



**REDWOOD ASSET MANAGEMENT INC.**

**Investment Fund Proxy Voting Policy Pursuant to NI 81-106**

As manager of the Redwood Diversified Equity Fund, Redwood Diversified Income Fund and Redwood Global Small Cap Fund (the “Funds”), Redwood Asset Management Inc. (the “Manager”) has the authority (but is not required) to exercise any voting rights that a Fund has in its capacity as a securityholder of an issuer. It is the policy of the Manager that these rights are exercised in accordance with the best interests of the securityholders of the Fund determined at the time the vote is cast. In some cases it will be in the best interests of the securityholders of the Fund for votes not to be cast on a particular matter.

The Manager may delegate the responsibility for voting securities held by a Fund to the Fund’s portfolio manager. Accordingly, the Manager hereby delegates such responsibility in respect of each Fund to the following persons listed below adjacent to the Fund name for as long as they are responsible for the portfolio management of the Fund or until such responsibility is otherwise revoked or terminated:

<b>Fund Name</b>	<b>Delegate</b>
Redwood Diversified Equity Fund	LDIC Inc.
Redwood Diversified Income Fund	LDIC Inc.
Redwood Global Small Cap Fund	LDIC Inc.

The following sets out the policies to be adhered to when voting securities of issuers held by the Funds:

**(a) Standing Policy for Voting on Routine Matters**

Issuers’ proxies routinely contain proposals to elect corporate directors; to appoint external auditors and set their compensation; to adopt or amend management compensation plans; and to amend the capitalization of the company (collectively, “Routine Matters”). A decision to invest in an issuer is generally an endorsement of the issuer’s management. Therefore, proxies will generally be voted with management on Routine Matters.

**(b) Deviations from Standing Policy for Voting on Routine Matters**

In some cases it may not be in the best interests of the securityholders of the Fund for proxies to be voted with management on Routine Matters, and they will be voted accordingly.

The following guidelines (“Voting Guidelines”) set out the corporate governance principles which will help determine how to vote on Routine Matters.



*Boards of Directors* - resolutions that promote the ability of boards to act in the best interests of securityholders of the Fund will be supported. Proxies will generally be voted in favour of the election of directors for boards having a majority of independent directors and an independent chair, where the chairs of all board committees and at least a majority of committee members are independent.

*Auditors and Auditor Compensation* - recommendations of the issuer's audit committee regarding the appointment of auditors and auditor compensation in cases where all members of an issuer's audit committee are independent will generally be supported.

*Management Compensation* - compensation arrangements that are tied to long-term corporate performance and securityholder value will generally be supported. These arrangements should induce management to purchase and hold equity in the company to better align management's interests with those of shareholders. Stock option plans that are overly generous or excessively dilutive to other shareholders will not be supported.

*Changes in Capitalization* - changes in capitalization where a reasonable need for the change is demonstrated will generally be supported. Changes resulting in excessive dilution of existing securityholder value will not be supported.

While the Funds' proxies will generally be voted in accordance with the Voting Guidelines, there may be circumstances where it is in the best interests of the Fund to vote differently than the manner contemplated by the Voting Guidelines. The ultimate decision as to the manner in which a Fund's proxies will be voted rests with the person responsible for voting securities held by the Fund.

#### **(c) Voting Guidelines for Non-Routine Matters**

Non-Routine Matters, including those business issues specific to the issuer or those raised by shareholders of the issuer, are addressed on a case-by-case basis with a focus on the potential impact of the vote on the Fund's value. The general principals underlying the Voting Guidelines will be considered when deciding how to vote on non-Routine Matters.

#### **(d) Proxy Voting Administration**

##### *Adhering to Proxy Voting Policy*

Any person or entity entrusted with casting a vote in respect of securities held by a Fund shall be provided with a copy of this policy and will be expected to vote in accordance with this policy at all times. In the event that anyone expects to deviate from the policies set out herein, the prior approval of the Manager must be obtained before a vote is cast.

##### *Maintaining Proxy Voting Record*

A record of all proxies received and all votes cast (including how such votes are cast) shall be maintained by the person charged with the responsibility of voting on behalf of a Fund. The proxy voting record shall be maintained on an annual basis from July 1 to June 30 of each year. Information in order to enable



the Manager to prepare the annual proxy voting record for each Fund must be provided to the Manager no later than August 1 of each year.

*Whether or Not to Vote on Routine or Non-Routine Matters*

The person responsible for voting securities held by the Fund has the discretion whether or not to vote on Routine and non-Routine Matters. In cases where such person determines that it is not in the best interest of the securityholders of the Fund to cast a vote, or in cases where no value is added by voting, there is no requirement to vote.