1. General Principles

1.1. Voting of shares will be conducted in a manner consistent with the best interests of the R.E.G.A.R. funds investors as follows: (i) securities of a portfolio company will generally be voted in a manner consistent with the Guidelines; and (ii) voting will be done without regard to any other of the Manager companies’ relationship, business or otherwise, with that portfolio company.

1.2. Execution of R.E.G.A.R. Funds Votes is delegated to the Manager. The Manager’s employees have a fiduciary duty to never place their own personal interest ahead of the interests of R.E.G.A.R.’s clients, and are instructed to avoid actual and apparent conflicts of interest. In the event of a conflict of interest, the Manager will consult the Independent Review Committee as appropriate. A conflict of interest arises when there are factors that may prompt one to question whether a Manager employee is acting solely on the best interests of the R.E.G.A.R. Funds and their customers. Employees are expected to avoid situations that could present even the appearance of a conflict between their interests and the interests of the R.E.G.A.R. Funds and its customers.

1.3. Except as set forth herein, the Manager will generally vote in favor of routine management proposals.

1.4. Non-routine proposals will generally be voted in accordance with the guidelines.

1.5. Non-routine proposals not covered by the Guidelines or involving other special circumstances will be evaluated on a case-by-case basis with input from the appropriate analyst or R.E.G.A.R. responsible portfolio manager.

1.6. The Manager will vote on shareholder proposals not specifically addressed by the guidelines based on an evaluation of a proposal’s likelihood to enhance the economic returns or profitability of the portfolio company or to maximize shareholder value. Where information is not readily available to analyze the economic impact of the proposal, the Manager will generally abstain.

1.7. In the event that one of R.E.G.A.R. Funds invest in voting securities issued by companies that are domiciled outside Canada and are not listed on a Canadian securities exchange, the Manager will generally evaluate proposals in the context of the Guidelines and where applicable and feasible, take into consideration differing laws, regulations and practices in the relevant foreign market in determining how to vote shares.

1.8. In certain non-Canadian jurisdictions, shareholders voting shares of a portfolio company may be restricted from trading the shares for a period of time around the shareholder meeting date. Because such trading restrictions can hinder portfolio management and could result in a loss of liquidity for a fund, the Manager will generally not vote proxies in circumstances where such restrictions apply. In addition, certain non-Canadian jurisdictions require voting shareholders to disclose current share ownership on a fund-by-fund basis. When such disclosure requirements apply, the Manager will generally not vote proxies in order to safeguard fund holdings information.

1.9. Where a management-sponsored proposal is inconsistent with the Guidelines, the Manager may receive a company’s commitment to modify the proposal or its practice to
conform to the Guidelines, and the Manager will generally support management based on this commitment. If a company subsequently does not abide by its commitment, the Manager will generally withhold authority for the election of directors at the next election.

2. Definitions (as used in this document)
   2.1. Anti-Takeover Provision - includes fair price amendments; classified boards; "blank check" preferred stock; Golden Parachutes; supermajority provisions; Poison Pills; restricting the right to call special meetings; provisions restricting the right of shareholders to set board size; and any other provision that eliminates or limits shareholder rights.

   2.2. Golden Parachute - Employment contracts, agreements, or policies that include an excise tax gross-up provision; single trigger for cash incentives; or may result in a lump sum payment of cash and acceleration of equity that may total more than three times annual compensation (salary and bonus) in the event of a termination following a change in control.

   2.3. Greenmail - payment of a premium to repurchase shares from a shareholder seeking to takeover a company through a proxy contest or other means.

   2.4. Sunset Provision - a condition in a charter or plan that specifies an expiration date.

   2.5. Permitted Bid Feature - a provision suspending the application of a Poison Pill, by shareholder referendum, in the event a potential acquirer announces a bona fide offer for all outstanding shares.

   2.6. Poison Pill - a strategy employed by a potential take-over / target company to make its stock less attractive to an acquirer. Poison Pills are generally designed to dilute the acquirer's ownership and value in the event of a take-over.

   2.7. Large-Capitalization Company - a company included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index

   2.8. Small-Capitalization Company - a company not included in the Russell 1000® Index or the Russell Global ex-U.S. Large Cap Index that is not a Micro-Capitalization Company.


   2.10. Evergreen Provision - a feature which provides for an automatic increase in the shares available for grant under an equity award plan on a regular basis.

3. Directors

   3.1. Election of Directors

   The Manager will generally vote in favor of incumbent and nominee directors except where one or more such directors clearly appear to have failed to exercise reasonable judgment.

   The Manager will also generally withhold authority for the election of all directors or directors on responsible committees if:
3.1.1. An Anti-Takeover Provision was introduced, an Anti-Takeover Provision was extended, or a new Anti-Takeover Provision was adopted upon the expiration of an existing Anti-Takeover Provision, without shareholder approval except as set forth below.

With respect to Poison Pills, however, the Manager will consider not withholding authority on the election of directors if all of the following conditions are met when a Poison Pill is introduced, extended, or adopted:

3.1.1.1. The Poison Pill includes a Sunset Provision of less than five years;

3.1.1.2. The Poison Pill includes a Permitted Bid Feature;

3.1.1.3. The Poison Pill is linked to a business strategy that will result in greater value for the shareholders; and

3.1.1.4. Shareholder approval is required to reinstate the Poison Pill upon expiration.

The Manager will also consider not withholding authority on the election of directors when one or more of the conditions above are not met if a board is willing to strongly consider seeking shareholder ratification of, or adding above conditions noted 3.1.1.1 and 3.1.1.2 to an existing Poison Pill. In such a case, if the company does not take appropriate action prior to the next annual shareholder meeting, the Manager will withhold authority on the election of directors.

3.1.2. The company refuses, upon request by the Manager, to amend the Poison Pill to allow the R.E.G.A.R. Funds to hold an aggregate position of up to 20% of a company’s total voting securities and of any class of voting securities.

3.1.3. Within the last year and without shareholder approval, a company’s board of directors or compensation committee has repriced outstanding options, exchanged outstanding options for equity, or tendered cash for outstanding options.

3.1.4. Executive compensation appears misaligned with shareholder interests or otherwise problematic, taking into account such factors as: (i) whether the company has an independent compensation committee; (ii) whether the compensation committee engaged independent compensation consultants; (iii) whether, in the case of stock awards, the restriction period was less than three years for non-performance-based awards, and less than one year for performance-based awards; (iv) whether the compensation committee has lapsed or waived equity vesting restrictions; and (v) whether the company has adopted or extended a Golden Parachute without shareholder approval.

3.1.5. To gain the Manager’s support on a proposal, the company made a commitment to modify a proposal or practice to conform to the Guidelines and the company has failed to act on that commitment.
3.1.6. The director attended fewer than 75% of the aggregate number of meetings of the board or its committees on which the director served during the company's prior fiscal year, absent extenuating circumstances.

3.1.7. The board is not composed of a majority of independent directors.

3.2. Indemnification

The Manager will generally vote in favor of charter and by-law amendments expanding the indemnification of directors and/or limiting their liability for breaches of care unless the Manager is otherwise dissatisfied with the performance of management or the proposal is accompanied by Anti-Takeover Provisions.

3.3. Independent Chairperson

The Manager will generally vote against shareholder proposals calling for or recommending the appointment of a non-executive or independent chairperson. However, the Manager will consider voting for such proposals in limited cases if, based upon particular facts and circumstances, appointment of a non-executive or independent chairperson appears likely to further the interests of shareholders and to promote effective oversight of management by the board of directors.

3.4. Majority Director Elections

The Manager will generally vote in favor of proposals calling for directors to be elected by an affirmative majority of votes cast in a board election, provided that the proposal allows for plurality voting standard in the case of contested elections (i.e., where there are more nominees than board seats). The Manager may consider voting against such shareholder proposals where a company's board has adopted an alternative measure, such as a director resignation policy, that provides a meaningful alternative to the majority voting standard and appropriately addresses situations where an incumbent director fails to receive the support of a majority of the votes cast in an uncontested election.

4. Compensation

4.1. Executive Compensation

4.1.1. Advisory votes on executive compensation

4.1.1.1. The Manager will generally vote for proposals to ratify executive compensation unless such compensation appears misaligned with shareholder interests or otherwise problematic, taking into account such factors as, among other things, (i) whether the company has an independent compensation committee; (ii) whether the compensation committee engaged independent compensation consultants; (iii) whether, in the case of stock awards, the restriction period was less than three years for non-performance-based awards, and less than one year for performance-based awards; (iv) whether the compensation committee has lapsed or waived equity vesting restrictions; and (v) whether the company has adopted or extended a Golden Parachute without shareholder approval.
4.1.1.2. The Manager will generally vote against proposals to ratify Golden Parachutes.

a) Frequency of advisory vote on executive compensation

The Manager will generally support annual advisory votes on executive compensation.

4.2. Equity award plans (including stock options, restricted stock awards, and other stock awards).

The Manager will generally vote against equity award plans or amendments to authorize additional shares under such plans if:

4.2.1. (a) The company's average three year burn rate is greater than 1.5% for a Large-Capitalization Company, 2.5% for a Small-Capitalization Company or 3.5% for a Micro-Capitalization Company; and (b) there were no circumstances specific to the company or the plans that lead the Manager to conclude that the burn rate is acceptable.

4.2.2. In the case of stock option plans, (a) the offering price of options is less than 100% of fair market value on the date of grant, except that the offering price may be as low as 85% of fair market value if the discount is expressly granted in lieu of salary or cash bonus; (b) the plan's terms allow repricing of underwater options; or (c) the board/committee has repriced options outstanding under the plan in the past two years without shareholder approval.

4.2.3. The plan includes an Evergreen Provision.

4.2.4. The plan provides for the acceleration of vesting of equity awards even though an actual change in control may not occur.

4.3. Equity Exchanges and Repricing

The Manager will generally vote in favor of a management proposal to exchange, reprice or tender for cash, outstanding options if the proposed exchange, repricing, or tender offer is consistent with the interests of shareholders, taking into account such factors as:

4.3.1. Whether the proposal excludes senior management and directors;

4.3.2. Whether the exchange or repricing proposal is value neutral to shareholders based upon an acceptable pricing model;

4.3.3. The company's relative performance compared to other companies within the relevant industry or industries;

4.3.4. Economic and other conditions affecting the relevant industry or industries in which the company competes; and

4.3.5. Any other facts or circumstances relevant to determining whether an exchange or repricing proposal is consistent with the interests of shareholders.
4.4. Employee Stock Purchase Plans

The Manager will generally vote in favor of employee stock purchase plans if the minimum stock purchase price is equal to or greater than 85% of the stock's fair market value and the plan constitutes a reasonable effort to encourage broad based participation in the company's equity. In the case of non-Canadian company stock purchase plans, the Manager may permit a lower minimum stock purchase price equal to the prevailing "best practices" in the relevant non-Canadian market, provided that the minimum stock purchase price must be at least 75% of the stock's fair market value.

4.5. Employee Stock Ownership Plans (ESOPs)

The Manager will generally vote in favor of non-leveraged ESOPs. For leveraged ESOPs, the Manager may examine the company's state of incorporation, existence of supermajority vote rules in the charter, number of shares authorized for the ESOP, and number of shares held by insiders. The Manager may also examine where the ESOP shares are purchased and the dilution effect of the purchase. The Manager will generally vote against leveraged ESOPs if all outstanding loans are due immediately upon change in control.

4.6. Bonus Plans and Tax Deductibility Proposals

The Manager will generally vote in favor of cash and stock incentive plans that are submitted for shareholder approval in order to qualify for favorable tax treatment under Section 162(m) of the Internal Revenue Code, provided that the plan includes well defined and appropriate performance criteria, and with respect to any cash component, that the maximum award per participant is clearly stated and is not unreasonable or excessive.

5. Anti-Takeover Provisions

The Manager will generally vote against a proposal to adopt or approve the adoption of an Anti-Takeover Provision unless:

5.1. The Poison Pill includes the following features:

5.1.1. A Sunset Provision of no greater than five years;

5.1.2. Linked to a business strategy that is expected to result in greater value for the shareholders;

5.1.3. Requires shareholder approval to be reinstated upon expiration or if amended;

5.1.4. Contains a Permitted Bid Feature; and

5.1.5. Allows R.E.G.A.R. Funds to hold an aggregate position of up to 20% of a company’s total voting securities and of any class of voting securities.

5.2. An Anti-Greenmail proposal that does not include other Anti-Takeover Provisions; or
5.3. It is a fair price amendment that considers a two-year price history or less.

The Manager will generally vote in favor of a proposal to eliminate an Anti-Takeover Provision unless:

5.4. In the case of proposals to declassify a board of directors, the Manager will generally vote against such a proposal if the issuer’s Articles of Incorporation or applicable statutes include a provision whereby a majority of directors may be removed at any time, with or without cause, by written consent, or other reasonable procedures, by a majority of shareholders entitled to vote for the election of directors.

5.5. In the case of shareholder proposals regarding shareholders' right to call special meetings, the Manager generally will vote against each proposal if the threshold required to call a special meeting is less than 25% of the outstanding stock.

5.6. In the case of proposals regarding shareholders' right to act by written consent, the Manager will generally vote against each proposal if it does not include appropriate mechanisms for implementation including, among other things, that at least 25% of the outstanding stock request that the company establish a record date determining which shareholders are entitled to act and that consents be solicited from all shareholders.

6. Capital Structure / Incorporation

6.1. Increases in Common Stock

The Manager will generally vote against a provision to increase a company's common stock if such increase will result in a total number of authorized shares greater than three times the current number of outstanding and scheduled to be issued shares, including stock options, except in the case of real estate investment trusts, where an increase that will result in a total number of authorized shares up to five times the current number of outstanding and scheduled to be issued shares is generally acceptable.

6.2. New Classes of Shares

The Manager will generally vote against the introduction of new classes of stock with differential voting rights.

6.3. Cumulative Voting Rights

The Manager will generally vote against the introduction and in favor of the elimination of cumulative voting rights.

6.4. Acquisition or Business Combination Statutes

The Manager will generally vote in favor of proposed amendments to a company's certificate of incorporation or by-laws that enable the company to opt out of the control shares acquisition or business combination statutes.

6.5. Incorporation or Reincorporation in Another State or Country
The Manager will generally vote for management proposals calling for, or recommending that, a portfolio company reincorporate in another state or country if, on balance, the economic and corporate governance factors in the proposed jurisdiction appear reasonably likely to be better aligned with shareholder interests, taking into account the corporate laws of the current and proposed jurisdictions and any changes to the company’s current and proposed governing documents. The Manager will consider supporting such shareholder proposals in limited cases if, based upon particular facts and circumstances, remaining incorporated in the current jurisdiction appears misaligned with shareholder interests.

7. Shares of Investment Companies

7.1. When a R.E.G.A.R. Fund invests in another underlying R.E.G.A.R. Fund, the Manager will abstain from exercising the voting rights of such underlying fund held by the R.E.G.A.R. Fund or may take appropriate measure so that voting rights of such underlying fund held by the R.E.G.A.R. Fund be executed by the beneficial owner of the R.E.G.A.R. Fund.

7.2. When a R.E.G.A.R. Fund invests in another underlying mutual fund or an exchange traded fund which is not a R.E.G.A.R. Fund, the manager will vote in the same proportion as all other voting shareholders of such underlying fund (“echo voting”). The Manager may choose not to vote if “echo voting” is not operationally feasible.

8. Other

8.1. Voting Process

The Manager will generally vote in favor of proposals to adopt confidential voting and independent vote tabulation practices.

8.2. Regulated Industries

Voting of shares in securities of any regulated industry (e.g., Canadian banking) organization shall be conducted in a manner consistent with conditions that may be specified by the industry's regulator (e.g., the Superintendent of Financial Institutions in Canada) for a determination under applicable law (e.g., federal banking law) that no Fund or group of Funds has acquired control of such organization.