

## Proxy Voting Policies and Procedures

Effective as of June 8, 2003  
Revised as of January 1, 2016

### Statement of Policy

Broadview Advisors, LLC (“Broadview”) may exercise voting authority with respect to proxy proposals on behalf of its clients. We may not have authority to vote proxies for every client. However, when we exercise such authority, these Proxy Voting Policies and Procedures (“Proxy Voting Policies”) will apply. The guiding principal of the Proxy Voting Policies is that proxies should be voted consistent with the best interests of the client as a common shareholder. We will look critically upon any issue or vote that will limit or reduce the prerogatives and/or influence of the common shareholders. The following statement of policies is couched in terms of our general posture on various issues, recognizing that there are always exceptions. In addition, we will abide by specific voting guidelines on certain policy issues as requested by particular clients on a case-by-case basis.

Broadview’s Chief Compliance Officer is responsible for overseeing the day-to-day operation of this Proxy Voting Policy.

### General Voting Guidelines

#### *Administrative Issues*

We will generally vote in favor of the re-election of directors and the appointment of auditors and similar professionals. We will also vote in favor of programs of indemnification of directors which are consistent with common practice. The changing of auditors raises a yellow flag, and we try to determine the reasons for any change. If the change results from a dispute between the company and the auditors, and we feel the auditor’s position is correct, we will vote against making a change.

#### *Management Entrenchment Issues*

We will generally vote against poison pills, green mail, super majority voting, golden parachute arrangements, and staggered board arrangements, where that represents a change from a standard board. We will generally vote in favor of maintaining preemptive rights for shareholders, one share/one vote, and cumulative voting rights. We will tend to vote against creation of classes of stock with superior voting rights which protect management’s voting control despite reduced financial commitment of management to the company. We will evaluate proposals, such as changing state of incorporation, fiscal year, or corporate charter, in light of specific circumstances prompting the proposal, to determine whether the proposed change would reduce shareholders’ rights.

#### *Mergers and Acquisitions*

Voting on mergers, acquisitions, or spin-offs requires an evaluation of the impact of those transactions upon the company, and a vote which reflects our assessment of what is best for the company and therefore the shareholders. With respect to a proposed takeover

of the company, we initially evaluate an offer for the company in terms of the fairness of the price. We do this in the context of a two- to three-year time horizon to avoid selling at a premium over a temporarily depressed stock price. We would generally vote in favor of offers which represent a fair price, paid either in cash or in exchange for liquid securities of strong acquiring firms. We will oppose offers which we feel represent an unfair price, and we will oppose offers where shareholder are asked to finance a takeover by taking back debt or preferred stocks of questionable quality. We tend to be skeptical of management-led leveraged buyouts, as we feel it is very difficult for them to be objective as to the value of the company when they are the purchaser.

#### *Management Incentives*

We strongly favor programs that encourage outright stock ownership as opposed to conventional option plans. In limited cases, when the options are earmarked for lower level employees and the absolute amount is modest, we will vote affirmatively. We now generally vote against traditional stock option plans. Typical option plans result in a misalignment of management and shareholder interest, due to the asymmetrical risk profile of an option. Since there is no downside risk, managements have an incentive to take excessive risk. In short, executives tend to cease thinking like true owners. We like to see senior and executive level managers own stock in multiples of their annual salary.

Ideally we prefer to see bonuses and incentive awards paid in stock (with a vesting period), rather than cash or options. We look for stock award plans to be based on tangible operating performance metrics, such as return-on-invested capital or profit margin.

Additionally, when we deem a management as excessively compensated, we will likely vote against any kind of additional reward plan, even if the plan by itself looks reasonable.

#### *Social Issues*

It is our belief that socially responsible companies have, over time, provided superior investment returns for long-term investors. Fair hiring and inclusiveness with respect to women and minorities create a positive corporate culture that offers greater opportunities for growth for all employees, with concomitant rewards for shareholders of the company. A responsible corporate policy with respect to environmental issues is critical to all of us.

Our general posture with respect to social issues is to support management so long as they are complying with the spirit of the laws and regulations of the United States of America. Shareholder proposals must be considered on a case by case basis. The number of specific issues which we have seen raised on proxy votes with respect to social and labor issues are increasing. Since there is much “gray” and little “black and white” with respect to the level of corporate commitment to many of the social issues, and since we

are generally supportive of the goals and policies of the companies which we own, we would tend to vote in favor of management on these issues absent evidence that the company is abusing our trust, or direction from our clients to the contrary. If it is the desire of a client to provide input and direction on the voting of proxies with respect to certain issues, we would be more than happy to advise them when such issues arise and to defer to their wishes in voting on those issues.

## Conflicts of Interest

When there is an apparent conflict of interest, or the appearance of a conflict of interest, e.g., where Broadview may receive fees from a company for advisory or other services at the same time that Broadview has investments in the stock of that company, we will vote with management on those issues on which brokerage firms are allowed to vote without customer approval under NYSE rules, e.g. appointment or ratification of auditors. On other issues, we will advise our clients of the conflict, and we will refer the proxy to the client or to a fiduciary of the client for voting purposes or obtain the client's consent before voting. If we receive no direction or consent from a client, we will abstain from voting.

## Recordkeeping Procedures

We will maintain:

- A copy of our proxy voting policies and procedures;
- A copy of all proxy statements received (Broadview may rely on a third-party proxy voting agent or the SEC's EDGAR system to satisfy this requirement);
- A record of each vote cast on behalf of a client (Broadview may rely on a third-party proxy voting agent to satisfy this requirement);
- A copy of any document prepared by Broadview that was

material to making a voting decision or that memorializes the basis for that decision; and

- A copy of each written client request for information on how we voted proxies on the client's behalf, and a copy of any written response to any (written or oral) client request for information on how we voted proxies on behalf of the requesting client.

These books and records shall be made and maintained in accordance with the requirements and time periods provided in Rule 204-2 under the Investment Advisers Act of 1940.

## Disclosure to Clients

We will disclose to clients in our Form ADV brochure how they can obtain information from us on how their portfolio securities were voted and how they can obtain a copy of this Proxy Voting Policy, and that we will, upon request, provide them with a copy of the same.