

Saratoga Research & Investment Management

PROXY VOTING POLICY

As an investment adviser, Saratoga Research & Investment Management(SaratogaRIM)must treat voting rights as to securities held in its clients' portfolios in a manner that is in its clients' best interests.¹ This Proxy Voting Policy describes our policy for doing so. These are the guidelines that we use when voting for clients who have asked us do so on their behalf. For clients who vote on their own, we recommend using the following guidelines.

I. GENERAL POLICY

A. **Long Term Holdings.** Where the purpose of holding a stock relates to the stock's growth or value over an extended period, voting proxies may further that purpose. As to those types of holdings, therefore, we will evaluate on a case-by-case basis whether, under the circumstances, it is likely to be in the clients' best interest to exercise voting rights as to those securities. We will consider a variety of factors, including our reasons for buying the stock, the nature of the proxy proposals, and the estimated time the clients will continue to hold the stock.²

B. **Examples of Limitations.** Some circumstances in which SaratogaRIM may refrain from voting include:

1. *Short Term Trading Positions:* SaratogaRIM's activities may include, on behalf of one or more of its client accounts, buying and selling on a short term basis to take advantage of market opportunities without regard for the potential for long-term appreciation or the development and maintenance of successful business strategies of corporate issuers. As to securities bought for those purposes, it will rarely be in our clients' best interests for us to devote significant resources to assessing issues presented for shareholder vote and casting votes.
2. *Limited Value:* where, for reasons other than those specified in **clause I.B.1**, we conclude that the value of a client's economic interest in the proposal or the value of the portfolio holding is insignificant relative to the overall portfolio;
3. *Unjustifiable Cost:* where we believe the cost of voting (including non-objective costs) on a proxy proposal would likely exceed the value of any anticipated benefits of the proposal³
4. *Impracticability:* particularly as to securities issued by companies in emerging market countries, the timing of receipt and/or the mechanics of voting may make it impracticable to vote;

¹ SaratogaRIM generally considers any fund it manages to be its client, not the investors in such fund.

² For example, there may be circumstances where we will hold a stock both at the record date for the issuer's annual meeting and at the time of the meeting but where we will nonetheless not vote the proxies as to that stock on the basis that we expect that we will hold the stock for only a brief period following the meeting or, in any event, that we will not hold the stock at the time that the actions as to which the proxy proposals relate take effect.

³ As an extreme example, if a vote may only be cast in person at a meeting to be held in a foreign jurisdiction, the cost of casting any vote may far outweigh the benefit. Particularly for small positions, even significantly less extreme costs and required effort may outweigh the potential benefit of voting.

5. *Securities Lent*: where we have lent securities (which, therefore, have been transferred into the borrower’s name), and we have not recalled those securities as of the record date or the vote date relating to the proxy proposals appurtenant to those securities;⁴
6. *Terminated Account*: where we have received or delivered a notice of termination of our investment management agreement with the relevant client, even if trading authority continues for a transitional period; and
7. *Client Maintains Voting Authority*: where the relevant client has specified in writing (either as part of an investment management agreement or in a separate instruction) that it will maintain the authority to vote proxies or that it has delegated the right to a third party.

SaratogaRIM’s designated Proxy Officer, Kevin Tanner, and the relevant portfolio manager will be responsible for reviewing and (where applicable) voting shareholder proxies.

II. PROXY VOTING GUIDELINES

When we have determined that voting is relevant to the purposes of selecting and holding a long position, and is in the clients’ collective best interests, we will generally use the following Guidelines to determine how to vote. These Guidelines are merely guidelines: there may be circumstances in which we determine that our clients’ collective best interests would be served by voting contrary to the Guidelines.

	<u>ISSUE</u>	<u>VOTE</u>
1.	Management or board entrenchment and anti-takeover measures:	Oppose
	a. Implementation of staggered board member terms.	
	b. Limitations on shareholders’ ability to call special meetings.	
	c. Implementation of supermajority voting requirements.	
	d. Large increases in authorized common or preferred shares, where management provides no explanation for their use or need.	
	e. Implementation of “fair price” provisions.	
	f. Implementation, augmentation, or extension of “poison pill” shareholder rights plans.	
	g. Authorization of “greenmail.”	
2.	Creation of cumulative voting rights.	Oppose
3.	Action based on support for or furtherance of social issues (unless specific client guidelines supersede).	Oppose

⁴ In these circumstances, the borrower (rather than SaratogaRIM) will have discretion as to whether to vote the securities. In unusual circumstances, where a portfolio manager determines that a vote is of material economic interest to the client and that a vote can be rendered in a timely manner, we may recall the security so that we may vote it.

<u>ISSUE</u>		<u>VOTE</u>
4.	Election of directors recommended by management (except if there is a proxy fight).	Approve
5.	Confidential Voting.	Approve
6.	Limitations on directors' liability.	Approve
7.	Elimination of preemptive rights.	Approve
8.	Implementation or enhancement of employee benefit plans (401(k), and other retirement plans).	Approve
9.	Granting of any option and/or other stock based compensation plan that is un-expensed.	Oppose
10.	Additional indemnification for directors and/or officers.	Case-by-Case
11.	Reincorporation in another state.	Approve
12.	Implementation of "golden parachutes":	
	a. If plan appears necessary to attract and retain critical personnel.	Approve
	b. Otherwise.	Oppose
13.	Change in board composition and compensation:	
	a. Increase in the size of the board beyond 13 members.	Oppose
	b. Increase in the number of independent non-executive directors.	Approve
	c. Restrictions on directors' tenure, such as a mandatory retirement age or limits on length of service or requirements that directors own a certain amount of a company's stock.	Oppose
	d. Elimination of retirement benefits for non-employee directors or requirement that directors be paid partially or solely in stock.	Oppose (absent unusual circumstances)
14.	Routine matters:	Approve
	a. Approval of auditors (unless management seeks to replace them in the context of a dispute over policies).	
	b. Time and place of annual meeting.	
	c. Change of company name.	
	d. Ratification of directors on routine matters since last annual meeting.	

<u>ISSUE</u>	<u>VOTE</u>
e. Other matters as to which management or the Board is generally competent and in the best position to assess and decide.	
15. Mergers and Acquisitions.	Case-by-Case

III. CONFLICTS OF INTEREST

SaratogaRIM is sensitive to conflicts of interest that may arise in the proxy decision making process. For example, conflicts may arise under the following circumstances:

- Proxy votes regarding non-routine matters are solicited by a company that has (or whose retirement plans have) an institutional separate account relationship with SaratogaRIM or a large investment in one of the funds SaratogaRIM manages;
- SaratogaRIM has a material business relationship with a proponent of a proxy proposal, participants in a proxy contest, or directors or director candidates of a company; or
- A SaratogaRIM employee has a personal interest in the outcome of a particular proxy proposal (which might be the case if, for example, a member of a SaratogaRIM employee's immediate family were a director or executive officer of the relevant company).

SaratogaRIM will seek to resolve all conflicts in its clients' collective best interest. Voting in accordance with the Guidelines described above will generally prevent any conflicts that may appear to exist from affecting our voting. However, if (i) a proposal is not covered by the Guidelines (as they may be revised from time to time) or (ii) a portfolio manager seeks to vote contrary to the Guidelines, the Proxy Officer will inquire whether SaratogaRIM or the portfolio manager deciding how to vote has any interests that could be viewed as a potentially conflicting with the interests of our clients. If there are any potential conflicts, the Proxy Officer will consult with other SaratogaRIM senior management and, as appropriate, an independent consultant or outside counsel to determine what votes on those proposals would be in the collective best interest of our clients.

IV. RECORDKEEPING

As required by the Investment Advisers Act of 1940, SaratogaRIM maintains the following records (other than proxy statements on file with the SEC's EDGAR system, or proxy statements and records maintained by a third party) for five years:

- copies of its proxy voting policies and procedures;
- proxy statements received regarding client securities;
- records of votes cast on behalf of clients;
- records of written client requests for proxy voting information and written responses by the adviser to any such written or oral client request; and
- any documents prepared by the adviser that were material to making a decision as to how to vote or that memorialized the basis for that decision.

V. **AMENDMENTS TO POLICY**

This Proxy Voting Policy may be amended from time to time in the sole discretion of the Board of Directors SaratogaRIM.

VI. **OBTAINING TANNER'S PROXY VOTING RECORDS**

Clients (as well as the investors in any fund managed by SaratogaRIM) may obtain free of charge records detailing how SaratogaRIM voted proxy issues on its clients' behalf by submitting a written request to us at:

SARATOGA RESEARCH & INVESTMENT MANAGEMENT

14471 Big Basin Way, Suite E

Saratoga, California 95070

408.741.2330

OFFICER'S CERTIFICATE

SARATOGA RESEARCH & INVESTMENT MANAGEMENT (a California corporation)

The undersigned, a duly authorized officer of Saratoga Research & Investment Management, a California corporation and registered investment adviser, "*SaratogaRIM*," hereby certifies that the preceding PROXY VOTING POLICY OF SARATOGA RESEARCH & INVESTMENT MANAGEMENT (the "*Policy*") was adopted by resolution of the Board of Directors of Tanner & Associates Asset Management (which has since changed its name to Saratoga Research & Investment Management) dated July 29, 2003 as required by Rule 206(4)-6 of the Investment Advisers Act of 1940, as amended. Under the direction of the Proxy Officer (as defined in the Policy), this Policy will be the primary document be the primary document used by SaratogaRIM to determine whether, to what extent, and in what matter it will exercise proxy voting rights as to any matter referenced in a proxy statement that SaratogaRIM may receive from an issuer of securities beneficially owned by one or more client account(s) over which SaratogaRIM exercises discretionary investment authority.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of July 29, 2003.

SARATOGA RESEARCH & INVESTMENT
MANAGEMENT, a California corporation

By:



Name: Kevin P. Tanner

Title: President & Chief Investment Officer