

Proxy Voting Guidelines

Leith Wheeler recognizes that proxy voting is one of the most effective tools shareholders have at their disposal to ensure good Corporate Governance.

Our overriding objectives on voting proxies and taking other actions on Corporate Governance issues, is to ensure on behalf of our clients that:

- The long-term value of our investments are maximized, and
- All shareholders are treated fairly

In accordance with these objectives, we support the following principles against which all proxy issues are reviewed:

1) Board of Directors

The Board reports to the shareholders and is responsible for maximizing the long-term growth of shareholder value. Corporate management is accountable to the Board of Directors. To be effective in this regard:

- The majority of the Board should be independent of management.
- Committees of the Board should be established with a majority of members who are independent of management in the following areas:
 - Nominating Committee
 - Compensation Committee
 - Audit Committee
 - Reserve Evaluation Committee (Oil & Gas Companies)
- The roles of Chairman of the Board and Chief Executive Officer should be separate.
- Each Board member should attend a minimum of 75% of meetings.

2) Management Compensation

Leith Wheeler will actively support compensation arrangements that:

- Align executive compensation with shareholder interests and motivate management to increase long-term shareholder value
- Are competitive
- Are not structured to reward failure or mediocrity

When compensation comes in the form of stock options, we are concerned they represent a “heads I win, tails I don’t lose” payoff structure that is quite different than a shareholder’s payoff structure. We typically vote against stock option plans unless the

granting of options is tied to the achievement of a specific metric such as return on equity or a minimum growth in earnings per share.

3) Takeover Protection

Each situation will be evaluated on an individual basis but we will generally not support transactions that do not treat shareholders equally or do not adequately compensate minority shareholders. We will generally support various takeover defenses that are aligned to the growth of long-term shareholder value and allow reasonable time for a firm to generate a competing bid.

4) Shareholder Rights / Fair Treatment of Minority Shareholders

We will generally oppose the introduction of measures like dual class share structures that have the potential to treat one class of shareholders unfairly.

5) Auditor Independence

To preserve its independence, the vast majority of an auditing firm's revenue from the company should be generated from audit-related work versus other sources.