

ITEM 1: COVER PAGE

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March 31, 2018

This brochure provides information about the qualifications and business practices of Waddell & Reed Investment Management Company. If you have any questions about the contents of this brochure, please contact us at: 913-236-1415, or by email at: IMCompliance@waddell.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), or by any state securities authority or any non-U.S. regulatory authority.

Waddell & Reed Investment Management Company is a registered investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Waddell & Reed Investment Management Company is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This Brochure, dated March 31, 2018, 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 management services 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.

Following is a list of the material changes that have been made since our last annual amendment to the Brochure, dated March 31, 2017.

- Item 4 was updated to reflect the merger of the Waddell & Reed Advisor Funds into certain of the mutual funds managed by WRIMCO's affiliate, Ivy Investment Management Company and to describe the types of discretionary investment advisory and management services WRIMCO currently provides.
- Other updates were made throughout the Brochure to describe changes to our business and affiliations that have resulted from the Waddell & Reed Advisor Funds mergers.
- The discussion of investment strategies and risks under Item 8 was updated to ensure that the information provided is current and complete.
- The discussion of order aggregation policies under Item 12 was updated to explain the circumstances under which transactions for clients with directed brokerage arrangements may be aggregated with the transactions of clients that do not have such arrangements.
- Discussions concerning model portfolios were removed throughout the Brochure.

We have also updated any out-of-date information and have made other immaterial changes throughout the document.

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ITEM 4: ADVISORY BUSINESS

Firm Description

Waddell & Reed Investment Management Company (“WRIMCO”), through its predecessors, has provided investment management services since 1972 and has been registered with the SEC since 1991. WRIMCO is a wholly owned, indirect subsidiary of Waddell & Reed Financial, Inc. (“WDR”). WDR is a publicly traded (NYSE:WDR) national financial services firm and is one of the oldest mutual fund complexes in the United States, having introduced the Waddell & Reed Advisors Group of Mutual Funds (formerly, the United Group of Mutual Funds) in 1940. Waddell & Reed, Inc., a subsidiary of WDR and WRIMCO’s parent company, was founded in 1937. WDR, either directly or through its investment management subsidiaries, has provided continuous investment management services for over 80 years.

WRIMCO provides advisory services to a variety of clients, including defined benefit pension plans, non-proprietary U.S. investment companies, non-U.S. pooled vehicles, defined contribution plans, charitable foundations, and high net worth clients.

As of December 31, 2017, WRIMCO also provided investment management services for the Waddell & Reed Advisors Mutual Funds. As of the date of this Brochure, the Waddell & Reed Advisors Mutual Funds have been merged with certain of the mutual funds managed by WRIMCO’s affiliate, Ivy Investment Management Company (“Ivy”). Assets under management reported as of December 31, 2017, include the assets of the Waddell & Reed Advisors Mutual Funds that have since been merged into funds managed by Ivy.

Through all market cycles, WRIMCO remains dedicated to the following investment principles:

- Rigorous fundamental research – an enduring investment culture that dedicates itself to analyzing companies on its own rather than relying exclusively on widely available research produced by others.
- Collaboration and accountability – a balance of collaboration and individual accountability, which ensures the sharing and analysis of investment ideas among investment professionals while empowering portfolio managers to shape their portfolios individually.
- Growth and protection of investors’ assets – a sound approach that seeks to capture asset appreciation when market conditions are favorable and, especially, strives to manage risk during difficult periods.

These three principles shape WRIMCO’s investment philosophy and approach to asset management. Through bull and bear markets, WRIMCO’s investment professionals have not strayed from WRIMCO’s time tested investment process centered on fundamental research.

Types of Advisory Services

WRIMCO provides discretionary investment advisory and management services to:

- Third-party (unaffiliated) U.S. Mutual Funds (in each instance, WRIMCO serves as a sub-adviser to the relevant fund);
- UCITS (Undertakings for Collective Investments in Transferable Securities), organized and existing under the laws of Luxembourg;

- Privately placed commingled or pooled investment vehicles (“Private Funds”), each sponsored and managed by WRIMCO or its affiliates and organized as domestic limited liability companies; and
- Separately managed accounts.

Sub-Advised Funds, UCITS and Private Funds are collectively referred to in this document as “Pooled Accounts”.

Separately managed (i.e., private client or institutional) accounts are managed in accordance with each client’s investment objectives, strategies, restrictions and guidelines, as communicated to WRIMCO by the client. The Pooled Accounts are managed in accordance with each Pooled Account’s investment objectives, strategies and restrictions and are not tailored to the individualized needs of any particular interest-holder in the applicable fund (each, an “Investor”). Therefore, Investors should consider whether the applicable Pooled Account meets their investment objectives and risk tolerance prior to investing. Information about each of the Pooled Accounts can be found in each fund’s relevant registration statement, offering memorandum, prospectus, statement of additional information or similar disclosure and governing documents (collectively, the “offering documents”).

Each Pooled Account is itself a “client” of WRIMCO. Investors in Pooled Accounts are not considered WRIMCO’s advisory clients by virtue of their investment into one of the Pooled Accounts. However, an Investor may be a client of WRIMCO to the extent they have entered into an investment management agreement with WRIMCO for investment advisory services separate and apart from their investment in one of the Pooled Accounts. With respect to any Pooled Account, this Brochure is qualified in its entirety by the relevant Pooled Account’s offering documents.

WRIMCO’s services include, but are not limited to, active portfolio management, issuance of quarterly reports on client investments, periodic written material on investments, the economy and other issues deemed relevant for the client accounts and periodic personal visits as agreed to between WRIMCO and the client. WRIMCO buys and sells securities through registered broker-dealers that are unaffiliated with WRIMCO.

For Private Funds, WRIMCO or its affiliates may also act as a general partner or managing member. WRIMCO does not sponsor or administer any wrap fee programs.

Assets Under Management

As of 12/31/2017, the amount of client assets managed by WRIMCO on a discretionary and non-discretionary basis was as follows:

Type of Account	Assets Under Management
Discretionary	\$ 19,235,358,838
Non-Discretionary	0
Total	\$ 19,235,358,838

ITEM 5: FEES AND COMPENSATION

WRIMCO generally charges clients asset-based investment management fees for the investment advisory services it provides. WRIMCO's 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 WRIMCO deems relevant. The fees applicable to each Pooled Account managed by WRIMCO are outlined in each Pooled Accounts offering documents. In addition, WRIMCO's current institutional fee schedule ranges from 40-85 bps on an annual basis for domestic equity investment strategies, 65-85 bps for global and international equity alternative strategies and 20-55 bps for fixed-income and balanced strategies. WRIMCO may also receive a performance allocation or performance fee from certain client accounts based on the performance achieved by an account, provided the client is a "Qualified Client" as defined under the Advisers Act. See Item 6 – "Performance-Based Fees and Side-by-Side Management" for more information about performance based fees.

WRIMCO's investment management fees are typically calculated as a percentage of the market value of an account's assets under management in accordance with its contractual agreements. Fee breakpoints are available for certain strategies and product types. In certain instances, WRIMCO calculates the fee rate applicable to a client based on the assets held across multiple accounts managed by WRIMCO for the client. Clients that became WRIMCO clients prior to the date of this brochure may have different fee arrangements from those described above. Each such fee arrangement is outlined in either the applicable offering documents or investment management agreement entered into between WRIMCO and the client.

WRIMCO 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 WRIMCO deems relevant. In appropriate circumstances, WRIMCO may waive or reduce all or a portion of the fees charged to particular clients in its sole and absolute discretion. Fees may be waived or reduced for accounts held by or on behalf of WRIMCO and its employees, principals, shareholders or affiliates. WRIMCO may also enter into "side letter" agreements with certain Investors in Private Funds to provide different or more favorable terms to these Investors than described in a Private Fund's offering documents. These terms may include waived or reduced management fees. Assets from related accounts in similar Pooled Accounts may be aggregated for fee calculation purposes.

WRIMCO is limited in its ability to negotiate fees, in part, due to historic client contracts, which generally require WRIMCO to charge the same fee schedule to similarly-situated clients. WRIMCO generally considers separately managed account clients to be similarly-situated if they are domiciled in the same country, are invested in the same investment vehicle managed as a component of the same investment strategy, are of the same client type and have a similar account size, among other factors.

Fee Billing

As a general matter, advisory fees for clients other than Third-party U.S. Mutual Funds are billed quarterly, in arrears. Sub-advisory fees for Third-party U.S. Mutual Funds are calculated daily, but generally paid monthly. Invoices for advisory fees are payable upon receipt. Fees are ordinarily based on the level of total assets under management within the relevant account(s), including allocations to cash, on the appropriate valuation day.

Fee calculation methods are dictated by the client's investment management agreement and/or the relevant offering documents. Most commonly, the quarterly fee is calculated by applying the annual fee rate to the average assets and dividing by four. The average value of assets for each quarter is generally determined by adding the market value of the assets, as determined by WRIMCO in accordance with commercially reasonable practices, at the beginning of the first day of the quarter and the market value of the assets at the end of the last day of each month during the quarter and dividing by four. Calculations are based on market value, which includes realized and unrealized gains and losses. Upon agreement, aggregated assets of all clients managed by WRIMCO may be used to determine any fee breakpoints. Fees will then be applied on a pro-rata basis to the various client accounts. If assets are managed for a partial quarter, the fee is prorated.

If a client requests that WRIMCO automatically deduct investment management fees from its account(s), WRIMCO will bill the client's custodian directly.

Other Fees

The advisory fees described above do not include brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients incur certain charges imposed by third parties such as custodial fees and mutual fund fee expenses. Clients incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for client accounts. Please see Item 12 – "Brokerage Practices" in this Brochure for additional important information about the brokerage and transaction practices of WRIMCO.

Except as otherwise agreed in the relevant investment management agreement, each account bears (and the fees described above do not include) custodial charges; brokerage fees, commissions and related costs and expenses; taxes, duties and other governmental charges; transfer fees, registration fees and other expenses associated with the purchase, holding or sale of assets; costs and charges associated with making deposits in connection with foreign exchange transactions; withholding taxes payable and required to be withheld by issuers, their agents and others; audit, administrative and other expenses associated with regulator or tax compliance or investment operations; as well as such other expenses as may be set forth in the account's relevant offering documents and/or the applicable investment management agreement. Such fees, expenses, costs and charges will reduce the assets held in, and the returns experienced by, an account.

The charges, fees and commissions incurred as a result of transactions made in a client's account are exclusive of and in addition to the fees charged by WRIMCO and are generally paid out of the assets in the account.

Cash balances in certain institutional separate accounts may be invested in unaffiliated short-term investment funds (“STIF”) designated by the client or its custodian. Since current information about STIF holdings is generally not available, WRIMCO does not attempt to assess the quality of the underlying assets of a STIF selected by a client or its custodian. WRIMCO does not provide any advisory fee credit for client assets invested in a STIF, which means that such assets will typically bear not only their proportionate share of the expenses of the STIF, but also management fees charged by WRIMCO. A client should review the fees charged by any third party together with the fees charged by WRIMCO to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Neither WRIMCO nor any of its advisory personnel receive compensation for the sale of securities or other investment products purchased for a client’s account.

WRIMCO may enter into agreements to compensate another firm for referring institutional investment management services. Such “referral agreements” are governed by the “Solicitor Rule” (Rule 206(4)-3 of the Advisers Act). The fees paid by a client to WRIMCO will not be affected by any such arrangement. See Item 14 – “Client Referrals and Other Compensation” for further information regarding referral agreements.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

In certain instances, WRIMCO offers a fee alternative in the form of specifically negotiated performance fee arrangements. Performance-based fees are negotiated in compliance with Rule 205-3 of the Advisers Act and are charged only to “Qualified Clients” as defined in that rule. Performance-based fees typically consist of a base management fee plus an adjustment based on investment performance compared to an established benchmark index or compared to rankings of similar funds over a specified period of time.

The ability to earn incentive compensation creates the potential for conflicts of interest including that where WRIMCO charges a performance fee, it may have a financial incentive to make riskier or more speculative investments for accounts paying such fees. Moreover, because WRIMCO manages various accounts that have different fee arrangements (including circumstances where some accounts pay only asset-based management fees while other accounts may be subject to both asset-based management fees and performance-based fees); that may also have similar investment styles or otherwise compete for investment opportunities; that have differing abilities to engage in similar investment strategies; or where WRIMCO, its personnel or affiliates have differing personal or proprietary interests, WRIMCO may have an incentive to favor certain accounts over others that may be less lucrative for WRIMCO. WRIMCO has adopted policies and procedures with respect to, among other things, the allocation of investment and trading opportunities, which WRIMCO believes are reasonably designed to mitigate these and other conflicts associated with such “side-by-side” management.

ITEM 7: TYPES OF CLIENTS

Description

WRIMCO provides or may provide investment management services for a variety of clients, including:

- Open-end mutual funds;
- Public and private institutional clients, including government entities, pension plans, Taft-Hartley plans, corporations, charitable organizations (foundations, endowments, etc.) and insurance companies;
- High net worth individuals;
- Third-party U.S. open-end mutual funds;
- UCITS (Undertakings for Collective Investments in Transferable Securities); and
- Private funds in the form of privately placed commingled or pooled investment vehicles organized as U.S. limited liability companies.

To help the U.S. government fight the funding of terrorism and money laundering activities, WRIMCO seeks to obtain, verify, and record information that identifies each client who retains WRIMCO to manage its account or who invests in a fund managed by WRIMCO. In this regard, when a client or investor seeks to open an account, WRIMCO may ask for the name, address, tax/employer identification number (or any other registration number issued in the jurisdiction of location or incorporation) and other reasonably required information that will allow WRIMCO to identify the client. WRIMCO may ask for information and documentation regarding source of funds to be invested. WRIMCO also reserves the right to ask for more information regarding the individuals who are beneficial owners of, or exercise control over, the client account. WRIMCO may ask for the names of such beneficial owners and may also ask for addresses, dates of birth, and other information that will allow WRIMCO to identify such beneficial owners. WRIMCO may also request such other information as may be necessary to comply with applicable law. Furthermore, WRIMCO may verify any of the aforementioned information using third-party sources and may share that information as required by applicable law or in connection with the execution of trades on behalf of that client or investor. In certain circumstances, WRIMCO may rely on its client's or investor's broker-dealer, administrator, transfer agent, custodian or placement agent to obtain, verify and record the required information.

Account Minimums

For new accounts, WRIMCO generally requires the following account minimums:

ACCOUNT	ASSET MINIMUM
EQUITY	
Core	\$15 Million
Small Cap Growth	\$20 Million
Mid Cap Growth	\$20 Million
Large Cap Growth	\$20 Million
Large Cap Value	\$10 Million
International Core	\$20 Million
Global Growth	\$20 Million
Energy	\$20 Million
BALANCED	\$15 Million
FIXED-INCOME	
Core	\$3 Million
Core Intermediate	\$3 Million

**GLOBAL TACTICAL
ASSET ALLOCATION**

Asset Strategy

\$25 Million

WRIMCO may consider accounts below the minimum assets shown under certain circumstances.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

The investment strategy for a specific separate account client is based upon the objectives stated by the client during consultations. Each client executes investment guidelines that document their objectives and their desired investment strategy. The client may change these objectives at any time.

For Pooled Accounts, please refer to their respective offering documents for a detailed discussion of the investment strategy and material risks associated with each particular Pooled Account.

Asset Strategy Style

WRIMCO seeks to achieve an objective of total return by allocating assets primarily among stocks, bonds and short-term instruments of issuers in markets around the globe, as well as in derivative instruments, precious metals and investments with exposure to various foreign currencies. WRIMCO may invest assets in any market that it believes can offer a high probability of return or, alternatively, can provide a high degree of relative safety in uncertain times. Dependent on its outlook for the U.S. and global economies, WRIMCO identifies investment themes and then focuses its strategy on allocating assets among stocks, bonds, cash, precious metals, currency and derivative instruments, including derivatives traded over-the-counter or on exchanges. After determining these allocations, WRIMCO seeks attractive opportunities within each market by focusing generally on issuers in countries, sectors and companies with strong cash flow streams, the ability to return capital to shareholders and low balance sheet leverage. WRIMCO may, however, also invest in issuers with higher balance sheet leverage if WRIMCO believes there will be appropriate compensation for the increased risk. Within each investment type, WRIMCO may invest in U.S. and foreign securities. Accounts managed in this style may invest up to 100% of total assets in foreign securities, and in securities denominated in currencies other than U.S. dollar. Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, accounts managed in this strategy may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets. The strategy also may invest in private placements and other restricted securities including issuers located in or generating revenue from emerging markets.

WRIMCO may allocate its investments among these different types of securities in different proportions at different times, including up to 100% in stocks, bonds, or short-term instruments, respectively. WRIMCO may exercise a flexible strategy in the selection of securities and is not required to allocate its investments among stocks and bonds in any fixed proportion, nor is it limited by investment style or by the issuer's location, size, market capitalization or industry sector. An Asset Strategy account may have none, some or all of its assets invested in each asset class in relative proportions that change over time based upon market and economic conditions. Subject to diversification requirements and applicable

client guidelines, WRIMCO also may invest up to 25% of an Asset Strategy account's total assets in precious metals.

Generally, in determining whether to sell a security, WRIMCO considers many factors, which may include a deterioration in a company's fundamentals caused by global-specific factors such as geopolitical landscape changes, regulatory or currency changes, or increased competition, as well as company-specific factors, such as reduced pricing power, diminished market opportunity, or increased competition. WRIMCO also may sell a security if the price of the security reaches what WRIMCO believes is fair value to reduce the account's holdings in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

WRIMCO may, when consistent with the strategy's investment objective, seek to hedge market risk on equity securities, manage and/or increase exposure to certain securities, companies, sectors, markets, foreign currencies and/or precious metals and seek to hedge certain event risks on positions held. In an effort to hedge market risk and manage and/or increase exposure to companies, sectors or equity markets, WRIMCO may utilize various instruments including, but not limited to, the following: futures contracts, both long and short positions on foreign and U.S. equity indexes; total return swaps; credit default swaps; and options contracts, both written and purchased, on foreign and U.S. equity indexes and/or on individual equity securities. In seeking to manage foreign currency exposure, WRIMCO may utilize forward contracts and option contracts, both written and purchased, either to increase or decrease exposure to a given currency. In seeking to manage event risks, WRIMCO may utilize total return swaps, short futures on commodities, as well as on foreign and domestic equity indexes and options contracts, both written and purchased, on individual equity securities owned. In seeking to manage exposure to precious metals, WRIMCO may utilize long and short futures contracts, as well as options contracts, both written and purchased, on precious metals. WRIMCO also may utilize derivatives for income enhancement purposes. WRIMCO may reduce the net equity exposure by selling, among other instruments, combined futures and option positions.

While some accounts can directly hold gold bullion and other commodities, in other cases, WRIMCO may gain exposure to commodities, including precious metals, derivatives and commodity-linked instruments, by investing in a subsidiary corporation of a client, typically organized in the Cayman Islands. Should an account invest in a subsidiary corporation, the investment would be expected to provide exposure to investment returns from commodities, derivatives and commodity-linked instruments within the limits of applicable federal tax requirements. The subsidiary corporation is subject to the same general investment policies and restrictions as the relevant account, and WRIMCO will be subject to the same investment restrictions and operational guidelines that apply to the management of the client account.

Style Specific Risks

Commodities Risk. Commodity trading, including trading in precious metals, generally is considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of investments in commodities are resource availability, commodity price volatility, speculation in the commodities markets, cyclical economic conditions, sudden political events and adverse international monetary policies. Markets for commodities are likely to be volatile, and there may be sharp

price fluctuations even during periods when prices overall are rising. Also, an account may pay more to store and accurately value its commodity holdings than it does with its other portfolio investments.

Derivatives Risk. The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects the value of the investments and the risk that fluctuations in the value of the derivatives may not correlate with the reference instrument underlying the derivative. Derivatives can be highly complex, can create investment leverage, may perform in unanticipated ways and may be highly volatile, and the account could lose more than the amount it invests. Derivatives may be difficult to value and may at times be highly illiquid, and the account may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Moreover, some derivatives are more sensitive to interest rate changes and market price fluctuations than others. To the extent the judgment of WRIMCO as to certain anticipated price movements is incorrect, the risk of loss may be greater than if the derivative technique(s) had not been used. When used for hedging, the change in value of the derivative also may not correlate specifically with the security or other risk being hedged. Suitable derivatives may not be available in all circumstances, and there can be no assurance that the account will use derivatives to reduce exposure to other risks when that might be beneficial. Derivatives also may be subject to counterparty risk, which includes the risk that a loss may be sustained as a result of the insolvency or bankruptcy of, or other non-compliance by, another party to the transaction. When the account uses derivatives, it likely will be required to provide margin or collateral and/or segregate cash or other liquid assets in a manner that satisfies contractual undertakings and regulatory requirements. The need to provide margin or collateral and/or segregate assets could limit the account's ability to pursue other opportunities as they arise. Ongoing changes to regulation of the derivatives markets and potential changes in regulation on the use of derivative instruments could limit an account's ability to pursue its investment strategies.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Investment Company Securities Risk. Investment in other investment companies typically reflects the risks of the types of securities in which the investment companies invest. When the account invests in another investment company, owners of the account bear their proportionate share of the other investment company's fees and expenses as well as their share of the account's fees and expenses, which could result in the duplication of certain fees.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Low-Rated Securities Risk. In general, low-rated debt securities (commonly referred to as “high yield” or “junk” bonds) offer higher yields due to the increased risk that the issuer will be unable to meet its obligations on interest or principal payments at the time called for by the debt instrument. For this reason, these securities are considered speculative and could significantly weaken the account’s returns. In adverse economic or other circumstances, issuers of these low-rated securities and obligations are more likely to have difficulty making principal and interest payments than issuers of higher-rated securities and obligations. In addition, these low-rated securities and obligations may fluctuate more widely in price and yield than higher-rated securities and obligations and may fall in price during times when the economy is weak or is expected to become weak. Issuers of securities that are in default or have defaulted may fail to resume principal or interest payments, in which case the account may lose its entire investment. The creditworthiness of issuers of low-rated securities may be more complex to analyze than that of issuers of investment-grade debt securities.

Subsidiary Corporation Risk. By investing in a subsidiary corporation, an account in the Asset Strategy style may be exposed to the risks associated with the subsidiary corporation’s investments. The subsidiary corporation is not registered under the Investment Company Act of 1940, as amended (the “1940 Act”) and is not subject to all of the investor protections of the 1940 Act. Thus, as investors in the subsidiary corporation, WRIMCO’s clients would not have all of the protections offered to investors in registered investment companies. However, because a subsidiary corporation will be managed by WRIMCO, it is unlikely that the subsidiary corporation would take action contrary to the interests of WRIMCO’s clients. In addition, changes in the laws of the United States or the foreign country in which the subsidiary corporation is organized could result in the inability of the subsidiary corporation and the style to operate as intended and could negatively affect investors.

Private Placements and Other Restricted Securities Risk. Restricted securities, which include private placements, are securities that are subject to legal or contractual restrictions on resale, and there can be no assurance of a ready market for resale. Privately placed securities and other restricted securities will have the effect of increasing the level of illiquidity to the extent the account finds it difficult to sell these securities when WRIMCO believes it is desirable to do so, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, and the prices realized could be less than those originally paid or less than the fair market value. At times, the illiquidity of the market, as well as the lack of publicly available information regarding these securities, also may make it difficult to determine the fair value of such securities.

U.S. Government Securities Risk. Certain U.S. government securities, such as U.S. Treasury (Treasury) securities and securities issued by the Government National Mortgage Association (Ginnie Mae), are backed by the full faith and credit of the U.S. government. Other U.S. government securities, such as securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (FHLB), are not backed by the full faith and credit of the U.S. government and, instead, may be supported only by the credit of the issuer or by the right of the issuer to borrow from the Treasury.

Core Equity Style

WRIMCO seeks to achieve an objective of capital growth and appreciation by investing primarily in common stocks of large-capitalization companies. The strategy seeks to invest in companies that WRIMCO believes have a leading market position or sustainable competitive advantage in their industry. Large-capitalization companies typically are companies with market capitalizations of at least \$10 billion at the time of acquisition. The strategy invests in securities that have the potential for capital appreciation, or that WRIMCO expects to resist market decline. Although the strategy primarily invests in securities issued by large-capitalization companies, it may invest in securities issued by companies of any size. The strategy may invest in securities of companies across the valuation spectrum, including securities issued by growth and value companies.

WRIMCO believes that long-term earnings potential relative to market expectations is an important component for stock performance. WRIMCO utilizes a top-down (assessing the market environment) and a bottom-up (researching individual issuers) analysis in its securities-selection process and seeks to exploit what it believes to be catalysts for multi-year earnings growth in companies that it believes have strong or strengthening competitive advantages.

From a top-down perspective, WRIMCO seeks to identify current trends or themes which indicate specific industries that have the potential to experience multi-year growth. WRIMCO considers various thematic catalysts in its analysis, including major macroeconomic and political forces, cyclical inflections, changes in consumer behavior and technology shifts. Once a trend or theme is identified, WRIMCO seeks to invest for the strategy in what it believes are dominant companies that will benefit from these trends or themes, including companies that WRIMCO believes have long-term earnings potential that exceeds market expectations.

Through its bottom-up stock selection, WRIMCO searches for companies for which it believes market expectations are too low with regard to the ability of the companies to grow their businesses. In selecting securities for the strategy, WRIMCO may consider whether a company has new products to introduce, has undergone cost restructuring or a management change, or has improved its execution, among other factors. This strategy typically holds a limited number of stocks (generally 40 to 50).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, this strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

Generally, in determining whether to sell a security, WRIMCO uses the same type of analysis that it uses in buying securities. Among other factors, WRIMCO considers whether, in its opinion, the security has fully appreciated according to WRIMCO's forecast, has ceased to offer the prospect of significant growth potential, has had its competitive barriers diminished, has seen its earnings catalyst lose its impact, or has performed below WRIMCO's expectations regarding the company's long-term earnings potential. WRIMCO also may sell a security to reduce an account's holding in that security, if that issuer's competitive advantage has diminished, or if the strategy's portfolio managers lose conviction in a

previously identified trend or theme, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Catalyst Risk. Investing in companies in anticipation of a catalyst carries the risk that certain of such catalysts may not happen or the market may react differently than expected to such catalysts, in which case an account may experience losses.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Theme Risk. Because this investment strategy incorporates the identification of themes, an account's performance may suffer if WRIMCO does not correctly identify such themes or if a theme develops in an unanticipated way.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of WRIMCO, undervalued. The value of a security believed by WRIMCO to be

undervalued may never reach what is believed to be its full value; such security's value may decrease or such security may be appropriately priced.

Large Cap Growth Style

WRIMCO seeks to achieve its objective of capital growth by investing primarily in a diversified portfolio of common stocks issued by large-capitalization, growth-oriented companies with above-average levels of profitability and that WRIMCO believes have the ability to sustain growth over the long term. Large capitalization companies typically are companies with market capitalizations of at least \$10 billion at the time of acquisition. Growth-oriented companies are those whose earnings WRIMCO believes are likely to grow faster than the economy.

WRIMCO primarily utilizes a bottom-up (researching individual issuers) strategy in selecting securities for the Large Cap Growth Style and seeks to invest in companies that it believes possess or have the potential to achieve dominant market positions and/or structural competitive advantages. WRIMCO believes that these characteristics can help to mitigate competition and lead to more resilient and sustainable revenue and earnings growth.

WRIMCO begins its investment process by screening large-capitalization companies based on profitability, and then attempts to focus on companies operating in large, growing, addressable markets (generally, the total potential markets for their goods and services) whose competitive market position WRIMCO believes will allow them to grow faster than the general economy. The key factors WRIMCO typically analyzes consist of: a company's brand equity, proprietary technology, economies of scale, barriers to entry, strength of management and level of competitive intensity; return of capital in the form of higher dividends or share repurchases; strong balance sheets and cash flows; the threat of substitute products; and the interaction and bargaining power between a company, its customers, suppliers and competitors. The strategy typically holds a limited number of stocks (generally 40 to 60).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, the strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

In general, WRIMCO may sell a security when, in WRIMCO's opinion, a company experiences deterioration in its growth and/or profitability characteristics, or a fundamental breakdown of its sustainable competitive advantages. WRIMCO also may sell a security if it believes that the security no longer presents sufficient appreciation potential; this may be caused by, or be an effect of, changes in the industry or sector of the issuer, loss by the company of its competitive position, poor execution by management and/or poor use of resources. WRIMCO also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Large Cap Value Style

WRIMCO's seeks to provide capital appreciation by investing in the common stocks of primarily large capitalization companies that WRIMCO believes are undervalued, trading at a significant discount relative to the intrinsic value of the company as estimated by WRIMCO and/or are out of favor in the financial markets but have a favorable outlook for capital appreciation. Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with market capitalizations of at least \$10 billion at the time of acquisition), it may invest in securities issued by companies of any size. The strategy seeks to be diversified across various industries in an effort to manage risk and in an attempt to limit excess volatility.

To identify securities for the strategy, WRIMCO primarily utilizes fundamental, bottom-up (researching individual issuers) research while considering top-down (assessing the market environment) and quantitative analyses. WRIMCO primarily determines the estimated intrinsic value of companies based on cash flow generation, but WRIMCO may consider other valuation factors such as price to earnings and price to book value. WRIMCO also considers other operational factors of a company', including, among others, asset growth, changes in share count, and changes in working capital. This style emphasizes companies that WRIMCO believes have clearly identifiable catalysts that will help the companies achieve

their estimated intrinsic values. The strategy typically holds a limited number of stocks (generally 30 to 45).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, the strategy may have indirect exposure to various foreign markets through investments in these companies, even if the strategy is not invested directly in such markets.

WRIMCO typically will sell a stock when, in WRIMCO's opinion, it reaches an acceptable price, its fundamental characteristics have changed or it has performed below WRIMCO's expectations. WRIMCO also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities, or to raise cash.

Style Specific Risks

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of WRIMCO, undervalued. The value of a security believed by WRIMCO to be undervalued may never reach what is believed to be its full value, such security's value may decrease, or such security may be appropriately priced.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Catalyst Risk. Investing in companies in anticipation of a catalyst carries the risk that certain of such catalysts may not happen or the market may react differently than expected to such catalysts, in which case the account may experience losses.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector.

Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Mid Cap Growth Style

WRIMCO seeks to achieve capital growth by investing primarily in common stocks of mid-capitalization companies that WRIMCO believes are high quality and/or offer above-average growth potential. Mid-cap companies typically are companies with market capitalizations within the range of companies in the Russell Mid Cap Growth Index at the time of acquisition.

In selecting securities for an account, WRIMCO primarily emphasizes a bottom-up (researching individual issuers) approach and focuses on companies it believes have the potential for strong growth, increasing profitability, attractive valuations and sound capital structures. WRIMCO may look at a number of factors in its consideration of a company, such as: new or innovative products or services, adaptive or creative management, strong financial and operational capabilities to sustain multi-year growth, stable and consistent revenue, earnings, and cash flow, strong balance sheet, market potential, and profit potential. Part of WRIMCO's investment process also includes a review of the macroeconomic environment, with a focus on factors such as interest rates, inflation, consumer confidence and corporate spending.

Generally, in determining whether to sell a security, WRIMCO considers many factors, including what it believes to be excessive valuation given company growth prospects, deterioration of fundamentals, weak cash flow to support shareholder returns, and unexpected and poorly explained management changes. WRIMCO also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Mid-Size Company Risk. Securities of mid-capitalization companies may be more vulnerable to adverse developments than those of larger companies due to such companies' limited product lines, limited markets and financial resources, and dependence upon a relatively small management group. Securities of mid-capitalization companies may be more volatile and less liquid than the securities of larger companies and may be affected to a greater extent than other types of securities by the underperformance of a sector or during market downturns.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Small Cap Growth Style

WRIMCO seeks to achieve capital growth by investing in common stocks of small capitalization companies. For purposes of this style, small capitalization companies typically are companies with market capitalizations within the range of companies in the Russell 2000 Growth Index at the time of acquisition.

This strategy emphasizes smaller companies positioned in new or emerging industries where WRIMCO believes there is opportunity for higher growth than in established companies or industries. The strategy's investments in equity securities may include common stocks that are offered in initial public offerings ("IPOs").

In selecting securities for the strategy, WRIMCO utilizes a bottom-up (researching individual issuers) stock picking process that focuses on companies it believes have sustainable long-term growth potential with superior financial characteristics and, therefore, are believed by WRIMCO to be of a higher quality than many other small-capitalization companies. WRIMCO may look at a number of factors regarding a company, such as management that is aggressive, creative, strong and/or dedicated; technological or specialized expertise; new or unique products or services; entry into new or emerging industries; growth in earnings/growth in revenue and sales/positive cash flows; ROIC (return on invested capital); market share; barriers to entry; operating margins; rising returns on investment; and security size and liquidity.

Generally, in determining whether to sell a security, WRIMCO uses the same type of analysis that it uses in buying securities. For example, WRIMCO may sell a security if it believes that the stock no longer offers significant growth potential, which may be due to a change in the business or management of the company or a change in the industry or sector of the company. WRIMCO also may sell a security to reduce an account's holding in that security, if it loses confidence in the management of the company, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may not perform as well as value stocks or the stock market in general.

Initial Public Offering (IPO) Risk. Any positive effect of investments in IPOs may not be sustainable because of a number of factors. Namely, an account may not be able to buy shares in some IPOs or may be able to buy only a small number of shares. Also, the performance of IPOs generally is volatile and is dependent on market psychology and economic conditions. To the extent that IPOs have a significant positive impact on an account's performance, this may not be able to be replicated in the future. The relative performance impact of IPOs also is likely to decline as the account grows.

Small Company Risk. Securities of small capitalization companies are subject to greater price volatility, lower trading volume and less liquidity due to, among other things, such companies' small size, limited product lines, limited access to financing sources and limited management depth. In addition, the frequency and volume of trading of such securities may be less than is typical of larger companies, making them subject to wider price fluctuations, and such securities may be affected to a greater extent

than other types of securities by the underperformance of a sector or during market downturns. In some cases, there could be difficulties in selling securities of small capitalization companies at the desired time.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

International Core Equity

WRIMCO seeks to achieve capital growth and appreciation by investing in equity securities of companies located in or principally traded in developed European and Asian/Pacific Basin markets. In seeking to enhance potential return, this strategy also may invest in issuers located or doing business in emerging market countries, which generally will include the more developed of the emerging market countries. The strategy also may invest in depositary receipts of foreign issuers.

WRIMCO strives to identify dislocations and valuation discrepancies in the international financial markets in an effort to find what it believes are mispriced countries, sectors, currencies and, ultimately, stocks with attractive valuations relative to their potential and to their peer group. WRIMCO uses a disciplined approach while looking for investment opportunities around the world, preferring what it believes are cash-generating and reasonably valued companies that are exposed to global investment themes which WRIMCO believes will yield above-average returns. WRIMCO combines a top-down (assessing the market environment), macro approach with a bottom-up (researching individual issuers) stock selection process and uses a combination of country analysis, sector and industry dynamics and individual stock selection. As noted, part of WRIMCO's investment approach includes the identification of various long-term global investment themes. WRIMCO overlays these investment themes on top of its macro views in an effort to identify the companies, sectors and regions that WRIMCO believes should benefit under its macro views.

Although the strategy primarily invests in securities issued by large-capitalization companies (typically, companies with capitalizations of at least \$10 billion at the time of acquisition), it may invest in securities issued by companies of any size. The strategy may invest up to 100% of its total assets in foreign securities. In addition, the strategy may use forward contracts in seeking to manage its exposure (increase or decrease) to various foreign currencies.

Generally, in determining whether to sell a security, WRIMCO uses the same type of analysis that it uses in buying securities of that type. For example, WRIMCO may sell a security if it has a change in its top-down view, if it believes the security no longer offers significant return potential, there exists political or economic instability in the issuer's country, if it believes the security is showing signs of deteriorating fundamentals, there is weak cash flow to support shareholder returns, and/or there is a change in WRIMCO's macroeconomic perspective. WRIMCO also may sell a security to reduce an account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Depository Receipts Risk. Investments in depository receipts (including American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts) generally are subject to the same risks of investing in the foreign securities that they evidence or into which they may be converted.

Derivatives Risk. The use of derivatives presents several risks, including the risk that these instruments may change in value in a manner that adversely affects the value of the investments and the risk that fluctuations in the value of the derivatives may not correlate with the reference instrument underlying the derivative. Derivatives can be highly complex, can create investment leverage, may perform in unanticipated ways and may be highly volatile, and the account could lose more than the amount it invests. Derivatives may be difficult to value and may at times be highly illiquid, and the account may not be able to close out or sell a derivative position at a particular time or at an anticipated price. Moreover, some derivatives are more sensitive to interest rate changes and market price fluctuations than others. To the extent the judgment of WRIMCO as to certain anticipated price movements is incorrect, the risk of loss may be greater than if the derivative technique(s) had not been used. When used for hedging, the change in value of the derivative also may not correlate specifically with the security or other risk being hedged. Suitable derivatives may not be available in all circumstances, and there can be no assurance that the account will use derivatives to reduce exposure to other risks when that might be beneficial. Derivatives also may be subject to counterparty risk, which includes the risk that a loss may be sustained as a result of the insolvency or bankruptcy of, or other non-compliance by, another party to the transaction. When the account uses derivatives, it likely will be required to provide margin or collateral and/or segregate cash or other liquid assets in a manner that satisfies contractual undertakings and regulatory requirements. The need to provide margin or collateral and/or segregate assets could limit the account's ability to pursue other opportunities as they arise. Ongoing changes to regulation of the derivatives markets and potential changes in regulation on the use of derivative instruments could limit an account's ability to pursue its investment strategies.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Regional Focus Risk. Focusing on a particular geographic region or country involves increased currency, political, regulatory and other risks. To the extent an account invests a significant portion of its assets in a particular geographic region or country, economic, political, social and environmental conditions in that region or country will have a greater effect on the account's performance than they would in a more geographically diversified equity fund, and the account's performance may be more volatile than the performance of a more geographically diversified account. See *Market Risk* below.

Theme Risk. Because this investment strategy incorporates the identification of themes, an account's performance may suffer if WRIMCO does not correctly identify such themes or if a theme develops in an unanticipated way.

Global Growth

WRIMCO seeks to achieve capital growth by investing primarily in common stocks of U.S. and foreign companies (including depositary receipts of foreign issuers) that WRIMCO believes are competitively well-positioned, gaining market share, have the potential for long-term growth and/or operate in regions or countries that WRIMCO believes possess attractive growth characteristics. The strategy primarily invests in issuers of developed countries, including the U.S., although the strategy has the ability to invest in issuers domiciled in or doing business in any country or region around the globe, including emerging markets. While the strategy primarily invests in securities issued by large capitalization companies (typically, companies with market capitalizations of at least \$10 billion at the time of acquisition), it may invest in securities issued by companies of any size, in a variety of sectors and industries. Under normal circumstances, an account will invest at least 40% (or, if the portfolio manager deems it warranted by market conditions, at least 30%) of its total assets in foreign securities. An account may invest up to 100% of its total assets in foreign securities, including securities denominated in currencies other than the U.S. dollar. An account typically holds a limited number of stocks (generally 45 to 70).

WRIMCO utilizes a research-based investment process that focuses on bottom-up (researching individual issuers) stock selection, followed by a top-down (assessing the market environment) global economic analysis. WRIMCO seeks strong companies that possess a unique, sustainable competitive advantage that WRIMCO believes will allow them to withstand competitive pressures and grow faster than the general economy. WRIMCO may look at a number of factors in selecting securities for an account, including: a company's competitive position and its sustainability; a company's growth and earnings potential and valuation; a company's financials, including cash flow and balance sheet; management of the company; strength of the industry; size of the company's total addressable market; margin trends; switching costs; control of distribution channels; and applicable economic, market and political conditions of the country in which the company is located and/or in which it is doing business. In its top-down analysis, WRIMCO considers factors such as geopolitical economic and political environment, regulatory policy, geopolitical risk and the currency environment.

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, even if the account is not invested directly in such markets.

Generally, in determining whether to sell a security, WRIMCO uses the same type of analysis that it uses in buying securities. For example, WRIMCO may sell a security issued by a company if it believes the company has experienced a fundamental breakdown of its sustainable competitive advantage or no longer offers significant growth potential, if it believes the management of the company has weakened or its margin and/or its valuation appears unsustainable, if it believes there are macro-economic factors that override a company's fundamentals, and/or there exists political or economic instability in the issuer's country. WRIMCO also may sell a security to reduce the account's holding in that security, to take advantage of what it believes are more attractive investment opportunities or to raise cash.

Style Specific Risks

Depository Receipts Risk. Investments in depository receipts (including American Depositary Receipts, European Depositary Receipts and Global Depositary Receipts) generally are subject to the same risks of investing in the foreign securities that they evidence or into which they may be converted.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Large Company Risk. Large capitalization companies may go in and out of favor based on market and economic conditions. Large capitalization companies may be unable to respond quickly to new competitive challenges, such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion. Although the securities of larger companies may be less volatile than those of companies with smaller market capitalizations, returns on investments in securities of large capitalization companies could trail the returns on investments in securities of smaller companies.

Sector Risk. At times, the strategy may have a significant portion of its assets invested in securities of companies conducting business in a broadly related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic or market events, making the account more vulnerable to unfavorable developments in that economic sector than accounts that invest more broadly.

Energy

WRIMCO seeks to achieve capital growth and appreciation by investing, under normal circumstances, at least 80% of its net assets in securities of companies within the energy sector, which includes all aspects of the energy industry, such as exploration, discovery, production, distribution or infrastructure of energy and/or alternative energy sources.

These companies may include, but are not limited to, oil companies, oil and gas drilling, equipment and services companies, oil and gas exploration and production companies, oil and gas storage and transportation companies, natural gas pipeline companies, refinery companies, energy conservation companies, coal, transporters, utilities, alternative energy companies and innovative energy technology companies. An account also may invest in companies that are not within the energy sector that are engaged in the development of products and services to enhance energy efficiency for the users of those products and services.

After conducting a top-down (assessing the market environment) market analysis of the energy industry and geopolitical issues and then identifying trends and sectors, WRIMCO uses a research-oriented, bottom-up (researching individual issuers) investment approach when selecting securities for an account,

focusing on company fundamentals and growth prospects. In general, the strategy emphasizes companies that WRIMCO believes are strongly managed and can generate above-average capital growth and appreciation. The strategy invests in a blend of value and growth companies domiciled throughout the world, which may include companies that are offered in initial public offerings (“IPOs”). While WRIMCO typically seeks to invest a majority of an account’s assets in U.S. securities, an account may invest up to 100% of its total assets in foreign securities. An account typically holds a limited number of stocks (generally 40 to 55).

Many of the companies in which the strategy may invest have diverse operations, with products or services in foreign markets. Therefore, an account may have indirect exposure to various foreign markets through investments in these companies, potentially including companies domiciled or traded or doing business in emerging markets, even if the account is not invested directly in such markets.

Generally, in determining whether to sell a security, WRIMCO uses the same type of analysis that it uses in buying securities to determine whether the security has ceased to offer significant growth potential, has sufficiently exceeded its target price, has become overvalued and/or whether the prospects of the issuer have deteriorated. WRIMCO also will consider the effect of commodity price trends on certain holdings, poor capital management or whether a company has experienced a change or deterioration in its fundamentals, its valuation or its competitive advantage. WRIMCO also may sell a security to take advantage of what it believes are more attractive investment opportunities, to reduce the account’s holding in that security or to raise cash.

Style Specific Risks

Concentration Risk. To the extent that an account concentrates its investments in the energy-related industry, the account’s performance may be more susceptible to a single economic, regulatory or technological occurrence than an account that does not concentrate its investments in this industry. Securities of companies within specific industries or sectors of the economy may periodically perform differently than the overall market. In addition, the account’s performance may be more volatile than an investment in a portfolio of broad market securities and may underperform the market as a whole, due to the relatively limited number of issuers of science and technology related securities.

Energy Sector Risk. Investment risks associated with investing in energy securities, in addition to other risks, include price fluctuation caused by real and perceived inflationary trends and political developments, the cost assumed in complying with environmental safety regulations, demand of energy fuels, energy conservation, the success of exploration projects, and tax and other governmental regulations.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company’s operations, products or services in those foreign markets. As a result, a company’s domicile and/or the markets in which the company’s securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company’s products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect an account's performance unfavorably, depending upon the prevailing conditions at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; social, political or economic instability; fluctuations in foreign currency exchange rates and related conversion costs or currency redenomination; nationalization or expropriation of assets; adverse foreign tax consequences; different and/or less stringent financial reporting standards; and settlement, custodial or other operational delays. The risks may be exacerbated in connection with investments in emerging markets. World markets or those in a particular region, all may react in similar fashion to important economic or political developments. In addition, key information about the issuer, the markets or the local government or economy may be unavailable, incomplete or inaccurate. Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging markets than in more developed markets. In the event that an account holds material positions in such suspended securities, the account's ability to liquidate its positions or provide liquidity to investors may be compromised and the account could incur significant losses.

Growth Stock Risk. Prices of growth stocks may be more sensitive to changes in current or expected earnings than the prices of other stocks. Growth stocks may be more volatile or not perform as well as value stocks or the stock market in general.

Holdings Risk. To the extent that an account tends to be invested in a relatively small number of stocks, the appreciation or depreciation of any one security will have a greater impact on the account's value than it would if the account invested in a larger number of securities.

Initial Public Offering (IPO) Risk. Any positive effect of investments in IPOs may not be sustainable because of a number of factors. Namely, an account may not be able to buy shares in some IPOs or may be able to buy only a small number of shares. Also, the performance of IPOs generally is volatile and is dependent on market psychology and economic conditions. To the extent that IPOs have a significant positive impact on an account's performance, this may not be able to be replicated in the future. The relative performance impact of IPOs also is likely to decline as the account grows.

Value Stock Risk. Value stocks are stocks of companies that may have experienced adverse business or industry developments or may be subject to special risks that have caused the stocks to be out of favor and, in the opinion of WRIMCO, undervalued. The value of a security believed by WRIMCO to be undervalued may never reach what is believed to be its full value, such security's value may decrease, or such security may be appropriately priced.

Core Intermediate Fixed-Income and Core Fixed-Income Styles

WRIMCO seeks to maximize total return of its Core Intermediate Fixed-Income portfolios while maintaining a low risk profile through diversification and shorter duration. WRIMCO utilizes a top down (assessing the market environment) approach to bond portfolio management and believes that the overall duration decision is the most critical to overall performance. WRIMCO maintains a diversified, laddered

portfolio, investing primarily in U.S. Treasuries, U.S. Government agency bonds, investment grade corporate bonds and U.S. Government agency mortgage-backed securities. WRIMCO will adjust the allocations to these fixed-income asset classes as their relative values and/or liquidity change in the market. Similar to Core Intermediate Fixed-Income, Core Fixed-Income adds value through sector emphasis and individual issue selection based on WRIMCO's outlook for the economic environment, financial trends and industry fundamentals. The strategy utilizes spread products (i.e., corporate, mortgages and agencies), typically experiences relatively low turnover and believes in diversification as a risk reducing tool. Unlike Intermediate, Core Fixed-Income has no limitations regarding maturity, duration or dollar-weighted average of its holdings.

Style Specific Risks

Mortgage-Backed and Asset-Backed Securities Risk. Mortgage-backed and asset-backed securities are subject to prepayment risk and extension risk. When interest rates decline, unscheduled prepayments can be expected to accelerate, shortening the average lives of such securities, and an account may be required to reinvest the proceeds of the prepayments at the lower interest rates then available. Unscheduled prepayments also would limit the potential for capital appreciation on mortgage-backed and asset-backed securities, thereby reducing the account's income. Conversely, when interest rates rise, the values of mortgage-backed and asset-backed securities generally fall. Rising interest rates typically result in decreased prepayments and longer average lives of such securities. This could cause the value of such securities to be more volatile or decline more than other fixed-income securities and may magnify the effect of the rate increase on the price of such securities. The mortgage-backed securities in which the strategy generally invests are U.S. government securities. See U.S. Government Securities Risk for the risks of these types of securities.

U.S. Government Securities Risk. Certain U.S. government securities, such as U.S. Treasury (Treasury) securities and securities issued by the Government National Mortgage Association (Ginnie Mae), are backed by the full faith and credit of the U.S. government. Other U.S. government securities, such as securities issued by the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal Home Loan Banks (FHLB), are not backed by the full faith and credit of the U.S. government and, instead, may be supported only by the credit of the issuer or by the right of the issuer to borrow from the Treasury.

Risk of Loss

Generally, investing in securities involves a significant risk of loss. WRIMCO's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. While risk is inherent in any investment, certain of the investments made and strategies used by WRIMCO may entail enhanced risks which cannot be easily mitigated, including, in addition to others noted, counterparty risk (i.e., the risk that the relevant counterparty will be unable to meet its obligations), liquidity risk, volatility risk and selection risks. These risks may be particularly increased for strategies which utilize derivatives, are concentrated in a particular sector or type of instrument, or issuer which involves emerging markets. Clients should be aware that there may be a loss or depreciation to the value of the client's account, which clients should be prepared to bear. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made. Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all

investing is subject to risk, and consequently, the value of the client's account may at any time be worth more or less than the amount invested.

All investment styles have certain risks that are borne by the client. WRIMCO'S investment approach constantly keeps the risk of loss in mind. In addition to the style-specific risks identified above, clients may face the following investment risks:

General Risks-All Styles

Company Risk. A company may be more volatile or perform worse than the overall market due to specific factors, such as adverse changes to its business or investor perceptions about the company.

Liquidity Risk. Generally, a security is liquid if the account is able to sell the security at a fair price within a reasonable time. Liquidity generally is related to the market trading volume for a particular security. Illiquid securities may trade at a discount from comparable, more liquid investments, and may be subject to wider fluctuations in market value. Less liquid securities are more difficult to dispose of at their recorded values and are subject to increased spreads and volatility. Also, an account may not be able to dispose of illiquid securities when that would be beneficial at a favorable time or price. Certain investments that were liquid when an account purchases them may become illiquid, sometimes abruptly.

Management Risk. Account performance is primarily dependent on WRIMCO's skill in evaluating and managing an account's portfolio. There can be no guarantee that its decisions will produce the desired results, and an account may not perform as well as other similarly managed accounts.

Market Risk. Markets can be volatile, and the account's holdings can decline in response to adverse issuer, political, regulatory, market or economic developments or conditions that may cause a broad market decline. Different parts of the market, including different sectors and different types of securities, can react differently to these developments. The U.S. and many foreign economies continue to experience after-effects of the financial crisis of 2008, which have resulted, and may continue to result, in an unusually high degree of volatility in the financial markets, both U.S. and foreign. Global economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country or region may adversely affect issuers in another country or region, which in turn may adversely affect securities held by an account. These circumstances also have decreased liquidity in some markets and may continue to do so. In addition, certain events, such as natural disasters, terrorist attacks, war, and other geopolitical events, have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Risks Specific to Styles That Invest in Foreign Securities

Emerging Market Risk. Investments in countries with emerging economies or securities markets may carry greater risk than investments in more developed countries. Political and economic structures in many such countries may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristics of more developed countries. Investments in securities issued in these countries may be more volatile and less liquid than securities issued in more developed countries. Emerging markets are more susceptible to capital controls,

governmental interference, the imposition of local taxes on international investments, restrictions on gaining access to sales proceeds, and less efficient trading markets.

Foreign Currency Exchange Transactions and Forward Foreign Currency Contracts Risk. An account may use foreign currency exchange transactions and forward foreign currency contracts to hedge certain market risks (such as interest rates, currency exchange rates and broad or specific market movement). These investment techniques involve a number of risks, including the possibility of default by the counterparty to the transaction and, to the extent WRIMCO's judgment as to certain market movements is incorrect, the risk of losses that are greater than if the investment technique had not been used.

Foreign Currency Risk. Foreign securities may be denominated in foreign currencies. The value of an account's investments, as measured in U.S. dollars, may be unfavorably affected by changes in foreign currency exchange rates and exchange control regulations.

Foreign Exposure Risk. The securities of many companies may have significant exposure to foreign markets as a result of the company's operations, products or services in those foreign markets. As a result, a company's domicile and/or the markets in which the company's securities trade may not be fully reflective of its sources of revenue. Such securities would be subject to some of the same risks as an investment in foreign securities, including the risk that political and economic events unique to a country or region will adversely affect those markets in which the company's products or services are sold.

Foreign Securities Risk. Investing in foreign securities involves a number of economic, financial, legal, and political considerations that are not associated with the U.S. markets and that could affect an account's performance unfavorably, depending upon the prevailing conditions at any given time. Among these potential risks are: greater price volatility; comparatively weak supervision and regulation of securities exchanges, brokers and issuers; higher brokerage costs; social, political or economic instability; fluctuations in foreign currency exchange rates and related conversion costs or currency redenomination; nationalization or expropriation of assets; adverse foreign tax consequences; different and/or less stringent financial reporting standards; and settlement, custodial or other operational delays. The risks may be exacerbated in connection with investments in emerging markets. World markets or those in a particular region all may react in similar fashion to important economic or political developments. In addition, key information about the issuer, the markets or the local government or economy may be unavailable, incomplete or inaccurate. Securities of issuers traded on exchanges may be suspended, either by the issuers themselves, by an exchange or by governmental authorities. The likelihood of such suspensions may be higher for securities of issuers in emerging markets than in more developed markets. In the event that an account holds material positions in such suspended securities, the account's ability to liquidate its positions or provide liquidity to investors may be compromised and the account could incur significant losses.

Risks Specific to Styles That Invest in Fixed-Income Securities

Credit Risk. An issuer of a fixed-income obligation may not make payments on the obligation when due or may default on its obligation. There also is the risk that an issuer could suffer adverse changes in its financial condition that could lower the credit quality of a security. This could lead to greater volatility in

the price of the security, could affect the security's liquidity, and could make it more difficult to sell. A downgrade or default affecting any of the account's securities could affect the account's performance. In general, the longer the maturity and the lower the credit quality of a bond the more sensitive it is to credit risk.

Extension Risk. A rise in interest rates could cause borrowers to pay back the principal on certain debt securities, such as mortgage-backed or asset-backed securities, more slowly than expected, thus lengthening the average life of such securities. This could cause the value of such securities to be more volatile or to decline more than other fixed-income securities and may magnify the effect of the rate increase on the price of such securities.

Interest Rate Risk. A rise in interest rates may cause a decline in the value of an account's securities, especially securities with longer maturities. Typically, the longer the maturity or duration of a debt security, the greater the effect a change in interest rates could have on the security's price. Thus, the sensitivity of the account's debt securities to interest rate risk will increase with any increase in the duration of those securities. A decline in interest rates may cause an account to experience a decline in its income. Interest rates in the U.S. are at, or near, historic lows, which may increase the account's exposure to risks associated with rising rates. An account may be subject to heightened interest rate risk as a result of a rise or anticipated rise in interest rates. In addition, a general rise in rates may result in decreased liquidity and increased volatility in the fixed-income markets generally.

Reinvestment Risk. A decline in interest rates may cause issuers to prepay higher-yielding securities held by an account, resulting in an account reinvesting in securities with lower yields, which may cause a decline in its income.

Income Risk. An account may experience a decline in its income due to falling interest rates, earnings declines or income decline within a security.

ITEM 9: DISCIPLINARY INFORMATION

Legal and Disciplinary

There are currently no legal or disciplinary events that are material to a client's or prospective client's evaluation of WRIMCO's advisory business or the integrity of WRIMCO's management.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

WRIMCO is an indirect, wholly-owned subsidiary of Waddell & Reed Financial, Inc., which is a publicly held company listed on the New York Stock Exchange under "WDR". WDR is engaged, through its subsidiaries, primarily in the business of providing investment advisory, distribution, transfer agency and related services to registered investment companies and investment advisory services to private and institutional investors.

WRIMCO's direct parent company, Waddell & Reed, Inc., is a registered broker-dealer and registered investment adviser with the SEC and files Forms BD and ADV describing its ownership, business and staff. As part of its activities as a registered investment adviser, Waddell & Reed, Inc. conducts financial planning and advisory services for individual clients that typically invest in registered investment companies. Another subsidiary, Waddell & Reed Services Company, provides transfer agency and accounting services to funds managed by WRIMCO's affiliate, Ivy Investment Management Company.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

WRIMCO's Code of Ethics is designed to comply with Rule 204A-1 of the Adviser's Act and 17j-1 of the Investment Company Act. It is WRIMCO's policy to monitor and forbid, in certain circumstances, any individual associated with WRIMCO or with certain affiliates from purchasing or selling securities if there are current open orders for client accounts. All officers and employees of WRIMCO, collectively referred to as Supervised Persons, must comply with the standards of business conduct set forth in the Code of Ethics (the "Code") and with applicable federal securities laws. Those officers and employees who have access to information concerning security transactions on behalf of client accounts must also comply with additional provisions.

A basic tenet of the Code is that officers and employees must adhere to the highest principles of conduct in the discharge of their duties with respect to client accounts. WRIMCO values its adherence to the highest standards of integrity and ethical business conduct in ensuring the fair treatment of clients. As such, the Code requires Supervised Persons to comply with stated standards of business conduct, including compliance with WRIMCO's policies and procedures, relevant fiduciary duties owed by an investment adviser to its clients and applicable legal standards. All employees are expected to avoid situations in which their personal interests may conflict with their professional duties and to disclose any such conflicts to WRIMCO's Investment Management Compliance Department ("IMC"). All employees are also expected to report to IMC any violations of the Code which come to their attention.

The Code sets forth Supervised Persons' obligations with dealing in covered securities for their own accounts. Supervised Persons must seek pre-approval for personal transactions in covered securities, including private placements. Subject to certain exceptions, no such clearance will be granted if there is a pending open order for the security on the trading desk. With respect to portfolio managers, this blackout period is extended to seven days before and after trading in an account managed by that portfolio manager. The Code also restricts short-term trading in covered securities and participation in initial public offerings.

The Code includes various requirements designed to ensure that personal trading activity is properly disclosed. Upon becoming a Supervised Person and on an annual basis thereafter, all Supervised Persons are required to certify that they have disclosed all personal brokerage accounts and covered securities in which they have a beneficial interest. IMC reviews various reports on a periodic basis to monitor personal trading by Supervised Persons and may request additional information from Supervised Persons in order to ensure proper administration of the Code's personal trading rules.

Except as required by law, Supervised Persons and IMC are required to keep confidential any reports or requests made to or lodged with IMC pursuant to the Code.

WRIMCO's policies and the Code also include ethical restraints relating to clients and their accounts, including restrictions on gifts and provisions intended to prevent violations of laws prohibiting insider trading.

Any person covered by the Code who fails to observe the Code and other relevant compliance policies may experience serious sanctions, including dismissal and personal liability.

You may request a copy of WRIMCO's Code of Ethics and Insider Trading Policy by contacting the Chief Compliance Officer at 913-236-1415 or via email at IMCompliance@waddell.com.

Participation or Interest in Client Transactions

WRIMCO advises numerous client accounts. WRIMCO may give advice and take action with respect to any accounts it manages, or for its own account or the account of a Supervised Person or Access Person (as those terms are defined by the Advisers Act and rules thereunder), that may differ from actions taken by WRIMCO on behalf of other accounts. WRIMCO is not obligated to recommend, buy or sell or to refrain from recommending, buying or selling any security that WRIMCO, its affiliates or their respective Supervised Persons and Access Persons may buy or sell for its or their own account or for any other account that WRIMCO manages. WRIMCO is also not obligated to refrain from investing in securities held in the accounts that it manages, except to the extent that such investments violate policies and procedures applicable to, or adopted by, WRIMCO. Additionally, WRIMCO personnel may invest in Pooled Accounts which, in turn, may invest in securities held in other discretionary accounts managed by WRIMCO.

From time to time, officers and employees of WRIMCO may have interests in securities held by or recommended to clients. WRIMCO has implemented policies and procedures relating to personal securities transactions and prohibitions against insider trading that are designed to identify and prevent or mitigate any conflicts of interest arising from such instances. These policies and procedures, including WRIMCO's Code, are intended to avoid conflicts of interest with clients and to resolve or mitigate such conflicts appropriately, if they do occur.

Political Activities

WRIMCO maintains policies and procedures which generally limit the amount of contributions WRIMCO or its employees can contribute to political candidates or elected officials. Employees, and in certain cases spouses, must obtain approval from IMC before making personal political contributions above de minimis thresholds and before engaging in political activities.

ITEM 12: BROKERAGE PRACTICES

Selecting Brokerage Firms

WRIMCO utilizes broker-dealers whose research services, execution abilities or other legitimate and appropriate services are particularly helpful to WRIMCO in seeking favorable investment results for clients. As part of this determination, WRIMCO recognizes that some brokerage firms are better at executing some types of orders than others. Thus, it may be in the best interest of clients to utilize a broker whose commission rates are not the lowest but whose abilities may result in lower overall transactions costs or more favorable results. The overriding consideration in routing orders for execution is to seek to maximize client profits (or minimize losses) through a combination of controlling transaction and securities costs and seeking the most effective uses of brokers' research and execution capabilities.

WRIMCO generally negotiates and sets ranges for commission rates with broker-dealers, when appropriate. However, WRIMCO will not select broker-dealers solely on the basis of "posted" commission schedules nor always seek in advance competitive bidding for the most favorable rate applicable to a particular transaction. Although WRIMCO generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. WRIMCO believes that paying fair and reasonable commissions to broker-dealers in return for quality execution services and useful research benefits its clients. Moreover, transactions that involve specialized services on the part of the broker-dealer will usually result in higher commissions or other compensation to the broker-dealer than would be the case absent such services for more routine transactions. Specialized services vary by trade, but often include assistance in the execution of a trade.

In WRIMCO's view, the reasonableness of commissions is based on market conditions and WRIMCO's opinion of the broker's ability to provide overall execution. In making the determination as to which broker to use for client transactions, WRIMCO takes into account professional services, competitive commission rates, useful research and other permissible services which will help WRIMCO in providing investment advisory services to its clients. Recognizing the value of these factors, WRIMCO may select a broker who provides such services and charges clients a commission in excess of that which another broker, which offers no research services and minimal transaction assistance (i.e., "execution-only" service), might have charged for effecting the same transaction.

Among fixed-income broker-dealers that meet our requirements for research and execution capabilities, WRIMCO will use minimum cost broker-dealers to the fullest extent possible for fixed-income transactions. Due to the nature of fixed-income trades, WRIMCO may not seek bids from at least two broker-dealers if it believes doing so is not beneficial to the trade.

Over-the-counter ("OTC") derivative arrangements are entered into with a bank or broker-dealer acting as principal counterparty. These OTC arrangements are entered into on behalf of WRIMCO's clients with only a small number of approved counterparties. WRIMCO cannot guarantee that these OTC counterparties will be able to meet their financial obligations. However, WRIMCO seeks to mitigate this risk by entering into bilateral credit support arrangements with counterparties, which require the posting of collateral to cover losses that could result from counterparty failure. WRIMCO will periodically, and no less often than annually, review the financial wellbeing of these approved counterparties.

Best Execution

WRIMCO regularly evaluates the placement of trades with brokerage firms and the reasonableness of commissions paid. WRIMCO makes a good faith determination that the amount of commission paid is reasonable in relation to the value of the research and brokerage services rendered and relative to market norms when viewed in terms of either a specific transaction or WRIMCO's overall responsibilities to its clients. However, the extent to which commission rates or net prices charged by brokers reflect the value of these services often cannot be readily determined.

Investment and Brokerage Decisions and Review

Investment and brokerage decisions for accounts, to the extent such discretion has been granted to WRIMCO, are made by WRIMCO's portfolio managers and traders. In placing trades with brokerage firms for accounts to which WRIMCO has been granted trading discretion, WRIMCO seeks to determine each client's trading requirements; select circumstances; evaluate market liquidity of each security and take appropriate steps to mitigate excessive market impact; maintain confidentiality of client and proprietary information related to trading decisions; and review the results of executions on a periodic basis.

On a periodic basis, WRIMCO reviews its trading practices and results, including the quality of executions received and commissions paid by discretionary accounts. Among the items considered in this review are: a broker-dealer's trading history, administrative quality and responsiveness; examinations of failed trades and the broker-dealer's response thereto; conflicts of interest; commission rates; and execution costs. WRIMCO's goal when evaluating its efforts to seek best execution is to exercise reasonable, good faith judgment to select broker-dealers that will consistently provide quality execution.

Selection Criteria for Trade Execution

- WRIMCO's knowledge of negotiated commission rates and spreads currently available and the competitiveness and reasonableness of rates offered;
- the nature of the security being traded;
- the size and type of transaction;
- the nature and character of the markets for security to be purchased or sold;
- the desired timing of the trade and the broker-dealer's ability to meet WRIMCO's required or requested speed of execution;
- the activity existing and expected in the market for the particular security;
- the broker-dealer's access to primary markets and quotation sources;
- the broker-dealer's ability to execute orders with minimal market impact;
- the ability of the broker-dealer to locate sources of liquidity and to effect transactions when a large block of securities is involved or where liquidity is limited;
- confidentiality;
- the execution, clearance and settlement capabilities and history as well as the reputation and perceived soundness of considered broker-dealers;
- WRIMCO's knowledge of actual or apparent operational or regulatory problems of any broker-dealer;
- the broker-dealer's execution services rendered on a continuing basis and in other transactions;
- WRIMCO's perception of the financial condition of the broker-dealer;

- the broker-dealer's ability to accommodate WRIMCO's needs with respect to one or more trades - including its ability and willingness to maintain quality execution in unusual or volatile market conditions; and
- the broker-dealer's access to other markets.

When buying or selling securities in dealer markets, WRIMCO may, subject to its duty to seek best execution, deal directly with market makers either on a commission basis or on a "net" basis, without paying the market maker any commission, commission-equivalent or mark-up/mark-down, other than the spread. Net trades mean that the market maker profits from the difference between the price paid or received by WRIMCO and the price received or paid by the market maker in trades with other broker-dealers or customers.

WRIMCO may execute trades on an agency basis rather than directly through a market maker in which the broker used by WRIMCO then acquires or disposes of a security through a market maker or another client. The transaction may thus be subject to a mark-up or mark-down in addition to any commission or commission-equivalent paid to the broker. WRIMCO uses a broker in these instances only when consistent with its duty to seek best execution for client transactions. The use of a broker in this manner may benefit clients by providing anonymity in connection with a transaction or because the broker may, in certain cases, have greater expertise or capability in connection with both accessing the market and executing a transaction. In appropriate circumstances, WRIMCO may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect trades when, in WRIMCO's judgment, the use of an ECN or ATS may result in equally or more favorable overall execution quality as well as anonymity for a transaction. WRIMCO may trade in this manner when it believes that any commissions paid to the ECN or ATS still results in equal or better qualitative execution than might have otherwise been obtained by trading "net" with a market maker.

Unless inconsistent with the WRIMCO's duty to seek best execution, WRIMCO may direct a broker to execute a trade and "step out" a transaction for a client account in favor of another broker that provides brokerage or research related services to WRIMCO as described above. The broker-dealer to whom the trade is stepped out to may clear, settle and receive commissions for the portion of the transaction sent to it. WRIMCO may also use step out transactions in fulfilling a client-directed brokerage arrangement to allow for an order to be aggregated or for regulatory or other purposes.

In some cases, WRIMCO may engage in a transaction not involving a public market or for which only a single avenue for execution is available (e.g., where securities may be purchased or redeemed only through the issuer or the issuer's specified agent). Similarly, certain of the markets in which WRIMCO trades on behalf of client accounts are "emerging markets" where there is limited or no choice of brokers, where commission rates (or commission equivalents) may be fixed or heavily regulated or where there may not be the same level of transparency as to execution costs and quality, as is the case in more developed markets such as the U.S., Canada or European Union countries. In those cases, WRIMCO may be limited in its ability to negotiate costs or terms but will seek, as practicable and consistent with relevant market regulations and conventions, to obtain the most favorable terms reasonably available under the circumstances and to minimize costs, consistent with achieving the desired investment objective and seeking an acceptable quality of execution. Where there is a lack of choice or transparency as to

execution related costs and expenses, WRIMCO may focus primarily on securities prices and certainty of execution in determining how to execute a trade and in examining its efforts to seek best execution in the relevant market. In such cases, WRIMCO may, in its discretion, limit additional purchases, dispose of existing holdings or refrain from exercising certain rights, as it deems appropriate.

Soft Dollars

In allocating brokerage, and consistent with WRIMCO's policies and procedures, WRIMCO takes into account the value of eligible brokerage and research products and services (each a "soft dollar service") provided by broker-dealers, as long as such consideration does not jeopardize the objective of seeking best execution. Broker-dealers typically provide a bundle of services, including research and execution of transactions. When appropriate under its discretionary authority and consistent with its duty to seek best execution, WRIMCO directs brokerage transactions for client accounts to broker-dealers who provide WRIMCO with useful soft dollar services. Research services may be proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third party (created by a third party but paid for by the broker-dealer). The brokerage commissions used to acquire soft dollar services in these arrangements are commonly referred to as "soft dollars". WRIMCO may use soft dollars to acquire either type of research; however, WRIMCO will not enter into any agreement or understanding with a broker-dealer that would obligate WRIMCO to direct a specific amount of brokerage business to that broker-dealer in return for a soft dollar service. Nonetheless, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain soft dollar services and the applicable cash equivalent. WRIMCO may use soft dollars to acquire soft dollar services that are also available for cash where consistent with applicable law.

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, provides a "safe harbor" which allows an investment adviser to pay for eligible soft dollar services with commission dollars generated by client securities transactions. WRIMCO has entered into certain arrangements whereby it receives brokerage and research products and services with "soft dollars" in accordance with Section 28(e). When an adviser pays more than the lowest available commission in recognition of the receipt of soft dollar services, the adviser is said to be "paying up." Under SEC interpretations, soft dollars may be used for, among other things, eligible soft dollar services which assist WRIMCO in meeting its clients' investment objectives and WRIMCO's relevant responsibilities to its client accounts. The receipt of soft dollar services in exchange for "soft dollars" benefits WRIMCO by among other things, allowing WRIMCO, at no cost to it, to supplement its own research, analysis and execution facilities, to receive the views and information of individuals and research staffs at other securities firms and those of issuer personnel and to gain access to persons having special expertise on certain companies, industries, economic areas and market factors. This may relieve WRIMCO of expenses that it might otherwise bear in obtaining the same or comparable services on its own.

In determining whether to pay up for a relevant execution, WRIMCO evaluates whether the soft dollar service(s) provided by the broker-dealer:

- consist of advice, analyses or reports containing substantive content with respect to appropriate subject matters, as set forth in section 28(e) and related SEC interpretations thereof, or (ii) are sufficiently related to the effectuation, clearance or settlement of a transaction and are provided and/or used during the time period commencing when WRIMCO communicates with the relevant

broker-dealer for the purpose of transmitting an order for execution and concluding when the funds or securities are delivered or credited to the client account or the accountholder's agent;

- provide lawful and appropriate assistance to WRIMCO in carrying out its relevant responsibilities to client accounts; and
- are acquired for an amount of soft dollars that is reasonable in relation to the value of the soft dollar service(s) provided.

These determinations are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions paid by other investors of comparable size and type. WRIMCO may select broker-dealers based on its assessment of their ability to provide quality execution and its belief that the research, information and other soft dollar services provided by such broker-dealers may benefit clients. It is often not possible to place, with precision, a dollar value on the quality executions or on the soft dollar services WRIMCO receives from broker-dealers effecting transactions in portfolio securities. Accordingly, as discussed above, broker-dealers selected by WRIMCO may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers may have charged for effecting similar transactions when WRIMCO determines, in good faith, that such amounts are reasonable in relation to the value of the soft dollar services, or superior qualitative executions, provided by those broker-dealers, viewed either in terms of a particular transaction or WRIMCO's overall duty to its clients.

Soft dollar services, including research, are not always utilized by WRIMCO, in whole or in part, for the specific account that generated the soft dollars and WRIMCO does not usually attempt to allocate the relative costs or benefits of research or other soft dollar services among accounts because it believes that, in the aggregate, the soft dollar services it receives benefit clients by assisting WRIMCO in fulfilling its overall duty to its clients. For example, fixed-income funds and accounts normally do not generate soft dollars to pay for products. Therefore, where services used to manage fixed-income accounts are paid for using soft dollars, the soft dollars have been generated entirely by equity accounts. In other words, the fixed-income accounts receive the benefit of the services even though they have been paid for by equity accounts. In this connection, it should be noted that the value of many soft dollar services including, particularly, research cannot be measured precisely and commissions paid for such services cannot always be allocated to clients in direct proportion to the value of the item to each client.

WRIMCO may also use soft dollars to pay for a portion of certain "mixed use" services (i.e., services which provide both eligible and non-eligible benefits or encompass multiple functionalities some of which are not eligible for the safe harbor). Although the allocation between soft dollars and cash is not always capable of precise calculation, WRIMCO makes a good faith effort to allocate payment for such services appropriately by paying cash for that portion of the cost of the soft dollar service which is attributable to a use or functionality which is not, itself, eligible under the safe harbor. Records of such allocations and payments are maintained.

WRIMCO does not generate or earn credit toward commitments incurred by it for third-party research and services from commissions generated on transactions for its institutional accounts, including funds

for which it serves as sub-adviser. However, in an effort to achieve best execution, trades for such accounts may be combined or aggregated with fund trades that do generate third-party research commission credits for third-party research and, therefore, the institutional accounts may pay the commission rates applicable to such trades.

Brokerage for Client Referrals

WRIMCO does not direct brokerage to compensate brokers for the sale of fund shares or other client referrals. The U.S. Mutual Funds for which WRIMCO serves as investment adviser have adopted a policy that prohibits WRIMCO from using brokerage commissions to compensate broker-dealers for promotion or sale of fund shares.

Client-Directed Brokerage

Clients may limit WRIMCO's discretionary authority in any or all of the situations described above. In particular, institutional clients may direct WRIMCO to use particular broker-dealers to execute portfolio transactions for their accounts. Where a client directs the use of a particular broker-dealer, or broker-dealers, WRIMCO might not be in a position where it can negotiate commission rates or spreads or obtain volume discounts, and the best price might not be achieved. For these transactions where, in the opinion of WRIMCO, best execution might not be achieved, the order for a client that directs brokerage might not be combined or "aggregated" for execution purposes with orders for the same securities for other accounts managed by WRIMCO. Trades for a client that has directed WRIMCO to use a particular broker or dealer might be placed at the end of an aggregated trading activity for a particular security.

Accordingly, such directed transactions might be subject to price movements, particularly in volatile markets, that could result in the client receiving a price that is less favorable than the price obtained for clients in the aggregated order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions might result in higher commissions, greater spreads, or less favorable net prices than might be the case if WRIMCO was able to negotiate commission rates or spreads freely or select brokers or dealers based on best execution.

Order Aggregation

Because the size and mandate of client accounts often differ, the securities held in such accounts may not be identical. WRIMCO's portfolio managers make investment decisions for accounts based on suitability factors and other circumstances which may differ from account to account and may result in a particular security being requested for some accounts and not others. In accordance with WRIMCO's allocation policy, portfolio managers seek to allocate suitable transactions among eligible accounts in a manner believed to be fair and equitable to each account, either with respect to a given transaction or considering all transactions over time.

The policy is intended to promote fairness, to mitigate potential conflicts of interest, and to conform to applicable regulatory principles. The policy strictly prohibits any allocation request or allocation decision that favors one account over another based on the self-interest of the account's portfolio manager or WRIMCO. In appropriate circumstances, any account managed by WRIMCO may purchase or sell a security prior to other accounts or at times when other accounts are not trading in the security. This could occur, for example, as a result of specific investment objectives of an account, different cash resources arising from contributions or withdrawals or specific, client imposed restrictions. However, accounts that

are managed in similar styles by the same portfolio manager often have similar or identical portfolio composition and weightings. In other circumstances, WRIMCO may seek to acquire or dispose of the same security for multiple accounts at the same time.

When consistent with each participating client's investment management agreement, WRIMCO may aggregate orders for more than one account to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges. WRIMCO seeks to aggregate trade orders in a manner that is consistent with its duties to: seek best execution of client orders, treat all clients fairly and equitably over time and not systematically advantage any single client or group of clients over time. When a decision is made to aggregate transactions on behalf of more than one account, such transactions will be allocated to all participating client accounts in a fair and equitable manner. When such an order is filled in its entirety, each participating client account will receive the average share price for the aggregated order, and transaction costs will be shared pro rata based on each client's participation in the order. When an aggregated order is partially filled, WRIMCO will allocate the trades in accordance with the procedures described below.

When an aggregated order cannot be fully executed in a single day the portion of the order filled on that day is generally allocated among participating accounts pro rata based on the size of each account's order. Such allocations are subject to rounding to achieve "round lots" and WRIMCO's ability to cancel or modify an order for one or more accounts if, WRIMCO believes that as a result of the incomplete fill, the order is no longer appropriate for such accounts. WRIMCO may apply a minimum order allocation amount, which may vary based on the market convention associated with the particular security. Where remaining positions are too small to satisfy the minimum allocation amount, WRIMCO may decide to allocate the remaining shares to those accounts seeking large positions which remain unfilled or to allocate remaining shares to those accounts whose order would be completed as a result of the allocation. WRIMCO may allocate on a basis other than pro rata if, under the circumstances, such other method is reasonable and equitable, does not result in improper or undisclosed advantage or disadvantage to a particular account or group of accounts and results in fair access, over time, to trading opportunities for all eligible accounts. For example, WRIMCO may identify investment opportunities that are more appropriate for certain accounts than others and may determine to allocate a partial fill to such accounts. Factors which WRIMCO may consider in making allocation decisions include, among others: investment objectives and restrictions, cash availability and changes in cash flows, including current or anticipated redemptions, exchanges and capital contributions/withdrawals. Other allocation methods which may be used by WRIMCO include random and rotational allocation. Such allocation methods may be particularly appropriate when the transaction size is too limited to be effectively allocated pro rata among all eligible accounts.

WRIMCO generally will not aggregate trades for clients who have limited WRIMCO's brokerage discretion with trades for other accounts. Notwithstanding the foregoing, WRIMCO may attempt, when circumstances permit, to include transactions of clients who have directed the use of a particular broker-dealer in an aggregated order. In such transactions, the executing broker-dealer must agree to transfer that portion of the order relating to clients who have directed the use of a particular broker-dealer to the specified broker-dealer. If the executing broker-dealer does not agree to make this transfer, the order for the same security on behalf of the directing clients will be executed through the specified broker-dealer

and the cost of the transaction may be greater. In addition, there may be instances where a client that directs brokerage has negotiated a lower commission rate with the particular broker-dealer to whom they direct the transactions in their account. To the extent that WRIMCO aggregates such client orders (in an effort to seek best execution) with other client transactions that have not directed brokerage, those participating in the block may pay a different commission rate than the client that has a directed brokerage arrangement and a negotiated rate.

Securities offered in initial public offerings (“IPOs”) are usually available in limited supply and in amounts too small to permit across-the-board pro rata allocations. In addition, WRIMCO often does not know the number of shares it will be allocated as a whole until after the order is placed. WRIMCO has adopted procedures designed to ensure fair and equitable allocation of IPOs among WRIMCO’s clients, over time. Under these procedures, IPOs are generally allocated pro rata based on the total relative assets of each participating account, subject to adjustments for de minimis allocations and round lots. Accounts for which an IPO is more suitable may receive greater allocations than accounts with less suitable investment strategies. An IPO may be allocated on a basis other than total assets for good cause if all clients receive fair and equitable treatment. For example, shares otherwise allocable to a participating account based on a pro rata allocation may be reduced or eliminated to accommodate cash availability, position limitations and investment restrictions.

Cross-Trades Between Client Accounts

WRIMCO may place cross-trades between accounts managed by WRIMCO or its affiliates from time to time. Trading between accounts creates conflicts of interest and competing duties of loyalty. To address these conflicts WRIMCO will only engage in cross-trades on behalf of its clients when it believes such trades are in the best interest of all participants and in accordance with applicable fiduciary and regulatory requirements. To avoid such conflicts, WRIMCO may forgo cross-trading opportunities at times when such trades might otherwise appear beneficial.

ITEM 13: REVIEW OF ACCOUNTS

Periodic Reviews

For accounts managed by WRIMCO, each portfolio manager is responsible for ensuring that each account he or she manages is in compliance with the account’s investment objectives and strategies and for reviewing the account’s trading activity. These reviews may include consideration and analysis of: current market activity and conditions; individual issuers; portfolio composition and performance of each account; as well as comparisons across multiple accounts. Compliance with applicable laws, trading restrictions and investment policies are overseen by IMC on a regular basis.

WRIMCO maintains a number of monitoring devices, including review by members of IMC, to assure that investments do not violate the policies and restrictions of client accounts. WRIMCO also maintains a trade order management system that electronically monitors many of the investment guidelines and restrictions. This system is a tool used to assist the portfolio managers, compliance personnel and operations support staff with monitoring of investment restrictions and limitations.

Regular Reports

Written account statements are generated no less than quarterly and are sent directly from the client's custodian. These reports/statements list the account positions, activity in the account over the covered period and other related information.

In addition, WRIMCO generally provides quarterly (or more frequently, upon request) review statements to its clients, which include:

- portfolio holdings and characteristics;
- portfolio commentary;
- performance attribution; and
- portfolio activity.

WRIMCO encourages each client to review the account statement sent by its custodian and compare WRIMCO's statements to the custodian's statement.

WRIMCO may rely on information provided by affiliates or third parties in preparing reports, and a third party may assist in preparing or distributing reports. To the extent reports include or rely on information from a source other than WRIMCO (e.g., benchmark information when a report includes a comparison of an account's performance to one or more benchmark indices), WRIMCO attempts to obtain such information from reliable sources, however the accuracy of such information cannot be guaranteed. Reports may also include or rely upon fair valuation determinations made by WRIMCO or a third party. While such valuations are made in good faith, as described in Additional Information-Securities Pricing and Potential Conflicts of Interest, their actual or empirical accuracy cannot be guaranteed.

Some clients who receive daily transactions and/or holdings data have elected not to also receive regular quarterly review statements.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

WRIMCO has entered into "soft dollar" arrangements whereby brokerage transactions are directed to certain broker-dealers in return for investment research products and or services which assist WRIMCO in its investment decision-making process. The receipt of such services may be deemed to be the receipt of an economic benefit by WRIMCO, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Such conflicts are addressed through the adoption of policies on procedures regarding the receipt of soft dollar benefits, as described further above. In addition, WRIMCO only receives soft dollar benefits in accordance with Section 28(e) under the U.S. Securities and Exchange Act of 1934, as amended.

A conflict of interest occurs when the personal interests of employees interfere or could potentially interfere with their responsibilities to the firm and its clients. The overriding principle is that employees should not accept inappropriate gifts, favors, entertainment, special accommodations, or other things of material value that could influence their decision-making in awarding business (such as service provider selection) or make them feel beholden to another person. Similarly, employees should not offer gifts,

favours, entertainment or other things of value that could be viewed as overly generous or aimed at influencing decision-making in awarding investment advisory business or making a client feel beholden to the firm or the employee.

WRIMCO, or its affiliates, may enter into referral agreements with unaffiliated parties for referrals of investment advisory business. Such agreements to compensate another firm (“Solicitor”) for referring investment management services are subject to the Solicitor Rule, Rule 206(4)-3 under the Advisers Act. WRIMCO, or an affiliate, would likely pay a Solicitor a percentage of the investment management fee it collects from referred clients. At this time, WRIMCO does not have any referral agreements with unaffiliated parties.

WRIMCO, or its affiliates, may pay to attend or sponsor conferences organized by an investment consultant. To avoid potential conflicts of interest, individuals or entities that have been referred to WRIMCO by an investment consultant should request that the consultant disclose any pre-existing or former relationships with WRIMCO, or any of its affiliates, and any potential conflicts of interest in connection with the referral. Additionally, WRIMCO should be notified of any conflicts of interest disclosed by the consultant.

ITEM 15: CUSTODY

Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

WRIMCO serves as manager to certain Private Funds which are structured as limited liability companies. As a result, WRIMCO is deemed to have custody of investors’ assets invested in these Private Funds under the Custody Rule. WRIMCO 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 WRIMCO is deemed to have custody over client assets, WRIMCO encourages all clients to carefully review statements received from custodians or other third parties and compare their official custodial records to the account statements provided by WRIMCO. Statements from WRIMCO may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies applicable to certain securities.

For the Private Funds, WRIMCO provides audited financial statements to investors, within 120 days of each year-end.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority for Trading

WRIMCO accepts discretionary authority to manage securities accounts on behalf of clients. This authority is identified and provided for in written investment management agreements entered into

between WRIMCO and each client. WRIMCO's discretionary investment management agreements authorize WRIMCO to exercise full discretionary authority with respect to all investment transactions involving client accounts. Discretionary investment management agreements grant WRIMCO full discretion and sole authority to invest and reinvest all assets of client accounts in securities, cash and/or other financial instruments in accordance with each client's stated investment guidelines and objectives and in accordance with WRIMCO's investment strategy utilized for the account (unless otherwise stated and agreed to by WRIMCO and the client). WRIMCO's discretionary authority authorizes it to determine, without obtaining specific client consent, which securities, and in what amounts they, are to be bought or sold. The investible universe of many of WRIMCO's investment strategies may include securities issued by advisory clients or service providers to WRIMCO and its affiliates. Investing in these securities could create a conflict of interest or the appearance of a conflict of interest. WRIMCO does not invest in these securities in consideration of whether a company is a client or service provider. WRIMCO has established policies and procedures with respect to service provider oversight and proxy voting and developed processes relating to manager compensation which WRIMCO believes reasonably mitigate these conflicts.

Certain investments may require the execution of specialized documentation associated with a particular trade and the opening of accounts with brokerage, execution and/or clearing firms. For example, OTC derivative contracts are typically governed by ISDA master agreements, schedules, confirmations, and, where applicable, credit support annexes that WRIMCO may negotiate and enter into on behalf of an account. Other agreements that may be necessary in connection with these and similar transactions include futures agreements, option agreements and repurchase agreements. WRIMCO's discretionary authority authorizes it to enter into agreements and execute any documents required to affect transactions in client accounts and is further authorized to give instructions to third parties in furtherance of such authority. WRIMCO seeks to negotiate the most favorable terms practicably available under the circumstances but cannot guarantee that the most favorable terms will be achieved in each instance.

WRIMCO generally relies on third-party screening services or industry classifications to identify companies that fall within client guidelines that contain restrictions on investing in specific industries or that are based on socially responsible criteria. To the extent a company is not covered by such services or classifications, WRIMCO may be unable to apply such guidelines.

Investment Personnel

Certain portfolio managers may have additional business management and oversight roles within the organization. Historically, those roles have included the Director of Research, the Head of Fixed-Income and the Chief Investment Officer. Certain analysts may also serve as assistant portfolio managers. Investment personnel with multiple roles may devote time and attention to business matters in addition to the responsibilities owed to client portfolios. Such personnel may also receive compensation for such additional roles at WRIMCO or its affiliates which could create potential conflicts of interest as these individuals may have an incentive to favor certain accounts over others.

In certain instances, a Portfolio Manager may also serve on the Board of Directors (or similar governing body) of a privately held company, the securities of which an account may hold. While WRIMCO believes such service will be beneficial to its clients, the Portfolio Manager's service as a Board Member

could also create a conflict of interest (or appearance of a conflict of interest) with respect to decisions regarding whether a client account should hold or dispose of the company.

Material Non-Public Information

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

ITEM 17: VOTING CLIENT SECURITIES

Proxy Votes

Unless the client designates otherwise, WRIMCO votes proxies for securities over which it maintains discretionary authority consistent with its proxy voting policies and procedures. Under these policies and procedures, WRIMCO seeks to vote each proxy issue in what it believes is the best interest of the client and/or client plan participants. To achieve this, WRIMCO has established proxy voting guidelines that reflect what it believes are desirable principles of corporate governance. WRIMCO utilizes a third-party proxy voting service, Institutional Shareholder Services ("ISS"), to assist it in voting proxy issues in accordance with these guidelines. The guidelines address such shareholder meeting agenda items such as the election of trustees/directors, ratification of auditors, management and trustee/director compensation, anti-takeover mechanisms, changes to capital structure, merger and corporate restructuring, and social and corporate policy issues. These guidelines do not provide an exhaustive list of all issues that may arise, and WRIMCO cannot anticipate all future proxy issues.

The SEC has mandated certain rules for investment advisers with authority to vote client proxies. In response to these proxy voting rules, it is the policy of WRIMCO to review each issue of each proxy solicited by its respective issuer whose securities are held in any client account and to vote each proxy issue in the best interest of the client and/or the client's plan participants. WRIMCO uses ISS to assist it in analyzing proxy issues. WRIMCO does not, however, consider recommendations from ISS to be determinative of its ultimate decision.

It is WRIMCO's policy to focus its consideration of proxy issues on the economic cost or benefit to its clients as investors. It is WRIMCO's policy that the investment business strategies of most corporations, including the businesses in which the corporation is engaged, the manner and means in which the corporation chooses to do business, and the determination of the users of its products and services, should primarily be left to the discretion of the issuer's management. It is WRIMCO's policy that a shareholder should become involved with these matters only when management has failed and the corporation's performance has suffered or to protect the rights of shareholders.

WRIMCO seeks to identify each relationship that may pose a material conflict of interest with respect to its duty to vote proxy issues in the best interest of each client and/or client's plan participants based on the individual facts and circumstances. For purposes of this review, WRIMCO will attempt to detect those

relationships deemed material based on the reasonable likelihood that they would be viewed as important by the average shareholder.

WRIMCO will use the following techniques to vote proxies that have been determined to present a material conflict: (i) vote in accordance with the recommendation of ISS or another independent third party if a recommendation from ISS is unavailable; (ii) use of a predetermined voting policy; (iii) seek guidance from an internal proxy voting committee; or (iv) seek client instructions.

WRIMCO is aware of its responsibility to process proxies and maintain proxy records pursuant to SEC rules and regulations and its fiduciary duty to vote proxies based on decisions that may affect the value of shareholdings and certainly intends to vote proxies, but clients should be aware that there might be circumstances under which voting might be impossible or impracticable. In accordance with client agreements and WRIMCO's Proxy Voting Policy, WRIMCO will attempt to vote every proxy it receives for all domestic and foreign corporations but shall not be responsible for voting any proxies that have record dates prior to the date of an underlying agreement or on or after the date of any termination of an agreement or for monitoring and voting proxies for securities that are out on loan due to a client's securities lending program. Also, voting proxies with respect to shares of foreign securities may be significantly more difficult than with respect to domestic securities. In consideration thereof, WRIMCO may be unable or may decide not to vote certain proxies for foreign issuers.

Any client, trustee or any client plan or their authorized representative may receive a copy of WRIMCO's Proxy Voting Policy or proxy voting records voted on their behalf by sending a written request to WRIMCO at the address provided in this Brochure or via email at IMCompliance@waddell.com

ITEM 18: FINANCIAL INFORMATION

Financial Condition

WRIMCO does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because WRIMCO does not serve as a qualified custodian for client funds or securities and does not require pre-payment of fees of more than \$1,200 per client and six months or more in advance.

BUSINESS CONTINUITY PLAN

General

WRIMCO has a Business Continuity Plan in place that provides detailed steps to mitigate and recover from the loss of office space, communications, services or key people.

Disasters

The Business Continuity Plan covers natural disasters such as snow storms, hurricanes, tornados, and flooding. The Plan covers man-made disasters such as loss of electrical power, loss of water pressure, fire, bomb threat, nuclear emergency, chemical event, biological event, T-1 communications line outage,

Internet outage, railway accident and aircraft accident. Electronic files are backed up daily and archived offsite.

Alternate Offices

WRIMCO has built its own internal recovery site located 30 miles away in Lee's Summit, MO. This site is dedicated to WRIMCO and its affiliates. The recovery site is powered by a separate power grid and has its own uninterruptable power supply and backup generator. This site also houses our backup data center. The data center has been designed to support our computing infrastructure, mainframe, servers and network during a significant business disruption. Data from our mainframe at the production site is mirrored to this backup site over a metro area network.

PRIVACY POLICY

Privacy Notice

WRIMCO is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to it.

The categories of nonpublic information that WRIMCO may collect from its clients may include information about personal finances and information about transactions between the client and third parties.

WRIMCO maintains a secure office to ensure that client information is not placed at unreasonable risk.

WRIMCO does not provide personal client information to mailing list vendors or solicitors. WRIMCO attempts to require strict confidentiality in its agreements with unaffiliated third parties that require access to personal information, including financial service companies, consultants and auditors. Federal and state securities regulators may review WRIMCO's company records and client personal records as permitted by law.

Personally identifiable information about clients will be maintained throughout the client relationship and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.

WRIMCO will notify clients in advance if the Privacy Policy is expected to change.

ADDITIONAL INFORMATION

Trade Error Correction

WRIMCO has adopted policies and procedures that are reasonably designed to minimize potential errors involving investments made for client accounts. In the event an error occurs, it is WRIMCO's policy to correct the error promptly and fairly. It is WRIMCO's policy to reimburse clients for losses realized as a result of such errors. Reimbursement generally will not include any amounts that WRIMCO determines are speculative or uncertain, including potential opportunity costs resulting from delayed investment or sale as a result of correcting an error or other forms of consequential or indirect losses. WRIMCO has

adopted a materiality policy with respect to reimbursable errors. Therefore, in certain circumstances, errors that result in actual losses to a client that are below a predetermined threshold may not be reimbursed.

Foreign Securities

In accordance with applicable laws, rules and regulations, WRIMCO has established procedures for classifying securities as foreign and assigning an associated country of risk. Specifically, securities will be coded based on the issuer's country of domicile or organization as indicated by a reputable commercial trading data provider (such as, Bloomberg). Notwithstanding the foregoing, exceptions to WRIMCO's policy may be made at any time when circumstances warrant a different country designation. Such circumstances shall be determined by WRIMCO in its sole discretion, based generally upon the following criteria: i) the security is "principally traded" in a country other than the country in which the issuer is domiciled, determined based on a percentage of the total volume traded; ii) during its most recent fiscal year, the issuer, derived at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed in a country other than the country in which the issuer is domiciled; iii) the country where the issuer has at least 50% of its assets is a country other than the country in which the issuer is domiciled; or iv) if the security is guaranteed by another entity, the guarantor's country of domicile is a country other than that in which the issuer is domiciled.

Securities Pricing and Potential Conflict of Interest

Each account's investments are reported at fair value. Fair value is defined as the price that each account would receive upon selling an asset or would pay upon buying in an orderly transaction between market participants on the measurement date.

Securities and other assets held in client accounts are valued on each business day using pricing and valuation methods as adopted by WRIMCO and its affiliates. Where market quotes are readily available, fair value is generally determined on the basis of each security's official close price on its listed exchange or, if not available, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Prices for fixed-income securities are typically based on quotes that are obtained from an independent pricing service. To determine values of fixed-income securities, the independent pricing service utilizes such factors as current quotations by broker-dealers, coupon, maturity, quality, type of issue, trading characteristics, and other yield and risk factors it deems relevant in determining valuations. Securities that cannot be valued by the independent pricing service may be valued using quotes obtained from dealers that make markets in the securities.

Because many foreign markets close before the NYSE, events may occur between the close of the foreign market and the close of the NYSE that could have a material impact on the valuation of foreign securities. Waddell & Reed Services Company ("WRSCO"), pursuant to procedures adopted by WRIMCO, evaluates the impact of these events and may adjust the valuation of foreign securities to reflect the fair value as of the close of the NYSE.

Where market quotes are not readily available, portfolio securities or assets are valued at fair value, as determined in good faith by WRSCO pursuant to instructions from WRIMCO.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE close, that materially affect the values of an account's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available.

WRIMCO has delegated to WRSCO the responsibility for monitoring significant events that may materially affect the values of an account's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events. WRSCO has established a Valuation Committee to administer and oversee the valuation process, including the use of third-party pricing vendors.

WRIMCO has adopted methods for evaluating securities and other assets in circumstances where market quotes are not readily available. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to guidelines, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by WRIMCO, the value of the security or asset will be determined in good faith by the Valuation Committee and appropriate consultation with WRIMCO.

When an account uses these fair valuation methods applied by WRSCO that use significant unobservable inputs, securities will be priced by a method that WRIMCO or persons acting at their direction believe accurately reflects fair value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of a security. The prices used by an account may differ from the value that will ultimately be realized at the time the securities are sold.

Accounting standards establish a framework for measuring fair value and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

An individual investment's fair value measurement is assigned a level based upon the observability of the inputs which are significant to the overall valuation.

The three-tier hierarchy of inputs is summarized as follows:

- Level 1 – Observable inputs such as quoted prices, available in active markets, for identical assets or liabilities.
- Level 2 – Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or

similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.

- Level 3 – Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board or persons acting at their direction that are used in determining the fair value of investments.

WRIMCO and its affiliates are responsible for monitoring the implementation of the pricing and valuation policies through a series of activities to provide reasonable comfort of the accuracy of prices including: i) periodic vendor due diligence meetings to review methodologies, new developments, and process at vendors; ii) daily and monthly multi-source pricing comparisons reviewed and submitted to the Valuation Committee; and iii) daily review of unpriced, stale, and variance reports with exceptions reviewed by management and the Valuation Committee.

Class Actions/Bankruptcies

While WRIMCO is willing to cooperate with the client's custodian in certain circumstances, WRIMCO 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, WRIMCO may receive checks on behalf of clients from administrators distributing funds in settlement of class action lawsuits and regulatory actions. Subject to WRIMCO's obligations under the Custody Rule, WRIMCO promptly forwards checks to clients.

CyberSecurity Risks

WRIMCO or its affiliates, as well as unaffiliated service providers, may be prone to operational and information security risks resulting from breaches in cybersecurity. A breach in cybersecurity may be either an intentional or unintentional event that allows an unauthorized party to gain access to account assets, customer data, or proprietary information or causes WRIMCO or its service providers to suffer data corruption or lose operational functionality. A breach in cybersecurity may include, among other events, stealing or corrupting customer data or funds, denial of service attacks on websites that prohibit access to electronic systems by customers or employees, the unauthorized release of confidential information or various other forms of cybersecurity breaches. Cybersecurity breaches affecting WRIMCO or its vendors may adversely impact its clients. For instance, breaches in cybersecurity may cause the release of private account information or confidential business information, impede trading, subject WRIMCO, its clients or service providers to regulatory fines or financial losses or cause reputational damage. WRIMCO also may incur additional costs for cybersecurity risk management purposes. Similar types of cybersecurity risks are also present for issues or securities in which the accounts may invest, which could result in material adverse consequences for such issuers, and may cause the investments in such companies to lose value.