

SRA VOTING RIGHTS POLICY

1. INTRODUCTION

As a registered investment advisor, Scheer, Rowlett & Associates Investment Management Ltd. (“SRA”, “we” or “us”) has a fiduciary duty to act solely in the best interests of our clients. As part of this duty, we recognize that we must vote client securities in a timely manner and make voting decisions that are in the best interests of our clients. In addition to our own research, we pay ISS, an independent proxy review service, to provide an analysis of all non-routine proxy issues.

2. PROXY POLICIES

This statement is designed to be responsible to the wide range of subjects that can have a significant effect on the investment value of the securities held in our clients’ accounts. These policies are not exhaustive due to the variety of proxy voting issues that we may be required to consider. SRA reserves the right to depart from these guidelines in order to avoid voting decisions that we believe may be contrary to our clients’ best interests. In reviewing proxy issues, we will apply the following general policies:

2.1 Elections of Directors

Unless there is a proxy fight for seats on the Board or we determine that there are other compelling reasons for withholding votes for directors, we will vote in favour of the management proposed slate of directors. That said, we believe that directors have a duty to respond to shareholder actions that have received significant shareholder support. We may withhold votes for directors that fail to act on key issues such as failure to implement proposals to declassify boards, failure to submit a rights plan to a shareholder vote and failure to act on tender offers where a majority of shareholders have tendered their shares. We will withhold votes for directors who fail to attend at least seventy-five percent of board meetings within a given year without a reasonable explanation. We may also withhold votes for any director nominee deemed to be an insider who also serves on the board’s audit or compensation committees.

2.2 Appointment of Auditors

SRA believes that the company remains in the best position to choose the auditors and will generally support management’s recommendation. However, we recognize that there may be inherent conflicts when a company’s independent auditor performs substantial non-audit related services for the company. Therefore, we may vote against the appointment of auditors if the fees for non-audit related services are disproportionate to the total audit fees paid by the company or there are other reasons to question the independence of the company’s auditors.

2.4 Changes in Capital Structure

Changes in a company’s charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, SRA will cast its votes in accordance with the company’s management on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company. For example we will generally support proposals to increase authorized common stock when it is necessary to implement a stock split, aid in a restructuring or acquisition or provide a sufficient number of shares for an employee savings plan, stock option or executive compensation plan. However, a satisfactory explanation of a company’s intentions must be disclosed in the proxy statement for proposals requesting an increase of greater than one hundred percent of the shares outstanding. We

will oppose increases in authorized common stock where there is evidence that the shares will be used to implement a poison pill or another form of anti-takeover device, or of the issuance of new shares could excessively dilute the value of the outstanding shares upon issuance.

2.4 Corporate Restructures, Mergers and Acquisitions

SRA believes proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, weighing heavily the views of the research analysts that cover the company and the investment professionals managing the portfolios in which the stock is held.

2.5 Proposals Affecting Shareholder Rights

SRA believes that certain fundamental rights of shareholders must be protected. We will generally vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.

2.6 Corporate Governance

SRA recognizes the importance of good corporate governance in ensuring that management and the board of directors fulfill their obligations to the shareholders. We favour proposals promoting transparency and accountability within a company. For example, we will vote for proposals providing for equal access to proxies and a majority of independent directors on key committees.

2.7 Anti-Takeover Measures

SRA believes that measures that impede takeovers or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. We will generally oppose proposals, regardless of whether they are advanced by management or shareholders, the purpose or effect of which is to entrench management or dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover measures that have already been adopted by corporate issuers. For example, we will support shareholder proposals that seek to require the company to submit a shareholder rights plan to a shareholder vote. We will support “new generation” style shareholder rights plans, which we feel gives management additional time to find alternative or competing bids. We will evaluate, on a case-by-case basis, proposals to completely redeem or eliminate such plans. Furthermore, we will generally oppose proposals put forward by management (including blank cheque preferred stock, classified boards and supermajority vote requirements) that appear to be intended as management entrenchment mechanisms.

2.8 Executive Compensation

SRA believes that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered. Whether proposed by a shareholder or management, we will review proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned. We will analyze the proposed plans to ensure that shareholder equity will not be excessively diluted, the option exercise price is not below market price on the date of grant and an acceptable number of employees are eligible to participate in such programs. We will generally oppose option plans where non-executive director participation is not clearly defined and reasonable. We will generally oppose plans that permit repricing of underwater stock options without shareholder approval. Other factors such as the

company's performance and industry practice will generally be factored into our analysis. We will support proposals to submit severance packages triggered by a change in control to a shareholder vote and proposals that seek additional disclosure of executive compensation. Finally, we will support shareholder proposals requiring companies to expense stock options because we view them as a large corporate expense.

2.9 Social and Corporate Responsibility

SRA will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company. We may abstain from voting on or vote against social proposals that do not have a readily determinable financial impact on shareholder value.

3. PROXY VOTING RECORDS

Clients may obtain information about how we voted proxies on their behalf by contacting SRA. Clients may make a written request for proxy voting information to: Compliance Officer, Scheer, Rowlett & Associates Investment Management Ltd., 130 King Street West, Suite 1400, Toronto, ON M5X 1C8.