

## **D.A. Davidson & Co.**

### **Investment Adviser Proxy Voting Policies and Procedures as of September 30, 2010**

This document sets forth the proxy voting policies, procedures and guidelines of D.A. Davidson & Co. ("D.A. Davidson"), a broker-dealer, and an investment adviser registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940, as amended (the "Act"), in voting proxies relating to securities held by its investment adviser clients. As a registered investment adviser, D.A. Davidson has a fiduciary duty to act in the best interest of its clients. This duty requires D.A. Davidson to vote proxies in a timely manner and to make voting decisions that are in the best interest of its clients. All proxies for advisory accounts received by D.A. Davidson are voted in accordance with these procedures. These policies and procedures are intended to comply with Rule 206(4)-6 of the Act.

#### **Delegation of Proxy Voting Duty**

D.A. Davidson has delegated its proxy voting administrative duties to its Managed Assets Operations Department. A Managed Assets Voting Administrator is responsible for the actual voting of proxies. When the Voting Administrator encounters a proxy vote that is not otherwise covered by these policies and procedures, or for evaluating proxies that create a potential conflict of interest, as more fully discussed below, the Voting Administrator consults with the Director of Managed Assets Operations, who may consult with management, after which instruction is issued for voting the proxy.

#### **Proxy Voting Committee**

An Investment Adviser Proxy Voting Committee (the "Committee"), with members including senior personnel from D.A. Davidson and other Davidson Companies' subsidiaries, meets periodically. The Committee generally invites personnel from the Legal and Compliance Departments to participate in its meetings. The Committee monitors D.A. Davidson's overall adherence to these policies and procedures. It also reviews the rationale for some proxy votes that are not covered by these policies and procedures, or that present a potential conflict of interest. The Committee periodically reviews these policies and procedures and provides advice for revisions thereof.

#### **Fiduciary Considerations**

D.A. Davidson has engaged Institutional Shareholder Services ("ISS"), an unbiased, unaffiliated, third party proxy voting service, to provide proxy voting recommendations. Proxies are generally voted in accordance with ISS recommendations, but D.A. Davidson reserves the right to exercise its own judgment on a case-by-case basis, in the event, for example, that the ISS recommendation conflicts with the proxy voting decision of the issuer's management.

### **Potential Conflicts of Interest**

An issuer's management team can be an important factor when deciding to invest in a particular company. As a result, D.A. Davidson may analyze a proxy vote in which the decision of management conflicts with the ISS recommendation, and will vote the proxy in the best interest of its clients. D.A. Davidson may seek the advice of outside counsel when making a final determination regarding a potential conflict. Any final determination regarding such a proxy vote shall be documented and retained.

D.A. Davidson recognizes that in certain instances a potential conflict of interest may arise in a proxy vote. For example, D.A. Davidson, or one of its affiliates, may manage an issuer's retirement plan, or a D.A. Davidson employee may have a business relationship that could affect the D.A. Davidson proxy vote. D.A. Davidson believes, however, that its retention of ISS, its adherence to these policies and procedures and oversight by the Committee ensures that proxies are voted in the best interest of D.A. Davidson clients.

In addition to the above, the Committee may periodically review the independence of ISS. This may include a review of ISS's conflict management procedures, interviewing ISS employees, and ensuring that ISS continues to have the competency and capacity to vote proxies.

### **Management Recommendations**

In the event the ISS recommendation is different from the recommendation of issuer's management, the recommendation may be analyzed by D.A. Davidson management or Managed Assets Operations. D.A. Davidson does not consider a recommendation from issuer's management to be determinative, and D.A. Davidson will arrive at its own conclusion, in the best interest of its clients.

### **General Voting Policies**

When recommendations differ, as a general policy, D.A. Davidson will vote in favor of proxy proposals that enhance the independence of board membership, against measures that promote anti-takeover defenses, and for incentive compensation that would align management interests with shareholder interests, including stock-based compensation and restricted stock award programs. Corporate governance issues, however, are diverse and continually evolving and these general policies may not be relevant in some circumstances. In such cases, D.A. Davidson reserves the right to review the specific facts in each case, to decide on a vote that would serve the best interest of its clients.

### **Decisions not to Vote Proxies**

Situations may arise in which D.A. Davidson does not vote proxies. For example, if the cost of voting a foreign proxy outweighs the benefit of voting, D.A. Davidson may refrain from processing that vote. In another potential situation, due to late or no communication from the issuer or its agent, the Voting Administrator may not have sufficient time to process a vote. If D.A. Davidson has outstanding sell orders for a certain security, the proxies for that company may not be voted to facilitate the sale of the securities. Although D.A. Davidson may hold shares on a company's record date, if D.A. Davidson sells them prior to the company's meeting date, it may be decided not to vote the shares. In the situations in which D.A. Davidson has a choice, the clients' best interest is the determining factor in whether to vote a proxy.

## Proxy Voting Procedures

Following are descriptions of the standard procedures employed by D.A. Davidson with respect to carrying out its proxy voting policies:

1. The Voting Administrator will review and compile information on each proxy upon receipt of any agendas, materials, reports, or recommendations from ISS, or other information.
2. The Voting Administrator will generally vote in accordance with the ISS recommendation.
3. The Voting Administrator will send periodic proxy voting recaps to a group of people including management and Committee members.
4. In advance of a company's annual meeting, the Voting Administrator will submit its vote electronically via ProxyEdge, which keeps a record of all votes. If the holdings are not set up on ProxyEdge, the Voting Administrator will vote the proxy manually and return it to the company by U.S. Postal Service. The Voting Administrator will retain a copy of any proxy that is voted manually.
5. The Director of Managed Assets Operations will annually review Compliance Department questionnaires for Committee members and D.A. Davidson officers, to assist in determining when a material conflict of interest could exist between D.A. Davidson and its client.
6. Managed Assets Operations maintains the documentation that supports D.A. Davidson's voting positions. Such documentation will include, but is not limited to, the recommendation of ISS, and especially as to non-routine, materially significant or controversial matters, memoranda describing the voting position taken, why that position is in the best interest of D.A. Davidson clients, and any other relevant information.
7. After the proxy vote is completed, but before it is returned to the issuer and/or its agent, the Director of Managed Assets Operations may review those situations described above to determine that appropriate documentation has been retained.
8. Proxy voting records will be retained for at least five years, the first two of which will be in a readily accessible location. D.A. Davidson clients may reasonably request copies of proxy voting records by sending a written request to: Managed Assets Operations, D.A. Davidson & Co., ATTN: Proxy Voting, P.O. Box 5015, Great Falls, MT 59403. D.A. Davidson clients may review D.A. Davidson's proxy voting policies and procedures online at [www.dadavidson.com](http://www.dadavidson.com).
9. Managed Assets Operations will prepare a report for any client who requests a record of a vote cast. The report will be sent to the client and a copy retained in the client's file.
10. The Committee shall review these policies and procedures periodically and make suggestions to management for revisions, if necessary.