

Davidson Investment Advisors, Inc.

Investment Adviser Proxy Voting Policies and Procedures as of September 20, 2007

The following policies and procedures set forth the proxy voting policies, procedures and guidelines of Davidson Investment Advisors, Inc. ("Davidson"), an investment adviser registered with the Securities and Exchange Commission ("Commission") pursuant to the Investment Advisers Act of 1940, as amended (the "Act"), and a broker-dealer registered with the Commission under the Securities Exchange Act of 1934, in voting portfolio proxies relating to securities held by its clients. As a registered investment adviser, Davidson has a fiduciary duty to act solely in the best interest of its clients. This duty requires Davidson to vote proxies in a timely manner and make voting decisions that are in the best interests of its clients. All proxies received by Davidson are voted in accordance with these procedures.

These procedures and policies are intended to comply with Rule 206(4)-6 of the Act.

The Proxy Voting Committee

Davidson has delegated its administrative duties with respect to voting proxies to a proxy voting committee (the "Committee"). Members of the Committee are appointed by Davidson's Chief Executive Officer and include senior investment personnel from Davidson, D.A. Davidson & Co. and Davidson Trust Co.¹ On a regular basis, the Committee will also invite personnel from the Legal and Compliance Departments of Davidson Companies to participate in Committee meetings.

The Committee is responsible for voting proxies on behalf of Davidson via a Voting Administrator. In addition, the Committee is responsible for periodically reviewing these policies and procedures and determining how Davidson will vote in those instances that are not otherwise covered by these policies and procedures, and for evaluating proxies that create a conflict of interest as discussed more fully below. The Committee will also monitor Davidson's overall adherence to these procedures.

Fiduciary Considerations

Davidson has engaged Institutional Shareholder Services ("ISS"), an unbiased third party proxy voting service, to make proxy voting recommendations to the Committee and Voting Administrator. The Voting Administrator will generally vote proxies in accordance with these recommendations, but 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.

Conflicts of Interest

Davidson considers an issuer's management team to be an important factor when deciding to invest in a particular company. As a result, the Committee will analyze any proxy vote in which the decision of management conflicts with the ISS recommendation and will vote the proxy in the best interests of Davidson clients. In such an event, the Committee will determine, prior to voting, whether any of the members of the Committee have a material personal or business conflict in which case the committee member will not be permitted to vote. The Committee may

¹ D.A. Davidson & Co. is an affiliate of Davidson Investment Advisors, Inc., and is a broker/dealer and a registered investment adviser. Davidson Trust Co. is an affiliate of Davidson Investment Advisors, Inc., and is a federal savings bank.

also seek the advice of outside counsel when making a final determination regarding a potential conflict and/or the vote of the Committee. Any final determination regarding a particular proxy vote and the analysis undertaken by the Committee shall be documented and retained.

Davidson recognizes that in certain instances a conflict of interest may arise when Davidson votes a proxy. For example, Davidson, or one of its affiliates, may manage an issuer's retirement plan or an employee of Davidson may have a business relationship that may affect how Davidson votes a proxy. Davidson believes, however, that Davidson's engagement of ISS, its adherence to these policies and procedures and the oversight by the Committee ensures that proxies are voted in the best interests of Davidson clients. Davidson's procedures include: 1) periodic reviews of the material business and personal interests of the Committee members and Davidson employees and affiliates; 2) a requirement that the Committee members disclose to the Committee any potential conflict of which they are aware regarding the member's business or personal interests to the [legal department]; and 3) the engagement of ISS to provide proxy voting recommendations to the Committee which the Committee generally follows.

In situations where the Committee perceives a material conflict of interest, the Committee may also choose to disclose the conflict to the relevant Davidson clients and solicit their consent to proceed with the voting or take such other action in good faith (in consultation with counsel) which would protect the interests of Davidson clients.

In addition to the above, the Committee will also 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 recommendation of ISS is different from the recommendation of issuer's management, the Committee will analyze the recommendation of management and ISS. When determining the desirability of investing in a particular company, Davidson considers the quality and depth of that company's management. The recommendation of management is a factor which the Committee will consider. In the instance of a divergence between the recommendations of ISS and issuer's management, the Committee will analyze the recommendations of ISS and issuer's management and come to its own conclusion in the best interests of Davidson clients. Davidson, however, does not consider the recommendations from management to be determinative of the Committee's ultimate decision. The Committee will not support the position of issuer's management in any situation where it determines that the ratification of management's position would adversely affect the investment merits of owning that issuer's shares.

Basis for Voting Proxies and General Policies

When ISS and issuer's management take different voting positions on a matter, the Committee may consider other factors relevant to the proxy vote. As a general policy, the Committee 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 even these general policies may not be appropriate in some circumstances. The Committee devotes appropriate time and resources to monitor these changes in corporate governance, and to review the specific facts in each case, to decide on a vote that would serve the best interests of the Davidson client.

Decisions not to Vote Proxies

The Committee is fully cognizant of its responsibility to process proxies and maintain proxy records pursuant to applicable rules and regulations, including those promulgated by the Commission. In addition, the Committee understands its fiduciary duty to vote proxies in the interest of Davidson clients and that proxy voting decisions may affect the value of shareholdings. The Committee will, therefore, attempt to process every vote it receives for all domestic and foreign proxies. There may be situations, however, in which Davidson cannot vote proxies. For example, if the cost of voting a foreign proxy outweighs the benefit of voting, the Committee may refrain from processing that vote. Additionally, the Committee may not be given enough time to process the vote. For example, the Committee, through no fault of its own, may receive a meeting notice from the company too late, or may be unable to obtain a timely translation of the agenda. In addition, if Davidson has outstanding sell orders, the proxies for those meetings may not be voted in order to facilitate the sale of those securities. Although Davidson may hold shares on a company's record date, should it sell them prior to the company's meeting date, the Committee ultimately may decide not to vote those shares.

Proxy Voting Procedures

The following describes the standard procedures that are followed by Davidson with respect to carrying out Davidson's proxy policy:

1. The Voting Administrator will review and compile information on each proxy upon receipt of any agendas, materials, reports, recommendations from ISS or other information.
2. In determining how to vote, the Voting Administrator will generally vote in accordance with the ISS recommendation.
3. Generally, 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. mail. The Voting Administrator will retain a copy of any proxy that is voted manually.
4. The Committee will annually review Compliance Department questionnaires for Committee members, Davidson's directors, executive officers and other pertinent people requesting information regarding these individuals' and Davidson's affiliations with other companies, in order to assist the Committee in determining when a material conflict of interest may exist between Davidson or an affiliate and a Davidson client. Committee members are also required to notify the Legal Department in the event they become aware of a potential conflict of interest with respect to their personal or business interests.
5. The Voting Administrator is responsible for maintaining the documentation that supports Davidson's voting position. 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 position it has taken, why that position is in the best interest of Davidson clients (including separate accounts such as ERISA accounts as well as mutual funds), an indication of whether it supported or did not support management and any other relevant information.
6. After the proxy is completed, but before it is returned to the issuer and/or its agent, the Committee may review those situations, including special or unique documentation, to determine that the appropriate documentation has been created, including conflict of interest screening.
7. The Committee will prepare reports for each client that requests a record of votes cast. The report will specify the proxy issues that are voted for the client during the requested period and the position taken with respect to each issue. The Committee will send one copy to the client and retain a copy in the client's file.
8. The Voting Administrator is responsible for maintaining appropriate proxy voting records. Such records will include, but are not limited to, a copy of all materials returned to the issuer and/or its agent, the documentation described above, and any other relevant information. The Committee may use an outside service such as ISS to support this function. All records will be retained for at least five years, the first two of which will be on-site. Davidson clients may request copies of their proxy voting records by sending a written request to: Davidson Investment Advisors, Inc., ATTN: Client Services, P. O. Box 5015, Great Falls, MT 59403. Davidson clients may review Davidson's proxy voting policies and procedures on-line at www.dadavidson.com. In addition, the Committee is responsible for ensuring that the proxy voting policies, procedures and

records of Davidson are available as required by law, and is responsible for overseeing the filing of such policies and procedures with the SEC.

9. The Committee shall review these policies and procedures at least on an annual basis.