

## CAPSTONE GROUP OF INVESTMENT COMPANIES

### AUDIT COMMITTEE CHARTER

1. The Audit Committee shall be composed of at least three (3) Independent Directors/Trustees to be appointed by vote of a majority of the Directors/Trustees, including a majority of the Independent Directors/Trustees.
2. The Audit Committee shall, at least annually, designate one or more “audit committee financial experts” from its members who have the applicable experience and independence criteria, under applicable regulatory authority. Any such designation or designations will be disclosed as required by applicable regulatory authority.
3. The purpose of the Audit Committee is:
  - (a) to oversee the accounting and financial reporting policies and practices of the Funds;
  - (b) to oversee the quality and objectivity of the Funds’ financial statements and the independent audit thereof; and
  - (c) to act as a liaison between the Funds’ independent auditors and the full Boards.

The function of the Audit Committee is oversight; it is the responsibility of each Fund’s investment adviser and administrator to maintain appropriate systems for accounting and internal control, and the auditors’ responsibility to plan and carry out a proper audit. To this end, the Audit Committee shall have unrestricted access to the Boards, the independent auditors, and the executive and financial management of the Funds.

4. To carry out its purposes, the Audit Committee shall have the following duties and powers:
  - (a) to pre-approve the appointment, compensation, retention or termination of each Fund’s auditors and, in connection therewith, to evaluate the independence of the auditors, including whether the auditors provide any consulting services to a Fund’s investment adviser or administrator, and to receive the auditors’ specific representations as to their independence;
  - (b) as part of its evaluation of the independence of a proposed Fund auditor, to review (i) the fees proposed to be paid to the auditor by the Funds’ investment adviser and its affiliates for audit and non-audit services, and (ii) the hiring of employees or former employees of the auditor by the Funds’ investment adviser or its affiliates.
  - (c) to review and pre-approve permissible non-audit services to the Fund, its investment adviser (not including any sub-adviser performing primarily portfolio management services, if overseen by another investment adviser), and to any entity controlling, controlled by or under common control with the Funds’ investment adviser that provides ongoing services to a Fund that have a direct impact on its operations or financial report;

- (d) to meet in person or telephonically with the Funds' independent auditors, including private meetings, as necessary:
    - (i) to review and pre-approve the arrangements for, procedures to be utilized, and scope of the annual audit and any special audits;
    - (ii) to discuss any matters of concern relating to the Funds' financial statements, including any reasonable alternative accounting treatments considered for material items and the reasons for the alternative chosen, any adjustments to such statements recommended by the auditors, or other results of audit(s);
    - (iii) to review the annual financial statements of the Funds and significant accounting policies underlying the statements and their presentation to the public in the Annual Report to shareholders and Form N-SAR;
    - (iv) to consider the auditors' comments with respect to the Funds' financial policies, procedures and internal accounting controls and responses thereto by each Fund's investment adviser and administrator; and
    - (v) to review the form of opinion the auditors propose to render to the Boards and shareholders;
  - (e) to consider the effect upon the Funds of any changes in accounting principles or practices proposed by a Fund's investment adviser or administrator or the auditors;
  - (f) to resolve disagreements, if any, between the auditors and management regarding financial reporting;
  - (g) to investigate improprieties or suspected improprieties in Fund operations; and
  - (h) to report its activities, if any, to the full Boards at each meeting of the Funds' Board of Directors and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.
5. The Committee shall meet in person at least twice annually. Other meetings may be held either in person or telephonic. Any two members or the Chairman may call a meeting. Minutes of its meetings shall be maintained as part of the Funds' records.
  6. The Committee shall regularly consult with the Treasurers of the Funds and with internal auditors, if any, from each Fund's investment adviser and administrator.
  7. The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain special counsel and other experts or consultants at the expense of the Funds.
  8. The Committee shall review this Charter periodically and recommend any changes to the full Boards.