Item 12. Brokerage Practices

Subject to the investment guidelines and restrictions imposed by clients, Alkeon generally has the authority to determine, without specific client consent, the securities and amounts thereof to be purchased or sold. In selecting brokers or dealers to execute transactions, Alkeon need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or to negotiate "execution only" commission rates. In selecting brokers and negotiating commission rates, Alkeon may take into account, among other things the execution capability and quality, financial stability, reputation, difficulty of executing the order, capital commitment, or whether the order is to be executed at the market or worked over time and brokerage and research services provided by such brokers. Under no circumstances does Alkeon consider the marketing efforts of broker-dealers on behalf of the funds for which it serves as investment adviser in selecting broker-dealers to execute trades. Such marketing efforts include the sales of the funds advised by Alkeon. However, some broker-dealers that effect securities transactions for the funds will have a relationship with Alkeon or its affiliates to market the funds or other investment vehicles managed by Alkeon or its affiliates.

Alkeon may also purchase from a broker or allow a broker to pay for the following (each a "soft dollar" relationship):

- research reports, services and conferences, including third-party research fees;
- technical data;
- periodical subscription fees;
- consultations;
- performance measurement data;
- on-line pricing;
- news wire and data processing charges; and
- quotation services.

Alkeon may receive soft dollar credits based on certain principal, as well as agency, securities transactions with brokers or direct a broker that executes transactions to share some of its commissions with a broker that provides soft dollar benefits to Alkeon.

During Alkeon's last fiscal year, it acquired products and services with client brokerage commissions or markups including, but not limited to: research from independent research firms, order management systems, market data, consultation firms and industry news services and publications.

In some instances, Alkeon may receive a product or service that may be used for both research and non-research purposes (e.g. an order management system, trade analytical software or proxy