

Perkins Investment Management LLC

311 S. Wacker Drive, Ste 6000

Chicago, IL 60606

312-922-0355

www.perkinsinvestmentmanagement.com

March 31, 2011

This Brochure provides information about Perkins Investment Management LLC's ("Perkins") qualifications and business practices. If you have any questions about the contents of this Brochure, please contact us at 312-922-0355. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), by any state securities authority or non-U.S. regulatory authority.

Perkins is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain an adviser.

Additional information about Perkins is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 3 – Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	Not applicable for March 2011 Filing
Item 3 – Table of Contents.....	ii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation.....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	7
Item 7 – Types of Clients	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information.....	11
Item 10 – Other Financial Industry Activities and Affiliations	11
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts.....	28
Item 14 – Client Referrals and Other Compensation	29
Item 15 – Custody	30
Item 16 – Investment Discretion	30
Item 17 – Voting Client Securities.....	31
Item 18 – Financial Information.....	33

Item 4 – Advisory Business

Perkins serves as sub-adviser to a wide variety of individual and institutional clients for Janus Capital Management LLC (“Janus”), Janus Capital International Limited (“JCIL”) and PWMCO, LLC (“PWMCO”). As sub-adviser, Perkins typically has responsibility for investing and managing clients’ cash and other assets on a discretionary basis. Perkins also, from time to time, provides non-discretionary investment advisory services. Perkins’ investment decisions are not subject to further review or alteration by Janus, JCIL or PWMCO. Perkins provides advisory services through the following types of products:

- individual and institutional accounts (“Separate Accounts”) for Janus and PWMCO;
- wrap fee programs (“Wrap Fee Programs”) offered by unaffiliated investment advisers or broker-dealers (“Sponsors”) for Janus;
- investment companies (“U.S. Mutual Funds”) registered under the Investment Company Act of 1940, as amended (the “1940 Act”) sponsored by Janus or unaffiliated third parties;
- non-U.S. domiciled funds, trusts or similar entities (“non-U.S. Funds”) sponsored by JCIL or unaffiliated third parties; and
- other proprietary accounts.

Perkins is majority-owned by Janus Capital Group Inc. (“Janus Capital Group”), a publicly-traded company (NYSE:JNS), through its subsidiary Janus, and minority owned by Omni Investment Holdings LLC (“Omni”).

Both Janus and PWMCO are investment advisers registered with the SEC. PWMCO is also a broker-dealer registered with Financial Industry Regulatory Authority (“FINRA”) and is owned by Mac-Per-Wolf Company, the majority owner of Omni. JCIL is an England and Wales investment advisory company regulated by the Financial Services Authority, a United Kingdom regulatory agency. See *Item 10 – Other Financial Industry Activities and Affiliations* for more information about Janus, JCIL and PWMCO and Janus’ and PWMCO’s respective Form ADV.

Perkins, in its current structure or as the registered adviser it succeeded from, has provided investment management services since 1980 and has been registered with the SEC since 1984. As of December 31, 2010, Perkins had \$19,643,279,728 in assets under management on a discretionary basis and no assets on a non-discretionary basis.

Perkins employs a value-oriented investment approach (primarily long-only equities) across all of the strategies that it manages. Perkins will almost always tailor its investment advisory services to the

individual needs of its clients and works with clients to formulate appropriate and agreed upon investment guidelines. Perkins reserves the right to reject any client that seeks restrictions that Perkins is unable to implement or which may fundamentally alter the investment objectives of the strategy selected by the client. Perkins has operational and compliance systems in place to ensure the guidelines are adhered to. Clients who restrict their investment portfolios may experience potentially worse performance results than clients with unrestricted portfolios, even for clients with similar objectives.

Wrap Fee Programs

Janus and Perkins (collectively, the “Advisers”) participate in three different types of Wrap Fee Programs:

- “Single Contract Programs” in which Janus enters into a contract with a Sponsor to provide discretionary advisory services to the Sponsor’s clients;
- “Dual Contract Programs” where Janus enters into a contract directly with the client to provide discretionary advisory services and the client enters into a separate contract with the Sponsor, custodian and other service providers; and
- “Model Programs” where Janus, on Perkins’ behalf, provides a model portfolio to the Sponsor or overlay manager who typically retains the ultimate authority to execute investment transactions. In most Model Programs, the Advisers treat the Sponsor or overlay manager as its client.

If Janus enters into a Wrap Fee Program, Janus may contract with Perkins to offer Perkins’ investment strategies to Sponsors’ clients. In certain instances, Perkins may enter into tri-party contracts with Janus and a Sponsor.

In Single and Dual Contract Programs, Sponsors introduce clients to the Advisers and generally provide clients a package of services which may include any or all of the following: discretionary investment management, trade execution, account custody, performance monitoring and manager evaluation. Sponsors receive a wrap fee from clients for providing this package of services and Janus receives a portion of the wrap fee from the Sponsor for its investment management services. Janus pays a portion of the wrap fee it receives to Perkins for its sub-advisory services.

Sponsors typically:

- assist clients in defining their investment objectives based on information provided by the clients;
- determine whether the given wrap fee arrangement is suitable for each client;
- aid in the selection and monitoring of investment advisers (whether the Advisers or another adviser) to manage accounts (or a portion of account assets); and

- periodically contact clients to ascertain whether there have been any changes in clients' financial circumstances or objectives that warrant changes in the arrangement or the manner in which clients' assets are managed.

Some Sponsors also retain ultimate discretion to manage their clients' assets. Sponsors generally channel client information through Janus and the Advisers rely on Sponsors to forward current and accurate client information on a timely basis to assist in the Advisers' day-to-day management of clients' accounts. Single and Dual Contract Program clients may also contact Janus directly concerning their accounts.

Under the typical Model Program, Janus provides Sponsors or overlay managers with initial model portfolios generated by Perkins at the inception of the arrangement and then provides updates to the model portfolio on a regular basis as part of the Advisers' trade rotation procedures (or at such other intervals agreed to by Janus and the Sponsor). See *Item 12 – Brokerage Practices* for more information on trade rotation. In these programs, Sponsors or overlay managers have investment discretion to accept, reject or modify Perkins' trade recommendations and apply them to their clients' accounts. As a result, Perkins does not consider these assets as discretionary assets. Investors in Model Programs do not have direct access to the Advisers.

Clients investing in Wrap Fee Programs generally may invest in Perkins' strategies with lower account minimums than other account types; however, Wrap Fee Programs may not be suitable for some clients. Suitability depends on a number of factors, including the applicable wrap fee, account size, anticipated account trading activity, the client's financial needs, circumstances and objectives and the value of the various services provided. Clients should consult with their Sponsor to determine whether investing through a Wrap Fee Program is suitable for their circumstances. Janus' suitability responsibility for clients selecting Perkins strategies is limited to ensuring that investments chosen for an account are appropriate in light of the investment strategy selected by a client or the Sponsor. Perkins does not have any suitability responsibility.

Smaller Wrap Fee Program accounts may not receive or be able to fully implement all of Perkins' investment recommendations for a particular strategy depending on the price of securities and the size of the account. Perkins may also be restricted from investing in certain securities due to operational constraints or limitations set by the Sponsor.

Clients investing in Wrap Fee Programs should receive a brochure from the Sponsor detailing all aspects of the Wrap Fee Program prior to selecting a Perkins strategy. Clients should review program

documentation carefully and discuss with their financial adviser whether these programs, and Perkins' strategies, are appropriate for their investment needs and circumstances.

Item 5 – Fees and Compensation

As sub-adviser to funds and accounts managed by Janus, JCIL and PWMCO, Perkins receives its sub-advisory fees directly from Janus, JCIL or PWMCO, respectively. Perkins' clients do not pay any fees, commissions or expenses to Perkins.

Perkins' share of fees charged to the Janus-advised accounts generally represents approximately 50% of the fees received by Janus. JCIL pays Perkins .45-.50% on the JCIL-advised assets. With respect to PWMCO Separate Accounts, Perkins receives .15% of PWMCO's total advised assets. Janus, JCIL and PWMCO negotiate the fees they charge their clients in consultation with Perkins. Fees charged by Janus and PWMCO are described in each adviser's Brochure.

The Advisers' standard fee schedules vary from product to product based on a variety of factors, including but not limited to, the portfolio manager, strategy, investment vehicle, degree of servicing required, market-place conditions and other factors the Advisers deem relevant. The Advisers' current maximum fee schedule for Perkins' strategies ranges from 55-90 bps on an annual basis for the domestic value investment strategies and 65 and 50 bps, respectively, for the global and balanced strategies. PWMCO does not offer Perkins strategies to new clients. Clients who negotiate performance-based fees typically pay a lower base management fee. See *Item 6 – Performance-Based Fees and Side-By-Side Management* for more information about performance-based fees.

Investment management fees are typically calculated as a percentage of the market value of a client's assets under management in accordance with the client's contractual agreement. Fee breakpoints may be available for certain strategies and product types. The Advisers' existing clients may have different fee arrangements from those described above. Certain existing PWMCO clients pay commission-based fees or a combination of investment management fees based on a client's assets under management and commission-based fees.

The Advisers may charge lower management fees or waive account minimums based on certain criteria including product type, investment strategy, client type, client domicile, services provided, the client's historical relationship with the firm, number of related investment accounts, account composition or size, anticipated future earning capacity, current and anticipated future assets under management, market-place considerations, early adoption of an investment strategy or investment in a particular vehicle,

client's operational or investment limitations or restrictions and other factors the Advisers deem relevant. In addition, assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to the Advisers' policies and procedures.

The Advisers are limited in their ability to negotiate fees due, in part, to existing client contracts, which require equivalent pricing. Under the terms of these agreements, the Advisers are generally required to charge the same fee schedule to similarly-situated clients. The Advisers generally consider clients to be similarly-situated if they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment strategy, are of the same client type and have a similar account sizes among other factors.

To the extent that fees are negotiable, clients may pay more or less than other clients for the same management services. The Advisers may also charge lower management fees for accounts managed through Wrap Fee Programs or pursuant to other consulting or referral arrangements in which broker-dealers, investment advisers, trust companies and other providers of financial services typically provide clients with services that complement or supplement the Advisers' services.

Clients pay investment management fees to their primary adviser, Janus, JCIL or PWMCO. In addition to investment management fees, clients may incur operating and transactions fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, prime brokers and other third-parties. Examples of these charges include but are not limited to custodial fees, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees, interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depositary Receipts ("ADRs") and other fees and taxes on brokerage accounts and securities transactions. Neither Janus, JCIL nor Perkins receives any portion of these commissions, fees or costs. See, however, *Item 12 – Brokerage Practices* for more information about soft dollars and conversion fees for ADRs.

In Single Contract and Model Programs, Sponsors' clients receive and pay for a package of services. Each of these programs varies and generally includes one or more of the following fees: program fee, custodial fee, trading expenses and an investment management fee. Fees for these bundled programs vary and clients may pay fees which in the aggregate may be as high as 3.0%. Clients in these programs pay fees to their Sponsors and the Sponsors pay Janus a portion of its fee for the Advisers' services. In Dual Contract Programs, a client's fee is typically "unbundled" meaning a client pays Janus' fee directly to Janus and other program fees to their Sponsors. As described above, Janus pays Perkins a portion of its fee for Perkins' services. Clients who participate in Wrap Fee Programs should be aware that services

similar or comparable to those provided to them as a participant in a Wrap Fee Program may be available at a lower aggregate cost elsewhere, separately or on an unbundled basis.

In certain circumstances, Single and Dual Contract Program clients may be charged fees, commissions or expenses in addition to their bundled fee. For example, if a Sponsor or another broker-dealer executes a trade as a principal, the client will pay “mark-ups” and “mark-downs” on these trades. Sponsors typically receive no commissions from trades effected on an agency basis and as a result, may have an incentive to effect trades as principal in order to obtain “mark ups” and “mark-downs.” Single and Dual Contract Program clients also may pay commissions if Janus “trades away” or uses “step-out” transactions in trading on behalf of the client’s account and for offering concessions and related fees for purchases of unit investment trusts, mutual funds and other public offerings of securities. See *Wrap Fee Program Brokerage Issues* in *Item 12 – Brokerage Practices* for more information about Wrap Fee Program trading issues and a discussion of trade away practices and step-out transactions.

Investors in U.S. Mutual Funds and non-U.S. Funds (collectively, the “Funds”) pay fund operating expenses in addition to investment management fees. These expenses generally include administrative and servicing costs and are typically incorporated in the fund’s share price or are allocated based on an investor’s pro-rata portion of the investment vehicle. For additional detail on these fees and expenses, please refer to the prospectuses, statements of additional information or similar disclosure documents (collectively, “offering documents”) for these funds.

Perkins may advise PWMCO-advised clients to invest in U.S. Mutual Funds sponsored by Janus (“Janus-sponsored Funds”) or unaffiliated Funds. Perkins does not advise Janus-advised clients to invest in U.S. Mutual Funds.

Mutual funds pay an advisory fee to the fund’s adviser which is ultimately borne by fund shareholders. PWMCO-advised client assets invested in any U.S. Mutual Fund, whether Janus-sponsored or not, will be included in the calculation of Perkins’ asset-based advisory fees. This means that PWMCO clients whose assets include mutual fund shares pay two levels of advisory fees on all mutual fund assets. Investment company fees and expenses are set forth in the offering documents.

With respect to recommendations involving Janus-sponsored Funds, PWMCO clients understand that:

- (1) Perkins will receive an advisory fee from both its advisory clients and the underlying mutual funds;
- (2) the combined fees may be higher than the fees charged by other investment advisers for similar investment advisory services;
- (3) clients could invest directly in mutual funds without incurring any additional fees;

- (4) clients may structure their investment guidelines to minimize or eliminate possible conflicts of interest; and
- (5) Perkins believes that a client's investment in any affiliated mutual fund is in the client's best interest. Because Perkins bases its advisory fee on the value of the client's total portfolio, which may include Janus-sponsored Funds, Perkins may have a monetary incentive to recommend these funds.

Except as described below, clients generally receive invoices on a monthly, quarterly or semi-annual basis in arrears for investment management fees. Clients invested in Dual Contract Programs, however, typically pay investment management fees in advance on a quarterly basis. Janus also receives payment in advance on a quarterly basis with respect to certain Single Contract and Model Programs. To the extent any client pays fees in advance, all accounts that terminate before the end of a billing period receive a refund for the pro-rata portion of the fee attributable to the remaining time in the billing period after the effective date of the termination of the account. Janus calculates and refunds the unearned, prepaid fee directly to the client or to the Sponsor on the client's behalf for Dual Contract Program clients. Sponsors calculate and administer refunds of the unearned, prepaid amount to Single Contract Program clients and Model Programs. In any partial billing period, fees are pro-rated based on the number of days in which the account is open.

With specific client authorization, Janus or PWMCO may automatically deduct advisory fees from accounts by directly billing the clients' custodians. The Advisers, their affiliates and PWMCO comply with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended ("Advisers Act") with regard to automatic fee deduction ("Custody Rule"). PWMCO-advised clients may custody their accounts at PWMCO, the dual registrant affiliate, which complies with the requirements for both broker-dealer and adviser custody.

Item 6 – Performance-Based Fees and Side-By-Side Management

From time to time, clients may negotiate a performance-based fee. Performance-based fees are negotiated in compliance with Advisers Act Rule 205-3 and are charged only to "qualified clients" as defined in the rule. Performance-based fees for Separate Accounts typically consist of a base management fee plus an adjustment based on investment performance compared to an established benchmark index over a specified period of time. Performance-based fees paid by Janus-sponsored Funds typically consist of a base management fee plus or minus a performance fee adjustment as determined by the relative investment performance of the Fund to a specified benchmark index over a specified period of time.

Accounts with performance-based fees are managed in the same facility, using the same systems and staffed with the same personnel as accounts which do not have performance-based fees. Depending on performance, fees for accounts with performance-based fees may be significantly higher than fees for accounts which do not have performance-based fees. There are inherent conflicts of interest in the side-by-side management of performance-based fee and fixed fee accounts because an adviser may have an incentive to favor a performance-based fee account over a fixed-fee account. The Advisers believe their trade allocation procedures, including procedures for allocating limited offerings and average pricing of executed trades, mitigate such potential conflicts of interest. The procedures generally require accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as, particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes and similar factors. See *Item 12 – Brokerage Practices* for additional information about these procedures.

Item 7 – Types of Clients

Perkins provides investment management services to clients including pension and profit-sharing plans, Taft-Hartley plans, foundations, charitable organizations, endowments, state or local government entities, U.S. Mutual Funds and non-U.S. funds, including Undertakings for Collective Investments in Transferable Securities (“UCITS”) funds, banks, Model Programs, individuals, high-net worth individuals, guardians and custodians for individuals, trusts, estates, individual retirement accounts, retirement plans for self-employed persons (e.g., Keogh plans) and other U.S. and non-U.S. institutions.

For new accounts, the Advisers generally require:

- \$100,000 to establish a Single Contract Program account,
- \$1 million to establish a Dual Contract Program account,
- \$10 million to establish a new Separate Account, and
- \$50 million to establish an unaffiliated Fund relationship.

The Advisers may waive these requirements based on certain criteria described in *Item 5 – Advisory Fees* and, in their sole discretion, reserve the right to decline any account. The Advisers also reserve the right to close any account which falls below the minimum requirements to establish an account due to client activity or as a result of market movement. Smaller-sized accounts may not receive or be able to fully implement the Advisers’ investment recommendations for a particular strategy depending on the price of securities and the size of the accounts.

PWMCO does not offer Perkins' strategies to new clients.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. There are inherent risks associated with investing in securities markets. These risks include that returns may vary and clients could lose the entire amount of their investments or recover only a small portion of their investments if their portfolio suffers substantial losses.

Perkins is primarily a long-only equities value investment adviser. Perkins' value-oriented approach is based on the belief that investing in a diversified portfolio of high-quality, yet undervalued stocks can lead to outperformance of a benchmark over time. Perkins believes that by conducting rigorous downside analysis before determining upside potential, Perkins will identify companies with favorable reward-to-risk trade-offs over a full market cycle. Perkins' investment strategies are: small cap value, mid cap value, large cap value, global value, all cap value and value plus income. Perkins employs the same methods of analysis on all strategies. Perkins employs a thorough bottoms-up method of fundamental analysis. Perkins seeks high-quality companies with strong balance sheets, low debt ratios, financial flexibility, solid recurring free cash flows and committed and tenured management with significant insider ownership. The portfolios that Perkins manages are designed for long-term investors seeking an equity portfolio, including common stocks. Common stocks tend to be more volatile than many other investment choices.

Value Investing Risk

Because different types of stocks tend to shift in and out of favor depending on market and economic conditions, "value" stocks may perform differently than other types of stocks and from the market as a whole, and can continue to be undervalued by the market for long periods of time. It is also possible that a value stock will never appreciate to the extent expected.

Market and Industry Risk

The value of a client's portfolio may decrease if the value of one or more multiple companies in the portfolio decreases or if a portfolio manager's belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of a client's portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money.

Clients are also subject to industry risk which is the possibility that a group of related securities will decline in price due to industry-specific developments. Companies in the same or similar industries may share common characteristics and are more likely to react similarly to industry-specific market or economic developments. A portfolio's investments, if any, in multiple companies in a particular industry increase the client's exposure to industry risk.

Foreign Exposure Risk

A client's portfolio may have significant direct or indirect exposure to non-U.S. markets, including emerging markets, which can be more volatile than the U.S. markets. As a result, its returns may be affected to a large degree by fluctuations in currency exchange rates or adverse social, political or economic conditions in a particular country. A market swing in one or more countries or regions where the client's portfolio has invested a significant amount of its assets may have a greater effect on the portfolio's performance than it would in a more geographically diversified portfolio. A client's portfolio investments in emerging market countries may involve risks greater than, or in addition to, the risks of investing in more developed countries. The risks of investing in non-U.S. markets are heightened when investing in emerging markets. To the extent a client invests a significant portion of its portfolio in the securities of issuers in or companies of a single country or region, the portfolio is more likely to be impacted by events or conditions affecting that country or region which could have a negative impact on its performance. Some of the risks of investing directly in non-U.S. and emerging market securities may be reduced when a client invests indirectly in non-U.S. securities through various other investment vehicles including derivatives, which may have their own specialized risks.

Derivatives Risk

Perkins may employ investment techniques and instruments, such as trading in futures, options, swaps and other derivative instruments (by taking long and/or short positions) for efficient portfolio management (e.g., reduction of risk, reduction of costs, generation of additional capital or income) or for investment purposes. Perkins may also use a variety of currency hedging techniques, including the use of forward currency contracts, to manage currency risk. Derivatives, which are instruments that have a value derived from an underlying asset, such as stocks, bonds, commodities, currencies, interest rates or market indices, can be highly volatile and involve risks in addition to the risks of the underlying referenced securities. Gains or losses from a derivative can be substantially greater than the derivative's original cost, and can therefore subject the portfolio to the effects of leverage. If the value of a derivative does not correlate well with the particular market or other asset class to which the derivative is intended to provide exposure, the derivative may not provide the anticipated effect. Derivatives can be less liquid than other types of investments and entail the risk that the counterparty will default on its payment obligations.

Transactions involving a counterparty are subject to the risk that the counterparty or a third party will not fulfill its obligation because of the counterparty's financial condition, market activities and developments, or other reasons, whether foreseen or not. A counterparty's inability to fulfill its obligation may result in significant financial loss to a client's account. Additionally, a client may be unable to recover its investment from the counterparty or may obtain a limited or delayed recovery.

Investors in pooled vehicles, such as Funds, find additional information about risks in the offering documents.

Item 9 – Disciplinary Information

Not applicable

Item 10 – Other Financial Industry Activities and Affiliations

As discussed in Item 4 – Advisory Business, Perkins is majority-owned by Janus Capital Group, through Janus. Perkins' relationships with its affiliates are discussed below.

Broker Dealers

Perkins is affiliated with PWMCO, a dual registrant broker-dealer and investment adviser regulated by the SEC and FINRA. Senior personnel of Perkins and PWMCO own Mac-Per-Wolf (as defined in Item 4). Perkins sub-advises PWMCO accounts, the majority of which are also custodied at PWMCO. Perkins routes all trades for PWMCO clients through the PWMCO trading desk which may execute such trades itself on an agency basis or may execute such trades through other broker-dealers. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* and *Item 12 – Brokerage Practices* for more information about PWMCO and the trading process.

Perkins is also affiliated with Janus Distributors LLC ("JD"), a wholly owned subsidiary of Janus. JD is a registered limited purpose broker-dealer regulated by the SEC and FINRA, whose primary function is the distribution of shares of Janus-sponsored Funds to broker-dealers. Perkins sub-advises Janus-sponsored Funds distributed by JD, however, Perkins does not execute transactions for any of its clients through JD. Multiple Perkins' employees listed on Schedule A of Part 1 of Form ADV are registered representatives of JD but do not receive any compensation from JD.

Other Investment Advisers, Investment Companies or Other Pooled Vehicles

Perkins provides sub-advisory services to various Janus-sponsored U.S. Mutual Funds, Janus Investment Fund, Janus Aspen Series and certain unaffiliated Funds. Janus provides certain services to its affiliated advisers, including Perkins, which include, but are not limited to, administrative, compliance, legal, trading, marketing and accounting services and may receive compensation for these servicing activities.

Perkins also provides sub-advisory services to PWMCO clients but currently does not have any material agreements, other than sub-advisory agreements, with PWMCO. From May 2003 to December 2008, Perkins and PWMCO operated under an arrangement to share certain services, facilities, property and equipment.

JCIL serves as an investment manager for certain non-U.S. Funds, including Janus Capital Funds Plc (“Janus Capital Funds”), Janus Selection and certain unaffiliated non-U.S. Funds. Janus Capital Funds is an investment company incorporated in Ireland and established as a UCITS umbrella fund. Janus Selection is an open-ended unit trust established in Ireland which invests its assets in corresponding funds of Janus Capital Funds. JCIL has appointed Perkins as sub-adviser to certain Janus Capital Funds, Janus Selection funds and other unaffiliated non-U.S. Funds with responsibility for investing and managing clients’ assets on a discretionary basis and for providing related investment management and administration services. JCIL may also conduct ancillary marketing activities and other services for Perkins.

Janus Capital Asia is a Hong Kong private company and a registered securities dealer with the Hong Kong Securities and Futures Commission. Janus Capital Asia conducts certain marketing activities for various Janus Capital Group affiliates, including Perkins. Using parallel concepts under U.S. regulation, Janus Capital Asia would be considered both a broker-dealer and an investment adviser.

Perkins sub-advises various U.S. Mutual Funds which Janus advises or sub-advises and may advise its PWMCO clients to invest in such Mutual Funds. Perkins is affiliated with Janus, is paid based on the inclusion of these client assets in its fee calculation and may be seen to have a monetary incentive to make such recommendations (*as discussed in Item 5-Fees and Compensation*). A prospectus for each Mutual Fund is provided to clients prior to investment.

There are inherent conflicts of interest when a related person provides certain services to an adviser and its clients, in that such arrangements may not be conducted at “arms length” and the adviser may have an incentive to favor a related person over an independent third party. Perkins believes its policy of prohibiting investments in affiliates and additional procedures described below in *Item 11 - Code of*

Ethics, Participation or Interest in Client Transactions and Personal Trading and Item 12 - Brokerage Practices mitigates such potential conflicts of interest.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Perkins has adopted Janus' Ethics Rules (the "Ethics Rules"), which include its Personal Trading Code of Ethics (the "Personal Trading Code"), Gift and Entertainment Policy and Outside Employment Policy. The Ethics Rules apply to all Perkins employees and require that Perkins' business be conducted in accordance with the highest ethical and legal standards, and in such a manner as to avoid any actual or perceived conflict of interest. Specifically, the Ethics Rules are designed to ensure Perkins' employees:

- observe applicable legal and ethical standards in the performance of their duties;
- at all times place the interests of clients first;
- disclose actual or potential conflicts to Janus' Chief Compliance Officer;
- adhere to the highest standards of loyalty, candor and care in all matters relating to clients;
- conduct all personal trading in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- not use any material non-public information in securities trading.

The Ethics Rules set out basic principles to guide Perkins employees and in certain cases, family members. Under the Ethics Rules, Perkins employees may not:

- cause a client to act or fail to act where doing so is for the person's benefit rather than the client's;
- profit, or help other people profit, from nonpublic information about portfolio transactions or planned transactions;
- participate in fraudulent conduct involving securities held or to be acquired by any client; or
- engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Ethics Rules.

The Ethics Rules are available to clients and prospective clients upon request. All potential deviations from or violations of the Ethics Rules are presented to the Ethics Committee, which consists of members of the Advisers' senior management. The Ethics Committee may impose any sanctions it deems appropriate, including without limitation any one or combination of the following: a letter of censure, disgorging of profits, withholding compensation, suspension of personal trading privileges or termination of employment. If an Ethics Committee member is involved in a matter under review they will be recused from participation and any decision related to the matter.

Personal Trading

Under the Ethics Rules, Perkins employees are required to conduct their personal investment activities in a manner that Perkins believes is not detrimental to its clients. As discussed above, Perkins employees must conduct all personal trading in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility.

The Personal Trading Code requires Perkins employees deemed to have access to current trading information to pre-clear certain personal securities transactions. Requests for these transactions will be denied when, among other reasons, the proposed transaction would be, or appear to be, in conflict with a client's portfolio. Even when transactions are permitted under the Personal Trading Code, Perkins' employees may be required to forfeit their profits from personal trading. For example, if an employee realizes a profit in the purchase and sale of a security within certain time frames, the employee may be required to disgorge the profits. In addition to pre-clearing personal securities transactions, the Personal Trading Code subjects Perkins employees to various trading restrictions and reporting obligations.

Interest in Client Transactions

Potential conflicts of interest may exist if an investment adviser or one of its related persons buys or sells for clients, securities in which the adviser or a related person has a material financial interest. Under limited circumstances, Janus may hold minority ownership interests in non-affiliated businesses, including firms that sponsor or administer venture capital or private equity funds and to a limited extent, Perkins may buy or sell private placements or initial public offerings for clients in such businesses. Janus' officers, who may also be Perkins' officers, may sit on the boards, and board committees, of such firms. In addition, investment personnel may buy or sell securities for a client where Perkins, an affiliate or the investment person has a material interest in the security or issuer of the security. A material interest could include owning a security, office, directorship, significant contract, interest or relationship which is likely to affect the person's judgment. In these cases, Perkins, an affiliate or the investment personnel could benefit from the success of a client's investments because of its interest in the security or issuer of the security. As part of the Ethics Rules, Perkins maintains procedures to mitigate these potential conflicts.

Participation in Client Transactions and Related Conflicts

Potential conflicts of interest may also exist when an investment adviser or a related person buys or sells securities for clients' portfolios at or about the same time it buys securities for its proprietary accounts. In addition, potential conflicts of interest may exist any time an investment adviser manages more than one client.

Investment decisions for each account are made independently from those for any other account that is, or may in the future become, managed by Perkins or its affiliates. Perkins may give advice and take actions in the performance of its duties to accounts that differ from the advice given, or the timing or nature of actions taken, with respect to other accounts that may invest in some of the same securities.

To address these potential conflicts, Perkins maintains policies and procedures to disclose, mitigate and where possible eliminate any perceived conflicts of interest when it buys or sells securities on behalf of more than one of its clients or its proprietary accounts. In addition, Perkins' proprietary accounts are subject to the same trading policies and procedures as its clients accounts. See *Item 12 – Brokerage Practices* for information about these policies and procedures. Perkins believes its core responsibility is managing all accounts over which it has discretionary authority to ensure that all benefits arising from its management of a client's account belong to the client.

Investment Personnel

Portfolio managers and other investment personnel (or members of their families) may personally invest in some, but not all, of Perkins' products and certain of these products may have a greater impact on their compensation than others. In addition, certain portfolio managers may also have roles as research analysts for one or more of the products and receive compensation for these additional roles. These factors could create potential conflicts of interest as investment personnel may have an incentive to favor certain products over others. Perkins believes that these potential conflicts may be mitigated to a certain extent by policies and procedures that have been put in place to address these issues.

Material Non-Public Information

Perkins' investment personnel, in the course of research or other related activities, may from time to time acquire confidential or material, non-public information that may prevent Perkins from purchasing or selling particular securities for certain clients. As a result, certain clients could realize a positive or negative impact to overall performance. Perkins maintains policies and procedures for handling material, non-public information.

Long/Short Portfolios

Janus manages long and short portfolios that are traded on the same trading desk as transactions for long-only clients of the Advisers. The simultaneous management of long and short portfolios creates potential conflicts of interest including, the risk that short sale activity could adversely affect the market value of long positions (and vice versa), the risk arising from sequential orders in long and short positions and the risks associated with receiving opposing orders at the same time. The Advisers maintain procedures that it believes are reasonably designed to mitigate these conflicts. Among other things, the procedures prohibit a portfolio manager from executing a short sale for a client's account when another

client's account managed by such portfolio manager holds the security long. The procedures also require certain approvals in other situations that raise potential conflicts of interest and periodic monitoring of long and short trading activity in client and proprietary accounts.

Charitable Contributions

From time to time, clients or certain financial intermediaries may approach the Advisers to request that we make contributions to certain charitable organizations. Because a contribution may result in the financial intermediary or its employees or representatives recommending the Advisers' products to their underlying clients, the solicitation or contribution raises potential conflicts of interest. As a result, Perkins follows Janus' procedures that generally limit the dollar amount and frequency of these types of charitable contributions. As part of these procedures, Janus has implemented an approval and review process and further requires that all contributions are made directly to the charitable organization (normally 501(c)(3) organizations exempt from U.S. federal income taxes under the Internal Revenue Code or charitable organizations not subject to U.S. law) rather than to the client or client entity to help prevent potential abuses of charitable contributions.

Political Activities

Corporate and employees' political contributions to U.S. or non-U.S. government officials, if not prohibited by law or regulation, may raise potential conflicts of interest. As a result, Perkins maintains policies and procedures which generally limit amount of contributions to political candidates or elected officials. Employees may not make political contributions on behalf of Perkins or any of its affiliates or use corporate assets without approval. Employees, and in certain cases spouses and minor children, must obtain approval from Janus' Compliance department before making personal political contributions or engaging in political activities. Contributions which may impact Perkins' or any of its affiliates' ability to obtain or maintain business will not be approved.

PWMCO

Perkins routes all transactions for PWMCO advised clients to the PWMCO trading desk for execution. PWMCO is responsible for either executing these transactions itself as agent or forwarding these orders to unaffiliated broker-dealers for execution. PWMCO clients should review PWMCO's Brochure for information on PWMCO's trading-related conflicts of interest and how they are mitigated by PWMCO.

Perkins may also be deemed to have conflicts of interest related to trading for PWMCO-advised clients as a result of Perkins' and PWMCO's affiliation. Perkins has a trade rotation policy that seeks to mitigate potential conflicts of interest when managing PWMCO and other clients' accounts. See also *Item 12 – Brokerage Practices* for information about Perkins' cross trade policies for PWMCO-advised clients.

Item 12 – Brokerage Practices

The Advisers share discretion over the Janus and JCIL accounts sub-advised by Perkins. As such, the Advisers share best execution, trade allocation and trade rotation policies and procedures. Based on these policies, Janus' trading desk is primarily responsible for selecting executing broker-dealers, since trades for these clients take place on Janus' trading desk, except as described below. The Advisers' clients may, in limited circumstances, select their own broker-dealers subject to Janus' Directed Brokerage Policy described below. The Advisers' Brokerage Review Committee periodically reviews the quality of execution that it receives from broker-dealers and continuously evaluates traditional brokers and other venues for execution capabilities. The Advisers do not consider a broker-dealer's sale of shares of the Janus-sponsored Funds or gifts and gratuities received from registered representatives of broker-dealers when choosing a broker-dealer to effect transactions.

The Advisers have a duty to seek to obtain "best execution" for their clients' portfolio transactions. More specifically, the Advisers seek the best net prices and negotiate commissions based on a number of factors, including but not limited to:

- the Advisers' knowledge of currently available negotiated commission rates or prices of securities currently available and other current transaction costs,
- the nature, size and type of the security being traded and the character of the markets for which the security will be purchased or sold,
- the activity, existing and expected, in the market for the particular security and the desired timing of the trade,
- the ability of a broker-dealer to maintain confidentiality, including trade anonymity,
- the quality of the execution, clearance and settlement services of a broker-dealer,
- the financial stability of the broker-dealer and the existence of actual or apparent operational problems of the broker-dealer,
- the ability of a broker-dealer to provide rebates of commissions to a third-party service provider or to a client to pay account expenses, and
- the research services provided by a broker-dealer.

In recognition of the value, quality and availability of the above factors, the Advisers may execute transactions with a broker-dealer for a higher commission than another broker-dealer would have charged if the Advisers determine, in good faith, that the commission is reasonable in relation to the value of the brokerage and/or research services provided by that particular broker-dealer. In determining the reasonableness of a commission, the Advisers may view the value of the services provided either in

terms of that particular transaction or the value of the services provided to the Advisers as they relate to the overall responsibilities of the Advisers as investment advisers.

Soft Dollars

The Advisers receive research and other services (other than execution) from broker-dealers and third parties in connection with client securities transactions. These services may include but are not limited to:

- investment research reports,
- access to analysts,
- trading analytics,
- reports or databases containing corporate, fundamental and technical analyses,
- access to corporate management,
- access to industry experts,
- electronic interfaces, software and various reports in connection with short sale activity,
- portfolio modeling strategies,
- economic research services, such as publications, chart services, and advice from economists concerning macroeconomics information, and analytical investment information about particular corporations, and
- brokerage services, including brokerage to effect securities transactions.

The Advisers may obtain the above research and services in the following manners, all of which are subject to the Advisers' duty to seek best execution.

Client Commission Agreements

Janus has client commission agreements with certain broker-dealers. These agreements allow the Advisers to instruct broker-dealers to pool commissions generated from orders executed at that broker-dealer, and then periodically direct the broker-dealer to pay itself for proprietary research or pay third parties for research created or developed by those third parties. Client transactions are not directed to these broker-dealers in anticipation of receiving any research or brokerage services from such broker-dealers.

Clients have the discretion to elect not to participate in client commission agreements. More specifically, a client may prohibit the Advisers from generating soft dollar credits on transactions in their accounts. Clients desiring to prohibit the Advisers from generating soft dollar credits on transactions in their accounts should consider they will generally pay the same commission rates as accounts that are not prohibited from generating credits.

Executing Transactions

The Advisers may receive statistical, research and other factual information or services from broker-dealers that they would otherwise have to pay for with cash, or use their own resources to produce, for no consideration other than the brokerage or underwriting commissions that they obtain from the Advisers' execution of trades with the broker-dealers.

Step-Out Transactions

The Advisers may use step-out transactions in order to receive research products and services. In a step-out transaction, the Advisers direct a trade to a broker-dealer instructing the broker-dealer to execute the transaction, but "step-out" a portion of the transaction in favor of another broker-dealer that provides the research products or services. The second broker-dealer may clear and settle and receive commissions for the portion of the transaction sent to it.

New Issue Designations

The Advisers may use new issue designations in return for research products and services. In a new issue designation, the Advisers direct purchase orders to a broker-dealer that is a selling group member or underwriter of an equity or fixed income new issue offering. The Advisers then direct that broker-dealer to designate a portion of the broker-dealer's commission on the new issue purchase to a second broker-dealer(s) that provides such products and/or services.

The Advisers may have an incentive to use broker-dealers who offer the above services to effect transactions instead of other broker-dealers who do not provide such services, but who may execute transactions at a lower price. The Advisers do not guarantee any brokers the placement of a pre-determined amount of securities transactions in return for the research or brokerage services they provide. The Advisers do, however, have an internal procedure for allocating transactions in a manner consistent with its execution policy to brokers that it has identified as providing research or brokerage services.

In order for client commissions to be used to pay for these services, the Advisers determine that the services are permitted research or brokerage services under Section 28(e) of the Securities and Exchange Act of 1934, as amended ("Section 28(e)"). Additionally, all broker-dealers and all vendors of research and/or brokerage services paid with client commissions will be approved pursuant to the Advisers' policies and procedures. In instances when the above services may include components not eligible under Section 28(e), the Advisers make a reasonable allocation of the cost of the research and/or brokerage services according to its use and all non-eligible research and/or brokerage services are separately invoiced and paid for with cash from the Advisers and not with client commissions.

During the most recent fiscal year the Advisers acquired the following types of brokerage and research products and services with client commissions:

- traditional research reports,
- specific sector analysis and market data,
- company financial data,
- access to industry experts,
- opportunities to have discussions with third-party research analysts and to meet with corporate executives,
- brokerage services, including brokerage to effect securities transactions, and
- trading execution services.

Research received from broker-dealers is supplemental to the Advisers' own research efforts. The brokerage and research products and services furnished by broker-dealers may be used in servicing any or all of the Advisers' clients and may not necessarily be used by the Advisers in connection with the accounts that actually paid commissions, nor in proportion to the amount of commissions paid by accounts, to the broker-dealer providing the products and services.

Perkins participates in evaluating whether a product or service falls within the soft dollar safe harbor. Perkins uses commission dollars of the Janus-advised accounts to obtain brokerage and investment research products and services to the extent permitted under the safe harbor.

Directed Brokerage Policy

As discussed above, the Advisers have a duty to seek best execution on all trades. Generally, to the extent that Janus-advised clients request, and subject to the Advisers' duty to seek best execution, the Advisers may direct a client's transactions to a particular broker-dealer as part of a Wrap Fee Program, a commission recapture program or otherwise. The Advisers may also direct a client's transaction to a category of broker-dealers such as minority or women owned firms pursuant to a client's request (and subject to the Advisers' duty to seek best execution). The Advisers do not guarantee or represent that it will direct any transaction (including any commissions) to any particular broker-dealer nor does it guarantee or represent that it will meet any specific targets or participation levels for direction of a client's transactions. The Advisers will only direct a client's transactions pursuant to "step-out" transactions. The Advisers generally will not direct trades for fixed income, derivative and program trades or for any strategy or account that the Advisers deem to be unsuitable for directing trades.

Clients desiring to instruct the Advisers to direct its transactions to a particular broker-dealer should consider whether the commissions, execution, clearance and settlement capabilities, and fees for

custodial or other services (as applicable) that will be provided to the client by its selected broker-dealer will be comparable to those otherwise obtainable by the Advisers. Such clients may lose the possible advantages, benefits and savings on execution that the Advisers may be able to obtain for full discretionary accounts. For example, for full discretionary accounts, the Advisers may be able to reduce transaction costs by aggregating orders for several clients as a single transaction. All, or a portion of, a client-directed transaction may not be able to be included in these aggregated orders and thus, not benefit from any transaction cost savings. In addition, such clients may not be able to participate in an allocation of shares of a new issue if those shares are sold by a broker-dealer not selected by the client. Further, clients that direct transactions to broker-dealers that are not on the Advisers' approved broker list may also be subject to additional credit and/or settlement risk and may receive prices less favorable than the Advisers is able to obtain. If a client requests or instructs the Advisers to direct a portion of the securities transactions for its account to a specified broker-dealer, the Advisers may recommend other broker-dealers to such client based upon the factors it considers when seeking best execution.

In the case of Single and Dual Contract Programs and certain Model Programs, the Advisers generally have a duty to seek best execution. Typically the Advisers place trades with Sponsors (or their affiliated broker-dealers) because trading commissions are included in the fee the client pays to the Sponsor. See *Wrap Fee Program Brokerage Practices* in this section for more information about the Advisers' trading practices for Wrap Fee Programs.

In the case of PWMCO-advised clients, all transactions are routed to PWMCO, a dual registrant adviser and broker-dealer. PWMCO may execute trades itself or trade away through other broker-dealers and may accept directed brokerage instructions from its clients. Perkins' CCO conducts a quarterly review of PWMCO's best execution process along with a broader review of the trading relationship between Perkins and PWMCO. PWMCO-advised clients should review PWMCO's Brochure or their client agreement for information about trading and best execution as performed by PWMCO.

Trade Aggregation and Allocation Policy

Perkins makes investment decisions for each of its clients, including proprietary accounts, independently from those of any other account that is or may become managed by Perkins or its affiliates. Because the Advisers generally invest in similar strategies for clients, numerous clients could have similar investment objectives and thus, similar portfolios. As a result, the Advisers generally seek to purchase or sell the same security at the same time for numerous clients. In order to obtain efficiencies that may be available for larger transactions, Janus frequently aggregates the orders for its clients who invest in the Advisers' strategies for execution, including its and its affiliates' proprietary accounts. Prior to aggregating client orders, however, the Advisers must first determine that the investment decision is appropriate for each participating account.

In addition to, or instead of, aggregating orders of accounts that would be buying or selling the same security at the same time, the Advisers may average the price of the transactions of these accounts and allocate trades to each account in accordance with the Advisers' allocation procedures. Pursuant to these procedures, the Advisers seek to allocate the opportunity to purchase or sell a security or other investment among accounts on an equitable basis by taking into consideration certain factors. These factors include, but are not limited to: size of the portfolio, concentration of holdings, investment objectives and guidelines, purchase costs, issuer restrictions and cash availability. The Advisers, however, cannot assure equality of allocations among all of their accounts, nor can they assure that the opportunity to purchase or sell a security or other investment will be proportionally allocated among accounts according to any particular or predetermined standards or criteria.

The Advisers will generally aggregate and/or allocate orders when they have the opportunity to do so. There are instances when circumstances specific to individual clients will limit the Advisers' ability to aggregate or allocate trades. For example, if a client requests directed brokerage or if a client is invested in a Wrap Fee Program in which the Sponsor executes trades, the Advisers may not be able to aggregate or allocate these trades. Additionally, there may be times when there is limited supply or demand for a particular security or investment. In such instances a client may not be able to realize the efficiencies available for larger transactions. In some cases, trade aggregation and/or allocation may adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account, which could cause performance divergence from similar accounts. In other cases, an accounts' ability to participate in volume transactions may produce better executions and prices for the accounts. The Advisers may adjust allocations to eliminate fractional shares or odd lots and have the discretion to deviate from their allocation procedures in certain circumstances. For example, additional securities may be allocated to clients managed by investment personnel who were instrumental in originating or developing the investment opportunity or to comply with the investment personnel's request to ensure that his accounts receive sufficient securities to satisfy specialized investment objectives.

IPO Allocations

Clients may from time to time participate in an initial public offering (an “IPO”) if the portfolio manager managing their portfolio believes that the IPO is an appropriate investment based on the portfolio's investment restrictions, risk profile, asset composition and/or cash levels. The Advisers’ IPO allocation procedures generally require all IPO shares to be allocated on a pro-rata basis to all participating accounts based on the total assets of each account.

Cross Trades

The Advisers may arrange to cause one of their clients to sell a security and another of their clients to purchase the same security at or about the same time, commonly referred to as “cross trades.” Cross trades potentially can save transaction costs for both accounts, however, cross trades may involve a potential conflict of interest if, for example, one account is permitted to sell a security to another account at a higher price than an independent third party would pay. There is also a potential conflict of interest when a cross trade involves a client’s account on one side of the transaction and a proprietary account or an account in which the Advisers have substantial ownership or a controlling interest (such as a newly-formed sponsored Fund) on the other side of the transaction.

To address these conflicts, the Advisers maintain procedures which require that all cross trades are made at an independent current market price. In addition, if one of the parties to the cross trade is a registered investment company; the transaction must comply with procedures adopted under Rule 17a-7 under the 1940 Act. Further, while the Advisers typically only arrange for cross trades between Funds, under certain limited circumstances, the Advisers may arrange for cross trades for other accounts in accordance with Rule 206(3)-2 of the Advisers Act. The Advisers do not permit cross trades with accounts subject to Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Perkins prohibits agency cross transactions between PWMCO-advised clients and between PWMCO-advised accounts and PWMCO brokerage accounts. Perkins has instructed PWMCO not to engage in cross transactions in either case.

Security Valuation

The Advisers generally trade in securities with readily available market prices. If a market quotation is not readily available or is deemed unreliable, or if an event that is expected to affect the value of a portfolio security occurs after the close of the principal exchange or market on which that security is traded, and before the close of the New York Stock Exchange, the fair value of a security will be determined in good faith under policies and procedures established by and under the supervision of Janus’ Global Pricing Committee. Except for the Janus-sponsored U.S. Mutual Funds where Janus is the pricing agent, the

Advisers are not the pricing agents for their clients. Upon a client's request, the Advisers may propose to a client's pricing agent a fair value price for a security in cases where market quotations are not readily available or deemed unreliable due to significant events or other factors. Any such proposals are subject to final determination by the relevant pricing agent. Because the Advisers may be compensated based on the value of assets held in an account or based on the performance of the account, the Advisers may have a potential incentive to set a high valuation for a security however the Advisers do not intend to use valuations that are higher than fair value. The Advisers believe that this potential conflict may be mitigated to a certain extent by their valuation policy and procedures.

There may be differences in prices for the same security held by the Advisers' clients because the Advisers' proposed price (for the situations described above) may not be accepted by the relevant pricing agent. In addition, certain clients, such as Janus-sponsored U.S. Mutual Funds may utilize a third party valuation model to value equity securities of non-U.S. issuers to adjust for stale pricing which may occur between the close of the non-U.S. exchanges and the New York Stock Exchange. These pricing models may not be used by the relevant pricing agent.

Benchmark indexes generally do not use fair value pricing and use national and regional indices to value securities using unadjusted closing prices in local markets. In addition, the value of assets denominated in non-U.S. currencies is converted into U.S. dollars using exchange rates deemed appropriate by the Advisers, which may also vary from the exchange rates used for calculation on any given index.

Trade Rotation Policy

Perkins is primarily responsible for addressing and mitigating the potential conflicts of interest that arise when trades in the same security for various portfolios are sent to the trading desks of both Janus and PWMCO and executed through multiple Sponsors for Wrap Fee Programs and broker-dealers, including PWMCO. Perkins routes trade orders from its portfolio managers to PWMCO's or Janus' trading desks, depending on whether the clients are PWMCO-advised or Janus-advised clients.

The Janus trading desk selects broker-dealers to execute trades for Janus-advised clients and generally forwards Wrap Fee Program trades to the relevant Sponsor as described further in *Wrap Fee Program Brokerage Practices* below. If Perkins simultaneously routes orders for execution on the Janus trading desk and at a Sponsor's trading desk, Janus determines if its trade rotation procedures need to be implemented.

PWMCO advises accounts for which transactions are executed by PWMCO or by a client directed broker. In the event Perkins simultaneously routes orders to PWMCO for execution by PWMCO and a client directed broker or multiple client directed brokers, Perkins will determine if its trade rotation procedures

need to be implemented. If Perkins simultaneously routes orders to Janus and PWMCO for execution, Perkins will determine if its trade rotation procedures need to be implemented.

When the Advisers act as advisers to Wrap Fee Programs, certain conflicts of interest may arise between the Wrap Fee Programs and also between Wrap Fee Programs and the Advisers' other clients, particularly in relation to trading issues. Conflicts of interest may arise particularly because Sponsors (or their affiliated broker-dealers) generally execute the majority of trades for Wrap Fee Programs and as a result, a Sponsor (or its affiliated broker-dealer) may have access to Perkins' investment recommendations before the Advisers implement the recommendations for their other clients. In addition, conflicts of interest may arise when the Advisers, in seeking to obtain best execution or in following directed trading instructions, execute trades in the same security for Wrap Fee Programs through different Sponsors (or their affiliated broker-dealers) and their other accounts at or near the same time. In these situations, given the separation of the Wrap Fee Programs' trading functions and Janus' trading for the Advisers' other accounts, the possibility exists that trades for a Wrap Fee Program may be executed before or after trades, and at different prices, for other Wrap Fee Programs and the Advisers' other accounts.

To address the conflicts of interest and trading matters, the Advisers maintain brokerage and trading policies, including policies and procedures for best execution discussed above and trade rotation. The Advisers believe their policies and procedures are consistent with their duties as fiduciaries to treat their clients fairly in a manner that does not systematically favor one client (or group of clients) over another client (or group of clients).

Depending on the market capitalization, or market availability, of certain securities, trade orders may take multiple days to complete and may be executed as part of a rotation. If the Advisers determine that there is not sufficient liquidity in the market to support an entire trade or order, the Advisers will rotate trades between their Wrap Fee Program accounts and their other clients and also between Wrap Fee Programs according to the Sponsors' trading platforms. To the extent the Advisers deem a trade highly illiquid, Janus may split the trade into smaller orders and then rotate in the same manner as trades for illiquid securities would be rotated. Rotating trades may result in a longer delay in executing trades and/or a materially better or worse price for clients that are traded in later rotations.

As discussed in *Item 4 – Advisory Business*, the Advisers do not generally have responsibility or discretion to execute trades for Model Programs. The Advisers provide information on the model portfolios at the times agreed to in the investment management agreement, which could be before or after the Advisers execute trades on behalf of their other accounts. Many Sponsors or overlay managers require the Advisers to provide the model updates as part of their Trade Rotation Procedures.

The Advisers generally have limited information on whether, at what time, and to what extent, the Sponsor or overlay manager executes the Advisers' recommendations. Further, the Advisers generally may wait for Sponsors or overlay managers to confirm execution before continuing their rotation when Model Programs are included in the Advisers' trade rotation. As a result, Sponsors may initiate trading prior to, at the same time as, or after Janus completes trading for the Advisers' other accounts or other Model Programs.

Wrap Fee Program Brokerage Practices

As discussed in *Item 4 – Advisory Business*, Single and Dual Contract Programs clients often receive a package of services, including trade execution from Sponsors (or their affiliated broker-dealers). Typically in these instances both the Advisers and the Sponsor have a duty to seek best execution for these clients' trades.

There may be circumstances when the Advisers, in seeking best execution, execute trades through broker-dealers or other security intermediaries other than the Sponsors (or their affiliated broker-dealers). This practice is often referred to as "trading away" or a "step-out" transaction. The Advisers may trade away when a security is illiquid, when a Sponsor (or its affiliated broker-dealer) lacks the capacity or expertise to effectively execute a trade in a particular type of security or to execute a trade at a favorable price or in a timely manner or under other circumstances. In addition, the Advisers may trade away or use step-out transactions when the Advisers believe trading through the Sponsor (or its affiliated broker-dealer) will adversely impact the same or similar trades the Advisers intend to execute for their other clients. In these circumstances, in addition to other broker-dealers used by the Advisers, the Advisers may execute transactions through a broker-dealer that is affiliated with a service provider of the Advisers. In such cases, the Advisers act consistent with their best execution policies and procedures without regard to the services they receive from such service providers. Whenever the Advisers trade away or use step-out transactions from Sponsors (or their affiliated broker-dealers), there may be additional commissions, spreads, transaction charges or other costs incurred by the client that are not covered by the wrap fee. The Advisers typically are not responsible for such additional commissions, spreads, charges or costs. These additional commissions, charges or costs typically are paid by the Sponsor or the clients. With respect to Wrap Fee Programs where a client directs trading to the Sponsor, even where another broker-dealer quotes a more favorable price than that quoted by such Sponsor in a given trade, that lower price along with the added commission, may be on balance less favorable to the client than the Sponsor's higher quoted price.

Sponsors may include provisions in their agreements with clients to direct the Advisers to execute all transactions or certain securities (for example, equity securities) through the Sponsor (or its affiliated

broker-dealer). In such cases, the Advisers generally require the Sponsor's agreement to permit the Advisers to trade away or use step-out transactions to execute transactions for clients through broker-dealers other than the Sponsor (or its affiliated broker-dealer) in seeking best execution for these clients.

Conflicts of interest can arise between the Advisers' best execution policies and procedures and trading instructions that the Advisers may receive from client agreements. In such cases, the Advisers will act in a manner that they believe is consistent with the best interests of their clients and their best execution policies and procedures.

Unlisted ADRs

In certain circumstances, Perkins may invest client assets in ADRs. When doing so, depending upon the liquidity of the ADR and other factors, these trades may be executed in an ADR market, a non-U.S. local market and for Single and Dual Contract Programs, through Sponsors (or their affiliated broker-dealers). When trades are executed in non-U.S. local markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert the local non-U.S. securities into ADRs. The broker-dealers or other securities intermediaries will charge commissions which will be included, i.e. netted, into the price of the securities and conversion fees for converting the securities into ADRs. These conversion fees may be negotiable and may vary, and typically are paid by the clients. For Single and Dual Contract Programs, the broker-dealers or other securities intermediaries will then use a step-out transaction to execute ADRs to the participating Sponsors. See *Wrap Fee Brokerage Practices* in this section for more information about step-out transactions.

Trade Error Correction Policy

Errors can result from a variety of situations involving portfolio management (e.g. inadvertent violation of investment restrictions) and trading (e.g. miscommunication of information, such as wrong number of shares, wrong price, wrong account, calling the transaction a buy rather than a sell and vice versa, etc.). It is the Advisers' policy that errors are identified, evaluated, and corrected as expeditiously as possible.

The Advisers may utilize a trade error account to correct errors only if the error is corrected prior to settlement. Profits and losses in such error account can be netted against each other on a quarterly basis. Any remaining surplus at the end of the quarter is donated to charity. Correcting an error after settlement with an error account would result in the Advisers taking transactions into their own accounts as principal. Such transactions require pre-trade disclosure and written consent from the client under the Advisers Act and are prohibited with respect to clients subject to ERISA. As a result, if the error is discovered after settlement, the error is corrected in the client's account(s). Generally any error which

results in a gain accrues to the benefit of a client's account. Any error that results in a loss will be reimbursed by the Advisers to the client's account.

When correcting post-settlement errors, the Advisers will use their best efforts in their calculation to make the client whole. In order to determine the market price of the intended order, the Advisers may take into consideration certain factors, including but not limited to, the market environment, size of the order, market impact, liquidity, volume, etc.

It is the Advisers' general practice not to calculate any opportunity costs as part of the trade error correction process. However, in certain extraordinary circumstances, and to the extent practical and appropriate, and solely in the Advisers' judgment, the Advisers may attempt to estimate opportunity costs. To the extent the Advisers believe reimbursement of opportunity costs is appropriate, the Advisers will pay interest based on the prevailing federal funds rate. In certain limited circumstances, the Advisers may, at their discretion, calculate opportunity costs using alternative methods.

If multiple trade errors in one client's account are discovered simultaneously, some of which resulted in profits, and some of which resulted in losses, the resulting profits and losses may be netted against each other to calculate the extent of the client's loss. Gains and losses will not be netted across client accounts.

In certain circumstances, the Advisers may consult with affected clients to discuss an appropriate resolution for correcting an error.

Item 13 – Review of Accounts

The accounts are reviewed daily by the Chief Investment Officer or the appropriate portfolio manager(s). On a continuing basis, each portfolio manager evaluates from many viewpoints the various accounts, including the percentage that is invested in a type of security generally or in a particular security, diversification of holdings among industries and, in general, the makeup of the portfolios.

The Chief Compliance Officer and the compliance department staff perform ongoing reviews of all client portfolios for compliance with investment policies and restrictions on a daily, monthly, quarterly and annual basis. Additionally, the accounts are periodically reviewed by the Janus Investment Risk Committee.

The frequency and nature of reports prepared for clients varies depending on each client's requirements and interests. Clients generally receive monthly or quarterly written reports from either Janus or PWMCO

showing portfolio activities and performance on a current and year-to-date basis. These written reports typically disclose all holdings in the client's account, including cash, together with cumulative year-to-date information about dividends and interest realized by the account. The Advisers may furnish certain account transaction and portfolio holdings to institutional clients such as unaffiliated Funds and Separate Accounts and their service providers on a more frequent basis. Depending on the type of account, portfolio management may also provide oral presentations about the account's performance on a periodic basis. The Advisers will also provide clients, upon request, other information regarding their portfolio within the parameters of their compliance policies.

The Advisers may also furnish certain account transaction and portfolio holdings to potential clients and other interested third parties (e.g., consultants) provided that the Advisers determine there is a legitimate business purpose to provide the information, the recipient executes a confidentiality agreement and Janus' Chief Compliance Officer approves the disclosure.

Clients may also receive statements from Sponsors, custodians or other service providers. As discussed in *Item 15 – Custody*, Perkins encourages all clients to carefully review all statements received and compare their official custodial records to the account statements provided by the Advisers.

Item 14 – Client Referrals and Other Compensation

Perkins does not maintain any direct referral arrangements, however, Janus may enter into referral arrangements as described below. Because Perkins sub-advises numerous Janus-advised accounts, it may benefit from any referral arrangements entered into by Janus to the extent that referred clients are sub-advised by Perkins.

Janus maintains an internal bonus compensation plan which rewards its employees for new client relationships they developed to the extent permitted by law. Janus may also enter into arrangements through which it makes payments to financial intermediaries for the distribution of shares of Janus-sponsored Funds.

Janus may enter into arrangements whereby from time to time it compensates, either directly or indirectly, unaffiliated persons, including pension consultants, for client referrals and service. Under these arrangement(s), Janus may pay a percentage of the investment management fee it receives from referred clients to such unaffiliated persons. This fee may vary according to each agreement. Clients referred by unaffiliated persons will not be charged more than similarly situated clients who were not referred; however, the presence of these arrangements may affect the Advisers' willingness to negotiate from its standard fee schedule and as a result may affect the overall fees paid by referred clients. Referral

arrangements are entered into in accordance with Advisers Act Rule 206(4)-3 (the “Cash Solicitation Rule”).

Further, from time to time, the Advisers may have arrangements in place to purchase services, publications, general consulting advice, conference attendance, or limited advisory services from pension consultants. In most cases, these consultants do not solicit clients on behalf of the Advisers or their affiliates, but may recommend the Advisers or affiliated investment advisers to clients. To the extent Janus enters into a referral arrangement with pension consultants, such arrangement will be in accordance with the Cash Solicitation Rule.

The Advisers may participate in and support conferences, seminars, training sessions, due diligence events or meetings (“conferences”) hosted by clients and certain financial intermediaries to provide business building techniques and education on the investment products and services available through the Advisers and their affiliated investment advisers. The Advisers usually pay a fee to the client or intermediary to attend such conferences and its attendance may result in the intermediaries recommending the Advisers’ and their affiliated investment advisers’ products. The Advisers also sponsor select conferences where the audience may include prospective U.S. and non-U.S. institutional investors, including but not limited to, public pension funds, endowments and foundations, union organizations and consultants. Since the sponsorship fees the Advisers pay may be higher than other participant fees, such fees may indirectly subsidize participant expenses or participation in certain activities. Clients or certain financial intermediaries may also approach the Advisers to request charitable contributions. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information.

Item 15 – Custody

Perkins does not take custody of client funds or securities. Nevertheless, clients should ensure that they receive statements from their qualified custodian that holds and maintains their investment assets.

Perkins urges all clients to carefully compare such official custodial records to the account statements provided by Janus, PWMCO or other third parties, such as Sponsors. These statements may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities.

Item 16 – Investment Discretion

Perkins usually receives discretionary authority from the client via the sub-advisory agreement between the primary adviser and Perkins at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Perkins exercises its discretion in a manner consistent with the client's stated investment objectives.

When selecting securities and determining amounts, Perkins observes the investment policies, limitations and restrictions of the clients for which it advises. Perkins' clients may be limited in the type or quantity of securities it purchases or holds due to certain regulatory or internal compliance restrictions.

Investment guidelines and restrictions must be provided to Perkins in writing. Please refer to *Item 4 – Advisory Business* for additional information regarding investment discretion.

Item 17 – Voting Client Securities

For PWMCO-advised clients, Perkins is not authorized to vote, and will not vote proxies with respect to securities in these client portfolios.

For Janus-advised clients, Perkins maintains proxy voting policies identical to Janus' Proxy Voting Guidelines and delegates administration of its proxy voting to Janus. Clients may direct Perkins to vote proxies or may retain the ability to vote proxies themselves. To the extent clients retain the ability to vote proxies themselves; clients will not receive information about their proxies from Perkins. Instead, clients should receive proxies from their custodian, transfer agent or other third-party service providers such as their proxy service provider. If clients direct Perkins to vote proxies on their behalf, the following policies and procedures apply.

The Advisers seek to vote proxies in the best interest of their clients. The Advisers will not accept direction as to how to vote individual proxies for which they have voting responsibility from any other person or organization (other than the research and information provided by Institutional Shareholder Services Inc. ("ISS")). Subject to specific provisions in a client's account documentation related to exception voting, the Advisers only accept direction from a client to vote proxies for that client's account pursuant to the Advisers' Proxy Voting Guidelines (the "Guidelines") or ISS's recommendations, including recommendations under its Proxy Voter Services program.

ERISA Plan Policy

On behalf of U.S. clients subject to ERISA, the Advisers seek to discharge their fiduciary duty by voting proxies solely in the best interest of the participants and beneficiaries of such plans. The Advisers recognize that the exercise of voting rights on securities held by ERISA plans for which the Advisers have

voting responsibility is a fiduciary duty that must be exercised with care, skill, prudence and diligence. In voting proxies for ERISA accounts, the Advisers will exercise their fiduciary responsibility to vote all proxies for shares for which they have investment discretion as investment managers unless the power to vote such shares has been retained by the appointing fiduciary as set forth in the documents in which the named fiduciary has appointed Janus as investment manager and Perkins as sub-adviser.

Conflicts of Interest

The Advisers' Proxy Voting Committee (the "Committee") is responsible for monitoring and resolving possible material conflicts with respect to proxy voting. Because the Guidelines are pre-determined and designed to be in the best interests of shareholders, application of the Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest. On a quarterly basis, the Committee reviews records of votes that were cast inconsistently with the Guidelines and the related rationale for such votes. Additionally, and in instances where a portfolio manager proposes to vote a proxy inconsistent with the Guidelines and a potential conflict of interest is identified, the Committee reviews such proxy votes to determine whether the portfolio manager's voting rationale appears reasonable and no material conflict exists. A conflict of interest may exist, for example, if the Advisers have a business relationship with (or are actively soliciting business from) either the company soliciting the proxy or a third party that has a material interest in the outcome of a proxy vote or that is actively lobbying for a particular outcome of a proxy vote. In addition, any portfolio manager with knowledge of a personal conflict of interest (i.e., a family member in a company's management) relating to a particular referral item shall disclose that conflict to the Committee and may be required to recuse himself or herself from the proxy voting process. Issues raising possible conflicts of interest may be referred to the Committee for resolution. If the Committee does not agree that the portfolio manager's rationale is reasonable, the Committee will refer the matter to Perkins' Chief Investment Officer(s) (or the Director of Research) to vote the proxy. If a matter is referred to Perkins' Chief Investment Officer(s) (or the Director of Research) the decision made and basis for the decision will be documented by the Committee.

Reporting and Record Retention

Upon request, on an annual basis, the Advisers will provide clients with the proxy voting record for that client's account. On an annual basis, Janus will provide its proxy voting record for each Janus-sponsored U.S. Mutual Fund for the one-year period ending on June 30th on Janus' website (www.janus.com). Janus, on Perkins' behalf, retains proxy statements received regarding client securities, records of votes cast on behalf of clients, records of client requests for proxy voting information and all documents prepared by the Advisers regarding votes cast in contradiction to the Guidelines. In addition, any document prepared by the Advisers that is material to a proxy voting decision such as the Guidelines, Committee materials and other internal research relating to voting decisions will be kept. Proxy statements received from issuers are either available on the SEC's EDGAR database or are kept by a

third party voting service and are available upon request. All proxy voting materials and supporting documentation are retained for a minimum of six years.

Clients may obtain a complete copy of the Advisers' Proxy Voting Policy and Procedures and Guidelines upon request.

Item 18 – Financial Information

Not applicable.