

PACIFIC INCOME ADVISERS, INC.
PROXY VOTING POLICY
2008

On January 31, 2003, the Securities and Exchange Commission approved proxy voting regulations for investment advisers registered with the SEC under the Advisers Act. The regulations require investment advisers to disclose their proxy voting policies and procedures to their clients.

1. VOTING PROXIES FOR NON-ERISA ACCOUNTS

In this regard, it is PIA's policy to vote proxies for portfolio securities in accordance with the best economic interests of each client unless that client explicitly retains responsibility for proxy voting.

2. VOTING OF PROXIES FOR ERISA ACCOUNTS

The Department of Labor ("DOL") takes the position that the fiduciary act of managing plan assets which are held as shares of corporate stock includes the obligation to vote proxies appurtenant to those shares of stock. Section 403(a) of Employee Retirement Income Security Act of 1974 ("ERISA") requires plan trustees to have exclusive authority and responsibility for voting proxies, unless:

- The plan expressly provides that the trustees are subject to the discretion of a named fiduciary who is not a trustee (in which case the trustees are subject to proper directions made in accordance with the terms of the plan and not contrary to ERISA); and
- The authority to manage, acquire or dispose of assets of the plan is delegated to one or more investment managers pursuant to Section 402 of ERISA.

3. PROCEDURES

PIA has adopted the following procedures in relation to the voting of proxies:

- At the opening of each client relationship, the RIA responsible for the client will determine whether PIA will have proxy voting responsibility and if so whether the client has any specific guidelines or policies it require PIA to comply with.
- All investment advisory agreements with clients specify whether PIA, the client or (in the case of ERISA Accounts) the plan trustees or a named fiduciary have proxy voting authority. All agreements with Wrap-Fee sponsors provide that PIA has proxy voting authority unless the client explicitly retains responsibility for proxy voting in writing.
- All proxy voting materials received by PIA will be forwarded to Operations whose responsibilities will include but not be limited to:
 - (i) Reconciliation of proxies received against securities held and obtaining any missing proxy materials / ballots prior to the voting deadline.

- (ii) Forwarding all applicable proxy materials to those clients who have retained authority to vote proxies.
 - (iii) Voting proxies in accordance with the Compliance Committee's recommendations and guidelines.
 - (iv) Transmitting voted proxies to the appropriate issuers.
 - (v) Recording how each proxy was voted for PIA clients
 - (vi) Maintaining appropriate proxy voting records by issuer and for clients.
 - (vii) Preparing and providing proxy voting reports to the CCO upon request.
- If any conflict or potential conflict of interest arises in the execution of PIA's proxy voting responsibilities, Operations will refer the matter to the Compliance Committee who will review and resolve any such conflict in the best interests of all affected clients. The Compliance Committee will either instruct Operations to vote the affected proxies in accordance with the Compliance Committee's specific instructions or provided that the client is not an ERISA client, either request the client to vote their own proxies or abstain from any voting. In all cases the Compliance Committee will disclose the conflict to all affected clients and notify them of the specific action taken.
 - The CCO is responsible for ensuring that an accurate summary of PIA's proxy voting procedures is included in PIA's client disclosure document and on its website at all times.

PIA will maintain adequate records to document the voting process for all clients.