

## **Proxy Voting**

BHMS has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the beneficial owners. BHMS maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our Firm's proxy policies and procedures to clients. BHMS will provide information to clients about how their proxies were voted and will retain records related to proxy voting.

BHMS retains Institutional Shareholder Services (ISS) for corporate governance research and beginning January 1, 2007, BHMS will use ISS policy recommendations. The director of equity operations, who serves as the proxy coordinator, will review each proxy for each company to insure that all votes are in the best interest of the beneficial owners.

### ***Proxy Oversight Committee***

- BHMS' Proxy Oversight Committee reviews and reevaluates ISS policies. Policy modifications and updates implemented by ISS will be reviewed by the Proxy Oversight Committee on an on-going basis to assure that all proxy voting decisions are in the best interests of the beneficial owner.
- The Proxy Oversight Committee includes the president, two portfolio managers and the proxy coordinator.

### ***Conflicts of Interest***

- All proxies will be voted uniformly in accordance with ISS recommendations unless BHMS overrides a specific issue. This includes proxies of companies who are also clients, thereby eliminating potential conflicts of interest.

BHMS has adopted written procedures to implement the Firm's policy and reviews to monitor and insure our policy is observed, implemented properly and amended or updated, as appropriate, including:

- BHMS sends a daily electronic transfer of all stock positions to ISS.
- ISS identifies all accounts eligible to vote for each security and posts the proposals and research on its website.
- The proxy coordinator reviews each proxy proposed and reevaluates existing voting guidelines. Any new or controversial issues are presented to the Proxy Oversight Committee for evaluation.
- ISS verifies that every vote is received, voted and recorded.
- BHMS sends a proxy report to each client, at least annually (or as requested by client), listing number of shares voted and disclosing how each proxy was voted.
- BHMS scans all voting records and saves digital copies to the network which

- is backed up daily.
- BHMS' guidelines addressing specific issues are available upon request by calling 214-665-1900 or by e-mailing [clientservices@barrowhanley.com](mailto:clientservices@barrowhanley.com).
  - BHMS will identify any conflicts that exist between the interests of the Firm and the client by reviewing the relationship of the Firm with the issuer of each security to determine if we or any of our employees have any financial, business or personal relationship with the issuer.
  - If a material conflict of interest exists, the proxy coordinator will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
  - BHMS will maintain a record of the voting resolution of any conflict of interest.
  - The proxy coordinator shall retain the following proxy records in accordance with the SEC's five-year retention requirement:
    - These policies and procedures and any amendments;
    - A record of each vote cast;
    - Any document BHMS created that was material to making a decision on how to vote proxies, or that memorializes that decision including periodic reports to the Proxy Oversight Committee; and
    - A copy of each written request from a client for information on how BHMS voted such client's proxies and a copy of any written response.

The director of equity operations/proxy coordinator is responsible for implementing and monitoring our proxy voting policy, procedures, disclosures and recordkeeping, including outlining our voting guidelines in our procedures.