

PROXY VOTING

Policies and Procedures

July, 2005

PROXY VOTING

3/00

Policy and Philosophy

We exercise our responsibility. Common law and ERISA require that we vote stock held in our accounts for the sole or exclusive benefit of the beneficiaries. In evaluating a proxy proposal, our objective must center on protecting the financial investment of the shareholder (or participant in a qualified employee benefit plan). Therefore, we review each proposal to determine its financial implications for the shareholder.

We exercise our discretion. In a number of proxy proposals, the financial interests of the beneficiary clearly dictate support for or a vote against a proposal. For example, we support management on routine, noneconomic proposals. However, we must exercise discretion in determining how we can best protect the financial investment of the shareholder while providing the support to management in the operation of the business. In order to ensure proper exercise of this discretion, we have established a proxy structure with controls.

We have a central voting philosophy. Common stocks are purchased for our accounts based upon our evaluation that the stocks have an attractive return potential over a reasonable time horizon. Our purchase and retention of a stock inherently projects confidence that management will operate the company in a manner consistent with earning a reasonable return. As a result, we will normally support management's stance on proxy proposals.

PROXY ADMINISTRATION

8/03

Guidelines and Control

1. The Management Policy Group (MPG) develops proxy policy and philosophy and approves proxy guidelines on an annual basis.
2. Portfolio Managers propose guidelines for voting by proxy within the general policy and philosophy established by the MPG and submit such guidelines to the MPG for approval.
3. The Portfolio Managers vote all proxies for the securities under their advisement consistent with established policies and guidelines.
4. Portfolio Managers must document the rationale for their vote either by referencing established guidelines or by a specific explanation.
5. Portfolio Managers votes in violation of established guidelines must get prior approval by the MPG.
6. Portfolio Managers must vote all proxies for specific securities identically across accounts, unless specific client instruction is accepted.
7. Portfolio Managers should vote all proxies related to common issues consistently unless circumstances are materially different. (See qualification in No. 6.)
8. Our internal voting position guidelines cover four types of proposals:
 - a. "routine" management proposals (Exhibit "A");
 - b. anti-takeover proposals (Exhibit "B");
 - c. shareholder proposals (Exhibit "C"); and
 - d. "non-routine" non-compensation proposals (Exhibit "D").
9. The Compliance Officer, or MPG designate, will review all votes in advance and report on a quarterly basis to the MPG.
10. Any Peregrine employee that becomes aware of an actual or potential proxy voting conflict of interest shall communicate the issue to compliance, who will arrange to have it reviewed by the Management Policy Group. Any proxy vote that presents the potential for a material conflict of interest between clients, the firm, or its employees shall be resolved in favor of clients who are not directly or indirectly involved in the conflict. Material conflicts of interest may develop in situations such as proxy votes for companies that are clients of Peregrine and proxy votes in which a particular client (including our parent company, Wells Fargo & Company) attempts to influence our votes. All proxy votes with the potential for material conflicts of interest must be reviewed by the Management Policy Group prior to voting. The Management Policy Group will ensure that such votes are consistent with our responsibility to "vote stock held in our accounts for the sole and exclusive benefit of the beneficiaries." Our proxy voting guidelines provide the framework for such review. All proxy votes for companies that are also clients of Peregrine shall be disclosed (subject to confidentiality issues) in our client proxy reports.

PROXY ADMINISTRATION

7/05

Handling, Documentation, and Client Communication

1. Master Trustee is contacted in writing by Peregrine, informing them that Peregrine has been authorized to vote proxy, and all proxy cards should be forwarded to the attention of the Proxy Coordinator of Peregrine Capital Management.
2. Peregrine utilizes Proxy Edge, an electronic proxy voting system, for the majority of accounts authorized to vote. A datafeed is done daily to receive meeting information (meeting date, record date, proposals, ballots received) as well as to export voted ballots. Paper ballots are received from custodians for accounts not using the Proxy Edge service.

Upon notification of an upcoming meeting by the Proxy Edge Tickler Report, the Proxy Coordinator sets up a file for that meeting. The file contains the Proxy Edge report listing all electronic ballots received (accounts and number of shares), any paper ballots received, one set of proxy materials (received by mail), the ISS recommendation and any other materials relevant to the meeting. A log is maintained (separately from Proxy Edge) for both electronic and paper ballots that includes meeting date, record date, number of shares Peregrine held as of record date, number of shares on ballot, mail date, and any notes. Discrepancies in shares is researched first with internal accounting and then the custodian until resolved.

3. A current list of portfolio holdings is e-mailed monthly by the Proxy Coordinator to Institutional Shareholder Services, Inc. (ISS), an on-line proxy research service used by Peregrine.
4. The Proxy Coordinator forwards the proxy documentation to the appropriate Portfolio Manager and sets date for the return of instructions for voting, allowing enough time for the Compliance Officer's review.
5. Records on all votes, including the supporting rationale, are maintained in separate client proxy files. A central file is also maintained and includes the annual report (if received), proxy materials, ISS recommendations, Peregrine's vote and supporting rationale, and Proxy Edge confirmation of ballots received.
6. Clients are provided reports on a quarterly basis (or client's desired frequency) summarizing the proxy voting activity for these portfolios. Votes against management and votes that are inconsistent with our proxy guidelines are footnoted and explained on these reports.
7. Clients are sent updated versions of our Proxy Voting Policies and Procedures.

EXHIBIT "A"

3/00

"Routine" Management Proposals

Consistent with our general philosophy of supporting management, we vote in support of management on the following "routine" management proposals:

1. Election of directors and other officers of the corporation.
2. Appointment of auditors.
3. Amending the By-laws to conform with modern business practices or to comply with applicable laws.
4. Elimination of preemptive rights.
5. Indemnification of officers, directors, employees and agents.
6. Increasing the number of shares outstanding for ordinary business purposes.
7. Declaring stock splits and stock dividends.
8. Authorizing a new class or series of securities for ordinary business purposes.
9. Changing or fixing the number of directors.
10. Amending and restating the Articles of Incorporation (for simplification or modernization).
11. Changing the date and/or location of annual meetings.
12. Employment contracts between the company and its executives and remuneration for directors.
13. Automatic dividend reinvestment plans.
14. Changing the company name (without a re-organization).
15. Qualified and non-qualified stock option plans for employees and/or directors.
16. Thrift and saving plans.
17. Retirement plans, pension plans, profit sharing plans and employee stock ownership plans, creation of and amendments thereto.

EXHIBIT "B"

3/00

"Anti-takeover" Proposals

Although we generally support management proposals, management initiatives that limit the price appreciation potential or the marketability of a stock may not be in the best interests of the shareholders. In these cases, our responsibility to vote the proxy in the best financial interests of the shareholders overrides our general desire to support management. The following management proposals are voted against when deemed to provide such a conflict:

1. Board classification without cumulative voting. Restricts the interest of minority shareholders.
2. Elimination of shareholder action by written consent. Restricts the shareholder in asserting rights to participate in control of the company.
3. Blank check preferred stock. Has the potential for diluting shareholder control.
4. Restricting removal of directors for cause only and only by a supermajority vote.
5. Fair-price proposals combined with supermajority rules.
6. Multiple anti-takeover proposals.
7. Poison Pill proposal. Any action that is designed to reduce the value of a company to a potential acquirer such as the right to purchase shares of the acquirer at a discount, a sale of assets of a subsidiary to a third party in the event of an acquisition, immediate vesting of all pension rights, continuation of salaries for all employees with a certain number of years of tenure, etc.
8. Golden parachutes. These include continuation of employee contracts with top executives, payment of a certain multiple of annual compensation, immediate vesting of all incentive, stock, and merit programs, etc.
9. Excessive requests for additional shares (generally, current authorized shares plus requested shares in excess of four times the combination of outstanding shares and shares reserved for option programs) with no specific purpose.

EXHIBIT "C"

3/00

Shareholder Proposals

Consistent with our policy of supporting management, we generally vote against shareholder proposals opposed by management. Exceptions to this guideline must be considered to be in the best financial interests of the shareholder.

EXHIBIT "D"

3/00

"Non-Routine" Non-Salary Compensation Proposals

Although we generally support management proposals, management initiatives that result in "give-aways" of equity ownership, that may prove highly dilutive to existing shareholders, or that materially reduce the shareholder's role in controlling non-salary compensation may not be in the best interests of shareholders. In these cases, our responsibility to vote the proxy in the best financial interests of the shareholders overrides our general desire to support management. The following management proposals for non-salary compensation plans are voted against when deemed to provide such a conflict:

1. Plans which provide for exercise prices below 85% of market value at time of grant.
2. Plans which result in total dilution potential of over 10% (2% per year) for companies with moderate growth prospects and over 25% (5% per year) for companies with rapid growth prospects (20% or better annual growth).
3. Plans that would (or delegate to the Board the authority to) reprice or replace underwater options.
4. Plans which give the Board the authority to establish exercise prices without preset limits.
5. Plans which provide for a laundry list of vehicles for grants including stock appreciation rights, restricted stock awards, and outright awards of stock and/or delegate broad authority to the Board to determine the size, nature, and conditions of the awards.
6. Combinations of the initiatives above.