

Free Enterprise Action Fund

BY ROBERT B. BLUEY

In the past three election cycles, Republicans have dominated at the ballot box—recapturing the presidency in 2000, strengthening their hold on Congress in 2002 and expanding their majority status in 2004. Given their political success, how is it that right-leaning thinkers might be losing important policy debates without even noticing?

The answer comes courtesy of **Steve Milloy**, a 46-year-old entrepreneur who is the managing partner of the investment advisory firm **Action Fund Management**. Milloy told HUMAN EVENTS liberals are quietly—and successfully—waging war against free-market principles under the guise of promoting so-called “corporate social responsibility” and “socially responsible investing.”

These tactics have forced major U.S. companies to adopt leftist ideas to avoid public confrontations with radicals, who, Milloy said, target executives’ families, stalk their homes and threaten unwanted media exposure.

“Over the last 25 years, ever since Ronald Reagan was elected, the left has been losing political power,” Milloy said. “This has inhibited their ability to get their social and political agenda through law and regulation. Unfortunately, they didn’t give up. They simply switched targets: They came up with a strategy in the 1980s and decided they would try to gain influence over corporations, and try to use corporate power to implement their social and political agenda.”

Milloy cited the examples of financial services companies Citigroup, Bank of America and JP Morgan to illustrate the left’s success. The Rainforest Action Network waged a two-year campaign against Citigroup before the company agreed to limit lending in certain developing countries. Bank of America soon followed, as did JP Morgan. Only recently, partly from pressure by Milloy, did JP Morgan’s chief executive suggest the company was backing off a promise it made to environmentalist

activists to lobby the Bush Administration on their behalf.

Little, if anything, has been done to counter this assault on corporations. In fact, Milloy said, activist liberal interests have quietly amassed control of an estimated \$2 trillion of the \$18 trillion held in investments today.* With this money under their control, they are able to use their influence to lobby for changing corporate policies.

Recognizing this trend, Milloy founded Action Fund Management, which is the investment adviser to the **Free Enterprise Action Fund**, a mutual fund with holdings spread over many of the 500 companies in the S&P 500. This includes the large U.S. companies that are now or potentially could soon be under attack from liberal activists or have already caved into their demands. As a stockholder, Milloy can do any number of things to protect the Free Enterprise Action Fund’s investment, such as:

- Communicate his displeasure with corporate management.
- Contact shareholders or businesses that have a stake in the corporation.
- Conduct advertising campaigns to notify the public.
- Take legal action.
- Help call a shareholder meeting or nominate directors to the company’s board.

The goal, as Milloy explained it to HUMAN EVENTS, is for sympathetic investors to dedicate some of their investment portfolio to the Free Enterprise Action Fund. By doing so, they will have an opportunity to make a return on their investment, while at the same time giving Milloy the opportunity to use his clout during shareholder meetings and with company executives. (The fund’s first quarterly performance results will be released June 30.)

“Our goal is to achieve both a short-term financial return and long-term financial return,” Milloy said. “By protecting the free-enterprise system now, we hope to be helping our economy in the long run.”

Milloy’s experience comes from 10 years

running JunkScience.com, a venture designed to highlight the pitfalls of the left’s abuse of science, and from previous employment as a lawyer for the Securities and Exchange Commission.

The concept of the mutual fund was developed two years ago. It was officially launched in March with the support of a group of seed investors that included Thomas L. Phillips, chairman of Eagle Publishing, the parent company of HUMAN EVENTS. Milloy now spends much of his time building the fund’s size and holdings.

“The left is extremely patient,” Milloy said. “They’ve been laboring for a long time, and they really have an incredible network—\$2 trillion supports a lot of people. We need to fight back. If we don’t, we’re going to lose all the gains we’ve made. Otherwise, the left will have its agenda implemented through private corporate action.” ■

An investor should consider the fund’s investment objectives, risks, and charges and expenses carefully before investing or sending money. This and other important information about the Free Enterprise Action Fund can be found in the fund’s prospectus. To obtain a prospectus, please call 1-800-766-3960 or visit www.FreeEnterpriseActionFund.com. Please read the prospectus carefully before investing.

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Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of this Fund will fluctuate as the value of the securities in the portfolio changes. The Free Enterprise Action Fund is a new mutual fund with limited investment history and there is no guarantee that it will achieve its investment objectives.

* *Social Investment Forum, “2003 Report on Socially Responsible Investing Trends in the United States,” (December 2003).*