

COUNCIL OF INSTITUTIONAL INVESTORS

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July 9, 2009

Mr. Paul Stevens
President and CEO
Investment Company Institute
1401 H St., NW, Suite 1200
Washington, DC 20005

Dear Mr. Stevens:

I am writing on behalf of the Council of Institutional Investors to notify the Investment Company Institute of the Council's recently-adopted best disclosure principles for institutional investors.

The Council is a nonprofit association of public, union and corporate pension funds representing more than \$3 trillion in assets. Council General Members adopted the principles, which are included below, on May 1, 2009. The principles reflect the Council's belief that good disclosure benefits all institutional investors, their stakeholders and the financial system at large.

The principles promote enhanced accountability and transparency throughout the capital markets, which should in turn bolster investor confidence and the resilience of those markets. While mutual funds are required to make extensive disclosures, many other institutional investors fly under the radar. The non-binding principles, which apply to Council members as well, read as follows:

Institutional investors—including pension funds, hedge funds, private equity firms and sovereign wealth funds, among others—should make publicly available in a timely manner: (1) proxy voting guidelines; (2) proxy votes cast; (3) investment guidelines; (4) names of governing-body members; and (5) an annual report on holdings and performance.

A recent survey revealed that most Council members publicly disclose written investment and proxy voting guidelines, the names of board members and annual statements containing information on holdings and performance. The survey also found that many members divulge proxy votes cast.

The Council believes that all institutional investors should disclose this information in the interest of improving trust, understanding of risk and the overall stability of financial markets—all of which are badly needed in the face of the ongoing financial and economic crises. In addition, disclosure can contribute significantly to an institutional investor's protection: By allowing interested parties access to key information, a governing body increases the number of guards at the institution's vault.

If you have any questions regarding the principles, please feel free to contact me at (617) 946-8410.

Sincerely,

Michael Travaglini
CII board member and chair of the Council's Subcommittee on Transparency and Disclosure

cc: Mr. John Murphy, chair, Investment Company Institute