

## Proxy Voting

Glickenhau & Co. (GLICK) has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients, in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote the proxies of our clients is established by our advisory contracts or comparable documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts set out in Department of Labor Bulletin 94-2, 29 C.F.R. 2509.94-2 (July 29, 1994).

### I. PROXY VOTING GENERAL POLICY

A. **Clients' Best Interest.** GLICK's proxy voting procedures are designed and implemented in a way that is reasonably expected to ensure that proxy matters are conducted in the best interest of our clients. Furthermore, each proxy vote is ultimately cast on a case-by-case basis, taking into consideration the contractual obligations under the advisory agreement, and all other relevant facts and circumstances at the time of the vote. When required, GLICK will tailor its proxy voting procedures to suit clients which have adopted their own procedures. Any material conflicts involving proxy voting are resolved in the best interest of the client.

B. **Limitations.** Under some circumstances, GLICK will take a limited role in voting proxies as specified in a client's investment advisory contract. Such limitations may include:

1. GLICK declines to take responsibility for voting client proxies when the client instructs the custodian to mail the proxy material directly to the client.
2. GLICK may abstain from voting a client proxy if it concludes that the effect on shareholders' economic interests, or the value of the portfolio holding, is indeterminable or insignificant.
3. For mutual funds, GLICK will vote proxies in accordance with the Securities Act of 1933, the Securities Act of 1934, and the Investment Company Act of 1940.
4. For ERISA accounts, GLICK's responsibility for voting proxies includes the duty of loyalty, prudence, compliance with the plan, as well as a duty to avoid prohibited transactions. In cases where GLICK maintains a long-term or relatively illiquid investment in an issuer, GLICK will actively monitor and engage in communications with the issuer.

C. **Client Direction.** In certain cases, as described in the investment advisory contract, GLICK will vote proxies as directed by the client.

D. **Shareholder Activism.** GLICK does not usually engage in shareholder activism; however, if the firm believes it is in our clients' best interest, we will

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initiate a verbal and written dialog with management and officers.

**E. Availability of Policy and Procedures.** GLICK will provide clients with a copy of its proxy voting policies and procedures upon request.

**F. Disclosure of Vote.** GLICK will make a client's proxy voting record available to a client within ten days of a request. The firm will not disclose any proxy voting record to third parties.

## **II. RESPONSIBILITY AND OVERSIGHT**

GLICK designates the Chief Compliance Officer as being responsible for overseeing and administering the proxy voting process.

### **Duties:**

1. Consult with portfolio managers and analysts of the accounts holding a relevant security.
2. Determine the vote for proxies.
3. Develop, authorize, implement, and update GLICK's proxy voting procedures.
4. Monitor legislative and corporate governance developments.
5. Oversee the proxy voting procedures.

## **III. PROCEDURES**

This section provides suggestions for describing GLICK's actual proxy voting process and the firm's policies and procedures.

**A. Client Direction.** GLICK's responsibilities for voting proxies are determined generally by its obligations under each advisory contract or similar document.

1. ERISA Accounts. Voting ERISA client proxies is a fiduciary act of the plan asset management that must be performed by GLICK, unless the voting right is retained by a named fiduciary of the plan. (DOL 94 Bulletin)
2. Change in Client Direction. GLICK will honor a client request to vote its proxy in a manner that is inconsistent with the firm's policies and procedures.

**B. Process of Voting Proxies.** The procedures may specify reasonable steps to assure that GLICK receives and votes proxies in a timely manner. For example,

1. Obtain Proxy.

2. Match. Each proxy received is matched to the securities to be voted.
3. Conflicts of Interest. Each proxy is reviewed by the Compliance Director to assess the extent to which there may be a material conflict between GLICK's interests and those of the client. If a material conflict of interest exists, GLICK will have an agreement with the client that the client will vote its own proxies in the event of an actual conflict.
4. Vote. The Chief Compliance Officer, or his or her delegate, would then vote the proxy in accordance with the firm's policies and procedures.

**C. Recordkeeping.** This section sets forth procedures for documenting proxy votes.

1. Section 204. GLICK maintains records of proxies voted pursuant to Section 204-2 of the Advisers Act.

2. Contents. Such records should include:

As required by Rule 204-2(c): (1) a copy of GLICK's policies and procedures; (2) proxy statements received regarding client securities; (3) a record of each vote cast; and (5) each written client request for proxy voting records and GLICK's written response to any (written or oral) client request for such records.

3. Duration. Proxy voting books and records will be maintained in an easily accessible place for a period of five years, the first two on the premises of the office of GLICK.

## **CATEGORIES OF ISSUES**

GLICK's substantive voting decisions turn on the particular facts and circumstances of each proxy vote. GLICK's voting decisions set out general categories of issues and potential factors which may arise in the process of voting proxies.

### **I. BOARD OF DIRECTORS**

This section sets out proposals related to an issuer's Board of Directors' policies and procedures.

**A. Nominations in Uncontested Elections.** While a nomination in an uncontested election may be considered a routine matter in which GLICK might ordinarily vote with management, GLICK may wish to consider the following factors: long-term corporate performance and stock price; composition of the board and key board committees; and nominee's attendance at meetings.

**B. Separating the Positions of Chairman and CEO.** GLICK may adopt a position on proposals requiring that the chairman of the board and the chief executive officer not be filled by the same person. GLICK may consider the following factors with respect to this issue: (i) maximizing the board's ability to oversee the actions of management by eliminating a potential conflict of interest; and (ii) the potential for detracting from the issuer's productivity and efficiency.

**C. Independence Issues.** GLICK may consider the following factors when adopting a position on director independence issues: (i) majority requirements for the board and the audit, compensation and/or nominating committee; and (ii) issuers are subject to strict legal and regulatory requirements.

**D. Limitations on Director Tenure and Retirement.** GLICK may consider the following factors when establishing a position on limiting the term of outside directors: (i) a reasonable retirement age for directors; (ii) the introduction of new perspectives on the board; and (iii) the arbitrary nature of such limitations, and the possibility of detracting from the board's stability and continuity.

**E. Minimum Stock Ownership.** GLICK may consider the following factors when establishing a position on mandatory requirements for director share ownership: (i) the benefits of additional vested interest; (ii) the ability of a director to serve a company well regardless of the extent of his or her share ownership; and (iii) the impact of limiting the number of persons qualified to be directors.

**F. D&O Indemnification and Liability Protection.** GLICK may adopt a position on director and officer indemnification and liability protection. In doing so, GLICK may weigh the concern that increased indemnification and decreased liability for directors are important to ensure the continued availability of competent directors against the concept that liability is necessary to ensure against corruption and negligence. GLICK may consider the following factors with respect to this issue: (i) indemnifying directors for acts conducted in the normal course of business; (ii) limiting liability for monetary damages for violating the duty of care; (iii) expanding coverage beyond legal expenses to acts that represent more serious violations of fiduciary obligation than carelessness (*e.g.* negligence); and (iv) providing expanded coverage in cases when a director's legal defense was unsuccessful if the director was found to have acted in good faith, and in a manner that he or she reasonably believed was in the best interests of the company.

## II. RATIFICATION OF AUDITORS

While the selection of independent accountants to audit the issuer's financial records may be considered a routine business matter that would ordinarily be voted with management, GLICK will consider the following:

- A. Audit Committee Approval.** Whether the ratification has been approved by an appropriate audit committee that meets applicable composition, independence and other requirements.
- B. Potential Conflicts.** Whether the auditor faces potential conflicts of interest as a result of its relationship with the issuer or its performance of non-audit services.
- C. Competence.** Whether the auditor has rendered an opinion which is neither accurate nor indicative of the issuer's financial position.

## III. PROXY CONTESTS

This section sets out proposals related to proxy contests.

- A. Director Nominations in Contested Elections.** GLICK may consider the following factors when establishing a position on voting for a director in a contested election: (i) long-term financial performance of the company relative to its industry; (ii) management's track record; (iii) background to proxy contest; (iv) qualifications of both slates of nominees; (v) evaluations of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and (vi) stock ownership positions.
- B. Reimbursement for Proxy Solicitation Expenses.** Proxy contests and their reimbursement are governed by federal regulation, state law, and company charter and bylaw provisions. Most expenses incurred on behalf of incumbents in a proxy contest are paid directly by the company, and are generally limited to expenses deemed reasonable and necessary to inform shareholders. Dissidents, however, are generally only reimbursed for proxy solicitation expenses if they gain control of the company. In order to mitigate this bias, some companies pursue an intermediate level of compensation for both incumbents and dissidents. GLICK may consider the following factors when establishing a position on proxy solicitation reimbursement: (i) identity of the persons who will pay the expenses; (ii) estimated total cost of solicitation; (iii) total expenditures to date; (iv) fees to be paid to proxy solicitation firms; and (v) when applicable, terms of a proxy contest settlement.

## IV. PROXY CONTEST DEFENSES

This section discusses categories of proposals related to proxy contest defenses.

- A. Shareholder Ability to Alter the Size of the Board.** GLICK may establish a position on shareholder ability to alter the size of the board. GLICK may consider

whether the proposal seeks to fix the size of the board and/or require shareholder approval to alter the size of the board.

**B. Shareholder Ability to Remove Directors.** GLICK may establish a position on shareholder ability to remove directors. GLICK may consider whether the proposal allows shareholders to remove directors with or without cause and/or allow shareholders to elect directors and fill board vacancies.

**C. Cumulative Voting.** Cumulative voting is a method of voting for directors that enables the shareholder to multiply the number of his or her shares by the number of directors being voted on, and cast the total for any one director or a selected group of directors. GLICK may consider the following factors when establishing a position on cumulative voting: (i) the ability of significant stockholders to elect a director of their choosing; (ii) the ability of minority shareholders to concentrate their support in favor of a director or directors of their choosing; and (iii) to potentially limit the ability of directors to work for all shareholders.

**D. Shareholder Ability to Call Meetings.** While state law generally prohibits shareholders from abusing their ability to call special meetings, management may seek to limit the ability of shareholders to call meetings. A common explanation for such a proposal is to prevent minority shareholders from taking control of an issuer's agenda. These proposals may completely prohibit a shareholder's right to call a special meeting or may require a high number of shareholder votes to call a special meeting. This type of proposal is often bundled with a supermajority-voting requirement to amend the same restriction. These restrictions on shareholder liability can constrain the ability of shareholders to act independently. GLICK may establish a position on proposals to limit shareholder ability to call special meetings.

**E. Shareholder Ability to Act by Written Consent.** Written consent allows shareholders to initiate and carry out a shareholder action without waiting until the annual meeting or by calling a special meeting. It permits actions to be taken by the written consent of the same percentage of outstanding shares that would be required to effect the proposed action at a shareholder meeting. GLICK may establish a position on shareholder ability to act by written consent.

## **V. TENDER OFFER DEFENSES**

This section sets forth categories of proposals related to tender offer defenses.

**A. Classified Boards.** There are many proposals related to the structure of the issuer's board including: changing the way board vacancies are filled, the way directors are nominated, or the numbers of directors. These proposals may take the form of proposed amendments to the charter or by-laws of the issuer and in most instances are not used as a proxy contest or anti-takeover defense. There are instances, however, where the structure of the board is used as a proxy contest or anti-takeover defense. A classified board, which is divided into separate classes (usually three), with only a portion of the

directors being elected or replaced each year, is an example of a board structure that can be used as an anti-takeover defense. GLICK may consider the following factors when adopting a position on classified boards: (i) providing continuity; (ii) promoting long-term planning; and (iii) guarding against unwanted takeovers.

**B. Poison Pills.** Poison pills (or shareholder rights plans) are triggered by an unwanted takeover attempt and cause a variety of events to occur which may make the company financially less attractive to the potential acquirer. GLICK may consider the following factors when adopting a position on poison pills: (i) GLICK's position on supporting proposals to require a shareholder vote on other shareholder rights plans; (ii) ratifying or redeeming a poison pill in the interest of protecting the value of the issuer; and (iii) other alternatives to prevent a takeover at a price demonstrably below the true value of the issuer.

**C. Fair Price Provisions.** A fair price provision in an issuer's charter or bylaws is designed to assure that if the issuer is acquired under a plan not agreed to by the board, each shareholder's securities will be purchased at the same price. These provisions attempt to limit the "two-tiered" pricing systems in which a potential acquirer initially offers a premium for a sufficient number of shares of the issuer to obtain control, and then offers the remaining shareholders a significantly lower price for their remaining shares. Fair price provisions are often linked with supermajority voting requirements to approve acquisitions that may entrench management to the disadvantage of shareholders and discourage attractive tender offers. GLICK may consider the following factors when assessing proposals related to fair price provisions: (i) the vote required to approve the proposed acquisition (ii) the vote required to repeal the fair price provision, (iii) the mechanism for determining fair price; and (iv) whether these provisions are bundled with other anti-takeover measures (*e.g.*, supermajority voting requirements) that may entrench management and discourage attractive tender offers.

**D. Greenmail.** GLICK may adopt a position on preventing the accumulation of large blocks of common stock for the purpose of pressuring companies to repurchase at above market prices to avoid a takeover proxy fight ("greenmail").

**E. Unequal Voting Rights Plans.** Unequal voting rights plans, *e.g.* a dual class capitalization plan, are designed to reduce the voting power of existing shareholders and concentrate a significant amount of voting power in the hands of management. As an incentive to encourage shareholders to approve these plans, they may offer higher dividends to shareholders willing to hold shares with inferior voting rights. These plans may serve to prevent hostile takeovers.

**F. Supermajority Shareholder Requirements.** Supermajority vote requirements in a company's charter or bylaws require a level of voting approval in excess of a simple majority (generally two-thirds affirmative). GLICK may adopt a position on supermajority requirements to approve an issuer's charter or bylaws, or to approve a merger or other significant business combination.

**G. White Squire Placements.** Management can use blank check preferred stock in the form of a white squire placement as a defense against takeovers and a source of “patient capital.” This is done by placing a large amount of its stock with friendly third parties (*e.g.* a private investor, company ESOP or investment fund) and subsequently issuing these parties a series of preferred placements. These white squire placements dilute existing shareholder equity and voting positions. GLICK may consider adopting a position on shareholder approval of blank check preferred stock issues for other than general corporate purposes.

## **VI. MISCELLANEOUS GOVERNANCE PROVISIONS**

This section sets out miscellaneous governance categories.

**A. Confidential Voting.** Some issuers have confidential voting procedures that limit management’s access to information about how a shareholder has voted until the voting period is closed. GLICK may take a position on shareholder proposals that request companies to adopt confidential voting, use independent tabulators and use independent inspectors of election. GLICK may consider whether it would require that these types of proposals to include clauses for proxy contests that require management in the case of a contested election be permitted to request that the dissident group honor its confidentiality voting policy.

**B. Equal Access.** Equal access proposals require companies to give certain shareholders access to proxy materials so that these shareholders may state their views on contested issues, including director nominations. GLICK may consider the following factors when adopting a position on equal access: (i) the opportunity for significant company shareholders to evaluate and propose voting recommendations on proxy proposals and director nominees, and to nominate candidates to the board; and (ii) the added complexity and burden.

**C. Bundled/Combination Proposals.** Several issues are often bundled together in a single proposal. GLICK should assess the total costs and benefits to shareholders of the combination proposal and the extent that issues should be subject to separate votes.

**D. Charitable Contributions.** In evaluating proposals to permit or limit charitable contributions, GLICK may weigh the concern that charitable contributions can be a source of potential conflict of interest for a company, and that an issuer should use its capital resources to more directly increase share value, against the belief that corporate charitable contributions can provide certain long-term benefits to shareholders such as favorable tax treatment, goodwill and name recognition. Additionally, socially minded investors may evaluate an issuer based on its contributions as a percentage of pretax profit. GLICK may consider the following factors when adopting a position on charitable contributions: (i) the potential benefits to shareholders; (ii) the potential to detract the company’s resources from more direct uses of increasing shareholder value; and (iii) the responsibility of shareholders to make individual contributions.

## VII. CAPITAL STRUCTURE

This section outlines categories of proposals related to capital structure.

**A. Stock Authorizations:** A proposal to increase the authorized stock will have an impact on current shareholders. GLICK may seek to distinguish between legitimate proposals to authorize increases in common stock for expansion and other corporate purchases and those designed principally as an anti-takeover device. The following factors may be relevant for this assessment: (i) the need for the increase; (ii) the percentage increase with respect to the existing authorization; (iii) voting rights of the stock; and (iv) overall capitalization structures.

**B. Stock Splits.** The purpose of a stock split is usually to enhance the marketability of the stock by lowering the price. GLICK may consider the following factors when adopting a position on stock splits: (i) the percentage increase in the number of shares with respect to the existing authorized shares; and (ii) the issuer's industry and performance.

**C. Reverse Stock Splits.** GLICK may consider the following factors when adopting a position on reverse stock splits: (i) the percentage increase in the shares with respect to existing authorized stock; and (ii) issues related to delisting.

**D. Preferred Stock.** Blank check preferred is stock that authorizes the issuance of certain preferred stock at some future point in time and allows the board to establish voting, dividend, conversion, and other rights at the time issuance. Blank check preferred stock can provide a company with the flexibility needed to meet changing financial conditions, but it also may be used as an anti-takeover defense, since the stock has terms that make the entire company a less attractive investment. Once the stock is authorized shareholders typically have no further power to determine how or when it will be allocated. GLICK may consider the following factors when adopting a position on preferred stock: (i) whether the new class of preferred stock has unspecified voting, conversion, dividend distribution, and other rights; (ii) whether the issuer expressly states that the stock will not be used as a takeover defense or carry superior voting rights; (iii) whether the issuer specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable; and (iv) whether the stated purpose is to raise capital or make acquisitions in the normal course of business.

**E. Adjustments to Par Value of Common Stock.** GLICK may adopt a position on adjustments to the par value of common stock.

**F. Preemptive Rights.** GLICK may evaluate the size of a company and the characteristics of the shareholder base when voting on proposals related to preemptive rights.

**G. Share Repurchase Programs.** GLICK may take a position on proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

## VIII. EXECUTIVE AND DIRECTOR COMPENSATION

Stock option plans and other executive and director compensation plans are designed to attract, hold and motivate talented executives and outside directors. Evaluating executive and director compensation plans requires GLICK to weigh the need to attract and maintain qualified people against the implications for dilution and transfer of shareholder wealth. This section discusses categories of proposals related to executive and director compensation.

**A. Stock Option Plans.** Stock-based incentive plans are among the most economically significant issues submitted to shareholders for vote. Approval of these plans may result in large transfers of shareholder equity out of the company to plan participants as awards vest and are exercised. GLICK may calculate an estimated dollar value for each award by factoring into an option pricing model the number of shares reserved, the exercise price, the award term, the vesting parameters, and any performance criteria. The aggregate value of the plan can then be expressed as a percentage of the company's market capitalization and compared with the plans of the company's peers. GLICK may consider the following factors when adopting a position on stock option plans:

(i) whether the stock option plan expressly permits the repricing of underwater options;

(ii) whether the plan could result in earnings dilution of greater than a specified percentage of shares outstanding;

(iii) whether the plan has an option exercise price below the marketplace on the day of the grant;

(iv) whether the proposal relates to an amendment to extend the term of options for persons leaving the firm voluntarily or for cause; and

(v) whether the program has embedded features, such as:

(1) participation by consultants and other non-employees; (2) exercise options set at the discretion of the board; (3) ambiguous payment terms and/or below market interest rates on loans to optionees; (4) no termination date included in the plan document; (5) no limit on the number of shares available for issue under the plan; (6) excessive number of options available to only a small percentage of top employees; (7) authority granted to the board to amend the plan without prior shareholder approval to the extent permitted by law; (8) stock depreciation rights; or (9) reload options.

**B. Director Compensation.** In addition to cash compensation, stock option plans for outside directors have become increasingly popular. GLICK may consider the following factors when adopting a position on director compensation: (i) whether director shares are at the same market risk as those of the shareholders; and (ii) how option programs for outside directors compare with the standards of internal programs.

**C. Employee Stock Ownership Plans.** Employee Stock Ownership Plans are becoming an increasingly popular method of raising capital and increasing employee participation in a company. GLICK may consider the percentage of shares that will be allocated to the ESOP when considering a proposal to implement an ESOP or to increase the authorized shares for an existing ESOP.

**D. OBRA-Related Compensation Proposals.** The Omnibus Budget Reconciliation Act (OBRA) requires that a company obtain shareholder approval of incentive compensation plans that would result in a deduction greater than \$1 million in nondeferred executive compensation. GLICK may adopt a position on OBRA-related compensation proposals.

1. Caps on Annual Grants or Amend Administrative Features. GLICK may establish a position on amendments to shareholder-approved plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m) of OBRA.

2. Performance-Based Goals. GLICK may adopt a position on amendments to add performance-based goals to existing compensation plans to comply with the provisions of 162(m) of OBRA.

3. Share Increases and Tax Deductions under OBRA. GLICK may adopt a position on amendments to existing plans to increase shares reserved and to qualify the plan for favorable tax treatment under the provisions of Section 162(m) when consistent with the company's operations.

4. Cash or Cash-and-Stock Bonus Plan. GLICK may adopt a position on cash or cash-and-stock bonus plans to exempt the compensation from taxes under the provisions of Section 162(m) of OBRA.

**E. Disclosure of Board and Executive Compensation.** GLICK may consider adopting a position on disclosure of information regarding the salaries and compensation packages of directors and top management beyond SEC requirements.

**F. Golden and Tin Parachutes.** Golden parachutes assure certain key officers of an acquired company a significant severance package if such officer is terminated or demoted pursuant to the takeover. Tin parachutes make similar arrangements to all employees. These proposals have anti-takeover implications because of the added expense to the acquisition. GLICK should weigh the benefit of these packages in attracting capable management against their anti-takeover implications. GLICK may consider the following factors when adopting a position on golden and tin parachutes: (i) whether they will be submitted for shareholder approval; and (ii) the employees covered by the plan and the quality of management.

**G. 401(k) Employee Benefit Plans.** A 401(k) plan is any qualified plan under Section 401(k) of the Internal Revenue Code that contains a cash or deferred arrangement. Although implementation of a 401(k) plan is a complex, time-consuming activity, with proper organization and attention to detail, it can be an important part of an

employee benefit package that can be used to attract and retain quality personnel. GLICK may adopt a position on proposals to implement 401(k) Employee Benefit Plans.

## **IX. STATE OF INCORPORATION**

This section reviews categories of proposals related to an issuer's specific state of incorporation.

**A. State Takeover Statutes.** Proposals that would require an issuer to opt out of their state takeover statute (*e.g.* Section 203 of the Delaware General Corporation Code) are common. This type of statute typically requires a bidder to acquire a high percentage (*e.g.* 85%) of a company's stock before it can exercise control of the company without board approval. States generally allow a company to opt out of this requirement with the approval of a majority of the outstanding shares. GLICK may consider the following factors when adopting a position on proposals to opt out of a state takeover statute: (i) the power the statute vests with the issuer's board; (ii) the potential of the statute to stifle bids; and (iii) the potential for the statute to empower the board to negotiate a better deal for shareholders.

**B. Reincorporation Proposals.** An issuer may choose to reincorporate under the laws of a different state for many reasons, including: taxation, the state's general business law, or the level of corporate experience of the state court. In other instances a proposal to reincorporate may be founded in management's desire to take advantage of that court's interpretations of laws governing unsolicited takeovers. GLICK may adopt a position on proposals to change the state of incorporation to another domicile.

**C. Offshore Presence.** An issuer may seek for taxation or other purposes to establish an offshore presence or to relocate entirely offshore. GLICK may adopt a position on proposals related to establishing an offshore presence.

## **X. MERGERS AND RESTRUCTURINGS**

This section sets out categories of issues related to mergers and restructurings.

**A. Mergers and Acquisitions.** GLICK may adopt a position on mergers and acquisitions. When evaluating each merger or acquisition on a case-by-case basis GLICK should take into consideration: anticipated financial and operating benefits; offer price; prospects of the combined companies; how the deal was negotiated; and changes in corporate governance and their potential impact on shareholder rights. GLICK may take a position on proposals that require the board to consider what impact a merger would have on groups other than a company's shareholders.

**B. Corporate Restructurings.** GLICK should evaluate proposed corporate restructurings.

1. Spin-Offs. When evaluating a spin-off GLICK may consider the tax and regulatory advantages, planned use of sale proceeds, market focus, and managerial incentives.
2. Asset Sales. When evaluating an asset sale, GLICK may consider the impact on the balance sheet or working capital and the value received for the asset.
3. Liquidations. When evaluating a liquidation GLICK may consider management's efforts to pursue alternatives, the appraisal value of assets, and the compensation plan for executives managing the liquidation.

## **XI. MUTUAL FUND PROXIES**

This section sets forth categories of issues related to voting mutual fund proxies.

**A. Election of Directors or Trustees.** GLICK may consider the following factors when voting on the directors or trustees of a mutual fund: board structure, director independence and qualifications, and compensation within the fund and the family of funds; and attendance at board and committee meetings.

**B. Converting Closed-end Fund to Open-end Fund.** GLICK may consider the following factors when considering a proposal to convert a closed-end fund to an open-end fund: past performance as a closed-end fund; market in which the fund invests; measures taken by the board to address the discount; past shareholder activism; board activity; and votes on related proposals.

**C. Proxy Contests.** GLICK may consider the following factors related to a proxy contest: past performance; the market in which the fund invests; measures taken by the board to address the past shareholder activism; board activity; and votes on related proposals.

**D. Investment Advisory Agreements.** GLICK may consider the following factors related to approval of an investment advisory agreement: proposed and current fee schedules; fund category/investment objective; performance benchmarks; share price performance as compared with peers; and the magnitude of any fee increase.

**E. Preferred Stock Proposals.** GLICK may consider the following factors when considering a preferred stock proposal: stated specific financing purpose and other reasons management provides for possible dilution of common shares.

**F. 1940 Act Policies.** Funds often seek approval to change or adjust their policies based on the investment parameters established under the Investment Company of 1940 Act to allow fund management to take advantage of a greater range of investment tools. In evaluating this type of proposal GLICK should consider the extent to which the proposed changes fundamentally alter the investment focus of the fund and comply with current SEC interpretation. GLICK may also consider the following additional factors:

potential competitiveness; regulatory developments; current and potential returns; and current and potential risk.

**G. Changing a Fundamental Restriction to a Nonfundamental Restriction.** GLICK may consider the following when evaluating a proposal to change a fundamental restriction to a nonfundamental restriction: the fund's target investments; reasons given by the fund for the change; and the projected impact of the change on the portfolio.

**H. Distribution Agreements.** GLICK may consider the following when evaluating a proposal to approve a distribution agreement: fees charged to comparably sized funds with similar objectives; proposed distributor's reputation and past performance; and competitiveness of fund in the industry.

**I. Names Rule Proposals.** GLICK may consider the following when evaluating a proposal to change a fund name: the political and economic changes in target market; bundling with quorum requirements; bundling with asset allocation changes; and consolidation in the fund's target market.

**J. Disposition of Assets/Termination/Liquidation.** GLICK may consider the following when evaluating a proposal to dispose of fund assets, terminate, or liquidate the fund: strategies employed to salvage the fund; the fund's past performance; and the terms of the liquidation.

**K. Changes to Charter Documents.** GLICK may consider the following when evaluating proposals to change a fund's charter documents: degree of change implied by the proposal; efficiencies that could result; state of incorporation; and regulatory standards and implications.

**L. Changing the Domicile of a Fund.** GLICK may consider the following when evaluating a proposal to change the domicile of a fund: regulators of both states; required fundamental policies of both states; and the increased flexibility available.

**M. Change in Fund's Subclassification.** GLICK may consider the following when evaluating a change in a fund's subclassification: potential competitiveness; current and potential returns; risk of concentration; and consolidation in the target industry.

## **XII. ISSUES WITH SOCIAL/MORAL IMPLICATIONS**

There are many types of proposals that can be characterized as non-financial or non-business issues involving social, political, economic, and environmental considerations which may be potentially controversial in nature.

This section provides a list of potential categories of issues with social and/or moral implications that GLICK may consider when establishing positions on social issues and when it is appropriate for our advisory practice.

### **1. War on Terrorism Implications**

2. Alcohol and Tobacco
3. Energy and Environment
4. Geographic Significance
  - a. South Africa
  - b. Northern Ireland
5. Military Business
6. Maquiladora Standards and International Operations Policies
7. World Debt Crisis
8. Equal Employment Opportunity and Discrimination
9. Animal Rights
10. Product Integrity and Marketing
11. Human Resources Issues