

PROXY VOTING

Policy

Davidson Capital Management, Inc., (DCM) as a matter of policy and as a fiduciary to our clients, has responsibility for voting proxies for portfolio securities consistent with the best economic interests of the clients. Our firm maintains written policies and procedures as to the handling, research, voting and reporting of proxy voting and makes appropriate disclosures about our firm's proxy policies and practices. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies and disclose any potential conflicts of interest as well as making information available to clients about the voting of proxies for their portfolio securities and maintaining relevant and required records.

Background

Proxy voting is an important right of shareholders and reasonable care and diligence must be undertaken to ensure that such rights are properly and timely exercised. Investment advisers registered with the SEC, and which exercise voting authority with respect to client securities, are required by Rule 206(4)-6 of the Advisers Act to (a) adopt and implement written policies and procedures that are reasonably designed to ensure that client securities are voted in the best interests of clients, which must include how an adviser addresses material conflicts that may arise between an adviser's interests and those of its clients; (b) to disclose to clients how they may obtain information from the adviser with respect to the voting of proxies for their securities; (c) to describe to clients a summary of its proxy voting policies and procedures and, upon request, furnish a copy to its clients; and (d) maintain certain records relating to the adviser's proxy voting activities when the adviser does have proxy voting authority.

Responsibility

W. Jeffrey Davidson has the responsibility for the implementation and monitoring of our proxy voting policy, practices, disclosures and record keeping, including outlining our voting guidelines in our procedures.

Procedure

DCM has adopted procedures to implement the firm's policy and reviews to monitor and insure the firm's policy is observed, implemented properly and amended or updated, as appropriate, which include the following:

Voting Procedures

- All employees will forward any proxy materials received on behalf of clients to W. Jeffrey Davidson;
- W. Jeffrey Davidson will determine which client accounts hold the security to which the proxy relates;

- Absent material conflicts, W. Jeffrey Davidson will determine how DCM should vote the proxy in accordance with applicable voting guidelines, complete the proxy and vote the proxy in a timely and appropriate manner.

Disclosure

- DCM will provide conspicuously displayed information in its Disclosure Document summarizing this proxy voting policy and procedures, including a statement that clients may request information regarding how DCM voted a client's proxies, and that clients may request a copy of these policies and procedures.
- W. Jeffrey Davidson will also send a copy of this summary to all existing clients who have previously received DCM's Disclosure Document; or W. Jeffrey Davidson may send each client the amended Disclosure Document. Either mailing shall highlight the inclusion of information regarding proxy voting.

Client Requests for Information

- All client requests for information regarding proxy votes, or policies and procedures, received by any employee should be forwarded to W. Jeffrey Davidson.
- In response to any request W. Jeffrey Davidson will prepare a written response to the client with the information requested, and as applicable will include the name of the issuer, the proposal voted upon, and how DCM voted the client's proxy with respect to each proposal about which client inquired.

Policy Statement

DCM is adopting these proxy voting policies and procedures (the "Policies and Procedures") in order to comply with Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended and its associated record-keeping requirements.

The Policies and Procedures apply to those client accounts (i) that contain voting securities; and (ii) for which DCM has authority to vote client proxies. The Policies and Procedures will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues. Other, similar rights such as consent rights shall be evaluated on a case by case basis.

Pursuant to the Policies and Procedures and its fiduciary duties DCM will vote client proxies as part of its authority to manage, acquire and dispose of account assets. When voting proxies for client accounts, the DCM's primary objective is to make voting decisions solely in the best interests of clients and beneficiaries and participants of benefits plans for which we manage assets. In fulfilling its obligations to clients, the DCM will act in a manner deemed to be prudent and diligent and which is intended to enhance the economic value of the underlying securities held in client accounts. In certain situations, a client or its fiduciary may provide DCM with a statement of proxy voting policy. In these situations, DCM seeks to comply with such policy to the extent it would not be inconsistent with applicable regulation or the fiduciary responsibility of DCM

General Proxy Voting Guidelines

It is the policy of DCM in voting proxies to consider and vote each proposal with the objective of maximizing long-term investment returns for its clients. To ensure consistency in voting proxies on behalf of its clients, DCM utilizes the proxy voting guidelines (the "Proxy Voting Guidelines") set forth below. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues.

Management Proposals

- A. The following management sponsored proposals are usually voted *in support* of management.
1. Approval of auditors and financial statements
 2. Election of Directors
 3. Requirement that at least 51% of its Board's members be comprised of independent and unaffiliated Directors
 4. Requirement that the majority of members of the company's compensation committee, and 100% of members of the company's nominating and audit committees, be comprised of independent or unaffiliated Directors
 5. Recommendations to set retirement ages or require specific levels of stock ownership by Directors
 6. General updating/corrective amendments to the charter
 7. Elimination of cumulative voting
 8. Elimination of preemptive rights
 9. Provisions for confidential voting and independent tabulation of voting results
 10. Proposals related to the conduct of the annual meeting except those proposals which relate to the "transaction of such other business which may come before the meeting"
 11. Capitalization changes which eliminate other classes of stock and voting rights
 12. Proposals to increase the authorization of existing classes of stock if: (i) a clear and legitimate business purpose is stated and (ii) the number of shares requested is reasonable in relation to the purpose for which authorization is requested
 13. Proposals for share repurchase plans, unless it appears that a repurchase plan lacks a bona fide business purpose
 14. Proposals to affect stock splits unless such a split would be contrary to shareholders' best interests
 15. Proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount will generally be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases
 16. Director fees unless the amounts are excessive relative to other companies in the country or industry
 17. 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
 18. Establishment of Employee Stock Option Plans and other employee ownership plans
 19. Proposals to expense stock options

20. Executive/Director stock option plans. Generally, the stock option plans should meet the following criteria: (i) the stock option plan should be incentive based; (ii) should be no more than 2% per annum of the issued capital at the time of approval
21. Modify or rescind existing supermajority vote requirements to amend the charters or bylaws
22. Adoption of anti-greenmail provisions provided that the proposal (a) defines greenmail, (b) prohibits buyback offers to large block holders not made to all shareholders or not approved by disinterested shareholders, and (c) contains no anti-takeover measures or other provisions restricting the rights of shareholders
23. Proposals requiring shareholder ratification of poison

B. The following proposals are usually voted *against*, notwithstanding management support:

1. Capitalization changes which add classes of stock which may significantly dilute the voting interests of existing shareholders
2. Proposals to increase the authorized number of shares of existing classes of stock which carry preemptive rights or super voting rights
3. Creation of blank check preferred stock
4. Changes in capitalization by 2% or more where management does not offer an appropriate rationale or where it is contrary to the best interests of existing shareholders
5. Compensation proposals that allow for discounted stock options which have not been offered to employees in general
6. Executive compensation plans that are excessive relative to other companies in the industry
7. Anti-takeover and related provision that serve to prevent the majority of shareholders from exercising their rights or effectively deter the appropriate tender offers and other offers
8. Shareholders rights plans which allow appropriate offers to shareholders to be blocked by the board or trigger provisions which prevent legitimate offers from proceeding
9. Amendments to bylaws that would require a supermajority shareholder vote to pass or repeal certain provisions
10. Proposals to indemnify auditors
11. Proposals to adopt poison pills

C. The following types of proposals are usually voted on a *case-by-case* basis:

1. Change-in-control provisions in non-salary compensation plans, employment contracts, and severance agreements that benefit management and would be costly to shareholders if triggered are not supported by the Advisers, however the Adviser does not want to vote against a good management team, and so will usually abstain
2. Mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations)
3. Proposals to create a new class of preferred stock or for issuances of preferred stock up to 5% of issued capital unless the terms of the preferred stock would adversely affect the rights of existing shareholders, in which case we are opposed
4. Proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock, provided such proposals have a legitimate business purpose

5. Proposals to change covenants or other terms in connection with financings or debt issuances
6. Proposals to amend terms of shareholder rights agreements or similar documents which will affect the rights of a client
7. Limiting Directors' liability and broadening indemnification of Directors Shareholder Proposals

Shareholder Proposals

A. The following shareholder proposals are usually voted *in support*:

1. Requirement that a majority of members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors
2. Prohibit payment of greenmail
3. Proposals which request or require disclosure of executive compensation in addition to the disclosure required by the Securities and Exchange Commission ("SEC") regulations
4. Elimination of certain anti-takeover related provisions
5. Reduction or elimination of supermajority vote requirements
6. Proposals to expenses stock options
7. Confidential voting

B. The following shareholder proposals are usually *voted against*:

1. Requirements that the issuer prepare reports which are costly to provide or which would require duplicative efforts or expenditures which are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders
2. Restrictions related to social, political or special interest issuers that impact the ability of the company to do business or be competitive and which have a significant financial or best interest impact to the shareholders
3. Proposals that require inappropriate endorsements or corporate actions
4. Proposals requiring Directors to own large amounts of stock to be eligible for election
5. Proposals which limit tenure of Directors
6. Requiring shareholder approval of golden parachutes

C. The following shareholder proposals are usually determined on a *case-by-case* basis:

1. Proposals to limit golden parachutes
2. Restoring cumulative voting in the election of Directors
3. Requirement that a certain percentage of its Board's members be comprised of independent and unaffiliated Directors
4. Proposals which limit retirement benefits or executive compensation
5. Requiring shareholder approval for Bylaw or charter amendments
6. Requiring shareholder approval for shareholder rights plan or poison pill

Conflicts of Interest

- DCM will identify any conflicts that exist between the interests of the adviser and the client by reviewing the relationship of DCM with the issuer of each security to determine if DCM or any of its employees has any financial, business or personal relationship with the issuer.
- If a material conflict of interest exists, W. Jeffrey Davidson will determine whether it is appropriate to disclose the conflict to the affected clients, to give the clients an opportunity to vote the proxies themselves, or to address the voting issue through other objective means such as voting in a manner consistent with a predetermined voting policy or receiving an independent third party voting recommendation.
- DCM will maintain a record of the voting resolution of any conflict of interest.

Recordkeeping

W. Jeffrey Davidson shall retain the following proxy records in accordance with the SEC's five-year retention requirement.

- These policies and procedures and any amendments;
- Each proxy statement that DCM receives;
- A record of each vote that DCM casts;
- Any document DCM created that was material to making a decision how to vote proxies, or that memorializes that decision including periodic reports to W. Jeffrey Davidson or proxy committee, if applicable.
- A copy of each written request from a client for information on how DCM voted such client's proxies, and a copy of any written response.