Stone Asset Management Limited
Proxy Voting Guidelines
Update April 2014

GUIDELINES

Stone Asset Management Limited ("Stone"), as a portfolio manager, has an obligation to act in the best interests the accounts it manages. This responsibility includes exercising the voting rights of the securities held in clients' accounts are voted in a manner that serves their best interests. Stone has established proxy voting policies and procedures with a view to ensuring that proxies are voted in the best interests of clients and enhancing the long-term value of portfolio securities.

While the Guidelines are intended to reflect the Stone's general position on certain issues, Stone retains the discretion to depart from the Guidelines on any particular proxy vote depending upon the facts and circumstances. Stone reviews the Guidelines on a periodic basis to ensure they remain consistent with Stone's overall guiding principles and investment philosophy.

Stone will generally vote in favour of managements' proposals on routine matters.

In the event if a perceived or actual conflict of interest involving the exercise of proxy voting rights, the proxy will be voted in a manner consistent with the Guidelines.

We may change our guidelines from time to time in response to governance practices, without providing notice of these changes to you. However, the most recent copy will be on our website www.stoneco.com or you may contact us at (416-364-9188) to request our current Proxy Voting Guidelines.

BOARDS OF DIRECTORS

The board of directors of a corporation must act in the best interests of the corporation. The board of directors is responsible for ensuring that the management of the company performs in such a way as to maximize long-term shareholder value for all shareholders. The board's key functions are to approve the direction of corporate strategy, supervise risk management and evaluate the performance of the company and of management.

Votes for or against nominees to a board of directors can be a means for shareholders to express satisfaction or dissatisfaction with a board's oversight of management and the state of corporate governance of the corporation.

Votes on individual director nominees are made on a case-by-case basis. The factors to consider when voting for individual director nominees are detailed below:

- Independence of the board and key board committees;
- Attendance at board and committee meetings;
- Conflicts of interest;
- Long-term corporate performance;
- Director's ownership in the corporation;
- Compensation practices;
- Corporate governance practices;

- Board accountability; and
- Adoption of a majority voting policy (directors must be elected by a majority of votes cast).

Slate Ballots

Effective 2013, the TSX introduced rules that require issuers to elect directors individually and on an annual basis, effectively ending the practice of electing boards as a slate. Issuers traded on other exchanges such as the TSX Venture Exchange or Canadian National Stock Exchange are not subject to the new rules. It is our preference to vote on director nominees individually as slate ballots are generally an impediment to corporate governance and director accountability.

Voting Guideline

In deciding upon a vote for or against a slate of directors, factors such as historical corporate performance and governance should be considered. In addition we monitor independence, attendance, stock ownership, conflicts of interest, diversity, compensation practices and the number of boards on which a director serves.

Independence of Directors

The majority of the members of the Board of Directors should be independent from the corporation and management, to ensure directors are aligned with the best interests of the corporation and its shareholders.. A director is independent if he or she has no direct or indirect material business, personal or economic relationship with the corporation, its executives or other board members. A material relationship is any relationship that can be reasonably expected to interfere with the exercise of individual judgment.

Voting Guideline

Generally vote against the election of directors if a majority of the candidates for the board of directors are not independent.

Independence of the Chair

It is a matter of good governance for an independent director to be appointed chair of the board. The board chair and CEO are distinct jobs with different responsibilities, warranting the need for separate individuals to fulfill each role. An independent chair is one of the primary mechanisms by which board independence is maintained. In cases where such separation of the CEO and Chair does not exist, an independent lead director should be appointed.

Voting Guideline

Generally vote against boards where a lack of separation between the CEO and the chair exists. If such separation does not exist, consideration will be given where there is a strong history of good corporate performance and governance or where a strong, independent board leader has been appointed.

Board Committees

In addition to having a majority of independent directors on the full board, we encourage all companies to adopt the practice of having independent directors for each of the key committees: the audit, compensation and nominating/corporate governance committees.

Voting Guideline

Votes for directors generally withheld for non-independent directors who are members of key committees.

Board Effectiveness

The number of directors on a board is important to board effectiveness. The board should be large enough to adequately to perform its responsibilities yet not be so large that it becomes cumbersome. Boards should include directors with appropriate and diverse experience and knowledge. Cross-directorships are not encouraged.

Voting Guideline

Consider the appropriateness of the number of directors, their attendance record, their experience and knowledge and their effectiveness when deciding whether to vote for directors.

APPOINTMENT OF AUDITORS

The auditor's role is crucial in the integrity and transparency of the financial information necessary for protecting shareholder value.

Voting Guideline

Generally support the audit committee's recommendation regarding the selection of auditors and granting the board the authority to fix auditor's fees. Votes may be withheld where the fees for non-audit services appear excessive.

SHAREHOLDER RIGHTS

Majority Voting for the Election of Directors

Majority voting requires that each nominee receive the affirmative vote of at least a majority of shareholder votes cast in an election. Beginning 2013, TSX listed issuers are required to disclose annually in their management information circulars whether they have adopted a majority voting policy and if they have not, they must explain why such a policy has not been adopted. Companies should adopt a majority vote standard for the election of directors. If a nominee does not receive support of a majority of the votes cast, the director should not be elected (except in cases of contested elections).

Voting Guideline

Generally vote for resolutions requesting the corporation's bylaws be changed to stipulate that directors be elected with a majority of votes.

Linked Proposals

Linked proposals bundle two or more unrelated issues together into one vote. Linked proposals may be used to pass proposals shareholders may otherwise not approve if they were presented separately.

Voting Guideline

Vote against "linked proposals" where one or more of the proposals is not in the best interests of shareholders.

Supermajority Voting Requirements

Super-majority voting requirements are designed to deter hostile takeovers by imposing voting approval above levels required by corporate statutes. Generally, such requirements are favoured by dominant or controlling shareholders, while minority shareholder rights are constrained.

Voting Guideline

Vote against proposals to increase the number of voters at a level above that required by statute. Vote for proposals to lower supermajority vote requirements.

Shareholder Proposals

Shareholders have the right to bring relevant proposals to the annual general meeting. We believe that these proposals should be included on the proxy ballot for consideration by all shareholders provided they deal with appropriate issues and are not used to air personal grievances or to obtain publicity. Certain proposals may diminish long-term shareholder value by imposing unreasonable constraints on the board and management.

Voting Guideline

Vote for shareholder proposals on a case-by-case basis. Generally vote in favour of shareholder proposals that increase shareholder value and/or promote or protect shareholder rights.

CAPITAL STRUCTURE

Increases in Authorized Capital

Management may propose increases in the number of authorized but unissued shares. This can provide a company with flexibility needed to deal with changing financial conditions, for example to implement a stock split or to aid in a restructuring or acquisition. Management should provide a detailed plan for the use of proceeds which should meet a specific business need.

Voting Guideline

Vote case-by-case on proposals to increase the number of shares of common stock authorized for issuance. Vote against proposals to approve unlimited capital authorization.

Blank Cheque Preferred Stock

Blank cheque preferred shares give the board of directors discretion over the conditions of the stock, including dividend, conversion, and other rights of these shares.

Voting Guideline

Generally vote against proposals to create or increase blank cheque preferred shares.

Dual Class Stock

Dual class capitalization structures involve two classes of common shares with different voting rights. Generally, the shares that have lower or fewer voting rights pay a higher dividend and can be transferred more easily than the shares that have superior voting rights. This structure allows management, or a minority group, to maintain control of the corporation by keeping the shares with superior voting rights.

These classifications violate the principle of "one share, one vote" enabling management or a minority group to make changes to corporations without the support of the majority of shareholders.

Voting Guideline

Generally vote against the creation or extension of dual class voting stock with unequal voting rights.

TAKEOVER PROTECTION

The takeover protection measures that are available to boards and management can be a double-edged sword for shareholders. They can be used to protect shareholder value by defending the company from hostile takeover bids that do not represent a fair value for the company. However, they can also be used to entrench a board and management who may ultimately undermine shareholder rights and value.

Shareholder Rights Plans ("Poison Pills")

Poison pills are shareholder rights plans that can be used to defend a hostile takeover bid. They provide existing shareholders with the ability to purchase additional shares or to sell shares at advantageous prices. This has the result of imposing a financial penalty on the potential acquirer.

Poison pills can be acceptable to shareholders if they ensure that all shareholders are treated equally and provide the board of the target company more time to search for a better alternative to the existing takeover bid.

Voting Guideline

Vote case-by-case on management proposals to ratify a shareholder rights plan (poison pill) taking into account whether it conforms to 'new generation' rights plans and its scope is limited to the following two specific purposes:

- *To give the board more time to find an alternative value enhancing transaction; and*
- *To ensure the equal treatment of all shareholders.*

Vote against plans that go beyond these purposes if:

a) *The plan gives discretion to the board to either:*
   i) *Determine whether actions by shareholders constitute a change in control;*
   ii) *Amend material provisions without shareholder approval;*
   iii) *Interpret other provisions;*
   iv) *Redeem the rights or waive the plan's application without a shareholder vote; or*
   v) *Prevent a bid from going to shareholders.*

b) *The plan has any of the following characteristics:*
   i) *Unacceptable key definitions;*
   ii) *Flip over provision (allows stockholders to buy the acquirer's shares at a discounted price after the merger);*
   iii) *Permitted bid period greater than 60 days;*
   iv) *Maximum triggering threshold set at less than 20% of outstanding shares;*
   v) *Does not permit partial bids;*
   vi) *Bidder must frequently update holdings;*
   vii) *Requirement for a shareholder meeting to approve a bid; and*
   viii) *Requirement that the bidder provide evidence of financing.*

c) *The plan does not:*
   i) *Include an exemption for a "permitted lock up agreement";*
   ii) *Include clear exemptions for money managers, pension funds, mutual funds, trustees and custodians who are not making a takeover bid; and*

iii) Exclude reference to voting agreements among shareholders.

EXECUTIVE AND DIRECTOR COMPENSATION

Executive and director compensation arrangements should be tied to long-term corporate performance and shareholder value. Total compensation should not be excessive and incentive plans should be tied to individual and corporate performance.

Equity Compensation plans should align management's interests with those of shareholders. Plans that are overly generous or excessively dilutive will not be supported.

The Executive Compensation Principles include:

Principle 1: "Pay for performance" should be a large component of executive compensation.

Principle 2: "Performance" should be based on measurable risk adjusted criteria, matched to the time horizon to ensure the criteria have been met.

Principle 3: Compensation should be simplified to focus on key measures of corporate performance.

Principle 4: Executives should build equity in their company to align their interests with shareholders.

Principle 5: Companies should limit pensions, benefits, and severance and change of control entitlements.

Principle 6: Effective succession planning reduces paying for retention.

Voting Guideline

Voting on a case-by- basis generally for compensation plans that follow the compensation principles outlined above.

Advisory Vote on Executive Compensation ("Say-on-Pay")

Many companies are adopting advisory votes on executive compensation policies. The policies provide an effective mechanism for enhancing transparency in setting executive compensation, improving accountability to shareholders and providing a link between pay and performance.

Voting Guideline

Voting on a case-by- basis generally for compensation plans that follow the compensation principles outlined above. Vote against proposals for compensation plans that are egregious or haven't been appropriately disclosed.

Stock Option Plans

While stock options can be an appropriate way to compensate management, each plan should be scrutinized carefully to ensure that undesirable features are not included.

Voting Guideline

Vote for stock option plans that contain features that align the interests of shareholders and management. Vote against plans that have any of the following features:

a) *Dilution of more than the greater of 10% in total or 1% per annum*

b) *The ability to lower the strike price of outstanding options.*

c) *Options are awarded at strike prices that are at a discount to the market price.*

d) *Omnibus plans (where several types of awards are included in one plan) unless each individual type of award is appropriate.*

e) *Evergreen plans (where options that have been exercised are loaded back into the pool available for grant).*

f) Accelerated vesting of awards in the event of a change in corporate control.

g) Options vest immediately.

h) Terms of more than ten years.

i) Option ownership is concentrated among a small number of senior executives.

Vote for proposals to link vesting of options with appropriate performance measures.

Stock Purchase Plans

The interests of shareholders and employees are aligned if employees have the opportunity to become shareholders at a reasonable price. Employee stock purchase plans are an effective tool to facilitate this.

Voting Guideline

Generally vote for employee stock purchase plans with a purchase price of not less than 85% of market value, potential dilution of less than 10% and an appropriate hold period.

Director Compensation

Director compensation should be appropriate for the time and effort directors spend executing their duties. Directors who own the company's stock are generally better motivated to act in the interests of shareholders.

Voting Guideline

Review director compensation proposals on a case-by-case basis. We will support proposal for a portion of the remuneration be in the form of common stock.