

Walter Scott & Partners Limited

Discretionary Proxy Voting - Policies and Procedures

Excerpted from Compliance Manual

Walter Scott & Partners Limited (“WSPL”) may exercise voting authority over proxies with respect to securities held by certain of its clients. In exercising that authority, WSPL intends to comply with the requirements of Investment Advisers Act of 1940 (the “Advisers Act”) and the Employee Retirement Income Securities Act of 1974 (“ERISA”), as applicable. These policies and procedures are designed to facilitate that compliance and ensure that WSPL exercises discretionary proxy voting authority in its clients’ best interests. These procedures do not apply in any instance where a client has not granted WSPL discretionary voting authority either because the client has (a) retained voting discretion, (b) granted discretion to a third party or (c) directed that WSPL vote proxies in a particular manner.

Fiduciary Considerations. When a client grants WSPL proxy voting authority, WSPL owes that client a duty of care to monitor corporate actions and take timely action with respect to proxies received with respect to client holdings. Similarly, WSPL owes a duty of loyalty to vote those client proxies in a manner consistent with the client’s best interests without regard for any interest WSPL may have in the matter. When voting proxies on behalf of a client that is an ERISA plan, WSPL must act in accordance with the duties of loyalty and prudence it owes the plan and for the exclusive benefit of the plan’s participants and beneficiaries.

Monitoring Proxy Activity. WSPL receives notice of proxy activity with respect to client holdings through the custodians that hold client securities. As part of its research activities, WSPL’s portfolio management also monitors for corporate actions by issuers held in client portfolios.

Proxy Voting. In the absence of a conflict of interest, the decision on how a particular proxy is voted is generally made by the WSPL investment professional primarily responsible for that particular investment (the “stock champion”) based on what is in the best interest of the particular client for whom the proxy is being voted. WSPL defines a client’s best interest fundamentally with reference to the impact that the issue being voted upon may have on the desirability of owning the security from the client’s perspective.

WSPL believes that the quality of a company's management is an important consideration in determining whether the company is a suitable investment. WSPL also recognizes that management can offer valuable insights by virtue of its central role in a company's affairs. Accordingly, WSPL will generally weigh management's views in determining how to vote a proxy, subject in all events to WSPL's overall analysis of the likely effect of the vote on its client's interest in the company.

Proxy Voting Positions. WSPL generally vote with the management as we feel that management should be allowed to make those decisions that are essential to the ongoing operations of the company. If WSPL vote against the management on a material issue the shares are generally sold. However, disagreement over one or two specific issues may not necessarily trigger a sale.

Our normal position on non-routine topics is shown below:

Corporate Governance Issues

WSPL will evaluate each proposal separately. WSPL will generally vote in favour of a management sponsored proposal to increase corporate governance and disclosure unless the proposal is likely to have a materially negative effect on the interests of shareholders.

Changes to Capital Structure

WSPL will evaluate each proposal separately. Generally WSPL will vote for changes such as stock splits which would enhance liquidity and open market share repurchase plans where all shareholders can

participate pro rata but against proposals designed to discourage merger and acquisitions and other measures which do not provide shareholders with economic value.

Stock Option Plans & Compensation

WSPL will evaluate each proposal separately but generally vote for compensation plans that are reasonable but against those that are unduly generous or would result in excessive dilution to other shareholders.

Social and Corporate Responsibility Issues

WSPL will evaluate each proposal separately but would generally vote against proposals that involve a material economic cost to the company or restrict the freedom of the management to operate in the best interests of the company and of its shareholders.

Resolving Potential Material Conflicts of Interest. The WSPL Investment Policy Group (“IPG”) together with the Chief Compliance Officer are responsible for identifying potential conflicts of interest that may be material to the proxy voting process. Examples of potential conflicts of interest include situations in which WSPL or its personnel:

- Manage a pension plan for, or provides other services to, a company whose management is soliciting proxies;
- Has a direct or indirect material business relationship with a proponent of a proxy proposal that may influence how the proxy vote is cast;
- Has a business or personal relationship with participants in a proxy contest, corporate officers, corporate directors or candidates for directorships.

Once it has identified a potential material conflict of interest, the IPG will resolve the conflict prior to voting the proxy in question. The IPG may resolve the conflict of interest by (a) obtaining informed client consent, (b) applying a pre-determined policy that is designed to serve the client’s interests rather than WSPL’s, provided that the application of the policy to the proxy in question requires the exercise of little or no discretion on WSPL’s part, (c) applying a pre-determined policy based upon the recommendations of an independent third party, (d) implementing the recommendation of a third party engaged by the client or (e) in any other manner reasonably designed to fulfil WSPL’s fiduciary duty to the client.

Recordkeeping. In connection with its exercise of discretionary voting authority for its clients, WSPL maintains records of (a) these proxy voting policies and procedures, as amended from time to time; (b) proxy statements received regarding securities held by those clients; (c) votes cast on behalf of those clients; (d) client requests for proxy voting information; and (e) documents that were material to the voting decision for a client proxy or that reflected the basis for such decision (including the resolution of any material conflict of interest).