

**CEDAR RIDGE PARTNERS, LLC**  
**PROXY POLICIES AND GUIDELINES**

Cedar Ridge generally does not vote client proxies due to its limited direct interest in equity securities, however, on occasion, Cedar Ridge may own equity securities in which case it will vote proxies in the best interest of its clients. In cases where Cedar Ridge votes client proxies, it will retain evidence of how client proxy votes were cast and such evidence will be available to its clients upon request.

Background: The act of managing assets of clients may include the voting of proxies related to such managed assets. Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the investment adviser, the investment adviser has the fiduciary responsibility for (a) voting in a manner that is in the best interests of the client, and (b) properly dealing with potential conflicts of interest arising from proxy proposals being voted upon.

Proxy Voting Policies: The Adviser shall vote proxies related to securities held by any client in a manner that is in the best interest of the client. The Adviser shall consider only those factors that relate to the client's investment, including how its vote will economically impact and affect the value of the client's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, not voting at all on a presented proposal may be in the best interest of the client).

Proxy votes generally will be cast in favor of proposals that maintain or strengthen the company's business prospects, including but not limited to the quality of earnings, income, and cash flow, and maintain or increase overall enterprise value. Proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, the Adviser and its employees shall vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

In exercising its voting discretion, the Adviser and its employees shall avoid any direct or indirect conflict of interest raised by such voting decision. The Adviser will provide adequate disclosure to the client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to the Adviser or:

- any affiliate of the Adviser. For purposes of these Proxy Voting Policies and Procedures, an affiliate means: (i) any person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with the Adviser; (ii) any officer, director, principal, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of the Adviser; or (iii) any other person for which a person described in clause (ii) acts in any such capacity;

- any issuer of a security for which the Adviser (or any affiliate of the Adviser) acts as a sponsor, advisor, manager, custodian, distributor, underwriter, broker, or other similar capacity; or
- any person with whom the Adviser (or any affiliate of the Adviser) has an existing, material contract or business relationship that was not entered into in the ordinary course of the Adviser's (or its affiliate's) business.

After informing the client of any potential conflict of interest, the Adviser will take other appropriate action as required under these Proxy Voting Policies and Procedures, as provided below. The Adviser shall keep certain records required by applicable law in connection with its proxy voting activities for clients and shall provide proxy-voting information to clients upon their written or oral request.

### **A. Corporate Governance Matters**

The following proposals will generally be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

#### **General**

Generally, routine management proposals will be supported. The following are examples of routine management proposals:

- Approval of financial statements, director and auditor reports.
- General updating/corrective amendments to the charter.
- Proposals related to the conduct of the annual meeting, except those proposals that relate to the "transaction of such other business which may come before the meeting."
- Proposals requiring confidential voting and independent tabulation of voting results will be supported.
- Proposals requiring a U.S. company to have a separate Chairman and CEO will not be supported.
- Proposals by management of non-U.S. companies regarding items that are clearly related to the regular course of business will be supported.
- Proposals to require the company to expense stock options will be supported.
- Open-ended requests for adjournment generally will not be supported. However, where management specifically states the reason for requesting an adjournment and the requested adjournment is necessary to permit a proposal that would otherwise be supported under this Policy to be carried out (i.e. an uncontested corporate transaction), the adjournment request will be supported.
- Proposal requiring that the company prepare reports that are costly to provide or that would require duplicative efforts or expenditures that are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders generally will not be supported.

**B. Election of Directors.** In situations where no conflict exists and where no specific governance deficiency has been noted, unless otherwise determined by the Proxy Review Committee, proxies will be voted in support of nominees of management.

The following proposals generally will be supported:

- Proposals requiring that a certain percentage (up to 66 2/3%) of the company's board members be independent directors.
- Proposals requiring that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated directors.

Unless otherwise determined by the Proxy Review Committee, a withhold vote will be made in the following circumstances:

- If a nominee who is interested is standing for election as a member of the company's compensation, nominating or audit committees; A director nominee may be deemed to be interested if the nominee has, or any time during the previous five years had, a relationship with the issuer (e.g., investment banker, counsel or other professional service provider, or familial relationship with a senior officer of the issuer) that may impair his or her independence;
- A direct conflict exists between the interests of the nominee and the public shareholders;
- A nominee has failed to attend at least 75% of board meetings within a given year without a reasonable excuse; or
- A nominee serves on the board of directors for more than six companies (excluding investment companies).

### **C. Anti-Takeover Matters**

Proposals to modify or rescind existing supermajority vote requirements to amend the charter or bylaws generally will be supported; proposals to amend bylaws to require a supermajority shareholder vote to pass or repeal certain provisions generally will not be supported.

Proposals requiring shareholder approval or ratification of a shareholder rights plan or poison pill will generally be supported.

### **C. Capitalization Changes**

The following proposals generally will be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

The following proposals generally will be supported:

- Proposals to create a new class of preferred stock or for issuances of preferred stock.

- Proposals to reduce the number of authorized shares of preferred stock, or to eliminate classes of preferred stock.
- The following proposals generally will not be supported (notwithstanding management support).
- Proposals relating to capitalization changes that add classes of stock which substantially dilute the voting interests of existing shareholders.

#### **D. Compensation**

The following proposals generally will be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

The following proposals generally will be supported:

- Proposals relating to director fees, provided the amounts are not excessive relative to other companies in the country or industry.
- Proposals for employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad-based employee plan, including all non-executive employees.
- Proposals for the establishment of employee stock option plans and other employee ownership plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.
- Proposals for the establishment of employee retirement and severance plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.
- Blanket proposals requiring shareholder approval of all severance agreements generally will not be supported, however, proposals that require shareholder approval for agreements in excess of three times the annual compensation (salary and bonus) generally will be supported.
- Blanket proposals requiring shareholder approval of executive compensation generally will not be supported.