



Carlson Funds Enterprise

CARLSON SCHOOL  
OF MANAGEMENT

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UNIVERSITY OF MINNESOTA

# PROXY VOTING POLICY

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## 1. INTRODUCTION

The Growth Funds Enterprise (“the Funds”) provides access to real capital in order for Carlson students to actively learn portfolio management. The goal is to beat the Russell 2500 Growth benchmark and increase shareholder’s value. Proxy voting is an integral part of this process, through which the Funds supports strong corporate governance and ESG structures, shareholder rights, and transparency.

The analyst(s) for a security or securities assigned to him or her has an obligation to vote proxies in a timely manner and apply the principles in this policy to proxy decisions. The Funds is a signatory to PRI’s six Principle framework and believes a company’s environmental, social and governance (“ESG”) practices may have a significant effect on the value of the company. As such, these factors should be taken into consideration when voting.

This Proxy Voting Policy (“**Proxy Voting Policy**” or “**Policy**”), which outlines the Funds’ policies for proxy voting is intended for use by those involved in the proxy voting decision-making process for their security or securities, and the team responsible for the administration of proxy voting (“**Proxy Manager**”), in order to ensure that the Funds proxy voting policies and procedures are implemented and utilized consistently.

## 2. RESEARCH UNDERPINS DECISION-MAKING

As research-driven portfolio managers, the Funds’ approach to proxy voting responsibilities is similar with the same commitment to rigorous research and engagement that is applied to all of our investment activities.

## 3. PROXY VOTING GUIDELINES

The Funds’ proxy voting guidelines are principles-based rather than rules-based. The Funds adheres to a core set of principles that are described in this Proxy Voting Policy. We assess each proxy proposal in light of these principles. Our proxy voting “litmus test” will always be what we view as most likely to maximize long-term shareholder value. We believe that authority and accountability for setting and executing corporate policies, goals and compensation generally should rest with the board of directors and senior management. In return, we support strong investor rights that allow shareholders to hold directors and management accountable if they fail to act in the best interests of shareholders.

With this as a backdrop, the Funds’ proxy voting guidelines pertaining to specific issues are set forth below. We generally vote proposals in accordance with these guidelines but, consistent with our “principles-based” approach to proxy voting, we may deviate from the guidelines if warranted by the specific facts and circumstances of the situation (i.e., if, under the circumstances, we believe that deviating from our stated policy is necessary to help maximize long-term shareholder value). In addition, these guidelines are not intended to address all issues that may appear on all proxy ballots. Proposals not specifically addressed by these guidelines, whether submitted by management or shareholders, will be evaluated on a case-by-case basis, always keeping in mind

our fiduciary duty to make voting decisions that, by maximizing long-term shareholder value, are in our clients' best interests.

<b>Article I</b>	<b>Changes in Board Structure/Amending the Articles</b>
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Companies may propose various provisions with respect to the structure of the board of directors, including changing the manner in which board vacancies are filled, directors are nominated and the number of directors. Such proposals may require amending the charter or by-laws or may otherwise require shareholder approval.

Such proposals must be approved unless the proposals are meant as an anti-takeover device, the proposal is controversial in nature, or after diligent research by the Funds' analysts, there is compelling reason to vote against the proposal.

Other changes in a company's charter, articles of incorporation or by-laws are usually technical or administrative in nature. Absent a compelling reason to the contrary, the Funds should support such proposals.

<b>Article II</b>	<b>Board of Directors Election</b>
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Generally, the Funds shall vote in favor of the management-proposed slate of directors unless there are compelling reasons to oppose directors. Compelling reasons to oppose the re-election of a director are, but not limited to, to the reasons enumerated below. Since this list is not exhaustive in any way, the Funds analysts, after diligent research, may go beyond the scope of this Article in voting on a proxy given that they find a compelling reason behind their decision.

*I. Poor Compensation Practices for Executives*

The Funds may vote against directors for poor compensation practices. Poor compensation practices include, for example, permitting option re-pricing without prior shareholder approval, providing continuous perquisites or excessive compensation to an officer and his or her dependents while the officer is employed by the company or after the officer is no longer employed by the company, adjusting performance-based diminished payouts with supplemental cash payments, eliminating performance goals for executive officers and crediting additional years of service to current executives for the purpose of enhancing the executive's pension benefit.

The Funds may favor proposals seeking to prohibit CEOs from serving on compensation committees.

*II. Failure to Act on Key Financial or Managerial Issues*

The Funds may vote against directors for their failure to act on key financial or managerial issues, provided that diligent research is done and there is compelling reason that the director(s) is disregarding or has previously failed to act reasonably when faced with a key financial or managerial issues.

### *III. Failure to Act on ESG Issues*

As the Funds is a signatory to PRI and generally, Funds analysts use the SASB Map to identify key ESG issues that may affect the company and their valuation, the Funds may vote against a director that has shown or is showing disregard to ESG issues.

### *IV. Independent Board*

Each company's board of directors has a duty to act in the best interest of the company's shareholders at all times. The Funds believes that these interests are best served by having directors who bring objectivity to the company and are free from potential conflicts of interests. Accordingly, the Funds supports proposals seeking a majority of independent directors on the board.

<b>Article III</b>	<b>PRI Six Principles ESG</b>
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As signatories to the PRI six principle framework, ESG issues should be incorporated into investment research and/or any decision-making processes, specially proxy voting. Thus, the Funds shall take caution when voting on any proxy votes that may have a significant ESG implications to the company.

In signing the PRI, the Funds commits to adopt and implement all six Principles and to make progress over time on implementation of the Principles.

The six Principles are:

1. The Funds will incorporate ESG issues into its investment research and decision-making processes. ESG issues are not only included in the research analysis process, but also in the proxy voting process. The analyst(s) should perform diligent research before voting on a proxy that has ESG implications.
2. The Funds will be active owners and incorporate ESG issues into its ownership policies and practices. The Funds is an active owner of the securities it holds through its proxy voting process and use its rights as a shareholder to incorporate ESG into its voting.
3. The Funds will seek appropriate disclosure on ESG issues by the entities in which it invests in. The Funds supports transparency regarding ESG issues when disclosure is reasonable. Similarly, in proxy voting, the Funds should support shareholder initiatives and resolutions promoting ESG disclosure when disclosure is reasonable.
4. By signing the PRI, the Funds has taken an important first step in promoting acceptance and implementation of the six Principles.

5. The Funds shall work together with its clients to enhance the effectiveness in implementing the Principles.
6. The Funds will report on its activities and progress towards implementing the these Principles. The Funds will annually respond to the PRI questionnaire and disclose PRI scores from the questionnaire in response to inquiries from clients and in requests for proposals.

<b>Article IV</b>	<b>Voting Procedure</b>
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The Proxy statements of the securities the Funds holds in its portfolio, are normally mailed to the Funds. When a proxy statement for a security arrives, the compliance team must pick up the statement and deliver it to the analyst(s) tasked with following that specific security. That analyst(s) should then, in accordance to this document, research, decide on a vote, and complete the proxy requirements within a timely manner.

Thereafter, the analyst(s) should submit her/his vote and the rationale (i.e. *compelling* reasons) behind the vote to the compliance officer within one week of the delivery of the proxy statement. The compliance officer should then make a record of the vote.

<b>Article V</b>	<b>Voting Record Keeping &amp; Transparency</b>
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The team tasked with compliance shall keep a record of the votes and the reasoning behind votes. It should be kept in a Microsoft Excel Spreadsheet and placed in the S Drive. The result of all proxy votes shall be communicated to the Funds clients at the end of the month with the periodic performance report. Alternatively, should clients may make a written request to the Funds, the Compliance team shall render a copy of the proxy votes to the client(s) within 3 business days.