



JANUS

## Janus Capital Institutional Advisers LLC

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The information provided in this Brochure is based on the services Janus Capital Institutional Advisers LLC ("Janus Advisers") proposes to provide and describes its practices, policies and procedures in anticipation of future assets.

Janus Advisers offers investment management services solely to private investment funds ("Funds"). This Brochure does not include all of the information that investors need to evaluate investing in a Fund. Janus Advisers offers interests in Funds to investors pursuant to a confidential offering memorandum or similar disclosure document, a subscription agreement and fund organizational documents (collectively, "offering documents"). With respect to any Fund, this Brochure is qualified in its entirety by the Fund's offering documents.

This Brochure provides information about Janus Advisers' qualifications and business practices. 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 U.S. state securities authority or any non-U.S. regulatory authority.

Janus Advisers is a newly-registered 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 Advisers is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



### Item 3 – Table of Contents<sup>1</sup>

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

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<sup>1</sup> 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 Advisers' business, we will indicate it is not applicable.



#### Item 4 – Advisory Business

Janus Advisers, a Delaware limited liability company, is a newly-registered investment adviser headquartered in Denver, Colorado. Janus Advisers, together with Janus Capital Management LLC (“Janus Capital”), a U.S. registered investment adviser, and other U.S. and non-U.S. affiliates in Hong Kong, London, Melbourne, Milan, Munich, Singapore and Tokyo, are part of Janus Capital Group Inc. (“Janus Capital Group”). Janus Capital Group is a public company (NYSE: JNS) offering individual investors and institutional clients complementary asset management disciplines through the firm’s global distribution network. Janus Advisers is wholly-owned by Janus Capital Group.

Janus Advisers further expands the alternative investment strategies offered by Janus Capital Group by providing discretionary investment management services to Funds. Janus Advisers currently offers a global long-short equity strategy. Future Funds may pursue single or multiple strategies. The investment team is led by a portfolio manager with support from Janus Capital’s research analysts and other investment personnel. Janus Capital’s co-Chief Investment Officer of Equities oversees Janus Advisers’ investment team.

Janus Advisers serves as investment manager and provides discretionary advisory services exclusively to Funds. As such, Janus Advisers’ only clients are Funds. Investors in Funds are not considered Janus Advisers’ advisory clients. Each Fund’s investment objectives are described in the Fund’s offering documents. Janus Advisers tailors its advisory services to the Funds, not to the needs of the underlying investors.

As of May 9, 2011, Janus Advisers does not have any assets under management.

#### Item 5 – Fees and Compensation

Janus Advisers generally receives from each Fund a management fee as a fixed percentage of assets and a performance allocation or fee based on the performance achieved by the Fund over a specific period of time. The rates at which fees are charged, and the timing thereof, may vary across Funds and across investment options available to Fund investors. Accordingly, investors in a Fund and in different Funds may not pay the same fees. The Funds’ third-party administrator generally deducts fees directly from the Funds.



Funds pursuing the global long-short strategy generally pay Janus Advisers a quarterly management fee of 2.0% per annum. Janus Advisers is also entitled to receive 20% annual performance allocation or fee based on the performance of the Fund, subject to a loss carryforward. If an investor has a loss chargeable to it during any fiscal year, and during a subsequent fiscal year there is a profit allocable to such investor, Janus Advisers will not receive an incentive allocation until the amount of the previous loss has been recouped.

Management fees for certain Funds are 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 Fund in the event an investor withdraws, Janus Advisers' relationship terminates with the Fund or the Fund dissolves during a quarter. Performance fees are generally payable annually, at the time an investor withdraws or upon dissolution of the Fund.

Janus Advisers may waive or reduce its fees in its sole discretion based on certain criteria including an investor's relationship with the firm, current and anticipated future investments, investment strategy, early investor in a Fund, and share class. Janus Advisers generally waives all fees applicable to principals, employees and their family members and its affiliates. Janus Advisers may enter into "side letter" agreements with certain investors to provide more favorable investment terms to these investors than described in a Fund's offering documents. These terms may include waiver or reductions in management fees and/or performance fees, special rights to make future investments or withdrawals and supplemental reporting.

Funds pay expenses in addition to management and performance fees. These expenses typically include legal, line of credit, accounting, audit and other professional fees and expenses, administration, organizational, research and investment expenses, such as brokerage commissions. Additional details on all fees and expenses and terms of investment are available in the Funds' offering documents.

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

As discussed in *Item 5 – Fees and Compensation*, Janus Advisers is entitled to receive a performance fee based on the performance of a Fund.



As further discussed in *Item 4 – Advisory Business* and *Item 10 – Other Financial Industry Activities and Affiliations*, Janus Advisers and Janus Capital manage accounts, including Funds, with performance-based fees in the same facilities, using the same systems and staffed with the same investment personnel as accounts which do not have performance-based fees. Depending on the performance of Funds with performance fees, Janus Advisers may obtain significantly higher fees from Funds with performance fees than those of other Funds which do not have the same fee structure.

These factors create conflicts of interest because Janus Advisers and Janus Capital (the “Advisers”) and their portfolio managers and other investment personnel may have incentives to favor the performance-based fee accounts over others. Janus Advisers may further have an incentive to invest in more aggressive or speculative positions. The Advisers believe they have reasonable controls in place to mitigate potential conflicts of interest. These controls include trade allocation procedures that govern allocation of securities. See *Item 12 – Brokerage Practices* for additional information about these procedures.

## **Item 7 – Types of Clients**

As discussed in *Item 4 – Advisory Business*, Janus Advisers offers discretionary management services exclusively to Funds exempt from registration under either Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940, as amended (the “1940 Act”). Investors in the Funds must be sophisticated and meet certain qualifications which vary depending on the Fund. Investors typically include institutional investors including pension plans, foundations, endowments, fund of funds and high net worth investors. Janus Advisers reserves the right to accept or reject any subscriptions to a Fund in its sole discretion.

Each investor must meet a minimum investment amount to invest in a Fund which is described in the Fund's offering documents. Janus Advisers may waive the minimum amount in its sole discretion.

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

### ***Global Long-Short Equity Strategy***

The strategy seeks capital appreciation by investing long and engaging in short sales generally, but not exclusively, in publicly traded global equity securities (including American Depositary Receipts, Global



Depository Shares, Exchange Traded Funds and equity options). Janus Advisers seeks to build global long-short equity portfolios through a defined investment process highlighting risk management through the equity selection and portfolio construction processes.

Stock selection for both long and short positions is often started by filtering a wide universe of global equity securities quantitatively for defined quantitative attributes. The filtering process reduces the universe of global stocks into narrow, smaller analyzable quantitative categories. From this tightly defined universe, Janus Advisers then further filters down the list to companies that have the risk profiles and attributes that allow for detailed, bottom-up fundamental analysis. Once both long investment and short sale candidates are analyzed with Janus Advisers' fundamental analytical process, the companies are valued using discounted cash flow ("DCF") analysis under various scenarios. Probability weightings of the possible DCF valuations under different scenarios for each security are then compared to the market price of the security to determine the risk reward and return profile of the security. Janus Advisers will then include what it believes are the most attractive risk reward opportunities in the portfolios.

Janus Advisers believes that the thorough equity selection process is the first important layer of risk management. Janus Advisers constructs a portfolio by controlling the number of positions, managing the historical and predicted correlation among individual long and short positions within the portfolio, and considering the change in the portfolio's correlation with market indices as incremental positions are added or removed. Portfolio optimization is executed by altering the included underlying positions, altering the position sizes, applying derivatives to hedge segments of the portfolio or to hedge the entire portfolio. Janus Advisers believes that additional layers of risk management are reinforced during the portfolio construction described above.

### ***Risks***

Investors should be aware of the risks associated with investing in the Funds. These risks are more fully described in each Fund's offering memorandum. Investors could lose the entire amount of their investments or recover only a small portion of their investments if a Fund suffers substantial losses. There can be no assurance that a Fund will achieve its investment objectives or otherwise be able to carry out its investment program as intended. No Fund's investment program is suitable as the sole investment vehicle for an investor. An investor should only invest in a Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment. Other



factors may also be material to investors. Prospective investors should carefully evaluate with their own legal, tax and financial advisors before deciding to subscribe for interests in a Fund.

Investing in the Funds is subject to numerous risks including:

- General economic and market risks including general economic and market conditions and regulatory risk.
- Investment and trading risks including leverage and the availability of credit, use of derivatives including futures, short sales and options, portfolio concentration, portfolio turnover and expenses, non-U.S. securities risk, currency risk, special situations, prime broker, counterparty and settlement risk and brokerage and custodial risk.
- Fund risks including lack of liquidity, withdrawal and transfer rights and incentive allocations.

This list of risks is qualified in its entirety by the risk factor discussion in each Fund's offering documents.

## **Item 9 – Disciplinary Information**

Not applicable.

For information relating to Janus Capital, please see Janus Capital's Form ADV.

## **Item 10 – Other Financial Industry Activities and Affiliations**

### ***Other Investment Advisers and Broker-dealers***

Janus Advisers is not registered as a broker-dealer, however certain persons listed in Schedule A of Part 1 of Form ADV are registered representatives of Janus Distributors LLC ("Janus Distributors"), an affiliated broker-dealer. These persons do not receive any compensation from Janus Distributors.

Janus Advisers has material relationships with Janus Capital and Janus Capital Asia Limited ("Janus Capital Asia"). Janus Capital is a U.S. registered investment adviser that provides investment management services to institutional and individual investors through a variety of products, including registered investment companies, other pooled investment vehicles, separate accounts and sub-advised relationships. Please see Janus Capital's Form ADV for more information about this adviser.



Janus Advisers shares certain officers, personnel, including investment personnel, and facilities with Janus Capital. Janus Capital also provides certain services to Janus Advisers, which may include but are not limited to, operational and administrative support, compliance, legal, marketing, trading and accounting services. Janus Capital may receive compensation for such servicing activities. Janus Advisers' investment personnel may also provide advisory services to Janus Capital's clients and receive compensation for these services.

Janus Capital pays its employees involved in the sale of Janus Advisers' 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 for dealing in securities and advising on securities. Janus Capital Asia may conduct certain marketing activities and execute trades for various Janus Capital Group affiliates, including Janus Advisers. 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 Advisers may have an incentive to favor a related person over an independent third party. Janus Advisers, however, does not recommend non-affiliated investment advisers to Funds. Janus Advisers also maintains policies and procedures generally designed to minimize conflicts of interest described in *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*.

### ***Other Pooled Investment Vehicles***

Janus Advisers furnishes investment advice, trade execution and certain administrative, legal, compliance and accounting services to the Funds. These pooled vehicles may compensate Janus Advisers for its costs in providing these services. Detailed information on the services and fees can be found in the offering documents.





Janus Advisers may also serve as general partner to a Fund. The Funds are offered solely to “accredited investors” under Regulation D of the Securities Act of 1933, as amended and/or “qualified purchasers” under the 1940 Act. Janus Advisers’ and its affiliates’ clients may be solicited to invest in these Funds.

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

### ***Code of Ethics***

Conflicts of interest 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 Advisers has adopted Janus Capital’s Ethics Rules (“Ethics Rules”), which include the Personal Trading Code of Ethics (the “Personal Trading Code”), Gift and Entertainment Policy and Outside Employment Policy. The Ethics Rules apply to all Janus Advisers personnel and require that Janus Advisers’ 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 Advisers’ personnel:

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

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

- cause a Fund to act or fail to act where doing so is for the person’s benefit rather than the Fund’s;
- profit, or help other people profit, from nonpublic information about portfolio transactions or planned transactions;
- participate in fraudulent conduct involving securities held or to be acquired by any Fund; 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 investors and prospective investors upon request. All potential deviations from or violations of the Ethics Rules are presented to Janus Capital's Ethics Committee, which consists of members of its senior management. The Ethics Committee may impose any sanctions it deems appropriate, including without limitation any one or combination of the following: a letter of censure, disgorging of profits, withholding compensation, suspension of personal trading privileges or termination of employment. If an Ethics Committee member is involved in a matter under review they will be recused from participation and any decision related to the matter.

### ***Personal Trading***

Under the Ethics Rules, Janus Advisers personnel are required to conduct their personal investment activities in a manner that Janus Advisers believes is not detrimental to the Funds. As discussed above, Janus Advisers 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 Code requires Janus Advisers 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 Fund's portfolio. Even when transactions are permitted under the Personal Trading Code, Janus Advisers' 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 disgorge the profits. In addition to pre-clearing personal securities transactions, the Personal Trading Code subjects Janus Advisers personnel to various trading restrictions and reporting obligations.

### ***Interest in Client Transactions***

Potential conflicts of interest may exist if an investment adviser or a related person 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 Fund where Janus Advisers 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 Advisers or the investment personnel could benefit



from the success of a Fund's investments because of its interest in the security or issuer of the security. As part of the Ethics Rules, Janus Advisers maintains procedures to mitigate these potential conflicts.

### ***Participation in Client Transactions and Related Conflicts***

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

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

To address these potential conflicts, Janus Advisers 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 the Funds. See *Item 12 – Brokerage Practices* for additional information about conflicts of interest and Janus Advisers' trading policies. Janus Advisers believes its core responsibility is managing all Funds over which it has discretionary authority to ensure that all benefits arising from its management of a Fund belong to the Fund.

### ***Investment Personnel***

The portfolio manager and other investment personnel (or members of their families) of Janus Advisers and its affiliates may personally invest in certain Funds. Personal investments may vary from Fund to Fund and investment personnel may choose not to invest in all or any Funds. With respect to the global long-short strategy, the portfolio manager has a substantial personnel interest in a Fund. Investing in certain Funds may have a greater impact on their compensation than others and these investments can be a significant portion of a Fund. These factors create potential conflicts of interest as investment personnel may have an incentive to favor certain products over others. Janus Advisers believes that these potential conflicts may be mitigated to a certain extent by policies and procedures that have been put in place to address these issues.

***Material Non-Public Information***

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

***Charitable Contributions***

From time to time, investors and prospective investors may approach Janus Advisers to request that it makes contributions to certain charitable organizations. Soliciting contributions raises potential conflicts of interest and as a result, Janus Advisers maintains procedures that generally limit the dollar amount and frequency of these types of charitable contributions. As part of these procedures, Janus Advisers maintains a review and approval process and requires all contributions be 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 investor or prospective investor 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 Advisers maintain 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 Advisers 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 Capital's Compliance department before making personal political contributions or engaging in political activities. Contributions which may impact Janus Advisers' or any of its affiliate's ability to obtain or maintain business will not be approved.

**Item 12 – Brokerage Practices**

Janus Advisers generally selects broker-dealers for the Funds as part of its discretionary advisory responsibility. Janus Advisers or its affiliates periodically reviews the quality of execution that Janus Advisers receives from broker-dealers and continuously evaluates traditional brokers and other venues for execution capabilities. Janus Advisers does not consider a broker-dealer's sale of affiliates' products



or gifts and gratuities received from registered representatives of broker-dealers when choosing a broker-dealer to effect transactions.

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

- Janus Advisers’ knowledge of currently available negotiated commission rates or prices of securities currently available and other current transaction costs,
- the nature, size and type of the security being traded and the character of the markets for which the security will be purchased or sold,
- the activity, existing and expected, in the market for the particular security and the desired timing of the trade,
- the ability of a broker-dealer to maintain confidentiality, including trade anonymity,
- the quality of the execution, clearance, and settlement services of a broker-dealer,
- the financial stability of the broker-dealer and the existence of actual or apparent operational problems of the broker-dealer,
- the ability of a broker-dealer to provide rebates of commissions to a third party service provider or to a Fund 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 Advisers may execute transactions with a broker-dealer for a higher commission than another broker-dealer would have charged if Janus Advisers 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 Advisers may view the value of the services provided either in terms of that particular transaction or the value of the services provided to Janus Advisers as they relate to the overall responsibilities of Janus Advisers as investment adviser.

### ***Soft Dollars***

Janus Advisers may receive research and other services (other than execution) from broker-dealers and third parties in connection with 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.

### ***Prime Broker Arrangements***

Janus Advisers maintains prime brokerage arrangements to facilitate trading. Janus Advisers may receive products and services from a prime broker, including: technology, personalized services, capital introduction, business consulting services and portfolio analytics. Janus Advisers may have an incentive to use broker-dealers who offer the above services to effect transactions instead of other broker-dealers who do not provide such services, but who may execute transactions at a lower price.

Janus Advisers generally intends to accept research and related services falling within the safe harbor for fiduciaries' use of commissions arising from clients' portfolio transactions established by Section 28(e), although Janus Advisers may make use of certain research and related services that fall outside the safe harbor where this is not otherwise prohibited under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If services obtained by the use of commissions arising from investment transactions managed by Janus Advisers fall outside the safe harbor, they will be limited to services that would otherwise be a direct or indirect expense of the Funds.

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

***Trade Aggregation and Allocation Policy***

Janus Advisers makes investment decisions for each of the Funds independently from those of any other Fund that is or may become managed by Janus Advisers or its affiliates, however, Janus Advisers could be purchasing or selling the same security for multiple Funds at the same time. Janus Capital or its affiliates may also be purchasing or selling the same security for their clients' accounts at the same time as Janus Advisers. Janus Advisers allocates transactions among clients in a manner deemed fair and equitable.

Janus Advisers will generally aggregate and/or allocate orders when it has the opportunity to do so, including with affiliates' accounts and proprietary accounts. There are instances, however, when circumstances specific to a Fund could limit Janus Advisers' ability to aggregate or allocate trades. Additionally, there may be times when there is limited supply or demand for a particular security or investment. In these instances, a Fund may not be able to realize the efficiencies available for larger transactions.

***Cross Trades***

Janus Advisers may arrange to cause one Fund to sell a security and another Fund to purchase the same security at or about the same time, commonly referred to as "cross trades." Janus Advisers may also cross trade with affiliates' sponsored products or clients. 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 client 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 or Fund on one side of the transaction and a proprietary account or an account Janus Advisers has substantial ownership or a controlling interest on the other side of the transaction. To address these conflicts, the Advisers maintain procedures which require that all cross trades be made at an independent current market price. Janus Advisers does not permit cross trades with Funds subject to ERISA and does not permit a cross trade which would be considered a principal transaction.

***Security Valuation***

Janus Advisers generally trades in securities with readily available market prices. If a market quotation is not readily available or is deemed unreliable, Janus Advisers will determine the fair value of a security in good faith in accordance with the applicable Funds' offering documents. Janus Advisers is compensated



based on the value of assets held in an account or based on the performance of the account and, therefore, may have a potential incentive to set a high valuation for a security. Janus Advisers does not intend to use valuations that are higher than fair value and believes that this potential conflict may be mitigated to a certain extent by its valuation policy and procedures.

### **Item 13 – Review of Accounts**

The portfolio manager has primary responsibility for reviewing the Funds' portfolios. On a continuing basis, the portfolio manager evaluates from many viewpoints accounts for which he 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.

Investors generally receive monthly and quarterly written reports showing portfolio activities and performance on a current and year-to-date basis from the custodian or third-party administrator. Each Fund provides unaudited reports at least quarterly and audited year-end financial statements.

Janus Advisers may also furnish certain transaction information and portfolio holdings to potential investors and other interested third parties (e.g. consultants) if Janus Advisers determines there is a legitimate business purpose to provide the information.

### **Item 14 – Client Referrals and Other Compensation**

As discussed in *Item 10 – Other Financial Industry Activities and Affiliations*, Janus Capital maintains an internal bonus compensation plan which rewards its employees for new investor relationships they develop for Janus Advisers to the extent permitted by law.

Janus Advisers does not currently maintain any direct referral arrangements. To the extent Janus Advisers enters into referral arrangements with unaffiliated persons, including pension consultants, it expects to pay a percentage of the management fee it receives from referred investors to these unaffiliated persons. These referral arrangements are entered into in accordance with Rule 206(4)-3 of the Advisers Act (the "Cash Solicitation Rule").





Further, from time to time, Janus Advisers may have arrangements in place to purchase services, publications, general consulting advice, conference attendance, or limited advisory services from pension consultants. In most cases, these consultants do not solicit investors on behalf of Janus Advisers or its affiliates, but may recommend Janus Advisers 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.

### **Item 15 – Custody**

When Janus Advisers is deemed to have custody under Rule 206(4)-2 (the “Custody Rule”) of the Advisers Act, the Fund employs a qualified custodian who is responsible for the safekeeping of assets. Investors in the Funds receive audited financial statements in accordance with the Custody Rule.

### **Item 16 – Investment Discretion**

Janus Advisers maintains discretionary authority to invest and reinvest the assets of the Funds. In all of such cases, Janus Advisers exercises this discretion in a manner consistent with the Funds’ objectives described in the offering documents.

### **Item 17 – Voting Client Securities**

Janus Advisers seeks to vote proxies in the best interest of the Funds. Janus Advisers does not accept direction as to how to vote individual proxies from investors, any other person or organization (other than the research and information provided by Institutional Shareholder Services Inc.). Janus Advisers delegates administration of its proxy voting to Janus Capital. Janus Advisers votes proxies for the Funds according to the following policies and procedures.

#### ***Conflicts of Interest***

Janus Capital’s proxy voting committee (the “Committee”) monitors and resolves possible material conflicts with respect to Janus Advisers’ proxy voting matters. Because Janus Advisers’ Proxy Voting Guidelines (the “Guidelines”) are pre-determined and designed to be in the best interests of shareholders, application of the Guidelines to vote proxies should, in most cases, adequately address any possible conflicts of interest. On a quarterly basis, the Committee reviews records of votes that were cast



inconsistently with the Guidelines and the related rationale for such votes. Additionally, and in instances where a portfolio manager proposes to vote a proxy inconsistent with the Guidelines and a potential conflict of interest is identified, the Committee reviews the 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 Advisers 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 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 Janus Capital's co-Chief Investment Officer of Equities to vote the proxy. If a matter is referred to Janus Capital's co-Chief Investment Officer of Equities 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 Advisers provides investors with the proxy voting record for that portfolio. Janus Capital, on Janus Advisers' behalf, retains proxy statements received regarding Funds' securities, records of votes cast on behalf of the Funds, records of investor requests for proxy voting information and all documents prepared by Janus Advisers regarding votes cast in contradiction to the Guidelines. In addition, any document prepared by Janus Advisers that is material to a proxy voting decision will be kept, such as the Guidelines, the Committee materials and other internal research relating to voting decisions. 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 on request. All proxy voting materials and supporting documentation are retained for a minimum of six years.

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

### **Item 18 – Financial Information**

Not applicable.