

September 1993

LEGACY CAPITAL MANAGEMENT, INC.

A: CODE OF ETHICS

This Code of Ethics is adopted by Legacy Capital Management, Inc. ("LCM") in compliance with (a) Rule 17j-1 (the "Rule") under the Investment Company Act of 1940, as amended (the "1940 Act") and (b) Part 275, Rules and Regulations, Investment Advisers Act of 1940 as amended (Code of Federal Regulations Part 275), ("Part 275").

Rule 17j-1(a) under the 1940 Act makes it unlawful, and LCM policy pursuant to Part 275 prohibits, for any investment adviser of a registered investment company (a "Fund") or any director, officer, employee, holder of 5% or more of the securities of such investment adviser or person controlling, controlled by or under common control with connection with the purchase or sale, directly or acquired by a Fund or LCM client, to engage in certain fraudulent practices. Security held or to be acquired by a Fund or LCM client means any security as defined herein which within the most recent 10 days (i) is or has been held by the Fund or LCM client, or (ii) is being or has been considered by the Fund or LCM or its investment adviser for purchase by the Fund or LCM client.

It is the policy of LCM that no Access Person or Advisory Representative, as defined below, shall engage in the provisions of Rule 17j-1 or otherwise result in a conflict of interest detrimental to the best interest of LCM's clients. In order to ensure that a purchase or sale by an Access Person or Advisory Representative who is aware that a Fund or LCM client is purchasing or selling a particular security, or has such a purchase or sale under consideration, shall enter an order for the purchase or sale of such security until the Fund's or LCM clients' transactions in that security have been completed. The order is permissible, however, if it is clear that in view of the nature of the security and the market for such security that the order of the Access Person or Advisory Representative will not affect the price paid or received by the Fund or LCM client.

All individuals and organizations involved in activities relating to a Fund or LCM client should read this document closely and refer any questions relating thereto to the LCM Compliance Officer.

1. DEFINITIONS

- (a) Access Person means a director, officer or Advisory Person of LCM.
- (b) Advisory Person means (i) any employee of LCM, or of any company in a control relationship (25% ownership) to LCM who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a security by a Fund or LCM client or whose functions relate to the making of any recommendations for such purchases or sales, and (ii) any natural person in a control relationship to LCM who obtains information concerning recommendations made to a Fund or LCM client with regard to the purchase or sale of a security.
- (c) Advisory Representative means any officer or director of LCM; any employee who makes any recommendation, who participates in the determination of which recommendation shall be made, or whose functions or duties relate to the determination of which recommendation shall be made; any employee who, in connection with his duties, obtains any information concerning which securities are being recommended prior to the effective dissemination of such recommendations; and any LCM persons who obtain information concerning securities recommendations being made by LCM prior to the effective dissemination of such recommendations or of the information concerning such recommendations.
- (d) Beneficial Interest. An Access Person or an Advisory Representative has a "direct or indirect beneficial interest" in a "Covered Account" (as defined below) under the same circumstances that are applied in determining persons subject to the insider provisions of Section 16 of the Securities Exchange Act of 1934, as amended (the "1934 Act"). While Section 16 of the 1934 Act does not contain a comprehensive definition of "Beneficial Interest", guidance as to what constitutes such beneficial interest is provided by certain Securities & Exchange Commission ("SEC") releases and court cases, which generally can be summarized as follows:
- (i) Direct Ownership. This includes securities registered in the name of any Access Person or Advisory Representative and bearer securities of which the Access Person or Advisory Representative is the bearer. As to securities held in trust, see subparagraph (iv) below.

- (ii) Beneficial Ownership. This involves, in general, any agreement, arrangement or understanding under which an Access Person or Advisory Representative derives benefits substantially equivalent to those of Direct Ownership. This category would include, but not be limited to, securities held by trustees, executors, pledgees, custodians and brokers. Accordingly, an Access Person or Advisory Representative need not report "with respect to transactions effected for any account over which such person does not have any direct or indirect influence or control" (for example, a trust held for the benefit of the Access Person or Advisory Representative over which the Access Person or Advisory Representative has no influence or control). For the purposes of this Code of Ethics, an Access Person or Advisory Representative may remove an account which would otherwise be a "Covered Account" (defined below) from that category by filing with the "Compliance Officer" (defined below) a statement indicating his lack of influence and control with respect to such account, together with such other documents as the Compliance Officer may require to demonstrate such lack of influence or control.
- (iii) Securities Held By Family Members. "Beneficial Ownership" of an Access Person or an Advisory Representative extends to securities owned by a spouse of that Access Person or Advisory Representative or by minor children or other relatives sharing the same household. Such ownership by relatives may constitute either direct or beneficial ownership on their part.
- (iv) Securities Held By Estates, Funds, Corporations and Partnerships. . An Access Person or an Advisory Representative may also have a Beneficial Interest in securities held by estates, trusts, partnerships or corporations. Access Persons or Advisory Representatives who are (a) settlors (i.e. creators), trustees or beneficiaries of a trust; (b) executors or administrators of, or beneficiaries or legatees of, an estate; (c) partners of a partnership; or (d) directors, officers or substantial shareholders of a corporation, including an investment company, which, in each case, invests in Covered Securities, are required to obtain a determination from the Compliance Officer as to whether the accounts in questions are "Covered Accounts" (defined below). In making any such determination, the Compliance Officer may rely on an opinion of counsel.

An Access Person or Advisory Representative may disclaim

Beneficial Ownership of any particular securities and also may remove them from the category of "Covered Accounts" (defined below) over which the Access Person has direct or indirect influence or control as described in subparagraph (ii) above.

- (e) "Compliance Officer" means an officer or employee of LCM designated by the Managing Directors of LCM and any person or persons under his or her supervision to whom he or she has delegated any functions hereunder.

The Compliance Officer shall have the general duty of administration and implementation of this Code of Ethics and LCM's Policy and Procedures to deter and prevent insider trading (see Section B below) subject to the direction and control of the President and Board of Directors of LCM. The Compliance Officer shall render such reports to the Board of Directors of LCM as the Board shall from time to time require and shall report on any violation of this Code of Ethics known to him or her and the disposition or proposed disposition thereof.

The Compliance Officer shall have discretion not to make a report to the Board of Directors of LCM if he or she finds that by reason of the size of the transaction, the circumstances or otherwise, no fraud or deceit or manipulative practice could reasonably be found to have been practiced in a Fund in connection with its holdings or acquisition of the Covered Security or that no other material violation of this policy has occurred. A written memorandum of any such finding shall be filed with reports made pursuant to this Code of Ethics.

The Compliance Officer shall keep such records as are required by the Rule and shall also keep such records and make such comparisons between such records and record of Fund transactions as are necessary to determine whether there may have been any "Conflicting Transactions" as set forth in paragraph 3 below.

In considering whether there may have been a violation of this Code of Ethics on the basis of any such comparison, the Compliance Officer shall note that any such violation is dependent on whether or not the Access Person or Advisory Representative in question was aware of Fund or client's purchases, sales or consideration thereof and shall also consider whether the conduct in question might have been violated of the Rule. The Compliance Officer should also note that the SEC Release Adopting The Rule states that a violation of a particular code "should and would be considered, with all the surrounding facts and circumstances, merely as one piece of evidence in determining whether, in addition to a violation of the Code of Ethics, a violation of the anti-fraud provisions of the Rule also has occurred".

The Compliance Officer shall be responsible, as required by the Rule, for the

identification and notification of Access Persons and Advisory Representatives and the maintenance of records relating thereto.

- (f) "Covered Securities" includes all securities except those securities which may be excluded under the Rule (i.e., securities issued by the government of the United States, bankers acceptances, bank certificates of deposit, commercial paper and shares of registered open-end investment companies).
- (g) "Covered Accounts" includes all securities accounts involving Cover Securities in which any Access Person or Advisory Representative has any direct or indirect Beneficial Interest. In addition, all accounts of LCM are Covered Accounts.

Covered Accounts may include accounts not only in the names of Access Persons or Advisory Representatives but other accounts not registered in their names, including accounts held for their benefit, certain family partnerships and corporations. Access Persons or Advisory Representatives may exclude accounts which would otherwise be Covered Accounts in certain cases as discussed in paragraph 1(d) (ii).

- (h) "Covered Activity" means all activities by which a Covered Account acquires or disposes of any direct or indirect Beneficial Interest in a Covered Security. Covered Activities do not, however, include activities involving automatic dividend reinvestment plans or transactions which are not voluntary, such as the receipt or disposition of securities in a corporate reorganization in which all shareholders are bound by a vote of shareholders. Covered Activities include the writing or purchase of puts, calls or combinations and the voluntary exercise of them and the conversion of convertible securities.
- (i) "Covered Transaction" means a Covered Activity in a Covered Account involving Covered Securities. Because of the complexity of these definitions, certain examples are provided below to illustrate the application of these definitions. These examples are not meant to be comprehensive, but only to show how the definition work in particular fact situations.

Example 1. The spouse of an Access Person or and Advisory Representative has a custodial account for their minor children. Under the beneficial ownership provisions of the Rule, the account is

a Covered Account. The account holds convertible debentures. The debentures are Covered Securities because they do not come within any of the exceptions of that definition. The debentures are converted. This is a Covered Activity because it is voluntary and involves the disposition of the debentures and the acquisition of common stock. Thus, the transaction is a Covered Transaction.

Example 2. Same facts as in Example 1, except the securities held in the account are mutual fund shares which are redeemed. Although this is a Covered Activity in a Covered Account, the securities are not Covered Securities and therefore this is not a Covered Transaction.

2. REPORTING REQUIREMENTS OF ACCESS PERSONS AND ADVISORY REPRESENTATIVES

To provide LCM with reasonable assurance that the provision of Rule 17j-1(a) and LCM's policies under the Rule are being observed by its Access Persons and Advisory Representatives, the following procedures are followed:

Each Access Person and Advisory Representative is required to report all Covered Transactions in all of his or her Covered Accounts within 10 days after the end of the calendar quarter in which the Covered Transaction took place. To implement this reporting requirement, copies of confirmation advices or monthly statements of all Covered Transactions must be supplied. It is the responsibility of each Access Person and Advisory Representative to arrange, as to all of his Covered Accounts, that such reports, confirmation advices or monthly statements are promptly supplied to the Compliance Officer. If there is a Covered Transactions for which a confirmation advice or statement is not available, the Access Person or Advisory Representative must in any event report it to the Compliance Officer within the time period state in the Rule. In place of these documents, the Access Person or Advisory Representative may submit reports to the Compliance Officer in the form attached hereto as Exhibit A.

Annually, each Access Person and Advisory Representative is required to certify in writing to the Compliance Officer that all Covered Transactions in his or her Covered Accounts have been reported as required hereby. Any Access Person or Advisory Representative may file with the Compliance Officer a written statement that the reporting of a specified transaction as required hereby shall not be construed as an admission by that Access Person and Advisory Representative that he or she has any direct Beneficial Ownership in such securities.

3. CONFLICTING TRANSACTIONS

No Access Person or Advisory Representative who is aware that a Fund or LCM client is purchasing or selling a particular Covered Security or has such a purchase or sale under consideration may, as to any of his or her Covered Accounts, engage in any Covered Transaction as to that Covered Security or as to any security which is convertible into the Covered Security or into which it is convertible, or any option or warrant relating to that Covered Security.

So that buying or selling interest on the part of an Access Person or Advisory Representative as well as on the part of a Fund or LCM client will not affect the price paid or received by the Fund or LCM client, if the Access Person or the Advisory Representative enters an order for the purchase or sale of a Covered Security for execution after Fund or client transactions have been completed, the executing broker or brokers shall be directed to maintain confidentiality of the order of the Access Person or the Advisory Representative.

For the purposes of the Code of Ethics, a purchase or sale of securities by the Fund or LCM client is under consideration when a Covered Security is recommended for purchase or sale or when a decision has been made, though not yet implemented, to make such purchase or sale.

4. DISCLOSURE OF HOLDINGS

When any Access Person or Advisory Representative makes any recommendation of the purchase or sale by the Fund or LCM client of a Covered Security, such person shall disclose to the person making the decision thereon any direct or indirect Beneficial Interest that such Access Person or Advisory Representative has in that security or in any option or warrant relating to that security or in any security convertible into that security.

5. CONFIDENTIALITY OF TRUST TRANSACTIONS

The following information is deemed confidential: (i) that a Fund or LCM client is buying or selling particular securities (whether or not they are Covered Securities); (ii) that a Fund or LCM client has such purchase or sale under consideration; (iii) the contents of any internal or nonpublic external research report relating to possible Fund or client transactions; and (iv) the holdings of a Fund or LCM client until they have been disclosed in a public report to shareholders of the SEC.

No such confidential information shall be disclosed except on a "need-to-know" basis, and no Access person or Advisory Representative shall make any recommendation to others based on such information.

6. SANCTIONS

The Directors of LCM shall consider reports made to them hereunder and shall determine whether the policies established hereby have been violated and if so, what sanctions, if any, should be imposed, including *inter alia* a letter of censure or suspension or termination of employment of the violator. The Directors of LCM shall review the operation of this Code of Ethics at least annually. All material violations of the Code of Ethics and of any sanctions imposed with respect thereto shall be reported periodically to the Board of Directors of the Fund with respect to whose securities the violation occurred.

This Code of Ethics, a copy of each report by an Access Person or by an Advisory Representative, any written report or memorandum hereunder by the Compliance Officer, and a list of all persons required to make reports shall be preserved with the records of LCM in an easily accessible place for the period prescribed by the Rule.

B. POLICY AND PROCEDURES TO DETECT AND PREVENT INSIDER TRADING

1. POLICY STATEMENT ON INSIDER TRADING

LCM forbids any officer, director or employee from trading, either personally or on behalf of others, including mutual funds and private accounts managed by LCM, on material nonpublic information or communicating nonpublic information to others in violation of the law. This conduct is frequently referred to as "insider trading". LCM's policy applies to every officer, director and employee and extends to

activities within and outside their duties at LCM. Every officer, director and employee must read and retain this policy statement. Any questions regarding LCM's policy and procedures should be referred to the designated officer in Menlo Park.

The term "insider trading" is not defined in the federal securities laws, but generally is used to refer to the use of material non public information to trade in securities (whether or not one is an "insider") or to communications of material nonpublic information to others.

While the law concerning insider trading is not static, it is generally understood that the law prohibits:

- 1) trading by an insider, while in possession of material non-public information, or
- 2) trading by a non-insider, while in possession of material non-public information, where the information either was disclosed to the non-insider in violation of an insider's duty to keep it confidential or was misappropriated, or
- 3) communication material non-public information to others.

The elements of insider trading and the penalties for such unlawful conduct are discussed below. If, after reviewing this policy statement, you have any questions you should consult the designated officers.

1. Who is an Insider?

The concept of "insider" is broad. It includes officers, directors and employees of a company. In addition, a person can be a "temporary insider" if he or she enters into a special confidential relationship in the conduct of a company's affairs and as a result is given access to information solely for the company's purposes. A temporary insider can include, bank lending officers, and the employees of such organizations. In addition LCM may become a temporary insider of a company it advises or for which it performs other services. According to the U.S. Supreme Court, the company must accept the outsider to keep the disclosed non-public information confidential and the relationship must at least imply such a duty before the outsider will be considered an insider.

2. What is Material Information?

Trading on inside information is not a basis for liability unless the information is material. "Material information" generally is defined as information for which there is a substantial likelihood that a reasonable investor would consider it important in making his or her investment decisions, or information that is reasonably certain to have a substantial effect on the price of a company's securities. Information that officers, directors and employees should consider material includes, but is not limited to, dividend changes, earnings estimates, changes in previously released earning estimates, significant merger or acquisition proposals or agreements, major

litigation, liquidation problems and extraordinary management developments.

Material information does have to relate to a company's business. For example, in Carpenter v. U.S. 108 U.S. 316 (1987), the U.S. Supreme Court considered as material certain information about the contents of a forthcoming newspaper column that was expected to affect the market price of a security. In that case, a Wall Street Journal reporter was found criminally liable for disclosing to others the dates that reports on various companies would appear in the Journal and whether those reports would be favorable or not.

3. What is Non-Public Information?

Information is non-public until it has been effectively communicated to the market place. One must be able to point to some fact to show that the information is generally public. For example, information found in a report filed with the SEC, or appearing in Dow Jones, Reuters Economic Services, The Wall Street Journal or other publications of general circulation would be considered public.

4. Base for Liability

i. Fiduciary Duty Theory

In 1980, the U.S. Supreme Court found that there is no general duty to disclose before trading on material non-public information, but that such a duty arises only where there is a fiduciary relationship, that is, there must be a relationship between the parties to the transaction such that one party has a right to expect that the other party will disclose any material non-public information or refrain from trading. Chiarella vs. U.S., 445 U.S. 22 (1980).

The Dirks v. SEC, 463 U.S. 646 (1983), the U.S. Supreme Court stated alternate theories under which non-insiders can acquire the fiduciary duties of insiders: they can enter into a confidential relationship with the company through which they gain information (e.g., attorneys, accountants), or they can acquire a fiduciary duty to the company's shareholders as "tippees" if they are aware or should have been aware that they have been given confidential information by an insider who has violated his fiduciary duty to the company's shareholders.

However, in the "tippee" situation, a breach of duty occurs only if the insider personally benefits, directly or indirectly, from the disclosure. The benefit does not have to be pecuniary, but can be a gift, a reputational benefit that will translate into future earnings, or even evidence of a relationship that suggests a quid pro quo.

ii. Misappropriation Theory

Another basis for insider trading liability is the "misappropriation" theory, where liability is established when trading occurs on material non-public information that was stolen or misappropriated from any other person. In U.S. v. Carpenter, supra, the U.S. Supreme Court found, in 1987, a columnist defrauded The Wall Street Journal when he stole information from the Journal and used it for trading in the securities markets. It should be noted that the misappropriation theory can be used to reach a variety of individuals not previously thought to be encompassed under the fiduciary duty theory.

5. Penalties for Insider Trading

Penalties for trading on or communicating material non-public information are severe, both for individuals involved in such unlawful conduct and their employers. A person can be subject to some or all of the penalties below even if he or she does not personally benefit from the violation. Penalties include:

- * civil injunctions
- * treble damages
- * disgorgement of profits
- * jail sentences
- * fines for the person who committed the violation of up to three times the profit gained or loss avoided, whether or not the person actually benefited, and
- * fines for the employer or other controlling person of up to the greater of \$1,000,000 or three times the amount of the profit gained or loss avoided.

In addition, any violation of this policy statement can be expected to result in serious sanctions by LCM, including dismissal of the employees involved.

2. PROCEDURES TO IMPLEMENT LCM INVESTMENT ADVISERS POLICY

The following procedures have been established to aid the offers, directors and employees of LCM in avoiding insider trading, and to aid LCM in preventing, detecting and imposing sanctions against insider trading. Every officer, director and employee of LCM must follow these procedures or risk serious sanctions, including dismissal, substantial personal liability and criminal penalties. If you have any questions about these procedures, you should consult the designated officers.

1. Identifying Inside Information

Before trading for yourself or others, including investment companies or private

accounts managed by LCM, in the securities of a company about which you may have potential inside information, ask yourself the following:

- i. Is the information material? Is this information that an investor would consider important in making his or her investment decisions? Is this information such that it would substantially affect the market price of the securities if generally disclosed?
- ii. Is the information non-public? To whom has this information been provided? Has the information been effectively communicated to the marketplace by being published in Reuters, The Wall Street Journal or other publications of general circulation?

If, after consideration of the above, you believe that the information is material and non-public, or if you have questions as to whether the information is material and non-public, you should take the following steps.

- i. Report the matter immediately to the designated officer.
- ii. Do not purchase or sell the securities on behalf of yourself or others, including investment companies or private accounts managed by LCM.
- iii. Do not communicate the information inside or outside LCM other than to the officers.
- iv. After the designated officer has reviewed the issue, you will be instructed to continue the prohibition against trading and communication, or you will be allowed to trade and communicate the information.

2. Personal Securities Trading

All officers, directors and employees of LCM shall submit to the designated officer a report of every securities transaction in which they, their families including the spouse, minor children and adults living in the same household as the officer, director or employee), and trusts of which they are trustees or in which they have a beneficial interest, have participated within ten days after such transaction. The report shall include the name of the security, date of the transaction, quantity, price, and broker-dealer through which the transaction was effected. The requirement may be satisfied by sending duplicate confirmations of such trades to LCM, Attention: Compliance Officer.

3. Restricting Access to Material Non-Public Information

Information in your possession that you identify as material and non-public may not be communicated to anyone, including persons with LCM, except as provided in paragraph 1 above. In addition, care should be taken so that such information is secure. For example, files containing material non-public information should be sealed; access to computer files containing material non-public information should be restricted.

4. Resolving Issues Concerning Insider Trading

If, after consideration of the items set forth in paragraph 1, doubt remains as to whether information is material or non-public, or if there is any unresolved question as to the applicability or interpretation of the foregoing procedures, or as to the propriety of any action, it must be discussed with the designated officer before trading or communicating the information to anyone.

I certify that I have read and agree to the terms and conditions of the Legacy Capital Management, Inc. Code of Ethics and Policies and Procedures To Detect And Prevent Insider Trading.

Name: _____

Date: _____

EXHIBIT A

LEGACY CAPITAL MANAGEMENT, INC.

Date:

To: Compliance Officer
Legacy Capital Management, Inc.

Subject: Trading Activity

_____ During the month of _____, there has been no trading activity on behalf of myself or members of my immediate family.

_____ The attached trade confirmation(s) were for the benefit of myself or members of my immediate family during the month of _____.

Signed by: _____

Date: _____

Reviewed by: _____

Date: _____

EXHIBIT B

ANNUAL CERTIFICATION OF MONTHLY REPORTS
OF SECURITIES TRANSACTIONS FROM EMPLOYEES OF
LEGACY CAPITAL MANAGEMENT, INC.
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 19____

To: Compliance Officer of Legacy Capital Management, Inc.

I hereby certify that I have reported to the Compliance Officer all covered Transactions in my Covered Accounts for the calendar year ended December 31, 19____, and that all monthly reports filed during the year ended December 31, 19____, were true, complete and correct.

Signed By: _____

Date: _____

Reviewed By: _____

Date: _____