

BURNHAM INVESTORS TRUST

Proxy Voting Policies and Procedures

INTRODUCTION

Each fund in the Burnham Group of Mutual Funds (the “Funds”) exercises a voice on behalf of its shareholders in matters of corporate governance through the proxy voting process. As the Funds’ investment adviser, we at Burnham Asset Management Corp. (“BAM”) take our fiduciary responsibilities very seriously and believe the right to vote proxies for our Funds’ holdings represents a significant asset of the Funds. We exercise our voting responsibilities as a fiduciary solely with the goal of maximizing the value of our Funds’ and their shareholders’ investments. In pursuit of this goal, we:

- 1) Buy and hold securities for our Funds which we believe will appreciate in value, and sell securities for our Funds which we believe are less likely to appreciate in value; and
- 2) Exercise our Funds’ rights as shareholders to support sound corporate governance within companies in which the Funds invest.

BAM has established a Proxy Oversight Group, a committee of senior BAM officers, to oversee voting policies and decisions for our Funds. The Proxy Oversight Group performs its responsibilities in accordance with proxy voting principles established and approved by the Funds’ Board of Trustees (the “Board”) to ensure that the Funds’ voting policies reflect a thorough analysis of the issues and their potential impact on shareholder value. These principles frame our analysis of each proxy issue and provide a basis for decision-making in even the most complex instances. In evaluating issues, the Proxy Oversight Group may consider information from many sources, including the portfolio manager for the Fund, management of a company presenting a proposal, shareholder groups, and independent proxy research services. In all cases, however, the ultimate decision rests with the fiduciaries who serve on the Proxy Oversight Group and are accountable to the Funds’ Board.

POLICY

Each Fund is the beneficial owner of its portfolio securities. The Board, acting on behalf of each of the Funds, has the right and the fiduciary obligation to vote proxies relating to the Fund's portfolio securities in a manner consistent with the best interests of the Fund and its shareholders. Accordingly, the Board has adopted these Proxy Voting Policies and Procedures.

DELEGATION

Delegation to BAM.

The Funds have delegated the responsibility for voting proxies relating to securities held by the Funds to BAM as a part of BAM's general management of the Funds, subject to the Board's continuing oversight.

The Funds have adopted the "Pre-Determined Voting Guidelines" used by BAM to vote proxies relating to portfolio securities held by its clients, including the Funds, which are attached as Appendix A and are deemed to be a part of these Proxy Voting Policies and Procedures. BAM, may, however, deviate from these Guidelines in order to accomplish a specific objective, provided that it documents the reason for such deviation.

Sub-Delegation.

BAM may delegate its responsibilities under these Proxy Voting Policies and Procedures to a third party, provided that no such delegation shall relieve BAM of its responsibilities hereunder and BAM shall retain final authority and fiduciary responsibility for proxy voting. If BAM delegates such responsibilities, BAM shall monitor the delegate's compliance with these Proxy Voting Policies and Procedures.

FIDUCIARY DUTIES OF CARE AND LOYALTY

Investment advisers, such as BAM, are fiduciaries. Accordingly, we at BAM owe our clients the duties of "care" and "loyalty." The duty of care requires us to monitor corporate actions and vote client proxies if we have undertaken to do so. The duty of loyalty requires us to cast proxy votes in a manner consistent with the best interests of our clients and not subrogate our clients' interests to our own.

REPORTS TO THE BOARD

Annual Presentation of Proxy Voting Policies to the Board.

At least once each calendar year, BAM shall furnish to the Board, and the Board shall consider, a written report identifying any recommended changes in existing policies based upon BAM's experience under these Proxy Voting Policies and Procedures, evolving industry practices and developments in applicable laws or regulations.

At least annually, BAM shall provide the Board a record of each proxy voted with respect to portfolio securities held by the Funds during the year. This requirement may be satisfied by presenting the completed Form N-PX as filed with the U.S. Securities and Exchange Commission.

Quarterly Report to Board of Conflicts of Interest.

With respect to those proxies that BAM has identified as involving a potential conflict of interest, BAM shall provide the Board a separate report indicating the nature of the potential conflict of interest and how that potential conflict was resolved with respect to the voting of the proxy.

CONFLICTS OF INTEREST

Identifying Potential Conflicts of Interest.

A "potential conflict of interest" may exist when BAM or an affiliated person of BAM has an interest that is reasonably likely to be effected by a proxy to be voted on behalf of the Funds which is reasonably likely to compromise BAM's independence of judgment and action in voting the proxy. In reviewing proxy issues in order to make a preliminary identification of any potential conflicts between BAM's interests and those of its clients, the appropriate members of BAM's Proxy Oversight Group shall consider:

- 1) Whether BAM has an economic incentive to vote in a manner that is not consistent with the best interests of its clients. For example, BAM may have an economic incentive to vote in a manner that would please corporate management in the hope that doing so might lead corporate management to direct business to BAM. Such business could include managing company retirement plan or serving as adviser for funds sponsored by the company; or
- 2) Whether there are any business or personal relationships between a BAM employee and the officers or directors of a company whose securities are held in client accounts which relationships are reasonably likely to create an incentive to vote in a manner that is not consistent with the best interests of its clients.

The appropriate members of the Proxy Oversight Group shall use commercially reasonable efforts to identify whether a potential conflict may exist. However, a potential conflict shall be deemed to exist if and only if (i) one or more members of the Proxy Oversight Group actually knew or reasonably should have known of the potential conflict and (ii) the Chairman of the Proxy Oversight Group determines that an actual potential conflict exists.

Resolving Potential Conflicts of Interest.

The Chairman of the Proxy Oversight Group shall determine whether an actual potential conflict exists and is authorized to resolve any such conflict in a manner that is in the collective best interests of the Funds and BAM's other clients (excluding any client that may have a potential conflict). Without limiting the generality of the foregoing, the chairman of the Proxy Oversight Group may resolve a potential conflict in any of the following manners:

- (i) If the proposal that gives rise to a potential conflict is specifically addressed in these Proxy Voting Policies and Procedures, BAM may vote the proxy in accordance with the pre-determined guidelines set forth in these Proxy Voting Policies and Procedures;
- (ii) BAM may disclose the potential conflict to the Board and obtain the Board's consent before voting in the manner approved by the Board;
- (iii) BAM may engage an independent third-party to determine how the proxy should be voted; or
- (iv) BAM may establish an ethical wall or other informational barriers between the person(s) that are involved in the potential conflict and the person(s) making the voting decision in order to insulate the potential conflict from the decision maker.

Insignificant Impact.

From time to time the number of shares that BAM is entitled to vote on behalf of its clients on a particular proxy proposal is small relative to the aggregate number of shares that are entitled to be voted by all stockholders on such proposal. In such cases, BAM's vote may have an insignificant impact on the outcome of the proxy vote. As a bright line test, if BAM is entitled to vote on behalf of its clients less than 1% of the eligible vote on a proxy proposal, BAM's vote is presumed to have an insignificant impact on the outcome of the proxy vote. Resolving potential conflicts of interest on proxy proposals for which BAM's vote has an insignificant impact on the outcome may be costly to the Funds and BAM's other clients and unnecessarily detract from the other duties of BAM's officers to the Funds and its other clients, and therefore may not be in the best interests of the Funds and BAM's other clients. Accordingly, irrespective of whether a potential conflict exists on a proxy proposal, the chairman of the Proxy Oversight Group may vote

client proxies in a manner he determines to be in the collective best interests of the Funds and BAM's other clients if BAM's vote has an insignificant impact on the outcome of the proxy vote.

PROXY OVERSIGHT GROUP

BAM has established a Proxy Oversight Group to oversee voting policies and decisions for its clients. The Proxy Oversight Group:

- Establishes, amends, and interprets proxy voting policies and procedures; and
- Resolves potential conflicts of interests.

The Proxy Oversight Group consists of the following senior officers of BAM:

- 1) Chief Compliance Officer;
- 2) Senior Member of the Funds' Investment Committee;
- 3) Chief Financial Officer of the Funds; and
- 4) Portfolio Manager of each Fund.

Two or more members shall constitute a quorum. Meetings may be held telephonically. A vote by a majority of the Proxy Oversight Group shall be binding. The Proxy Oversight Group may act without a meeting by written consent signed by two or more members.

MISCELLANEOUS

Limitations on BAM's Responsibilities.

- **Limited Value.** BAM may abstain from voting a Fund proxy if it concludes that the effect on the Fund's economic interests or the value of the portfolio holding is indeterminable or insignificant.
- **Unjustifiable Costs.** BAM may abstain from voting a Fund proxy for cost reasons (*e.g.*, costs associated with voting proxies of non-U.S. securities). In accordance with BAM's duties, it shall weigh the costs and benefits of voting proxy proposals relating to foreign securities and shall make an informed decision with respect to whether voting a given proxy proposal is prudent. BAM's decision shall take into account the effect that the Fund's vote, either by itself or together with other votes, is expected to have on the value of the Fund's investment and whether this expected effect would outweigh the cost of voting.
- **Fund Restrictions.** BAM shall vote Fund proxies in accordance with any applicable investment restrictions of the affected Fund.
- **Board Direction.** Notwithstanding the foregoing delegation to BAM, the Board may from time to time direct BAM to vote a Fund's proxies in a

manner that is different from the guidelines set forth in BAM's "Pre-Determined Voting Guidelines." After its receipt of any such direction, BAM shall follow such direction for proxies for which the stockholder meeting has not been held and the vote not taken.

Records.

BAM shall maintain at its principal place of business the records required to be maintained by the applicable Fund with respect to proxies by the Investment Company Act of 1940 and the Investment Advisers Act of 1940 in accordance with the requirements and interpretations thereof. These records include:

- Copies of the Funds' Proxy Voting Policies and Procedures and each amendment thereof;
 - Proxy statements received regarding Fund securities;
 - Records of votes cast regarding Fund securities;
 - Records of written Fund shareholder requests for proxy voting information and response; and
 - Any documents prepared that were material to making a decision on proxy voting, or that memorialized the basis of the decision.
- Notwithstanding the foregoing, BAM may, but need not, maintain proxy statements that it receives regarding Fund securities to the extent that such proxy statements are available on the SEC's EDGAR system. BAM may also rely upon a third party to maintain certain records required to be maintained by the Advisers Act.

Amendments.

The Proxy Oversight Group may amend these Proxy Voting Policies and Procedures from time to time. The Board shall be notified promptly of any material changes. Unless objected to by the Board within 90 days after such submission, the Board shall be deemed to have approved the change on the 90th day after such submission (unless such change was early approved by the Board).

Proxy Voting Disclosures.

Each Fund shall include in its Form N-CSR a description of these Proxy Voting Policies and Procedures.

Each Fund shall include in its Annual and Semi-Annual Reports to Shareholders (filed as part of Form N-CSR):

- A statement that a description of these Proxy Voting Policies and Procedures is available without charge, upon request, by calling the Funds' toll-free telephone number or through the Funds' website at

http://www.burnhamfunds.com, and on the SEC's website at *http://www.sec.gov*.

- A statement disclosing that information regarding how the Funds voted proxies relating to securities held by the Funds during the most recent twelve month period ended June 30 is available without charge, upon request, by calling the Funds' toll-free telephone number or through the Funds' website at <http://www.burnhamfunds.com> and on the SEC's website at *http://www.sec.gov*.

Adopted: May 14, 2003, revised August 12, 2003

Pre-Determined Proxy Voting Guidelines

The following summarizes certain significant proxy voting proposals and BAM's general guidelines for voting these proposals in a particular manner. BAM generally votes proxies in a manner intended to support the ability of management of a company soliciting proxies to run its business in a responsible and cost effective manner while staying focused on maximizing stockholder value. Accordingly, BAM generally votes proxies in accordance with management's recommendations. Nevertheless, BAM's actual voting decisions are made on a case-by-case basis depending on the particular facts and circumstances of each proxy vote. For this reason, consistent with BAM's fiduciary duty to ensure that proxies are voted in the best interest of the Funds and its other clients, BAM may from time to time vote proxies against management's recommendations.

1. Auditors

Vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent
- Fees for non-audit services are excessive, or
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position.

2. Board of Directors

Voting on Director Nominees in Uncontested Elections

Votes on director nominees should be made on a CASE-BY-CASE basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance, responsiveness to shareholder proposals, any egregious board actions, and any excessive non-audit fees or other potential auditor conflicts.

Classification/Declassification of the Board

Vote AGAINST proposals to classify the board.

Vote FOR proposals to repeal classified boards and to elect all directors annually.

Independent Chairman (Separate Chairman/CEO)

Vote on a CASE-BY-CASE basis shareholder proposals requiring that the positions of chairman and CEO be held separately. Because some companies have governance structures in place that counterbalance a combined position, certain factors should be

taken into account in determining whether the proposal warrants support. These factors include the presence of a lead director, board and committee independence, governance guidelines, company performance, and annual review by outside directors of CEO pay.

Majority of Independent Directors/Establishment of Committees

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by BAM's definition of independence.

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

3. Shareholder Rights

Shareholder Ability to Act by Written Consent

Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.

Vote FOR proposals to allow or make easier shareholder action by written consent.

Shareholder Ability to Call Special Meetings

Vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.

Vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.

Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote.

Vote FOR proposals to lower supermajority vote requirements.

Cumulative Voting

Vote AGAINST proposals to eliminate cumulative voting.

Vote proposals to restore or permit cumulative voting on a CASE-BY-CASE basis relative to the company's other governance provisions.

Confidential Voting

Vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its

confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.
Vote FOR management proposals to adopt confidential voting.

4. Proxy Contests

Voting for Director Nominees in Contested Elections

Votes in a contested election of directors must be evaluated on a CASE-BY-CASE basis, considering the factors that include the long-term financial performance, management's track record, qualifications of director nominees (both slates), and an evaluation of what each side is offering shareholders.

Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE. Where BAM recommends in favor of the dissidents, we also recommend voting for reimbursing proxy solicitation expenses.

5. Poison Pills

Vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification. Review on a CASE-BY-CASE basis shareholder proposals to redeem a company's poison pill and management proposals to ratify a poison pill.

6. Mergers and Corporate Restructurings

Vote CASE-BY-CASE on mergers and corporate restructurings based on such features as the fairness opinion, pricing, strategic rationale, and the negotiating process.

7. Reincorporation Proposals

Proposals to change a company's state of incorporation should be evaluated on a CASE-BY-CASE basis, giving consideration to both financial and corporate governance concerns, including the reasons for reincorporating, a comparison of the governance provisions, and a comparison of the jurisdictional laws. Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

8. Capital Structure

Common Stock Authorization

Votes on proposals to increase the number of shares of common stock authorized for issuance are determined on a CASE-BY-CASE basis.

Vote AGAINST proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.

Vote FOR proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

Dual-class Stock

Vote AGAINST proposals to create a new class of common stock with superior voting rights.

Vote FOR proposals to create a new class of nonvoting or subvoting common stock if:

- It is intended for financing purposes with minimal or no dilution to current shareholders
- It is not designed to preserve the voting power of an insider or significant shareholder

9. Executive and Director Compensation

Votes with respect to compensation plans should be determined on a CASE-BY-CASE basis. Our methodology for reviewing compensation plans primarily focuses on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders instead of simply focusing on voting power dilution). Using the expanded compensation data disclosed under the SEC's rules, BAM will value every award type. BAM will include in its analyses an estimated dollar cost for the proposed plan and all continuing plans. This cost, dilution to shareholders' equity, will also be expressed as a percentage figure for the transfer of shareholder wealth, and will be considered long with dilution to voting power. Once BAM determines the estimated cost of the plan, we compare it to a company-specific dilution cap.

Vote AGAINST equity plans that explicitly permit repricing or where the company has a history of repricing without shareholder approval.

Management Proposals Seeking Approval to Reprice Options

Votes on management proposals seeking approval to reprice options are evaluated on a CASE-BY-CASE basis giving consideration to the following:

- Historic trading patterns
- Rationale for the repricing
- Value-for-value exchange
- Option vesting
- Term of the option
- Exercise price
- Participation

Employee Stock Purchase Plans

Votes on employee stock purchase plans should be determined on a CASE-BY-CASE basis.

Vote FOR employee stock purchase plans where all of the following apply:

- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less, and
- Potential voting power dilution (VPD) is ten percent or less.

Vote AGAINST employee stock purchase plans where any of the opposite conditions obtain.

Shareholder Proposals on Compensation

Vote on a CASE-BY-CASE basis for all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

10. Social and Environmental Issues

These issues cover a wide range of topics, including consumer and public safety, environment and energy, general corporate issues, labor standards and human rights, military business, and workplace diversity.

In general, vote CASE-BY-CASE. While a wide variety of factors goes into each analysis, the overall principal guiding all vote recommendations focuses on how the proposal will enhance the economic value of the company.