



FUNDS MANAGEMENT
A CMA SUBSIDIARY

PROXY VOTING POLICY

Both MDFM and MDPT, as managers of the Funds, (each a "Manager") have adopted a policy with respect to voting proxies relating to portfolio securities held by the Funds (the "MD Policy").

Pursuant to the MD Policy, the Managers delegate the responsibility for voting in respect of securities held by the Funds to the investment advisors retained to select securities for the Funds on the basis that such investment advisors are best situated to assess the consequences of such matters for the Funds.

The investment advisors are required to exercise their voting responsibility in compliance with the MD Policy, which provides that voting responsibility shall be exercised in accordance with the best economic interests of the Fund and the Fund's investors. The investment advisors are expected to vote in favour of proposals which enhance the investment value of the relevant security and against proposals that increase the risk level and reduce the overall investment value. Generally, this will mean that the investment advisors will vote in favour of management proposals. Where an investment advisor considers it appropriate to vote against a management proposal the investment advisor is required to document its reasons for doing so and to provide such documentation to the applicable Manager on request.

Each investment advisor provides its own policy (the "Advisors' Policies") with respect to voting proxies relating to portfolio securities held by the Funds for which the investment advisor is responsible to the applicable Manager. The Managers will ensure that the Advisors' Policies comply with the MD Policy and the Managers will receive yearly certification from the investment advisors that they have complied with the MD Policy and with applicable securities laws.

The Advisors' Policies address the following issues:

- (a) policies for dealing with routine matters on which a Fund may vote, which are to provide that the Fund's securities are generally voted in favour of management proposals;
- (b) the circumstances under which a Fund will deviate from the standing policy for routine matters, such as where the investment advisor is of the view that proposed executive compensation arrangements, option allocations or similar matters are viewed as excessive by the investment advisor in light of its assessment of the issuer;
- (c) the policies under which, and the procedures by which, a Fund will determine how to vote or refrain from voting on non-routine matters, which policies are to reflect the MD Policy's underlying requirement to support proposals which enhance the investment value of the relevant security and to oppose proposals that increase the risk level and reduce the overall investment value; and
- (d) procedures to ensure that portfolio securities held by a Fund are voted in accordance with the instructions of the investment advisor.

Where an investment advisor identifies a conflict between the interests of securityholders of a Fund and the interests of the applicable Manager, the investment advisor or any affiliate or associate of the Fund, the Manager or the investment advisor, it is required to notify one of the applicable Manager's Assistant Vice-President Investment Products or Chief Compliance Officer (the "Conflict Officers") in sufficient time to permit the conflict to be considered. The Conflict



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Officer who received notification of the conflict together with the other Conflict Officer will discuss the issue with the investment advisor to ensure that the proposal is voted upon in accordance with the MD Policy's underlying requirement to support proposals which enhance the investment value of the relevant security and to oppose proposals that increase the risk level and reduce the overall investment value.

The MD Policy also requires that investment advisors maintain proxy voting records including; matters voted upon by issuer, whether such matters were proposed by the issuer, its management or another person or company, whether and, where applicable, how the investment advisor voted on behalf of the Fund, and whether such vote was for or against the recommendations of the issuer.

The policies and procedures that a Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling us toll- free at 1-800-267-2332 or emailing us at MDFunds.SimplifiedProspectus@cma.ca. A Fund's proxy voting record for the annual period beginning July 1, 2005 will be available free of charge to any investor of the Fund upon request at any time after August 31, 2006. A Fund's proxy voting record will also be available on our Internet site at www.cma.ca/mdm.ca/Prospectus and Financial Reports.