



**Prepared Remarks of Lindsey Keljo, Managing Director, Head of Asset
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**Before the Securities and Exchange Commission Investor Advisory Committee
Meeting**

Panel Discussion: Passive Index Funds and Shareholder Voting

Thursday, June 4, 2026

Opening Statement

Good morning, and thank you to the Investor Advisory Committee, the Investor as Owner Subcommittee, and James Copland for the opportunity to participate in today's discussion.

I am Lindsey Keljo, Head of the Asset Management Group at SIFMA (SIFMA AMG). SIFMA AMG represents the asset management community, whose members serve millions of investors through mutual funds, ETFs, retirement plans, institutional accounts, and other investment vehicles.

I have been asked to discuss the rise of index investing and increased ownership levels from an industry perspective.¹ To understand the current debate, I think it is helpful to begin with a simple observation: the rise of index investing and increased ownership levels are not separate phenomena. They are closely related developments that stem from one underlying reality—investors increasingly choose professionally managed, low-cost, diversified investment products as a preferred way to participate in the capital markets. As a result, investors have benefited, and the capital markets have benefited as well.

Over the last fifteen years, the growth has been dramatic. According to the Investment Company Institute (ICI), index mutual funds and ETFs grew from approximately 19 percent of fund assets in 2010 to approximately 52 percent by the end of 2025. Between 2016 and 2025 alone, index domestic equity mutual funds and ETFs received approximately \$2.9 trillion in net new cash flows and reinvested dividends.

This growth was not the result of a regulatory mandate or a policy decision that a handful of firms should become large shareholders. Rather, it reflected millions of individual decisions by investors seeking diversification, lower costs, transparency, and long-term investment performance.

Discussions about passive investing often begin at the end of the story rather than at the beginning. We observe that ownership is more concentrated among a relatively small number of asset managers and ask whether that creates governance concerns. Perhaps that is an understandable question. But it is important to recognize that this development emerged as a byproduct of investor choice and the growth of pooled investment vehicles. And, it's also important to recognize that the assets belong to those end investors, not the asset managers.

It is also important to distinguish between common holdings and the size of a manager's ownership position. Index construction helps explain why many index funds hold the same companies and why

¹ Note, remarks focus on index fund managers because the panel discussion is directed principally at index-based investment strategies. Nothing in these remarks should be understood to suggest that the governance, disclosure, risk oversight, or other long-term value considerations described here are unique to index managers or are not relevant to actively managed funds and other long-term investors.

larger companies receive larger weights in market-cap weighted indexes. Asset managers appear higher on shareholder lists primarily because they manage larger pools of client assets. These ownership patterns are the product of index design and investor choice—not coordination among managers in selecting investments or exercising voting rights.

Mutual funds and ETFs are now a core component of retirement and household savings in the United States. Tens of millions of Americans own fund shares directly or through retirement accounts. Every share of stock carries voting rights. Those rights do not disappear when an investor chooses to own a company through a fund rather than directly. The practical question becomes who exercises those rights and under what framework.

Historically, many investors delegated that responsibility to fiduciaries. In the mutual fund context, the investor owns shares of the fund; the fund, in turn, owns shares of the underlying portfolio companies. Mutual fund advisers are expected to manage fund assets and exercise voting authority in what they believe to be the best interests of the fund and its shareholders. Whether one agrees with every voting decision, that framework is grounded in the idea that investors have entrusted a fiduciary to act on their behalf.

While all investment managers seek to protect and enhance value for their clients, index fund managers generally cannot respond to concerns about a portfolio company by selling its shares. As a result, proxy voting can serve as an important mechanism for accountability, oversight, and protecting the long-term interests of the millions of investors who invest through these diversified funds. However, as index investing has grown, it is entirely appropriate to ask whether existing governance arrangements continue to serve investors effectively and whether improvements can be made. Those are precisely the questions we should be discussing today. I'd like to make a few observations on the debate.

First, even taking into account the rise of index investing, voting outcomes remain highly decentralized. Public companies are owned by a diverse set of shareholders, and no single participant determines outcomes alone. Corporate elections and shareholder proposals remain the product of a collective voting process involving investors with different objectives, incentives, and investment horizons.

Similarly, public discussions frequently portray large index managers as exercising coordinated influence over corporate America or advancing particular political, environmental, or social agendas. The empirical record reflects a different reality. Stewardship teams frequently disagree with one another. They disagree with proxy advisory firms. And increasingly, they are providing investors with opportunities to express their own preferences through voting-choice programs. Whatever one's view of particular voting outcomes, the voting landscape is far more dynamic and decentralized than many public narratives suggest.

It is also important to distinguish between stewardship and activism. Activist investors play an important and valuable role in our markets and often create value by challenging management teams, proposing strategic changes, or identifying underperforming companies. Non-activist investment vehicles, including index funds, serve a different purpose: providing broad market exposure and long-term value creation across diversified portfolios. One can believe activism contributes positively to market discipline while also recognizing that fiduciaries representing diversified retirement savers may appropriately approach voting decisions through a different lens.

Against this backdrop, policymakers and market participants have increasingly explored alternative approaches to mutual fund voting. These include pass-through voting, voting-choice programs, mirror voting, proportional voting, and abstention. Some industry participants have already begun creating offerings that provide investors with opportunities to participate more directly in voting decisions or express voting preferences. These efforts reflect a recognition that investor preferences vary and that technological developments may create new opportunities for investor participation.

At the same time, every proposed alternative involves tradeoffs. Consider mirror voting, which has received considerable attention in recent years. Under mirror voting, a fund votes in proportion to the votes cast by other shareholders on a proposal. It is often presented as a neutral solution because it reduces the role of fund advisers. But mirror voting does not eliminate influence; it reallocates it. It substitutes the judgment of other voting shareholders and proxy advisory firms for the judgment of the fiduciary selected by fund investors. In some circumstances, it may even increase the relative influence of the most motivated participants in a vote, including activists, insiders, and other highly engaged shareholders. The key question is not whether influence exists, but whose influence matters most.

Ultimately, the Commission should be cautious about mandating any single approach to fund voting. The debate over pass-through voting, mirror voting, client-directed voting, and traditional fiduciary voting is often framed as a search for the “right” answer, but each approach involves meaningful tradeoffs. Investors have different objectives, levels of engagement, and preferences regarding participation in the voting process. Given this diversity of investor preferences and the continuing evolution of voting technologies and market practices, the better course is to preserve flexibility and allow asset managers to offer a range of approaches, subject to their fiduciary obligations and other legal requirements.

This, in my view, is the central policy question. The debate should not be framed as a choice between influence and no influence, because influence is inherent in shareholder voting. Rather, the objective should be to maximize investor choice and participation while preserving the core benefits that pooled investment vehicles provide, including diversification, professional management, and economies of scale. Any reform should be evaluated holistically, with careful consideration given to its implications for investor choice, costs, operational complexity, and investor outcomes.

I look forward to the discussion. Thank you.