



ITEM 1. COVER PAGE

DENVER INVESTMENTS BROCHURE

March 31, 2018

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This brochure provides information about the qualifications and business practices of Denver Investments ("Registrant"). If you have any questions about the contents of this brochure, please contact us at 303.312.5000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Denver Investments also is available on the SEC's web site at www.adviserinfo.sec.gov.

Denver Investments is a registered investment adviser with the SEC. Registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser's expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, expertise or training in providing advisory services to its clients.

The mountain logo together with "Denver Investments" is a registered service mark of Denver Investments.

ITEM 2. MATERIAL CHANGES

This brochure, dated March 31, 2018 amends our most recent update to form ADV, dated July 7, 2017.

There are no material changes since our last update.

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ITEM 4. ADVISORY BUSINESS

Denver Investments, located in Denver, Colorado, is a 100% employee-owned independent professional money manager providing continuous investment management services to institutional and individual clients for over 55 years. As of January 1, 2018, there were 21 active partners and two retired partners with ownership diversified amongst these partners. As of this same date, Denver Investments managed \$6,974,137,272 on a discretionary basis.

A brief history of Denver Investments is as follows:

- In 1958, founded as part of First National Bank of Denver, the firm began managing tax-exempt accounts.
- In 1983, the firm became a Registered Investment Advisor, and in 1984 Denver Investment Advisors, Inc. became a wholly owned subsidiary of the bank.
- In 1995, a group of 18 investment professionals from Denver Investment Advisors, Inc., bought the firm from the bank, forming a new entity and changing the ownership structure to a 100% employee-owned firm.
- In 2000, the firm acquired Bee & Associates, a boutique firm specializing in the management of international small cap equities.
- In 2004, the firm acquired Tempest Investment Counselors, Inc., a local money management firm specializing in managing assets for high-net-worth individuals.
- In January 2018, the firm reached an agreement to be acquired by Segall Bryant & Hamill LLC (“SBH”), an independent investment management firm headquartered in Chicago. The transaction is expected to close in the second quarter of 2018, subject to customary closing conditions.

The firm manages assets for a broad array of individual and institutional investors, including corporate and public pension plans, multi-employer plans, foundations and endowments, healthcare organizations, insurance companies, and financial intermediaries. Denver Investments provides investment management services as an adviser and/or sub-adviser to investment companies, including its proprietary family of mutual funds, the Westcore Funds. Denver Investments offers its investment expertise through a range of actively managed disciplines including growth, value, core and international small cap equities, in addition to core and non-core fixed income strategies. Clients may impose restrictions on investing in certain securities or types of securities. The firm’s investment teams may tailor their advisory services to the individual needs of clients and provide financial planning services by seeking to understand their client’s investment objectives and risk tolerances. This is most common for clients working with the firm’s Wealth Management business.

Denver Investments also provides portfolio management services to third party sponsors of wrap fee programs, including providing model portfolio information on a non-discretionary basis. These client relationships are managed in the same manner as direct clients and are subject to specific investment guidelines and restrictions. Denver Investments receives a portion of the wrap fee from the sponsor for its services.

Denver Investments maintains the Workplace Equality Index™, which is an index of companies that support lesbian, gay, bisexual and transgender (LGBT) equality in the workplace. Denver Investments has entered into licensing agreements for the Workplace Equality Index™ and receives licensing fees.

Denver Investments does not take responsibility for filing class action claims on behalf of its clients, with the exception of the registered investment companies for which it serves as investment advisor. However, with regards to class action, Denver Investments has retained an outside company to provide an option for clients to electronically file class action claims. Fees for this service are on a contingency basis, so there will be no charges against client accounts. Denver Investments’ Wealth Management clients will automatically be registered for this service unless they actively opt out.

ITEM 5. FEES AND COMPENSATION

Denver Investments' standard practice is to charge its fees quarterly, on a pro-rata basis, based on the account's market value as of the last business day of the quarter. Fees for some accounts may be payable in advance on a quarterly basis. Generally the invoice is sent to the custodian, with a copy to the client, and the fees are deducted directly from the account. Clients may choose to be billed directly.

To the extent that the firm may place client assets into mutual funds or exchange-traded funds, the client will incur the fees charged by the fund. To the extent the firm invests client assets into its proprietary fund family, the Westcore Funds, or the International Small-Cap Equity Fund LLLP, the firm will not charge fees directly on these assets since the firm will receive advisory and administration fees indirectly from these funds. A complete explanation of fees and expenses charged by the funds is contained in each fund's prospectus or offering memorandum.

In certain circumstances, Denver Investments may charge a minimum fee if the fee based on a percentage of assets does not meet a certain negotiated level.

Generally, a client agreement may be cancelled at any time, by either party, for any reason, by the client or Denver Investments, subject to advance notice for a stated number of days (e.g., 30 days), as set forth in the Investment Management Agreement between the parties. Upon termination of any account, any prepaid, unearned fees will be promptly refunded on a pro rata basis.

The firm does not provide custodial services. To the extent that such services for client assets are utilized, additional fees may be charged by the custodian. The client must pay brokerage and other transaction costs in connection with the advisory service. These fees are not payable to Denver Investments but are reflected on the custodial statement. The fees associated with brokerage services are discussed in Item 12.

The following table provides the standard investment advisory fees for Denver Investments' management styles for a separate account. Investment advisory fees are negotiable.

Denver Investments created the Workplace Equality Index™ which is an index of companies which meet the criteria for supporting workplace equality for LGBT employees. Denver Investments has entered into index licensing agreements to allow the use of the Index. Denver Investments receives licensing fees.

| Investment Style | Management Fee | Minimum Separate Account Size |
|-------------------------------------|---|-------------------------------|
| GROWTH EQUITY | | |
| Small Cap Growth | 1.00% - First \$20 Million 0.75% - Balance | \$1 Million |
| VALUE EQUITY | | |
| Mid Cap Value Dividend | 0.75% - First \$10 Million 0.55% - Next \$90 Million 0.45% - Next \$100 Million 0.40% - Over \$200 Million | \$1 Million |
| Smid Cap Value Dividend | 0.85% - First \$10 Million 0.70% - Next \$40 Million 0.60% - Over \$50 Million | \$1 Million |
| Small Cap Value Dividend | 0.90% - First \$10 Million 0.75% - Next \$90 Million 0.70% - Next \$100 Million 0.65% - Over \$200 Million | \$1 Million |
| QUANTITATIVE EQUITY | | |
| Global Large Cap | 0.65% - First \$10 Million 0.55% - Next \$90 Million 0.50% - Over \$100 Million | \$1 Million |
| Large Cap Dividend | 0.50% - First \$10 Million 0.45% - Next \$ 40 Million 0.40% - Over \$50 Million | \$1 Million |
| Micro Cap | 1.25% | \$1 Million |
| INTERNATIONAL EQUITY | | |
| Fundamental International Small Cap | 1.25% | \$1 Million |
| International Smid Cap | 1.25% | \$1 Million |

| Investment Style | Management Fee | Minimum Separate Account Size |
|--------------------------------------|--|-------------------------------|
| FIXED INCOME | | |
| Intermediate | 0.30% - First \$10 Million 0.28% - Next \$15 Million 0.25% - Next \$25 Million 0.20% - Next \$50 Million 0.16% - Balance | \$10 Million |
| Core | 0.30% - First \$10 Million 0.28% - Next \$15 Million 0.25% - Next \$25 Million 0.20% - Next \$50 Million 0.16% - Balance | \$10 Million |
| Core Plus | 0.30% - First \$50 Million 0.25% - Next \$50 Million 0.20% - Balance | \$10 Million |
| Quality High Yield | 0.45% | \$25 Million |
| Long Term/Liability Driven Investing | 0.30% - First \$10 Million 0.28% - Next \$15 Million 0.25% - Next \$25 Million 0.20% - Next \$50 Million 0.18% - Balance | \$10 Million |
| Corporate Only | 0.35% | \$10 Million |
| Municipal | 0.50% | \$10 Million |
| Investment Style | Management Fee | Minimum Separate Account Size |
| WEALTH MANAGEMENT | | |
| Wealth Management Equity | 1.00% - First \$3 Million 0.75% - Next \$7 Million Over \$10 million - As Negotiated \$10,000 annual minimum fee | \$1 Million |
| Wealth Management Fixed Income | 0.50% - All balances \$10,000 annual minimum fee | \$1 Million |
| Wealth Management Balanced | Mix of equity and fixed income fee schedules | \$1 Million |
| Wealth Management Workplace Equality | 0.60% | \$1 Million |

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

Denver Investments has client accounts which may pay a performance-based fee - a fee based on a share of capital gains or capital appreciation of the assets. Investment professionals may manage accounts subject to a performance-based fee at the same time they manage accounts subject to an asset-based fee. This presents an inherent conflict of interest, the risk of favoring accounts for which the firm receives a performance-based fee. The firm has adopted policies and procedures, as well as monitoring and oversight, that address and mitigate this conflict of interest, including trade aggregation and allocation policies that address the grouping of trades and the trade order of executing transactions through a process that the firm believes is fair and equitable to its clients.

ITEM 7. TYPES OF CLIENTS

Denver Investments provides investment supervisory services and various degrees of advice about securities and investment management. The firm services a broad array of clients including, but not limited to:

- Individual/high-net-worth clients
- Trusts
- Corporate and public pension plans
- Taft-Hartley plans
- Multi-employer plans
- Foundations, endowments and other charitable organizations
- Healthcare organizations and insurance companies
- Financial intermediaries and investment companies

The minimum conditions for opening or maintaining an account are as follows:

| | |
|------------------------------|---|
| Institutional Relationships: | Minimum relationship size based on investment strategy and is noted on pages 6 and 7. |
| Individual Relationships: | Minimum relationship size of \$1,000,000. |
| SMA Wrap Fee Accounts: | Minimum \$100,000. |

The minimum account size may, however, be modified by mutual agreement with a client because of particular circumstances as determined on a case- by-case basis. The investment objective, strategy or guidelines of the account, the expectation of future cash inflows into the account for new investment, the present or expected business relationship with the client, and similar considerations can affect the minimum initial account size agreed upon.

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

Denver Investments may use methods of securities analysis, sources of information and investment strategies it believes may be helpful in achieving the investment objectives of clients, subject to account guidelines and restrictions.

Denver Investments uses a variety of investment approaches and techniques in managing accounts, both qualitative and quantitative, with emphasis on the use of proprietary fundamental research. Fundamental research involves analysis that is conducted on the business and characteristics of specific companies and issuers to determine whether they have investment potential. Fundamental research can include interviews with company management, customers, suppliers and industry analysts, analysis of a company's historical financial statements, and creation of financial models of the company or issuer's projected financial performance, among other things. Denver Investments also makes substantial use of various quantitative screening techniques through its own proprietary models.

Denver Investments currently offers the investment strategies listed below. For more information on Denver Investments' strategies, please visit www.denvest.com. These strategies are typically implemented through a separately managed account for clients, although certain strategies listed are also available through the firm's proprietary family of mutual funds, the Westcore Funds, or through a commingled investment vehicle. Clients should read the prospectus or offering memoranda for these investment vehicles before investing.

Growth Equity

- Small Cap Growth

Value Equity

- Mid Cap Value Dividend
- Smid Cap Value Dividend
- Small Cap Value Dividend

Quantitative Equity

- Global Large Cap
- Large Cap Dividend
- Micro Cap

Fixed Income

- Intermediate
- Core
- Core Plus
- Quality High Yield
- Long Term/Liability Driven Investing
- Corporate Only
- Municipal

International Equity

- Fundamental International Small Cap
- International Smid Cap

Wealth Management

Denver Investments' Wealth Management Division services primarily high-net-worth individuals with a focus on customizing its investment services to meet clients' individual needs. This can include leveraging the firm's institutional strategies listed on the previous page or through this group's own strategies listed below:

- Wealth Management Equity
- Wealth Management Balanced
- Wealth Management Taxable Bond
- Wealth Management Tax-Exempt Bond
- Wealth Management Workplace Equality

Principal Risks

An investment in securities, whether it is equities or fixed income, involves risk, including loss of principal, that clients must be prepared to bear. This section describes some of the risks that clients should consider before investing in any account that Denver Investments manages. Any or all of such risks could materially and adversely affect investment performance, the value of a client account or a security held in a client account. There is no assurance that any of the strategies will perform satisfactorily.

Principal Risks for all Denver Investments Equity Strategies:

Market Risk: The value of your investment will fluctuate over time in response to overall movements in the stock market. Further, investments in common stocks tend to be more volatile than many other investment choices.

Portfolio Management Risk: Securities held in your account will underperform other securities within the same asset class.

| | Non-Diversification Risk | Direct Foreign Exposure Risk | Indirect Foreign Exposure Risk | Currency Risk | Small and Mid Cap Company Risk |
|--------------------------------------|--------------------------|------------------------------|--------------------------------|---------------|--------------------------------|
| Small Cap Growth | | | • | | • |
| Global Large Cap | | • | • | • | |
| Large Cap Dividend | | | • | | |
| Mid Cap Value Dividend | | | • | | • |
| Smid Cap Value Dividend | | | • | | • |
| Small Cap Value Dividend | | | • | | • |
| Micro Cap | | | • | | • |
| Fundamental International Small Cap | • | • | | • | • |
| International Smid Cap | • | • | | • | • |
| Wealth Management Equity | | • | • | • | • |
| Wealth Management Workplace Equality | | • | • | | • |

Non-Diversification Risk: This strategy invests in a limited number of investments. The investment portfolio of such accounts may be subject to higher volatility in value than would be the case if the account maintained a wider diversification among issuers.

Foreign Exposure Risk: This strategy invests primarily in non-U.S. traded securities. There are risks and costs involved in investing in non-U.S. traded securities which are in addition to the usual risks inherent in securities that are traded on a U.S. exchange. These risks will vary from time to time and from country to country, especially if the country is considered an emerging market or developing country, and may be different from or greater than the risks associated with investing in developed countries. These risks may include, but are not limited to, higher transaction costs, the imposition of additional foreign taxes, less market liquidity, security registration requirements and less comprehensive security settlement procedures and regulations, significant currency devaluation relative to the U.S. dollar, restrictions on the ability to repatriate investment income or capital, less government regulation and supervision, less public information, less economic, political and social stability and adverse changes in diplomatic relations between the United States and that foreign country.

Indirect Foreign Exposure Risk: Investments in U.S.-traded securities that are organized under the laws of a foreign country or have significant business operations abroad may be impacted by certain foreign exposure risks described above indirectly.

Currency Risk: If a strategy maintains a significant exposure to foreign markets, then fluctuations in currency exchange rates can affect the value of the investments and total return of the strategy. Use of forward currency contracts can further increase this risk.

Small And Mid Cap Company Risk: The small and mid capitalization companies in which accounts may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, these small and mid sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small and mid capitalization stocks may be more volatile than those of larger companies.

Principal Risks for all Denver Investments Fixed Income Strategies:

Market Risk: The value of your investment may fluctuate over time in response to overall movements in the fixed income market.

Portfolio Management Risk: Securities held in your account may underperform other securities within the same asset class.

Interest Rate Risk: The value of a fixed-income portfolio may generally decrease when interest rates rise, which means the account value will likewise decrease.

Credit Risk: An issuer may be unable to make principal and interest payments when due or the price changes due to a downgrade in the credit quality of the issuer.

Extension Risk: An issuer may exercise its right to pay principal on an obligation held by a portfolio (such as a mortgage- or asset-backed security) later than expected. This may happen when there is a rise in interest rates. These events may lengthen the duration and potentially reduce the value of these securities.

Prepayment Risk: A general decline in interest rates may result in prepayments of certain obligations within the portfolio. These prepayments may require reinvestments at a lower rate of return. This may reduce the value of the security or the security may not appreciate in value as rapidly as securities that cannot be prepaid.

Liquidity Risk: Fixed income securities may have less liquidity than securities traded on an exchange, especially for lower quality securities or those securities that have certain restrictions on resale.

ITEM 9. DISCIPLINARY INFORMATION

Not Applicable. There have not been any disciplinary events regarding a civil or criminal action or administrative proceeding before any regulatory agency or any self-regulatory organization.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Denver Investments has entered into investment advisory and co-administration agreements with Westcore Funds, its proprietary family of open-end mutual funds. Pursuant to these agreements, Denver Investments provides investment advisory services and certain administrative, management and record keeping services for these funds. An individual associated with the firm serves as an officer of the Westcore Funds. In addition, Denver Investments' employees may own securities held in one or more of these mutual funds, subject to Denver Investments' Code of Ethics. ALPS Distributors Inc., an independent registered broker-dealer, serves as the distributor for the Westcore Funds. Certain employees of Denver Investments, who may provide sales and marketing services for Westcore Funds, are registered representatives of ALPS Distributors Inc.

Denver Investments maintains the Workplace Equality Index™, which can be licensed by third parties. Denver Investments has a licensing client, which is an exchange-traded fund, the Workplace Equality Portfolio (EQLT), offered by ALPS, a DST company.

Denver Investments serves as the General Partner and investment advisor to the International Small-Cap Equity Fund LLLP. This fund is invested in a consistent manner with Denver Investments' Fundamental International Small Cap style.

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

From time to time, the firm recommends to clients that they buy or sell securities or investment products that the firm, employees, officers or partners may also own. Denver Investments and all such related persons are governed by restrictions established by our Code of Ethics, which are intended to insure that the interests of clients come first.

Denver Investments has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for Denver Investments' employees and any other persons considered "access persons."

The Code of Ethics includes general requirements regarding fiduciary obligations to clients and compliance with applicable securities laws. The Code of Ethics also includes specific requirements relating to, among other things, personal trading, insider trading and conflicts of interest.

Personal security transactions for "covered securities" are generally prohibited for seven calendar days after the time the firm has purchased or sold that security on behalf of a client or clients. The Code of Ethics includes certain de minimus exceptions based on market capitalization and dollar amount of trade. A 60-day short-term trading rule prohibits the sale of a security within 60 days of its purchase by access persons.

Denver Investments will provide a copy of the Code of Ethics to any client or prospective client upon request.

The firm may occasionally recommend the purchase of shares of investment companies or other pooled investment vehicles for which it acts as investment adviser and/or general partner. There are no commissions earned by Denver Investments' employees on these funds. Denver Investments does receive fees indirectly from these funds for its services as described in Items 5 and 10.

ITEM 12. BROKERAGE PRACTICES

A. BROKERAGE SELECTION

Generally, Denver Investments has authority to determine, without obtaining specific client consent, the securities to be bought or sold, the amount of the securities to be bought or sold, whether transactions should be combined (blocked) with similar trades for other accounts, the broker dealer to be used, and the commission rate to be paid. In some instances, however, limitations may be imposed by the client prior to any action being taken or specific instructions may be mandated.

The firm's general policies regarding selection of brokers and payment of commissions is to seek "best execution" with respect to all portfolio transactions. This principle recognizes that commissions on portfolio transactions must be utilized for the ultimate benefit of clients.

In selecting a broker for any transaction, Denver Investments may consider a number of factors related to the quality of "brokerage services", including, for example:

- Financial strength, stability and reputation
- Efficiency of execution and error resolution
- Block trading and block positioning capabilities
- Experience of traders
- Access to multiple trading algorithms
- Research relating to the particular transaction

Research and Other Soft Dollar Benefits

Denver Investments generally pays commission rates on equity transactions at commission rates that exceed those that a broker might charge for effecting the same transaction because of the value of the eligible brokerage and/or research products or services (Research) that such broker or third party provides. This practice is allowable under Section 28(e) of the Securities and Exchange Act of 1934 if Denver Investments determines, in good faith, that the commission paid is reasonable in relation to the value of the Research provided.

The source of the Research can be categorized as either "proprietary" or "third party." When the broker-dealer that executes a trade also provides Denver Investments with internally generated research in exchange for one bundled per share commission price, that Research is referred to as "proprietary." Denver Investments estimates that approximately $\frac{1}{4}$ to $\frac{1}{2}$ for trades on U.S. markets and $\frac{1}{2}$ to $\frac{3}{4}$ for trades on foreign markets of the commission paid is for the cost of execution, with the balance attributable to the Research received. "Third party" Research involves the executing broker providing independent Research generated by a third party in exchange for commission dollars. In these cases, Denver Investments negotiates the execution cost with the executing broker. Denver Investments estimates that approximately $\frac{1}{10}$ to $\frac{1}{3}$ of the commission paid is for the cost of execution, with the balance attributable to the Research received.

Denver Investments also has arrangements where it may receive certain non-research products and services from unaffiliated third parties providing trading and custody services. These products and services may include assistance in administering clients' accounts, providing pricing information and other market data and assistance with back-office functions, recordkeeping and client reporting.

The Research obtained normally benefits many accounts rather than just the one(s) for which the order is being executed, and in some cases may not be used in connection with the account which actually paid the commissions to the broker providing the Research. Denver Investments does receive a benefit because the firm does not have to produce or pay for the Research. There is an inherent conflict of interest in these arrangements where an incentive may exist for Denver Investments to select a broker-dealer based on the firm's interest in receiving the Research, rather than on a client's interest in receiving most favorable execution.

Denver Investments has addressed these conflicts of interest by periodically evaluating:

- The commission rates paid by clients against industry benchmarks given the size and nature of the firm's trading
- The value of the Research obtained to the firm's investment processes
- Monitoring trade execution

The following products and services acquired by Denver Investments through Research arrangements in 2017 were as follows:

- Research services and reports
- Economic and market information
- Technical data
- Research conferences
- Consultations
- Benchmark index data
- Company specific data
- Trade order management software
- Quotation services

Brokerage for Client Referrals

Denver Investments receives client referrals from Charles Schwab & Co., Inc. (Schwab) through participation in Schwab Advisor Network™ (the Service). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Denver Investments. Schwab does not supervise Denver Investments and has no responsibility for management of client portfolios or other Denver Investments services. Denver Investments pays Schwab fees to receive client referrals through the Service. Denver Investments' participation in the Service may raise potential conflicts of interest described below and in Item 14.

For accounts of clients maintained in custody at Schwab, Schwab will not charge the client separately for custody, but will receive compensation from clients of Denver Investments in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Denver Investments may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, Denver Investments acknowledges its duty to seek best execution of trades for client accounts. Trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Directed Brokerage

Denver Investments allows clients to direct brokerage to a particular broker, or brokers. In cases where the client has directed Denver Investments to use a broker or brokers to execute transactions, the client is advised that: (1) higher commission rates may be incurred due to Denver Investments' inability to negotiate; (2) volume discounts obtained when clients' transactions are "blocked" with those of other clients may not be available; and (3) execution of all trades by one broker, at the client's direction, could result in failure to receive the best execution of some transactions. Therefore, directing brokerage may cost clients more money.

B. TRADE AGGREGATION AND ALLOCATION

Denver Investments may place purchase or sale orders for a single security with a broker-dealer for the aggregate of a number of substantially similar clients when determined that it is consistent with the best interest of clients to do so. In instances where the purchase or sale order for a single security cannot be aggregated across all clients, the firm maintains aggregation policies and procedures to ensure the order of execution is fair and equitable over time among all clients that granted Denver Investments discretionary authority. In the event that Denver Investments maintains a proprietary account, trading would always be executed in a manner which ensures client's interests receive priority.

To the extent that an aggregated order is filled at different prices during a trading day, each participating account will receive the same average price and pay the same average commission for the transaction. Should an aggregated order be partially completed during a trading day, securities will be allocated pro rata based upon each participating account's percentage of the entire order. If the pro rata allocation would result in numerous accounts receiving small positions, Denver Investments has fair and equitable procedures in place to allocate such "partial fills" to accounts. As a general rule, fixed income securities will be aggregated and allocated in a fair and equitable manner taking into account that such securities may be available in limited quantities that preclude pro-rata allocation and the fact that other fixed income securities of equal quality and yield may be suitable substitutes.

Denver Investments has a policy and procedure for allocating initial public offerings (IPO's) to client accounts. Clients may specifically designate the extent of participation generally in IPO transactions, as well as indicate an interest in specific transactions, subject to portfolio manager approval. Suitability of the investment is the primary criteria for client participation, and IPO's will not be allocated based upon size of portfolio assets, performance issues, management fees charged, or any favoritism among accounts. IPO's are allocated according to portfolio manager indications of interest by a methodology Denver Investments considers fair and equitable.

Denver Investments exercises the utmost care in making and implementing investment decisions for client accounts. To the extent that trade errors occur, Denver Investments' policy is to serve the client's best interest when dealing with such errors. Denver Investments maintains written trade error policies and procedures which require all trade errors to be reviewed by a member of Compliance.

ITEM 13. REVIEW OF ACCOUNTS

Individually managed and institutional accounts are reviewed on a continual basis by the portfolio manager. There is no specific sequence in which accounts are reviewed. Rather, an ongoing review process is in place. Additional reviews are initiated when market conditions dictate, client circumstances warrant, or any other pertinent factors surface. Thus, the frequency of reviews may vary. Reviews are undertaken in context with applicant's current investment policy guidelines, individual security analysis and/or client investment considerations. Institutional accounts frequently utilize a consulting firm which the firm's professionals work closely with in servicing the account. The level of review on individual accounts within a third party wrap program, where Denver Investments serves as a portfolio manager, is typically limited subject to the agreement with the wrap program sponsor.

All of the firm's portfolio managers are supported in the review and management of accounts, as necessary, by the analysts of each of the investment teams.

Reporting is customized based on the needs of each client. Clients and/or client representatives typically receive written information on performance, portfolio appraisal, transaction history and portfolio characteristics on a monthly or quarterly basis, depending on the client's preference. The firm relies on the sponsor of the wrap programs for any wrap program client reporting.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Subject to seeking best execution of orders at the most favorable prices, the firm may place transactions with brokerage firms that refer investment advisory clients to Denver Investments. These brokerage firms may also provide Denver Investments with research information. (See also response to Item 12.)

From time to time, the firm may adopt one or more incentive plans which provide for cash payments to employees who develop and refer new business. The terms and the payments of such plans may vary. However, the individual will identify themselves to a prospective client as an employee of Denver Investments. Any incentive plans adopted will not affect the amount of fees paid by a new client for investment management services.

Denver Investments is aware of the provisions of Rule 206(4)-3, "Cash payment for client solicitations," under the Investment Advisers Act of 1940. Any such solicitation fees, direct or indirect, will be fully disclosed and made in compliance with this rule. All written instruments will be maintained, and all applicable Federal and State laws will be observed.

Denver Investments receives client referrals from Charles Schwab & Co., Inc. (Schwab) through participation in Schwab Advisor Network™ (the Service). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the firm. Schwab does not supervise Denver Investments and has no responsibility for management of client portfolios or other Denver Investments services. Denver Investments pays Schwab fees to receive client referrals through the Service. Denver Investments' participation in the Service may raise potential conflicts of interest described below and in Item 12.

Denver Investments pays Schwab a Participation Fee on all referred client accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on such accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Denver Investments is a percentage of the value of the assets in the client's account. Denver Investments pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to Denver Investments quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Denver Investments and not by the client. The firm has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs charged clients with similar portfolios not referred through the Service.

The firm generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees generally payable in a single year. Thus, Denver Investments has an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Denver Investments will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab.

ITEM 15. CUSTODY

The independent third party broker-dealer, bank or other qualified custodian of each client account managed by Denver Investments sends account statements at least quarterly to the client. Each client should carefully review those statements and compare them with the statements that such client receives directly from Denver Investments.

ITEM 16. INVESTMENT DISCRETION

Denver Investments typically retains full investment discretion to buy and sell securities and otherwise make investment decisions for its clients' accounts.

The Investment Management Agreement authorizes Denver Investments as a limited agent to manage the client's portfolio with complete discretion.

For accounts that are held in custody at Schwab, the client will sign a limited power of attorney giving Denver Investments the authority to trade securities and to obtain data feeds.

ITEM 17. VOTING CLIENT SECURITIES

Denver Investments will accept authority to vote all proxies on behalf of each client account as indicated in the Investment Management Agreement. To execute this responsibility to the highest standard, Denver Investments relies heavily on its subscription to Institutional Shareholder Services, Inc. (ISS).

ISS provides proxy research and recommendations, as well as automated voting and record keeping. Although ISS offers other consulting services to companies for which it also makes proxy vote recommendations, Denver Investments reviews its policies and certain reports regarding its internal controls a minimum of once a year and will only use ISS as long as the firm deems it independent.

Generally, the firm's voting is in accordance with ISS' General Guidelines; however, ISS does offer more customized proxy voting policies, such as Taft-Hartley and Public Fund Advisory, which may be selected by clients for an additional fee. If the portfolio manager or analyst believes the ISS recommendation would be detrimental to the client's best interests, they may override ISS with the approval of the Chief Compliance Officer or a member of the Oversight Committee other than the individual seeking the override. A written record supporting the decision to override the ISS recommendation will be maintained.

Generally, for stocks traded on foreign exchanges, Denver Investments will exercise its voting authority. However, if it feels that by voting, a client will incur excessive expense or that a lack of liquidity of a stock may be an issue, Denver Investments may not exercise its voting authority after considering all the relevant factors.

Clients may, from time to time, choose to direct the vote of a specific proposal on a proxy. For clients whose accounts are held individually through the custodian, the client must notify their account's portfolio administrator two weeks prior to the meeting date of their desire to direct the vote of a specific proposal. The adviser will manually vote that meeting with ISS. For clients whose accounts are held in an omnibus proxy registration through the custodian, the portfolio administrator must be notified prior to the record date for the meeting so that the client account can be removed from the omnibus proxy for that meeting. The adviser will then vote that particular meeting manually with ISS.

For matters subject to proxy vote for mutual funds in which Denver Investments is an affiliated party, Denver Investments will vote on behalf of clients invested in such mutual funds, without exception, in accordance with ISS recommendations.

A complete copy of Denver Investments' Proxy Voting Policies and Procedures is available and will be provided upon request. Also, records relating to how the firm voted for specific issues in client accounts can be provided. These items will be furnished without charge.

In cases where clients elect to maintain authority to vote securities, the client typically receives their proxies directly from their custodian or a transfer agent. In these cases, clients can contact their portfolio manager with questions about a particular solicitation.

ITEM 18. FINANCIAL INFORMATION

Denver Investments is not required to file financial information because it does not require or solicit prepayment of fees six months or more in advance and has not been the subject of a bankruptcy petition. There is no financial condition that would impair the firm's ability to meet contractual commitments to clients.

ITEM 19. REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Denver Investments is a Federally-Registered Advisor. This section is not applicable.

PRIVACY POLICY

Denver Investments is committed to protecting the confidentiality and security of your private investment records and personal information. The firm's policies and procedures are designed to safeguard your information and to permit only appropriate and authorized access to and use of this information.

In order to carry out the functions necessary to service your investment account, the firm collects certain non-public personal information from you from the following sources:

- Information the firm receives from you over the telephone, electronic mail and on investment management contracts or other forms (e.g., your name, social security number and address); and
- Information about your portfolio transactions.

The firm restricts access to your personal and account information to Denver Investments' employees and service providers and their employees who need to know that information to service your account. Denver Investments, along with its service providers, maintains physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information.

You can be assured that Denver Investments considers your data to be private and confidential, and it will not disclose any non-public personal information about you to any unaffiliated third parties, except as permitted or required by law. If you decide to close your account(s) or become an inactive customer, Denver Investments will adhere to the privacy policies and practices as described in this notice.



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