

**Mavrix Fund Management Inc.
Proxy Voting Policy & Procedure
June 2005**

1. Purpose

To ensure that a proxy voting process is in place, monitored and periodically reviewed.

Define “Routine Votes” and how they are to be voted.

Review potential “Non Routine” Proxies and procedures to be followed.

Ensure that appropriate process for Records is maintained.

2. Process

2.1 General Process

All Proxies are delivered to a centralized person (Reviewer) for initial review. The person conducting the initial review of the Proxies has been trained and has thorough knowledge of Mavrix Fund’s Proxy policies and procedures. The Reviewer will determine if the proxies are routine or if they contain any potential non-routine, high impact or controversial material.

2.2 Routine Proxies

Routine Proxies that are initially determined to be routine for all funds will be voted accordingly by the initial Reviewer who will maintain records according to section 9 below. Once voted, they will be submitted to an appropriate signing authority of Mavrix who will review for any notable discrepancies,(ie ensure that all funds are voted in the same manor and that there have been no areas not voted) and will sign and submit for processing to the office the Vice-President, Operations and Administration of Mavrix Funds. Once submitted for processing to the appropriate trustee, the appropriate records will be maintained according to section 9 below.

2.3 Non Routine Proxies

For Non Routine Proxies, Mavrix Fund Management policy is to review each on a case-by-case scenario, with the overriding intentions of maximizing the value of a Fund’s investment in the issuer. If the Reviewer finds issues that are beyond the Routine policy or specific guidelines set forth below in 4. to 9. then the procedure will be first to review with each portfolio manager. Should the issue be unresolved, then the issue will be reviewed with the appropriate independent party. It is policy to have all of the funds that hold a position in an issuer to vote in the same manner.

3. Standard “Routine” Proxies

3.1 Definition

For routine proxies, Mavrix will in general vote with Management, with the overriding intentions of maximizing the value of a Fund’s investment in the issuer. Routine Proxies will be voted according to the process listed in 2.2 above.

3.2 # of Directors

3.3 Appointment of Directors

3.4 Appointment of Chairperson

3.5 Appointment of Trust

3.6 Appointment of Auditors

3.7 Remuneration of Auditors

4. Potential Non Routine Proxies

Mavrix will review all potential non routine proxies and will vote in such a manner to maximize the value of the investment in the issuer. While there are some general guidelines that allow for routine voting, these specific areas often will require additional review by portfolio managers. Non Routine Proxies will be voted according to the process listed in 2.3 above.

5.0 Unit based compensation

No one person to be granted 10% of shares outstanding in any given year.

In ordinary circumstances, the maximum threshold of total available for options and ESOP should not to exceed 15% of the company’s shares outstanding.

Often with smaller companies, a significant portion of the managements’ compensation is in shares, which is consistent with aligning with shareholders interests. Consideration should be given for proposals between 15% and 20% and ought to include but is not limited to the amount options that are used to pay directors, managements performance, managements salary, size of company, managements ownership.

Should a proposal be in excess of 20%, standard practice is to vote against the proposal, subject to extra-ordinary situations that ought to be documented. Requests for payment of bonuses in the form of shares/units should be reviewed against the maximum threshold.

5.1 Rights and warrants

Subject to 5.0 threshold.

Requests to alter the exercise price of outstanding options should be reviewed.

Requests for discretionary authority over strike prices should be reviewed with fund manager.

5.2 ESOP

Subject to 5.1

5.3 Employee and MGT Bonus

Subject to 5.1

Specific details of management pay will be reviewed relative to peers and share performance.

5.4 Shareholder rights plans

If the intention of the plan is genuine to protect shareholders then it is policy to vote for. Note that anything that will resemble a poison pill or limit rights in takeover should be reviewed and appropriately documented.

6. Future Financings

Typically companies required shareholder approval in order to raise funds in excess of 25% of shares outstanding. For each request to approve management discretion to raise funds on a discretionary basis, we will review: Existing cash positions; near term acquisitions and general rationale for financing. These will be reviewed on a case by case scenario with the portfolio manager of the fund to ensure that

7. Amendments to Articles of Incorporation

There are often routine changes to the articles that are proposed for the firm to benefit from new accounting regulations and changes to the law that will allow them to be competitive with their peers. While it is Mavrix policy to vote for these amendments, routine review of the changes is conducted to ensure that changes do not include any unwarranted changes. Should additional changes be requested, the fund's manager will review them.

8. Proxy Voting Records

Once the proxy has been voted, records will be kept in accordance with OSC policies. For all proxies, records will be kept with the management information circular with corresponding notes reviewing specific issues.

9. Preparation and Availability of Proxy Voting Record

A Fund's proxy voting record for the annual period from July 1, 2005 to June 30, 2006 will be available at no cost to any holder of Units or Shares of a Fund upon request at any time after August 31, 2006. The proxy voting records for the Funds will also be available the website at www.mavrixfunds.com after August 31, 2006.