



# JANUS HENDERSON INVESTORS

## Janus Capital Management LLC

**March 30, 2020**

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*This brochure provides information about Janus Capital Management LLC's ("JCM") qualifications and business practices for JCM's advisory clients. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC"), any state securities authority or any non-U.S. regulatory authority. If you have any questions about the contents of this brochure, please contact us at 303.333.3863. Additional information about JCM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Throughout this brochure and related materials, JCM may refer to itself as "registered" or a "registered investment adviser." These references do not imply, and are not intended to imply, JCM possesses a certain level of skill or training.*

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## Item 2 – Material Changes

This brochure replaces the brochures dated March 31, 2019 and December 2, 2019. We updated, corrected and expanded certain information to help you better understand the significant strategies we offer, the risks those significant strategies present, our financial industry affiliations, our proxy voting policies and practices and our efforts to ensure clients are treated fairly. Although there have been clarifying, simplifying and updating edits throughout the brochure, the edits primarily have occurred in the following sections. We do not believe any of these changes to be material:<sup>1</sup>

- *Item 5 – Fees and Compensation* has been updated to describe certain arrangements to reimburse third-party fees and expenses.
- *Item 6 – Performance-Based Fees and Side-By-Side Management* has been updated to provide additional information regarding conflicts of interest presented by performance fee accounts and how those conflicts of interest are mitigated.
- *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* has been updated to correct information regarding the emerging markets strategy, as well as to expand upon general risks applicable to all portfolios.
- *Item 10 – Other Financial Industry Activities and Affiliations* has been updated to provide additional detail regarding certain affiliations with non-U.S. entities, including Henderson Management SA and Henderson Investment Funds Limited, and to reflect additional organizational changes, including the sale of Geneva Capital Management LLC.
- *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* has been updated to reflect expanded duties under the Code of Business Conduct and to clarify how cross trades may be executed between one or more accounts.
- *Item 12 – Brokerage Practices* has been updated to provide additional information regarding the use of research charges and client commissions for the purchase of research, as well as to clarify the approach to trade aggregation including where different commission structures may be in place for participating accounts.
- *Item 13 – Review of Accounts* has been updated to provide additional detail regarding availability of enhanced middle and back office services.
- *Item 17 – Voting Client Securities* has been updated to reflect the adoption of amendments to the Proxy Voting Guidelines and Procedures, including how conflicts of interest are identified and managed. A full copy of those documents is available at [janushenderson.com/proxyvoting](http://janushenderson.com/proxyvoting).

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<sup>1</sup> This summary of changes reflects amendments from the brochure dated March 31, 2019, inclusive of those made in the December 2, 2019 brochure, which you may have also received.

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<sup>2</sup> The SEC requires advisers to use a certain format and include certain items in their brochure. We have therefore included those items and indicated where they are not applicable.

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## Item 4 – Advisory Business

JCM is an indirect wholly-owned subsidiary of Janus Henderson Group plc (“Janus Henderson Group”). Janus Henderson Group is a dually-listed, publicly-traded company (NYSE:JHG and ASX:JHG) conducting business as Janus Henderson Investors. Janus Henderson Group is responsible for the strategic direction of its subsidiaries. More information about certain financial industry affiliations of JCM is described in *Item 10 – Other Financial Industry Activities and Affiliations*.

JCM offers U.S. equity, global & international equity, fixed income, asset allocation and alternative investment strategies. JCM believes its depth of research, knowledgeable portfolio managers and analysts, willingness to make concentrated investments based on its insights and innovations, and commitment to delivering strong, long-term results for its investors are what differentiate it from its competitors. As of December 31, 2019, JCM had approximately \$207,531,305,490 in regulatory assets under management on a discretionary basis and \$0 in assets under management on a non-discretionary basis.<sup>3</sup>

JCM, through its predecessors, has provided investment management services since 1969 and has been registered with the SEC since 1978. Over the last several years, JCM has expanded its business to become a more diversified manager with increased investment product offerings and distribution capabilities. Investment products are distributed through three primary channels: retail intermediary, institutional and international. Each distribution channel focuses on specific investor groups and the unique requirements of each group.

JCM has offices in Denver, Colorado; Newport Beach, California; San Francisco, California; Darien, Connecticut; Chicago, Illinois and Boston, Massachusetts. Janus Henderson Investors has a broader global footprint with additional offices inside the U.S. in Princeton, New Jersey and West Palm Beach, Florida, and outside the U.S. in Amsterdam, Brisbane, Dubai, Edinburgh, Frankfurt, Geneva, Hong Kong, London, Luxembourg, Madrid, Melbourne, Milan, Paris, Singapore, Sydney, Taipei, Tokyo and Zurich. In addition to offering its own proprietary investment strategies, JCM offers investment strategies through certain of its affiliates, each with their own specific investment styles and unique and independent perspectives:

- mathematical equity strategies through Intech Investment Management LLC (“Intech”),
- global macro fixed income strategies through Kapstream Capital Pty Limited (“Kapstream”), and
- value-disciplined investment strategies through Perkins Investment Management LLC (“Perkins”).

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<sup>3</sup> The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes, which it refers to as an adviser’s “regulatory assets under management.” Regulatory assets under management are generally an adviser’s gross assets (*i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities) and may be calculated differently than the assets under management reported elsewhere.

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JCM may also offer investment strategies through other affiliates within the Janus Henderson Group, including through the use of participating affiliate arrangements. Please refer to *Item 10 – Other Financial Industry Activities and Affiliations* and each of Intech's and Perkins' Form ADVs for additional information.

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

- U.S. mutual funds and exchange-traded funds ("ETFs"), registered under the Investment Company Act of 1940, as amended (the "1940 Act") ("Investment Companies"),
- non-U.S. domiciled mutual funds, trusts or similar entities ("non-U.S. Funds"),
- private investment funds, including hedge funds, offered pursuant to Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and excluded from the investment company definition under either Section 3(c)(1) or 3(c)(7) of the 1940 Act ("Private Investment Funds"),
- institutional separate accounts ("Separate Accounts"),
- separately-managed account wrap programs ("Wrap Fee Programs") offered by unaffiliated investment advisers or broker-dealers ("Sponsors"),
- collective investment trusts ("CITs"), and
- other proprietary accounts.

In this Brochure, we refer to Investment Companies, non-U.S. Funds, Private Investment Funds and CITs collectively as "Funds" and to our proprietary Funds as "Sponsored Funds."

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

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

When JCM serves as sub-adviser, it enters into a sub-advisory agreement with one of its affiliates or an unaffiliated investment adviser. These sub-advisory agreements typically include information related to JCM's sub-advisory fee, investment strategy, investment guidelines, termination rights and proxy voting. The adviser enters into an investment management agreement with the end client. Affiliates of JCM within the Janus Henderson Group may also provide services to clients of JCM through participating affiliate

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arrangements, delegations, and cross-services agreements. These are described in greater detail under *Item 10 – Other Financial Industry Activities and Affiliations*.

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

JCM does not offer traditional financial planning services; however, JCM does provide a range of free, interactive tools and calculators online at [www.janushenderson.com](http://www.janushenderson.com). These tools and calculators are designed to educate and assist a user in making financial decisions.

### Wrap Fee Programs

JCM offers certain of its investment strategies through its participation in three different types of Wrap Fee Programs:

- “Single Contract Programs” in which JCM enters into a contract with a Sponsor to provide discretionary advisory services to the Sponsor's clients,
- “Dual Contract Programs” in which JCM enters into a contract directly with the client to provide discretionary advisory services to the client, and the client enters into a separate contract with the Sponsor, custodian and other service providers, and
- “Model Programs” in which JCM enters into a contract with the Sponsor to provide non-discretionary advisory services by providing a model portfolio to the Sponsor or overlay manager who typically retains the ultimate authority to execute investment transactions on behalf of plan participants. In most Model Programs, JCM treats the Sponsor or overlay manager as its client. As of December 31, 2019, JCM provided model portfolios to Sponsors or overlay managers with respect to approximately \$2,988,458,061 in assets. Since JCM generally does not have investment discretion or trading responsibility for these assets, they are generally not included in JCM's assets under management provided above.

In Single and Dual Contract Programs, Sponsors introduce clients to JCM and generally provide clients a package of services which may include any or all of the following: discretionary investment management, trade execution, account custody, performance monitoring and manager evaluation. Sponsors receive a fee (“Wrap Fee”) from clients for providing this package of services, and JCM receives a portion of the Wrap Fee from the Sponsor for its investment management services. Sponsors typically:

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- assist clients in defining their investment objectives based on information provided by the clients,
  - determine whether the given Wrap Fee Program is suitable for each client,
  - aid in the selection and monitoring of investment advisers (whether JCM or another adviser) to manage accounts (or a portion of account assets), and
  - periodically contact clients to ascertain whether there have been any changes in clients' financial circumstances or objectives that warrant changes in the arrangement or the manner in which clients' assets are managed.

JCM generally receives client information through Sponsors and relies on Sponsors to forward current and accurate client information on a timely basis to assist in JCM's day-to-day management of clients' accounts. Single and Dual Contract Program clients may also contact JCM directly concerning their accounts.

Under the typical Model Program, JCM provides Sponsors or overlay managers with initial model portfolios at the inception of the arrangement and then provides updates of the model portfolio on a regular basis as part of JCM's trade rotation procedures or at such other intervals agreed to by JCM and the Sponsor. See *Item 12 – Brokerage Practices* for more information on trade rotation. Generally, investors in Model Programs do not have direct access to JCM. In these programs, Sponsors or overlay managers have investment discretion to accept, reject or modify JCM's trade recommendations and apply them to their clients' accounts. As a result, as noted above, JCM generally does not consider these assets as discretionary assets.<sup>4</sup>

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

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

Clients investing in Wrap Fee Programs should receive a brochure from the Sponsor detailing all aspects of the Wrap Fee Program prior to selecting JCM as an investment manager. Clients should review program documentation carefully and discuss with their financial adviser whether these programs, and JCM's strategies, are appropriate for their investment needs and circumstances.

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<sup>4</sup> In certain instances, JCM may be contractually deemed to have investment discretion. In those circumstances, JCM still relies on the Sponsor or overlay manager to execute trades or achieve best execution on behalf of plan participants.



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## Item 5 – Fees and Compensation

JCM's standard fee schedules vary from product to product based on a variety of factors, including but not limited to, the portfolio manager, investment vehicle, strategy, degree of servicing required and marketplace conditions. JCM may also receive a performance allocation or fee based on the performance achieved by a Fund or Separate Account over a specific time period. Clients who negotiate performance-based fees typically pay a lower base management fee. See *Item 6 – Performance-Based Fees and Side-By-Side Management* for more information about performance-based fees.

JCM's fees are typically calculated as a percentage of the market value of a client's assets under management in accordance with its contractual agreements. Fee breakpoints may be available for certain strategies and product types. For certain strategies, for example, where a client seeks to achieve a notional level of exposure or a target level of volatility in their portfolio, JCM may charge fees based on the notional value of the client's portfolio rather than the market value of a client's assets under management.

JCM's standard fee schedules based on the market value of a client's asset under management, which are subject to change and may be negotiated, are described in Appendix A. Existing clients may have different fee arrangements from those described in Appendix A. To the extent JCM engages a sub-adviser, JCM will pay the sub-adviser a portion of the management fee that clients pay to JCM. JCM's clients do not pay any fees, commissions or expenses directly to sub-advisers.

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

JCM is limited in its ability to negotiate fees due, in part, to provisions in certain client contracts that require any more favorable pricing provided to one client also be provided to another if similarly situated. Under the terms of these agreements, JCM may be required to notify and offer the same fee arrangement to a client if JCM enters into a more favorable fee arrangement with a similarly situated client. JCM generally considers clients to be similarly situated if, among other things, they are domiciled in the same country, are in the same investment vehicle managed as a component of the same investment composite, are of the same client type, require a similar level of client servicing and have a similar account size.

To the extent fees are negotiable, certain clients may pay more or less than other clients for the same management services. JCM may also charge lower management fees for accounts managed through



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Wrap Fee Programs or pursuant to other consulting or referral arrangements in which broker-dealers, investment advisers, trust companies and other providers of financial services typically provide clients with services that complement or supplement JCM's services.

In addition to JCM's investment management fee, clients may incur operating and transaction fees, costs and expenses associated with maintaining their accounts imposed by custodians, brokers, futures commission merchants, prime brokers and other third-parties. Examples of these charges include but are not limited to custodial fees, margin, deferred sales charges, "mark-ups" and "mark-downs" on trades, odd-lot differentials, transfer taxes, handling charges, exchange fees (including foreign currency exchange fees), interest to cover short positions, wire transfer fees, electronic fund fees, conversion fees for American Depositary Receipts ("ADRs") and other fees and taxes on brokerage accounts and securities transactions. JCM does not receive any portion of these commissions, fees or costs. See, however, *Item 12 – Brokerage Practices* for more information about commission credits and conversion fees for ADRs. To the extent JCM acts as a sub-adviser, JCM will receive a portion of the management fee the end clients pay to the adviser; these clients do not pay any fees, commissions or expenses directly to JCM. JCM may, in its discretion, elect to reimburse certain third-party fees or charges (including but not limited to overdraft fees) for certain accounts in specified circumstances.

In Single Contract and Model Programs, Sponsors' clients receive and pay for a package of services. Each of these programs varies and generally includes one or more of the following fees: program fee, custodial fee, trading expenses and an investment management fee. Fees for these bundled programs vary, and clients may pay fees which in the aggregate may be 3.0% or higher. Clients in these programs pay fees to their Sponsors, and the Sponsors pay JCM a portion of its fee for JCM's services. In Dual Contract Programs, JCM's fee is typically "unbundled," meaning that clients pay JCM's fee directly to JCM and other program fees to their Sponsors. Clients who participate in Wrap Fee Programs should be aware that services similar or comparable to those provided to them as a participant in a Wrap Fee Program may be available at a lower aggregate cost elsewhere separately or on an unbundled basis.

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

Investors in the Funds pay expenses in addition to investment management fees and incentive allocations, if applicable. These expenses generally include administration, organizational, research and investment expenses, such as brokerage commissions, legal, line of credit, director, accounting, audit and other professional fees and expenses. These expenses are typically incorporated in the Fund's share price or are allocated based on an investor's pro-rata portion of the investment vehicle. For additional detail on these fees and expenses, please refer to a Fund's offering documents. See *Item 10 – Other Financial Industry Activities and Affiliations* for information about compensation JCM may receive from the Funds.

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

Clients invested in Dual Contract Programs typically pay JCM's investment management fees in advance on a quarterly basis. JCM generally also receives payment in advance on a monthly, quarterly or other agreed upon basis with respect to certain Single Contract and Model Programs. To the extent JCM receives fees in advance, all accounts that terminate before the end of a billing period receive a refund for the pro-rata portion of the fee attributable to the remaining time in the billing period after the effective date of the termination of the account. JCM calculates and refunds the unearned, prepaid fee directly to the client or to the Sponsor on the client's behalf for Dual Contract Program clients. Sponsors calculate and administer refunds of the unearned, prepaid amount to Single Contract Program clients and Model Programs.

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

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

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

JCM has in place performance-based fee arrangements for certain products, such as Separate Accounts and certain Funds, including accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). When another entity serves as general partner to Private Investment Funds and JCM is the investment adviser, that general partner accepts the performance-based fee from the Fund.

Performance-based fees are structured to comply with Rule 205-3 under the Advisers Act and, for ERISA accounts, relevant Department of Labor advisory opinions regarding the circumstances in which an investment manager may receive performance-based compensation. Accordingly, performance-based fees are charged only to "qualified clients" as that term is defined under Rule 205-3 of the Advisers Act. Performance-based fees for Separate Accounts typically consist of a base management fee plus an adjustment based on investment performance compared to an established benchmark index over a specified period of time. Performance-based fees paid by JCM's Sponsored Funds typically consist of a base management fee plus or minus a performance fee adjustment as determined by the relative investment performance of the Fund to a specified benchmark index over a specified period of time.

The performance fee may create an incentive for JCM to make investments for the Funds or Separate Accounts which are riskier than would be the case in the absence of a fee based on performance.

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Further, JCM manages accounts with performance-based fees in the same locations, using the same systems and staffed with the same investment and support personnel, as accounts which do not have performance-based fees. Depending on the performance of accounts with performance-based fees, JCM or the general partner may obtain significantly higher fees from accounts with performance-based fee structures than from other accounts without performance-based fee structures. These factors could create conflicts of interest because JCM, the general partner, portfolio managers and other investment personnel may have incentives to favor the performance-based fee accounts over others.

JCM believes that it has reasonable controls in place to mitigate potential conflicts of interest. These controls include trade allocation procedures that govern allocation of securities, including limited offerings, average pricing of aggregated trades, and analysis of performance achieved by accounts managed in a similar strategy. JCM also generally requires accounts with similar investment strategies to be managed in a similar fashion, subject to a variety of exceptions, such as particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes and similar factors.

JCM monitors side-by-side conflicts through performance dispersion testing, holdings and risk dispersion testing, sequential trade analysis, cross-trade analysis and limited offering analysis. This testing and analysis is reviewed and discussed by the Side-by-Side Risk Committee, which includes representatives Investment Risk, Financial Risk, Compliance and Operations, which may take or require further action to investigate and resolve any potential unfair treatment of clients and investors. See *Item 12 – Brokerage Practices* for additional information about potential conflicts of interest and our brokerage, allocation and valuation policies and procedures. See also *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information about JCM's side-by-side management practices.

## **Item 7 – Types of Clients**

JCM provides investment management services, as an investment adviser or sub-adviser, to pooled investment vehicles, such as Investment Companies, non-U.S. Funds, Undertakings for Collective Investments in Transferable Securities (“UCITS”) funds, Open End Investment Companies (“OEICs”), CITs and Private Investment Funds; Sponsors; pension, profit-sharing and Taft-Hartley plans; foundations; charitable organizations; endowments; individuals; guardians and custodians for individuals; high-net worth individuals; trusts; estates; individual retirement accounts; retirement plans for self-employed persons (e.g., Keogh plans); U.S. and non-U.S. federal, state or local government entities; sovereign-wealth funds; and other U.S. and non-U.S. institutions.

For new accounts, JCM generally requires:

- \$100,000 to establish a Single Contract Program account,
- \$1 million to establish a Dual Contract Program account,
- \$100,000 to \$20 million to invest in a Private Investment Fund,
- \$10 to \$100 million to establish a new Separate Account depending on the strategy, and
- \$50 million to establish a non-sponsored Fund relationship.

JCM may waive or reduce these requirements in its discretion, including based on certain criteria as described in *Item 5 – Fees and Compensation*, and reserves the right to decline any account in its sole discretion. JCM also reserves the right to close any account which falls below the minimum requirements

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to establish an account due to client activity or market movement. Smaller-sized accounts may not receive or be able to fully implement JCM's investment recommendations for a particular strategy depending on the price of securities and the size of the accounts.

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

JCM offers U.S. equity, global & international equity, fixed income, asset allocation and alternative investment strategies, including but not limited to long-short portfolios. The following briefly summarizes JCM's significant investment strategies and methods of analysis. Investors in Funds will find additional information about strategies in the Funds' offering documents.

### **General Methods of Fundamental Analysis – Equity and Fixed Income**

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

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

### **Additional Methods of Analysis – Equity**

JCM utilizes a proprietary equity risk management tool, EQuantum, which equips portfolio managers with portfolio construction tools to better inform decision making on a real-time and pro-forma basis. EQuantum enhances collaboration and communication between portfolio managers and analysts and creates greater risk awareness in portfolio construction and on a pre-trade basis. The tool provides portfolio managers with the ability to construct custom and dynamic views of their portfolios incorporating portfolio, security and index level data points such as BarraOne risk factors, JCM analyst estimates, security level ownership and performance detail, characteristics and relative performance. Additionally, the pro-forma trade scenario component of the tool enables portfolio managers to understand the multi-faceted impact of an individual or series of trades, providing a better understanding of the impacts from a risk and Morningstar style box perspective.

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### Additional Methods of Analysis – Global Emerging Markets Equity

The Global Emerging Markets Equity team employs both a top-down and a bottom up investment strategy. The top-down approach involves a macro analysis of factors that include an issuer's economic growth profile, the stages of a country's development, and trends in a country's governance and regulatory framework. The bottom up analysis focuses on fundamental research and considers, among other factors, a company's valuation, growth potential, competitive positioning, projected future earnings, cash flows, governance, and dividends. The strategy's investment universe encompasses all companies significantly exposed to emerging markets irrespective of the company's domicile or inclusion in an index. In considering investments, the team may determine a security is economically tied to an emerging market country based on other factors outside of market listing such as an issuer's country of domicile, where the majority of an issuers revenues, profits or assets are generated and located, and where the assets or where an issuers primary exchange is located. As a result, a security may be economically tied to more than one country. At times, the investment strategy may invest to a significant degree in issuers located in a single country or region, which particularly includes China. This approach provides opportunities above and beyond companies listed in traditional emerging markets indices as more businesses listed in the developed world grow their exposure to emerging economies and more frontier market companies (within the next generation of emerging markets) look to their local stock markets as a means to raise capital for investment and growth.

### Additional Methods of Analysis – Fixed Income

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

### Additional Methods of Analysis – Global Macroeconomic Fixed Income

JCM's fixed income team may also employ a global macroeconomic, top-down, thematic investing approach with a significant use of derivatives and may include strategies that can invest all of their assets in derivatives. Macroeconomic factors to be considered may include, but are not limited to, interest rates, inflation, monetary and/or fiscal policy, currency movements, demographic trends, the regulatory environment, country- or region-specific risks and the global competitive landscape.

### Additional Methods of Analysis – Diversified Risk Premia

JCM offers strategies which seek absolute return with low correlation to stocks and bonds by investing in a diverse group of return drivers, each a type of risk premium (collectively, "risk premia"), across equity, fixed income, commodity, and currency asset classes. These portfolios employ various strategies within the equity, fixed income, commodity, and currency asset classes to identify risk premia and generate returns. These strategies may include, but are not limited to, value, carry, liquidity, momentum, volatility, and quality. These portfolios employ a proprietary multi-factor process to allocate the strategies' assets across the various risk premia. The process begins with an approximate equal-weighted risk to each risk premium in which the strategies invest, so that no individual risk premium contributes disproportionately to

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the strategies' overall risk profile and expected returns over the long term. Next, the strategies apply additional advanced allocation methodologies to the portfolios to tactically adjust the weights of risk premia. The strategies' portfolio managers generally rebalance risk premia allocations monthly, but may rebalance such allocations more often from time to time to adjust the strategies' relative risk premia exposures. The rebalancing techniques used by the strategies' portfolio managers may result in a higher portfolio turnover rate and related expenses compared to a "buy and hold" fund strategy. The strategies may not utilize all identified risk premia in their investment processes at all times. JCM believes that this allocation process may provide better risk adjusted returns than a traditional asset allocation strategy that employs fixed weights for asset classes.

#### Additional Methods of Analysis – Asset Allocation

JCM offers an asset allocation strategy that attempts to reduce the risk of loss, or a drop in the value of invested capital that is unlikely to be regained over a full market cycle (a time period representing a significant market decline and recovery). At the same time, the strategy seeks to participate in the upside growth of the capital markets. The "tail managed" strategy is intended to tactically shift away from assets whose downside tail risks are increasing and toward assets whose expected tail gains are increasing. As it relates to investing, "tails" are the end portions of a distribution curve (bell curve) that shows the statistical likelihood of achieving different investment returns over a specified period. The tails on the left and right of the bell shape represent the least likely, but most extreme, outcomes. To implement the strategy, JCM utilizes two complimentary processes: a "top-down" macro analysis and a "bottom-up" risk/reward analysis. These processes both employ a proprietary options implied information model that monitors day-to-day movements in options prices for indicators of risk and reward between asset classes, sectors, and regions. Using this model, the JCM adjusts allocations and underlying security exposures.

#### Additional Methods of Analysis and Investment Strategies - Indexed Portfolios

JCM offers ETFs that seek investment results that correspond generally, before fees and expenses, to the performance of an underlying index. JCM serves as the investment adviser to multiple indexed Funds. JCM may commission index providers to create an index that has certain characteristics or may license an existing index. The indexes themselves are generated and maintained by the index providers, including JCM's affiliate Janus Henderson Indices LLC ("[Janus Henderson Indices](#)"). JCM generally uses a replication methodology, meaning it will invest in the securities composing the underlying index in proportion to the weightings in the underlying index. JCM may, however, also invest in a sample of securities included in the underlying index in circumstances in which it may not be possible or practicable to purchase all of the securities in the underlying index. In addition, JCM may invest in securities that are not included in the underlying index in circumstances in which such securities may help the portfolio track the underlying index.

#### General Risks

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

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



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JCM primarily employs active strategies, and clients thus face the risk that the investment strategies employed for their portfolio may fail to produce the intended results. For example, the value of a client's portfolio may decrease if the value of one or more companies in the portfolio decreases or if a portfolio manager's belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of a client's portfolio could also decrease if there are deteriorating economic or market conditions.

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

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

Many of JCM's strategies have significant direct or indirect exposure to non-U.S. markets, including emerging markets, which can be more volatile than the U.S. markets. As a result, a client's returns may be affected to a large degree by fluctuations in currency exchange rates or adverse social, political or economic conditions in a particular country. A market swing in one or more countries or regions where a client has invested a significant amount of its assets may have a greater effect on the portfolio's performance than it would in a more geographically diversified portfolio.

The risks of investing in non-U.S. markets are heightened when investing in emerging markets (including frontier markets). Emerging markets securities involve a number of additional risks, which may result from less government supervision and regulation of business and industry practices (including the potential lack of strict finance and accounting controls and standards), stock exchanges, brokers, and listed companies, making these investments potentially more volatile in price and less liquid than investments in developed securities markets, resulting in greater risk to investors. There is a risk in developing countries that a future economic or political crisis could lead to price controls, forced mergers of companies, expropriation or confiscatory taxation, imposition or enforcement of foreign ownership limits, seizure, nationalization, sanctions or imposition of restrictions by various governmental entities on investment and trading, or creation of government monopolies, any of which may have a detrimental effect on a client's investments. In addition, a client's investments may be denominated in foreign currencies and therefore, changes in the value of a country's currency compared to the U.S. dollar may affect the value of the investments. To the extent a client invests a significant portion of its portfolio in the securities of emerging markets issuers in or companies of a single country or region, the portfolio is more likely to be impacted by events or conditions affecting that country or region which could have a negative impact on its performance. Some of the risks of investing directly in non-U.S. and emerging market securities may be reduced when a client invests indirectly in non-U.S. securities through various other investment vehicles including derivatives, which also involve other risks. The risks of investing in emerging market countries are magnified in frontier market countries because frontier market countries generally have smaller economies and less developed capital markets than traditional emerging markets.

Federal, state, and foreign governments, regulatory agencies, and self-regulatory organizations may take actions that affect the regulation of JCM, its Funds and its Separate Accounts or the instruments in which



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they invest, or the issuers of such instruments, in ways that are unforeseeable. Future legislation or regulation or other governmental actions could limit or preclude JCM's ability to achieve its clients' investment objectives or otherwise adversely impact individual instruments. Furthermore, worsened market conditions, including as a result of U.S. government shutdowns or the perceived creditworthiness of the United States, could have a negative impact on securities markets.

The value of a portfolio's holdings is also generally subject to the risk of significant future local, national, or global economic disruptions or slowdowns in the markets in which the portfolio invests. In the event of such an occurrence, the issuers of securities held by a portfolio may experience significant declines in the value of their assets and even cease operations, or may require government assistance that is contingent on increased restrictions on their business operations or their government interventions. In addition, it is not certain that the U.S. government or foreign governments will intervene in response to a future market disruption and the effect of any such future intervention cannot be predicted.

Widespread disease, including pandemics and epidemics, and natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, have been and can be highly disruptive to economies and markets, adversely impacting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of a portfolio's investments. Economies and financial markets throughout the world have become increasingly interconnected, which increases the likelihood that events or conditions in one region or country will adversely affect markets or issuers in other regions or countries, including the U.S. These disruptions could prevent JCM from executing advantageous investment decisions in a timely manner and negatively impact JCM's ability to achieve its clients' investment objectives. Any such event(s) could have a significant adverse impact on the value of a portfolio.

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

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

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be retained by the prime broker, to the extent necessary to meet the margin requirements, until the short position is closed out.

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

Many of JCM's strategies may also invest, directly or indirectly, in various commodity-linked investments that provide exposure to the commodities markets. Such exposure may result in greater volatility than investments in traditional securities. The value of a given commodity-linked derivative investment typically is based upon the price movements of a physical commodity (such as heating oil, livestock, or agricultural products), a commodity futures contract or commodity index, or some other readily measurable economic variable. The value of commodity-linked derivative instruments may therefore be affected by changes in overall market movements, volatility of the underlying benchmark, changes in interest rates, or other factors affecting a particular industry or commodity such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political, and regulatory developments.

Clients are also exposed to operational risk. Sources of operational risk are wide-ranging and may arise from inadequate systems, management failure, control inadequacy, fraud, human error and model risk. Potential events which may lead to increased operational risk include management changes, the development of new products, and use of third-party service providers, failures in automated systems used in key business processes, business continuity disruption, human error and changes in the legal or regulatory environment.

#### **Additional Risks Associated with Growth and Core Strategies**

JCM's growth and core strategies are designed for long-term investors seeking an equity portfolio, which typically have a concentration in common stocks. Common stocks tend to be more volatile than many other investment choices. In addition, securities of companies perceived to be "growth" companies may be more volatile than other stocks and may involve special risks. The price of a "growth" security may be impacted if the company does not realize its anticipated potential or if there is a shift in the market to favor other types of securities.

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

#### **Additional Risks Associated with Fixed Income Strategies**

Fixed income products' returns and yields will vary. JCM's fixed income strategies invest in a variety of instruments, including but not limited to corporate and high yield bonds, mezzanine loans, mortgage- and asset-backed securities, bank loans, bridge loans and debtor-in-possession ("DIP") loans, money market instruments (which may include reverse repurchase agreements), foreign debt securities (including those associated with emerging markets), sovereign debt securities and derivatives, such as forwards (including

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forward currency contracts), swap agreements (including but not limited to equity, interest rate, currency, total return, index and single-name credit default swaps and swaptions), futures contracts and options that provide exposure to various fixed income instruments. Certain fixed income strategies may use short sales, and certain fixed income strategies, particularly macroeconomic-based strategies, may invest all of their assets entirely in derivatives.

Typically, the values of fixed income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause a client's portfolio value to likewise decrease. Recent and potential future changes in government monetary policy may also affect the level of interest rates. These changes could cause a portfolio's value to fluctuate or make it more difficult for the portfolio's securities to be accurately valued. How specific fixed income securities may react to changes in interest rates will depend on the specific characteristics of each security.

As further described below, fixed income securities also are subject to credit risk, prepayment risk, valuation risk, default risk and liquidity risk, in addition but not limited to other general risks as mentioned above such as risks related to non-U.S. investments. Credit risk is the risk that the credit strength of an issuer of a fixed income security will weaken and/or that the issuer will be unable to make timely principal and interest payments and that the security may go into default. Prepayment risk is the risk that during periods of falling interest rates, certain fixed income securities with higher interest rates, such as mortgage- and asset-backed securities, may be prepaid by their issuers thereby reducing the amount of interest payments. Valuation risk is the risk that one or more of the fixed income securities in which the Fund invests are priced differently than the value realized upon such security's sale. In times of market instability, valuation may be more difficult. Liquidity risk is the risk that fixed income securities may be difficult or impossible to sell at the time that the portfolio managers would like or at the price the portfolio managers believe the security is currently worth.

In addition to the general risks mentioned above, corporate bonds, asset-and mortgage-backed securities, high yield bonds and bank loans may be subject to additional risk and can be more sensitive to certain market conditions that may reduce a client's returns. More specifically, corporate bonds may be more sensitive than other types of bonds to economic changes, political changes, or adverse developments specific to the company that issued the bond, which may adversely affect their value.

Securities underlying mortgage and asset-backed securities, which may include subprime mortgages, tend to be more sensitive to changes in interest rates than other types of securities and may be subject to a higher degree of credit risk, valuation risk, and liquidity risk than various other types of fixed income securities. Asset-backed securities may be backed by automobile loans, equipment leases, credit card receivables or other collateral. In the event the underlying assets fail to perform, these investment vehicles could be forced to sell assets and recognize losses, which could impact a client's return.

The value of high-yield bonds, or "junk" bonds, generally is more dependent on credit risk than investment grade bonds. Issuers of high yield bonds may not be as strong financially as those issuing bonds with higher credit ratings and are more vulnerable to real or perceived economic changes, political changes or adverse developments specific to the issuer.

Bank loan investments may be generally considered speculative and risks arising from investments in bank loans may be similar to those of investments in "junk bonds." Bridge loans involve certain risks in addition to those associated with bank loans including the risk that the borrower may be unable to locate permanent financing to replace the bridge loan, which may impair the borrower's perceived

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creditworthiness. DIP loans are subject to the risk that the entity will not emerge from bankruptcy and will be forced to liquidate its assets. Mezzanine loans generally are rated below investment grade, and frequently are unrated. Investment in mezzanine loans is a specialized practice that depends more heavily on independent credit analysis than investments in other fixed income strategies.

Investments in non-U.S. sovereign debt can involve a high degree of risk, including the risk that the governmental entity that controls the repayment of sovereign debt may not be willing or able to repay the principal and/or to pay the interest on its sovereign debt in a timely manner. In the event of default, there may be limited or no legal remedies for collecting sovereign debt and there may be no bankruptcy proceedings through which a client and/or JCM may collect all or part of the sovereign debt that a governmental entity has not repaid.

### **Additional Risks Associated with International, Emerging Markets, and Global Strategies**

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

Certain emerging markets strategies will concentrate their investments in emerging market equities. This may lead to an adverse impact on the strategy, whereby adverse movements in the value of the securities in the equity markets could have a considerably greater impact than if the strategy were not permitted to concentrate its investments to such an extent. By concentrating in emerging market equity investments, these strategies will be subject to the risks of the equity markets on the particular securities in which the strategy has invested, such as sensitivity to regulatory changes, minimal barriers to entry and sensitivity to overall market swings, and may be more susceptible to risks associated with a single economic, political or regulatory circumstance or event than a more diversified portfolio might be.

### **Additional Risks Associated with Global Sustainable Equity Strategies**

JCM's global sustainable equity strategies invest in companies whose products and services are considered by the portfolio managers as contributing to positive environmental or social change, including those that are strategically aligned with environmental and social megatrends such as climate change, resource constraints, growing populations, and aging populations. Since the strategies follow a sustainable investment approach by investing in companies that relate to certain sustainable development themes and demonstrate adherence to environmental, social, and governance ("ESG") practices, they may have a significant portion of their assets invested in securities of companies conducting similar business or business within the same economic sector. As a result, the strategies may be overweight or underweight in certain industries or sectors relative to their benchmark indices, which

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may cause their performance to be more or less sensitive to developments affecting those sectors. In addition, since ESG investing takes into consideration factors beyond traditional financial analysis, the investment opportunities for the strategies may be limited at times. Further, the regulatory landscape for ESG investing in the United States is still developing and future rules and regulations may require these strategies to modify or alter their investment process.

#### **Additional Risks Associated with Diversified Risk Premia Strategies**

JCM's diversified risk premia strategies' ability to achieve their investment objectives depend largely upon the portfolio managers' successful evaluation of the risks, potential returns, and correlation properties with respect to the various risk premia. There is a risk that the returns provided by an individual risk premium may be subject to high volatility and that the portfolio managers' beliefs about the risk, expected returns and correlation properties of one or more individual risk premia may be incorrect. Further, the strategies' ability to achieve their investment objective depends on the successful allocation of assets among various risk premia and asset classes. There is also a risk that the investments will correlate with the performance of stocks and bonds to a greater degree than anticipated. In addition, to the extent the portfolio managers implement a diversified risk premia strategy primarily or solely with futures, as may be the case in a strategy with an allocation to a single risk premium, the previously discussed risks associated with futures will apply. There is no guarantee that the investment techniques and analysis used by the strategies' portfolio managers will produce the desired results.

#### **Additional Risks Associated with Asset Allocation Strategies**

The model employed in implementing the asset allocation strategy may not be successful in identifying how allocations and underlying security exposures should be adjusted in order to reduce the risk of loss while participating in the upside growth of capital markets. As a result, there is a risk of underperformance of a client's portfolio if this model does not correctly use options prices to identify indicators of risk and reward between asset classes, sectors, and regions. Further, the techniques could in certain cases have a detrimental effect, including increasing portfolio turnover (and related transactions costs) and incurring taxable gains.

#### **Additional Risks Associated with Indexed Portfolios**

JCM cannot offer assurances that tracking the underlying index will maximize returns or minimize risk, or be appropriate for every investor seeking a particular risk profile. Due to the use of a sampling approach or substitute securities, JCM may not be able to match or achieve a high degree of correlation with the return of the underlying index. In addition, as the objective is to track the underlying index, JCM might not sell shares of a security due to current or projected underperformance of a security, industry or sector, unless that security is removed from the underlying index or the selling of shares is otherwise required upon a rebalancing. Further, although shares will be listed for trading on a public exchange, there can be no assurance that an active trading market for such shares will develop or be maintained. There can be no assurance that any listing requirements will continue to be met or will remain unchanged or that the shares will trade with any volume, or at all. During periods of significant volatility, the liquidity of the underlying securities held by the Fund may also affect the Fund trading prices. The net asset value (NAV) of the Funds will generally fluctuate with changes in the market value of the Funds' securities holdings. The market prices of shares will generally fluctuate in accordance with changes in the Funds' NAV and supply and demand of shares. JCM will also rely on authorized participants to engage in creation or redemption transactions directly with the Fund. To the extent that those authorize participants exit the business or are unable to process creation and/or redemption orders, and no other authorized participant

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is able to step forward to create and redeem in either of these cases, shares may trade like closed-end fund shares at a premium or a discount to net asset value (NAV) and possibly face delisting.

### **Certain Risks Associated with the Use of Technology**

JCM has adopted a business continuation program to maintain critical functions in the event of a partial or total building outage affecting our offices or a technical problem affecting applications, data centers or networks. The recovery strategies are designed to limit the impact on clients from any business interruption or disaster. Nevertheless, JCM's ability to conduct business may be curtailed by a disruption in the infrastructure that supports operations and the regions in which offices are located. In addition, our asset management activities may be adversely impacted if certain service providers to JCM or our clients fail to perform.

JCM, like other investment advisers, relies on digital and network technologies to conduct many aspects of its business. Such cyber networks might at times be at risk of cyberattacks that could potentially seek unauthorized access for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyberattacks could include efforts to electronically circumvent network security or overwhelm websites or intelligence gathering functions aimed at obtaining information necessary to gain access. JCM maintains an information technology security policy and certain technical and physical safeguards intended to protect its operations and the confidentiality of its internal data. Nevertheless, cyberattacks could occur, and might result in disruption of operations or unauthorized access to sensitive information about JCM or its clients.

### **Item 9 – Disciplinary Information**

Not applicable. JCM is not aware of any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of JCM or the integrity of JCM's management.

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

JCM is a member of Janus Henderson Group, a global asset management company serving clients and investors through diversified sponsored and non-sponsored financial products, including Investment Companies, non-U.S. Funds, Private Investment Funds and Separate Accounts. As a member of Janus Henderson Group, JCM may provide services to, receive services from or direct business to other members of Janus Henderson Group, as well as other entities under its control. These relationships create potential conflicts of interest as JCM may have an incentive to favor its own interests over those of its clients. In addition, certain management persons of JCM may serve as directors, officer or employees of other entities within Janus Henderson Group. They may also serve as directors, officers or employees of Sponsored Funds. These relationships also create potential conflicts of interest as those persons may have an incentive to favor one role over another. We believe these conflicts of interest are mitigated through disclosure and application of our Code of Business Conduct, Personal Code of Ethics and the other policies and procedures discussed here and in *Item 5 – Fees and Compensation*, *Item 6 – Performance-Based Fees and Side-By-Side Management*, *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* and *Item 12 – Brokerage Practices*.

Although JCM is under common control with a number of other entities in Janus Henderson Group, JCM only has ongoing, significant relationships with the following financial industry affiliates:

- Henderson Global Investors Limited ("HGIL"),



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- Henderson International GP LLC (“HIGP”),
  - Henderson Investment Funds Limited (“HIFL”),
  - Henderson Management SA (“HMSA”),
  - Intech Investment Management LLC,
  - Janus Capital International Limited (“JCIL”),
  - Janus Capital Trust Manager Limited (“JCTML”),
  - Janus Distributors LLC, doing business as “Janus Henderson Distributors” (“Janus Henderson Distributors”),
  - Janus Henderson Investors (Australia) Institutional Funds Management Limited (“JHIAIFML”),
  - Janus Henderson Investors Hong Kong Limited (“JHIHKL”),
  - Janus Henderson Investors (Japan) Limited (“JHIJL”),
  - Janus Henderson Investors (Singapore) Limited (“JHIS”),
  - Janus Henderson Investors Taiwan Limited (“JHITL”),
  - Kapstream Capital Pty Limited, and
  - Perkins Investment Management LLC.

JCM is the parent of Intech, JCIL, JCTML, Janus Henderson Distributors, JHITL, JHIHKL, Kapstream and Perkins. Janus Henderson Group is the ultimate parent of JCM and each of the entities listed above.

JCM operates its investment management business through multiple affiliates, including investment advisers registered with the SEC and investment advisers registered with non-U.S. regulatory authorities. JCM may use the services of one or more Janus Henderson Group subsidiaries or appropriate personnel of one or more Janus Henderson Group subsidiaries for investment advice, portfolio execution and trading, research, operational support and client servicing in their local or regional markets or their areas of special expertise, except to the extent explicitly restricted by a client, or inconsistent with applicable law. Arrangements among affiliates take a variety of forms, including but not limited to delegation, participating affiliate (as further described below), sub-advisory or other servicing agreements.

JCM may also provide certain services to Janus Henderson Group entities, including portfolio management, administrative, compliance, legal, trading, marketing and accounting services, and may receive compensation for providing these services. Additional information about the SEC registered advisers within Janus Henderson Investors can be found in each adviser’s respective brochure, which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

JCM maintains a “participating affiliate” arrangement (as that term is used in formal guidance issued by the staff of the SEC) with each of HGIL, JCIL, JHIAIFML, JHIJL, JHIS and Kapstream (each a “Participating Affiliate”). The participating affiliate arrangement allows U.S. registered investment advisers to use portfolio management or research resources of advisory affiliates subject to the regulatory



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supervision of the registered investment adviser. Under the participating affiliate arrangement, each of the Participating Affiliates and their employees are considered “associated persons” of JCM (as that term is defined in the Advisers Act), and investment professionals from the Participating Affiliates may render portfolio management, research, and other services to JCM’s clients, subject to the supervision of JCM. As such, they must comply with certain of JCM’s compliance policies and procedures, including its Personal Code of Ethics. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information. The responsibilities of JCM and the Participating Affiliates under the participating affiliate arrangement are documented in a memorandum of understanding between the entities.

In addition, JCM is a party to a global cross services agreement with other Janus Henderson Group entities. The agreement allows entities within the group to provide services to each other and for employees, including portfolio managers, of one company to act on behalf of another entity within the group. Employees who provide services pursuant to the cross services agreement are considered “dual-hatted” between relevant entities.

Employees of affiliated entities providing services to JCM’s clients through participating affiliate, sub-advisory, cross services or other arrangements may have conflicts of interest in allocating their time and services between JCM’s clients and their other responsibilities. JCM has adopted compliance and trading procedures intended to mitigate such conflicts and to ensure that investment decisions made by all personnel are consistent with the interests of clients.

Intech and Perkins are SEC-registered investment advisers and provide advisory services for certain products and clients which may include Sponsored Funds, Separate Accounts, Wrap Fee Programs, unregistered pooled investment vehicles and other proprietary accounts, high net worth individuals, or institutional clients. Intech and Perkins may act as sub-advisers to JCM, as well as the reverse. JCM and its employees may provide services to Intech and Perkins through cross services, delegation, or other arrangements. In addition, JCM and Intech are parties to a solicitation agreement under which Intech reimburses JCM for identifying and making marketing presentations to prospective clients for Intech’s investment strategies. JCM may utilize fees received from Intech to fund corporate expenses, including compensation paid to its sales representatives. Clients only pay investment management fees described in their agreements and do not pay any additional fees, commissions or other expenses to Intech or JCM related to this arrangement.

HGIL is a U.K. company, registered with the U.K. Financial Conduct Authority, which serves as investment adviser to pooled investment vehicles, including UCITS funds and OEICs, and separate accounts. HGIL is registered with the Commodity Futures Trading Commission (“CFTC”) as a commodity trading adviser. JCM may act as a sub-adviser to HGIL, and JCM and its employees may provide services to HGIL through cross services, delegation, or other arrangements, as well as the reverse.

HIFL is a U.K. company, registered with the U.K. Financial Conduct Authority, which serves as an authorized corporate director and fund manager for Janus Henderson-sponsored OEICs and unit trusts. Those funds have generally named HGIL as the investment manager, which in turn has named JCM, JHIAIFML, JHIS, and other affiliates as sub-investment manager to certain funds.

HIGP serves as general partner to certain Private Investment Funds and receives a performance allocation from those Funds. See *Item 6 – Performance-Based Fees and Side-By-Side Management* for more information about the conflicts this type of fee arrangement may raise. JCM is the Funds’

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investment adviser and also provides trade execution and certain administrative, legal, compliance and accounting services to the Funds.

HMSA is a Luxembourgish company, registered with the Luxembourg Commission de Surveillance du Secteur Financier, which serves as the management company for the Janus Henderson Fund and the Janus Henderson Horizon Fund. The Janus Henderson Fund and the Janus Henderson Horizon Fund are open-ended investment companies incorporated in Luxembourg and established as UCITS umbrella funds. The Janus Henderson Fund and the Janus Henderson Horizon Fund have named HGIL as the investment manager of the funds. HGIL in turn has named JCM, JHIAIFML, JHIS, and other affiliates as sub-investment manager to certain funds.

JCIL is a U.K. company, registered with the U.K. Financial Conduct Authority, which serves as investment adviser to pooled investment vehicles, including UCITS funds and OEICs, and separate accounts. JCIL serves as an investment adviser to Janus Henderson Capital Funds, Janus Selection and certain other non-U.S. clients. Janus Henderson Capital Funds is an open-ended investment company incorporated in Ireland and established as a UCITS umbrella fund. Janus Selection is an open-ended unit trust established in Ireland which invests its assets in corresponding Funds of Janus Henderson Capital Funds. JCTML acts as the alternative investment fund manager for Janus Selection. JCIL has appointed JCM as sub-adviser to certain Janus Henderson Capital Funds, Janus Selection Funds, certain non-sponsored Funds and Separate Accounts.

JHIAIFML is an Australian company, registered with the Australian Securities & Investments Commission, which serves as investment adviser to certain Australian pooled funds, including Australian Unit Trusts, and separate account clients. JCM may act as a sub-adviser to JHIAIFML, and JCM and its employees may provide services to JHIAIFML through cross services, delegation, or other arrangements, as well as the reverse.

JHIS is a Singapore company, registered with the Monetary Authority of Singapore, which serves as investment adviser to certain pooled funds and separate account clients. JHIS supports certain sales and marketing activities in Singapore for JCM and its affiliates. JCM may act as a sub-adviser to JHIS, and JCM and its employees may provide services to JHIS through cross services, delegation, or other arrangements, as well as the reverse.

JHIHKL is a Hong Kong company, registered with the Hong Kong Securities and Futures Commission, which conducts various investment-related activities, including advising and dealing in securities in Hong Kong. JHIHKL supports certain sales and marketing activities in China for JCM and its affiliates.

JHIJL is a Japanese company, registered with the Japanese Financial Services Agency, which serves as investment adviser to certain pooled funds and separate account clients. JCM may act as a sub-adviser to JHIJL, and JCM and its employees may provide services to JHIJL through cross services, delegation, or other arrangements, as well as the reverse.

JHITL is a Taiwanese company, registered with the Taiwan Financial Supervisory Commission, which conducts various investment-related activities, including advising and dealing in securities in Taiwan. JHITL supports certain sales and marketing activities in Taiwan for JCM and acts as the Master Agent for Janus Capital Funds in Taiwan.

Kapstream is an Australian company, registered with the Australian Securities & Investments Commission, which serves as investment adviser to certain Australian pooled funds and separate

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account clients. JCM may act as a sub-adviser to Kapstream, and JCM and its employees may provide services to Kapstream through cross services, delegation, or other arrangements, as well as the reverse.

Janus Henderson Distributors is a limited purpose broker-dealer registered with the Financial Industry Regulatory Authority (“[FINRA](#)”). Janus Henderson Distributors’ primary function is distributing shares of JCM’s Sponsored Funds, including certain Private Investment Funds. JCM does not execute transactions for any of its clients through Janus Henderson Distributors.

There are inherent conflicts of interest when a related person provides services to an adviser and its clients, in that such arrangements may not be conducted at “arm’s length” and that JCM may have an incentive to favor a related person over an independent third party. JCM generally does not recommend non-affiliated investment advisers to clients or prospective clients.

### Broker-Dealer Registration

JCM is not registered as a broker-dealer. Nonetheless, certain of JCM’s employees and management persons are registered with FINRA, or may have an application pending to register with FINRA, as registered representatives of JCM’s affiliate Janus Henderson Distributors. Although those employees do not receive any compensation from Janus Henderson Distributors, JCM and its affiliates may pay employees involved in the sale of products based on a percentage of revenue which may vary by investment strategy or the distribution channel through which an investment strategy is sold. Receiving (or the prospect of receiving) compensation may provide an incentive for employees to favor sales of strategies that generate a higher rate of revenue and for which they receive a higher compensation rate.

### Commodity Pool Operators and Commodity Trading Advisor Registration

JCM is registered with the CFTC as a commodity pool operator, commodity trading advisor and an exempt commodity pool operator for certain products. Certain of JCM’s employees and management persons are registered with the CFTC, or may have an application pending to register with the CFTC, as an associated person of JCM. Those employees do not receive any compensation from JCM in connection with these roles other than their regular salary.

### Investment Companies and Other Pooled Investment Vehicles

JCM acts as investment adviser or sub-adviser to various Investment Companies, including the Janus Investment Fund, the Janus Aspen Series, the Detroit Street Trust and the Clayton Street Trust, and various pooled investment vehicles, including the Janus Henderson Capital Fund and the other non-U.S. funds mentioned above. JCM may also act as the sponsor, managing member, general partner or equivalent of pooled investment vehicles. In addition to furnishing investment advice to its clients and executing trades on their behalf, JCM or an affiliate, such as Janus Services LLC, may also provide certain administrative, legal, compliance, distribution and accounting services to its Sponsored Funds and other pooled investment vehicles, depending on the vehicle. These investment companies and pooled investment vehicles may reimburse JCM or an affiliate for its costs in providing those services. JCM’s or its affiliates’ clients, including Investment Companies, may also be invested in or solicited to invest in these Investment Companies and pooled investment vehicles.

Where JCM or an affiliate acts as the managing member, general partner or equivalent of a Private Investment Fund, it generally has the power and responsibility to select vendors and service providers, including any sub-advisers. Although JCM does not generally have control over Investment Companies or other externally-governed pooled investment vehicles, where it sponsors those pooled investment

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vehicles, JCM may influence the selection of vendors and service providers. These abilities create potential conflicts of interest as JCM may have an incentive to favor its own interests over those of the Private Investment Funds, Investment Companies or other pooled investment vehicle.

### Other Financial Industry Affiliations

JCM is also affiliated with Janus Henderson Indices. The primary business of Janus Henderson Indices is providing product design, marketing, investor education services, and index calculation services to issuers of ETPs, including ETFs and ETNs, and other financial service companies. It receives compensation in connection with the licensing of indices to third parties, including the provision of any related data. Janus Henderson Indices is also a party to arrangements with third-party sponsors of ETFs and ETNs. Such relationships, among other things, create potential conflicts of interest with respect to business transactions and service provider relationships. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for a discussion of JCM's policies and procedures, which are designed to minimize conflicts of interest.

JCM holds a non-controlling equity position as a strategic investor in LongTail Alpha LLC (“LongTail”), a Delaware limited liability company registered as an investment adviser with the SEC and as a commodity pool operator and commodity trading adviser with the CFTC. LongTail provides investment management services and discretionary investment advice to private investment funds sponsored by LongTail. It may also provide such services to clients through separately-managed accounts, and may also provide non-discretionary investment consulting services to certain institutions and high net worth individuals.

JCM's equity interest in LongTail entitles JCM to receive a portion of the gross revenue of LongTail. JCM also has certain responsibilities and governance rights with respect to the operations and management of LongTail; although, JCM does not have any obligations or responsibilities in connection with the investment program of funds advised by LongTail. JCM has not made, and does not expect to make, any investment in such funds.

### Conflicts Related to Our Affiliations and Other Legal Restrictions

JCM may be limited by law, regulation, or contract as to how much of a particular security it may invest in on behalf of a client, and as to the timing of a purchase or sale. For example, holdings of a security on behalf of JCM's clients may, under some SEC or state regulations, be aggregated with the holdings of that security by JCM, its affiliates and their clients. These holdings on an aggregate basis could exceed certain regulatory reporting thresholds unless JCM, as well as its affiliates, monitor and restrict additional purchases. JCM is also generally restricted by policy from investing in securities of Janus Henderson Group and any other publicly-traded affiliates. These restrictions and limitations could adversely impact the performance an account would otherwise be able to achieve.

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

### Code of Ethics and Personal Trading

JCM is committed to the highest standards of legal and ethical conduct. As part of that commitment, JCM has adopted a Code of Business Conduct and Personal Code of Ethics, the latter of which includes its personal account dealing, outside business activities, gifts and entertainment received and political activities and contributions rules. The Code of Business Conduct and Personal Code of Ethics apply to all JCM employees, as well as certain contractors performing extended services for JCM (“JCM Personnel”).

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In addition, certain provisions of the Personal Code of Ethics apply to sponsored Investment Company independent trustees. The Code of Business Conduct and Personal Code of Ethics are designed to ensure JCM Personnel:

- act with honest, integrity, competence and skill,
- place the interests of clients first,
- avoid or, where applicable, disclose actual, potential or apparent conflicts of interest,
- safeguard company and client assets,
- maintain confidentiality of company and client information,
- deal fairly with clients, vendors and service providers, and
- comply with applicable laws, regulations and rules.

In addition to setting out basic principles to guide JCM Personnel, the Personal Code of Ethics also includes general prohibitions with respect to personal trading by JCM Personnel and, in certain cases, their immediate family members. Under the Personal Code of Ethics, JCM Personnel may not:

- trade on, or cause others to trade on, material nonpublic information,
- profit, or cause others to profit, based on knowledge of completed or contemplated client transactions, or
- improperly benefit by causing a client to act, or fail to act, in making investment decisions.

JCM Personnel are required to conduct their personal investment activities in a manner consistent with their fiduciary duties to the company and its clients, including by avoiding any actual, potential or apparent conflict of interest or any abuse of their position of trust. JCM Personnel are required to disclose and provide statements for all brokerage accounts in which they have beneficial ownership and pre-clear personal transactions in covered securities, including but not limited to stocks, bonds, real estate investment trusts (“REITs”) and ETPs. JCM Personnel generally may not transact in a covered security if it has been actively traded in a client account within a specified number of days and must hold covered securities for a specified period of time, with more restrictive limits for those JCM Personnel deemed to have access to current account holdings or trading activity. In addition, JCM Personnel are prohibited from trading in any securities on the restricted list and generally prohibited from participating in any initial public offerings.

Compliance monitors the activities of JCM Personnel to identify any violations of the Code of Business Conduct and Personal Code of Ethics. In addition, JCM Personnel are required to report any known or suspected violations of the Code of Business Conduct and Personal Code of Ethics. All potential deviations from or violations of the Code of Business Conduct and Personal Code of Ethics are presented to the Ethics & Conflicts Committee, which consists of members of Janus Henderson Group senior management. The Ethics & Conflicts Committee may impose any sanctions it deems appropriate, including without limitation any one or combination of the following: a letter of censure, surrender of profits, withholding of compensation, suspension of personal trading privileges or termination of employment. JCM Personnel certify annually to their receipt of the Code of Business Conduct and the Personal Code of Ethics and their compliance therewith. The Code of Business Conduct is publicly

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available at [www.janushenderson.com](http://www.janushenderson.com) under “Investor Relations”. The Personal Code of Ethics is available to clients and prospective clients upon request.

### Participation or Interest in Client Transactions

At times, JCM, JCM Personnel or other related persons may participate or have an interest in client transactions which gives rise to certain conflicts of interest. JCM or its related persons may recommend to clients, or buy or sell for client accounts, securities in which JCM or its related persons have a material financial interest. A material financial interest may, among other circumstances, be present where (a) JCM or a related person buys securities from or sells securities to a client; (b) JCM or a related person acts as a general partner in a partnership for which the investment adviser solicits a client; or (c) JCM or a related person acts as the investment adviser for an investment company that is recommended to a client. In these cases, JCM or its related persons may have an incentive to recommend or engage in transactions on the client’s behalf that might conflict with its fiduciary duties to its client.

JCM and its related persons invest on clients’ behalf in Funds advised or sub-advised by JCM or its related persons, and recommend Funds sub-advised or managed by JCM or its related persons to clients. In addition, JCM and its related persons may have investments in Funds recommended to clients, or purchased on the client’s behalf. JCM and its related persons may have an incentive to make such investments and recommendations in order to receive additional fees or to increase the value of their investments rather than to advance the best interests of clients. In order to mitigate these conflicts, JCM has adopted a Code of Business Conduct, Personal Code of Ethics and Trade Execution and Allocation Policy which generally require JCM and its related persons to act in the best interests of clients in making investment decisions. JCM also discloses these relationships to investors and clients to the extent they exist.

JCM may also engage in “cross trades” whereby JCM causes its clients or accounts to engage in a purchase and sale of a security with each other. JCM may engage in cross trades where it determines such transaction is in the best interests of both accounts and consistent with JCM’s best execution obligations. Although the use of cross trades may be beneficial to clients, it also creates opportunities for conflicts of interest to adversely affect clients. For instance, JCM may prefer one account over the other in determining price or otherwise executing a cross trade due to the existence of a more favorable fee structure or proprietary interest in one account. To address these potential conflicts, JCM has adopted policies and procedures which require that all cross trades are at a readily available fair market price which may be based on independent dealer bids or quotes or information obtained from recognized pricing services depending on the type of security. In addition, cross trades involving a registered investment company must be consistent with Rule 17a-7 under the 1940 Act. JCM may execute cross trades among any eligible funds and accounts managed by JCM or its affiliates. JCM does not permit cross trades with accounts subject to ERISA or client restrictions.

### Other Potential Conflicts

There are potential conflicts of interest inherent in every investment advisory relationship, including the risks that the investment adviser will favor itself over its clients, that the investment adviser will favor one client over another and that the investment adviser’s employees will favor themselves over the investment adviser and its clients. As a fiduciary, JCM owes its investment advisory clients a duty of loyalty which includes a duty to eliminate, mitigate and/or disclose any material conflicts of interest that may affect our clients. In recognition of this obligation, JCM has adopted a Conflicts of Interest Policy which details a process for identifying, monitoring and addressing any conflicts of interest that may affect a client. JCM



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will generally try to avoid any conflicts of interest. For conflicts that cannot be reasonably avoided, JCM will attempt to mitigate those conflicts through policies, procedures and controls reasonably designed to eliminate the risk of harm to clients. JCM reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate. This section should be read in conjunction with other conflicts-related disclosures in this Brochure, including those in *Item 6 – Performance-Based Fees and Side-By-Side Management*, *Item 10 – Other Financial Industry Activities and Affiliations* and *Item 12 – Brokerage Practices*, and elsewhere. Although JCM will disclose any material conflict that cannot be avoided or mitigated so as to eliminate the risk of harm to clients, the discussion of a conflict in this Brochure or elsewhere is not an admission that such conflict should be considered material to clients.

### Outside Business Activities

JCM Personnel may engage in outside business activities with entities that are eligible investments of client accounts or that are interested in acquiring or maintaining a business relationship with JCM or related persons. This could create potential conflicts of interest as JCM Personnel may have an incentive to favor those entities at which they are engaged in outside business activities in portfolio management, vendor and service provider engagement, trading, security selection or other activities to the detriment of clients. To address these conflicts, JCM has adopted the Personal Code of Ethics which requires JCM Personnel obtain approval for any outside business activities. JCM may deny any request to participate in an outside business activity which involves investment-related matters or which otherwise presents a potential conflict of interest or other risk. As part of the Personal Code of Ethics, JCM generally prohibits JCM Personnel from serving on the board of directors of a publicly-traded company.

### Gifts and Entertainment Received

JCM Personnel may receive gifts and entertainment on behalf of entities that are eligible investments of client accounts or that are interested in acquiring or maintaining a business relationship with JCM or related persons. This could create potential conflicts of interest as JCM Personnel may have an incentive to favor those persons from whom they have received gifts over others in portfolio management, vendor and service provider engagement, trading, security selection or other activities to the detriment of clients. To address these conflicts, JCM has adopted the Personal Code of Ethics which prohibits the solicitation of gifts and entertainment and imposes strict limits on the amount of gifts and entertainment that may be received.

### Political Activities

JCM Personnel may make political contributions or engage in political activities that create potential or apparent conflicts of interest. To address these conflicts, JCM has adopted the Personal Code of Ethics which generally limits the amount of contributions to political candidates or elected officials. JCM Personnel, and in certain cases their spouses and minor children, must obtain approval before making political contributions or engaging in political activities. Any contributions or activities which may impact JCM's or any of its affiliates' ability to obtain or maintain business will generally not be approved.

### Charitable Contributions

From time to time, intermediaries or others may approach JCM to request that it make contributions to specified charitable organizations on their behalf. Because this contribution may result in the intermediary or its agents recommending JCM or its affiliated investment advisers' products to their clients, the solicitation or contribution raises potential conflicts of interest. As a result, JCM maintains policies and procedures that limit the amount and frequency of these types of charitable contributions. In addition, all



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contributions must be made directly to the charitable organization rather than to the requesting party to help prevent potential abuses of charitable contributions.

### Compensation

JCM Personnel may advise Funds, Separate Accounts, Wrap Fee Programs or other investment vehicles with strategies or objective that are similar to each other. Certain of these products have a greater impact on their compensation than others. This could create potential conflicts of interest as JCM Personnel may have an incentive to favor products with a greater impact on their compensation. In addition, JCM Personnel may have more than one role at the company. Certain portfolio managers also serve as research analysts or traders. Further, certain research analysts offer investment ideas for team-managed products. Also, certain JCM Personnel, such as those affiliated with HGIL and Kapstream, have roles at different companies and provide services to JCM through participating affiliate agreements. JCM Personnel with multiple roles may have an incentive to favor certain accounts or responsibilities over others due to compensation arrangements. JCM has adopted various policies and procedures to mitigate these potential conflicts, including but not limited to allocation procedures that govern allocation of securities, including limited offerings, and dual-role trading procedures that govern trades by portfolio managers that are also research analysts. Additional controls include use of aggregated trades and analysis of performance achieved by and overlap between similar accounts. See *Item 6 – Performance-Based Fees and Side-By-Side Management* and *Item 12 – Brokerage Practices* for additional information.

### Conflicting Transactions and Positions, Including Long and Short

JCM Personnel make investment decisions for each account independently from those for any other account. As a result, JCM may give advice and take actions in the performance of its duties to some clients or accounts that differ from the advice given, or the actions taken, with respect to other clients or accounts that invest in similar securities or have similar strategies. At times, this may lead to JCM taking long and short positions with respect to the same security. The simultaneous maintaining of long and short positions in the same security creates conflicts of interest and risks, including the risk that short sale activity could adversely affect the market value of long positions (and vice versa). JCM maintains policies and procedures that it believes are reasonably designed to mitigate these conflicts. Among other things, these policies and procedures generally prohibit a portfolio manager from executing a short sale for a client's account when another client's account managed by the same portfolio manager holds the security long. The policies and procedures also require certain approvals in other situations that raise potential conflicts of interest and periodic monitoring of long and short trading activity.

### Seed Capital

JCM may provide seed capital to, or otherwise invest in, certain Funds it advises. At times, JCM may want to withdraw that investment for legitimate business reasons. This could create potential conflicts of interest as withdrawal of the investment may cause the Funds to sell securities to cover the redemption, which may adversely affect clients or investors. To mitigate this potential conflict, JCM has adopted policies and procedures to stagger any drawdowns and minimize any potential disruption to the mutual funds, accounts or pools. JCM also only permits withdrawal of seed capital once a certain level of investment or participation by other investors has been met.

### Restrictions on Activities

JCM may be subject to internal or external restrictions on its ability to transact in certain securities. JCM Personnel may come into possession of material nonpublic information through permissible means (e.g.,

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participation in a bondholder group, participation in a private investment in public equity, etc.). In order to mitigate the risk that material nonpublic information will be misused, JCM has established a Market Abuse Policy that prohibits JCM or JCM Personnel from communicating such information to clients or otherwise using such information. Any security about which JCM has material nonpublic information may also be placed on the restricted list and trading in the security may be prohibited until that information has been made public. As a result, clients could realize a positive or negative impact to overall performance.

JCM may also be prohibited, or discouraged, from transacting in certain securities or acquiring certain securities in excess of a threshold ownership percentage various laws, regulations and rules, including the 1940 Act as discussed in *Item 10 – Other Financial Industry Activities and Affiliations*. JCM also does not generally invest client assets in its publicly-traded parent, Janus Henderson Group. This could adversely impact certain JCM clients or Funds.

## **Item 12 – Brokerage Practices**

JCM is party to a Global Execution Agreement with certain affiliates within the Janus Henderson Group that allow trades to be executed by personnel in the relevant market through one of the Janus Henderson Group affiliates. To the extent trades are executed on behalf of JCM's clients, such affiliates are acting pursuant to the participating affiliate arrangement described in *Item 10 – Other Financial Industry Activities and Affiliations* above. Personnel providing trade execution services within affiliated entities are subject to brokerage policies and procedures and oversight by the Janus Henderson Investors' Front Office Governance and Risk Committee.

JCM generally selects broker-dealers for clients as part of its discretionary responsibilities. Clients may, in limited circumstances, provide broker preferences pursuant to the Directed Brokerage Policy described below. Broker determination, however, is determined by JCM's duty to seek best execution. Janus Henderson Investors' Best Execution Committee will periodically review the quality of execution that it receives from broker-dealers, and the trading desks will continually evaluate the effectiveness of JCM's executing brokers and trading tools. JCM does not consider a broker-dealer's sale of shares of its Sponsored Funds or gifts and entertainment received from registered representatives of broker-dealers when choosing a broker-dealer to effect transactions.

JCM has a duty to seek to obtain "best execution" for its clients' portfolio transactions by seeking the best outcome based on a number of factors, including but not limited to:

- the clear understanding of prices of securities currently available and commission rates and other costs associated with various trading tools, channels and venues,
- the nature, liquidity, size and type of the security being traded and the character of the markets for which the security will be purchased or sold,
- the activity and impact, existing and expected, in the market for the particular security and the desired timing or urgency of the trade pursuant to the investment decision,
- any client restrictions associated with brokers or asset types,
- the ability of a broker-dealer to maintain confidentiality, including trade anonymity,
- the quality of the execution, clearance, and settlement services of a broker-dealer,

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- the financial stability of the broker-dealer and the existence of actual or apparent operational problems of the broker-dealer,
  - principal commitment by the broker-dealer to facilitate the transaction, and
  - for non-research charge collection agreement (“RCCA”) accounts, as described further below, the research services provided by a broker-dealer.

Consistent with its best execution obligation, and as permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subsequent SEC guidance and no-action relief (“Section 28(e)”), for non-RCCA accounts, JCM may execute transactions with a broker-dealer for a higher commission than another broker-dealer would have charged for effecting the same transaction if JCM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer or provided by third parties viewed in terms of either that particular transaction or the overall responsibilities of JCM with respect to all client accounts. Accounts that utilize RCCAs are prohibited from using charges for brokerage services and are subject to additional restrictions on what constitutes eligible research as provided by the Markets in Financial Instruments Directive II (“MiFID II”) and Financial Conduct Authority (“FCA”) regulations.

#### Client Commission and Research Charge Practices

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

- investment research reports,
- access to analysts,
- trading analytics,
- reports or databases containing corporate, fundamental, and technical analyses,
- access to corporate management (non-UK),
- access to industry experts,
- electronic interfaces and, software,
- portfolio modeling strategies,
- economic research services, such as publications, chart services, and advice from economists concerning macroeconomics information, and analytical investment information about particular corporations, and
- brokerage services, including brokerage to effect securities transactions (except for RCCA accounts).

JCM may obtain the above research and services in the following manners, all of which are subject to JCM’s duty to seek best execution:

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## Client Commission Agreements and RCCAs

JCM has client commission agreements and, for certain clients, RCCAs with certain broker-dealers. These agreements allow JCM to instruct broker-dealers to pool commissions or research charges, respectively, generated from equity security orders executed at that broker-dealer. RCCAs are utilized for accounts that are subject to MiFID II and instead of using a portion of the commission for research, an additional research charge is added to the execution commission for equity transaction. Pursuant to these agreements, the broker-dealer retains the execution component of the brokerage commission as compensation for execution services and segregates the other portion of the commission (or additional research charge for RCCAs) for research services. Such commissions (and charges) are then used, upon JCM's direction, to pay such broker-dealers for proprietary research or third parties for research created or developed by those third parties and provided to JCM as permitted under Section 28(e) and for RCCAs, as also permitted under MiFID II and FCA guidance. Client transactions are not directed to these broker-dealers in anticipation of receiving any research or brokerage services from such broker-dealers.

The research portion of the commission (or additional research charge for RCCAs) is collected until an account's pro rata portion of the research budget established by the Research Management Committee ("RMC") for each investment strategy is reached. Typically, it is expected, that such amounts will equal each account's proportional share of the value of the brokerage services or research used by all account within the strategy, based on the amount of assets held in each account. Once the budget of an investment strategy is reached, all accounts within such strategy will transact at execution only rates for the remainder of the applicable period. If the costs for external research for an investment strategy exceed the amount collected from accounts within that strategy, JCM or its affiliates may adjust the research portion of commissions (or research charge for RCCAs) within such strategy, continue to acquire external research for such accounts using its own resources or cease to purchase external research for such accounts until the next applicable period. If research commissions (or research charges for RCCAs) collected by accounts within an investment strategy exceed the research costs for such investment strategy, JCM may rebate the accounts within such strategy their pro rata portion of such excess (subject to de minimis amounts as determined by JCM) or (for non-RCCAs only) rollover such amounts to be used for research during the next applicable period.

The RMC oversees the consumption, valuation and appropriate remuneration of third party investment research consumed by JCM. Research budgets are set annually by the needs of each investment strategy and are not otherwise linked to the volume or value of transactions executed on behalf of any accounts within that strategy. Each account within a strategy shares its pro rata portion of such strategy's budget. Research budgets may be adjusted by the RMC throughout the calendar year.

JCM intends that all client transactions will be included within its client commission agreements (save for transaction of those clients located in certain non-U.S. jurisdictions as further described below). Historically, some clients were permitted to elect not to have their transactions included within client commission agreements and JCM was thus prohibited from generating commission credits on transactions in their accounts. Clients that previously prohibited JCM from generating commission credits on transactions generally pay the same commission rates as accounts that are generating credits, except to the extent trades are placed with brokers that do not provide research, in which case, a client that had elected not to have transactions included within client commission agreements pays an execution only commission rate. Additionally, to the extent JCM

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manages a strategy in which the portfolio manager and client is located in EMEA, JCM may determine to pay for research for such strategies and/or accounts consistent with the methods available pursuant to MiFID II, including by use of an RCCA or Janus Henderson Group's own resources.

Therefore, clients differ with regard to whether and to what extent they pay for research through commissions and, subject to applicable law, research may be used to service any or all clients, including clients that do not pay commissions to the broker-dealer relating to the client commission agreement. As a result, research may disproportionately benefit some clients over other clients based on the relative amount of commissions paid and in particular those clients that do not pay for research services or do so to a lesser extent, including in connection with the establishment of research budgets (and switching to execution-only rates when research budgets are met).

#### Executing Transactions

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

#### Step-Out Transactions

JCM may use step-out transactions in order to receive research products and services or when it may otherwise be necessary to execute a client investment strategy. In a step-out transaction, JCM directs a trade to a broker-dealer instructing the broker-dealer to execute the transaction, but "step-out" a portion of the transaction in favor of another broker-dealer that provides the research products or services or is otherwise able to execute the transaction. The second broker-dealer may clear and settle and receive commissions for the portion of the transaction sent to it. For Single and Dual Contract Programs, and to the extent such Programs permit step-out transactions, there may be additional fees or other costs incurred by the Sponsor or the client that are not covered by the Wrap Fee. These additional fees or other costs typically are paid by the Sponsor or the clients. See *Wrap Fee Program Brokerage Practices* below for more information about step-out transactions.

#### Sponsorship Transactions

JCM may also use broker sponsorship programs in order to pay for research. JCM may receive research from a sponsored broker, but choose to execute with an executing agent on behalf of the sponsored broker. The executing agent executes the trade and then sends it to the sponsored broker for settlement. JCM pays the sponsored broker the commissions on the trade and the sponsored broker then pays the executing agent a predetermined fee.

#### Prime Broker Arrangements

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

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

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

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

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

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

### Directed Brokerage Policy

As discussed above, JCM has a duty to seek best execution on all trades. Generally, in limited circumstances, clients may suggest a broker preference for JCM to direct a client's transactions as part of a Wrap Fee Program, a commission recapture program or otherwise. Broker selection, however, is always subject to JCM's duty to seek best execution. JCM may also direct a client's transaction to a category of broker-dealers such as minority or women owned firms pursuant to a client's request (and subject to JCM's duty to seek best execution). JCM does not guarantee or represent that it will direct any transaction (including any commissions) to any particular broker-dealer nor does it guarantee or represent that it will meet any specific targets or participation levels for direction of a client's transactions. JCM



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generally will only direct brokerage commissions pursuant to “sponsorship” transactions. JCM generally will not direct trades for fixed income, derivative and program trades or for any strategy or account that JCM deems to be unsuitable for directing trades.

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

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

### Trade Aggregation and Allocation

JCM makes investment decisions for each of its clients, including proprietary accounts, independently from those of any other account that is or may become managed by JCM or its affiliates. Because JCM generally invests in similar strategies for clients, numerous clients could have similar investment objectives and thus, similar portfolios. As a result, JCM may be trading the same security for multiple clients at the same time. In order to seek efficiencies that may be available for larger transactions or help allocate execution fills and prices fairly, JCM may aggregate the orders for its clients for execution in circumstances where JCM determines that the investment is eligible and appropriate for each participating account. Clients participating in an aggregated trade are generally charged the same price and execution rate (or execution portion of the commission) except where JCM doing otherwise is deemed fair and consistent with applicable law. It may happen that one or more clients may not be charged a research portion (or the same research portion) of the commission in an aggregated trade and may therefore transact at lower commissions or execution only rates, including where clients have a different research rate, have already met the research budget established by the RMC or are subject to regulatory or other restrictions on the use of client commissions to pay for research services. In addition to, or instead of, aggregating orders of accounts that would be trading the same security at the same time, JCM may average the price of the transactions of these accounts and allocate trades to each account in accordance with JCM’s allocation procedures. Pursuant to these procedures, JCM seeks to allocate the opportunity to purchase or sell a security or other investment among accounts on an equitable basis by taking into consideration certain factors. These factors include, but are not limited to: size of the portfolio, concentration of holdings, investment objectives and guidelines, position weightings, duration targets, consistency of portfolio characteristics across similar accounts, purchase costs, issuer restrictions, price targets and cash availability. JCM cannot assure equality of allocations among all of its

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accounts, nor can it assure that the opportunity to purchase or sell a security or other investment will be proportionally allocated among accounts according to any particular or predetermined standards or criteria.

There are instances when circumstances specific to individual clients will limit JCM's ability to aggregate or allocate trades. For example, if a client requests directed brokerage or if a client is invested in a Wrap Fee Program in which the Sponsor executes trades, JCM may not be able to aggregate or allocate these or other trades. Additionally, there may be times when there is limited supply or demand for a particular security or investment. In such instances a client may not be able to realize the efficiencies which might exist for larger transactions. In some cases, trade aggregation and/or allocation may adversely affect the price paid or received by an account or the size of the position obtained or liquidated for an account, which could cause performance divergence from similar accounts. In other cases, an account's ability to participate in volume transactions may produce better executions and prices for the account. JCM may adjust allocations to eliminate fractional shares or odd lots, or to account for minimum trade size requirements and has the discretion to deviate from its allocation procedures in certain circumstances.

### Initial Public Offering ("IPO") and Other Limited Offering Allocations

Clients may from time to time participate in an IPO or other types of limited offerings, such as primary or secondary placements of common stock, private equity offerings, or other private placement offerings, if the portfolio manager managing the portfolio believes that the offering is an appropriate investment based on the portfolio's investment restrictions, risk profile, asset composition and/or cash levels. Clients must be eligible to receive allocations of IPOs pursuant to relevant FINRA regulations. In the event that JCM reasonably determines that a client is not eligible to receive IPO allocations pursuant to these regulations or does not have reasonable assurances that the client is eligible to receive allocations, JCM may prohibit the client's account from receiving any allocations of an available offering. In addition, to the extent a Fund, such as a new Fund, has only affiliated shareholders, such as a portfolio manager or an adviser, and the Fund participates in an IPO, those shareholders may be perceived as receiving a benefit and, as a result, may have a conflict with management of the Fund and thus may not be eligible to participate in the offering.

JCM's IPO/limited offering allocation procedures generally require all securities purchased in an offering be allocated to each participating portfolio manager based on their initial indications and on a pro rata basis to all participating eligible accounts based on the total assets of each account. When more than one portfolio manager indicates interest in a limited offering, a limit on the allowable bid will be applied. In certain circumstances, JCM may deviate from a such allocation to account for allocation sizes that are deemed by investment personnel to be de minimis for certain eligible accounts, to address market conditions or to address situations specific to individual accounts (e.g., cash limitations, position weightings, liquidity profiles of the investment, redemption history of the account, etc.). JCM cannot assure, in all instances, participation in IPOs or limited offerings by all eligible accounts. In the event an eligible account does not participate in an offering, JCM generally does not reimburse for opportunity costs. Deviations from these procedures are permitted provided such deviations are documented and approved in writing by the Chief Investment Officer ("CIO") or his delegate(s). A deviation could occur, for example, in order to allocate additional securities to ensure that accounts receive sufficient securities to satisfy specialized investment objectives or policies. Additionally, for Secondary Offerings of common stock or Private Equity Offerings, additional shares may be allocated to a portfolio manager with a pre-existing position in that security.

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## Security Valuation

Equity securities are generally valued on the basis of market quotations. Fixed income securities are generally valued in accordance with an evaluated bid price supplied by a pricing service. The evaluated bid price supplied by the pricing service is an evaluation that reflects such factors as security trades, prices of like securities, yields, maturities, and ratings. Certain short-term instruments maturing within 60 days or less may be valued at amortized cost, which approximates market value. If a market quotation or evaluated price is not readily available or is deemed unreliable, or if an event that is expected to affect the value of a portfolio security occurs after the close of the principal exchange or market on which that security is traded, the fair value of a security will be determined in good faith under policies and procedures established by and under the supervision of JCM's Global Pricing Committee. Although JCM is not generally the pricing agent for its clients (other than for its sponsored U.S. mutual funds and certain other Funds or Separate Accounts where it agrees to provide such services and as set forth in the relevant agreement or offering documents), JCM, in certain cases and upon request, may provide a fair value price to a client's pricing agent, solely for informational purposes, for a security in cases where market quotations or evaluated prices are not readily available or deemed unreliable due to significant events or other factors. In these instances, the client's pricing agent makes the ultimate determination of the security's value. Because JCM may be compensated based on the value of assets held in an account or based on the performance of the account, JCM may have a potential incentive to set a high valuation for a security; however, JCM does not intend to use valuations that are higher than fair value. JCM believes that this potential conflict may be mitigated by its valuation policy and procedures.

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

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

## Trade Rotation

When JCM acts as an adviser to Wrap Fee Programs, certain conflicts of interest may arise between the Wrap Fee Programs and also between Wrap Fee Programs and JCM's other clients, particularly in relation to trading issues. Conflicts of interest may arise particularly because Sponsors (or their affiliated broker-dealers) generally execute the majority of trades for Wrap Fee Programs and as a result, a Sponsor (or its affiliated broker-dealer) may have access to JCM's investment recommendations before JCM implements the recommendations for its other clients. Conflicts of interest may also arise when JCM, in seeking to obtain best execution, or when it steps out a transaction to a broker-dealer or other securities intermediary, or in following directed trading instructions, executes trades in the same security for Wrap Fee Programs through different Sponsors (or their affiliated broker-dealers) and its other accounts through other broker-dealers at or near the same time. Therefore, given the separation of the Wrap Fee Programs trading functions and JCM's trading for its other accounts, the possibility exists that trades for a Wrap Fee Program may be executed before or after trades, and at different prices, than for other Wrap Fee Programs and JCM's other accounts.

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

Depending on the market capitalization, or market availability, of certain securities, trade orders may take multiple days to complete and may be executed as part of a rotation. If JCM determines that there is not sufficient liquidity in the market to support an entire trade or order, JCM will take steps to manage the liquidity profile of the order and minimize its impact on the market. In limited circumstances, this may include rotating trades between its Wrap Fee Program accounts and its other clients. Typically, orders for Wrap Fee Program accounts are rotated between the Sponsors' trading platforms. To the extent JCM deems a trade highly illiquid, JCM may split the trade into smaller orders and then rotate in the same manner as trades for illiquid securities would be rotated. Rotating trades may result in a longer delay in executing trades and/or a materially better or worse price for clients that are traded in later rotations.

As discussed in *Item 4 – Advisory Business*, JCM does not have responsibility or discretion to execute trades for Model Programs. JCM provides information on the model portfolios at the times agreed to in the investment management agreement, which could be before or after JCM executes trades on behalf of its other accounts. Many Sponsors or overlay managers require JCM to provide the model updates as part of JCM's trade rotation procedures.

JCM generally has limited information on whether, at what time, and to what extent, the Sponsor or overlay manager executes JCM's recommendations. Further, JCM generally may or may not wait for Sponsors or overlay managers to confirm execution before continuing its rotation when Model Programs are included in JCM's trade rotation. As a result, Sponsors may initiate trading prior to, at the same time as, or after JCM completes trading for its other accounts or other Model Programs.

### Wrap Fee Program Brokerage Practices

As discussed in *Item 4 – Advisory Business*, Single and Dual Contract Program clients often receive a package of services, in exchange for the Wrap Fee that they pay the Sponsor of the program. In addition to the investment management fee, these services often include trade execution from Sponsors (or their affiliated broker-dealers). Typically in these instances both JCM and the Sponsor have a duty to seek best execution for these clients' trades.

There may be circumstances when JCM, in seeking best execution, executes trades through broker-dealers or other security intermediaries other than the Sponsors (or their affiliated broker-dealers). This practice is often referred to as "trading away" or a "step-out" transaction. JCM may trade away when a security is illiquid, when a Sponsor (or its affiliated broker-dealer) lacks the capacity or expertise to effectively execute a trade in a particular type of security or to execute a trade at a favorable price or in a timely manner or under other circumstances. In addition, JCM may trade away or use step-out transactions when JCM believes trading through the Sponsor (or its affiliated broker-dealer) will adversely impact the same or similar trades JCM intends to execute for its other clients. Whenever JCM trades away or uses step-out transactions from Sponsors (or their affiliated broker-dealers), there may be additional commissions, spreads, transaction charges or other costs incurred by the client that are not covered by the Wrap Fee. JCM typically is not responsible for these additional fees, commissions, spreads, charges or costs. These additional fees, commissions, charges or costs typically are paid by the Sponsor or the clients. With respect to Wrap Fee Programs where a client directs trading to the Sponsor, even where another broker-dealer quotes a more favorable price than that quoted by such Sponsor in a

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given trade, that lower price along with the added commission, may be on balance less favorable to the client than the Sponsor's higher quoted price.

Sponsors may include provisions in their agreements with clients to direct JCM to execute all transactions or certain securities (for example, equity securities) through the Sponsor (or its affiliated broker-dealer). In those cases, JCM generally requires the Sponsor's agreement to permit JCM to trade away or use step-out transactions to execute transactions for clients through broker-dealers other than the Sponsor (or its affiliated broker-dealer) in seeking best execution for these clients.

Conflicts of interest can arise between JCM's best execution policies and procedures and trading instructions that JCM may receive from client agreements. In those cases, JCM will act in a manner that it believes is consistent with the best interests of its clients and its best execution policies and procedures.

### ADRs

In certain circumstances, JCM may invest client assets in ADRs. When doing so, depending upon the existence and/or liquidity of the ADR and other factors, these trades may be executed in the U.S. or in a non-U.S. market. When trades are executed in non-U.S. markets, non-U.S. securities will be acquired and broker-dealers or other securities intermediaries will convert these non-U.S. securities into U.S. ADRs (denominated in U.S. dollars). Broker-dealers or other securities intermediaries may charge commissions, conversion and/or other fees for converting the securities into ADRs, all of which will be included (*i.e.*, netted) into the price of the securities. These conversion fees may be negotiable, may vary, and typically are paid by the clients.

For Single and Dual Contract Programs, and to the extent such Programs offer strategies which could include ADRs as potential investments, JCM may execute ADR transactions through Sponsors (or their affiliated broker-dealers) or by stepping out such transactions to broker-dealers or other securities intermediaries. To the extent that it does so, there may be additional costs associated with such investments including conversion and foreign exchange fees, ongoing custody or service fees charged by ADR depository banks for inventorying the underlying non-U.S. shares and performing related administrative services, commissions, spreads, transaction charges or other costs incurred by the client that are not covered by the Wrap Fee. JCM typically is not responsible for these additional fees as they are typically paid by the Sponsor or the clients. See *Wrap Fee Program Brokerage Practices* above for more information about step-out transactions.

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

### Error Correction

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

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Generally, errors are corrected in the client's account(s) and, generally any error which results in a gain accrues to the benefit of a client's account. Any error that results in a loss will be reimbursed by JCM to the client's account.

When correcting errors, JCM will use its best efforts in its calculation to make the client whole and may apply reasonable discretion in applying de minimis levels for purposes of calculating reimbursement owed. In order to determine the market price of the intended order, JCM may take into consideration certain factors, including but not limited to, the market environment, size of the order, market impact, liquidity, volume, etc.

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

At JCM's discretion, JCM may consult with affected clients to discuss an appropriate resolution for correcting an error.

### **Item 13 – Review of Accounts**

Portfolio managers have primary responsibility for reviewing client accounts. On a continuing basis, each portfolio manager evaluates from many viewpoints accounts for which he or she has responsibility, including the percentage that is invested in a type of security generally or in a particular security, diversification of holdings among industries and, in general, the makeup of the portfolios. The review process is further augmented by regular quarterly meetings between the portfolio manager and members of JCM's investment leadership team. Additionally, the accounts are periodically reviewed by the Investment Performance and Risk Committee. Sponsored Funds are also reviewed on a periodic basis by the Funds' Boards of Directors or Trustees, as applicable. Compliance also performs ongoing reviews of all such accounts for compliance with investment policies and restrictions.

The frequency and nature of reports prepared for clients varies depending on each client's requirements and interests. Clients generally receive monthly or quarterly written reports showing portfolio activities and performance on a current and year-to-date basis. These written reports typically disclose all holdings in the client's account, including cash, together with cumulative year-to-date information about dividends and interest realized by the account. JCM may furnish certain account transactions and portfolio holdings to institutional clients such as non-sponsored Funds and Separate Accounts and their service providers on a more frequent basis. For some accounts, this transaction reporting may occur as frequently as daily, which may necessitate certain expedited back and middle office services. Depending on the type of account, portfolio management may also provide oral presentations about the account's performance on a periodic basis. JCM will also provide clients, upon request, other information regarding their portfolio within the parameters of its compliance policies.

JCM may also furnish certain portfolio holdings to potential clients and other interested third parties (e.g., consultants) provided that JCM determines there is a legitimate business purpose to provide the information, the recipient executes a confidentiality agreement and certain persons approve the disclosure. Clients may also receive statements from Sponsors, custodians or other service providers. As discussed in *Item 15 – Custody*, JCM encourages all clients to carefully review all statements received and compare their official custodial records to the account statements provided by JCM.



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## Item 14 – Client Referrals and Other Compensation

JCM maintains an internal bonus compensation plan which rewards its employees for new client account relationships they developed to the extent permitted by law. JCM may also enter into arrangements through which it makes payments to financial intermediaries for the distribution of shares of JCM's Sponsored Funds. See *Item 10 – Other Financial Industry Activities and Affiliations* for discussion about compensation JCM may receive from its affiliates and a discussion of the potential conflicts of interest which may arise from such arrangements. JCM may enter into arrangements whereby from time to time it compensates, either directly or indirectly, unaffiliated persons, including pension consultants, for client referrals and service. Under these arrangement(s), JCM may pay a percentage of the investment management fee it receives from referred clients to such unaffiliated persons. This fee may vary according to each agreement. Clients referred by unaffiliated persons will not be charged more than similarly situated clients who were not referred; however, the presence of these arrangements may affect JCM's willingness to negotiate from its standard fee schedule and as a result may affect the overall fees paid by referred clients. Referral arrangements are entered into in accordance with Rule 206(4)-3 under the Advisers Act (the "Cash Solicitation Rule").

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

JCM may participate in and support conferences, seminars, training sessions, due diligence events or meetings hosted by clients and certain financial intermediaries to provide business building techniques and education on the investment products and services available through JCM and its affiliated investment advisers. JCM usually pays a fee to the client or intermediary for JCM to attend such events and its attendance may result in the intermediaries recommending JCM's and its affiliated investment advisers' products. JCM also sponsors select events where the audience may include prospective U.S. and non-U.S. institutional investors, including but not limited to, public pension funds, endowments and foundations, union organizations and consultants. Since the sponsorship fees JCM pays may be higher than other participant fees, such fees may indirectly subsidize participant expenses or participation in certain activities. Clients or certain financial intermediaries may also approach JCM to request charitable contributions. JCM may also be required by contract to provide training regarding JCM's investment products and services to certain clients and large shareholders of Janus Henderson Group on a periodic basis. JCM usually pays some of the expenses associated with this type of training. See *Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading* for more information about our policies and procedures to minimize conflicts of interest.

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

## Item 15 – Custody

JCM typically does not have custody of its clients' assets. When JCM is deemed to have custody under the Custody Rule because of its role as manager to certain Private Investment Funds, investors receive audited financial statements in accordance with the Custody Rule. JCM may also be deemed to have

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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 JCM is deemed to have custody over client assets, JCM encourages all clients to carefully review statements received from custodians or other third parties, such as Sponsors, and compare their official custodial records to the account statements provided by JCM. Statements received from JCM may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* for more information about JCM's account statements.

## **Item 16 – Investment Discretion**

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

JCM may be limited in the type or quantity of securities purchased or held due to certain regulatory or internal compliance restrictions. Clients' investment guidelines and restrictions must be provided in writing to, and agreed upon by, JCM and are the means by which JCM manages clients' portfolios. Please refer to *Item 4 – Advisory Business* for additional information on clients' ability to tailor investment guidelines.

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

At their election, clients generally may retain proxy voting responsibility or delegate such responsibility to JCM. To the extent clients elect to vote proxies themselves, clients will not receive information about their proxies from JCM. Instead, clients should receive proxies from their custodian, transfer agent or other third-party service providers such as their proxy service provider.

To the extent clients delegate proxy voting responsibility, JCM will seek to vote proxies in the best interest of its clients. As part of the exercise of its responsibilities, JCM has adopted detailed proxy voting policies and procedures ("Proxy Voting Procedures") described below. Subject to specific provisions in a client's account documentation related to exception voting, JCM only accepts direction from a client to vote proxies for that client's account pursuant to the JCM Proxy Voting Guidelines (the "Guidelines"), the Institutional Shareholder Services Inc. ("ISS" or "the Proxy Voting Service") Benchmark Policy or the ISS Taft-Hartley Voting Guidelines (the "Taft-Hartley Guidelines"). The Proxy Voting Procedures and Guidelines are available at [www.janushenderson.com/proxyvoting](http://www.janushenderson.com/proxyvoting) or upon request.

The sponsored Investment Companies may elect to participate in a securities lending program under which shares of an issuer may be on loan while that issuer is conducting a proxy solicitation. Generally, if shares of an issuer were on loan during a proxy solicitation, the voting rights are transferred and the Investment Company cannot vote the shares. In deciding whether to recall securities on loan, JCM will evaluate whether the benefit of voting the proxies outweighs the cost of recalling them. Furthermore, in circumstances where a client held a security as of record date, but the holdings were sold prior to the shareholder meeting, JCM may abstain from voting the proxy.

## **Class Actions**

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JCM generally does not instruct, give advice or file proof of claim forms on behalf of Separate Accounts, Wrap Fee Programs and individual clients.

### ERISA Plan Policy

On behalf of U.S. client accounts subject to ERISA, JCM will vote all proxies for shares for which it has investment discretion unless the power to vote such shares has been expressly retained by the appointing fiduciary in the investment management agreement. JCM recognizes that the exercise of voting rights on securities held by ERISA plans for which JCM has voting responsibility is a fiduciary duty that must be exercised with care, skill, prudence and diligence. As such, where JCM has voting responsibility for ERISA plans, it will vote proxies solely in the best interest of the participants and beneficiaries of such plans. JCM is not deemed a fiduciary for other purposes under ERISA as it does not receive compensation for making investment recommendations that are individualized or specifically directed to a particular plan sponsor running a retirement plan (e.g., an employer with a retirement plan), retirement plan participants, or IRA owners for consideration in making a retirement investment decision.

### Conflicts of Interest

A conflict of interest may arise from a number of situations, including but not limited to a business relationship between the Adviser and the issuer, an inducement provided to portfolio management by the issuer or its agents or a personal relationship between portfolio management and the management of the issuer. Because the Guidelines are designed to be in the best interests of advisory clients, default application of the Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest. Similarly, for clients who have instructed JCM to vote proxies in accordance with the ISS Benchmark Policy or the Taft-Hartley Guidelines, these guidelines are pre-determined by ISS. As a result, application of the ISS Benchmark Policy or the Taft-Hartley Guidelines to vote client proxies should, in most cases, adequately address any possible conflicts of interest.

For situations where portfolio management seeks to exercise discretion, JCM has implemented a number of additional policies and controls to mitigate any conflicts of interest. Portfolio management are required to disclose any actual or potential conflicts of interest that may affect the exercise of voting discretion. This includes but is not limited to the existence of any communications from the issuer, proxy solicitors or others designed to improperly influence portfolio management in exercising their discretion. In the event a personal conflict of interest is disclosed or identified, the Proxy Voting Committee (the “Committee”) will determine whether that person should recuse himself or herself from the voting determination process. In such circumstances, the proxy vote will be cast in accordance with the Guidelines or as instructed by the Chief Investment Officer (“CIO”) or a delegate.

JCM also proactively monitors and tests proxy votes for any actual or potential conflicts of interest. JCM maintains a list of significant relationships for purposes of proxy voting, which includes significant intermediaries, vendors, service providers, clients and other relationships. In the event portfolio management intends to vote against the Guidelines with respect to an issuer on the significant relationships list, a representative from Operations Control will notify the Committee which will review the rationale provided by portfolio management in advance of the vote. In the event portfolio management intends to exercise discretion to vote contrary to the ISS recommendations and with management as to an issuer on the significant relationships list, a representative from Operations Control will notify the Committee, which will review the rationale provided by portfolio management in advance of the vote. If the Committee determines the rationale is inadequate, the proxy vote will be cast as in accordance with the Guidelines or as instructed by the Committee. In addition, the Committee reviews all votes that

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deviate from the Guidelines and assesses the adequacy of the portfolio managers' stated rationale on a quarterly basis. Compliance also reviews all refer votes contrary to the ISS recommendations and with management to identify any undisclosed conflicts of interest.

If a proxy matter is referred to the CIO or a delegate or the Committee, the decision made and basis for the decision will be documented by the Committee.

### **Reporting and Record Retention**

On an annual basis, JCM will provide its proxy voting record for each sponsored U.S. Mutual Fund or ETF for the one-year period ending on June 30th at [www.janushenderson.com/proxyvoting](http://www.janushenderson.com/proxyvoting). On an annual basis, and upon request, JCM will provide other clients with the proxy voting record for their accounts.

Except as noted herein or required by law, JCM generally does not provide information to anyone on how it voted or intends to vote on a particular matter. Operations Control may confirm to issuers or their agents whether votes have been cast, but will not disclose the size of the position or how the votes were cast. Portfolio management has the discretion to indicate to issuers or their agents how they voted or intend to vote in the context of discussions with issuers and their management as part of JCM's ongoing investment analysis process.

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

Not applicable.

### **Additional Supplementary Information**

#### **Class Actions and Inadvertent Receipt of Funds**

While JCM files for recoveries on behalf of the various Funds, Sponsored Funds and proprietary accounts, JCM 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 (or formerly held) in clients' accounts. Occasionally, JCM may receive checks on behalf of clients from administrators distributing funds in settlement of class action lawsuits and regulatory actions. Subject to JCM's obligations under the Custody Rule, JCM promptly forwards checks to clients. Typically, the amounts of these checks are relatively small.

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## Appendix A

Our standard pricing schedules for Separate Accounts and Dual Contract Programs, described in *Item 4 - Advisory Business*, are listed below. As further described in *Item 5 - Fees and Compensation*, investment management fees are typically calculated as a percentage of assets and may be negotiated. Fees may vary between clients for a variety of reasons.

Separate Accounts		Dual Contract Programs	
<b>U.S. Large Cap Equity</b>			
First \$100 million	55	First \$25 million	65
Next \$100 million	45	\$25 million-\$100 million	55
Next \$100 million	42		
Over \$300 million	40		
<b>U.S. Mid Cap Growth</b>			
First \$100 million	65	First \$25 million	70
Next \$100 million	60	\$25 million-\$100 million	65
Over \$200 million	55		
<b>U.S. Mid Cap Value</b>			
First \$25 million	75	First \$25 million	70
Next \$75 million	65	\$25 million-\$100 million	65
Next \$100 million	60		
Over \$200 million	55		
<b>U.S. Small Cap Growth</b>			
First \$50 million	85		
Next \$50 million	75		
Next \$200 million	72		
Over \$300 million	70		
<b>U.S. Small Cap Value</b>			
First \$50 million	85		
Next \$50 million	75		
Next \$200 million	72		
Over \$300 million	70		
<b>All Cap Growth/Core Equity</b>			
First \$100 million	60	First \$25 million	70
Next \$100 million	50	\$25 million-\$100 million	60
Next \$100 million	47		
Over \$300 million	45		
<b>Value Plus Income</b>			
First \$100 million	50		
Next \$100 million	45		
Over \$200 million	40		

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**Separate Accounts****Dual Contract Programs****Global Equity**

First \$100 million	60
Next \$100 million	50
Next \$100 million	47
Over \$300 million	45

**Global Life Sciences ADR**

First \$25 million	70
\$25 million-\$100 million	65

**Global Value**

First \$100 million	60
Next \$100 million	50
Next \$100 million	47
Over \$300 million	45

**International Growth/Core Equity, Regional & Sector**

First \$100 million	65
Next \$100 million	55
Next \$100 million	52
Next \$200 million	50
Over \$500 million	45

**Emerging Markets All Cap Equity**

First \$100 million	90
Next \$100 million	85
Next \$100 million	80
Next \$200 million	75
Remaining Balance	70

**High Yield Fixed Income**

First \$100 million	50
Next \$400 million	40
Over \$500 million	38

**Long Duration Fixed Income**

First \$100 million	27
Next \$100 million	20
Next \$100 million	19
Over \$300 million	16

**Intermediate Duration Fixed Income**

First \$100 million	30
Next \$200 million	25
Next \$200 million	20
Over \$500 million	18



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**Separate Accounts****Dual Contract Programs****Short Duration Fixed Income**

First \$100 million	22
Next \$200 million	16
Over \$300 million	15

**Multi-Sector Fixed Income**

First \$50 million	45
Next \$50 million	40
Over \$100 million	35

**Global Fixed Income**

First \$100 million	35
Next \$200 million	25
Over \$300 million	23

**Global High Yield Fixed Income**

First \$100 million	50
Next \$100 million	45
Next \$100 million	42
Over \$300 million	40

**Absolute Return Income**

First \$100 million	40
Over \$100 million	30

**U.S. Balanced/TAA**

First \$100 million	50
Next \$100 million	45
Over \$200 million	40

**World Allocation**

First \$100 million	75
Next \$100 million	70
Next \$100 million	65
Next \$200 million	60
First \$500 million	55

**U.S./Global REIT**

First \$50 million	65
Next \$50 million	55
Next \$100 million	50
Next \$300 million	45
Over \$500 million	40

**Alternatives**

All Assets	65
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