

PROXY VOTING POLICY

(As of June 12, 2018)



As owners of companies in their portfolios, shareholders have the right to exercise control of the companies through proxy votes. The value of a shareholder's shares may be altered by decisions made during company meetings based upon proxy voting outcomes; therefore, participation in these votes by shareholders, or Aperio through the granting of shareholder voting power of proxy, is a way of protecting the value of the securities held in Aperio portfolios.

Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended ("Advisers Act") requires that a registered investment adviser adopt and implement written policies and procedures reasonably designed to ensure that it votes proxies with respect to a client's securities in the best interest of the client. Pursuant thereto, Aperio Group, LLC ("Aperio" or "Adviser") has adopted and implemented these proxy voting policies and procedures (the "Policy"). The Policy is evaluated and maintained by the Proxy Voting Committee ("Committee"), which oversees proxy voting activities for Aperio's clients who have delegated such authority to Aperio.

In carrying out its proxy voting responsibilities, the Committee will monitor for and seek to resolve potential material conflicts ("Material Conflicts") in the course of proxy voting. Specifically, the Committee will seek to identify potential Material Conflicts including, but not limited to, those presented by (a) public company status of Aperio clients, intermediaries, custodians, and/or key service providers; and (b) other existing and/or potential relationships between Aperio (and/or Aperio employees) and publicly traded companies. In addition, Aperio makes available to its investment advisory clients a service facilitating the submission of shareholder proposals through a third-party representative. It is generally expected that such proposals will be voted consistent with the principles set forth in this Policy, including these conflicts of interest provisions.

Aperio's policy is to vote proxies presenting potential Material Conflicts as it would vote any other proxy, in a manner consistent with this Policy and the proposal-specific criteria set forth in this Policy.

The Committee will regularly review all voting of proxies identified as presenting potential Material Conflicts at its regularly scheduled meetings to seek to ensure adherence to this standard.

As a passive index manager, Aperio does not familiarize itself with the businesses in which it invests as part of constructing or rebalancing an index-tracking portfolio, nor do we independently calculate a company's intrinsic value in order to determine whether the company's security is rich or cheap relative to its market price. Instead, Aperio relies on the market's pricing mechanism to incorporate all available information via trading in the market to embed all relevant information into the current price.

Aperio favors transparency of information and, therefore, typically favors resolutions that increase transparency of information. However, this preference is not an absolute. In cases of high cost, proprietary information, or requests for specific policy change, Aperio is inclined to oppose resolutions even when framed as requests for reports, disclosure, or transparency.

Aperio believes that a portfolio company's management generally is in the best position to make decisions on behalf of the company to maximize the financial reward to its shareholders; accordingly, Aperio will generally vote with management on proposals put to shareholder vote. However, we also recognize that there are some classes of issues with respect to which management is not in the best position to make a decision because management's interests may not be aligned with shareholder interests. When we are able to identify best practices of "good governance" that may vary from management's recommendation, we may determine to oppose management and/or support shareholder resolutions that we believe may move companies toward a better governance model. In all cases, Aperio may, in exercising its fiduciary duties, determine to vote any proxy in a manner that departs from these general principles or the guidelines set forth below.

Proxy System

Non-ESG/SRI Accounts: As a general matter, Aperio uses Broadridge Proxy Policies and Insights (PPI) as the preliminary basis for its voting decisions unless the client has opted in to Aperio's ESG/SRI Proxy Voting system. This research tool allows us to set policy voting rules based on a combination of proposal category and available thresholds that evaluate the specifics of a given proposal. Aperio's policy takes the Broadridge Shareholder Value policy set as a starting point and then modifies it to meet Aperio's needs.

Accordingly, note that in the tables below, an asterisk (*) in the Aperio Policy Guideline column indicates that the recommendation is not part of the Broadridge Shareholder Value recommendation policy. To the extent a proxy voting issue is not explicitly addressed by the guidelines set forth below or otherwise by the Broadridge Proxy Policies and Insights, the Committee shall make a reasonable determination as to the appropriate vote, taking into consideration all facts and considerations it deems relevant. In general, when not otherwise addressed, Aperio will vote with management.

SRI/ESG Client Accounts: For those Aperio clients who have chosen our SRI strategies or otherwise opted in to Aperio's ESG/SRI Proxy Voting system, Aperio has retained Institutional Shareholder Services (ISS) as its SRI voting agent ("SRI voting agent"). Such SRI clients have indicated a preference for proxy voting that aligns with their preference for SRI shareholder value that, in turn, aligns with the recommendations, proxy voting history, and analysis of shareholder value presented by the SRI voting agent. As such, Aperio follows ISS's SRI Proxy Voting Guidelines. A copy of these guidelines can be found [here](#) under "Socially Responsible Investment (SRI) Proxy Voting Guidelines" on the Specialty Policies tab.

Note that for these clients, we are voting all companies and all proposals based on the ISS SRI Proxy Voting policy. For management proposals, largely related to traditional corporate governance issues, the ISS SRI policy is very similar to the standard ISS policy and favors "good governance" and "shareholder value."

Non-ESG/SRI Proxy Policy Rules

Consistent with its fiduciary duties, Aperio may override the standard voting guidelines when warranted and as based on the information available to Aperio at the time.

Supermajority Proposals

Supermajority provisions require more than a simple majority (50 percent plus 1) to adopt a change to the company. We believe such provisions make it more difficult for shareholders, the owners, to exercise control over the company. Aperio generally intends to vote on such proposals as follows:

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Adopt or Increase Supermajority Vote Requirement for Amendments	Management	Against	We believe supermajority requirements entrench management and reduce the ability of the market or shareholders to make needed changes.
Adopt or Increase Supermajority Vote Requirement for Mergers	Management	Against	
Adopt or Increase Supermajority Vote Requirement for Removal of Directors	Management	Against	
Reduce Supermajority Vote Requirement	Shareholder	For	

Antitakeover Proposals—Specifically, “Poison Pills”

We believe that these proposals are designed to make it more difficult for a company to be acquired. Poison pills have various mechanisms for disadvantaging an acquirer to other shareholders in a company.

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Adopt, Renew, or Amend Shareholder Rights Plan (Poison Pill)	Management	Against	Aperio generally opposes anti-takeover policies and provisions because we believe they enable management to entrench itself and reduce the value of the firm to shareholders.
Amend Articles/Bylaws/Charter to Remove Antitakeover Provisions	Shareholder	For	
Eliminate or Restrict Shareholder Rights Plan (Poison Pill)	Shareholder	For	
Submit Shareholder Rights Plan (Poison Pill) to Shareholder Vote	Shareholder	For	

Compensation-Related Proposals

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Advisory Vote on Say on Pay Frequency	Management	Vote against if frequency requirement is greater than one year.	We believe Say on Pay provides a check on runaway CEO compensation. This should be an annual process.
Approve Qualified Employee Stock Purchase Plans	Management	Vote against if purchase price is less than 85% of market value, or if more than 10% of outstanding shares, or if offering period is less than three years.	We believe options offered to employees too far below market value distort the incentives and compensation of employees; excessive dilution is a significant harm to shareholders.

Board Structure–Related Proposals

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Authorize Board Chair to Serve as CEO	Management	Against*	We believe this reduces the independence of the board.
Classify Board and Elect Directors	Management	Against	We believe boards of directors with board terms that span multiple years and whose members are elected in “classes” reduce the responsiveness of the board to shareholders. Aperio believes that all directors should be elected on an annual basis.
Declassify Board of Directors	Shareholder	For	
Elect Directors (Various Iterations of This Proposal Type)	Management	Vote against if attendance is less than 75% and if the majority of the board is not independent.	We believe director focus on the job is a bare minimum standard, and independence from management is important.

Board Structure–Related Proposals (continued)

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Eliminate Cumulative Voting	Shareholder	For	<p>In a cumulative voting scenario, the shareholder casts votes for each share times the number of open director seats being voted on. The votes, however, can be cast for as many or few of the board candidates as desired. In this way, a shareholder can increase (or decrease) the number of votes that a given director nominee receives.</p> <p>Cumulative voting is one of the tools promoted to increase board responsiveness to minority shareholders. However, it can work at cross purposes with other recommendations, like majority vote requirements. Given the limitations of Aperio’s current proxy voting solution, rather than running the risk of such proposals coming into conflict with one another, Aperio supports majority vote requirements and opposes cumulative voting.</p>
Establish Term Limits for Directors	Shareholder	For	We believe directors who serve for too long lose their independence.
Require a Majority Vote for the Election of Directors	Shareholder	For	We believe while most elections are uncontested, a director should be able to receive a majority vote to serve.
Require Independent Board Chairman	Shareholder	For	We believe this increases the independence of the board.
Require Majority of Independent Directors on Board	Shareholder	For	We believe independence from management is critical for good oversight.

Election of Director Proposals

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Elect Directors	Management	Against or Withhold*	In addition to the criteria in the standard PPI policy related to election of directors, Aperio will vote against or withhold votes from directors who serve on the nominating committee if there are no women on the board.

Miscellaneous Governance Proposals

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Disclose Information on Compensation Consultant	Shareholder	For*	Aperio believes that companies should be more, not less, transparent. Additional transparency around executive compensation allows shareholders and the market additional information to price the balance of executive compensation for a stock.
Ratify Auditors	Management	Vote against if audit fees do not exceed nonaudit fees.	We believe auditors should be in the business of providing impartial and honest audits. Significant other revenues could distort the objectivity of the auditor.

Environmental and Social Transparency Proposals

Proposal Category	Proposal Sponsor	Aperio Policy Guideline	Rationale
Report on Coffee Sourcing Policy	Shareholder	For*	Aperio believes that companies should be more, not less, transparent in their operations, particularly when investors have requested information.
Report on Equal Employment Opportunity (EEO)	Shareholder	For	Requests for reports do not require that the reports be high-production affairs with extensive pictures and narrative. In fact, most resolved clauses specifically include "at reasonable cost and omitting proprietary information."
Report on Pay Disparity	Shareholder	For	Note that for Pay Disparity resolutions, Aperio considers the legal risks associated with reporting and not reporting such information. Our determination is that these risks are approximately the same, and we therefore favor transparency.
Sustainability Report	Shareholder	For	

General principles to be applied as proxy voting guidelines if not directly countered by anything below:

Concept	Proposal Sponsor	Aperio Policy Guideline	Rationale
Certain "Request for Report"	Shareholder	Against	If the language of requesting a report is clearly asking the company to set policy in the report, rather than simply making information available, then Aperio will not support the proposal. Note that this is different than requests for reports where there is an implied social or policy desire by the proponents where they believe that the information will make a change in policy inevitable. The proposal must explicitly reference a policy-setting function in the report.
Disclosure of Voting Results by Share Class	Shareholder or Management	For	Aperio believes that transparency is important and the availability of this level of detail in reporting voting results is appropriate.

Disclosure to Clients

Aperio clients who require additional information regarding Aperio's proxy voting policies and procedures or details on how Aperio has voted specific proxies may send written requests to Aperio Group, LLC at operations@aperiogroup.com or by mail to Aperio Group, LLC, Three Harbor Drive, Suite 204, Sausalito, CA 94965, or may contact Aperio by phone at 415.339.4300. Disclosure of this option to clients is made through our Form ADV Part 2A, which also describes this Policy. With respect to registered investment company clients, disclosures concerning this Policy and information regarding how such clients voted proxies are made pursuant to Form N-1A.

Note that, when possible, based on custodian standard practice, Aperio wraps multiple client accounts into a single proxy ballot. This approach reduces the cost, ultimately accruing to the benefit of Aperio's clients. In such wrap account situations, reporting on specific account votes is more difficult. Aperio will provide the best information available to clients upon request.

Records

Aperio shall retain all records required pursuant to Advisers Act Rule 204-2(c)(2), as it may be amended from time to time, in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the record was last updated, the first two years in an appropriate Aperio office location.

For reference, set forth below are the records required to be kept by Advisers Act Rule 204(c)(2), as of the effective date of this Policy. Any subsequent amendments to such rule are to be understood as incorporated herein by reference and controlling.

- (i) A copy of this Policy and any amendments, supplements, or other updates thereto;
- (ii) A copy of each proxy statement that Aperio receives regarding client securities;[†]
- (iii) A record of each vote cast by the investment adviser on behalf of a client;[‡]
- (iv) A copy of any document created by Aperio that was material to making a decision regarding how to vote proxies on behalf of the client; and
- (v) A copy of each written client request for information on how Aperio voted proxies on behalf of the client, and a copy of any written response by Aperio to any (written or oral) client request for information on how Aperio voted proxies on behalf of the requesting client.

[†] Aperio may satisfy this requirement by relying on a third party to make and retain, on Aperio's behalf, a copy of a proxy statement, provided that Aperio has obtained an undertaking from such third party to provide a copy of the proxy statement promptly upon request. Aperio may also satisfy this requirement by relying on obtaining a copy of a proxy statement from the US Securities and Exchange Commission's EDGAR system.

[‡] Aperio may satisfy this requirement by relying on a third party to make and retain, on Aperio's behalf, a record of the vote cast, provided that Aperio has obtained an undertaking from such third party to provide a copy of the record promptly upon request.

This information has been carefully compiled from sources Aperio believes to be reliable, but its accuracy cannot be guaranteed. This is provided for informational purposes only and should not be solely relied upon when making an investment decision. It is provided with the understanding that we are not engaged in rendering legal, accounting, or tax services. In particular, none of the examples should be considered advice tailored to the needs of any specific investor. It is recommended that all investors seek out the services of competent professionals in any of the aforementioned areas.