advisors, brokers and fund managers for technology solutions that make it easier for them to vote their proxies with their values."

Supportive of ESG-Related Issues

Asked what issues they would be most interested in voicing their opinion on through proxy voting, respondents named social issues, such as diversity on the company board (43%) and environmental issues (41%), followed by approving or rejecting M&A (40%), executive/CEO compensation (35%), general corporate governance (33%) and appointing the Board of Directors (32%).

Tapping into the New Wave of Individual Investors

The Proxy Season 2021 Investor Sentiment Study showed that respondents with two years or less of investing experience are the most active traders, with 43% trading at least once a week. Their investment decisions largely stem from information they receive from reading or watching the news (35%), friends (34%), family (31%) and social media (30%).

This new wave of retail investors say they are going to be engaged in the proxy process this year. Thirty-nine percent of investors with two years of investing experience or fewer said they will definitely vote their proxy. Of the newer investors who plan to vote their proxy this year, 38% feel it's their responsibility to vote while 42% say they plan to vote because they want to have a voice on issues that are important to them.

With mobile trading taking off, investors are also willing to vote their proxy on this platform. Seventy-five percent of investors would be more likely to vote their proxy if they knew they could do so through a mobile app, including 88% of Gen Z investors (ages 18-24), 92% of millennial investors, and 89% of investors with two years of experience or less.

New Tools for a New Generation

The Proxy Season 2021 Investor Sentiment Study found that investors are looking to their brokers, fund managers and advisors to educate them on the proxy voting process. Proxy voting provides a natural opportunity for brokers and financial advisors to further develop client relationships, a touchpoint where clients are seeking education and advice.

Brokers and financial advisors should note that 67% of respondents said they would like their advisor to spend time explaining the process of proxy voting and discussing the issues voted on at annual general meetings. Seventy-nine percent of respondents would be interested in pre-filling their voting preferences on certain issues, a process called

Advanced Voting Instructions.

Investors are also seeking more ways to vote through their fund providers. Among surveyed investors who held mutual funds or ETFs:

- 65% of investors believe that as a mutual fund or ETF shareholder, they should have more of a say about how their fund votes at annual shareholder meetings, including 62% of Gen Z investors and 75% of millennials
- 72% of investors said they would be more likely to invest in a fund if they were given the option to vote on issues most important to them, including 77% of Gen Z investors and 89% of millennials

Investor Education

With the recent increase in stock record growth and newer and younger investors entering the market, Broadridge has updated <https://www.shareholdereducation.com/> with bold new visuals and more user-friendly snackable content. The site educates investors on proxy voting, the impact it can have and the mechanics of voting.

Along with providing educational information, Broadridge has a history of developing technology and solutions that enhance and ease the retail investor experience; from updating [proxyvote.com](https://www.proxyvote.com) to newly designed vote instruction forms to enhanced emails to a mobile app for proxy voting to virtual shareholder meeting technology. Broadridge enables better financial lives by providing investors with more ways to vote either online, by phone or mail, or with the ProxyVote app.

Methodology

On behalf of Broadridge, Engine Group conducted an online survey of 1,002 investors ages 18 and older from March 11-16, 2021. All respondents currently have one or more investment or brokerage accounts where they can buy, sell, or hold stocks, bonds, mutual funds, or ETFs. The survey excluded investors who solely invest through a workplace-sponsored retirement account, such as a 401(k).

About Broadridge

Broadridge Financial Solutions (NYSE: BR), a global Fintech leader with over \$4.5 billion in revenues, provides the critical infrastructure that powers investing, corporate governance, and communications to enable better financial lives. We deliver technology-driven solutions to banks, broker-dealers, asset and wealth managers and public companies. Broadridge's infrastructure serves as a global communications hub enabling corporate governance by linking thousands of public companies and mutual funds to tens of millions of individual and institutional investors around the world. In addition, Broadridge's technology and operations platforms underpin the daily trading of on average more than U.S. \$10 trillion of equities, fixed income and other securities globally. A certified Great Place to Work®, Broadridge is a part of the S&P 500® Index, employing over 12,000 associates in 17 countries. For more

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Contact:

Sarah Rutledge

Prosek Partners for Broadridge

(212) 279-3115

srutledge@prosek.com

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