



Essential Investment Partners

Essential Investment Partners LLC

Guidelines for Proxy Voting

Set forth below are the general guidelines that Essential follows in voting proxies on behalf of its clients. The guidelines are just that – guidelines for most situations. However, the guidelines may not be followed if the facts and circumstances of a particular situation warrant a change. If a particular proposal is not covered by the following guidelines, it will be voted on a case-by-case basis, considering the appropriate facts and circumstances, bearing in mind what is in the best interests of shareholders.

Operational Matters

Vote for:

- Minor bylaw or charter changes
- Proposals to change the corporate name
- Changes of meeting location, date, time unless unreasonable
- Ratification of auditors unless there is cause for change

Vote against:

- Granting management authority to adjourn a meeting
- Proposals to reduce quorum requirements
- Shareholder proposals to change meeting location, date and time
- Shareholder proposals to require audit firm rotation

Board of Directors

Vote for:

- Proposals to repeal classified boards
- Proposals to fix the board size
- Shareholder proposals requesting majority of board be independent
- Shareholder proposals requesting committees be comprised of independent directors

Vote against:

- Proposals to classify the board or limit board terms
- Expanded indemnification provisions beyond statutory limits
- Shareholder proposals to set a mandatory retirement age

Vote on case-by-case basis:

- Director elections, considering qualifications, attendance, independence, director investment in the company and other relevant factors
- Director stock compensation plans
- Proposals to require separation of chair and CEO positions
- All other board-related issues

Compensation

Vote on case-by-case basis:

- Stock incentive plans, considering relevant facts and circumstances including, but not limited to, aggregate award pool, outstanding incentive grants, criteria for awards, rules regarding repricing, impact on reported earnings if options expensed and option/restricted stock mix
- Executive compensation plans, considering relevant facts and circumstances including, but not limited to, eligible recipients, aggregate compensation limits, criteria for awards, company compensation history and flexibility reserved to compensation committee under the plan
- Director retirement plans for non-employee directors

Capital Structure and Corporate Events

Vote for:

- Adjustments to par value
- Proposals to increase number of authorized shares, unless paired with a shareholder rights (poison pill) plan
- Proposals to institute open market purchases of stock when shareholders can participate on equal terms

Vote against:

- Shareholder rights plans
- Preferred stock authorizations without specific terms
- Tracking stock proposals

Vote on case-by-case basis

- Director elections in contested elections
- Anti-takeover defenses
- Mergers and corporate restructurings
- Asset purchases and sales
- Debt restructurings and security conversions
- Liquidations, joint ventures and going private transactions
- Private placements of securities
- Spinoffs
- Preferred stock issuance

The following are general guidelines for voting mutual fund (open and closed-end) proxies:

- Absent a compelling case to the contrary, we will vote against:
 - Any proposal that increases fund expenses, including management fee increases and 12b-1 fee increases
 - Changes to investment policies that materially change the nature of the fund's investments

- Essential will generally vote for:
 - Uncontested elections of directors, unless there is a clear reason to withhold the vote such as:
 - Lack of qualifications
 - No investment in the funds by the directors
 - Clearly excessive age
 - Ratification of selection of auditors
 - Increase in authorized shares and/or establishment of new share classes

- Essential will evaluate on a case-by-case basis:
 - Minor changes to investment policies
 - Changes to advisory contracts
 - Contested director elections and other shareholder proposals
 - Re-approval of advisory contracts that will be terminated as a result of a change of control of the investment adviser to the fund
 - Changes to articles of incorporation other than authorized shares or establishment of new share classes
 - Other unique or unusual issues presented