

Funds has its own investment objectives, policies and restrictions.¹

2. Shares of the Funds of Series Trust and the Variable Funds are offered through registered separate accounts as funding vehicles for variable annuity contracts issued by insurance companies and may be offered as funding vehicles for variable life insurance contracts. Shares of the Funds of Series Trust may be offered for sale to qualified pension plans. Shares of Investors Series Trust will be sold directly to the public and through banks, trust companies and investment advisers.

3. The Manager, a Michigan limited liability company and wholly owned subsidiary of Jackson National Life Insurance Company, is registered under the Investment Advisers Act of 1940 (the "Advisers Act"). The Funds have each entered into an investment advisory and management agreement (each a "Management Agreement"), pursuant to which the Manager serves as the investment adviser to the Funds. Each Management Agreement was approved by, in the case of Series Trust and Investors Series Trust, a majority of its board of trustees, and in the case of each of the Variable Funds, a majority of its board of managers (each a "Board" and together the "Boards"), including a majority of the trustees or managers (the "Directors") who are not "interested persons," as defined in section 2(a)(19) of the Act ("Independent Directors"), of the Funds or the Manager, as well as by each Fund's shareholders.² Under the terms of the Management Agreements, the Manager, subject to oversight by the Boards, has supervisory responsibility for the investment program of each Fund.

4. The Manager has entered into separate sub-advisory agreements ("Advisory Agreements") with each

sub-adviser (an "Adviser") to each Fund. Under the Advisory Agreements, each Adviser, subject to general supervision by the Manager and the Board, has discretionary authority to invest the portion of the Fund's assets allocated to it by the Manager. Each Adviser is, and any future Adviser will be, registered under the Advisers Act. Advisers are recommended to the Board by the Manager and selected and approved by the Board, including a majority of the Independent Directors. Each Adviser's fees are, and will be, paid by the Manager out of the management fees received by the Manager from the respective Fund.

5. The Manager monitors the Funds and the Advisers and makes recommendations to the Board regarding allocation, and reallocation, of assets between Advisers and is responsible for recommending the hiring, termination and replacement of Advisers. The Manager recommends Advisers based on a number of factors used to evaluate their skills in managing assets pursuant to particular investment objectives.

6. Applicants request an order to permit the Manager, subject to the oversight of the Board, to enter into and materially amend Advisory Agreements without shareholder approval. The requested relief will not extend to an Adviser that is an affiliated person, as defined in section 2(a)(3) of the Act, of the Funds or the Manager, other than by reason of serving as an Adviser to one or more of the Funds (an "Affiliated Adviser").

7. Applicants also request an exemption from the various disclosure provisions described below that may require each Fund to disclose fees paid by the Manager to the Advisers. Each Fund will disclose (both as a dollar amount and as a percentage of a Fund's net assets): (a) Aggregate fees paid to the Manager and any Affiliated Advisers; (b) aggregate fees paid to Advisers other than Affiliated Advisers; and (c) separate disclosure of advisory fees paid to any Affiliated Adviser ("Aggregate Fee Disclosure").

Applicants' Legal Analysis

1. Section 15(a) of the Act provides, in relevant part, that it is unlawful for any person to act as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by the vote of the company's outstanding voting securities. Rule 18f-2 under the Act provides, in relevant part, that each series or class of stock in a series company affected by a matter must

approve the matter if the Act requires shareholder approval.

2. Form N-1A is the registration statement used by open-end investment companies. Item 15(a)(3) of Form N-1A requires disclosure of the method and amount of the investment adviser's compensation.

3. Rule 20a-1 under the Act requires proxies solicited with respect to an investment company to comply with Schedule 14A under the Securities Exchange Act of 1934 ("Exchange Act"). Items 22(c)(1)(ii), 22(c)(1)(iii), 22(c)(8) and 22(c)(9) of Schedule 14A, taken together, require a proxy statement for a shareholder meeting at which the advisory contract will be voted upon to include the "rate of compensation of the investment adviser," the "aggregate amount of the investment adviser's fees," a description of the "terms of the contract to be acted upon," and, if a change in the advisory fee is proposed, the existing and proposed fees and the difference between the two fees.

4. Form N-SAR is the semi-annual report filed with the Commission by registered investment companies. Item 48 of Form N-SAR requires investment companies to disclose the rate schedule for fees paid to their investment advisers, including the Advisers.

5. Regulation S-X sets forth the requirements for financial statements required to be included as part of investment company registration statements and shareholder reports filed with the Commission. Sections 6-07(2)(a), (b), and (c) of Regulation S-X require that investment companies include in their financial statements information about investment advisory fees.

6. Section 6(c) of the Act provides that the Commission may exempt any person, security, or transaction or any class or classes of persons, securities or transactions from any provision of the Act, or from any rule thereunder, if such exemption is necessary or appropriate in the public interest and consistent with the protection of investors and the purposes fairly intended by the policy and provisions of the Act. Applicants believe that their requested relief meets this standard for the reasons discussed below.

7. Applicants assert that the shareholders are relying on the Manager's experience to select one or more Advisers best suited to achieve a Fund's desired investment objectives. Applicants assert that, from the perspective of the shareholders, the role of the Advisers is comparable to that of individual portfolio managers employed by other investment advisory firms. Applicants contend that requiring

¹ Applicants request that any relief granted pursuant to the application also apply to all future series of Series Trust, Investors Series Trust and the Variable Funds and any other registered open-end management investment companies and their series that in the future (a) are advised by the Manager or an entity controlling, controlled by, or under common control with the Manager (with the Manager, the "Manager"); (b) are managed in a manner consistent with this application; and (c) comply with the terms and conditions in the application (each, a "Fund" and together with the Funds, the "Funds"). Series Trust, Investors Series Trust and the Variable Funds are the only existing investment companies that currently intend to rely on the requested order. Applicants state that if the name of any Fund contains the name of an Adviser (as defined below), the name of the Adviser will be preceded by the name of the Manager or the name "JNL," which is an abbreviation of the name "Jackson National Life Insurance Company," the parent of the Manager.

² The term "shareholders" includes variable contract owners, as applicable.