



JANUS

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This Brochure provides information about Janus Capital Management LLC's ("Janus") qualifications and business practices for Janus' advisory clients. If you have any questions about the contents of this Brochure, please contact us at 303.333.3863. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), any state securities authority or non-U.S. regulatory authority.

Janus 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 Janus is also available on the SEC's website at www.adviserinfo.sec.gov.



Item 2 – Material Changes

This Brochure replaces the one previously provided to you. We revised and expanded some information in this Brochure in an effort to help you better understand our firm and the investment products we offer, the business issues we face, the risks associated with investing and with our investment process, and our efforts to ensure clients are treated fairly.

The changes primarily apply to *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* (Investment Personnel, Material Non-Public Information and Our Approach to Other Potential Conflicts) and *Item 12 – Brokerage Practices* (IPO Allocations, Security Valuation and ADRs). We also made the following change to our Proxy Voting Guidelines which we consider material:

- *Item 17 – Proxy Voting.* We recently amended our Proxy Voting Guidelines to permit clients, upon request, to have their proxies voted in accordance with the Institutional Shareholder Services Inc. Taft-Hartley guidelines.

Further, we updated any out-of-date information and have made other changes throughout the document in the spirit of providing information clearly and concisely.

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¹ The SEC requires advisers to use a certain format and certain headings for this Brochure. To the extent that an item does not apply to Janus' business, we will indicate it is not applicable.



Item 4 – Advisory Business

Janus offers growth and core equity, international and global equity, as well as balanced, fixed income, alternative and retail money market investment strategies. Janus' investment teams are led by its Co-Chief Investment Officers, who are charged with driving investment performance across all strategies while maintaining a structured investment process. Janus believes its depth of research, knowledgeable portfolio managers and analysts, willingness to make concentrated investments when Janus believes it has investment insight and a commitment to delivering strong long-term results for its investors are what differentiate Janus from its competitors. Headquartered in Denver, Colorado, Janus and its affiliates also have offices outside the U.S. in Hong Kong, London, Melbourne, Milan, Munich, Paris, Singapore, The Hague and Tokyo.

Janus also offers investment strategies through its affiliated investment advisers:

- mathematical equity strategies through INTECH Investment Management LLC ("INTECH"),
- value-disciplined investment strategies through Perkins Investment Management LLC ("Perkins"), and
- Asia equity strategies through Janus Capital Singapore Pte. Limited ("Janus Singapore").

Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* and each adviser's respective Form ADV for additional information about these affiliated advisers.

Janus, through its predecessors, has provided investment management services since 1969 and has been registered with the SEC since 1978. Janus is wholly-owned by Janus Capital Group Inc. ("Janus Capital Group"), a publicly-traded company (NYSE:JNS), and an affiliate. Janus Capital Group is responsible for Janus', INTECH's, Perkins' and Janus Singapore's strategic direction. As of December 31, 2011, Janus had \$109,440,742,925 in assets under management on a discretionary basis and \$147,769,851 assets on a non-discretionary basis. The SEC recently adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, i.e., assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. Janus reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at www.adviserinfo.sec.gov.



Janus provides investment management services, as an investment adviser or sub-adviser, to U.S. and non-U.S. institutional and individual investors. Janus provides its clients with day-to-day management of their investment portfolios through the following types of products:

- U.S. mutual funds registered under the Investment Company Act of 1940, as amended (the “1940 Act”) (“U.S. Mutual Funds”),
- non-U.S. domiciled funds, trusts or similar entities (“non-U.S. Funds”),
- private investment funds, including hedge funds, exempt from registration under either Section 3(c)(1) or 3(c)(7) under the 1940 Act (“Private Investment Funds”),
- institutional separate accounts (“Separate Accounts”),
- separately-managed account wrap programs (“Wrap Fee Programs”) offered by unaffiliated investment advisers or broker-dealers (“Sponsors”), and
- other proprietary accounts.

In this Brochure we refer to U.S. Mutual Funds, non-U.S. Funds and Private Investment Funds collectively as “Funds” and to our proprietary Funds as “sponsored Funds.”

Except for certain Wrap Fee Programs discussed below, when Janus serves as investment adviser, it enters into a written investment management agreement with each of its advisory clients. Investors in most Funds are not considered Janus’ advisory clients and do not enter into investment management agreements with Janus. With respect to any Fund, this Brochure is qualified in its entirety by the fund’s offering memorandum, operating or limited partnership agreement, prospectus, statement of additional information or similar disclosure and governing documents (collectively, the “offering documents”)

Investment management agreements include provisions related to each client’s fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. If a client chooses one of Janus’ affiliated investment advisers as a sub-adviser for its account, the sub-adviser will be responsible for the day-to-day management of the client’s investment portfolio, proxy voting and other related activities. Janus’ standard investment management contract generally permits either party to terminate the contract at the end of any month following 30 days written notice or 60 days for non-sponsored Funds. Upon termination, clients are billed only for the pro-rata portion of the management period. Clients do not pay a termination fee.

When Janus serves as sub-adviser, it enters into a sub-advisory agreement with one of its affiliates, Janus Capital International Limited (“Janus Capital International”), Janus Singapore or an unaffiliated investment adviser.



These sub-advisory agreements typically include information related to the Janus' sub-advisory fee, investment strategy, investment guidelines, termination rights and proxy voting. The adviser enters into an investment management agreement with the end client.

Janus partners with Separate Account clients, non-sponsored Funds and in limited circumstances, Wrap Fee Program clients, to tailor investment services to clients' specific needs. Janus works with clients to formulate appropriate and agreed-upon investment guidelines. Generally, clients may impose restrictions on investing in certain issuers, types (e.g., excluding tobacco companies from a portfolio) or quantities of securities, investment instruments, asset classes, geographic regions or sectors. Janus works with clients to determine the feasibility of monitoring proposed restrictions and limitations. For example, Janus assesses the scope of socially responsible restriction requests to determine if a third party provider, such as MSCI Inc., can provide an acceptable restricted list. Clients who restrict their investment portfolios may experience potentially worse performance results than clients with unrestricted portfolios even for clients with similar objectives. Janus reserves the right to reject or terminate any client's account that seeks restrictions which Janus is unable to implement or which may fundamentally alter the investment objective of the strategy selected by the client. Investors who participate in pooled investment vehicles such as the Funds may not tailor investment guidelines.

Janus does not offer traditional financial planning services, however Janus provides an interactive asset allocation tool online at www.janus.com free of charge. The asset allocation tool is designed to illustrate how a user, based on an investor profile, could diversify his or her portfolio among various asset classes.

Wrap Fee Programs

Janus offers certain of its investment strategies to clients invested 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 provides a model portfolio to the Sponsor or overlay manager who typically retains the ultimate authority to execute investment transactions. In most Model Programs, Janus treats the Sponsor or overlay manager as its client. As of December 31, 2011, Janus provided model portfolios to Sponsors or overlay managers with respect to approximately \$1,125,751,808. As discussed below, Janus does not have investment discretion or trading



authority for these assets. As such, these assets are not included in Janus' assets under management provided above.

In Single and Dual Contract Programs, Sponsors introduce clients to Janus 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. 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 Janus 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. Janus generally receives client information through Sponsors and relies on Sponsors to forward current and accurate client information on a timely basis to assist in Janus' 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 at the inception of the arrangement and then provides updates of the model portfolio on a regular basis as part of Janus' 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. Investors in Model Programs do not have direct access to Janus. In these programs, Sponsors or overlay managers have investment discretion to accept, reject or modify Janus' trade recommendations and apply them to their clients' accounts. As a result, Janus generally does not consider these assets as discretionary assets. In certain cases, Janus may enter Model Programs and retain investment discretion; however, Janus may not have the responsibility to place orders for the execution of trades for clients. In these instances the Sponsors (or the broker-dealer affiliated with the Sponsors) are solely responsible to execute transactions for such trades and are solely responsible for providing best execution for such trades.



Clients investing in Wrap Fee Programs generally may invest in Janus strategies with lower account minimums than other account types; however, Wrap Fee Programs may not be suitable for any given client. 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 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.

Smaller Wrap Fee Program accounts may not receive or be able to fully implement all of Janus' investment recommendations for a particular strategy depending on the price of securities and the size of the account. Janus 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 Janus as an investment manager. Clients should review program documentation carefully and discuss with their financial adviser whether these programs, and Janus' strategies, are appropriate for their investment needs and circumstances.

Item 5 – Fees and Compensation

Janus' 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 Janus deems relevant. Janus' current maximum fee schedule ranges from 40 – 90 bps on an annual basis for domestic equity investment strategies, 45 – 105 bps for global and international equity and alternative strategies and 20 – 50 bps for fixed income and balanced strategies. Janus may also receive a performance allocation or fee based on the performance achieved by a Fund over a specific time period. 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.

Janus' investment management fees are typically calculated as a percentage of the market value of a client's assets under management in accordance with its contractual agreements. Fee breakpoints may be available for certain strategies and product types. Existing clients may have different fee arrangements from those described



above. To the extent Janus engages a sub-adviser, Janus will pay the sub-adviser a portion of the management fee that clients pay to Janus. Janus' clients do not pay any fees, commissions or expenses to sub-advisers.

Janus may, in its sole discretion, 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, marketplace considerations, early adoption of an investment strategy or investment in a particular vehicle, client's operational or investment limitations or restrictions and other factors Janus deems relevant. Janus, in its sole discretion, may also waive or charge lower management and/or performance fees and waive account minimums for employees, including portfolio managers, affiliates or relatives of such persons. Janus, or an affiliate, may also enter into "side letter" agreements with certain investors in Private Investment Funds to provide more favorable investment terms to these investors than those described in a fund's offering documents. These terms may include waiver or reduction in management fees and/or performance fees or allocations, special rights to make future investments or withdrawals and supplemental reporting. Assets from related accounts in similar investment vehicles may be aggregated for fee calculation purposes according to Janus' policies and procedures.

Janus is limited in its ability to negotiate fees due, in part, to existing client contracts, which require equivalent pricing. Under the terms of these agreements, Janus is generally required to charge the same fee schedule to similarly-situated clients. Janus generally considers 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 composite, are of the same client type and have a similar account size among other factors Janus deems relevant.

To the extent fees are negotiable, clients may pay more or less than other clients for the same management services. Janus 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 Janus' services.

In addition to Janus' investment management fee, 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



(including foreign currency 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. Janus does not receive any portion of these commissions, fees or costs. See, however, *Item 12 – Brokerage Practices* for more information about soft dollars. See also *Item 12 – Brokerage Practices* for more information about conversion fees for ADRs. To the extent Janus acts as a sub-adviser, Janus will receive a portion of the management fee the end clients pay to the adviser; these clients do not pay any fees, commissions or expenses directly to Janus.

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 Janus’ services. In Dual Contract Programs, Janus’ fee is typically “unbundled” meaning that clients pay Janus’ fee directly to Janus and other program fees to their Sponsors. 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 the Funds pay expenses in addition to investment management fees and incentive allocations, if applicable. These expenses generally include administration, organizational, research and investment expenses, such as brokerage commissions, legal, line of credit, accounting, audit and other professional fees and expenses. These expenses 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 a Fund's offering documents. See *Item 10 – Other Financial Industry Activities and Affiliations* for information about compensation Janus may receive from the Funds.

Except as described below, Janus generally invoices clients on a monthly, quarterly or semi-annual basis in arrears for its investment management fees. In any partial billing period, Janus pro-rates fees based on the number of days an account is open. If a client requests that Janus automatically deduct management fees from its accounts, Janus will bill the client's custodian directly in accordance with Rule 206(4)-2 (the "Custody Rule") under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Clients invested in Dual Contract Programs typically pay Janus' 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 Janus receives 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.

Management fees for certain Private Investment Funds are also paid quarterly in advance based on the value of each investor's capital account after the close of business on the last day of the preceding quarter, adjusted for distributions and contributions. Management fees paid in advance will be refunded or rebated back to the investor if, during any quarter, an investor withdraws, Janus' relationship terminates with the Fund or the Fund dissolves. Incentive allocations for Private Investment Funds, if applicable, are generally paid annually in arrears, at the time an investor withdraws from the Fund or upon dissolution of the Fund.

Janus may invest client assets in Funds that charge fees described in the Funds' offering documents. Client assets invested in these Funds may pay both the Janus investment management fee and the Funds' fees and expenses. To the extent Janus invests clients' assets in sponsored Funds, these assets generally will not be included as client assets for purposes of calculating or charging the client's management fee. Neither Janus nor any of its related persons generally receives additional compensation on client assets that are invested in sponsored Funds.



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

Janus is willing to accept performance-based fee arrangements for certain products, such as Separate Accounts and certain Funds. When Janus Capital Institutional Advisers LLC (“Janus Advisers”) serves as general partner to Private Investment Funds and Janus is the investment adviser, Janus Advisers accepts the performance-based fee from the fund.

Performance-based fees are negotiated in compliance with Rule 205-3 under the Advisers Act and are charged only to “qualified clients” as defined in that 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.

Janus manages accounts with performance-based fees in the same facility, using the same systems and staffed with the same investment and support personnel, as accounts which do not have performance-based fees. Depending on the performance of accounts with performance-based fees, Janus, or Janus Advisers, may obtain significantly higher fees from accounts with performance-based fee structures than those of other accounts which do not have performance-based fee structures. These factors could create conflicts of interest because Janus, Janus Advisers, portfolio managers and other investment personnel may have incentives to favor the performance-based fee accounts over others. Janus believes that it has reasonable controls in place to mitigate potential conflicts of interest. These controls include trade allocation procedures that govern allocation of securities, including limited offerings and average pricing of executed trades among similar accounts, and analysis of performance achieved by accounts managed in a similar strategy. Janus’ 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 our trade allocation procedures and for a discussion of potential conflicts related to our security valuation practices and procedures. See also *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information about Janus’ side-by-side management practices.



Item 7 – Types of Clients

Janus provides investment management services, as an investment adviser or sub-adviser, to clients including pension, profit-sharing and Taft-Hartley plans, foundations, charitable organizations, endowments, U.S. and non-U.S. federal, state or local government entities, sovereign-wealth funds, pooled investment vehicles including U.S. Mutual Funds, Undertakings for Collective Investments in Transferable Securities (“UCITS”) funds, private investment funds and hedge funds, Model Programs, individuals, guardians and custodians for individuals, high-net worth 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, Janus generally requires:

- \$100,000 to establish a Single Contract Program account,
- \$1 million to establish a Dual Contract Program account,
- \$1 to 5 million to invest in a Private Investment Fund,
- \$10 to \$50 million to establish a new Separate Account depending on the strategy, and
- \$50 million to establish a non-sponsored Fund relationship.

Janus may waive these requirements based on certain criteria described in *Item 5 – Fees and Compensation* and, in its sole discretion, reserves the right to decline any account. Janus also reserves 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 Janus’ investment recommendations for a particular strategy depending on the price of securities and the size of the accounts.

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

General Methods of Analysis

Janus seeks to add value versus benchmarks by actively pursuing alpha generation through its own intensive fundamental research. Janus strives to find companies possessing the firm’s key investment criteria through proprietary research that emphasizes contact with a company’s management team, competitors, suppliers and consumers, as well as in-depth and ongoing financial modeling. This process has been critical in the firm’s ability to uncover companies possessing misunderstood fundamentals and price dislocations, as well as rapidly growing companies for certain equity strategies.



Holdings are selected one at a time with all other factors (industry, sector, country and cash allocations) being a residual of the investment process. For its equity strategies, Janus favors businesses that research reveals to have sustainable above-average earnings growth potential and outstanding free-cash flow generation, recurring revenue, profit margins and return on invested capital. Janus' fixed income research focuses on businesses that have strong or improving balance sheets, improving free-cash flow generation and recurring revenue. Additionally, Janus looks for companies that it believes have exceptional management teams and dominant industry franchises that possess various catalysts for growth. A higher weighting in a given portfolio indicates confidence that the research has suggested there is a significant value in a company that others may have overlooked or the company is believed to have a high potential for long-term value creation.

Additional Methods of Analysis – Fixed Income

Janus uses a unique proprietary fixed income risk management tool named Quantum. The system is integral to our investment process as it gives the ability to look at relative value, risk and returns at the portfolio, individual credit level and across the investable credit universe globally. The system also delivers capabilities such as real-time portfolio analytics (intra-day attribution, expected default frequency (EDF), value at risk (VaR) and risk scenarios); quantitative analysis to screen fixed income securities for investment with an emphasis on avoiding default and preservation of capital. Janus also focuses on in-depth fundamental credit research and risk management to seek the best total return ideas within the spectrum of fixed income securities and across individual company's capitalization structure.

General Risks

The following is a summary of the material risks for each of Janus' significant investment strategies and significant methods of analysis used by Janus. This Brochure is not intended to address every potential risk of every strategy Janus offers and certain risks described below may only apply to certain strategies. Investors in Funds may find additional information about risks in the Funds' offering documents.

Investing in securities involves risk of loss that clients should be prepared to bear. There are inherent risks associated with investing in securities markets. For Janus' clients, 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.

The value of a client's portfolio may decrease if the value of one or more 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.

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.

Certain of Janus' growth, core, international and global strategies are concentrated and invest in a limited number of securities and may also make several investments in one industry or one industry segment. As a result, the aggregate returns realized by clients could be adversely affected and made materially worse by the unfavorable performance of even one such investment, industry, or industry segment and the risk of loss is greater than that which would exist in a more diversified portfolio.

Many of Janus' strategies 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, a client's 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 a client 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.

The risks of investing in non-U.S. markets are heightened when investing in emerging markets (including frontier markets). Emerging markets securities are exposed to a number of additional risks, which may result from less government supervision and regulation of business and industry practices, stock exchanges, brokers, and listed companies, making these investments potentially more volatile in price and less liquid than investments in developed securities markets, resulting in greater risk to investors. 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. The risks of investing in emerging market countries are



magnified in frontier market countries because frontier market countries generally have smaller economies and less developed capital markets than traditional emerging markets.

Janus 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. Janus 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.

To the extent Janus uses short positions, Janus will maintain prime brokerage arrangements to facilitate these transactions. Prime brokerage accounts may be charged interest until a short position is covered and the account will incur a loss if the market value of the security rises prior to closing out a short position. The potential loss from a short sale is theoretically unlimited. Proceeds of a short sale may be retained by the prime broker, to the extent necessary to meet the margin requirements, until the short position is closed out.

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.

Additional Risks Associated With Growth and Core Strategies

Janus' growth and core strategies are designed for long-term investors seeking an equity portfolio, which typically have a concentration in common stocks. Common stocks tend to be more volatile than many other investment choices. In addition, securities of companies perceived to be "growth" companies may be more volatile than other



stocks and may involve special risks. The price of a “growth” security may be impacted if the company does not realize its anticipated potential or if there is a shift in the market to favor other types of securities.

By concentrating in equity investments, a client’s portfolio will be subject to the risks of the equity markets on the particular securities in which its assets are invested, such as sensitivity to regulatory changes, minimal barriers to entry and sensitivity to overall market swings, and may be more susceptible to risks associated with a single economic, political or regulatory circumstance or event than a more diversified portfolio might be. The overall negative impact of adverse movements in the value of the securities in the equity markets on a client will be considerably greater than if the portfolio did not concentrate its investments to such an extent.

Additional Risks Associated With Fixed Income Strategies

Although Janus’ fixed income products may be less volatile than products that invest most of their assets in common stocks, fixed income products’ returns and yields will vary.

Janus’ fixed income products invest in a variety of fixed income securities. Typically, the values of fixed income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause a client’s portfolio to likewise decrease, and vice versa. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security. Fixed income securities are also subject to credit risk, prepayment risk, valuation risk, default risk and liquidity risk.

Many of Janus’ fixed income strategies also invest in corporate bonds and mortgage-backed securities. Corporate bonds may be more sensitive than other types of bonds to economic changes, political changes, or adverse developments specific to the company that issued the bond, which may adversely affect their value. Mortgage-backed securities tend to be more sensitive to changes in interest rates than other types of securities and are also subject to both extension and prepayment risk. These risks may reduce a client’s returns. In addition, investments in mortgage-backed securities, including those comprised of subprime mortgages, may be subject to a higher degree of credit risk, valuation risk, and liquidity risk than various other types of fixed income securities.

Additional Risks Associated With International and Global Strategies

Janus’ international and global growth, core and fixed-income strategies may invest in non-U.S. debt and equity securities, either directly or indirectly in non-U.S. markets, including emerging markets. As noted above,



investments in non-U.S. markets may be more volatile than in the U.S. markets. Investments in non-U.S. securities, including those of non-U.S. governments, may involve greater risks than investing in domestic securities because a strategy's performance may depend on factors other than the performance of a particular company. These factors include currency risk, a heightened risk of adverse political and economic developments and, with respect to certain countries, the possibility of expropriation, nationalization or confiscatory taxation or limitations on the removal of a client's funds or other assets. Securities of some non-U.S. companies are less liquid and more volatile than securities of comparable U.S. companies. Delays may be encountered in settling securities transactions in certain non-U.S. markets and a client invested in these strategies will incur costs in converting non-U.S. currencies into U.S. dollars or other non-U.S. currencies. Custody charges are generally higher for non-U.S. securities. In addition, in transactions on non-U.S. stock exchanges, brokers' commissions are frequently fixed and are often higher than in the United States, where commissions are negotiated.

Item 9 – Disciplinary Information

In the fall of 2003, the SEC, the Office of the New York State Attorney General ("NYAG"), the Colorado Attorney General ("COAG"), and the Colorado Division of Securities ("CDS") announced that they were investigating alleged frequent trading practices in the mutual fund industry. On August 18, 2004, Janus announced that it had reached final settlements with the SEC, the NYAG, the COAG, and the CDS related to such regulators' investigations into Janus' frequent trading arrangements in its sponsored U.S. Mutual Funds. In connection with these regulatory settlements, Janus established a pool of \$100 million that was distributed to affected investors. Of this amount, \$50 million was in the form of a civil penalty. Janus also made \$1.2 million in other settlement-related payments required by the state of Colorado and agreed to reduce its management fees by approximately \$25 million per year until at least July 1, 2009.

As part of these settlements, Janus agreed to implement several governance policies and practices some of which are no longer in effect. Currently, Janus maintains the following governance policies and practices in connection with these settlements:

- (i) a corporate ombudsman and conflicts of interest officer;
- (ii) an independent compliance consultant, an independent fee consultant and an independent distribution consultant;
- (iii) an independent chairman of its sponsored U.S. Mutual Funds board of trustees and at least 75% of the members of the board of trustees must be independent;



- (iv) disclosure of certain fee information and risks of frequent purchases and redemptions and portfolio holding disclosure; and
- (v) policies and procedures relating to market timing, late trading and transaction orders that are submitted through intermediaries and omnibus accounts.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisers and Broker-Dealers

Janus has material relationships with the following affiliated investment advisers and broker-dealers:

- INTECH,
- Janus Distributors LLC (“Janus Distributors”),
- Janus Capital International,
- Janus Capital Asia Limited (“Janus Capital Asia”),
- Janus Capital Singapore Pte. Limited (“Janus Capital Singapore”), and
- Perkins.

Janus is the majority owner of INTECH and Perkins. INTECH and Perkins are registered investment advisers with the SEC and serve as sub-advisers for certain products which may include sponsored Funds, Separate Accounts, Wrap Fee Programs and other proprietary accounts. Janus may provide certain services to INTECH and Perkins which may include administrative, compliance, legal, trading, marketing and accounting services and receive compensation for these servicing activities.

Janus and INTECH are parties to a solicitation agreement under which INTECH reimburses Janus for identifying and making marketing presentations to prospective clients for INTECH's investment strategies. Janus may utilize fees received from INTECH to fund corporate expenses, including compensation paid to its sales representatives. Clients only pay investment management fees described in their agreements and do not pay any additional fees, commissions or other expenses to INTECH or Janus related to this arrangement.

From time to time, Janus may act as a sub-adviser to its affiliated investment adviser, Janus Capital International. Janus Capital International is an England and Wales company regulated by the Financial Services Authority, a United Kingdom regulatory agency. Janus Capital International also conducts ancillary marketing activities, provides research and executes securities trades solely as agent for Janus.



Janus Capital International serves as an investment manager to Janus Capital Funds Plc ("Janus Capital Funds"), Janus Selection and certain other non-U.S. clients. 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. Janus Capital International has appointed Janus as sub-adviser to certain Janus Selection Funds, Janus Capital Funds, certain non-sponsored Funds and Separate Accounts with responsibility for investing and managing clients' assets on a discretionary basis and for providing related investment management and administration services.

In addition to serving as a sub-adviser, Janus and Janus Capital International have also entered into a Memorandum of Understanding to provide advisory resources to certain of Janus' clients. Pursuant to this memorandum, Janus Capital International will be subject to Janus' supervision as a "Participating Affiliate" and Janus Capital International, and any of its employees who provide services to Janus' clients, will be considered "associated persons" of Janus as that term is defined in the Advisers Act.

Janus Singapore, a Singapore private limited company, maintains a Capital Markets Services License for fund management and dealing in securities with the Monetary Authority of Singapore. In addition, Janus Singapore is a registered investment adviser with the SEC and is approved by the Central Bank of Ireland to act as investment manager to UCITS funds. Janus Singapore intends to serve as sub-adviser for certain sponsored Funds and may also serve as sub-adviser to Janus' clients. Janus Singapore also acts as a trade execution agent solely for Janus. Janus provides certain services to Janus Singapore which may include administrative, compliance, legal, trading, marketing and accounting services.

Janus is also affiliated with Janus Distributors, a registered broker-dealer with the Financial Industry Regulatory Authority ("FINRA"). Janus Distributors is a limited purpose broker-dealer whose primary function is distributing shares of Janus' sponsored Funds. Janus does not execute transactions for any of its clients through Janus Distributors. Certain persons listed in Schedule A of Janus' Part 1 of Form ADV are registered representatives of Janus Distributors and hold FINRA licenses but do not receive any compensation from Janus Distributors.

Janus and its affiliates may pay certain employees involved in the sale of its products based on a percentage of revenue which may vary by investment strategy or the distribution channel through which an investment strategy is sold. Receiving (or the prospect of receiving) compensation may provide an incentive for employees to favor sales of strategies that generate a higher rate of revenue and for which they receive a higher compensation rate.



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. Using parallel concepts under U.S. regulation, Janus Capital Asia would be considered both a broker-dealer and an investment adviser.

There are inherent conflicts of interest when a related person provides services to an adviser and its clients, in that such arrangements may not be conducted at “arms length” and that Janus may have an incentive to favor a related person over an independent third party. Janus generally does not recommend non-affiliated investment advisers to clients or prospective clients. In limited circumstances, however, Janus may recommend non-affiliated investment advisers who have specialized experience. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for a discussion of Janus’ policies and procedures, which are designed to minimize conflicts of interest.

Investment Companies and Other Pooled Investment Vehicles

Janus furnishes investment advice, as investment adviser or sub-adviser, trade execution and certain administrative, legal, compliance and accounting services, depending on the vehicle, to its sponsored Funds. These pooled vehicles may compensate Janus for its costs in providing these services. Janus serves as manager to Private Investment Funds offered solely to “accredited investors” under Regulation D of the Securities Act of 1933, as amended or “qualified purchasers” under the 1940 Act. Janus’, INTECH’s and Perkins’ clients may be solicited to invest in these Private Investment Funds. Detailed information on the services and fees can be found in the Funds’ offering documents. In addition, Janus serves as sub-adviser to non-sponsored Funds.

Janus also serves as the manager to Australian domiciled unit trusts which are marketed to “wholesale clients” (as defined under applicable Australian law). Janus may furnish investment advice, trade execution and certain administrative, legal, compliance and accounting services to these unit trusts. The unit trusts may reimburse Janus for its costs in providing those services. Janus’ or its affiliates’ clients may be solicited to invest in these unit trusts.

Limited Partnerships

Janus Advisers serves as general partner to one of the Private Investment Funds and receives a performance allocation from the fund. See *Item 6 – Performance-Based Fees and Side-By-Side Management* for more information about the conflicts this type of fee arrangement may raise. Janus is the fund’s investment adviser and also provides trade execution and certain administrative, legal, compliance and accounting services to the fund.



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

Code of Ethics

Janus is committed to the highest principles of ethical behavior and standards. Potential conflicts of interest may exist if an investment adviser or its employees invests in the same securities that the adviser recommends to its clients. To address this conflict and others, Janus maintains Ethics Rules, which include its Personal Trading Policy, Gift and Entertainment Policy and Outside Business Activity Policy. The Ethics Rules apply to all Janus employees and sponsored Fund officers and trustees (collectively referred to as Janus personnel) and require that Janus' 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 Janus' personnel:

- 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
- refrain from using any material non-public information in securities trading.

The Ethics Rules set out basic principles to guide Janus personnel and in certain cases, family members. Under the Ethics Rules, Janus personnel 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 non-public 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 Janus' 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, forfeit profits, withholding compensation, suspension



of personal trading privileges or termination of employment. Employees are required to report any violations or potential violations of the Ethics Rules and to annually certify their compliance with the Ethics Rules.

Personal Trading

Under the Ethics Rules, Janus personnel are required to conduct their personal investment activities in a manner that Janus believes is not detrimental to its clients. As discussed above, Janus personnel 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 Policy requires Janus personnel 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 Policy, Janus' personnel 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 forfeit the profits. In addition to pre-clearing personal certain securities transactions, the Personal Trading Policy subjects Janus personnel 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 client accounts, securities in which the adviser or a related person has a material financial interest. Under limited circumstances, investment personnel may buy or sell securities for a client where Janus or the individual 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, Janus 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, Janus 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 or sells 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 Janus or its affiliates. Janus 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, Janus 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, Janus' proprietary accounts are subject to the same trading policies and procedures as its client accounts. See *Item 12 – Brokerage Practices* for information about these policies and procedures. Janus 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.

Janus Capital International, a participating affiliate of Janus, may recommend to its own clients, or invest on behalf of its own clients, in securities that are the subject of discretionary trading on behalf of Janus' clients. See *Item 12 – Brokerage Practices* for additional information about conflicts of interest and Janus' trading policies.

Investment Personnel

Portfolio managers and/or other investment personnel may manage Funds, Separate Accounts, Wrap Fee Programs or other investment vehicles with similar strategies. Certain of these products may have a greater impact on their compensation than others. This could create potential conflicts of interest as portfolio managers and/or investment personnel may have an incentive to favor products with a greater impact on their compensation. Portfolio managers and other investment personnel (or members of their families) may also personally invest in some, but not all, of Janus' products. Personal investments may vary from product to product and investment personnel may choose not to invest in all products they manage. With regards to certain Funds, investment personnel may own a significant portion of a fund. These investments may create a potential conflict of interest as investment personnel may have an incentive to favor the products in which they have a personal interest.

Investment personnel may have more than one role for a client's account or product. For example, certain portfolio managers may have additional roles, including roles as research analysts or trading responsibilities and certain analysts may have roles as co-portfolio managers. Investment personnel with multiple roles may receive



compensation for these additional roles which could create potential conflicts of interest as these individuals may have an incentive to favor certain accounts over others.

Janus offers team-managed products where stock selection is driven by research analysts. The Director of Research serves as the named portfolio manager and has overall responsibility for oversight and results of these team-managed portfolios. Research analysts also support Janus' portfolio manager-led products. The compensation of research analysts is primarily driven by the quality of their research and impact broadly on Janus portfolios, and secondarily from contributions to team-managed portfolios.

Janus' Co-Chief Investment Officers also perform portfolio manager responsibilities. The Co-Chief Investment Officers are responsible for Janus' investment process, and they have regular and continuous access to information regarding Janus and all accounts under its management, as well as knowledge of, and potential impact on, investment strategies and techniques. These factors could create potential conflicts of interest as portfolio managers who also serve as Co-Chief Investment Officers could have an incentive to place the interests of Janus over the interests of clients.

Janus believes that the potential conflicts discussed above may be mitigated to a certain extent by policies and procedures that have been put in place to address these issues. These controls include dual role (portfolio manager/research analyst) trading procedures that govern certain activities of investment personnel with multiple roles and trade allocation procedures that govern allocation of securities, including limited offerings and average pricing of executed trades, among similar accounts. See *Item 12 – Brokerage Practices* for additional information about trade allocation procedures.

Material Non-Public Information

Janus maintains an Insider Trading Policy that establishes procedures to prevent the misuse of material, non-public information by Janus and its officers, directors and employees. The policy provides that if Janus or any of its related persons obtains material, non-public information concerning an issuer of securities, Janus may be prohibited from communicating such information to clients or otherwise using such information for clients' or personal benefit. As a result, clients could realize a positive or negative impact to overall performance.

Side-by-Side Management

Janus manages long and short portfolios. 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. Janus maintains 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 the same 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 Janus' accounts.

Charitable Contributions

From time to time, clients or certain financial intermediaries may approach Janus to request that Janus make contributions to certain charitable organizations. Because Janus' contribution may result in the financial intermediary or its employees or representatives recommending Janus or its affiliated investment advisers' products to their underlying clients, the solicitation or contribution raises potential conflicts of interest. As a result, Janus maintains procedures that generally limit the dollar amount and frequency of these types of charitable contributions. As part of these procedures, Janus has implemented a review and approval 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 financial intermediary 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, Janus maintains policies and procedures which generally limit the amount of contributions to political candidates or elected officials. Employees may not make political contributions on behalf of Janus 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 Janus' or any of its affiliates' ability to obtain or maintain business will not be approved.

Our Approach to Other Potential Conflicts

Various parts of this Brochure discuss potential conflicts of interest that arise from our asset management business model. We disclose these conflicts due to the fiduciary relationship we have with our investment advisory clients. As a fiduciary, Janus owes its investment advisory clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different clients; between the firm and clients; or between our employees and our clients. Where potential conflicts arise, we will take steps to



mitigate, or at least disclose, them. Conflicts that we cannot avoid (or chose not to avoid) are mitigated through written policies that we believe protect the interests of our clients as a whole. In these cases – which include issues such as personal trading and client entertainment, discussed above – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, we believe that we handle these conflicts appropriately. These interactions are not static; our business is continually evolving, changes in the firm’s activities can lead to new potential conflicts. We review our policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.

Item 12 – Brokerage Practices

Janus generally selects broker-dealers for clients as part of its discretionary responsibilities. Clients may, in limited circumstances, select their own broker-dealers subject to Janus’ Directed Brokerage Policy described below. Janus’ 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. Janus does not consider a broker-dealer’s sale of shares of its sponsored Funds or gifts and entertainment received from registered representatives of broker-dealers when choosing a broker-dealer to effect transactions.

Janus has a duty to seek to obtain “best execution” for its clients’ portfolio transactions. More specifically, Janus seeks the best net prices and negotiates commissions based on a number of factors, including but not limited to:

- Janus’ 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, Janus may execute transactions with a broker-dealer for a higher commission than another broker-dealer would have charged if Janus determines, 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, Janus may view the value of the services provided either in terms of that particular transaction or the value of the services provided to Janus as they relate to the overall responsibilities of Janus as an investment adviser.

Soft Dollars

Janus receives 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.

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

Client Commission Agreements

Janus has client commission agreements with certain broker-dealers. These agreements allow Janus 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 Janus from generating soft dollar credits on transactions in their accounts. Clients desiring to prohibit Janus from generating soft dollar credits on transactions in their accounts should consider whether they will generally pay the same commission rates as accounts that are not prohibited from generating credits.

Executing Transactions

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

Step-Out Transactions

Janus may use step-out transactions in order to receive research products and services. In a step-out transaction, Janus directs 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

Janus may use new issue designations in return for research products and services. In a new issue designation, Janus directs purchase orders to a broker-dealer that is a selling group member or underwriter of an equity or fixed income new issue offering. Janus then directs 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.

Prime Broker Arrangements

Janus maintains prime brokerage arrangements to facilitate short sale transactions. A prime broker may provide services and products to Janus in connection with the short selling facilities and related services the prime broker provides. Janus typically uses technology and personalized client services, but additional services such as capital introduction, business consulting services and portfolio analytics may also be available from prime brokers.



Janus 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. Janus does not guarantee any brokers the placement of a pre-determined amount of securities transactions in return for the research or brokerage services they provide. Janus does, 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, Janus determines 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 Janus' policies and procedures. In instances when the above services may include components not eligible under Section 28(e), Janus makes 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 Janus and not with client commissions.

During the most recent fiscal year Janus 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,
- opportunities to have discussions with third-party research analysts and to meet with corporate executives,
- access to industry experts,
- brokerage services, including brokerage to effect securities transactions, and
- trading execution services.

Research received from broker-dealers is supplemental to Janus' own research efforts. The brokerage and research products and services furnished by broker-dealers may be used in servicing any or all of Janus' clients and may not necessarily be used by Janus 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.

***Directed Brokerage Policy***

As discussed above, Janus has a duty to seek best execution on all trades. Generally, to the extent that clients request, and subject to Janus' duty to seek best execution, Janus may direct a client's transactions to a particular broker-dealer as part of a Wrap Fee Program, a commission recapture program or otherwise. Janus 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 Janus' duty to seek best execution). Janus does 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. Janus will only direct brokerage commissions pursuant to "step-out" transactions. Janus generally will not direct trades for fixed income, derivative and program trades or for any strategy or account that Janus deems to be unsuitable for directing trades.

Clients desiring to instruct Janus 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 Janus. Such clients may lose the possible advantages, benefits and savings on execution that Janus may be able to obtain for full discretionary accounts. For example, for full discretionary accounts, Janus 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 Janus' approved broker list may also be subject to additional credit and/or settlement risk and may receive prices less favorable than Janus is able to obtain. If a client requests or instructs Janus to direct a portion of the securities transactions for its account to a specified broker-dealer, Janus 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, Janus generally has a duty to seek best execution. Typically Janus places 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 Janus' trading practices.

***Trade Aggregation and Allocation Policy***

Janus 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 Janus or its affiliates. Because Janus generally invests in similar strategies for clients, numerous clients could have similar investment objectives and thus, similar portfolios. As a result, Janus is often purchasing or selling the same security for multiple clients at the same time. In order to obtain efficiencies that may be available for larger transactions, Janus frequently aggregates the orders for its clients for execution, including its and its affiliates' proprietary accounts. Prior to aggregating client orders, however, Janus 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, Janus may average the price of the transactions of these accounts and allocate trades to each account in accordance with Janus' allocation procedures. Pursuant to these procedures, Janus seeks 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. Janus cannot assure equality of allocations among all of its accounts, nor can it 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.

Janus will generally aggregate and/or allocate orders when it has the opportunity to do so. There are instances when circumstances specific to individual clients will limit Janus' 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, Janus 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. Janus may adjust allocations to eliminate fractional shares or odd lots, or to account for minimum trade size requirements and has the discretion to deviate from its allocation procedures in certain circumstances. For example, additional securities may be allocated to client accounts 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 their 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. Clients must be eligible to receive allocations of IPOs pursuant to relevant FINRA regulations. In the event that Janus reasonably determines that a client is not eligible to receive IPO allocations pursuant to these regulations or does not have reasonable assurances that the client is eligible to receive allocations, Janus may prohibit the client's account from receiving any allocations of shares of an IPO. Janus' IPO allocation procedures generally require all IPO shares to be allocated on a pro-rata basis to all participating eligible accounts based on the total assets of each account.

Cross Trades

Janus may arrange to cause one of its clients to sell a security and another of its 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 Janus has substantial ownership or a controlling interest (such as a newly-formed sponsored Fund) on the other side of the transaction.

To address these conflicts, Janus maintains 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. While Janus typically only arranges for cross trades between sponsored U.S. Mutual Funds and non-U.S. Funds, under certain limited circumstances, Janus may arrange for cross trades for other accounts in accordance with Rule 206(3)-2 of the Advisers Act. Janus does not permit cross trades with accounts subject to Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Security Valuation

Janus generally trades 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. Although Janus is not generally the pricing agent for its clients (other than for its sponsored U.S. Mutual Funds) Janus, in certain cases and upon request, may provide a fair value price to a client's pricing agent, solely for informational purposes, for a security in cases where market quotations are not readily available or deemed unreliable due to significant events or other factors. In these instances, the client's pricing agent makes the ultimate determination of the security's value. Because Janus may be compensated based on the value of assets held in an account or based on the performance of the account, Janus may have a potential incentive to set a high valuation for a security; however, Janus does not intend to use valuations that are higher than fair value. Janus believes that this potential conflict may be mitigated by its valuation policy and procedures.

There may be differences in prices for the same security held by Janus' clients because Janus' provided 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 Janus, which may also vary from the exchange rates used for calculation on any given index.

Trade Rotation Policy

When Janus acts as an adviser to Wrap Fee Programs, certain conflicts of interest may arise between the Wrap Fee Programs and also between Wrap Fee Programs and Janus' 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 Janus' investment recommendations before Janus implements the recommendations for its other clients. In addition, conflicts of interest may arise when Janus, in seeking to obtain best execution or in following directed trading instructions, executes trades in the same security for Wrap Fee Programs through different Sponsors (or their affiliated broker-dealers) and its 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 its other



accounts, the possibility exists that trades for a Wrap Fee Program may be executed before or after trades, and at different prices, than for other Wrap Fee Programs and Janus' other accounts.

To address the conflicts of interest and trading matters, Janus maintains brokerage and trading policies, including policies and procedures for best execution discussed above and trade rotation. Janus believes its policies and procedures are consistent with its duties as a fiduciary to treat its 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 Janus determines that there is not sufficient liquidity in the market to support an entire trade or order, Janus will rotate trades between its Wrap Fee Program accounts and its other clients and also between Wrap Fee Programs according to the Sponsors' trading platforms. To the extent Janus deems 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*, Janus does not generally have responsibility or discretion to execute trades for Model Programs. Janus provides information on the model portfolios at the times agreed to in the investment management agreement, which could be before or after Janus executes trades on behalf of its other accounts. Many Sponsors or overlay managers require Janus to provide the model updates as part of Janus' trade rotation procedures.

Janus generally has limited information on whether, at what time, and to what extent, the Sponsor or overlay manager executes Janus' recommendations. Further, Janus generally may wait for Sponsors or overlay managers to confirm execution before continuing its rotation when Model Programs are included in Janus' trade rotation. As a result, Sponsors may initiate trading prior to, at the same time as, or after Janus completes trading for its 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 Janus and the Sponsor have a duty to seek best execution for these clients' trades.



There may be circumstances when Janus, in seeking best execution, executes 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. Janus 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, Janus may trade away or use step-out transactions when Janus believes trading through the Sponsor (or its affiliated broker-dealer) will adversely impact the same or similar trades Janus intends to execute for its other clients. In these circumstances, in addition to other broker-dealers used by Janus, Janus may execute transactions through a broker-dealer that is affiliated with a service provider of Janus. In such cases, Janus acts consistent with its best execution policies and procedures without regard to the services it receives from such service providers. Whenever Janus trades away or uses 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. Janus typically is 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 Janus to execute all transactions or certain securities (for example, equity securities) through the Sponsor (or its affiliated broker-dealer). In those cases, Janus generally requires the Sponsor’s agreement to permit Janus 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 Janus’ best execution policies and procedures and trading instructions that Janus may receive from client agreements. In those cases, Janus will act in a manner that it believes is consistent with the best interests of its clients and its best execution policies and procedures.

ADRs

In certain circumstances, Janus may invest client assets in ADRs. When doing so, depending upon the existence and/or liquidity of the ADR and other factors, these trades may be executed in the U.S. or in a non-U.S. market.



When trades are executed in non-U.S. markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert these non-U.S. securities into U.S. ADRs (denominated in U.S. dollars). Broker-dealers or other securities intermediaries may charge commissions, conversion and/or other fees for converting the securities into ADRs, all of which will be included (i.e. netted) into the price of the securities. These conversion fees may be negotiable, may vary, and typically are paid by the clients.

For Single and Dual Contract Programs, Janus may execute ADR transactions through Sponsors (or their affiliated broker-dealers) or by stepping out such transactions to broker-dealers or other securities intermediaries. See *Wrap Fee Brokerage Practices* in this section for more information about step-out transactions.

Additionally, Janus may convert a non-U.S. security to an ADR that would be considered highly illiquid when traded in the U.S. This may make it difficult to liquidate a position when clients close an account, transfer the assets to another firm, request a withdrawal or other transaction that requires the security be traded domestically versus in the foreign security market. The liquidity, or lack thereof, of the converted ADRs in the U.S. market could result in a transaction price that differs substantially from the transaction price that could be obtained if that same security was transacted in the non-U.S. market.

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 Janus' policy that errors are identified, evaluated, and corrected as expeditiously as possible.

Janus 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 Janus taking transactions into its own account as principal. Such transactions require pre-trade disclosure and written consent from the client under the Advisers Act and are prohibited with respect to client accounts 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 corrected within the client's account(s) that results in a gain accrues to the benefit of a client's account while any error that results in a loss will be reimbursed by Janus to the client's account.



When correcting post-settlement errors, Janus will use its best efforts in its calculation to make the client whole. In order to determine the market price of the intended order, Janus 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 Janus' general practice not to calculate any opportunity costs as part of the trade error correction process. However, in certain extraordinary circumstances, to the extent practical and appropriate, and solely in Janus' judgment, Janus may attempt to estimate opportunity costs. To the extent Janus believes reimbursement of opportunity costs is appropriate, Janus will pay interest based on the prevailing federal funds rate. In certain limited circumstances, Janus may, at its discretion, calculate opportunity costs using alternative methods.

If multiple trade errors in one client 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, Janus may consult with affected clients to discuss an appropriate resolution for correcting an error.

Item 13 – Review of Accounts

Portfolio managers have primary responsibility for reviewing client accounts. On a continuing basis, each portfolio manager evaluates from many viewpoints accounts for which he or she has responsibility, 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. Additionally, the accounts are periodically reviewed by Janus' Investment Risk Committee which is chaired by the Chief Risk Officer and includes the Co-Chief Investment Officers and the Director of Research. The Compliance Department also performs ongoing reviews of all such accounts for compliance with investment policies and restrictions.

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 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. Janus may furnish certain account transaction and portfolio holdings to institutional clients such as non-sponsored 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. Janus will also provide clients, upon request, other information regarding their portfolio within the parameters of its compliance policies.

Janus may also furnish certain account transaction and portfolio holdings to potential clients and other interested third parties (e.g. consultants) provided that Janus determines 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*, Janus encourages all clients to carefully review all statements received and compare their official custodial records to the account statements provided by Janus.

Item 14 – Client Referrals and Other Compensation

Janus maintains an internal bonus compensation plan which rewards its employees for new client account 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. See *Item 10 – Other Financial Industry Activities and Affiliations* for discussion about compensation Janus may receive from its affiliates and a discussion of the potential conflicts of interest which may arise from such arrangements.

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 Janus' 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, Janus 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 Janus or its affiliates, but may recommend Janus or its



affiliated investment advisers to their clients. To the extent Janus enters into a referral arrangement with pension consultants, such arrangement will be in accordance with the Cash Solicitation Rule.

Janus 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 Janus and its affiliated investment advisers. Janus usually pays a fee to the client or intermediary to attend such conferences and its attendance may result in the intermediaries recommending Janus’ and its affiliated investment advisers’ products. Janus also sponsors 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 Janus pays 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 Janus to request charitable contributions. Janus may also be required by contract to provide training regarding Janus’ investment products and services to certain clients on a periodic basis. Janus usually pays some of the expenses associated with this type of training. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information about our policies and procedures to minimize conflicts of interest.

Because Janus receives compensation from affiliated investment advisers for its services, it may have an incentive to recommend these advisers to clients. See *Item 10 – Other Financial Industry Activities and Affiliations* for more information.

Item 15 – Custody

Janus typically does not have custody of its clients’ assets. When Janus is deemed to have custody under Rule 206(4)-2 (the “Custody Rule”) of the Advisers Act because of its role as manager to certain Private Investment Funds, investors receive audited financial statements in accordance with the Custody Rule. Janus may also be deemed to have custody over certain clients’ accounts because of its ability to deduct management fees from such accounts. Clients should receive account statements, at least quarterly, from their qualified custodian.

Whether or not Janus is deemed to have custody over client assets, Janus encourages all clients to carefully review statements received from custodians or other third parties, such as Sponsors, and compare their official custodial records to the account statements provided by Janus. Statements received from Janus may vary from



the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* for more information about Janus' account statements.

Item 16 – Investment Discretion

Pursuant to written investment management agreements, clients may grant Janus discretionary authority which includes the ability to determine the type and amount of securities to be purchased or sold. In all of such cases, Janus exercises such discretion in a manner consistent with the stated investment objectives for the particular client account. In some cases, Janus provides advice on a non-discretionary basis including but not limited to Model Programs.

Janus may be limited in the type or quantity of securities purchased or held due to certain regulatory or internal compliance restrictions. Clients' investment guidelines and restrictions must be provided in writing to Janus. Please refer to *Item 4 – Advisory Business* for additional information on clients' ability to tailor investment guidelines.

Item 17 – Voting Client Securities

Clients may direct Janus 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 Janus. 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 Janus to vote proxies on their behalf, the following policies and procedures apply.

Janus seeks to vote proxies in the best interest of its clients. Janus will not accept direction as to how to vote individual proxies for which it has 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, Janus only accepts direction from a client to vote proxies for that client's account pursuant to the Janus Proxy Voting Guidelines (the "Guidelines") or ISS's recommendations, including recommendations under its Proxy Voter Services program. In addition, a client may instruct Janus in its investment management agreement to vote all proxies strictly in accordance with the ISS Taft-Hartley voting guidelines (the "Taft-Hartley Guidelines").

***ERISA Plan Policy***

On behalf of U.S. client accounts subject to ERISA, Janus seeks to discharge its fiduciary duty by voting proxies solely in the best interest of the participants and beneficiaries of such plans. Janus recognizes that the exercise of voting rights on securities held by ERISA plans for which Janus has voting responsibility is a fiduciary duty that must be exercised with care, skill, prudence and diligence. In voting proxies for ERISA accounts, Janus will exercise its fiduciary responsibility to vote all proxies for shares for which it has investment discretion as investment manager 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.

Conflicts of Interest

Janus' 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. Similarly, for clients who have instructed Janus to vote proxies in accordance with the Taft-Hartley Guidelines, these guidelines are pre-determined by ISS. As a result, application of the Taft-Hartley 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 has discretion to vote differently than the Guidelines and 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 Janus has a business relationship with (or is 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 the appropriate Chief Investment Officer (or the Director of Research) to vote the proxy. If a matter is referred to a Chief Investment Officer 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, Janus will provide its clients with the proxy voting record for that client's account. On an annual basis, Janus will provide its proxy voting record for each sponsored U.S. Mutual Fund for the one-year period ending on June 30th at www.janus.com/proxyvoting. Janus 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 Janus regarding votes cast in contradiction to the Guidelines. In addition, any document prepared by Janus 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 Janus' Proxy Voting Policy and Procedures and Guidelines upon request or by visiting www.janus.com/proxyvoting.

Item 18 – Financial Information

Not applicable.

Additional Supplementary Information***Class Actions and Inadvertent Receipt of Funds***

While Janus files for recoveries on behalf of the various sponsored Funds and proprietary accounts, Janus is generally not able to advise or act on behalf of its clients in legal proceedings, including class actions or bankruptcies, involving securities purchased or held in clients' accounts. Occasionally Janus may receive checks on behalf of clients from administrators distributing funds in settlement of class action lawsuits and regulatory actions. Subject to Janus' obligations under the Custody Rule (defined in Item 5), Janus promptly forwards checks to clients. Typically, the amounts of these checks are relatively small.