



CORPORATE POLICY

PROXY VOTING FOR MANAGED ACCOUNTS

Hanseatic's general policy for voting on proxy issues relating to securities in its portfolios is to abstain from voting; proxies are voted only if required by the client. If required by a client, Hanseatic votes according to the client proxy voting guidelines.

Hanseatic's Investment Process is a proprietary quantitative process where security price is the only input. With this in mind, it would not be prudent for Hanseatic to make decisions based on that data alone with regard to company voting issues without client-directed guidance.

Hanseatic utilizes ProxyEdge as its proxy service for accounts that require voting.

Hanseatic's management responsibilities for managed equity accounts include its approach to voting proxy issues relating to the equities in its portfolios. In general our approach is to vote on all issues in the most advantageous long-term interest of the shareholders. Hanseatic's votes are independent of external influence. We vote as directed by the contracts we enter into with the boards of trustees of the managed accounts. In the absence of such specific guidelines written into a contract we strive to maximize long-term shareholder value, maintain shareholder control, and vote independently.

Hanseatic generally approves routine corporate matters, also often referred to as "housekeeping" issues, such as the following:

- Selection of directors.
- Appointment of auditors.
- Authorization of the directors to set the remuneration of the auditor.
- Resolutions to increase the number of authorized shares if they are needed for clearly defined business purposes.
- Resolutions to increase the number of authorized shares if they are needed for profit-sharing and stock option plans.

Hanseatic generally opposes the following types of issues:

- Indemnification of directors and/or officers in cases in which such indemnification includes negligence and gross negligence in the performance of their duties.
- Super-majority voting requirements.
- Anti-takeover proposals that restrict shareholder authority.
- Excessively high increases in authorized shares, i.e., greater than 25%, without a stated business purpose.
- Changes to the corporate charter that do not have a clearly stated business purpose.
- Provisions for multi-tiered voting rights.
- Authorization of “blank check” capital stock without a stated business purpose.
- Shareholder rights provisions that tend to diminish shareholder power.
- Anti-greenmail provisions that restrict shareholder authority.
- Staggered boards of directors, unless directors can be removed by a simple majority.

Hanseatic evaluates some issues on a case-by-case, such as the following:

- Stock option and bonus plans.
- Corporate combinations and divestments.
- Shareholder proposals.
- Social and political proposals.

As conditions change in the business world, Hanseatic may change its proxy voting policy. For example the accounting and business frauds perpetrated in 2002 certainly should make any investment adviser more closely scrutinize bonus and stock option plans for executives and boards of directors and the makeup of compensation committees and the independence of boards of directors. A copy of Hanseatic’s current standing instructions with ProxyEdge are available upon request.