

XI. Client Accounts

XI-1 Proxy Voting

Background	<p>FGP has adopted and implemented policies and procedures that it believes are reasonably designed to ensure that proxies received are voted in the best economic interests of its clients. FGP has established guidelines (see Proxy Voting Guidelines at Exhibit L, the “Guidelines”) that are used in voting specific proposals presented by the boards of directors or shareholders of companies whose securities are held in client portfolios for which FGP has voting discretion. These guidelines follow the Principles of Corporate Governance published by the Portfolio Management Association of Canada (PMAC). While the Guidelines for voting proxies will generally be applied, each proposal is evaluated on its merits. The vote entered on a client’s behalf with respect to a particular proposal may differ from the Guidelines with the approval of the Investment Committee.</p>
Policy	<p>As a matter of policy, FGP:</p> <ol style="list-style-type: none">1) Takes responsibility for voting client proxies only upon a client’s written request.2) Votes all proxies received in the best economic interests of its clients as shareholders, i.e., to maximize economic value.3) Develops and maintains broad guidelines setting out positions on common proxy issues, but also considers each proposal in the context of the issuer, industry, and country in which it is involved.4) Evaluates all factors it deems relevant when considering a vote, and may determine in certain instances that it is in the best economic interest of one or more clients to refrain from voting a given proxy ballot.5) Identifies, monitors for and resolves all material proxy-related conflicts of interest between the firm and its clients in the best economic interests of the client.6) Believes that sound corporate governance practices can enhance shareholder value and therefore encourages consideration of an issuer’s corporate governance as part of the investment process.7) Believes that proxy voting is a valuable tool that can be used to promote sound corporate governance to the ultimate benefit of the client as shareholder.8) Provides all clients, upon request, with copies of this Proxy Voting Policy and related reports, with such frequency as required to fulfill obligations under applicable law or as reasonably requested by clients.

- 9) Reviews regularly the voting record to ensure that proxies are voted in accordance with this Proxy Voting Policy; and ensures that procedures, documentation, and reports relating to the voting of proxies are promptly and properly prepared and disseminated.
- 10) Clients may obtain a copy of FGP's Proxy Voting Policy and procedures and each Client's Proxy Voting Record upon request by contacting their respective client service representatives.

Procedures

- 1) Incoming Shareholder information is received from the custodians of the Foyston Pooled Funds or FGP's Clients' custodians or their mailing agent. Some clients receive their proxies directly and vote their own proxies. It must be noted in each client's Retainer Agreement or Investment Policy Statement whether FGP or the client is responsible for voting proxies. Proxy materials must be date stamped when they are received and forwarded to the Firm's Production Control area.
- 2) Details of proxies should be noted on the Proxy Report including details of company name, date received, and the number of proxies received.
- 3) The documents received are distributed by Production Control to the appropriate FGP Investment Professional for review. The FGP Investment Professional reviews the Proxy Circular and determines voting decisions in what it believes are the best economic interests of its clients as shareholders. If required, the FGP Investment Committee will meet and review the issues. FGP Director, Finance and Operations will review the voting directions for all proxy activity.
- 4) If voting against the Guidelines and/or company management on an issue, the rationale must be documented and maintained on file for future reference. An e-mail must be sent to the Client Services contact, the Investment Committee, Compliance, and the Director, Finance and Operations to inform them that the Portfolio Manager will be voting against the Guidelines and/or company management. Clients, where requested, must be informed of this and be provided sufficient time to review this decision and supporting arguments, before FGP completes and returns the Proxies. If company management recommends voting against a shareholder proposal, FGP is not required to notify the client.
- 5) Voting instructions are completed and signed by the applicable FGP Portfolio Manager and the required information is returned to Production Control prior to the expiry date. The details of the date the Proxies were mailed out are recorded on the Proxy Report. Voting is completed on the Proxy Edge application per desktop operating procedures.
- 6) If securities are part of a securities lending program they may not be

available to be voted if they are on loan on the applicable record date. For significant matters the Portfolio Manager may elect to call the securities back so that they can be voted. In such cases the Portfolio Manager must notify Production Control at least 3 business days prior to the record date to allow time for the securities to be called back before the record date.

- 7) FGP generally abstains from voting shares for companies that are located in countries that have share blocking (see attached Exhibit M for a list of countries). If the Portfolio Manager determines to vote against Company Management for any company in a share blocking country, the Portfolio Manager must ensure that the shares will be held and not sold until the end of the applicable share blocking period.
- 8) FGP recognizes that there may be a potential conflict of interest when we vote a proxy solicited by an issuer with whom we have another business or personal relationship that may affect how we vote on the issuer's proxy. We believe that centralized management of proxy voting, oversight by FGP's Director, Finance and Operations and Executive Committee and adherence to these policies ensures that proxies are voted with only our clients' best economic interests in mind. That said, we have implemented additional procedures to ensure that our votes are not the product of a conflict of interests, including where a material conflict of interest exists, reviewing our proposed vote by applying a series of objective tests and, where necessary, considering the views of a third party research service to ensure that our voting decision is consistent with our clients' best interests. Should FGP identify a material conflict of interest in the proxy voting process, FGP will take steps to ensure it votes the proxy in the best interest of its clients.
- 9) Once completed, the information received, i.e., Annual Reports and Proxy Circulars are filed in the securities docket for future reference.
- 10) The Operations Department will maintain files relating to FGP's proxy voting procedures. Records will be maintained and preserved for eight years from the end of the fiscal year during which the last entry was made on a record. Such records are maintained for the benefit of the Firm's clients and are available to clients upon request. Records of the following will be included in the files:
 - i. Copies of these Proxy Voting Policies and Procedures, and any amendments thereto;
 - ii. Proxy statements received regarding client securities;
 - iii. Records of votes cast on behalf of its clients.
 - iv. A copy of any document FGP created that was material to making a decision on how to vote proxies, or that memorializes that decision;
 - v. A copy of each written client request for information on how FGP voted such client's proxies, and a copy of any

written response to any (written or oral) client request for information on how FGP voted its proxies;

Oversight FGP's Director, Finance and Operations reviews the Proxy Report on a weekly basis to ensure proxies are voted by the deadline and that all proxies to be voted are voted. FGP Investment Committee is responsible for the review and approval of the Firm's Proxy Voting Policy and established Guidelines, and for providing advice and guidance on specific proxy votes for individual issuers.

Reference: NI 81-106, Part 10 (Proxy Voting Disclosure for Portfolio Securities Held) for guidance purposes
Principles of Corporate Governance published by the Portfolio Management Association of Canada (PMAC)
Advisers Act Rule 206(4)-6

**Foyston, Gordon & Payne Inc.
Proxy Voting Guidelines**

The following are guidelines only. FGP Portfolio Managers are required to use their discretion to enhance shareholder value. In cases where voting in a manner contrary to these guidelines is appropriate, the FGP Portfolio Manager must consult with members of the FGP Investment Committee, including the FGP President and Chief Compliance Officer.

1. Tender Offers

When acting upon a tender offer, FGP will continue to act in the best interests of the Client, within its obligations as a fiduciary.

2. Class Actions

When class action notices are received on behalf of FGP Clients, it is FGP's policy to determine if participation in the class action is in the Client's best interests, which must be approved by the FGP Executive Committee. If so, FGP Compliance personnel, the Client's custodian, or the proxy service provider will prepare any necessary documents required to participate in the class action.

3. Routine Corporate Administration Issues

➤ *Appointment of Auditors.*

FGP will support the appointment of Auditors unless there is concern over the reputation of the firm being recommended.

➤ *Such other business as may properly come before the meeting.*

The voting for or against such other business will be dependent on the issue itself although typically FGP will vote in accordance with Company Management on such issues provided it does not conflict with the Guidelines.

4. Corporate Governance Issues

FGP is a member of the Portfolio Management Association of Canada (PMAC). The Association has published its Principles of Corporate Governance, last updated February 2012, which is supported by FGP.

The attached Principles of Corporate Governance, issued by PMAC, and its relevant recommendations are the guidelines generally followed by FGP with respect to Corporate Governance issues.