FORM 485BPOS

Post-effective amendments [Rule 485(b)]

Filing Date: **2005-05-02**
SEC Accession No. 0001047469-05-012630

FILER

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST
CIK:**1128811**| IRS No.: **000000000** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **33** | File No.: **333-50832** | Film No.: **05789389**

Mailing Address
1625 BROADWAY
SUITE 2200
DENVER CO 80202

Business Address
1625 BROADWAY
SUITE 2200
DENVER CO 80202
3036232577

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CIK:**1128811**| IRS No.: **000000000** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **485BPOS** | Act: **40** | File No.: **811-10215** | Film No.: **05789390**

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DENVER CO 80202
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As filed with the Securities and Exchange Commission on May 2, 2005

1933 Act Registration No. 333-50832
1940 Act Registration No. 811-10215

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933 /X/
Pre-Effective Amendment No. __ / /

Post-Effective Amendment No. 7 /X/

and/or

REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940 /X/

Amendment No. 7 /X/

(Check appropriate box or boxes.)

FINANCIAL INVESTORS VARIABLE INSRUANCE TRUST

(Exact name of Registrant as Specified in Charter)

1625 Broadway, Suite 2200
Denver, CO 80202

(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (303) 623-2577

Tane T. Tyler, Secretary
Financial Investors Variable Insurance Trust
1625 Broadway, Suite 2200
Denver, CO 80202

(Name and Address of Agent of Service)

Copy to:

Lester R. Woodward, Esq.
Davis Graham & Stubbs LLP
1550 17th Street, Suite 500
Denver, CO 80202

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Amendment

It is proposed that this filing will become effective (check appropriate box):

/X/ immediately upon filing pursuant to paragraph (b)
/ / on _____, pursuant to paragraph (b)

/ / 60 days after filing pursuant to paragraph (a) (1)
/ / on _____, pursuant to paragraph (a) (1)
/ / 75 days after filing pursuant to paragraph (a) (2)
/ / on (date) pursuant to paragraph (a) (2)

If appropriate, check the following box:

/ / This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

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[FIRST HORIZON(SM) LOGO]

PROSPECTUS

Core Equity Portfolio
Capital Appreciation Portfolio

Dated May 2, 2005

The Securities and Exchange Commission has not approved or disapproved these securities or passed upon the accuracy of this Prospectus. Any representation to the contrary is a criminal offense.

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<Table>
<Caption>

</Table>

No person has been authorized to give any information or to make any representation that is not contained in this Prospectus or in the Statement of Additional Information ("SAI") that is incorporated herein by reference, in connection with the offering made by this Prospectus and, if given or made, such information or representations must not be relied upon. Also, this Prospectus does not constitute an offering by Financial Investors Variable Insurance Trust ("Trust") or ALPS Distributors, Inc., ("ADI" or the "Distributor") in any jurisdiction where such an offering would not be lawful.

<Table>
<Caption>

FIRST HORIZON FUNDS	NOT FDIC INSURED	NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NO BANK GUARANTEE	MAY LOSE MONEY	NOT A DEPOSIT
<S>	<C>	<C>	<C>	<C>	<C>

</Table>

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CORE EQUITY PORTFOLIO

PORTFOLIO FACTS

GOAL:

Maximum current total return through
- Capital Appreciation

PRINCIPAL INVESTMENTS:

- Common Stocks
- ADRs

INVESTMENT ADVISER:
- First Tennessee Bank National Association ("First Tennessee" or "Adviser")

INVESTMENT SUB-ADVISER:
- Highland Capital Management Corporation ("Highland" or "Sub-Adviser")

PORTFOLIO MANAGERS:

- David L. Thompson
- Mark J. Cronin

DISTRIBUTOR:
- ALPS Distributors, Inc. ("ADI")

INVESTMENT OBJECTIVE, PRINCIPAL STRATEGIES AND RISKS OF THE CORE EQUITY PORTFOLIO

INVESTMENT OBJECTIVE -- The objective of the First Horizon Core Equity Portfolio, (the "Portfolio") is to achieve maximum total return through capital appreciation by investing at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities.

PRINCIPAL INVESTMENT STRATEGY -- Under normal market conditions, the Adviser and Sub-Adviser currently intend to invest at least 80% of the Portfolio's assets in common stock and American Depositary Receipts (ADRs) of U.S. and international companies that are traded on major domestic securities exchanges (New York Stock Exchange, American Stock Exchange and the National Association of Securities Dealers Automated Quotation, commonly referred to as NASDAQ).

PRINCIPAL RISKS -- You may be interested in the Portfolio if you are comfortable with the risks of equity securities and intend to make a long-term investment commitment. Like most managed funds, there is a risk that the Adviser's strategy for managing the Portfolio may not achieve the desired results and the Portfolio is not intended to be a complete investment program. In addition, the price of common stock moves up and down in response to corporate earnings and developments, interest rate movements, economic and market conditions, and unanticipated events. As a result, the price of the Portfolio's investments may go down and you could lose money on your investment.

In addition, ADRs, like all foreign investments, can be riskier than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it harder for the Portfolio to sell its securities and could reduce the value of your shares. Differences in tax and accounting standards can also negatively affect investment decisions.

The Portfolio may, from time to time, take temporary defensive positions that are inconsistent with the Portfolio's principal investment strategies in attempting to respond to adverse market, economic, or political conditions. To the extent the Portfolio may temporarily invest in defensive positions, it may not achieve its investment objective. If the Board of Trustees determines to change the Portfolio's policy of investing at least 80% of its net assets, plus any borrowings for investment purposes, in equity securities, it will provide the shareholders of the Portfolio at least 60 days prior written notice of the change.

In selecting investments for the Portfolio, Highland analyzes the fundamentals of individual companies. Fundamental analysis considers a company's essential soundness and future prospects, as well as overall industry outlook. Highland believes that companies with superior financial characteristics bought at

attractive valuation levels have produced superior results over time. To find such characteristics, Highland's analysts search for companies producing consistent earnings and growth over a full market cycle. The portfolio managers, in turn, use this research to select stocks for purchase or sale by the Portfolio.

The SAI contains additional information about the risks associated with investing in the Portfolio.

The value of the Portfolio's shares, like stock prices, generally will fluctuate within a wide range. An investor in the Portfolio could lose money over short or even long periods of time.

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Please remember that there is no guarantee that the Portfolio will achieve its investment objective, and an investment in the Portfolio is not a deposit or any other obligation of a bank, is not insured, endorsed, or guaranteed by the Federal Deposit Insurance Corporation ("FDIC"), a bank or any government agency, and involves investment risk including the possible loss of the principal amount invested.

PERFORMANCE OF THE CORE EQUITY PORTFOLIO

The following bar chart and table can help you evaluate the potential risks of investing in the Portfolio. Both the bar chart and the table show the volatility the Portfolio has experienced with its past performance. The Portfolio's past performance does not indicate how it will perform in the future and is intended to be used for purposes of comparison only.

The performance shown in the bar chart reflects the expenses associated with those shares from year to year. Both the chart and table assumes reinvestment of dividends and distributions, but do not reflect any additional charges or expenses that may be imposed by an insurance contract or retirement plan. If such charges or expenses were reflected, the returns in the bar chart and table would be lower.

[CHART]

YEAR-BY-YEAR TOTAL RETURN

<Table>
<S> <C>
12/31/02 (26.11)%
12/31/03 28.60%
12/31/04 5.48%
</Table>

Best quarter (quarter ended June 30, 2003)- 15.18%
Worst quarter (quarter ended September 30, 2002) - (16.75)%

Year-To-Date Return (as of March 31, 2005) - (4.32)%

The following table lists the Portfolio's average year-by-year return over the past one-year period and over the Life of the Portfolio. The table also compares the average annual total returns of the Portfolio for the periods shown to the performance of the S&P 500 Index.

[SIDENOTE]

WHAT IS THE S&P 500(TM) INDEX?

The S&P 500 Index is an unmanaged index tracking the performance of the 500 largest publicly traded U.S. stocks and is often used to indicate the performance of the overall domestic stock market. The S&P 500 index is not a mutual fund, and you cannot invest in it directly. Also, the performance of the S&P 500 index does not reflect the costs associated with operating a mutual fund, such as buying, selling, and holding securities.

<Page>

AVERAGE ANNUAL TOTAL RETURN (FOR THE PERIODS ENDED DECEMBER 31, 2004)

<Table>
<Caption>

	1 YEAR	LIFE OF THE PORTFOLIO
<S>	<C>	<C>
Core Equity Portfolio (inception: 08/20/01)	5.48%	0.27%
Standard & Poor's 500 Index	10.86%	2.72%(1)

(1) From 08/20/01
</Table>

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FEES AND EXPENSES OF THE CORE EQUITY PORTFOLIO

The information in this section describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The shareholder fees and the Total Annual Portfolio Operating Expenses shown in the table do not reflect any additional charges or expenses that may be imposed under an insurance contract or retirement plan. If such fees and expenses had been reflected the fees and expenses would be higher.

SHAREHOLDER FEES (FEES PAID DIRECTLY FROM YOUR INVESTMENT)

<Table>

<S>	<C>
Maximum Sales Charge (Load) imposed on Purchases (as a percentage of offering price)	Not Applicable
Maximum Deferred Sales Charge (Load) (as a percentage of original purchase price or redemption proceeds, as applicable)	Not Applicable

</Table>

ANNUAL PORTFOLIO OPERATING EXPENSES (EXPENSES THAT ARE DEDUCTED FROM PORTFOLIO ASSETS)

<Table>

<S>	<C>
Management Fees	0.70%
Distribution (12b-1) Fees	0.25%
Other Expenses	0.64%
Total Annual Portfolio Operating Expenses	1.59%*

</Table>

* After the waiver/reimbursement, the actual Total Annual Portfolio Operating Expenses as percentages of average daily net assets was 1.10%. First Tennessee has contractually agreed to waive Management Fees and reimburse the Portfolio certain Other Expenses, to the extent necessary for the Portfolio to maintain a Total Annual Portfolio Operating Expenses ratio of not more than 1.10% for its current fiscal year. These reimbursements and/or waivers may be discontinued at any time after December 31, 2005.

EXAMPLE -- The following Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in the Portfolio for the time periods indicated and then redeemed all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. After one year, the Example does not take into consideration First Tennessee's agreement to waive fees and/or reimburse expenses. In addition, this Example does not reflect any fees or sales charges imposed by an insurance company or retirement plan for which the portfolio may be an investment option. If such fees and expenses had been reflected the cost would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<Table>
<Caption>

ONE-YEAR	THREE-YEAR	FIVE-YEAR	TEN-YEAR

Core Equity Portfolio	$ 112	$ 454	$ 819	$ 1,846

DISCLOSURE OF PORTFOLIO HOLDINGS

A detailed description of the Portfolio's policies and procedures with respect to the disclosure of the Portfolio's securities is available in the Portfolio's SAI.

A NOTE ON FEES

As an indirect investor in the Portfolio ("Contract Owner"), you will incur various operating costs, including investment management fees and operating expenses as indicated in the Fee Table. If you are a Contract Owner, you will also incur fees associated with the contract you purchase, which are not reflected in the Fee Table and Example above. Additional information about the cost of investing in the Portfolio is presented in the prospectus for your contract through which the Portfolio's shares are offered to you.

<Page>

CAPITAL APPRECIATION PORTFOLIO

INVESTMENT OBJECTIVE, PRINCIPAL STRATEGIES AND RISKS OF THE CAPITAL APPRECIATION PORTFOLIO

PORTFOLIO FACTS

GOAL:
Long-term capital appreciation

PRINCIPAL INVESTMENTS:
- Small Company Stocks
- Common Stocks

CO-INVESTMENT ADVISERS:

- First Tennessee Bank National Association ("First Tennessee")

- Delaware Management Corporation ("DMC" or Adviser")

PORTFOLIO MANAGERS:
- Gerald S. Frey
- Marshall T. Bassett
- Jeffrey W. Hynoski
- Steven T. Lampe
- Matthew Todorow
- Lori P. Wachs

DISTRIBUTOR:
- ALPS Distributors, Inc. ("ADI")

INVESTMENT OBJECTIVE -- The objective of the First Horizon Capital Appreciation Portfolio (the "Portfolio") is to seek long-term capital appreciation.

PRINCIPAL INVESTMENT STRATEGIES -- Under normal market conditions, DMC currently intends to invest at least 80% of the Portfolio's total assets in equity securities of companies with market capitalizations generally between $200 million and $2 billion at the time of purchase, with an average market capitalization of the Portfolio not to exceed $1.5 billion. The Portfolio may also invest in preferred stock, bonds and debentures convertible into common stock of U.S. based companies of all sizes, industries, and geographical markets. The Portfolio may also invest in securities of foreign issuers.

PRINCIPAL RISKS -- You may be interested in the Portfolio if you are comfortable with above-average risk and intend to make a long-term investment commitment. Like most managed funds, there is a risk that the Adviser's strategy for managing the Portfolio may not achieve the desired results and the Portfolio is not intended to be a complete investment program. In addition, the price of common stock moves up and down in response to corporate earnings and developments, interest rate movements, economic and market conditions, and

anticipated events. As a result, the price of the Portfolio's investments may go down and you could lose money on your investment.

In addition, ADRs, like all foreign investments, can be riskier than investments in the United States. Adverse political and economic developments or changes in the value of foreign currency can make it harder for the Portfolio to sell its securities and could reduce the value of your shares. Differences in tax and accounting standards can also negatively affect investment decisions.

The Portfolio's share price may fluctuate more than that of funds primarily invested in stocks of large companies. Occasionally, small company securities may underperform as compared to the securities of larger companies. Small company securities may also pose greater risk due to narrow product lines, limited financial resources, less depth in management or a limited trading market for their stocks. The Portfolio may, from time to time, take temporary defensive positions that are inconsistent with the Portfolio's principal investment strategies in attempting to respond to adverse market, economic or political conditions. To the extent the Portfolio may temporarily invest in defensive securities, it may not achieve its investment objective.

In selecting investments for the Portfolio, DMC analyzes the fundamental values of individual companies as well as particular industries. In particular, a company is evaluated by visiting management and through assessing other levels of the company, its competitors, its customers, and its vendors. Fundamental analysis considers a company's essential soundness and future prospects, as well as overall industry outlook. The Portfolio also may invest in foreign securities that DMC believes possess unusual values.

The SAI contains additional information about the risks associated with investing in the Portfolio.

The value of the Portfolio's shares, like stock prices, generally will fluctuate within a wide range. An investor in the Portfolio could lose money over short or even long periods of time.

Please remember that there is no guarantee that the Portfolio will achieve its investment objective, and an investment in the Portfolio is not a deposit or any other obligation of a bank, is not insured, endorsed, or guaranteed by the FDIC, a bank or any government agency, and involves investment risk including the possible loss of the principal amount invested.

PERFORMANCE OF THE CAPITAL APPRECIATION PORTFOLIO

The following bar chart and table can help you evaluate the potential risks of investing in the Portfolio. Both the bar chart and the table show the volatility the Portfolio has experienced with its past performance. The Portfolio's past performance does not indicate how it will perform in the future and is intended to be used for purposes of comparison only.

The performance shown in the bar chart reflects the expenses associated with those shares from year to year. Both the chart and table assumes reinvestment of dividends and distributions, but do not reflect any additional charges or expenses that may be imposed by an insurance contract or retirement plan. If such charges or expenses were reflected, the returns in the bar chart and table would be lower.

[CHART]

YEAR-BY-YEAR TOTAL RETURN

<Table>
<S> <C>
12/31/02 (18.62)%
12/31/03 42.28%
12/31/04 11.25%
</Table>

Best quarter (quarter ended December 31, 2001) - 26.30%
Worst quarter (quarter ended September 30, 2002) - (16.30)%

Year-To-Date Return (as of March 31, 2005) - (8.25)%

The following table lists the Portfolio's average year-by-year return over the past one-year period and over the Life of the Portfolio. The table also compares the average annual total returns of the Portfolio for the periods shown to the performance of the Russell 2000 Growth Index.

AVERAGE ANNUAL TOTAL RETURN (FOR THE PERIODS ENDED DECEMBER 31, 2004)

<Page>

<Table>
<Caption>

	1 YEAR	LIFE OF PORTFOLIO
<S>	<C>	<C>
Capital Appreciation Portfolio (inception: 08/20/01)	11.25%	10.60%
Russell 2000 Growth Index (1) From 08/20/01	13.82%	5.78%(1)

</Table>

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FEES AND EXPENSES OF THE CAPITAL APPRECIATION PORTFOLIO

The information in this section describes the fees and expenses that you may pay if you buy and hold shares of the Portfolio. The shareholder fees and the Total Annual Portfolio Operating Expenses shown in the table do not reflect any additional charges or expenses that may be imposed under an insurance contract or retirement plan. If such fees and expenses had been reflected the fees and expenses would be higher.

SHAREHOLDER FEES (FEES PAID DIRECTLY FROM YOUR INVESTMENT)

<Table>

<S>	<C>
Maximum sales charge (Load) imposed on Purchases as a percentage of offering price)	Not Applicable
Maximum Deferred Sales Charge (Load) (as a percentage of original purchase price or redemption proceeds, as applicable)	Not Applicable

</Table>

ANNUAL PORTFOLIO OPERATING EXPENSES (EXPENSES THAT ARE DEDUCTED FROM PORTFOLIO ASSETS)

<Table>

<S>	<C>
Management Fees	0.75%
Distribution (12b-1) Fees	0.25%
Other Expenses	1.05%
Total Annual Portfolio Operating Expenses	2.05%*

</Table>

* After the waiver/reimbursement, the actual Total Annual Portfolio Operating Expenses as percentages of average daily net assets was 1.30%. First Tennessee has contractually agreed to waive its Management Fee and reimburse the Portfolio certain Other Expenses, to the extent necessary for the Portfolio to maintain a Total Annual Portfolio Operating Expense ratio of not more than 1.30% for its current fiscal year. These reimbursements and/or waivers may be discontinued at any time after December 31, 2005.

EXAMPLE -- The following Example is intended to help you compare the cost of investing in the Portfolio with the cost of investing in other mutual funds.

The Example assumes that you invest $10,000 in the Portfolio for the time periods indicated and then redeemed all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Portfolio's operating expenses remain the same. After one year, the Example does not take into consideration First Tennessee's agreement to waive

fees and/or reimburse expenses. In addition, this Example does not reflect any fees or sales charges imposed by an insurance company or retirement plan for which the portfolio may be an investment option. If such fees and expenses had been reflected the cost would be higher. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<Table>
<Caption>

	ONE-YEAR	THREE-YEAR	FIVE-YEAR	TEN-YEAR
<S>	<C>	<C>	<C>	<C>
Capital Appreciation Portfolio	$ 132	$ 570	$ 1,034	$ 2,316

</Table>

DISCLOSURE OF PORTFOLIO HOLDINGS

A detailed description of the Portfolio's policies and procedures with respect to the disclosure of the Portfolio's securities is available in the Portfolio's SAI.

A NOTE ON FEES

As an indirect investor in the Portfolio ("Contract Owner"), you would incur various operating costs, including investment management fees and operating expenses as indicated in the Fee Table. If you are a Contract Owner, you will also incur fees associated with the contract you purchase, which are not reflected in the Fee Table and Example above. Additional information about the cost of investing in the Portfolio is presented in the prospectus for your contract through which the Portfolio's shares are offered to you.

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CORE EQUITY PORTFOLIO

WHO MANAGES THE CORE EQUITY PORTFOLIO?

First Tennessee (530 Oak Court Dr., Memphis, Tennessee, 38117) serves as Investment Adviser to the Portfolio and, with the prior approval of the Board of Trustees (the "Trustees") of Financial Investors Variable Insurance Trust (the "Trust"), has engaged Highland to act as Sub-Adviser to the Portfolio. Subject to First Tennessee's supervision, Highland is responsible for the day-to-day investment management of the Portfolio, including providing investment research and credit analysis concerning portfolio investments and conducting a continuous program of investment of portfolio assets in accordance with the investment policies and objectives of the Portfolio. Additional information concerning the basis for the Trustees approving First Tennessee and Highland as the Portfolio's Investment Adviser and Sub-Advisory, respectively, can be found in the SAI.

For managing its investment and business affairs, the Portfolio is obligated to pay First Tennessee a monthly management fee at the annual rate of 0.70% of its average net assets. First Tennessee has contractually agreed to reimburse the Portfolio's Other Expenses and/or waive its Management Fees to the extent necessary for the Portfolio to maintain a Total Operating Expense Ratio of not more than 1.10% for its current fiscal year ending December 31, 2005. The total advisory fee paid to First Tennessee for the fiscal year ended December 31, 2004, was 0.25% of the Portfolio's average net assets after waiver. First Tennessee serves as an investment adviser to individual, corporate and institutional advisory clients and pension plans with approximately $20.2 billion in assets under administration (including nondiscretionary accounts) and $6.1 billion in assets under management as of December 31, 2004, and has experience in supervising sub-advisers. First Tennessee provides investment advisory services to the Portfolio through First Tennessee Advisory Services, a division of First Tennessee.

First Tennessee may compensate an Insurer (as defined below) for certain administrative services performed for the Portfolio on behalf of Contract Owners, based on the assets of the Portfolio attributable to contracts issued through the separate account of the Insurer.

Highland (6077 Primacy Parkway, Memphis, Tennessee, 38119) serves as the Sub-Adviser for the Portfolio subject to the supervision of First Tennessee and pursuant to the authority granted to it under its Sub-Advisory Agreement with First Tennessee. On March 1, 1994, Highland merged with and into First Tennessee Investment Management, Inc. ("FTIM"), an affiliate of First Tennessee, and changed its name to Highland Capital Management Corp.

FTIM (now Highland), has been a wholly-owned subsidiary of First Tennessee

National Corporation since 1972. First Tennessee has a history of investment management that dates back to 1929. Highland has approximately $3.2 billion in total assets under management as of December 31, 2004. First Tennessee is obligated to pay Highland a monthly sub-advisory fee at the annual rate of 0.50% of the Portfolio's average net assets. The Portfolio is not responsible for paying any portion of Highland's sub-advisory fee.

PORTFOLIO MANAGERS FOR THE CORE EQUITY PORTFOLIO

[PHOTO]

DAVID L. THOMPSON, one of the two portfolio managers for the Portfolio, is a senior vice president and director of Highland. He has 15 years of investment experience. Mr. Thompson joined Highland in May 1995 and is a Chartered Financial Analyst. He is a graduate of the University of Mississippi and received a masters degree in business administration from the University of North Carolina.

MARK J. CRONIN is the other manager of the Portfolio. He is vice president with Highland. He has over two decades of investment experience. Mr. Cronin joined Highland in 1999 and is a Chartered Financial Analyst. He is a graduate of the University of Washington.

Additional information about the portfolio mangers' compensation, other accounts managed by the portfolio managers, and each portfolio manager's ownership of securities in the Portfolio can be found in the SAI.

CAPITAL APPRECIATION PORTFOLIO

WHO MANAGES THE CAPITAL APPRECIATION PORTFOLIO?

First Tennessee (530 Oak Court Drive, Memphis, Tennessee, 38117) and DMC (2005 Market Street, Philadelphia, Pennsylvania, 19103) serve as Co-Investment Advisers to the Portfolio. First Tennessee, among other things, provides investment management evaluations to the Board of Trustees (the "Trustees") of the Trust, monitors the activities of DMC, including DMC's Portfolio transactions, and coordinates DMC's activities with the Portfolio's custodian, transfer agent, administrator, and independent accountants. DMC uses a team approach and is responsible for the day-to-day investment and reinvestment of the Portfolio's assets in accordance with its investment objective and policies. DMC is obligated to provide a continual program of investment of portfolio assets, to conduct investment research and credit analysis concerning portfolio investments, and to place orders for all purchases and sales of investments on behalf of the Portfolio. Additional information concerning the basis for the Trustees approving First Tennessee and DMC as the Portfolio's Co-Investment Advisers, can be found in the SAI.

The Portfolio is obligated to pay First Tennessee a monthly management fee at the annual rate of 0.15% of its average net assets for the investment advisory services First Tennessee provides. First Tennessee has contractually agreed to reimburse the Portfolio's Other Expenses and/or waive its Management Fees to the extent necessary for the Portfolio to maintain a Total Operating Expense Ratio of not more than 1.30% for its current fiscal year ending December 31, 2005. The total advisory fee paid to First Tennessee for the fiscal year ended December 31, 2004, was 0.00% of the Portfolio's average net assets. First Tennessee serves as an investment adviser to individual, corporate and institutional advisory clients, pension plans and collective investment funds, with approximately $20.2 billion in assets under administration (including nondiscretionary accounts) and $6.1 billion in assets under management as of December 31, 2004. First Tennessee provides co-investment advisory services to the Portfolio through First Tennessee Advisory Services, a division of First Tennessee.

First Tennessee may compensate an Insurer (as defined below) for certain administrative services performed for the Portfolio on behalf of Contract Owners, based on the assets of the Portfolio attributable to contracts issued through the separate account of the Insurer.

As compensation for the services it provides, DMC is entitled to receive from the Portfolio a monthly management fee at the annual rate of 0.60% on the Portfolio's average net assets. The total advisory fee paid to DMC for the fiscal year ended December 31, 2004, was 0.60% of the Portfolio's average net assets. DMC is organized as a series of Delaware Management Business Trust ("DMBT"), a business trust organized under the laws of the State of Delaware. As of December 31, 2004, DMC and its investment advisory affiliates had approximately $96.6 billion under management in a wide range of asset classes

for institutional investors, large private trusts and mutual fund shareholders. DMC and DMBT are part of the Delaware Investments family of companies, which are located at 2005 Market Street, Philadelphia, PA 19103. They are indirect, wholly-owned subsidiaries of Lincoln National Corporation, Centre Square, West Tower, 1500 Market St., Suite 3900, Philadelphia, PA 19102-2112 ("LNC"). LNC is a publicly-owned company whose shares are traded on the New York Stock Exchange.

PORTFOLIO MANAGERS FOR THE CAPITAL APPRECIATION PORTFOLIO

[PHOTO]

A team of portfolio managers of DMC is responsible for the day-to-day operations of the Portfolio. The Investment Management Team is led by Gerald S. Frey. Gerald S. Frey joined DMC in 1996 and is currently the managing director/chief investment officer, growth equities of DMC. Mr. Frey has over twenty years of experience in the money management business and holds a bachelor's degree in economics from Bloomsburg University and attended Wilkes College and New York University.

Other members of the Investment Management Team are:

Marshall T. Bassett is a Senior Vice President and Senior Portfolio Manager. Mr. Bassett joined DMC in 1997. He holds bachelor's and MBA degrees from Duke University.

Jeffrey W. Hynoski is a Vice President and Senior Portfolio Manager. Mr. Hynoski joined DMC in 1998. Mr. Hynoski holds a bachelor's in finance from the University of Delaware and an MBA with a concentration in investments, portfolio management, and financial economics from Pace University.

Steven T. Lampe is a Vice President and Portfolio Manager. He joined DMC in 1995 and covers the health care sector. Mr. Lampe received a bachelor's in economics and an MBA degree with a concentration in finance from the University of Pennsylvania's Wharton School. Mr. Lampe is a Certified Public Accountant.

Matthew Todorow is a Vice President and Portfolio Manager. Prior to joining DMC in December 2003, he served as an Executive Director for Morgan Stanley Investment Management and was a Portfolio Manager for the small/mid-cap group. Mr. Todorow holds a bachelor's from Temple University and a MBA from the University of Georgia's Terry College of Business. He is a CFA Charterholder, and a member of the CFA Institute and the Philadelphia Society of Financial Analysts.

Lori P. Wachs is a Vice President and Portfolio Manager. Ms. Wachs joined DMC in 1992. Ms. Wachs holds a bachelor's degree in economics from the University of Pennsylvania's Wharton School, where she concentrated on finance. She is a CFA Charterholder and a member of the CFA Institute.

Additional information about each portfolio manager's compensation, other accounts managed by the portfolio managers, and each portfolio manager's ownership of securities in the Portfolio can be found in the SAI.

SHAREHOLDER INFORMATION

BUYING AND SELLING SHARES

The Portfolios may sell its shares only to separate accounts of various insurance companies (the "Insurer(s)") and to various qualified plans ("Retirement Plans"). Shares are available through investment in various Retirement Plans, or purchase of certain variable annuity contracts ("Contracts") issued by Insurers. If you are a Contract Owner, the Insurer will allocate your premium payments to the Portfolio through separate accounts in accordance with your Contract.

The Retirement Plans and separate accounts of Insurers are the shareholders of record of the Portfolio's shares. Any reference to the shareholder in this Prospectus generally refers to the Retirement Plans and the Insurers' separate accounts and not to you, the Contract Owner or Retirement Plan participant ("Participants").

The Portfolios continuously offer shares to Insurers and Retirement Plans at the net asset value ("NAV") per share next determined after the Trust or its designated agent receives and accepts a proper purchase or redemption request. Each Insurer or Retirement Plan submits purchase and redemption orders to the Trust based on allocation instructions for premium payments, transfer

instructions and surrender or partial withdrawal requests which are furnished to the Insurer by such Contract Owners or by Participants. The Insurers and Retirement Plans are designated agents of the Portfolios. The Trust, the Adviser and the Portfolios' distributor reserve the right to reject any purchase order from any party for shares of the Portfolios.

The Portfolios will ordinarily make payment for redeemed shares within seven (7) business days after the Trust or its designated agent receives and accepts a proper redemption order. A proper redemption order will contain all the necessary information and signatures required to process the redemption order. The redemption price will be the NAV per share next determined after the Trust or its designated agent receives and accepts the shareholder's request in proper form.

The Portfolios may suspend the right of redemption or postpone the date of payment during any period when trading on the New York Stock Exchange ("NYSE") is restricted, or the NYSE is closed for other than weekends and holidays; when an emergency makes it not reasonably practicable for the Portfolios to dispose of its assets or calculate their net asset values; or as permitted by the Securities and Exchange Commission.

If the Trustees determine that existing conditions make cash payment undesirable, redemption payments may be made in whole or in part in securities or other property, valued for this purpose as they are valued in computing each Portfolio's NAV. Shareholders receiving securities or other property on redemption may realize a gain or loss for tax purposes and will incur any costs of sale.

The accompanying disclosure documents for the Contracts or Retirement Plans describes the allocation, transfer, and withdrawal provisions of such Contract or Retirement Plan.

VALUING SHARES

The price at which you buy, sell, or exchange Portfolio shares is the share price or NAV. The share price for shares of the Portfolios is determined by adding the value of the Portfolios' investments, cash and other assets, deducting liabilities, and then dividing that value by the total number of the shares outstanding. The Portfolios are open for business each day that the NYSE is open (a "Business Day"). Each NAV is calculated at the close of the Portfolios' Business Day, which coincides with the close of regular trading of the NYSE (normally 4:00 p.m. Eastern Time). NAV is not calculated on the days that the NYSE is closed.

When the Portfolios calculate the share price, they value the securities they hold at market value. Sometimes market quotes from some securities are not available or are not representative of market value. Examples would be when events occur that materially affect the value of a security at a time when the security is not trading or when the securities are illiquid. In that case, securities may be valued in good faith at fair value, using consistently applied procedures decided on by the Trustees.

EXCESSIVE TRADING AND MARKET TIMING ACTIVITIES

While the Portfolios provide its shareholders with daily liquidity, their investment programs are designed to serve long-term investors. Excessive trading and market timing activities ("Excessive Trading") in the Portfolios' shares can be disruptive to the management of the Portfolios and as a result may hurt the long-term performance of the Portfolios.

For example, Excessive Trading activities may expose long-term shareholders to additional risks, such as:

- dilution of the value of each Portfolio's shares held by long-term shareholders who do not engage in this activity;
- the lost of investment opportunity by requiring the Portfolios to maintain more liquid assets as opposed to being able to invest such assets in long-term investments; and

- increased brokerage and administrative cost to the Portfolios due to redemption requests that are unusually large in either dollar amounts

or number of redemptions.

In addition, with respect to each Portfolio's securities that may be primarily listed on foreign exchanges, the impact of events that occur after the close of a foreign exchange but before the close of trading on the NYSE may present risks of "time-zone arbitrage". Similarly, each Portfolio, but the Capital Appreciation Portfolio in particular, may hold certain small-capitalization (e.g. small company) stocks that are thinly-traded, and these types of securities, as with securities listed on foreign exchanges, are also prone to stale pricing and other potential pricing discrepancies (each an Excessive Trading strategy). An investor engaging in this type of Excessive Trading would seek to capture any pricing inefficiencies and possibly cause a dilution of the value in a Portfolio's shares. Excessive Trading risks can be magnified for mutual funds that are smaller in asset size.

In order to address these risks, the Portfolios' Board of Trustees has implemented the following policies and procedures and has delegated these responsibilities to the Transfer Agent to designate and discourage Excessive Trading activity in the Portfolios. The Portfolios are currently using the following methods:

- Reviewing on a continuing basis recent trading activity to attempt to identify any unusually large amounts of money moving in and out of either Portfolio;
- Refusing or restricting any purchase or exchange that either Portfolio believes to be a short-term, excessive, or disruptive to its long-term shareholders; and
- Suspending redemption and/or exchange privileges for any account a Portfolio determines has engaged in excessive or disruptive trading activity.

In an effort to protect the interest of long-term shareholders, the Portfolios uniformly apply these policies and procedures referenced above which are meant to detect and deter an investor that intends to use any Excessive Trading strategies ("Excessive Trader(s)"). Any investor who wishes to engage in an Excessive Trading strategy should not purchase shares of either Portfolio.

The Board of Trustees has adopted the policies and procedures to help the Trust and its Portfolios identify Excessive Trading activities by shareholders in either Portfolio. Neither the Trust nor its Portfolios accommodate Excessive Trading activities.

However, none of these tools can guarantee the possibility that Excessive Trading activity will not occur, especially with respect to accounts trading in omnibus arrangements, such as the Insurer(s) products and Retirement Plans that the Portfolios are designed to be used in. By their nature, omnibus accounts, in which purchases and sales of the Portfolios by multiple investors are aggregated by an intermediary and presented to the Portfolios on a net basis, may effectively conceal the identity of an Excessive Trader.

ANTI-MONEY LAUNDERING

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Under applicable anti-money laundering regulations and other Federal regulations, purchase orders may be suspended, restricted, or canceled and the monies may be withheld.

Contract Owners and Participants may be asked to provide additional information in order for the Trust and its agents to verify their identities in accordance with requirements under anti-money laundering regulations. Accounts may be restricted and/or closed, and the monies withheld, pending verification of this information or as otherwise required under these and other Federal regulations.

TAX CONSEQUENCES

The Portfolios distribute substantially all of their net income and capital gains to shareholders each year. The Portfolios distribute capital gains and income dividends annually. All dividends and capital gains distributions paid by the Portfolios will be automatically reinvested at net asset value in the Portfolios. For Contract owners the result of automatic reinvestment of distributions on a Portfolio's performance, including the effect of dividends, is reflected in the cash value of the Contracts you own. Please see the Contract prospectus accompanying this Prospectus for more information.

The Portfolios each intend to qualify as a "regulated investment company" under the Internal Revenue Code of 1986, as amended (the "Code"), in order to be relieved of Federal income tax on that part of their net investment income and realized capital gains they distribute to shareholders. To qualify, the

Portfolios must meet certain relatively complex income and diversification tests. The loss of such status would result in the Portfolios being subject to Federal income tax on their taxable income and gains.

Federal tax regulations require that mutual funds offered through insurance company separate accounts must meet certain additional diversification requirements to preserve the tax-deferral benefits provided by the variable contracts. The Advisers intend to diversify investments in accordance with those requirements. The Insurers' prospectuses for variable annuities policies describe the Federal income tax treatment of distributions from such contracts to Contract owners.

The foregoing is only a summary of important Federal tax law provisions that can affect the Portfolios. Other Federal, state, or local tax law provisions may also affect the Portfolios and their operations.

Because each investor's tax circumstances are unique and because the tax laws are subject to change, we recommend that you consult your tax adviser about your investment.

DISTRIBUTION PLAN

The Trustees have adopted a plan of distribution pursuant to Rule 12b-1 under the Investment Company Act of 1940 for the Portfolios (the "Distribution Plan"). The Distribution Plan permits the use of each Portfolio's assets to compensate ADI, the Portfolios' Distributor, for its services and costs in distributing shares and servicing shareholder accounts.

The Distribution Plan also recognizes that First Tennessee and DMC may use their management fee revenues, as well as their past profits, to pay for expenses incurred in connection with providing services intended to result in the sale of shares and/or shareholder support services.

Under the Distribution Plan, ADI receives an amount equal to 0.25% of the average annual net assets of the Portfolios. All or a portion of the fees paid to ADI under the Distribution Plan will, in turn, be paid to certain financial intermediaries as compensation for selling shares or for providing ongoing administrative services. These services generally include responding to shareholder inquiries, directing shareholder communications, account balance maintenance, and dividend posting.

Because the fees paid under the Distribution Plan are paid out of Portfolio assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than other types of sales charges.

PRIVACY POLICY

The Portfolios collect nonpublic personal information about its customers(1) from the following sources:

- Account applications and other forms, which may include a customer's name, address, social security number, date of birth, and information about a customer's investment goals and risk tolerance;
- Account history, including information about the transactions and balances in a customer's account; and
- Correspondence, written, or telephonic, between a customer and the Portfolios service providers to the Portfolios.

The Portfolios will not release information about its customers or their accounts unless one of the following conditions is met:

- Prior written consent is received.

- The Portfolios believe the recipient to be the Portfolio's customer or the customer's authorized representative.

- The Portfolios are required by law to release information to the recipient.

The Portfolios do not give or sell information about their customers or their accounts to any other company, individual, or group.

The Portfolios will only use information about their customers and their accounts to attempt to better serve their investment needs or to suggest services or educational materials that may be of interest to them.

The Portfolios restrict access to nonpublic personal information about customers to those employees who need to know that information in order to provide products or services. The Portfolios may also share personal information with companies that they hire to provide support services. When the Portfolios share personal information with service providers, they protect that personal information with a strict confidentiality agreement. The Portfolios also maintain physical, electronic and procedural safeguards that comply with Federal standards to guard customers' nonpublic personal information.

The Portfolios will adhere to the policies and practices described in this notice for current and former shareholders of the Portfolio.

(1) For purposes of this notice, the terms "customer" or "customers" includes both shareholders of the Portfolios and individuals who provide nonpublic personal information to the Portfolios, but do not invest in Portfolio shares.

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FINANCIAL HIGHLIGHTS - CORE EQUITY

The Financial Highlights table is presented to help you understand the Portfolio's financial performance for the past four fiscal periods. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Portfolio (assuming reinvestment of all dividends and distributions). This information has been audited by Deloitte & Touche LLP, whose report, along with the Portfolio's financial statements, is included in the Portfolio's SAI and annual report, which is available upon request by calling First Horizon Funds at (877) 846-0741.

<Table>
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	FOR THE YEAR ENDED DECEMBER 31,			FOR THE PERIOD ENDED DECEMBER 31,
	2004	2003	2002	2001*
<S>	<C>	<C>	<C>	<C>
SELECTED PER-SHARE DATA				
Net asset value - beginning of period	$ 9.51	$ 7.41	$ 10.06	$ 10.00
Income from investment operations:				
Net investment income	0.07	0.02	0.02	0.00(3)
Net realized and unrealized gain (loss) on investments	0.45	2.10	(2.65)	0.07
Total from investment operations	0.52	2.12	(2.63)	0.07
DISTRIBUTIONS:				
From net investment income	(0.07)	(0.02)	(0.02)	(0.01)
From net realized gain	-	-	0.00(3)	-
Total distributions	(0.07)	(0.02)	(0.02)	(0.01)
Net asset value - end of period	$ 9.96	$ 9.51	$ 7.41	$ 10.06
TOTAL RETURN (4)	5.48%	28.60%	(26.11)%	0.68%(2)
RATIOS AND SUPPLEMENTAL DATA				
Net assets, end of period (000)	$ 16,858	$ 11,608	$ 5,239	$ 2,107
Ratio of expenses to average net assets	1.10%	1.10%	1.10%	1.10%(1)
Ratio of net investment income to average net assets	0.80%	0.28%	0.28%	0.17%(1)
Ratio of expenses to average net assets without fee waivers	1.59%	1.79%	3.07%	1.99%(1)
Ratio of net investment income (loss) to average net assets without fee waivers	0.31%	(0.40)%	(1.69)%	(0.72)%(1)
Portfolio turnover rate	27%	36%	43%	9%

</Table>

(1) Annualized
(2) Total Returns for periods less than one year are not annualized.
(3) Less than $.005 per share.
(4) Total Return would have been lower had various fees not been waived during the period.
* For the period August 20, 2001 (inception) to December 31, 2001

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FINANCIAL HIGHLIGHTS - CAPITAL APPRECIATION

The Financial Highlights table is presented to help you understand the Portfolio's financial performance for the past four fiscal periods. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Portfolio (assuming reinvestment of all dividends and distributions). This information has been audited by Deloitte & Touche LLP, whose report, along with the Portfolio's financial statements, is included in the Portfolio's SAI and annual report, which is available upon request by calling First Horizon Funds at (877) 846-0741.

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	FOR THE YEAR ENDED DECEMBER 31,			FOR THE PERIOD ENDED DECEMBER 31,
	2004	2003	2002	2001*
<S>	<C>	<C>	<C>	<C>
SELECTED PER-SHARE DATA				
Net asset value - beginning of period	$ 12.62	$ 8.87	$ 10.90	$ 10.00
Income from investment operations:				
Net investment loss	(0.10)	(0.04)	(0.06)	(0.02)
Net realized and unrealized gain (loss) on investments	1.49	3.79	(1.97)	0.92
Total from investment operations	1.39	3.75	(2.03)	0.90
DISTRIBUTIONS:				
From net investment income	-	-	-	-
From net realized gain	(0.80)	-	-	-
Total distributions	(0.80)	-	-	-
Net asset value - end of period	$ 13.21	$ 12.62	$ 8.87	$ 10.90
TOTAL RETURN (3)	11.25%	42.28%	(18.62)%	9.00%(2)
RATIOS AND SUPPLEMENTAL DATA				
Net assets, end of period (000)	$ 5,223	$ 3,494	$ 1,480	$ 1,132
Ratio of expenses to average net assets	1.30%	1.30%	1.30%	1.30%(1)
Ratio of net investment loss to average net assets	(0.85)%	(0.61)%	(0.89)%	(0.49)%(1)
Ratio of expenses to average net assets without fee waivers	2.05%	2.18%	4.27%	2.24%(1)
Ratio of net investment loss to average net assets without fee waivers	(1.60)%	(1.49)%	(3.87)%	(1.43)%(1)
Portfolio turnover rate	75%	72%	120%	59%

</Table>

(1) Annualized
(2) Total Returns for periods less than one year are not annualized.
(3) Total Return would have been lower had various fees not been waived during the period.
* For the period August 20, 2001 (inception) to December 31, 2001

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ADDITIONAL INFORMATION ABOUT THE PORTFOLIOS

If you would like more information about the Portfolios, the following documents are available free upon request.

ANNUAL AND SEMI-ANNUAL REPORTS

Additional information about the Portfolios' investments is available in the Portfolios' annual and semi-annual reports to shareholders. In the Portfolios' annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Portfolios' performance during their last fiscal year.

STATEMENT OF ADDITIONAL INFORMATION ("SAI")

The SAI contains additional information about all aspects of the Portfolios. A current SAI has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated herein by reference, which means that it is legally part of this Prospectus. For a copy of the SAI, write or call the Portfolios at the address or phone number listed below.

Shares of the Portfolios are available only through the purchase of a variable annuity contract issued by an insurance company or through a qualified retirement plan and are not for sale directly to the general public. Therefore, shareholder reports and the SAI are not made available on the Internet. However,

if you are an eligible investor, and wish to obtain copies of the Portfolios' SAI, Annual Report, or Semi-Annual Report free of charge, or to obtain other information about the Portfolios and to make shareholder inquiries, you may write to First Horizon Funds at 1625 Broadway, Suite 2200, Denver, Colorado 80202 or call First Horizon Funds at 1-877-846-0741.

Information about the Portfolios including the SAI can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1.202.942.8090. Reports and other information about the Portfolio are available on the EDGAR database on the SEC's Internet website at www.sec.gov. Copies may be obtained after payment of a duplicating fee by electronic request at the SEC's e-mail address: publicinfo@sec.gov or by writing to the SEC's Public Reference Section, Washington, D.C. 20549-0102.

[FIRST TENNESSEE LOGO]

ALPS Distributors, Inc., distributor for First Horizon Fund
First Horizon Funds
1625 Broadway, Suite 2200
Denver, Colorado, 80202
(877)846-0741

Investment Company Act File No. 811-10215

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FINANCIAL INVESTORS VARIABLE INSURANCE TRUST
FIRST HORIZON CORE EQUITY PORTFOLIO
FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO
STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 2, 2005

This Statement of Additional Information ("SAI") is not a prospectus but should be read in conjunction with the current Prospectus for the First Horizon Core Equity and Capital Appreciation Portfolios ("Portfolios") dated May 2, 2005, as it may be amended or supplemented from time to time. Please retain this SAI for future reference. To obtain additional free copies of this SAI or the Prospectus for the Portfolios, please contact ALPS Distributors, Inc. by calling 1-877-846-0741, or writing to 1625 Broadway, Suite 2200, Denver, CO 80202.

Shares of the Portfolios are available only through the purchase of a variable annuity contract issued through a separate account of an insurance company ("Variable Contract"), or through a qualified plan.

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INVESTMENT ADVISER (FIRST HORIZON CORE EQUITY PORTFOLIO)
First Tennessee Bank National Association ("First Tennessee")

SUB-ADVISER (FIRST HORIZON CORE EQUITY PORTFOLIO)
Highland Capital Management Corp. ("Highland" or a "Sub-Adviser")

CO-INVESTMENT ADVISERS (FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO)
First Tennessee Bank National Association ("First Tennessee")
Delaware Management Company ("DMC")

ADMINISTRATOR
ALPS Mutual Funds Services, Inc. ("ALPS" or the "Administrator")

CO-ADMINISTRATOR
First Tennessee Bank National Association ("First Tennessee" or the "Co-Administrator")

DISTRIBUTOR
ALPS Distributors, Inc. ("ADI" or the "Distributor")

TRANSFER AGENT, PRICING AND ACCOUNTING AGENT, & SHAREHOLDER SERVICING AGENT
ALPS Mutual Funds Services, Inc. ("ALPS" or the "Transfer Agent")

CUSTODIAN
State Street Bank & Trust Company ("State Street" or the "Custodian")

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INVESTMENT RESTRICTIONS AND LIMITATIONS

The following policies and limitations supplement those set forth in the Portfolios' Prospectus. Unless otherwise noted, whenever an investment policy or limitation states a maximum percentage of a Portfolio's assets that may be invested in any security or other asset, or sets forth a policy regarding quality standards, such standard or percentage limitation will be determined immediately after and as a result of a Portfolio's acquisition of such security or other asset. Accordingly, except as to borrowings and illiquid securities, any subsequent change in values, net assets, or other circumstances will not be considered when determining whether the investment complies with a Portfolio's investment policies and limitations. With respect to borrowings or illiquid securities, any borrowing or investment in such securities that exceeds the applicable limitations listed below will be reduced promptly to meet such limitation.

Fundamental policies and investment limitations cannot be changed without approval by a "majority of the outstanding voting securities" (as defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of that Portfolio. However, except for the fundamental investment limitations set forth below, the investment policies and limitations described in this SAI are not fundamental and may be changed without shareholder approval.

INVESTMENT LIMITATIONS OF THE PORTFOLIOS

THE FOLLOWING ARE THE FUNDAMENTAL LIMITATIONS FOR EACH PORTFOLIO, SET FORTH IN THEIR ENTIRETY. EACH PORTFOLIO MAY NOT:

(1) with respect to 75% of a Portfolio's total assets, purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result of such purchase, (a) more than 5% of a Portfolio's total assets would be invested in the securities of that issuer; or (b) such a Portfolio would hold more than 10% of the outstanding voting securities of that issuer;

(2) issue senior securities, except as permitted under the 1940 Act;

(3) borrow money, except that each Portfolio may borrow money for temporary or emergency purposes (not for leveraging or investment) in an amount not exceeding 33 1/3% of its total assets (including the amount borrowed) less liabilities (other than borrowings). Any borrowings that come to exceed this amount will be reduced within three days (not including Sundays and holidays) to the extent necessary to comply with the 33 1/3% limitation;

(4) underwrite securities issued by others, except to the extent that each Portfolio may be considered an underwriter within the meaning of the Securities Act of 1933 as amended (the "1933 Act") in the disposition of restricted securities;

(5) purchase the securities of any issuer (other than securities issued or guaranteed by the U.S. government or any of its agencies or instrumentalities) if, as a result, 25% or more of such a Portfolio's total assets would be invested in the securities of companies whose principal business activities are in the same industry;

(6) purchase or sell real estate unless acquired as a result of ownership of securities or other instruments (but this shall not prevent a Portfolio from investing in securities or other instruments backed by real estate or

securities of companies engaged in the real estate business);

(7) purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments (but this shall not prevent a Portfolio from purchasing or selling options and futures contracts or from investing in securities or other instruments backed by physical commodities); or

(8) lend any security or make any other loan if, as a result, more than 33 1/3% of its total assets would be lent to other parties, but this limit does not apply to purchases of debt securities or to repurchase agreements;

(9) Each Portfolio may, notwithstanding any other fundamental investment policy or limitation, invest all of its assets in the securities of a single open-end or closed-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the Portfolio.

THE FOLLOWING LIMITATIONS OF EACH PORTFOLIO ARE NOT FUNDAMENTAL AND MAY BE CHANGED WITHOUT SHAREHOLDER APPROVAL.

(1) Each Portfolio does not currently intend during the coming year to purchase securities on margin, except that each Portfolio may obtain such short-term credits as are necessary for the clearance of transactions, and provided that margin payments in connection with futures contracts and options on futures contracts shall not constitute purchasing securities on margin.

(2) Each Portfolio may borrow money only (a) from a bank or (b) by engaging in reverse repurchase agreements with any party. Reverse repurchase agreements are treated as borrowings for purposes of fundamental investment limitation (3). The Portfolio will not purchase any security while borrowings representing more than 5% of its total assets are outstanding.

(3) Each Portfolio does not currently intend during the coming year to purchase any security, if, as a result of such purchase, more than 15% of its net assets would be invested in securities that are deemed to be illiquid because they are subject to legal or contractual restrictions on resale or because they cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued.

(4) Each Portfolio does not currently intend during the coming year to purchase or sell futures contracts. This limitation does not apply to securities that incorporate features similar to futures contracts.

(5) Each Portfolio does not currently intend during the coming year to make loans, but this limitation does not apply to purchases of debt securities.

(6) Each Portfolio does not currently intend during the coming year to invest all of its assets in the securities of a single open-end management investment company with substantially the same fundamental investment objectives, policies, and limitations as the Portfolio.

(7) Each Portfolio will not: (a) purchase put options or write call options if, as a result, more than 25% of a Portfolio's total assets would be hedged with options under normal conditions; (b) write put options if, as a result, a Portfolio's total obligations upon settlement or exercise of written put options would exceed 25% each of their total assets; or (c) purchase call options if, as a result, the current value of option premiums for call options purchased by each Portfolio would exceed 5% of total assets. These limitations do not apply to options attached to or acquired or traded together with their underlying securities, and do not apply to securities that incorporate features similar to options.

INVESTMENT INSTRUMENTS

The Prospectus discusses the investment objectives of the Portfolios and the policies to be employed to achieve those objectives. This section contains supplemental information concerning certain types of securities and other instruments in which the Portfolios may invest, and certain risks attendant to such investment.

DELAYED-DELIVERY AND WHEN-ISSUED TRANSACTIONS. Each Portfolio may buy and sell securities on a delayed-delivery or when-issued basis. These transactions involve a commitment by each Portfolio to purchase or sell specific securities at a predetermined price and/or yield, with payment and delivery taking place

after the customary settlement period for that type of security (and more than seven days in the future). Typically, no interest accrues to the purchaser until the security is delivered. Each Portfolio may receive fees for entering into delayed-delivery transactions.

When purchasing securities on a delayed-delivery basis, each Portfolio assumes the rights and risks of ownership, including the risk of price and yield fluctuations. Because a Portfolio is not required to pay for securities until the delivery date, these

risks are in addition to the risks associated with such Portfolio's other investments. If a Portfolio remains substantially fully invested at a time when delayed-delivery purchases are outstanding, the delayed-delivery purchases may result in a form of leverage. When delayed-delivery purchases are outstanding, a Portfolio will set aside appropriate liquid assets in a segregated custodial account to cover its purchase obligations. When a Portfolio has sold a security on a delayed-delivery basis, a Portfolio does not participate in further gains or losses with respect to the security. If the other party to a delayed-delivery transaction fails to deliver or pay for the securities, such Portfolio could miss a favorable price or yield opportunity, or could suffer a loss.

Each Portfolio may renegotiate delayed-delivery transactions after they are entered into, and may sell underlying securities before they are delivered, which may result in capital gains or losses.

FOREIGN INVESTMENTS. Foreign investments purchased by each Portfolio can involve significant risks in addition to the risks inherent in U.S. investments. The value of securities denominated in or indexed to foreign currencies, and of dividends and interest from such securities, can change significantly when foreign currencies strengthen or weaken to the U.S. dollar. Foreign securities markets generally have less trading volume and less liquidity than U.S. markets, and prices on some foreign markets can be highly volatile. Many foreign countries lack uniform accounting and disclosure standards comparable to those applicable to U.S. companies, and it may be more difficult to obtain reliable information regarding an issuer's financial condition and operations. In addition, the costs of foreign investing, including withholding taxes, brokerage commissions, and custodial costs, are generally higher than for U.S. investments.

Foreign markets may offer less protection to investors than U.S. markets. Foreign issuers, brokers, and securities markets may be subject to less government supervision. Foreign security trading practices, including those involving the release of assets in advance of payment, may involve increased risks in the event of a failed trade or the insolvency of a broker-dealer, and may involve substantial delays. It may also be difficult to enforce legal rights in foreign countries.

Investing abroad also involves different political and economic risks. Foreign investments may be affected by actions of foreign governments adverse to the interests of U.S. investors, including the possibility of expropriation or nationalization of assets, confiscatory taxation, restriction on U.S. investment or on the ability to repatriate assets or convert currency into U.S. dollars, or other government intervention. There may be a greater possibility of default by foreign governments or foreign government-sponsored enterprises. Investments in foreign countries also involve a risk of local political, economic, or social instability, military action or unrest, or adverse diplomatic developments. There is no assurance that a Portfolio's investment adviser will be able to anticipate or counter these potential events.

The considerations noted above generally are intensified for investments in developing countries. Developing countries may have relatively unstable governments, economies based on only a few industries, and securities markets that trade a small number of securities.

Each Portfolio may invest in foreign securities that impose restrictions on transfer within the U.S. or to U.S. persons. Although securities subject to transfer restrictions may be marketable abroad, they may be less liquid than foreign securities of the same class that are not subject to such restrictions.

American Depositary Receipts and European Depositary Receipts ("ADRs" and "EDRs") are certificates evidencing ownership of shares of a foreign-based corporation held in trust by a bank or similar financial institution. Designed for use in U.S. and European securities markets, respectively, ADRs and EDRs are alternatives to the purchase of the underlying securities in their national markets and currencies.

FOREIGN CURRENCY TRANSACTIONS. The Portfolios may conduct foreign currency transactions on a spot (i.e., cash) basis or by entering into forward contracts to purchase or sell foreign currencies at a future date and price. The

Portfolios will convert currency on a spot basis from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers generally do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Portfolio at one rate, while offering a lesser rate of exchange should the Portfolio desire to resell that currency to the dealer. Forward contracts are generally traded in an interbank market conducted directly between currency traders (usually large commercial banks) and their customers. The parties to a forward contract may agree to offset or

terminate the contract before its maturity, or may hold the contract to maturity and complete the contemplated currency exchange.

Each Portfolio may use currency forward contracts for any purpose consistent with its investment objective. The following discussion summarizes the principal currency management strategies involving forward contracts that could be used by each Portfolio. The Portfolios may also use swap agreements, indexed securities, and options and futures contracts relating to foreign currencies for the same purposes.

When a Portfolio agrees to buy or sell a security denominated in a foreign currency, it may desire to "lock in" the U.S. dollar price of the security. By entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars, of the amount of foreign currency involved in the underlying security transaction, each Portfolio will be able to protect itself against an adverse change in foreign currency values between the date the security is purchased or sold and the date on which payment is made or received. This technique is sometimes referred to as a "settlement hedge" or "transaction hedge." The Portfolios may also enter into forward contracts to purchase or sell a foreign currency in anticipation of future purchases or sales of securities denominated in foreign currency, even if the specific investments have not yet been selected by the Portfolio's investment adviser.

A Portfolio may also use forward contracts to hedge against a decline in the value of existing investments denominated in foreign currency. For example, if a Portfolio owned securities denominated in pounds sterling, it could enter into a forward contract to sell pounds sterling in return for U.S. dollars to hedge against possible declines in the pound's value. Such a hedge, sometimes referred to as a "position hedge," would tend to offset both positive and negative currency fluctuations, but would not offset changes in security values caused by other factors. A Portfolio could also hedge the position by selling another currency expected to perform similarly to the pound sterling - for example, by entering into a forward contract to sell Deutsche marks or European Currency Units in return for U.S. dollars. This type of hedge, sometimes referred to as a "proxy hedge," could offer advantages in terms of cost, yield, or efficiency, but generally would not hedge currency exposure as effectively as a simple hedge into U.S. dollars. Proxy hedges may result in losses if the currency used to hedge does not perform similarly to the currency in which the hedged securities are denominated.

A Portfolio may enter into forward contracts to shift its investment exposure from one currency into another. This may include shifting exposure from U.S. dollars to a foreign currency or from one foreign currency to another foreign currency. For example, if a Portfolio held investments denominated in Deutsche marks, such Portfolio could enter into forward contracts to sell Deutsche marks and purchase Swiss Francs. This type of strategy, sometimes known as a "cross hedge," will tend to reduce or eliminate exposure to the currency that is sold, and increase exposure to the currency that is purchased, much as if the Portfolio had sold a security denominated in one currency and purchased an equivalent security denominated in another. Cross-hedges protect against losses resulting from a decline in the hedged currency, but will cause the Portfolio to assume the risk of fluctuations in the value of the currency it purchases.

Under certain conditions, Securities and Exchange Commission ("SEC") guidelines require mutual funds to set aside cash or other appropriate liquid assets in a segregated custodial account to cover currency forward contracts. As required by SEC guidelines, the Portfolios will segregate assets to cover currency forward contracts, if any, whose purpose is essentially speculative. The Portfolios will not segregate assets to cover forward contracts entered into for hedging purposes, including settlement hedges, position hedges, and proxy hedges.

Successful use of forward currency contracts will depend on Highland's or DMC's skill in analyzing and predicting currency values. Forward contracts may substantially change a Portfolio's investment exposure to changes in currency exchange rates, and could result in losses to a Portfolio if currencies do not perform as the investment adviser anticipates. For example, if a currency's value rose at a time when the investment adviser had hedged a Portfolio by selling that currency in exchange for dollars, a Portfolio would be unable to

participate in the currency's appreciation. If Highland or DMC hedges currency exposure through proxy hedges, a Portfolio could realize currency losses from the hedge and the security position at the same time if the two currencies do not move in tandem. Similarly, if Highland or DMC increases a Portfolio's exposure to a foreign currency, and that currency's value declines, the Portfolio will realize a loss. There is no assurance that Highland's or DMC's use of forward currency contracts will be advantageous to a Portfolio or that it will hedge at an appropriate time. The policies described in this section are non-fundamental policies of each Portfolio.

ILLIQUID INVESTMENTS. Illiquid investments are investments that cannot be sold or disposed of in the ordinary course of business at approximately the prices at which they are valued. Under guidelines established by the Trustees, Highland (under the supervision of First Tennessee), and DMC determine the liquidity of each respective Portfolio's investments and, through reports from Highland and DMC, the Trustees monitor investments in illiquid instruments. In determining the liquidity of each Portfolio's investments, Highland and DMC may consider various factors including (1) the frequency of trades and quotations, (2) the number of dealers and prospective purchasers in the marketplace, (3) dealer undertakings to make a market, (4) the nature of the security (including any demand or tender features) and (5) the nature of the marketplace for trades (including the ability to assign or offset each Portfolio's rights and obligations relating to the investment). Investments currently considered by each Portfolio to be illiquid include repurchase agreements not entitling the holder to payment of principal and interest within seven days, over-the-counter options, and some restricted securities determined by Highland or DMC to be illiquid. However, with respect to over-the-counter options that each Portfolio writes, all or a portion of the value of the underlying instrument may be illiquid depending on the assets held to cover the option and the nature and terms of any agreement each Portfolio may have to close out the option before expiration. In the absence of market quotations, illiquid investments are priced at fair value as determined in good faith by the Trustees. If through a change in values, net assets or other circumstances, either Portfolio were in a position where more than 15% of its net assets were invested in illiquid securities, the Trustees would seek to take appropriate steps to protect liquidity.

REAL ESTATE INVESTMENT TRUSTS. The Portfolios may purchase interests in real estate investment trusts. Real estate industry companies include, among others, equity real estate investment trusts, which own properties, and mortgage real estate investment trusts, which make construction, development, and long-term mortgage loans. Equity real estate investment trusts may be affected by changes in the value of the underlying property owned by the trusts, while mortgage real estate investment trusts may be affected by the quality of credit extended. Equity and mortgage real estate investment trusts are dependent upon management skill, are not diversified, and are subject to the risks of financing projects. Such trusts are also subject to heavy cash flow dependency, defaults by borrowers, self liquidation, and the possibilities of failing to qualify for tax-free pass-through of income under the Internal Revenue Code and failing to maintain exemption from the 1940 Act.

REPURCHASE AGREEMENTS. Repurchase agreements are transactions in which a Portfolio purchases a security and simultaneously commits to resell that security at an agreed upon price and date within a number of days from the date of purchase. The resale price reflects the purchase price plus an agreed upon market rate of interest which is unrelated to the coupon rate or maturity of the purchased security. A repurchase agreement involves the obligation of the seller to pay the agreed upon price. This obligation is in effect secured by the underlying security having a value at least equal to the amount of the agreed upon resale price. Each Portfolio may enter into a repurchase agreement with respect to any security in which it is authorized to invest. While it presently does not appear possible to eliminate all risks from the transactions (particularly the possibility of a decline in the market value of the underlying securities, as well as delay and costs to each Portfolio in connection with bankruptcy proceedings), it is the policy of each Portfolio to limit repurchase agreements to those parties whose creditworthiness has been reviewed and found satisfactory by Highland or DMC, as the case may be.

REVERSE REPURCHASE AGREEMENTS. In a reverse repurchase agreement, a Portfolio sells a portfolio security to another party, such as a bank or broker-dealer, in return for cash and agrees to repurchase the instrument at a particular price and time. While a reverse repurchase agreement is outstanding, each Portfolio will maintain appropriate high-grade liquid assets in a segregated custodial account to cover its obligation under the agreement. Each Portfolio will enter into reverse repurchase agreements only with parties whose creditworthiness has been found satisfactory by Highland or DMC, as the case may be.

RESTRICTED SECURITIES. Restricted securities generally can be sold in privately negotiated transactions, pursuant to an exemption from registration under the 1933 Act, or in a registered public offering. Where registration is required,

each Portfolio may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time each Portfolio may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, each Portfolio might obtain a less favorable price than prevailed when it decided to seek registration of the security.

SECURITIES LENDING. Each Portfolio may lend securities to parties such as broker-dealers or institutional investors. Securities lending allows the Portfolios to retain ownership of the securities loaned and, at the same time, to earn additional

income. Since there may be delays in the recovery of loaned securities, or even a loss of rights in collateral supplied should the borrower fail financially, loans will be made only to parties deemed by Highland or DMC to be of good standing. Furthermore, they will only be made if, in Highland's or DMC's judgment, the consideration to be earned from such loans would justify the risk.

First Tennessee, Highland, and DMC understand that it is the current view of the SEC that each Portfolio may engage in loan transactions only under the following conditions: (1) each Portfolio must receive at least 100% collateral in the form of cash or cash equivalents (e.g., U.S. Treasury bills or notes) from the borrower; (2) the borrower must increase the collateral whenever the market value of the securities loaned (determined on a daily basis) rises above the value of the collateral; (3) after giving notice, each Portfolio must be able to terminate the loan at any time; (4) each Portfolio must receive reasonable interest on the loan or a flat fee from the borrower, as well as amounts equivalent to any dividends, interest, or other distributions on the securities loaned and to any increase in market value; (5) each Portfolio may pay only reasonable custodian fees in connection with the loan; and (6) the Trustees must be able to vote proxies on the securities loaned, either by terminating the loan or by entering into an alternative arrangement with the borrower.

Cash received through loan transactions may be invested in any security in which the Portfolios are authorized to invest. Investing this cash subjects that investment, as well as the security loaned, to market forces (i.e., capital appreciation or depreciation).

WARRANTS. The Portfolios may invest in warrants, which entitle the holder to buy equity securities at a specific price during a specific period of time. Warrants may be considered more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the securities, which may be purchased, nor do they represent any rights in the assets of the issuing company. The value of a warrant may be more volatile than the value of the securities underlying the warrants. Also, the value of the warrant does not necessarily change with the value of the underlying securities and ceases to have value if it is not exercised prior to the expiration date. Warrants may be allowed to expire if Highland or DMC deems it undesirable to exercise or sell.

PURCHASING PUT AND CALL OPTIONS. By purchasing a put option, a Portfolio obtains the right (but not the obligation) to sell the option's underlying instrument at a fixed strike price. In return for this right, a Portfolio pays the current market price for the option (known as the option premium). Options have various types of underlying instruments, including specific securities and indexes of securities prices. A Portfolio may terminate its position in a put option it has purchased by allowing them to expire or by exercising the option. If the option is allowed to expire, a Portfolio will lose the entire premium it paid. If a Portfolio exercises the option, it completes the sale of the underlying instrument at the strike price. A Portfolio may also terminate a put option position by closing it out in the secondary market at its current price, if a liquid secondary market exists.

The buyer of a typical put option can expect to realize a gain if security prices fall substantially. However, if the underlying instrument's price does not fall enough to offset the cost of purchasing the option, a put buyer can expect to suffer a loss (limited to the amount of the premium paid, plus related transaction costs).

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right to purchase, rather than sell, the underlying instrument at the option's strike price. A call buyer typically attempts to participate in potential price increases of the underlying instrument with risk limited to the cost of the option if security prices fall. At the same time, the buyer can expect to suffer a loss if security prices do not rise sufficiently to offset the cost of the option.

WRITING PUT AND CALL OPTIONS. When a Portfolio writes a put option, it takes the opposite side of the transaction from the option's purchaser. In return for receipt of the premium, the Portfolio assumes the obligation to pay the strike

price for the option's underlying instrument if the other party to the option chooses to exercise it. The Portfolios may seek to terminate their positions in put options they write before exercise by closing out the options in the secondary market at their current price. If the secondary market is not liquid for a put option a Portfolio has written, however, the Portfolio must continue to be prepared to pay the strike price while the option is outstanding, regardless of price changes, and must continue to set aside assets to cover its position.

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If security prices rise, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If security prices remain the same over time, it is likely that the writer will also profit, because it should be able to close out the option at a lower price. If security prices fall, the put writer would expect to suffer a loss. However, this loss should be less than the loss from purchasing the underlying instrument directly, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates each Portfolio to sell or deliver the option's underlying instrument, in return for the strike price, upon exercise of the option. The characteristics of writing call options are similar to those of writing put options, except that writing calls generally is a profitable strategy if prices remain the same or fall. Through receipt of the option premium, a call writer mitigates the effects of a price decline. At the same time, because a call writer must be prepared to deliver the underlying instrument in return for the strike price, even if its current value is greater, a call writer gives up some ability to participate in security price increases.

COMBINED POSITIONS. Each Portfolio may purchase and write options in combination with each other, or in combination with forward contracts, to adjust the risk and return characteristics of the overall position. For example, the Portfolios may purchase a put option and write a call option on the same underlying instrument, in order to construct a combined position whose risk and return characteristics are similar to selling a futures contract. Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower price, in order to reduce the risk of the written call option in the event of a substantial price increase. Because combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

CORRELATION OF PRICE CHANGES. Because there are a limited number of types of exchange-traded options contracts, it is likely that the standardized contracts available will not match the Portfolios' current or anticipated investments exactly. Each Portfolio may invest in options contracts based on securities with different issuers, maturities, or other characteristics from the securities in which each typically invests.

Options prices can also diverge from the prices of their underlying instruments, even if the underlying instruments match the Portfolios' investments well. Options prices are affected by such factors as current and anticipated short-term interest rates, changes in volatility of the underlying instrument, dividends, and the time remaining until expiration of the contract, which may not affect security prices the same way. Imperfect correlation may also result from differing levels of demand in the options markets and the securities markets, from structural differences in how options and securities are traded, or from imposition of daily price fluctuation limits or trading halts.

The Portfolios may purchase or sell options contracts with a greater or lesser value than the securities it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the securities, although this may not be successful in all cases. If price changes in the Portfolios' options positions are poorly correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

LIQUIDITY OF OPTIONS. There is no assurance a liquid secondary market will exist for any particular options contract at any particular time. Options may have relatively low trading volume and liquidity if their strike prices are not close to the underlying instrument's current price. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible for the Portfolios to enter into new positions or close out existing positions. If the secondary market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions, and potentially could require the Portfolios to continue to hold a position until delivery or expiration regardless of changes in its value. As a result, the Portfolios' access to other assets held to cover its options or futures positions could also be impaired.

OTC OPTIONS. Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price,

the terms of over-the-counter options (options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While this type of arrangement allows the Portfolios greater flexibility to tailor an option to its needs, OTC options generally involve greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded.

ASSET COVERAGE FOR OPTIONS POSITIONS. The Portfolios will comply with guidelines established by the SEC with respect to coverage of options strategies by mutual funds and, if the guidelines so require, will set aside appropriate liquid assets in a segregated custodial account in the amount prescribed. Securities held in a segregated account cannot be sold while the option strategy is outstanding, unless they are replaced with other suitable assets. As a result, there is a possibility that segregation of a large percentage of the Portfolios' assets could impede portfolio management or the Portfolios' ability to meet redemption requests or other current obligations.

TEMPORARY DEFENSIVE INVESTMENTS. When market conditions are unstable, or the managers believe it is otherwise appropriate to reduce equity holdings, the Portfolios may invest in short-term debt securities for defensive purposes. Short-term debt securities are typically selected because of their liquidity, stability of principal, and are subject to less volatility than longer-term debt securities.

DISCLOSURE OF PORTFOLIO HOLDINGS

The Trust has adopted the following policies and procedures with respect to the disclosure of the securities held by each Portfolio. The disclosure policy currently authorizes quarterly dissemination of full holdings for each Portfolio with a 30 day lag.

However, under conditions of confidentiality, the policy and procedures set forth above do not prevent the sharing of either Portfolio's holdings under the specific exceptions provide below:

(1) Disclosures that are required by law;

(2) Disclosures necessary for Service Providers, which included but are not limited to, Investment Advisers, Administrator, Custodian, Accounting Agent, technology providers, or any other entity that has a need to know such information in order to fulfill its contractual obligations to provide services to the Portfolios to perform legitimate business functions for the benefit of the Trust;

(3) Disclosures necessary to broker-dealers or banks as part of the normal buying, selling, shorting, or other transactions in Portfolio securities,

(4) Disclosure to the Portfolio's or Service Providers' regulatory authorities, accountants, or counsel; and

(5) Disclosures to Investment Advisers of the Portfolios of complied data concerning accounts managed by the Investment Adviser.

The holdings of each Portfolio will also be disclosed on a quarterly basis on forms required to be filed with the SEC as follows: (i) portfolio holdings as of the end of each fiscal year will be filed as part of the annual report filed on Form N-CSR; (ii) portfolio holdings as of the end of the first and third fiscal quarter will be filed in Form N-Q; and (iii) portfolio holdings as of the end of six months period will be filed as part of the semi-annual report filed on Form N-CSR. The Trust's Form N-CSRs and Form N-Qs are available on the SEC's website at www.sec.gov.

The Board of Trustees will periodically review the list of entities that have received holdings of either Portfolio to ensure that the disclosure of the information was in the best interest of shareholders, identify any potential for conflicts of interest, and evaluate the effectiveness of its current portfolio holding policy.

Only officers of the Trust and their authorized agents may approve the disclosure of either Portfolio's holdings. In all cases, eligible third parties/service providers are required to execute a non-disclosure agreement requiring the recipient to keep confidential any portfolio holdings information received and not to trade on the nonpublic information received. Neither the Trust nor its Service Providers (or any persons affiliated with either) receives any compensation or other consideration in connection with the sharing of the Portfolios' holdings.

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The identity of such entities is provided below:

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RECIPIENT NAME	FREQUENCY OF HOLDINGS DISCLOSURE	LAG OF INFORMATION PROVIDED	DATE OF INFORMATION	DATE PROVIDED TO RECIPIENTS
<S>	<C>	<C>	<C>	<C>
Hartford Life Insurance Company	Quarterly	15 Calendar Days	Fiscal Quarter end	No earlier than the 15th calendar day after completion of fiscal quarter.

</Table>

TRUSTEES AND OFFICERS

The business and affairs of the Trust are managed under the direction of the Trust's Board of Trustees in accordance with the laws of the state of Delaware and the Trust's Declaration of Trust. The Trustees are responsible for major decisions relating to each Portfolio's objective, policies and techniques. The Trustees also supervise the operation of the Trust by their officers and review the investment decisions. However, the Trustees do not actively participate on a regular basis in making such decisions. Information pertaining to the Trustees and Officers of the Trust is set forth below. Trustees, who are not deemed to be "interested persons" of the Trust as defined by the 1940 Act, are referred to as "Independent Trustees." Trustees who are deemed to be interested persons of the Trust as defined in the 1940 Act are referred to as "Interested Trustees."

The principal occupations for the past five years of the Trustees and executive officers of the Trust are listed below. The address of each, unless otherwise indicated, is 1625 Broadway, Suite 2200, Denver, Colorado 80202. Each Trustee serves for an indefinite term, until his or her resignation, death or removal.

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INDEPENDENT TRUSTEES

NAME AND AGE	POSITION(S) HELD WITH TRUST AND LENGTH OF SERVICE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS,	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEE.
<S>	<C>	<C>	<C>	<C>
MARY K. ANSTINE Age: 64	Trustee (since 2000)	Ms. Anstine is Trustee of the Reaves Utility Income Fund, Financial Investors Trust, Boy Scouts of America/Denver Area Council, and Advisory Board Member for the Girl Scouts of America/Mile Hi Council, and Hospice of Metro Denver. She is also a Director of Alzheimer's Association, Rocky Mountain Chapter and Colorado Uplift Board. Formerly, Ms. Anstine served as President and Chief Executive Officer of HealthONE.	2	None
ROBERT E. LEE Age: 69	Trustee (since 2003)	Mr. Lee is currently Trustee of the Reaves Utility Income Fund, Financial Investors Trust, and Director and Emeritus Executive Director of The Denver Foundation.	2	Director of Storage Technology Corporation, ING Financial Services-North America, Meredith Capital Corporation and Source Capital Corporation
JOHN R. MORAN, JR. Age: 74	Trustee (since 2000)	Mr. Moran is Trustee of Financial Investors Trust, Hill Foundation, and Robert J. Kutak. He is President of The Colorado Trust, a private foundation serving the health and	2	None

		hospital community in the State of Colorado. He is also a Member of the Treasurer's Investment Advisory Committee for the University of Colorado.		

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INTERESTED TRUSTEES

NAME AND AGE	POSITION(S) HELD WITH TRUST AND LENGTH OF SERVICE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS,	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OTHER DIRECTORSHIPS HELD BY TRUSTEE.
<S>	<C>	<C>	<C>	<C>
W. ROBERT ALEXANDER Age: 77	Trustee and Chairman (since 2000)	Mr. Alexander is the Chief Executive Officer of ALPS and ADI, which provide administration and distribution services, respectively, for mutual funds. Mr. Alexander is also a Trustee of the Clough Global Allocation Fund, Hunter and Hughes Trusts, Financial Investors Trust, and Reaves Utility Income Fund. Formerly Mr. Alexander was Vice Chairman of First Interstate Bank of Denver.	2	None

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OFFICERS

NAME AND AGE	POSITION(S) HELD WITH TRUST AND LENGTH OF SERVICE	PRINCIPAL OCCUPATION DURING PAST 5 YEARS,	NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICERS(1)	OTHER DIRECTORSHIPS HELD BY OFFICERS
<S>	<C>	<C>	<C>	<C>
EDMUND J. BURKE Age: 43	President (since 2001)	Mr. Burke is President and Director of ALPS and ADI. He is also President of Clough Global Allocation Fund, Financial Investors Trust, and Reaves Utility Income Fund.	2	None
JEREMY MAY Age: 34	Treasurer (since 2001)	Mr. May is Managing Director of ALPS and ADI. Mr. May is also Treasurer of Clough Global Allocation Fund, Financial Investors Trust, First Funds Trust, and Reaves Utility Income Fund.	9	None
TANE T. TYLER Age: 39	Secretary (since 2004)	Ms. Tyler is General Counsel of ALPS and ADI. She is also Secretary for First Funds, Reaves Utility Income Fund, and Westcore Funds. Formerly Vice President and Associate Counsel, OppenheimerFunds, Inc., and Vice President and Assistant General Counsel, INVESCO Funds Group, Inc.	9	None

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(1) First Horizon is the Fund Complex (as defined by the SEC) which offers both the Trust and First Funds products to investors.

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As of December 31, 2004, the dollar range of equity securities in the Portfolios owned by Trustees who are not "interested persons" of the Trust were as follows:

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	DOLLAR RANGE OF EQUITY SECURITIES IN THE PORTFOLIOS		AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY TRUSTEE IN FAMILY OF INVESTMENT COMPANIES
INDEPENDENT TRUSTEES	CORE EQUITY PORTFOLIO	CAPITAL APPRECIATION PORTFOLIO	
<S>	<C>	<C>	<C>
Mary K. Anstine	None	None	None
Robert E. Lee	None	None	None
John R. Moran, Jr.	None	None	None

</Table>

As of December 31, 2004, the dollar range of equity securities in the Portfolios owned by Trustees who are "interested persons" of the Trust were as follows:

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	DOLLAR RANGE OF EQUITY SECURITIES IN THE PORTFOLIOS		AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL REGISTERED INVESTMENT COMPANIES OVERSEEN BY TRUSTEE IN FAMILY OF INVESTMENT COMPANIES
INTERESTED TRUSTEES	CORE EQUITY PORTFOLIO	CAPITAL APPRECIATION PORTFOLIO	
<S>	<C>	<C>	<C>
W. Robert Alexander	None	None	None

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AUDIT COMMITTEE. The Board has an Audit Committee which considers such matters pertaining to the Trust's books of account, financial records, and changes in accounting principles or practices as the Trustees may from time to time determine. The Audit Committee also considers the engagement and compensation of the independent registered public accounting firm ("Firm") and ensures receipt from the Firm of a formal written statement delineating relationships between the Firm and the Trust, consistent with Independence Standards Board Standard No. 1. The Audit Committee also meets privately with the representatives of the Firm to review the scope and results of audits and other duties as set forth in the Audit Committee's Charter.

The Independent Trustees are Mary K. Anstine, Robert E. Lee, and John R. Moran, Jr. The Independent Trustees of the Board meet from time to time in executive session and convened the Audit Committee two (2) times during the fiscal year ended December 31, 2004.

The Board will consider shareholder nominees for Trustee. All nominees must possess the appropriate characteristics, skills and experience for serving on the Board. In particular the Board and its Independent Trustees will consider each nominee's integrity, education, professional background, understanding of the Trust's business on a technical level, and commitment to devote the time and attention necessary to fulfill a Trustee's duties. All shareholders who wish to recommend nominees for consideration as Trustees shall submit the names and qualifications of the candidates to the Secretary of the Trust by writing to: Financial Investors Variable Insurance Trust, 1625 Broadway, Suite 2200, Denver, Colorado, 80202.

APPROVAL OF INVESTMENT ADVISORY AGREEMENTS AND THE SUB-ADVISORY AGREEMENTS. The agreements relating to the investment advisory and sub-advisory services rendered to the Trust ("Agreements") were evaluated and considered for renewal at a meeting held on June 15, 2004. The Trustees reviewed a wide variety of materials, including:

- the investment objective and strategy of each Portfolio;
- information regarding advisory and sub-advisory personnel and each firms' investment processes;
- terms of the Agreements;
- scope and quality of the services that the advisers and sub-adviser

provide to the Portfolios;

- historical investment performance;

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- the continuation of the current 'Total Annual Portfolio Operating Expenses' limitations to reduce each Portfolio's expenses and at the same time enhance each Portfolio's overall performance;

- the overall compensation structure paid to the advisers and sub-adviser, and fees paid to other advisers by comparable mutual funds; and

- procedures followed by the advisers and sub-adviser with respect to each Portfolio's brokerage and trade allocation.

The Independent Trustees met privately, in executive session, to deliberate their evaluation of the information described above in consultation with its independent legal counsel. In considering the Agreements, the Trustees did not identify any single factor as controlling, but evaluated various factors including, but not limited to:

- the nature, extent, and quality of the services provided by the applicable advisers and sub-adviser, including the investment performance of each Portfolio;

- the costs of the services provided and the profits realized by the applicable advisers and sub-adviser from the relationship with each Portfolio, including the extent to which the applicable advisers or sub-adviser has realized, and each Portfolio has shared the benefit of, economies of scale as each Portfolio grows;

- the investment advisory fee charged by other investment advisers to comparable funds and the expense ratios of comparable funds; and

- "fall-out" benefits arising out of the relationship between each Portfolio and the applicable advisers or sub-adviser, including any benefits that may accrue to the advisers or sub-adviser from the placement of each Portfolio's brokerage transactions.

Based on the Trustees deliberations and their evaluations of the information described above, the Trustees, including all of the Independent Trustees, unanimously approved the continuation of the Agreements and concluded that the compensation under the Agreements is fair and reasonable in light of such services and expenses and such other matter as the Trustees considered to be relevant in the exercise of their reasonable judgment.

REMUNERATION OF TRUSTEES. Each Independent Trustee of the Trust receives from the Trust a fee in the amount of $1,000 for attending each Board meeting. The Trustees are reimbursed for all reasonable out-of-pocket expenses relating to attendance at meetings. The Trust does not offer any retirement or deferred compensation plan for its Trustees.

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	AGGREGATE COMPENSATION FROM THE TRUST	AGGREGATE COMPENSATION FROM THE TRUST AND FUND COMPLEX PAID TO TRUSTEES
<S>	<C>	<C>
Mary K. Anstine, Trustee	$ 4,000	$ 4,000
Robert E. Lee, Trustee	$ 4,000	$ 4,000
John R. Moran, Jr. Trustee	$ 4,000	$ 4,000

</Table>

As of April 4, 2005, the officers and trustees of the Trust own less than 1% of the outstanding shares of any Portfolio.

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CODE OF ETHICS

Each Portfolio permits "Access Persons" as defined by Rule 17j-1 under the 1940

Act to engage in personal securities transactions, subject to the terms of the Code of Ethics (the "Code") that has been adopted by the Trustees. Access Persons are required to follow the guidelines established by the Code in connection with all personal securities transactions and are subject to certain prohibitions on personal trading. First Tennessee, the Advisers, and the Distributor pursuant to Rule 17j-1 and other applicable laws, and pursuant to the Code, must adopt and enforce their own Code of Ethics appropriate to their operations. The Trustees are required to review and approve the Code of Ethics for First Tennessee, the Advisers and Distributor. First Tennessee and the Advisers are required to report to the Trustees on a quarterly basis, and the Distributor is required to report to the Trustees on an annual basis with respect to the administration and enforcement of such Code of Ethics, including any violations thereof that may potentially affect the Portfolios.

PROXY VOTING POLICIES AND PROCEDURES

The Trustees have adopted the Trust's proxy voting policies and procedures, which sets for the guidelines to be utilized by the Trust in voting the proxies for the Portfolios. A complete copy of the Trust's proxy voting policies and procedures is attached hereto as Appendix A and is incorporated herein by reference. The Portfolios must file Form N-PX, which contains the Portfolio's complete proxy voting record for the last 12 months, ended June 30th, no later than August 31st of each year. Each Portfolio's Form N-PX is available (i) without charge, upon request, by calling the Trust at 1-877-846-0741 and (ii) on the SEC's website at www.sec.gov.

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENTS

The Core Equity Portfolio employs First Tennessee Bank National Association, 530 Court Drive, Memphis, Tennessee, to furnish investment advisory and other services to the Portfolio. Under the Investment Advisory and Management Agreement with the Portfolio, First Tennessee is authorized to appoint one or more sub-advisers at First Tennessee's expense. Highland Capital Management Corp., 6077 Primacy Parkway, Memphis, Tennessee, acts as Sub-Adviser to the Core Equity Portfolio. Subject to the direction of the Trustees and of First Tennessee, Highland directs the investments of the Core Equity Portfolio in accordance with its investment objective, policies and limitations. First Tennessee provides investment advisory services to the Core Equity Portfolio through First Tennessee Advisory Services, a department of First Tennessee.

First Tennessee and Delaware Management Company, 2005 Market Street, Philadelphia, Pennsylvania, ("DMC") act as Co-Advisers to the Capital Appreciation Portfolio. Subject to the direction of the Trustees and monitoring by First Tennessee, DMC directs the investments of this Portfolio in accordance with the Portfolio's investment objective, policies and limitations. First Tennessee provides co-investment advisory services to the Capital Appreciation Portfolio through First Tennessee Advisory Services, a department of First Tennessee.

In addition to First Tennessee's and DMC's fees and the fees payable to the Transfer Agent, Pricing and Accounting Agent, and to the Administrator and Co-Administrator, each Portfolio pays for all its expenses, without limitation, that are not assumed by these parties. Each Portfolio pays for typesetting, printing and mailing of proxy material to existing shareholders, legal expenses, and the fees of the custodian, auditor and Trustees. Other expenses paid by each Portfolio include: interest, taxes, brokerage commissions, each Portfolio's proportionate share of insurance premiums, and costs of registering shares under Federal and state securities laws. Each Portfolio is also liable for such nonrecurring expenses as may arise, including costs of litigation to which each Portfolio is a party, and its obligation under the Declaration of Trust to indemnify its officers and Trustees with respect to such litigation.

For managing the investment and business affairs of the Portfolios, First Tennessee is entitled to receive a monthly management fee at the annual rate of 0.70% and 0.15% of the Core Equity and the Capital Appreciation Portfolios' average net assets, respectively. First Tennessee has contractually agreed to reimburse fund expenses and/or waive a portion of its fees to the extent necessary for the Core Equity and Capital Appreciation Portfolios to maintain a total expense ratio of not more than 1.10% and 1.30%, respectively, for its current fiscal year ending December 31, 2005.

Under its Investment Advisory and Management Agreement with the Core Equity Portfolio, First Tennessee is authorized, at its own expense, to hire sub-advisers to provide investment advice to the Portfolio. As Sub-Adviser, Highland is entitled to receive from First Tennessee a monthly sub-advisory fee at the annual rate of 0.50% of the Core Equity Portfolio's

average net assets. As Co-Adviser to the Capital Appreciation Portfolio, DMC is entitled to receive 0.60% of that Portfolio's average net assets. Under the terms of Highland's Sub-Advisory Agreement with First Tennessee and DMC's Investment Advisory and Management Agreement with the Trust, Highland, subject to the supervision of First Tennessee, and DMC supervise the day-to-day operations of their respective Portfolio and provide investment research and credit analysis concerning their respective Portfolio's investments, conduct a continual program of investment of their respective Portfolio's assets and maintain the books and records required in connection with their duties under their agreements. In addition, Highland and DMC keep First Tennessee informed of the developments materially affecting each Portfolio. Highland is currently waiving some or all of the fees that it is entitled to receive from First Tennessee.

The following table summarizes the management fees paid to First Tennessee and DMC by the Portfolios and any management fee waivers for the last three fiscal periods:

<Table>
<Caption>

	FIRST TENNESSEE		DMC
	CORE EQUITY	CAPITAL APPRECIATION	CAPITAL APPRECIATION
<S>	<C>	<C>	<C>
2004(1)	$ 105,097	$ 7,095	$ 28,310
2003(2)	$ 54,718	$ 3,393	$ 13,571
2002(3)	$ 25,929	$ 1,926	$ 7,705

</Table>

(1) For the Fiscal Year ended 2004, the actual management fees for Core Equity and Capital Appreciation were $37,994 and $28,310, respectively. First Tennessee waived $67,103 and $7,095 of its management fees for the Core Equity and Capital Appreciation, respectively.

(2) For the Fiscal Year ended 2003, the actual management fees for Core Equity and Capital Appreciation were $14,842 and $13,571, respectively. First Tennessee waived $39,876 and $3,393 of its management fees for the Core Equity and Capital Appreciation, respectively.

(3) For the Fiscal Year ended 2002, the actual management fees for Core Equity and Capital Appreciation were $4,218 and $6,008, respectively. First Tennessee waived $21,711 and $1,926 of its management fees for the Core Equity and Capital Appreciation, respectively. DMC waived $1,697 of its management fees for the Capital Appreciation Portfolio.

ADMINISTRATION AGREEMENT AND OTHER CONTRACTS

ADMINISTRATOR. ALPS is the Trust's Administrator and is a Colorado corporation, located at is 1625 Broadway, Suite 2200, Denver, Colorado 80202. As the Administrator, ALPS assists in each Portfolio's administration and operation, including, but not limited to, providing various legal and accounting services in connection with the regulatory requirements applicable to each Portfolio. For its services as Administrator, Fund Accountant, and Transfer Agent, ALPS is entitled to and receives from each Portfolio a monthly fee at the annual rate of 0.20% of average net assets. For the previous three fiscal years ended December 31, ALPS received fees in the following amounts:

<Table>
<Caption>

FISCAL YEAR END	CORE EQUITY PORTFOLIO	CAPITAL APPRECIATION PORTFOLIO
<S>	<C>	<C>
2004	$ 29,968	$ 9,437
2003	$ 15,634	$ 4,524
2002	$ 7,408	$ 2,568

</Table>

First Tennessee also serves as the Co-Administrator for each Portfolio. As the Co-Administrator, First Tennessee assists in each Portfolio's operation, including, but not limited to, providing non-investment related research and statistical data and various operational and administrative services. First Tennessee is entitled to receive from each Portfolio a monthly fee at the annual rate of 0.05% of average net assets. However, First Tennessee has contractually agreed to reimburse expenses and/or waive a portion of its fees to the extent necessary for the Core Equity and Capital Appreciation Portfolios to limit the Total Annual Operating Expenses to not more than 1.10% and 1.30%, respectively, for it current fiscal year ending

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December 31, 2005. The following table summarizes the administrative fees paid to First Tennessee and any administrative fee waivers for the last three fiscal periods:

<Table>
<Caption>

FISCAL YEAR END	CORE EQUITY PORTFOLIO(1)	CAPITAL APPRECIATION PORTFOLIO(2)
<S>	<C>	<C>
2004	$ 7,507	$ 2,365
2003	$ 3,908	$ 1,131
2002	$ 1,852	$ 642

</Table>

(1) The actual co-administrative fees for the Core Equity Portfolio were $6,760, $2,828, and $0 for fiscal years ended 2004, 2003, and 2002, respectively. First Tennessee waived $747, $1,080, and $1,852 of it co-administrative fees for fiscal years-end 2004, 2003, and 2002, respectively.

(2) The actual co-administrative fees charged for the Capital Appreciation Portfolio were $74, $0 and $0 for fiscal years ended 2004, 2003, and 2002, respectively. First Tennessee waived $2,291, $1,131 and $642 of its co-administrative fees for fiscal years-end 2004, 2003, and 2002, respectively.

TOTAL ANNUAL OPERATING EXPENSE REIMBURSEMENT AGREEMENT. First Tennessee, for the Trust's current fiscal year ending December 31, 2005, has contractually agreed to reimburse expenses to the extent necessary for the Core Equity and Capital Appreciation Portfolios to limit the Total Annual Operating Expenses to not more than 1.10% and 1.30%, respectively, for its current fiscal year ending December 31, 2005.

The following table summarizes the amount First Tennessee reimbursed each Portfolio pursuant to the Total Annual Operating Expense agreement between First Tennessee and the Trust for the last three fiscal periods:

<Table>
<Caption>

FISCAL YEAR END	CORE EQUITY PORTFOLIO	CAPITAL APPRECIATION PORTFOLIO
<S>	<C>	<C>
2004	$ 5,932	$ 25,829
2003	$ 12,785	$ 15,337
2002	$ 49,681	$ 34,000

</Table>

DISTRIBUTOR. ADI, organized as a Colorado corporation, is the Distributor for each Portfolio and is a broker-dealer registered under the Securities Exchange Act of 1934 and a member of the National Association of Securities Dealers, Inc. ADI's address is 1625 Broadway, Suite 2200, Denver, Colorado 80202. As the Distributor, ADI receives monthly 12b-1 fees at the annual rate of up to 0.25% of each Portfolio's average net assets, all or a portion of which may be paid out to insurance companies or their affiliates or others involved in the indirect distribution of each Portfolio. First Tennessee and its affiliates neither participate in nor are responsible for the underwriting of Portfolio shares. Consistent with applicable law, affiliates of First Tennessee may receive commissions or asset-based fees.

TRANSFER AGENT, PRICING AND ACCOUNTING AGENT AND CUSTODIAN. ALPS provides transfer agent and shareholder services for each Portfolio. ALPS also serves as the fund accounting agent for the Portfolios. As fund accounting agent, ALPS calculates the NAV and dividends of each Portfolio and maintains the general accounting records of each Portfolio.

State Street Bank & Trust Company, One Heritage Drive, Quincy, Massachusetts, is Custodian of the assets of the Portfolios. The Custodian is responsible for the safekeeping of each Portfolio's assets and the appointment of sub-custodian banks and clearing agencies. For such services, State Street is entitled to receive a fee from each Portfolio based on its net asset value, plus out-of-pocket expenses. The Custodian takes no part in determining the investment policies of the Portfolios or in deciding which securities are purchased or sold by the Portfolios. The Portfolios, however, may invest in obligations of the Custodian and may purchase securities from or sell securities to the Custodian.

DISTRIBUTION PLAN. The Trustees have adopted a Distribution Plan on behalf of each Portfolio pursuant to Rule 12b-1 (the Rule) under the 1940 Act. The Rule provides in substance that a mutual fund may not engage directly or indirectly in financing any activity that is intended primarily to result in the sale of shares of the fund except pursuant to a plan adopted by the fund under the Rule. The Trustees have adopted the Plans to allow each Portfolio to compensate the Distributor for incurring distribution expenses. The Distributor receives a Distribution and Service fee (12b-1 fee) of up to 0.25% of the average net assets of each Portfolio. The "Distribution Plan" also recognizes that the Adviser may use its management fee

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revenues, as well as its past profits or its resources from any other source, to pay for expenses incurred in connection with providing services intended to result in the sale of shares and/or shareholder support services.

The distribution-related services include, but are not limited to, the following: formulation and implementation of marketing and promotional activities, such as mail promotions and television, radio, newspaper, magazine and other mass media advertising; preparation, printing and distribution of sales literature; preparation, printing and distribution of prospectuses of each Portfolio and reports to recipients other than existing shareholders of each Portfolio; obtaining such information, analysis and reports with respect to marketing and promotional activities as the Distributor may, from time to time, deem advisable; making payments to insurance companies, securities dealers and others and providing training, marketing and support to such companies and dealers and others with respect to the sale of shares. Each Plan recognizes the Distributor may use its fees and other resources to pay expenses associated with the promotion and administration of activities primarily intended to result in the sale of shares.

Each Plan has been approved by the Trustees, including the majority of disinterested Trustees. As required by the Rule, the Trustees carefully considered all pertinent factors relating to the implementation of the Plans prior to its approval, and have determined that there is a reasonable likelihood that each Plan will benefit each Portfolio and its shareholders. To the extent that the Plans give the Distributor greater flexibility in connection with the distribution of shares of the class, additional sales of shares may result.

The Plans could be construed as compensation plans because the Distributor is paid a fixed fee and is given discretion concerning what expenses are payable under the Plans. The Distributor may spend more for marketing and distribution than it receives in fees and reimbursements from each Portfolio. However, to the extent fees received exceed expenses, including indirect expenses such as overhead, the Distributor could be said to have received a profit. (Because the Distributor is reimbursed for its out-of-pocket direct promotional expenses, each Plan also could be construed as a reimbursement plan. Until the issue is resolved by the SEC, unreimbursed expenses incurred in one year will not be carried over to a subsequent year). If after payments by the Distributor for marketing and distribution there are any remaining fees attributable to a Plan, these may be used as the Distributor may elect. Since the amount payable under each Plan will be commingled with the Distributor's general funds, including the revenues it receives in the conduct of its business, it is possible that certain of the Distributor's overhead expenses will be paid out of Plan fees and that these expenses may include items such as the costs of leases, depreciation, communications, salaries, training and supplies. Each Portfolio believes that such expenses, if paid, will be paid only indirectly out of the fees being paid under the Plan.

For the fiscal year ended December 31, 2004, the Core Equity and Capital Appreciation Portfolios paid distribution fees in the amounts of $37,460 and $11,796, respectively.

PORTFOLIO MANAGERS

For each Portfolio's most recently completed fiscal year end (December 31, 2004), the following tables summarize the other investment activities of each portfolio manager who was primarily responsible for the day-to-day management:

CORE EQUITY PORTFOLIO:

HIGHLAND CAPITAL MANAGEMENT CORPORATION

<Table>
<Caption>

	NO. OF ACCOUNTS	TOTAL ASSETS MANAGED	NO. OF ACCOUNTS WITH PERFORMANCE-BASED FEES	TOTAL ASSETS IN ACCOUNTS WITH PERFORMANCE-BASED FEES
<S>	<C>	<C>	<C>	<C>
DAVID THOMPSON				
Registered Investment Companies	2	$ 516,776,065	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts	131	$ 546,834,376	0	0
MARK CRONIN				
Registered Investment Companies	2	$ 516,776,065	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts	72	$ 106,636308	0	0

</Table>

<Page>

CAPITAL APPRECIATION PORTFOLIO:

DELAWARE MANAGEMENT COMPANY

<Table>
<Caption>

	NO. OF ACCOUNTS	TOTAL ASSETS MANAGED	NO. OF ACCOUNTS WITH PERFORMANCE-BASED FEES	TOTAL ASSETS IN ACCOUNTS WITH PERFORMANCE-BASED FEES
<S>	<C>	<C>	<C>	<C>
GERALD S. FREY				
Registered Investment Companies	29	$ 5,398,429,320	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948
MARSHALL T. BASSETT				
Registered Investment Companies	29	$ 5,398,429,320	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948
JEFFREY W. HYNOSKI				
Registered Investment Companies	28	$ 5,253,552,415	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948
STEVEN T. LAMPE				
Registered Investment Companies	28	$ 5,398,429,320	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948
MATTHEW TODOROW				
Registered Investment Companies	28	$ 5,398,429,320	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948
LORI P. WACHS				
Registered Investment Companies	29	$ 5,398,429,320	0	0
Other Pooled Investment Vehicles	0	0	0	0
Other Accounts*	22	$ 2,257,743,049	1	$ 86,894,948

</Table>

* These accounts include managed accounts, representing a total of 1,952 underlying accounts.

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

First Tennessee is the Capital Appreciation Portfolio's Co-Investment

Adviser. However, First Tennessee has transferred its investment adviser services to DMC and First Tennessee typically is not involved in the selection of investments.

DESCRIPTION OF MATERIAL CONFLICTS OF INTEREST. Highland and DMC each employ portfolio managers to manage multiple portfolios for multiple clients. Material conflicts of interest may arise when one of the Portfolio's managers also has day-to-day responsibilities with respect to one or more other funds and/or accounts, as is the case for all the portfolio managers listed in the table above. These potential conflicts typically include:

ALLOCATION OF LIMITED TIME AND ATTENTION. A portfolio manager who is responsible for managing other funds and/or accounts may devote unequal time and attention to management of those other funds and/or accounts.

ALLOCATION OF LIMITED INVESTMENT OPPORTUNITIES. Each portfolio manager who is responsible for managing other funds and/or accounts may select a security with a limited investment opportunity which is also suitable for other funds and/or accounts. If the opportunity is allocated among those other funds and/or accounts, such action could limit a Portfolio's ability to maximize the investment opportunity.

PURSUIT OF DIFFERING STRATEGIES. A portfolio manager may place transactions on behalf of other funds and/or accounts that are directly or indirectly contrary to the investment decisions made on behalf of the Portfolios. In

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some situations, a portfolio manager could place separate transactions for a other fund and/or account which may affect the market price of an investment held by either Portfolio.

VARIATION IN COMPENSATION (DMC ONLY). One other fund and/or account currently has a fee structure that is or has the potential to be higher ("Incentive Payments") than the fees paid by the Capital Appreciation Portfolio to DMC. Because incentive payments are tied to revenues earned by DMC, the Incentive Payments associated with this other fund and/or account may be higher or lower than those associated with the fees paid to DMC by Capital Appreciation Portfolio.

Highland and DMC have adopted compliance policies and procedures that are designated to address various conflicts of interest that may arise for the adviser, sub-adviser, and the individuals that they employ. For example, Highland and DMC have adopted trade allocation procedures that are designed to facilitate the fair allocation of investment opportunities in compliance with each firm's Code of Ethics. However, no guarantee can be made that policies and procedures adopted by Highland and DMC will be able to detect and/or prevent every situation in which an actual or potential conflict may appear.

DESCRIPTION OF COMPENSATION. Highland and DMC compensation structures are designed to attract and retain top-shelf investment professionals necessary to deliver high quality investment management services so each organization can provide exceptional services to the Portfolios. The information provided below concerning the compensation structure for portfolio managers pertains to the period ended December 31, 2004.

Highland provided its investment professionals a fixed base salary and a bonus plan based upon the net profits of Highland. In addition, each portfolio manager received stock options in First Horizon National Corporation ("FHNC"). Prior to 2005, the number of options granted to the portfolio managers was based on their salary grade within FHNC. Everyone at that salary grade received the same size stock option award. The amount of each salary grade award was approved each year by FHNC's Compensation Committee. Beginning in April 2005, the FHNC Management Stock Program approved by FHNC's Compensation Committee will include awards for restricted stock. FHNC may vary the amount of the award based upon the individual's performance. The awards will be made half in stock options and half in restricted stock. These awards are approved annually by FHNC Compensation Committee. Under various non-qualified deferred compensation plans ("NQDC"), portfolio managers have been allowed to defer receipt of earned compensation. These NQDC plans allowed deferred income to be invested in mutual funds, interest bearing accounts, or stock options at a discount to market prices. After January 2005, these NQDC plans are no longer available due to recent changes in the tax code concerning NQDC plans.

DMC compensated its investment professionals out of its total revenues and other resources, including the advisory fees earned with respect to the Capital Appreciation Portfolio. DMC provided each portfolio manager a fixed base salary which was based on data prepared by third parties to ensure that salaries are in line with salaries paid at peer investment advisory firms. Each portfolio manager was also eligible to receive an annual bonus, stock options, and participate in a NQDC plan. The amount available in a bonus pool was based on the management team's assets under management minus any direct expenses incurred

by DMC. The allocation of bonuses to individual team members was determined at DMC's sole discretion. However, certain portfolio managers received quarterly payments of a portion of this bonus pool.

Stock options may have been awarded to purchase common shares of Delaware Investment U.S. Inc. ("DIUSI"). In addition, certain portfolio managers may have also been awarded restricted stock units, or "performance shares", in Lincoln National Corporation ("LNC"), the ultimate parent corporation of DIUSI. Such options are awarded from time to time based on senior management's judgment and as it deems appropriate based on factors other than performance, such as seniority. Each portfolio manager was also eligible to participate in the LNC Executive Deferred Compensation Plan ("LNC's NQDC's plan"), which was available to all employees whose income exceeds a designated threshold. The LNC's NQDC's plan was a non-qualified unfunded deferred compensation plan that permits participating employees to defer the receipt of a portion of their cash compensation.

OWNERSHIP OF SECURITIES. The table below identifies ownership of Portfolio shares by each portfolio manager as of December 31, 2004:

<Page>

<Table>
<Caption>

PORTFOLIO	PORTFOLIO MANAGER	DOLLAR RANGE OF OWNERSHIP OF SECURITIES
<S>	<C>	<C>
Core Equity Portfolio		
	David Thompson	None
	Mark Cronin	None
Capital Appreciation Portfolio		
	Gerald S. Frey	None
	Marshall T. Bassett	None
	Jeffrey W. Hynoski	None
	Steven T. Lampe	None
	Matthew Todorow	None
	Lori P. Wachs	None

</Table>

PORTFOLIO TRANSACTIONS

All orders for the purchase or sale of securities are placed on behalf of the respective Portfolios by Highland and DMC (collectively, the Advisers) pursuant to authority contained in each Portfolio's Sub-Advisory Agreement or Co-Advisory Agreement, as the case may be. The Advisers are also responsible for the placement of transaction orders for other investment companies and accounts for which they or their affiliates act as investment adviser. In selecting broker-dealers, subject to applicable limitations of the federal securities laws, the Advisers consider various relevant factors, including, but not limited to, the broker's execution capability, the broker's perceived financial stability, the broker's responsiveness to the Advisers' transaction requests, and the broker's clearance and settlement capability. Commissions for foreign investments traded on foreign exchanges will generally be higher than for U.S. investments and may not be subject to negotiation.

Each Portfolio may execute Portfolio transactions with broker-dealers who provide research and execution services to the Portfolios or other accounts over which the Advisers or their affiliates exercise investment discretion. Such services may include research-related computer hardware and software; and furnishing analyses and reports concerning issuers, industries, and economic factors and trends.

The receipt of research from broker-dealers that execute transactions on behalf of each Portfolio may be useful to the Advisers in rendering investment management services to each Portfolio and/or its other clients, and conversely, such information provided by broker-dealers who have executed transaction orders on behalf of other clients may be useful to the Advisers in carrying out their obligations to each Portfolio. The receipt of such research has not reduced the Advisers' normal independent research activities; however, it enables the Advisers to avoid the additional expenses that could be incurred if they tried to develop comparable information through their own efforts. Such research is used by the Advisers in connection with their investment decision-making process with respect to one or more funds and accounts managed by them, and may not be used, or used exclusively, with respect to the Portfolios or account generating the brokerage.

Subject to applicable limitations of the federal securities laws, broker-dealers

may receive commissions for agency transactions that are higher than the commission of other broker-dealers in recognition of their research and execution services. In order to cause each Portfolio to pay such higher commissions, the Advisers must determine in good faith that such commissions are reasonable in relation to the value of the brokerage and research services provided by such executing broker-dealers viewed in terms of a particular transaction or the Advisers' overall responsibilities to each Portfolio and their other clients. In reaching this determination, the Advisers will not attempt to place a specific dollar value on the brokerage and research services provided or to determine what portion of the compensation should be related to those services. During the fiscal year ended December 31, 2004, the Trust directed brokerage transactions to brokers for research services totaling $8,309,343 in transaction and $11,521 in related commissions for the Core Equity Portfolio and $123,300,000 in transaction and $6,024 in related commissions for the Capital Appreciation Portfolio.

The Advisers are authorized to use research services provided by and to place portfolio transactions, to the extent permitted by law, with brokerage firms that have provided assistance in the distribution of shares of each Portfolio.

The Trustees periodically review the Advisers' performance of their responsibilities in connection with the placement of portfolio transactions on behalf of each Portfolio and review the commissions paid by each Portfolio over representative

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periods of time to determine if they are reasonable in relation to the benefits to each Portfolio. The Portfolios respectively paid brokerage commissions in the following amounts during the three most resent fiscal years:

<Table>
<Caption>

	CORE EQUITY PORTFOLIO	CAPITAL APPRECIATION PORTFOLIO
<S>	<C>	<C>
2004	$ 17,447	$ 14,759
2003	$ 12,987	$ 10,169
2002	$ 9,526	$ 7,045

</Table>

During the fiscal periods ended December 31, 2004, 2003, and 2002, no brokerage commissions were paid by the Core Equity and Capital Appreciation Portfolios to an affiliated broker of the Trust.

The Portfolios are required to identify securities of the Trust's "regular brokers or dealers" that they have acquired during the Portfolios' most recent fiscal year. As of December 31, 2004, the Core Equity and the Capital Appreciation Portfolios did not hold any securities of the Trust's "regular brokers or dealers."

When two or more Portfolios are simultaneously engaged in the purchase or sale of the same security, the prices and amounts are allocated in accordance with a formula considered by the Trustees and each Portfolio's respective Adviser to be equitable to each Portfolio. In some cases this system could have a detrimental effect on the price or value of the security as far as each Portfolio is concerned. In other cases, however, the ability of each Portfolio to participate in volume transactions will produce better executions for each Portfolio. It is the current opinion of the Trustees that the desirability of retaining the Portfolios' Advisers outweighs any disadvantages to the Portfolios that may be said to exist from exposure to simultaneous transactions.

VALUATION OF PORTFOLIO SECURITIES

In valuing securities owned by each Portfolio, the Advisers use various methods depending on the market or exchange on which the securities are traded. Securities traded on the New York Stock Exchange ("NYSE") or the American Stock Exchange are appraised at the last sale price, or if no sale has occurred, at the closing bid price. Securities traded on other exchanges are appraised as nearly as possible in the same manner. Securities listed on NASDAQ will be priced by using the NASDAQ Official Closing Price. Securities and other assets for which exchange quotations are not readily available are valued on the basis

of closing over-the-counter bid prices, if available, or at their fair value as determined in good faith under consistently applied procedures under the general supervision of the Trustees. Short-term securities maturing in 60 days are valued either at amortized cost or at original cost plus accrued interest, both of which approximate current value. Convertible securities and fixed-income securities are valued primarily by a pricing service that uses a vendor security valuation matrix, which incorporates both dealer-supplied valuations and electronic data processing techniques. The Advisers believe that this two-fold approach more accurately reflects fair value because it takes into account appropriate factors such as institutional trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data, without exclusive reliance upon quoted, exchange, or over-the-counter prices.

The Trustees have approved the use of pricing services. Securities and other assets for which there is no readily available market are valued in good faith by a committee appointed by the Trustees. The procedures set forth above need not be used to determine the value of the securities owned by a Portfolio if, in the opinion of a committee appointed by the Trustees, some other method (e.g., closing over-the-counter bid prices in the case of debt instruments traded on an exchange) would more accurately reflect the fair market value of such securities.

Generally, the valuation of foreign and domestic equity securities, as well as corporate bonds, U.S. government securities, money market instruments, and repurchase agreements, is substantially completed each day at the close of the NYSE. The

values of any such securities held by the Portfolios are determined as of such time for the purpose of computing the Portfolios' net asset values per share ("NAV"). Foreign security prices are furnished by independent brokers or quotation services, which express the value of securities in their local currency. ALPS, the Fund Accountant, gathers all exchange rates daily at the close of the NYSE using the last quoted price on the local currency and then translates the value of foreign securities from their local currency into U.S. dollars. Any changes in the value of forward contracts due to exchange rate fluctuations and days to maturity are included in the calculation of the net asset value. If an extraordinary event that is expected to materially affect the value of a Portfolio security occurs after the close of an exchange on which that security is traded, then the security will be valued as determined in good faith.

PERFORMANCE

Performance of the Portfolios does not reflect Variable Contract fees and charges.

TOTAL RETURNS for each Portfolio quoted in advertising reflect all aspects of return, including the effect of reinvesting dividends and capital gain distributions (if any), and any change in NAV over the period. Average annual total returns are calculated by determining the growth or decline in value of a hypothetical historical investment over a stated period, and then calculating the annually compounded percentage rate that would have produced the same result if the rate of growth or decline in value had been constant over the period. For example, a cumulative total return of 100% over ten years would produce an average annual total return of 7.18%, which is the steady annual rate of return that would equal 100% growth on a compounded basis in ten years. While average annual total returns are a convenient means of comparing investment alternatives, investors should realize that performance is not constant over time, but changes from year to year, and that average annual total returns represent averaged figures as opposed to the actual year-to-year performance. Average annual returns covering periods of less than one year are calculated by determining total return for the period, extending that return for a full year (assuming that performance remains constant over the year), and quoting the result as an annual return.

Average annual total returns for each Portfolio as of December 31, 2004, were as follows:

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	1 YEAR	SINCE INCEPTION(1)
<S>	<C>	<C>
Core Equity	5.48%	0.27%
Capital Appreciation	11.25%	10.60%

</Table>

(1) inception 08/20/2001

CUMULATIVE TOTAL RETURNS reflect the simple change in value of an investment over a stated period. Average annual and cumulative total returns may be quoted as a percentage or as a dollar amount, and may be calculated for a single investment, a series of investments, or a series of redemptions, over any time period. Total returns may be broken down into their components of income and capital (including capital gains and changes in share price) in order to illustrate the relationship of these factors and their contributions to total return. Total returns, yields, and other performance information may be quoted numerically or in a table, graph, or similar illustration. Where applicable, sales loads may or may not be included.

Each Portfolio may compare its performance or the performance of securities in which it may invest to other mutual funds, especially to those with similar investment objectives. These comparisons may be based on data published by, among others, imoneynet.com of Ashland, MA or by Lipper, Inc., an independent service located in Summit, New Jersey that monitors the performance of mutual funds. Lipper generally ranks funds on the basis of total return, assuming reinvestment of distributions, but does not take sales charges or redemption fees into consideration, and is prepared without regard to tax consequences. Lipper may also rank funds based on yield. In addition to the mutual fund rankings, each Portfolio's performance may be compared to mutual fund performance indices prepared by Lipper.

MOVING AVERAGES. The Portfolios may illustrate performance using moving averages. A long-term moving average is the average of each week's adjusted closing NAV for a specified period. A short-term moving average is the average of each day's adjusted closing NAV for a specified period. Moving Average Activity Indicators combine adjusted closing NAVs from the last business day of each week with moving averages for a specified period to produce indicators showing when an NAV has crossed, stayed above, or stayed below its moving average.

NET ASSET VALUE. Charts and graphs using the Portfolios' net asset values, adjusted net asset values, and benchmark indices may be used to exhibit performance. An adjusted NAV includes any distributions paid by the Portfolio and reflects all elements of its return. Unless otherwise indicated, the Portfolio's adjusted NAVs are not adjusted for sales charges, if any.

From time to time, each Portfolio's performance may also be compared to other mutual funds tracked by financial or business publications and periodicals. For example, the Portfolios may quote Morningstar, Inc. in their advertising materials. Morningstar, Inc. is a mutual fund rating service that rates mutual funds on the basis of risk-adjusted performance.

Each Portfolio may be compared in advertising to certificates of deposits (CDs) or other investments issued by banks. Mutual funds differ from bank investments in several respects. For example, the Portfolios may offer greater liquidity or higher potential returns than CDs, and the Portfolio does not guarantee your principal or your return.

Ibbotson Associates of Chicago, Illinois (Ibbotson) provides historical returns of the capital markets in the United States, including common stocks, small capitalization stocks, long-term corporate bonds, intermediate-term government bonds, long-term government bonds, Treasury bills, the U.S. rate of inflation (based on the Consumer Price Index), and combinations of various capital markets. The performance of these capital markets is based on the return of different indices.

The Core Equity Portfolio may compare its performance to that of the Standard & Poor's Composite Index of 500 stocks ("S&P 500"), a widely recognized, unmanaged index of the combined performance of the stocks of 500 American companies. The Capital Appreciation Portfolio may compare its performance to that of the S&P 500, the Standard & Poor's 400 Midcap Index, the Russell 2000 Growth Index, or the Russell 2000 Growth Index. Each Portfolio may also quote mutual fund rating services in its advertising materials, including data from a mutual fund rating service which rates mutual funds on the basis of risk adjusted performance.

Each Portfolio may advertise examples of the effects of periodic investment plans, including the principle of dollar cost averaging. In such a program, the investor invests a fixed dollar amount at periodic intervals, thereby purchasing fewer shares when prices are high and more shares when prices are low. While such a strategy does not assure a profit nor guard against loss in a declining

market, the investor's average cost per share can be lower than if fixed numbers of shares had been purchased at those intervals. In evaluating such a plan, investors should consider their ability to continue purchasing shares through periods of low price levels.

ADDITIONAL PURCHASE AND REDEMPTION INFORMATION

Each Portfolio is an investment vehicle for the separate accounts of Variable Contracts offered by insurance companies. Individual Variable Contract holders are not the shareholders of the Portfolios. Rather, a participating insurance company and its separate accounts are the shareholders. The offering is without a sales charge and is made at each Portfolio's net asset value per share. Shares of the Portfolios are not offered to the general public. Each Portfolio reserves the right, in its sole discretion, to refuse purchase orders. The procedures for redemption of Portfolio shares under ordinary circumstances are set forth in the Prospectus and in the separate prospectus relating to the Variable Contracts which accompanies the Prospectus.

The following holiday closings have been scheduled: Thanksgiving Day, Christmas Day, New Year's Day, Dr. Martin Luther King Jr. Day, Washington's Birthday, Good Friday, Memorial Day, Independence Day and Labor Day. Although the same holiday schedule is expected to be observed in the future, the NYSE may modify its holiday schedule at any time.

If the Trustees determine that existing conditions make cash payment undesirable, redemption payments may be made in whole or in part in securities or other property, valued for this purpose as they are valued in computing each Portfolio's NAV. Shareholders receiving securities or other property on redemption may realize a gain or loss for tax purposes and will incur any costs of sale, as well as the associated inconveniences.

DISTRIBUTIONS AND TAXES

DISTRIBUTIONS. All dividends and capital gains distributions paid by the Portfolios will be automatically reinvested, at net asset value, in additional shares of the Portfolios unless otherwise indicated. Each Portfolio currently intends to declare and pay dividends, if any, on an annual basis. There is no fixed dividend rate and there can be no assurance that the Portfolios will pay any dividends or realize any capital gains.

If the net asset value of shares is reduced below a shareholder's cost as a result of a distribution by the Portfolios, such distribution generally will be taxable even though it represents a return of invested capital. Investors should be careful to consider the tax implications of buying shares of the Portfolios just prior to a distribution. The price of shares purchased at this time will include the amount of the forthcoming distribution, but the distribution will generally be taxable to the shareholder.

TAXES. It is the policy of each Portfolio to comply with the provisions of the Internal Revenue Code applicable to regulated investment companies. As a result, the Portfolio will not be subject to U.S. Federal income tax on any net income or capital gains that it distributes to its shareholders, that is, the insurance companies separate accounts.

The Treasury Department has issued Regulations under Internal Revenue Code Section 817(h) that pertain to diversification requirements for variable annuity and variable life insurance contracts. Each Portfolio intends to comply with the diversification requirement. These requirements are in addition to the diversification requirement imposed on the Portfolios by Subchapter M and the 1940 Act. The 817(h) requirements place certain limitations on the assets of each separate account that may be invested in securities of a single issue. A variable contract based upon a separate account will not receive favorable tax treatment as an annuity or life insurance contract unless the separate account and underlying regulated investment company investments are adequately diversified. In determining whether a separate account is adequately diversified, in certain circumstances the separate account can look through to the assets of the regulated investment company in which it has invested.

The Regulations require the Portfolios' assets to be diversified so that no single investment represents more than 55% of the value of the Portfolio's total assets, no two investments represent more than 70% of the Portfolio's total assets, no three investments represent more than 80% of the Portfolio's total assets and no four investments represent more than 90% of the Portfolio's total assets. A "safe harbor" is available to a separate account if it meets the diversification tests applicable to registered investment companies and not more

than 55% of its assets constitute cash, cash items, government securities and securities of other registered investment companies.

The applicable Regulations treat all securities of the same issuer as a single investment. In the case of "government securities," each government agency or instrumentality shall be treated as a separate issuer for the purpose of the diversification test (although not for the purpose of the "safe harbor" test described above). All securities of the same issuer, all interests in the same real property project, and all interests in the same commodity are treated as a single investment. The Trust intends to comply with these diversification requirements. Failure of the Portfolios to satisfy the Section 817(h) requirements would result in taxation of the applicable separate accounts, the insurance companies variable life policies and variable annuity contracts, and tax consequences to the holders thereof.

The foregoing is only a brief summary of important tax considerations that generally affect the Portfolios. Prospective investors should consult their own tax advisers with regard to the Federal tax consequences of the purchase, ownership, or disposition of Portfolio shares, as well as the tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

For a discussion of the impact on Variable Contract owners of income taxes an issuer may owe as a result of (i) its ownership of shares of the Portfolio, (ii) its receipt of dividends and distributions thereon, and (iii) its gains from the purchase and sale thereof, reference should be made to the Prospectus for the Variable Contract accompanying this Prospectus.

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DESCRIPTION OF THE TRUST

TRUST ORGANIZATION. The Portfolios are portfolios of Financial Investors Variable Insurance Trust, a diversified, open-end management investment company organized as a Delaware statutory trust by a Declaration of Trust dated July 31, 2000. The Declaration of Trust permits the Trustees to create additional Portfolios and Classes. There are currently two Portfolios of the Trust.

The assets of the Trust received for the issue or sale of shares of each Portfolio and all income, earnings, profits, and proceeds thereof, subject only to the rights of creditors, are specially allocated to such Portfolio, and constitute the underlying assets of such Portfolio. The underlying assets of each Portfolio are segregated on the books of account, and are to be charged with the liabilities with respect to such Portfolio and with a share of the general expenses of the Trust. Expenses with respect to the Trust are to be allocated in proportion to the asset value of the respective Portfolios except where allocations of direct expense can otherwise be fairly made. The officers of the Trust, subject to the general supervision of the Trustees, have the power to determine which expenses are allocable to a given Portfolio, or which are general or allocable to all of the Portfolios. In the event of the dissolution or liquidation of the Trust, shareholders of a Portfolio are entitled to receive as a class the underlying assets of such Portfolio available for distribution.

SHAREHOLDER AND TRUSTEE LIABILITY. The Declaration of Trust provides that the Trust shall not have any claim against shareholders except for the payment of the purchase price of shares and requires that each agreement, obligation, or instrument entered into or executed by the Trust or the Trustees shall include a provision limiting the obligations created thereby to the Trust and its assets. The Declaration of Trust provides for indemnification out of each Portfolio's property of any shareholders held personally liable for the obligations of each Portfolio. The Declaration of Trust also provides that each Portfolio shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of a Portfolio and satisfy any judgment thereon. Thus, the risk of a shareholder incurring financial loss on account of shareholder liability is limited to circumstances in which the Portfolio itself would be unable to meet its obligations. The Trustees believe that, in view of the above, the risk of personal liability to shareholders is remote.

The Declaration of Trust further provides that the Trustees, if they have exercised reasonable care, will not be liable for any neglect or wrongdoing, but nothing in the Declaration of Trust protects a Trustee against any liability to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his office.

Insurance companies and qualified plans will typically be each Portfolio's only shareholders of record, and pursuant to the 1940 Act, such shareholders may be deemed to be in control of the Portfolio. When a shareholder's meeting occurs, each insurance company solicits and accepts voting instructions from its Variable Contract owners who have allocated or transferred monies for an

investment in the Portfolio as of the record date of the meeting. Each shareholder then votes the Portfolio's shares that are attributable to its interests in the Portfolio in which it is entitled to vote, in proportion to the voting instructions received.

Typically for Insurance companies, each Portfolio is available through separate accounts relating to both variable annuity and variable life insurance contracts. The Portfolios do not currently foresee any disadvantages to Variable Contract owners arising from offering their shares to variable annuity and variable life insurance policy separate accounts, and the Trustees continuously monitors events for the existence of any material irreconcilable conflict between or among Variable Contract owners. Material conflicts could result from, for example, (i) changes in state insurance laws; (ii) changes in federal income tax laws; or (iii) differences in voting instructions between those given by variable life owners and variable annuity owners. If a material irreconcilable conflict arises, as determined by the Board of Trustees, one or more separate accounts may withdraw their investment in the Portfolio. This could possibly require the Portfolio to sell securities as disadvantageous prices. Each insurance company will bear the expenses of establishing separate portfolios for its variable annuity and variable life insurance separate accounts if such action becomes necessary. However, ongoing expenses that are ultimately borne by Variable Contract owners will likely increase due to the loss of economies of scale benefits that can be provided to separate accounts with substantial assets.

As of April 4, 2005, the following shareholders owned 5% or more of the outstanding shares of the Portfolios:

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NAME AND ADDRESS	PORTFOLIO	TOTAL SHARES OWNED	% HELD	TOTAL PORTFOLIO SHARES OUTSTANDING
<S>	<C>	<C>	<C>	<C>
Hartford Life Insurance Company	Core Equity	1,267,840	80.92%	1,566,800
P.O. Box 2999	Capital Appreciation	305,116	75.33%	405,047
Hartford, CT 06104				
Nationwide Insurance Company	Core Equity	298,954	19.08%	1,566,800
P.O. Box 182029	Capital Appreciation	99,926	24.67%	405,047
Columbus, OH 43218				

</Table>

VOTING RIGHTS. Each Portfolio's capital consists of shares of beneficial interest. The shares have no preemptive or conversion rights; the voting and dividend rights, the right of redemption, and the privilege of exchange are described in the Prospectus. Shares are fully paid and nonassessable, except as set forth under the heading "Shareholder and Trustee Liability" above. Shareholders representing 10% or more of the Trust or a Portfolio may, as set forth in the Declaration of Trust, call meetings of the Trust or a Portfolio for any purpose related to the Trust or Portfolio, as the case may be, including, in the case of a meeting of the entire Trust, the purpose of voting on removal of one or more Trustees. The Trust or any Portfolio may be terminated upon the sale of its assets to another open-end management investment company, or upon liquidation and distribution of its assets, if approved by vote of the holders of a majority of the outstanding shares of the Trust or that Portfolio. If not so terminated, the Trust and each Portfolio will continue indefinitely.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. Deloitte & Touche LLP, 555 Seventeenth Street, Suite 3600, Denver, Colorado 80202, serves as the Trust's independent registered public accounting firm. The independent registered public accounting firm examines the annual financial statements for the Trust and provides other audit, tax, and related services.

FINANCIAL STATEMENTS

Each Portfolio's financial statements and financial highlights for the fiscal year ending December 31, 2004, are included in the Trust's Annual Report, which is a separate report supplied independently of this SAI. Each Portfolio's financial statements and financial highlights are incorporated herein by reference.

The Portfolios' financial statements for the fiscal year ended December 31,

2004, were audited by Deloitte & Touche LLP, whose report is included in the Portfolios' annual report.

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PROXY VOTING POLICIES AND PROCEDURES

CORE EQUITY PORTFOLIO

The Trustees have delegated authority to Highland Capital Management Corp. ("HCMC") to vote proxies on behalf of the Core Equity Portfolio.

HCMC GENERAL VOTING POLICY

In voting of proxies, HCMC will consider those factors that may affect the value of the investment and vote in a manner which, HCMC believes, is in the Portfolio's best interest. Each quarter, HCMC will take reasonable measures to ensure that it has received all the proxies for which it is responsible to vote and that they have, in fact, been voted. However, there may be circumstances where such proxies may not be voted such as in the case of shares of foreign corporations where the cost to the Portfolio of voting proxies outweighs any benefit associated with voting such shares. HCMC will maintain records with respect to its proxy procedures and proxy voting decisions.

HCMC VOTING PROCEDURES

The Proxy Voting Committee (the "Committee"), which is comprised of the Managing Directors of HCMC, will determine the proxy voting policy, procedures and guidelines of HCMC. The Committee will designate one of the Committee members to oversee the proxy voting process (the "Designated Manager"). The Designated Manager will be responsible for formulating the voting guidelines and submitting them to the Committee for approval. The Designated Manager will determine guidelines for proposals not previously approved by the Committee or documented in the Guidelines and those issues will be reported to the Committee on a quarterly basis. In general, HCMC will attempt to pursue the policy, which serves the Portfolio's best interests after reviewing the various proxy voting alternatives. The Committee will review this Policy annually in light of HCMC practices, the nature of its clients or changes in applicable laws. The Committee will designate an HCMC employee to serve as the Proxy Clerk. The Proxy Clerk will be responsible for submitting proxies, on behalf of HCMC within the approved guidelines.

To facilitate the proxy voting process, HCMC has purchased software from Investor Responsibility Research Center (IRRC). IRRC's software allows HCMC to track proxies, set up voting criteria, vote client proxies, and maintain records of how proxies were voted.

POTENTIAL CONFLICTS OF INTEREST

Prior to voting, the Proxy Clerk will review the list of Interested Persons (as hereinafter defined) and verify whether an actual or potential conflict of interest with HCMC exists in connection with the subject proposal(s) to be voted upon. The determination regarding the presence or absence of any actual or potential conflict or interest shall be adequately documented by the Compliance Officer. The Compliance Officer will review annually HCMC's client list, HCMC's holdings list and obtain sufficient information from HCMC principals to determine companies with which HCMC may have a conflict of interest in connection with proxy solicitation ("Interested Persons"). Annually, the Compliance Officer will submit the list of Interested Persons to the Committee.

If a conflict of interest exists, the proxy generally will be voted in accordance with the Guidelines. In the event the Guidelines do not address the proxy issue or if the Committee believes that the proxy should be voted other than in accordance with the Guidelines, then HCMC will use a third party research firm to make a recommendation to the Committee on how to vote the proxy in the best interest of the Portfolio. The Committee will then review the proxy material, the Guidelines and the recommendation of the third party and determine how to vote on the issue in the best interest of the Portfolio.

Examples of conflicts of interest include:

- HCMC manages an account for a company whose management is soliciting proxies
- HCMC has a material relationship with a proponent of a proxy proposal and this business relationship may influence how the proxy vote is cast
- HCMC or its principals have a business or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships
- HCMC has a financial interest in the outcome of a vote.

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All conflicts of interest will be reported to the Committee and the Board of Trustees each quarter.

HCMC PROXY VOTING GUIDELINES
Attached hereto are specific voting guidelines and rational used by HCMC in voting proxies for the Portfolio. If HCMC votes proxies for the Portfolio in a manner that is not consistent with the Guidelines, HCMC will inform the Board of Trustees of such vote and rationale for such vote at the next Board of Trustees meeting.

SMART VOTER GUIDELINES REPORT
HCMC SMARTVOTER GUIDELINES

ISSUE CODE	ISSUE DESCRIPTION	GUIDELINE DETAIL
	INTRODUCTION When determining whether to invest in a particular company, one of the factors Highland will consider is the quality and depth of the company's management. As a result, Highland believes that recommendations of management on an issue should be given significant weight in deterring how proxy issues should be voted. Therefore, on many issues Highland will vote in accordance with management's recommendations. These Guidelines are designed to reflect the types of issues that are generally presented in proxy statements for corporations. They are not meant to cover every possible issue that might arise. The Committee has reviewed and approved the Guidelines.	
1000	ELECT DIRECTORS	
2	WITHHOLD votes from director nominees IF 51.00 percent or more of the directors are (1) employees of the company or (2) individuals with financial or other ties to the company as reported in the proxy statement. DEFINITION OF TERMS: Financial or other ties that will be considered in applying this guideline are those relationships or transactions that are disclosed in the proxy statement in accordance with the rules of the Securities and Exchange Commission and that are outside of or in addition to the individual's service as a director. A director who meets any of the following relationship criteria will be classified by HCMC as having a financial or other tie to the company: A former employee of the company or of a majority-owned subsidiary. A provider of professional services--such as legal, consulting or financial--to the company or an executive. These services may be provided either personally by the director, by an immediate family member of the director, or by the director's employer. A customer of or supplier to the company, unless the transaction occurred in the normal course of business. These relationships may be between the director, an immediate family member of the director, or the director's employer. A designee under a documented agreement between the company and a group, such as a significant shareholder. A family member of an executive. An interlocking directorship. An employee of an organization or institution that receives charitable gifts from the company. A shareholder who controls 50 percent or more of the voting power. A non-employee board chair who receives an extra fee specifically for and only for service as chair will not be considered affiliated. RATIONALE: Directors are elected to oversee the corporation on behalf of the owners--the shareholders. Individuals with financial or other ties to the corporation may not be able to exercise independent judgment in monitoring management. Former employees, for example, may hesitate to criticize policies that they implemented during their tenure with the corporation; relatives of company officers may put their personal concerns above the interests of shareholders; directors who provide professional services may not want to risk a profitable business relationship by challenging management. It is important for directors to exercise independent judgment on the behalf of shareholders, whom the directors	

represent. To assure that such independence prevails, the representation by directors with affiliations to the company should be limited as reflected in this guideline.

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11 WITHHOLD votes from director nominees IF 25.00% or more of directors serving and voting on the board's audit committee are (1) employees of the company or (2) individuals with financial ties or other links as reported in the proxy statement.

DEFINITION OF TERMS:
HCMC considers a committee to be a subset of the board.

Financial or other ties that will be considered in applying this guideline are those relationships or transactions that are disclosed in the proxy statement in accordance with the rules of the Securities and Exchange Commission and that are outside of or in addition to the individual's service as a director. A director who meets any of the following relationship criteria will be classified by HCMC as having a financial or other tie to the company:

A former employee of the company or of a majority-owned subsidiary.
A provider of professional services--such as legal, consulting or financial--to the company or an executive. These services may be provided either personally by the director, by an immediate family member of the director, or by the director's employer.
A customer of or supplier to the company, unless the transaction occurred in the normal course of business. These relationships may be between the director, an immediate family member of the director, or the director's employer.
A designee under a documented agreement between the company and a group, such as a significant shareholder.
A family member of an executive.
An interlocking directorship.
A shareholder who controls 50 percent or more of the voting power.
A non-employee board chair who receives an extra fee specifically for and only for service as chair will not be considered affiliated.
RATIONALE:
Directors are charged with monitoring the use of corporate assets, which includes practices used by the company to account for these assets. Integrity of financial statements needs to be protected through accurate financial reporting. Financial reporting is not an exact science, and generally accepted accounting practices leave wide areas of discretion that allow managers to make choices when preparing a company's financial reports.
The accuracy and integrity of financial reporting is paramount to maintaining investors' confidence in the operation of a company. Proper monitoring of accounting practices is the responsibility of a board's audit committee. The best way to ensure proper oversight of accounting practices is to limit the percentage of audit committee members who have ties to the company other than those relationships created as a result of their service on the board.

16 WITHHOLD votes from director nominees who are employed full-time and who serve on boards at 3.00 other major companies.
DEFINITION OF TERMS:
"Other major companies" are defined as the approximately the 4000 largest U.S. companies based on market capitalization, including companies in the Russell 3000 index and the S&P 1,500 indexes.
RATIONALE:
The duties of a director require a great deal of time and energy. In addition to the general duties involved with being a board member, a director's duties may also include committee membership or other special board services. Service on other boards limits the time a director may spend devoted to the duties at any one particular company. Service on too many boards limits the productiveness a full-time employed director brings to a company.

1001 CONTESTED ELECTION OF DIRECTORS

1 Vote FOR all management nominees in a contested election of directors.

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DEFINITION OF TERMS:
RATIONALE:
The current board of directors is in the best position to assess the corporation's needs and to recruit individuals whose skills and experience will help the company elect and monitor the performance of a strong management team. To be effective, the company's board needs to work harmoniously. Dissident directors could disrupt the working relationship of the board and interfere with proceedings. Additionally, directors have a fiduciary duty to represent the interests of all shareholders; dissident directors, however, may represent only their interests or their constituents', which would not be in the best interest of all shareholders. The election of directors is a routine proposal to be voted in support of management. Director selection alone generally does not materially affect a company's market value.

1010 RATIFY SELECTION OF AUDITORS

1 Vote FOR a management proposal to ratify the board's selection of an auditor.
DEFINITION OF TERMS:
RATIONALE:
The corporation's board of directors and management are best qualified to select the corporation's outside auditors. The corporation's audit committee is charged with monitoring the audit process so it should have regular contact with the auditors. This is a routine voting matter that has no demonstrable affect on share value.

1020 APPROVE NAME CHANGE

1 Vote FOR a management proposal to change the company's name.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management, subject to review by its board of directors, is responsible for running the day-to-day operations of its businesses. Management is best able to judge whether the corporation's name adequately and accurately reflects the business goals of the company. As the success of any business enterprise is grounded on the ability of a company to distinguish itself from its competitors, management's ability to enhance the corporation's visibility in the market and the investment community should not be obstructed.

1030 APPROVE OTHER BUSINESS

1 Vote FOR a management proposal to approve other business.
DEFINITION OF TERMS:
RATIONALE:
In setting the agenda for stockholders meetings, the board should not be expected to anticipate every possible matter of business that may come to a vote. For unforeseen voting items and technical matters, the board needs the power to vote proxies that are delivered to the corporation. Directors, in their fiduciary capacity, are required to vote in the best long-term interests of the shareholders. In the absence of such voting authority, the board may be forced to call a new meeting or to incur other costs and delays. Most proxy cards do not give shareholders a choice on this matter, and, by signing the card, shareholders usually give the corporation discretionary authority to vote on items not appearing on the proxy card.

1040 APPROVE TECHNICAL AMENDMENTS

1 Vote FOR a management proposal to make technical amendments to the charter and/or bylaws.
DEFINITION OF TERMS:
For this guideline, amendments may include restatements to omit spelling or grammatical errors, to change the company's business purpose, or other similar technical changes. They do not include amendments that could affect shareholder rights or claims on the company or that could be deemed to be anti-takeover measures.
RATIONALE:
The charters of many companies require shareholder approval to restate or amend the charter or bylaws. In instances in which shareholder rights are not affected by the restatement, such as a restatement to eliminate grammatical errors, or to change the company's domicile within a state, the restatement is

simply a technicality and should be supported because an accurate charter and bylaw is necessary to conduct business.

1100 INCREASE AUTHORIZED COMMON STOCK

1 Vote FOR a management proposal to increase authorized common

stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for day-to-day operations and strategic planning for the corporation. The management and the board are best qualified to judge the corporation's current and future requirements for raising additional capital. Requests by management and the board for additional shares of common stock to fund current operations and future growth should be supported.

1101 DECREASE AUTHORIZED COMMON STOCK
1 Vote FOR a management proposal to decrease authorized common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for day-to-day operations and strategic planning for the corporation. Management is best qualified to judge the corporation's current and future requirements for capital.

1102 AMEND AUTHORIZED COMMON STOCK
1 Vote FOR a management proposal to amend authorized common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for day-to-day operations and strategic planning for the corporation. The management and the board are best qualified to judge the corporation's current and future requirements for raising capital. Routine requests by management and the board to amend the terms of existing common stock to meet the corporation's capital needs should be supported.

1103 APPROVE COMMON STOCK ISSUANCE
1 Vote FOR a management proposal to approve the issuance of authorized common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for day-to-day operations and strategic planning for the corporation. The management and the board are best qualified to judge the corporation's current and future requirements for capital. Requests to issue shares of common stock to fund the corporation's current operations and future growth should be supported.

1110 AUTHORIZE PREFERRED STOCK
2 Vote AGAINST a management proposal to authorize preferred stock.
DEFINITION OF TERMS:
RATIONALE:
Preferred stock may be used to implement anti-takeover defenses or may be issued to a friendly holder with superior voting rights. It is also used for private placements to raise capital, which may give the holder superior voting rights or special board representation. Like common stock, once preferred shares are authorized, the board may have authority to issue the stock without further shareholder approval.

1111 INCREASE AUTHORIZED PREFERRED STOCK
2 Vote AGAINST a management proposal to increase authorized preferred stock.
DEFINITION OF TERMS:
RATIONALE:

While preferred stock is often used as a financing tool, companies also have used it to create takeover defenses or to fend off unwanted suitors by issuing it with superior voting rights or claims on the company to friendly holders. It is also used for private placements to raise capital, with the holder receiving benefits that may far exceed those of other shareholders, such as special board representation and superior voting rights. Even if it is offered publicly, it is also often issued with voting rights superior to those of common shareholders. Like common stock, once preferred shares are authorized, the board and the company have authority to issue the stock for any purpose without further shareholder approval. Because of this, preferred stock should not be authorized. To raise funds, a variety of other financing alternatives exist,

including the ability to issue common stock. A reserve of preferred stock is unnecessary.

1120 ELIMINATE PREEMPTIVE RIGHTS

1 Vote FOR a management proposal to eliminate preemptive rights.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Therefore, management is best suited to judge the corporation's current and future requirements for raising additional capital and the means for raising such capital. Preemptive rights result in a loss of financing flexibility and could deter the corporation from fulfilling one of its functions, which is to raise capital advantageously. Rights offerings often require more time to complete and limit the board's flexibility when compared with underwritten offerings. While underwriting fees are usually higher for direct stock issuances than for preemptive rights issuances, the costs of a direct issue are ultimately lower due to the increased certainty and speed. Shareholders who desire to maintain their relative positions in the company will have no difficulty doing so through open-market purchases.

1121 RESTORE PREEMPTIVE RIGHTS

2 Vote AGAINST a management proposal to restore preemptive rights.
DEFINITION OF TERMS:
RATIONALE:
Preemptive rights result in a loss of financing flexibility and could deter corporations from fulfilling one of their functions, which is to raise capital advantageously. Rights offerings often require more time to complete and limit the board's flexibility when compared with underwritten offerings. While underwriting fees are usually higher in direct stock issuances compared with a preemptive rights issue, the costs of a direct issue are ultimately lower due to the increased certainty and speed. Shareholders who desire to maintain their relative positions in the company can do so through open-market purchases.

1130 AUTHORIZE DUAL CLASS STOCK

2 Vote AGAINST a management proposal to authorize dual or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:
There should only be one class of common stock and all common stock holders should have the same rights and privileges. Dual or multiple classes of common stock are often used to entrench the board and management of corporations. Economic studies show that adoption of additional classes of common stock negatively affects the value of an existing class of common stock.

1131 ELIMINATE DUAL CLASS STOCK

1 Vote FOR a management proposal to eliminate authorized dual or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Therefore, management is best suited to judge the corporation's current and future requirements for raising additional capital and the means for raising such capital.

1132 AMEND DUAL CLASS STOCK

1 Vote FOR a management proposal to amend authorized dual class or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Therefore, management is the best position to determine the capital structure that best suits the company's current and future needs.

1133 INCREASE AUTHORIZED DUAL CLASS STOCK

3 Vote AGAINST a management proposal to increase authorized shares of one or more classes of dual or multiple class common stock IF the increase will allow the company to issue additional shares with superior voting rights, thereby continuing to disenfranchise holders of the stock with lesser voting rights.

DEFINITION OF TERMS:
RATIONALE:
Dual class stock with superior voting rights may be used to maintain the voting control of family holders or a group of investors. All shareholders should have equal voting rights.

5 Vote AGAINST a management proposal to increase authorized shares of one or more classes of dual or multiple class common stock IF the proposed increase represents potential dilution of more than ^5^ percent of the authorized shares of that class of stock.
DEFINITION OF TERMS:
For purposes of this guideline, potential dilution is calculated as follows:

Potential Dilution (%) = proposed number of authorized shares
X 100 number of outstanding shares of the class
RATIONALE:
Dual class stock issuances may harm shareholders by causing dilution. When new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, which may dilute each owner's clams. In addition to diluting per-share earnings, issuing shares may shift the balance of the company's voting power by placing a block of shares in the hands of one investor or group of investors.

1150 APPROVE STOCK SPLIT
1 Vote FOR a management proposal to approve a stock split.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Management is best suited to determine the corporation's capital structure. Unless shareholder approval is required under a company's charter, seeking shareholder approval for a stock split is not required and is a courtesy to shareholders.

1151 APPROVE REVERSE STOCK SPLIT
1 Vote FOR a management proposal to approve a reverse stock split.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Management is best suited to determine the corporation's capital structure.

1200 APPROVE MERGER/ACQUISITION
7 Vote AGAINST a management proposal to merge with or acquire another company IF the company's

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board of directors did not obtain a fairness opinion from an investment banking firm.
DEFINITION OF TERMS:
RATIONALE:
Many companies obtain fairness opinions from investment banks when considering a business combination. Investment banks use their expertise to determine the fair value of securities involved in the proposed transaction. These opinions may be one factor a board will consider in deciding whether a proposed transaction is fair to disinterested shareholders. Shareholders may also derive some comfort from these opinions. The opinions are in the best interest of shareholders.

1130 AUTHORIZE DUAL CLASS STOCK
2 Vote AGAINST a management proposal to authorize dual or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:
There should only be one class of common stock and all common stock holders should have the same rights and privileges. Dual or multiple classes of common stock are often used to entrench the board and management of corporations. Economic studies show that adoption of additional classes of common stock negatively affects the value of an existing class of common stock.

1131 ELIMINATE DUAL CLASS STOCK
1 Vote FOR a management proposal to eliminate authorized dual or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:

A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Therefore, management is best suited to judge the corporation's current and future requirements for raising additional capital and the means for raising such capital.

1132 AMEND DUAL CLASS STOCK

1 Vote FOR a management proposal to amend authorized dual class or multiple classes of common stock.
DEFINITION OF TERMS:
RATIONALE:
A corporation's management team, subject to review by its board of directors, is responsible for the company's day-to-day operations and strategic planning. Therefore, management is the best position to determine the capital structure that best suits the company's current and future needs.

1133 INCREASE AUTHORIZED DUAL CLASS STOCK

3 Vote AGAINST a management proposal to increase authorized shares of one or more classes of dual or multiple class common stock IF the increase will allow the company to issue additional shares with superior voting rights, thereby continuing to disenfranchise holders of the stock with lesser voting rights.
DEFINITION OF TERMS:
RATIONALE:
Dual class stock with superior voting rights may be used to maintain the voting control of family holders or a group of investors. All shareholders should have equal voting rights.

5 Vote AGAINST a management proposal to increase authorized shares of one or more classes of dual or multiple class common stock IF the proposed increase represents potential dilution of more than ^5^ percent of the authorized shares of that class of stock.
DEFINITION OF TERMS:
For purposes of this guideline, potential dilution is calculated as follows:

Potential Dilution (%) = proposed number of authorized shares
X 100 number of outstanding shares of the class
RATIONALE:

Dual class stock issuances may harm shareholders by causing dilution. When new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, which may dilute each owner's clams. In addition to diluting per-share earnings, issuing shares may shift the balance of the company's voting power by placing a block of shares in the hands of one investor or group of investors.

1300 ELIMINATE CUMULATIVE VOTING

1 Vote FOR a management proposal to eliminate cumulative voting.
DEFINITION OF TERMS:
RATIONALE:
Directors' fiduciary duties apply to the interests of all shareholders, not a single constituency. Cumulative voting promotes single interest representation on the board, which may not represent the overriding interests and concerns of all shareholders. All directors, as shareholders' representatives, should be elected by a majority of shareholders.

1301 ADOPT CUMULATIVE VOTING

2 Vote AGAINST a management proposal to adopt cumulative voting.
DEFINITION OF TERMS:
RATIONALE:
Directors' fiduciary duties apply to the interests of all shareholders, not a single constituency. Cumulative voting promotes single interest representation on the board, which may not represent the overriding interests and concerns of all shareholders. All directors, as shareholders' representatives, should be elected by a majority of shareholders.

1321 AMEND INDEMNIFICATION PROVISION

1 Vote FOR a management proposal to amend provisions concerning the indemnification of directors and officers.
DEFINITION OF TERMS:
RATIONALE:
Because of increased litigation against directors and officers and the accompanying rise in insurance costs for director liability, many states have adopted laws that increase the level

of indemnification the company may offer in the event of a director or officer is involved in a lawsuit. Increased indemnification is important to ensure the continued availability of competent directors or officers.

1332 APPROVE BOARD SIZE

5 Vote AGAINST a management proposal to set the board size IF the proposed minimum board size is less than ^15^ directors.
DEFINITION OF TERMS:
RATIONALE:
The board of directors is charged with selecting and monitoring the corporation's management team. To assist, question and assess management, various expertise must be represented on the board. A board smaller than the one required in this guideline could not have the breadth of experience or talents that is required to be effective.

6 Vote AGAINST a management proposal to set the board size IF the board will consist of more than ^15^ directors.
DEFINITION OF TERMS:
RATIONALE:
Directors are charged with selecting and monitoring the corporation's management team. For shareholders and the company to benefit from the various talents and experiences of each director, the board must be of a size to encourage participation and interaction. A board of a size that exceeds the parameters of this guideline, however, is too large to provide a forum for each director to express opinions and participate in the deliberations. Additional directors are figureheads who do not add to the value of the board. An excessively large board is a waste of corporate assets because each director must be paid.

7 Vote AGAINST a management proposal to set the board size IF the board will consist of fewer than ^5^ directors.
DEFINITION OF TERMS:
RATIONALE:
The board of directors is charged with selecting and monitoring the corporation's management team. To assist, question and assess management, various expertise must be represented on the board. A board smaller than the one required in this guideline could not have the breadth of experience or talents that is required to be effective.

1340 NO SHAREHOLDER APPROVAL TO FILL VACANCY

2 Vote AGAINST a management proposal to allow the directors to fill vacancies on the board without shareholder approval.
DEFINITION OF TERMS:
RATIONALE:
Directors serve as the representatives of the shareholders. Shareholders should have the right to approve the appointment of all directors to the board.

1341 GIVE BOARD AUTHORITY TO SET BOARD SIZE

2 Vote AGAINST a management proposal to give the board the authority to set the size of the board without shareholder approval.
DEFINITION OF TERMS:
RATIONALE:
Directors represent the interests of shareholders. Shareholders should have the final say in determining the size of the board of directors.

1342 REMOVAL OF DIRECTORS

3 Vote AGAINST a management proposal regarding the removal of directors IF the proposal limits the removal to cases where there is legal cause.
DEFINITION OF TERMS:
RATIONALE:
Directors represents the interests of shareholders. No limitations should be placed on the power of the shareholders or the existing directors to remove directors who are not serving in the best interest of the shareholders, even if they are acting legally. Shareholders should have the power to remove their representatives for any reason.

1350 APPROVE CHARTER AMENDMENTS

1 Vote FOR a management proposal to approve non-technical amendments to the company's certificate of incorporation.
DEFINITION OF TERMS:
These may include proposals that effect shareholder rights.

RATIONALE:
The board of directors and management of a company are in the best position to determine the provisions of the certificate of incorporation.

1351 APPROVE BYLAW AMENDMENTS
3 Vote AGAINST a proposal to approve non-technical bylaw amendments IF amendment reduces shareholders' rights.

DEFINITION OF TERMS:
RATIONALE:
Limitations of any kind on shareholders' rights should be avoided. In some cases, these proposals include numerous issues bundled into one proposal. Bundling proposals that limit shareholders' rights with other

issues that shareholders routinely would approve does not justify approval if ultimately shareholders' rights would in any way be reduced.

1402 REPEAL CLASSIFIED BOARD
1 Vote FOR a management proposal to repeal a classified board.
DEFINITION OF TERMS:
RATIONALE:
An entire board should be accountable to shareholders annually. With staggered board terms, shareholders' ability to affect the makeup of the board is limited because it would take at least two elections to replace a majority of directors. Classified boards may serve to entrench management. Because only a fraction of the directors stand for election each year, shareholders do not have the ability to cast a vote on other directors who may be acting in a fashion that is against their interests. Economic studies have shown that adoption of a classified board tends to depress a company's stock price.

1444 ELIMINATE SUPERMAJORITY REQUIREMENT
1 Vote FOR a management proposal to eliminate a supermajority vote provision to approve a merger or other business combination.
DEFINITION OF TERMS:
RATIONALE:
Supermajority vote provisions may stifle bidder interest in the company altogether, thereby devaluing the stock. Supermajority requirements are often set so high that they discourage tender offers altogether. Economic studies have shown slight negative stock price effects on the adoption of supermajority vote provisions.

1500 ADOPT STOCK OPTION PLAN
4 Vote AGAINST a management proposal to adopt a stock option plan for employees IF minimum equity overhang from all company plans, including this proposal, as calculated by HCMC, is more than 5 percent of the total outstanding common stock.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution. When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In

addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1501 AMEND STOCK OPTION PLAN

3 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment allows options to be priced at less than 85.00 percent of the fair market value on the grant date.

DEFINITION OF TERMS:
RATIONALE:
Shareholder approval is required if a proposed amendment: (1) increases the number of shares reserved under a plan; (2) expands the class of eligible employees; (3) changes a plan's termination date; or (4) otherwise materially increases the benefits to participants. Amendments may be warranted to maintain the plan's effectiveness as an incentive tool and to keep the plan competitive. Some amendments, however, may negatively affect the incentive value of the awards. Plans authorizing nonqualified options to be priced at less than 85 percent of the stock's fair market value on the grant date are unfair to shareholders, since shareholders are not given the same opportunity to buy stock at this discount. These awards may negatively affect the incentive value of the awards by the weakening the incentive for employees to strive to maximize the stock price.

4 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment allows the plan administrator to reprice or replace underwater options.
DEFINITION OF TERMS:
RATIONALE:
Shareholder approval is required if a proposed amendment: (1) increases the number of shares reserved under a plan; (2) expands the class of eligible employees; (3) changes a plan's termination date; or (4) otherwise materially increases the benefits to participants. Amendments may be warranted to maintain the plan's effectiveness as an incentive tool and to keep the plan competitive. Some amendments, however, may negatively affect the incentive value of the awards. Shareholders are harmed by the practice of repricing or replacing sol called "underwater" options--awards with higher exercise prices than the market price of the underlying stock. This practice constitutes a giveaway to employees. Shareholders do not have the same protection from falling prices. It also negates the notion of tying management incentives to stock performance.

5 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment extends the post-retirement exercise period of outstanding options.
DEFINITION OF TERMS:
RATIONALE:
These amendments unnecessarily benefit employees who are retiring from employment at the company. It is inappropriate to extend benefits to retired employees, since they have no impact on the company's performance.

6 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment enhances existing change-in-control features or adds change-in control provisions to the plan.
DEFINITION OF TERMS:
RATIONALE:
Shareholder approval is required if a proposed amendment: (1) increases the number of shares reserved under a plan; (2) expands the class of eligible employees; (3) changes a plan's termination date; or (4) otherwise materially increases the benefits to participants. Amendments may be warranted to maintain the plan's effectiveness as an incentive tool and to keep the plan competitive. Some amendments, however, may negatively affect the incentive value of the awards. Change-in-control provisions constitute antitakeover devices, since the provisions usually increase the cost of acquiring a company when they are activated.

7 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment adds time-lapsing restricted stock awards, which are conditional grants of company stock that vest after specified time periods, to the types of awards that may be granted.
DEFINITION OF TERMS:

RATIONALE:
Shareholder approval is required if a proposed amendment: (1) increases the number of shares reserved under a plan; (2) expands the class of eligible employees; (3) changes a plan's termination date; or (4)

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otherwise materially increases the benefits to participants. Amendments may be warranted to maintain the plan's effectiveness as an incentive tool and to keep the plan competitive. Some amendments, however, may negatively affect the incentive value of the awards. Time-lapsing restricted stock awards amount to giveaways to employees. Since employees are generally not required to pay for restricted stock, these awards carry no risk. Employees benefit from the awards if the stock price falls or remains unchanged.

8 Vote AGAINST a management proposal to amend a stock option plan for employees IF the amendment increases the per employee limit for awards.
DEFINITION OF TERMS:
RATIONALE:
A per-employee annual limit for awards is just that--a limit. It should not be a target to be achieved and then exceeded. Shareholders approved the plan previously and established a limit to curb excessive compensation. The company should be bound by the current limit established under the plan.

1502 ADD SHARES TO STOCK OPTION PLAN
4 Vote AGAINST a management proposal to add shares to a stock option plan for employees if minimum equity dilution (overhang) of all company plans, including this proposal, as calculated by HCMC, is more than 5 percent of the total outstanding common stock.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution. When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1505 EXTEND TERM OF STOCK OPTION PLAN
3 Vote AGAINST a management proposal to extend the term of a stock option plan for employees IF non-employee directors are eligible to receive awards under the plan.

DEFINITION OF TERMS:
RATIONALE:
Investors may prefer to vote automatically against an "all purpose" stock incentive plan that includes outside directors as participants.

1510 ADOPT DIRECTOR STOCK OPTION PLAN
5 Vote AGAINST a management proposal to adopt a stock option plan for non-employee directors IF the minimum potential dilution from all plans (including this proposal), as calculated by HCMC, is

more than

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5.00 percent of the outstanding common equity.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution. When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1511 AMEND DIRECTOR STOCK OPTION PLAN

4 Vote AGAINST a management proposal to amend a stock option plan for non-employee directors IF the amendment would make the plan an omnibus plan that authorizes five or more types of awards or gives the compensation committee discretion to issue a wide range of stock-based awards.
DEFINITION OF TERMS:
RATIONALE:
Stock options generally serve to align shareholder and director interests by motivating directors to maximize stock price appreciation. However, some option plans may be overly generous or include provisions that may negatively affect the incentive value of the awards. Omnibus plans give plan administrators too much discretionary authority to issue a wide range of stock-based awards.

5 Vote AGAINST a management proposal to amend a stock option plan for non-employee directors IF the amendment would permit the granting of non-formula, discretionary awards.
DEFINITION OF TERMS:
RATIONALE:
Discretionary director stock plans provide plan administrators with too much discretion to provide large option or stock grants, in addition to already generous base compensation. Mega-option grants to CEOs are the culprit for "out of control" executive pay, and discretionary director plans may similarly cause director pay to spiral out of control. Automatic grants, approved by shareholders, adequately provide for director pay.

6 Vote AGAINST a management proposal to amend a stock option plan for non-employee directors IF the amendment would provide an incentive to receive shares.
DEFINITION OF TERMS:
RATIONALE:
Equity incentives aimed at encouraging directors to choose stock compensation instead of cash are unwarranted in the director compensation package. Directors do not need enticements to induce them to increase stock ownership interest in the company. Some incentives to take shares have reached the point of being a source of excessive compensation; providing stock compensation valued at up to four times the cash compensation's value.

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1512 ADD SHARES TO DIRECTOR STOCK OPTION PLAN

5 Vote AGAINST a management proposal to add shares to a stock option plan for non-employee directors IF the minimum potential dilution from all plans (including this proposal), as calculated by HCMC, is more than 5.00 percent of the total outstanding common equity.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution. When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1520 ADOPT EMPLOYEE STOCK PURCHASE PLAN

4 Vote AGAINST a management proposal to adopt an employee stock purchase plan IF the minimum potential dilution of all plans, including this proposal, as calculated by HCMC, is more than 5.00 percent of the total outstanding common equity.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans, plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution.

When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1521 AMEND EMPLOYEE STOCK PURCHASE PLAN

2 Vote AGAINST a management proposal to amend an employee stock purchase plan IF the proposal allows employees to purchase stock at prices of less than 85.00 percent of the stock's fair market

value.
DEFINITION OF TERMS:
RATIONALE:
Amendments to stock purchase plans that allow employees to buy stock priced at less than the level set forth in this guideline should be opposed. These plans are unfair to shareholders, since shareholders are not given the same opportunity to buy stock at this price.

1522 ADD SHARES TO EMPLOYEE STOCK PURCHASE PLAN

2 Vote AGAINST a management proposal to add shares to an employee stock purchase plan IF the proposed plan allows employees to purchase stock at prices of less than 85.00 percent of the stock's fair market value.
DEFINITION OF TERMS:
RATIONALE:
Employee stock purchase plans that allow employees to buy stock priced at less than 85 percent of the fair market value on the grant date should be opposed. These plans are unfair to shareholders, since shareholders are not given the same opportunity to buy stock at this price.

1530 ADOPT EXECUTIVE STOCK AWARD PLAN

3 Vote AGAINST a management proposal to adopt a stock award plan IF awards vest solely on tenure.
DEFINITION OF TERMS:
RATIONALE:
Restricted stock awards generally vest over some specified time period (time-lapsing restricted stock) or are earned based on the attainment of performance goals (performance-based restricted shares). During the vesting period, executives or directors may vote the restricted shares and are entitled to dividends. Plans awarding performance-based restricted stock should be supported, since these awards are tied directly to the achievement of specified performance goals. Plans awarding time-lapsing restricted stock should be opposed. These awards constitute "giveaways," since they are tied only to tenure and are not related to performance. Executives are generally not required to pay for restricted stock, so these awards carry no risk. An executive or director may benefit even if the market price declines or remains unchanged.

5 Vote AGAINST a management proposal to adopt a stock award plan IF the minimum potential dilution from all plans, including this proposal, as calculated by HCMC (overhang), is more than 5.00 percent of the total outstanding common equity.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares plus outstanding options and shares available for award under other stock incentive programs by the company's outstanding common equity. HCMC will use its best efforts to determine the number of outstanding options and the number of shares available for award under other plans. If the information is not available, HCMC will include the number of outstanding options held by the named executives and will note that the other details are not disclosed.

HCMC measures a company's total overhang as follows:
the sum of the shares authorized for the proposed plan plus shares remaining available for future awards under all other plans plus the number of shares underlying outstanding grants and awards, divided by total outstanding common shares.

Investors should consider the dilutive impact of all shares used for stock incentive plans for executives and directors when voting on a stock plan-related proposal.
RATIONALE:
Stock awards generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock awards may harm shareholders by causing dilution. When restricted stock awards are granted, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, these awards can shift the balance of voting power by increasing executive ownership.

1560 APPROVE ANNUAL BONUS PLAN

6 Vote AGAINST a management proposal to approve an annual bonus plan IF performance criteria are not disclosed.

DEFINITION OF TERMS:
RATIONALE:
The maintenance of favorable tax treatment for executive compensation benefits shareholders. Companies should follow all requirements necessary to qualify compensation for the performance exemption. Any loss of income to the corporation stemming from a company's failure to retain this tax deduction would come out of the pockets of its shareholders. Failure to disclose the performance criteria used to generate executive bonus payouts may cost an exemption from the $1 million limit on the amount of "non-performance based pay" that a public company may deduct for income tax purposes. In addition, shareholders may reasonably expect to be informed of the performance measures related to management bonuses. As a result, management proposals to approve bonus plans that do not disclose performance criteria should be opposed.

1563 ADOPT DEFERRED COMPENSATION PLAN

1 Vote FOR a management proposal to adopt a deferred compensation plan.
DEFINITION OF TERMS:
RATIONALE:
Companies frequently sponsor deferred compensation plans, which allow executives and non-employee directors to defer pay and any related taxes until some later date. The deferred amounts usually may be deposited into interest-bearing accounts or invested in company stock accounts. Frequently, payouts under deferred compensation plans are made in cash. These plans represent a fairly standard component of executive and non-employee director compensation packages. Since these plans do not constitute a significant addition to executive and non-employee director pay packages, proposals to adopt deferred compensation plans should be supported.

1564 APPROVE LONG-TERM BONUS PLAN

6 Vote AGAINST a management proposal to approve a long-term bonus plan IF dilution represented by the proposal is more than 5.00 percent of the outstanding common equity.

DEFINITION OF TERMS:
This variable guideline calculates dilution by dividing the number of proposed reserved shares by the company's outstanding common equity. This dilution calculation does not include outstanding options and shares available for award under other stock incentive programs.

HCMC measures the potential dilution created by a proposed stock incentive plan as follows:
the number of shares authorized for the proposed plan, divided by the total number of outstanding common shares

Investors should understand the dilutive impact that a proposed stock incentive plan for management and directors will have on their ownership stake.

RATIONALE:
Stock options generally align shareholder and management interests by motivating employees to maximize stock price appreciation. However, stock options may harm shareholders by causing dilution. When stock options are exercised and new shares are issued, a company's profits, cash flow and assets are spread over a larger number of shares, diluting each owner's claim. In addition to diluting per-share earnings, exercising options can shift the balance of voting power by increasing executive ownership.

1570 EXCHANGE UNDERWATER OPTIONS

2 Vote AGAINST a management proposal to exchange underwater options (options with a per-share exercise price that exceeds the underlying stock's current market price).
DEFINITION OF TERMS:
RATIONALE:
Shareholders are harmed by the practice of repricing or replacing so-called "underwater" options. This practice constitutes a giveaway to executives. Shareholders do not have the same protection from falling prices. It negates the notion of tying management incentives to stock performance.

1581 AMEND ANNUAL BONUS PLAN

1 Vote FOR a management proposal to amend an annual bonus plan.
DEFINITION OF TERMS:
RATIONALE:
Bonus plans generally serve to attract, retain and motivate qualified executives. Payouts under these plans may be in cash or stock and are usually tied to the attainment of certain financial or other performance goals. Since bonus plans are generally tied to performance, these proposals should be supported.

1582 REAPPROVE OPTION/BONUS PLAN FOR OBRA
4 Vote AGAINST a management proposal to reapprove a stock option or bonus plan for employees if performance criteria are not disclosed.
DEFINITION OF TERMS:
RATIONALE:
The maintenance of favorable tax treatment for executive compensation benefits shareholders. Companies should follow all requirements necessary to qualify compensation for the performance exemption. Any loss of income to the corporation stemming from a company's failure to retain this tax deduction would come out of the pockets of its shareholders. Failure to disclose the performance criteria used to generate executive bonus payouts may cost an exemption from the $1 million limit on the amount of "non-performance based pay" that a public company may deduct for income tax purposes. In addition, shareholders may reasonably expect to be informed of the performance measures related to management bonuses. As a result, management proposals to approve bonus plans that do not disclose performance criteria should be opposed.

1586 AMEND LONG-TERM BONUS PLAN
2 Vote AGAINST a management proposal to amend a long-term bonus plan.

DEFINITION OF TERMS:
RATIONALE:
Bonus plans are unnecessary additions to executive compensation packages. Most executives are adequately paid through salaries and other incentive programs. These plans should be opposed.

2002 SP-LIMIT CONSULTING BY AUDITORS
1 Vote FOR a shareholder proposal to limit consulting by a company's independent auditors.
DEFINITION OF TERMS:
RATIONALE:
The provision of non-audit services by a company's auditor may impair the auditor's independence and impartiality, and affect the integrity of the audit process. When an audit firm earns a substantial portion of

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its fees by providing non-audit services to an audit client, it may be less likely to challenge management's accounting practices and assumptions, thus jeopardizing the quality of the audit. If the financial information disclosed by companies is not considered reliable, investors will be less willing to invest in public securities. Eliminating or reducing the provision of non-audit services by the firm that conducts the company's audit will reduce the risk of a compromised audit and promote investor confidence.

2030 SP-SELL THE COMPANY
2 Vote AGAINST a shareholder proposal asking the company to study sales, spin-offs or other strategic alternatives.
DEFINITION OF TERMS:
RATIONALE:
Shareholders elect the board of directors to oversee the management of the company and represent the interests of shareholders. The corporation's board and management are most qualified to determine strategic options available to the company and to decide which options are in the shareholders' best interests. Shareholders should defer to the judgment of the board of directors in these matters.

2100 SP-ADOPT CONFIDENTIAL VOTING
1 Vote FOR a shareholder proposal asking the board to adopt confidential voting and independent tabulation of proxy ballots.
DEFINITION OF TERMS:
RATIONALE:
The entire corporate governance system is built on the foundation of the proxy voting process. If the voting system is not fair,

the system will not work. It is essential that corporations provide confidential treatment to shareholders and tabulation by a third party for all proxies, ballots and voting authorizations. Proxy voting should be conducted under the same rules of confidentiality that apply to voting in political elections. Open balloting allows companies to resolicit shareholders to urge them to change their votes--which shareholder proponents do not have an opportunity to do--and creates an opportunity for coercion. Confidential voting minimizes the possibility that shareholders, especially money managers, will be subject to conflicts of interests. Any minimal costs that must be incurred in implementing a confidential voting policy are outweighed by the benefits to shareholders.

2101 SP-COUNTING SHAREHOLDER VOTES
1 Vote FOR a shareholder proposal asking the company to refrain from counting abstentions and broker non-votes in vote tabulations.
DEFINITION OF TERMS:
RATIONALE:
The true measure of support in any voting system is the number of votes cast for and against a particular proposal. A ballot marked "abstain" or a non-vote represents the absence of any real indication of support. When such votes are tabulated, however, they have the effect of a vote against the resolution.

2102 SP-NO DISCRETIONARY VOTING
1 Vote FOR a shareholder proposal to eliminate the company's discretion to vote unmarked proxy ballots.
DEFINITION OF TERMS:
RATIONALE:
The board of directors should not have the right to vote signed but unvoted ballots. The true measure of support in any voting system is the number of votes cast for and against a particular proposal. An unmarked ballot represents the absence of any real indication of support.

2131 SP-CHANGE ANNUAL MEETING DATE
2 Vote AGAINST a shareholder proposal to change the annual meeting date.
DEFINITION OF TERMS:
RATIONALE:
Changing the annual meeting date could delay the annual meeting and result in increased costs by requiring separate mailings of the proxy statement and the annual report. In addition, because the fiscal

years of many companies end in December, meeting date conflicts are inevitable. Finally, most shareholders do not attend the annual meetings in person and choose to do so by proxy.

2202 SP-INCREASE BOARD INDEPENDENCE
1 Vote FOR a shareholder proposal to increase board independence.
DEFINITION OF TERMS:
RATIONALE:
The directors are elected to oversee the corporation on behalf of the owners--the shareholders. Individuals with financial or other ties to the corporation may not be able to exercise "independent" judgment in monitoring management. Former employees, for example, may hesitate to criticize policies that they implemented during their tenure with the corporation. Relatives of company officers and directors may put their personal interests above the interests of shareholders.

2203 SP-DIRECTOR TENURE/RETIREMENT AGE
1 Vote FOR a shareholder proposal seeking to limit the period of time a director can serve by establishing a retirement or tenure policy.
DEFINITION OF TERMS:
RATIONALE:
By limiting the number of years that a non-employee director can serve, the board has a built-in mechanism to force turnover. This is particularly important given the reluctance of boards to institute rigorous director evaluation processes that result in the removal of ineffectual directors. Absent a contested election of directors, no avenue exists for shareholders to remove directors from the board. A structure that specifically limits the period of time a director can serve, or that mandates a particular retirement age, provides opportunities for recruiting directors with new ideas and approaches.

2214 SP-INDEPENDENT BOARD CHAIRMAN
1 Vote FOR a shareholder proposal asking that the chairman of the board of directors be chosen from among the ranks of the non-employee directors.
DEFINITION OF TERMS:
RATIONALE:
The directors are elected to oversee the corporation on behalf of the owners--the shareholders. The board chair is responsible for overseeing corporate activities, evaluating management's performance and ensuring compliance with legal and accounting standards. If the CEO also serves as chairman, then the CEO must pass judgment on his or her own performance. An independent chairman would be better able to oversee the board and the company's management, assess performance and ensure that shareholder interests are being served.

2220 SP-ADOPT CUMULATIVE VOTING
1 Vote FOR a shareholder proposal calling for the adoption of cumulative voting.

DEFINITION OF TERMS:
RATIONALE:
Cumulative voting provides minority shareholders a greater voice in the election of directors and enhances the likelihood of minority shareholder representation on the board. There is some empirical evidence that the elimination of cumulative voting depresses stock prices.

2231 SP-DOUBLE BOARD NOMINEES
2 Vote AGAINST a shareholder proposal to nominate two director candidates for each open board seat.
DEFINITION OF TERMS:
RATIONALE:
This type of election system would create a political environment in which nominees compete with each other for the available board seats. The appropriate role of the directors is to present shareholders with a slate of director candidates who are most qualified and who are ready, willing and able to oversee the management of a company's affairs. The implementation of this proposal would make the recruitment of

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potential directors more difficult and would preclude the board from fulfilling its fiduciary responsibility of advising shareholders on matters in which they are asked to vote.

2300 SP-REPEAL CLASSIFIED BOARD
3 Vote AGAINST a shareholder proposal to repeal a classified board if the company does not have a shareholder rights plan (i.e. poison pill).
DEFINITION OF TERMS:
RATIONALE:
A classified boards in combination with a poison pill is a particularly effective potential deterrent to hostile control changes, some studies show, since they impose structural impediments to both an unsolicited tender offer and a proxy challenge to change the board, which is the only way an outside investor could potentially eliminate a poison pill restriction. (Hilton's 1997 challenge to ITT, for example, may well have been precluded by a classified board structure. ITT had a poison pill.) Therefore, it makes sense to support shareholder resolutions to repeal classified boards at companies that also have poison pills.

2310 SP-REDEEM OR VOTE ON POISON PILL
3 Vote AGAINST a shareholder proposal asking the board to redeem or to allow shareholders to vote on a poison pill shareholder rights plan IF the proposal seeks to redeem the rights plan.
DEFINITION OF TERMS:
RATIONALE:
Some poison pill/shareholder rights plans may be in the best interests of shareholders, because they require potential acquirers to negotiate directly with the board. Other rights plans may harm shareholder value and entrench management by deterring stock acquisition offers that are not favored by the board of directors. As a result, shareholders should have the right to evaluate each pill and decide the relative merits of each one. We do not support proposals calling for companies to redeem poison pills. Instead, shareholders should be allowed to vote on each pill.

4 Vote AGAINST a shareholder proposal asking the board to redeem or to allow shareholders to vote on a poison pill shareholder rights plan IF the board has an independent majority.
DEFINITION OF TERMS:
RATIONALE:
Poison pills can be useful negotiating tools for independent boards, when faced with takeover offers, in maximizing value for shareholders. But the pill is more likely to be used to entrench management at companies with insider-dominated boards. Some studies suggest that pills in the hands of independent boards enhance shareholder value.

5 Vote AGAINST a shareholder proposal asking the board to redeem or to allow shareholders to vote on a poison pill shareholder rights plan IF the proposal is binding rather than merely precatory (advisory).

DEFINITION OF TERMS:
RATIONALE:
Poison pills may harm the interests of shareholders, and entrench management, and therefore should be subject to strict scrutiny. In general, companies should avoid pills, and/or should subject them to shareholder approval, and therefore we support non-binding requests that management do this. However, the ultimate decision on a shareholder rights plan is up to the board of directors, and the directors' hands should not be tied by binding bylaw amendments prohibiting pills, or requiring shareholder approval.

2320 SP-ELIMINATE SUPERMAJORITY PROVISION
2 Vote AGAINST a shareholder proposal that seeks to eliminate supermajority vote requirements.
DEFINITION OF TERMS:
RATIONALE:
Supermajority vote requirements to approve a merger or other business combination help guard against two-tiered tender offers in which a raider offers a substantially higher cash bid for an initial and often

controlling stake in a company and then offers a lower price for the remaining shares. The coercive pressures associated with such an offer may force shareholders to tender before they have considered all relevant facts. Requiring supermajority approval of certain transactions or for certain charter or bylaw amendments provides protection to minority shareholders.

2341 SP-OPT OUT OF STATE TAKEOVER STATUTE
1 Vote FOR a shareholder proposal seeking to force the company to opt out of a state antitakeover statutory provision.
DEFINITION OF TERMS:
Antitakeover laws are defined as one of the following: (1) control share acquisition; (2) fair price; and (3) business combination (also known as freeze-out or business moratorium).
RATIONALE:
State antitakeover laws deter unsolicited offers for a corporation's stock. Numerous studies have shown that the adoption of antitakeover statutes has a negative impact on the value of corporations incorporated in the state. As a result, opting out of state antitakeover laws is in the best interests of shareholders.

2400 SP-RESTRICT EXECUTIVE COMPENSATION
2 Vote AGAINST a shareholder proposal to restrict executive compensation.
DEFINITION OF TERMS:
RATIONALE:
Compensation packages are necessary to attract, motivate and retain executives. These packages are generally designed to tie executive pay to performance. Compensation packages may serve to align executive and shareholder interests. Shareholders should not seek to micromanage the board's executive compensation systems, and should defer to the judgment of the board in these matters.

2401 SP-DISCLOSE EXECUTIVE COMPENSATION
3 Vote AGAINST a shareholder proposal to enhance the disclosure of executive compensation IF the proposal extends reporting to all executives paid more than $250,000.
DEFINITION OF TERMS:

RATIONALE:
The breadth of the current executive compensation proxy statement disclosure (the company's five highest-paid executives, including the CEO) is adequate. In 1992, the Securities and Exchange Commission amended the proxy disclosure requirements for executive pay. Additional disclosure of executive compensation provides no new meaningful information to shareholders. Proposals, which extend reporting to this degree, are excessive.

2402 SP-RESTRICT DIRECTOR COMPENSATION
1 Vote FOR a shareholder proposal to restrict director compensation.

DEFINITION OF TERMS:
RATIONALE:
Directors are paid too much. Existing director compensation packages are unnecessary, inappropriate and/or excessive.

2403 SP-CAP EXECUTIVE PAY
2 Vote AGAINST a shareholder proposal to cap executive pay.
DEFINITION OF TERMS:
RATIONALE:
Pay caps are not in the best interests of shareholders. Caps may put a company at a competitive disadvantage by negatively affecting its ability to attract, motivate and retain highly qualified executives. A company using pay caps may risk getting stuck with mediocre managers and losing its best talent to higher paying companies.

2406 SP-APPROVE EXECUTIVE COMPENSATION

1 Vote AGAINST a shareholder proposal calling for shareholder votes on executive pay.
DEFINITION OF TERMS:
RATIONALE:
In light of the perceived excesses of some executive compensation packages, shareholders should vote on executive pay. Shareholders ultimately foot the bill for executive pay, so they should be permitted to approve the pay packages.

2408 SP-LINK EXECUTIVE PAY TO SOCIAL CRITERIA
2 Vote AGAINST a shareholder proposal that asks management to review, report on and/or link executive compensation to non-financial criteria, particularly social criteria.
DEFINITION OF TERMS:
RATIONALE:
While proposals asking companies to link pay to social performance ostensibly relate to executive compensation, the real intent of the proposal is to change company practices on employee and environmental issues, which fall within the realm of ordinary business matters that should be left to the judgment of managers. Pay should be linked to financial performance, and non-financial criteria can cloud the picture. To the extent that pay should include non-financial criteria, the board should exercise its judgment on appropriate measures, and not be pushed on this issue by shareholders.

2414 SP-GOLDEN PARACHUTES
1 Vote FOR a shareholder proposal calling for a ban or shareholder votes on future golden parachutes.
DEFINITION OF TERMS:
RATIONALE:
Golden parachutes, which are severance packages contingent upon a change in control, may be detrimental to shareholder interests. Since parachutes assure covered executives of specified benefits, they may reduce management accountability to shareholders and reduce their incentives to maximize shareholder value during merger negotiations. Golden parachutes may also be unnecessary and a waste of corporate assets. In light of these negatives, companies should ban or put to shareholder approval all future golden parachutes.

2415 SP-AWARD PERFORMANCE-BASED STOCK OPTIONS
1 Vote FOR a shareholder resolution seeking to award performance-based stock options.
DEFINITION OF TERMS:
RATIONALE:
Stock options serve to enhance shareholder value. Real shareholder value is not enhanced at stock price appreciation levels that are at or below the rate of appreciation for the

selected index group, or that are simply due to general price level increases. Exercise prices should be indexed to industry groups and to such inflation measures as the Consumer Price Index so that executives are not rewarded for gains in the stock price that are not brought about by superior performance.

2416 SP-EXPENSE STOCK OPTIONS

2 Vote AGAINST a shareholder proposal establishing a policy of expensing the costs of all future stock options issued by the company in the company's annual income statement.

DEFINITION OF TERMS:

Current accounting rules give companies the choice of reporting stock option expenses annually in the company income statement or as a footnote in the annual report. Most companies report the cost of stock options on a pro-forma basis in a footnote in the annual report, rather than include the option costs in determining operating income.

RATIONALE:

Companies will likely cut back on option grants if they are considered an expense, which will ultimately hurt rank and file employees. There is no reliable and standard way to calculate the value of options. Current valuation methods, like the Black-Scholes method, were designed to price short-term tradable options and depend on speculative assumptions. In addition, options are not an expense, but rather a cost incurred by shareholders in the form of dilution, which is reflected in the form of lower earnings per

share. Current disclosure is sufficient as the costs are already disclosed in the notes to financial statements in the company's 10-K filing.

2417 SP-PENSION FUND SURPLUS

1 Vote FOR a shareholder proposal that requests future executive compensation be determined without regard to any pension fund income.

DEFINITION OF TERMS:

Under current accounting rules companies add their pension funds' surpluses, which cannot be used for corporate purposes, to reported profits. The figures are based on assumptions made by the company including those regarding expected rate of earnings. The proposal seeks to exclude such pension fund figures when calculating performance-based compensation payouts or awards.

RATIONALE:

This change would more closely link the compensation of senior executives to their performance in managing the business. The current system may unfairly boost payouts and awards and may distort the principle of pay for performance. Only true operating income should be considered in determining executive compensation. This would discourage companies from using pension accounting to manage their earnings by changing assumptions to boost the amount of pension income that can be factored into operating income. It may also discourage companies from boosting pension income at the expense of employees and retirees by reducing anticipated benefits or withholding improved benefits.

2422 SP-INCREASE COMP COMMITTEE INDEPENDENCE

1 Vote FOR a shareholder proposal to increase the independence of the compensation committee.

DEFINITION OF TERMS:

RATIONALE:

Compensation decisions and policies for executive pay should be made by a committee composed of at least a majority of directors who are not employed by the company and do not have significant personal or business relationships with the company. This ensures that executive pay decisions are made in the best interests of shareholders by directors who are free from potential conflicts of interest.

2501 SP-INCREASE KEY COMMITTEE INDEPENDENCE

1 Vote FOR a shareholder proposal to increase the independence of the board's key committees.

DEFINITION OF TERMS:

RATIONALE:

Directors are charged with selecting and monitoring the corporation's management team. The board must be structured to encourage nominations of "independent" directors--individuals who are free of ties to management. The best way to accomplish this is to limit membership on the board's key committees to directors who have no ties to the company other than those relationships

created as a result of their service on the board.

3000 SP-DEVELOP/REPORT ON HUMAN RIGHTS POLICY

2 Vote AGAINST shareholder proposals that ask management to develop or report on their human rights policies.

DEFINITION OF TERMS:

RATIONALE:

Asking management to develop or promote human rights policies could expose its business in certain countries to political retaliation and loss of market share or government contracts. The promotion of human rights overseas is the responsibility of the citizens and governments of those countries and of international diplomacy. We therefore believe it is inappropriate to ask management to develop or report on human rights policies.

3005 SP-REVIEW OPERATIONS' IMPACT ON LOCAL GROUPS

CASE-BY-CASE

CASE-BY-CASE

3041 SP-CHINA--ADOPT CODE OF CONDUCT

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2 Vote AGAINST shareholder proposals that ask management to implement and/or increase activity on each of the principles of the U.S. Business Principles for Human Rights of Workers in China or of similar codes.

DEFINITION OF TERMS:

RATIONALE:

We believe adoption of the code would be inappropriate because U.S. companies should not engage in the internal political affairs of host countries to press for human rights. Moreover, management is in the best position to make decisions about pay and working conditions and environmental management. It is the responsibility of employees, local trade unions and the government--not shareholders--to negotiate and/or regulate appropriate levels of compensation and safety requirements. A fundamental tenet of business is to obey local laws. Should these laws change, we believe management will take the steps necessary to comply with any new regulations.

3120 SP-REVIEW SPACE WEAPONS

2 Vote AGAINST shareholder proposals that ask management to report on the company's government contracts for the development of ballistic missile defense technologies and related space systems.

DEFINITION OF TERMS:

RATIONALE:

Responsibility for deciding whether developing a certain military technology is essential for the nation's defense resides exclusively with the executive and legislative branches of the U.S. government. Defense contractors have an obligation to participate in programs deemed by our elected officials to be in the national interest. Asking a defense contractor to publicly address the issue of its participation in the development of ballistic missile defense technologies and related space systems would involve management in the inappropriate second-guessing of the national security decisions of the nation's elected representatives.

Moreover, shareholders interested in knowing more about corporate participation in the development of ballistic missile defense technologies and related space systems can usually gain a clearer picture of any given company's activities by referring to existing, open sources of information. Preparing a special report on an area that represents a relatively small percentage of the company's total business activities would constitute an unnecessary and costly burden on management.

3215 SP-REVIEW CHARITABLE GIVING POLICY

2 Vote AGAINST shareholder proposals to limit or end charitable giving.

DEFINITION OF TERMS:

RATIONALE:

We believe that the company's giving program contributes to shareholder value and serves society. Companies tend to focus their charitable giving in the communities where they operate, and they receive good will and improved customer relations from making these contributions. Moreover, companies today are broadly expected to maintain charitable giving programs as part of their overall corporate responsibility. We therefore oppose proposals that ask companies to limit or end their charitable giving.

3220 SP-REVIEW POLITICAL SPENDING
3 Vote AGAINST shareholder proposals that ask companies to increase disclosure of political contributions and activities IF the information requested already is easily available, and/or IF the cost of complying with the resolution is excessive.
DEFINITION OF TERMS:
" Political spending" includes both "political contributions"--money given to political party committees (including local committees) and spent on political action committees--and money spent on lobbying.

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Information is considered "easily available" if it is available from a single public source or from the company, either on request or in a report distributed to all shareholders.

Compliance costs are considered "excessive" if the resolution asks the company to disclose the requested information through paid advertisements in newspapers, rather than through preparation of a report that is sent or made available to shareholders.
RATIONALE:
Information on political spending ought to be available to shareholders, but it is not necessary to publish it in the exact form requested in some shareholder proposals. If the information requested in the proposal is limited to federal PAC contributions, the proposal is unnecessary because that information already is easily available. If the resolution asks for a report including information on direct political contributions, the request may be justified because there is no adequate government system for disclosure of such contributions at the state and local level. Similarly, there generally is little information on direct company expenditures in support of PACs or lobbying. Similarly, placing advertisements in leading newspapers on political contributions, as requested in some resolutions, appears to be unnecessarily expensive.

3224 SP-AFFIRM POLITICAL NONPARTISANSHIP
2 Vote AGAINST shareholder proposals requesting affirmation of political nonpartisanship.
DEFINITION OF TERMS:
RATIONALE:
These proposals are unnecessary. Federal law allows companies to sponsor and provide administrative support to political action committees, but prohibits direct donations or coerced employee participation. Thus, employees already have recourse to legal action should such coercion occur.

3307 SP-SEVER LINKS WITH TOBACCO INDUSTRY
2 Vote AGAINST shareholder proposals to sever the company's links to the tobacco industry.
DEFINITION OF TERMS:
RATIONALE:
Management is generally in the best position to make decisions about what investments and lines of business are suitable for the company. The manufacture, marketing and use of tobacco and related products is legally sanctioned throughout the world. Any further regulations or restrictions on tobacco business activity is rightly the responsibility of governments, not shareholders. Short of such regulation, reporting on or dissolving ties with the tobacco industry by the company is likely to result in unnecessary expenses and/or loss of revenues and profits, and therefore is not in the company's or the shareholders' interests. We therefore oppose all proposals that ask a company to report on or approve dissolution of links with the tobacco industry.
3400 SP-REVIEW NUCLEAR FACILITY/WASTE
2 Vote AGAINST shareholder proposals that ask companies to review or report on nuclear facilities or nuclear waste.
DEFINITION OF TERMS:
RATIONALE:
The nuclear power industry is closely regulated in the United States. The U.S. National Regulatory Commission, which has oversight responsibility for both commercial nuclear reactors and research reactors, annually conducts about 2,000 inspections of nuclear material licensees. These inspections cover areas such as training of personnel who use materials, radiation protection programs and security of nuclear materials. The NRC also requires reactor operators to have defenses against commando attack by several skilled attackers and to conduct background checks on employees. Moreover, the NRC posts quarterly updates, on its

website, of its assessments of every nuclear plant operating in the United States.

Given the regulatory oversight that already exists and detailed assessment reports that are already available to the public, we believe that proposals that ask companies to issue special reports or conduct special reviews for their shareholders on their nuclear operations are redundant and an unjustifiable drain on company resources.

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3410 SP-REVIEW ENERGY EFFICIENCY & RENEWABLES
2 Vote AGAINST shareholder proposals that ask companies to reduce their reliance on nuclear and fossil fuels, to develop or use solar and wind power, or to promote energy efficiency, or to review or report these issues.
DEFINITION OF TERMS:
RATIONALE:
We believe that decisions about the level or mix of energy to use or develop are business strategy matters best left to management to make in response to regulatory requirements, technological developments, and supply and demand. We note that U.S. government agencies such as the Nuclear Regulatory Commission and the Environmental Protection Agency already impose certain restrictions on energy producers to protect environmental and human health. Achieving energy efficiency gains or installing renewable technologies almost always entails added capital investments and expenses. If cost-effective ways of reducing energy use are available, one can assume the company already is exploiting such opportunities, because it is in its financial interest to do so. Similarly, if a company is not using or purchasing renewable energy, one can assume that no cost-effective sites or purchasing options are available.

The costs of regulatory compliance, plus the price signals generated by energy supply and demand, generate sufficient information to management for it to determine which energy path is most cost-effective, making special reviews and reports to shareholders unnecessary. Therefore, we oppose all proposals that ask management to report on or increase energy efficiency or to report, use or develop wind and solar power.

3420 SP-ENDORSE CERES PRINCIPLES
2 Vote AGAINST shareholder proposals that ask management to endorse the Ceres principles.
DEFINITION OF TERMS:
RATIONALE:
Corporations must comply with myriad government laws and regulations on environmental matters. It is inappropriate for a private group like Ceres to interject itself in the public rulemaking process. In addition, the Ceres principles are a broad statement of environmental policy intended for all companies. Companies may be better served by adhering to industry- or company-specific environmental policies. Finally, companies may want to avoid entering into an alliance with environmental groups, shareholder activists and others whose interpretation of the companies' competitive circumstances and environmental performance may differ greatly from their own.

The wording of the Ceres principles is open to interpretation and occasionally has been subject to change. Thus, companies that endorse the Ceres principles may not be entirely sure what they have committed themselves to do, nor can they completely control the process by which further changes to, or interpretations of, the Ceres principles are made.

Endorsers of the Ceres principles are asked to fill out the Ceres Report form, even though some of the requested information may not be readily available. Companies may find that obtaining and presenting such information would be time-consuming and costly and redundant of internal recordkeeping procedures. Moreover, companies cannot completely control the process by which information disclosed in the Ceres Report form would be shared with others. Certain disclosures might invite adverse publicity, increased competition, lawsuits and shareholder divestment.

3422 SP-CONTROL GENERATION OF POLLUTANTS
4 Vote AGAINST shareholder proposals that ask management to control generation of pollutant(s) IF the company reports its emissions or waste generation and plans to curb their future growth.
DEFINITION OF TERMS:

Such a company has set an historical emissions or waste generation baseline and identified control efforts that will curb future emissions or waste generation.
RATIONALE:
The environment faces rising pressure from a growing industrial base and a burgeoning human

population. Ways must be found to control generation of pollutants if economic growth and the human population are to be sustained for future generations. The current focus on sustainable development, which is shared by corporations and environmentalists alike, rests on the principle that the environment can tolerate only so much pollution before it begins to erode the foundation on which future prosperity depends.

The shareholder proposal stems from such concerns for environmental sustainability. Because the generation of pollutants tend to rise as the economy grows, however, actual reductions in emissions or solid waste may be difficult to achieve without restricting future economic growth. Therefore, a company can demonstrate its responsibility to the environment and to its shareholders by measuring and reporting its generation of specified pollutants and establishing goals to curb their growth, even if such a policy does not result in actual reductions of emissions or solid waste from current levels.

3423 SP-REPORT ON ENVIRONMENTAL IMPACT OR PLANS
2 Vote AGAINST shareholder proposals that ask companies to report on their environment impact or plans.
DEFINITION OF TERMS:
RATIONALE:
Industry and government have responded to the public's desire for information on corporate environmental impacts and plans. The 1969 National Environmental Policy Act requires companies to issue environmental impact assessments for major domestic projects. Congress has also passed several important right-to-know laws to compel disclosure of Material Safety Data Sheets and other environment, health and safety information to employees and neighbors of manufacturing plants. In addition, many companies have set up Community Advisory Panels in communities where their plants are located. Now it is even commonplace for large industrial companies to issue stand-alone annual environmental reports outlining their progress on major environmental initiatives.

Therefore, we believe shareholder requests for additional information on corporate environmental impacts or plans are already addressed in a number of government regulations and industry programs, making further communication and information exchanges duplicative and unnecessary. At the same time, a willingness to respond to such requests could lead to a costly and open-ended process with opponents of the company's operations and/or development plans. Their ultimate desire may be to generate negative publicity and introduce opposing views in the company's decision making process that results in costly and perhaps unwarranted changes in project development plans. As shareholders, it is not prudent to invite such risks by encouraging communication and disclosure beyond that required by law.

3425 SP-REPORT OR TAKE ACTION ON CLIMATE CHANGE
2 Vote AGAINST shareholder proposals that ask management to report or take action on climate change.
DEFINITION OF TERMS:
RATIONALE:
We believe major uncertainties remain about climate change and the appropriateness of policies to address it. In 2001, President George W. Bush withdrew U.S. support of the Kyoto Protocol, an international treaty that sets targets and timetables to reduce greenhouse gas emissions in industrialized countries. Most U.S. companies support the President's move.

We believe it is not appropriate or in shareholders' best interests to ask management to report or take action on climate change unilaterally. Moreover, estimating the potential costs, benefits and liabilities of addressing climate change is highly uncertain in light of the remaining scientific, political and legislative uncertainties. Concerned shareholders have other opportunities to take part in the public debate over global warming and should not use the shareholder resolution process as

a platform for their views. Management is vested with responsibility to take action when it is in the financial interest of the company to do so -- and to report to shareholders when and if it determines that developments may materially affect the company. Accordingly, there is no need for shareholders to make this special request of management.

3430 SP-REVIEW OR CURB BIOENGINEERING

2 Vote AGAINST shareholder proposals that ask management to report on, label or restrict sales of bioengineered products.
DEFINITION OF TERMS:
RATIONALE:
There are no substantive differences between foods made with ingredients from genetically modified plants and foods from plants that have been conventionally bred. The introduction of a single gene into a plant is a natural improvement on the plant cross-breeding that began with the domestication of wild grain. Scientists have been studying genetic modification for decades and the U.S. government reviews new genetically modified plants to ensure that they do not pose a threat to humans or the environment. The genetically modified plants currently being grown benefit the environment and farmers by increasing crop yields and reducing the amount of pesticides required. Rice that has been genetically modified to contain Vitamin A is already available in countries where a lack of that vitamin kills and blinds hundreds of thousands of children each year; in the future genetic modification may lead to plants that contain other nutrients, allowing people worldwide to lead longer and healthier lives. A significant backlash against genetic modification could impede this life-saving scientific progress.

A substantial percentage of farmers prefer to grow genetically modified crops--in 2001, 63 percent of all soybeans and 24 percent of all corn grown in the United States were genetically modified varieties. Corn and soybeans are used for ingredients including cooking oils, sweeteners and starches, and are therefore present in the vast majority of foods. In many cases, however, the genetic modification affects only a plant's leaves, which are not eaten and are therefore absent from food products made from the plant. Many grain dealers mix modified and non-modified crops, so raw agricultural materials available in the open market are assumed to contain some genetically modified materials unless they have been certified otherwise. These certified agricultural products are more expensive, and quantities large enough for all of a major food manufacturer's products may be difficult to obtain.

Labeling of foods made from genetically modified plants, as some resolutions request, would put companies at a serious competitive disadvantage. At present, the only foods including information on genetic modification on their labels are made by companies that do not use genetically modified plants. A label simply stating that a food was made from genetically modified plant materials might cause consumers to buy the product of a competitor that also used genetically modified plants, but did not say so on the package label. FDA's current labeling requirements do not leave sufficient room on many packages to explain to consumers that genetically modified plants are safe to eat and may help the environment.

3503 SP-REVIEW SOCIAL IMPACT OF FINANCIAL VENTURES
2 Vote AGAINST shareholder proposals that request companies to assess the environmental, public health, human rights, labor rights or other socio-economic impacts of their credit decisions.
DEFINITION OF TERMS:
RATIONALE:
We feel it is the responsibility of members of local civil society and governments--not shareholders--to determine what kinds of development projects and lending activities are appropriate. A fundamental tenet of business is to obey local laws. Should these laws change, we believe management will take the steps necessary to comply with any new regulations; however, we do not think the shareholder resolution process should be used to raise issues that are more appropriately dealt with by government regulators. In addition, reports on the subject could distract management or attract unwanted scrutiny of the company's practices and only serve to support arguments that commercial banks should incorporate social or environmental criteria into decisions on loans.

3610 SP-REPORT ON EEO

2 Vote AGAINST shareholder proposals that ask management to report on the company's affirmative action policies and programs, including releasing its EEO-1 reports and providing statistical data on specific positions within the company.

DEFINITION OF TERMS:

Most corporations file EEO-1 reports, a statistical profile of a company's work force, with appropriate government authorities under federal law. The EEO-1 reports of any company involved in litigation become part of the public record following resolution of the litigation. In addition, the public can obtain some EEO-1 reports from the federal government through the Freedom of Information Act. It can request EEO-1 reports from the Department of Labor for any company that is a federal contractor; the department determines whether it will disclose the information to the public following consultation with the company.

RATIONALE:

Equal employment opportunity practices are ordinary business matters that are up to management to decide. In addition, the government is responsible for overseeing and evaluating companies' affirmative action efforts.

Disclosure is not necessarily beneficial to a company, largely because it would not be able to completely control the process by which its information would be evaluated. Inappropriate comparisons with other companies or across industries could lead to adverse publicity, unwarranted litigation or shareholder divestment. Preparing explanatory data to aid interpretation of the information would be time-consuming. It also could be time-consuming for companies to compile data on job categories that are more narrowly defined than in the EEO-1 reports, such as senior management or corporate officers.

3614 SP-DROP SEXUAL ORIENTATION FROM EEO POLICY

1 Vote FOR shareholder proposals that ask management to drop sexual orientation from EEO policy.

DEFINITION OF TERMS:

RATIONALE:

We believe references to specific groups of people in corporate-wide non-discrimination statements should be limited to classes protected under federal legislation, such as racial minorities or women. Listing additional groups in non-discrimination policies diverts attention from the basic need for a workplace free of harassment and employment discrimination and opens the door for other groups to request specific mention as well. The reference to sexual orientation also inappropriately interjects the company into a controversial social issue and offends some employees. The company also could become, or continue to be, the target of adverse publicity from conservative groups if it maintains such a policy.

3615 SP-ADOPT SEXUAL ORIENTATION ANTI-BIAS POLICY

2 Vote AGAINST shareholder proposals that ask management to adopt a sexual orientation non-discrimination policy.

DEFINITION OF TERMS:

RATIONALE:

Equal employment opportunity practices are ordinary business matters that are up to management to decide. Moreover, nearly every company has a corporate-wide non-discrimination statement designed to prohibit harassment or discrimination on any basis in its workplace. Such policies are sufficient; references to specific groups of people should be limited to classes protected under federal legislation, such as racial minorities or women. Listing additional groups in non-discrimination policies would divert attention from the basic need for a workplace free of harassment and employment discrimination and would open the door for other groups to request specific mention as well. The company also could become the target of adverse publicity from conservative groups if it were to adopt such a policy.

3630 SP-REVIEW OR IMPLEMENT MACBRIDE PRINCIPLES

2 Vote AGAINST shareholder proposals that ask management to review or implement the MacBride principles.

DEFINITION OF TERMS:

RATIONALE:

Matters relating to the conduct of corporate activity in a foreign country generally should be determined by the government

of that country. Moreover, we are satisfied that Northern Ireland's fair employment laws provide reasonable safeguards against discrimination, and there is no reason to ask the company to

implement the MacBride principles. Management should not be hamstrung in implementing policy in this sensitive area by broad-stroke requirements placed on management by shareholders. The practical meaning of the MacBride principles is not clear, and we have reservations about the wording of some of the principles. Thus, the MacBride code at best is unnecessary and at worst is counterproductive.

3681 SP-MONITOR/ADOPT ILO CONVENTIONS
2 Vote AGAINST shareholder proposals that ask management to adopt, implement or enforce a global workplace code of conduct based on the International Labor Organization's (ILO) core labor conventions.
DEFINITION OF TERMS:
RATIONALE:
Management is in the best position to make decisions about workplace rules. It is the responsibility of employees, local trade unions and governments--not shareholders--to negotiate and/or regulate appropriate levels of compensation and safety requirements. A fundamental tenet of business is to obey local laws. Should these laws change, we believe management will take the steps necessary to comply with any new regulations; however, we do not think the shareholder resolution process should be used to raise issues that are more appropriately dealt with by government regulators.

Moreover, a code based on the ILO's core conventions may conflict with local government laws and therefore pose obstacles for enforcement, such as guaranteeing freedom of association for workers at supplier or company-owned facilities located in China. In addition, such a policy might undermine business models based on flexible supply chains, since enforcing a code would require time consuming inspections and might limit the number of suppliers available at any given time to produce products, causing profits to drop and shareholder returns to diminish. We therefore vote against resolutions asking companies to enforce core ILO conventions.

CAPITAL APPRECIATION PORTFOLIO

If and when proxies need to be voted on behalf of the Fund, Delaware Management Company (the "Adviser") will vote such proxies pursuant to its Proxy Voting Policies and Procedures (the "Procedures"). The Adviser has established a Proxy Voting Committee (the "Committee") which is responsible for overseeing the Adviser's proxy voting process for the Fund. One of the main responsibilities of the Committee is to review and approve the Procedures to ensure that the Procedures are designed to allow the Adviser to vote proxies in a manner consistent with the goal of voting in the best interests of the Fund. In order to facilitate the actual process of voting proxies, the Adviser has contracted with Institutional Shareholder Services ("ISS") to analyze proxy statements on behalf of the Fund and other Adviser clients and vote proxies generally in accordance with the Procedures. The Committee is responsible for overseeing ISS's proxy voting activities. If a proxy has been voted for the Fund, ISS will create a record of the vote.

The Procedures contain a general guideline that recommendations of company management on an issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. However, the Adviser will normally vote against management's position when it runs counter to its specific Proxy Voting Guidelines (the "Guidelines"), and the Adviser will also vote against management's recommendation when it believes that such position is not in the best interests of the Fund.

As stated above, the Procedures also list specific Guidelines on how to vote proxies on behalf of the Fund. Some examples of the Guidelines are as follows: (i) generally vote for shareholder proposals asking that a majority or more of directors be independent; (ii) generally vote against proposals to require a supermajority shareholder vote; (iii) generally vote for debt restructuring if it is expected that the company will file for bankruptcy if the transaction is not approved; (iv) votes on mergers and acquisitions should be considered on a case-by-case basis, determining whether the transaction enhances shareholder value; (v) generally vote against proposals to create a new class of common

stock with superior voting rights; (vi) generally vote for proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable; (vii) generally vote for management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms; (viii) votes with respect to management compensation plans are determined on a case-by-case basis; (ix) generally vote for reports on the level of greenhouse gas emissions from a company's operations and products; and (x) generally vote for proposals asking for a report on the feasibility of labeling products containing genetically modified ingredients.

The Adviser has a section in its Procedures that addresses the possibility of conflicts of interest. Most proxies which the Adviser receives on behalf of the Fund are voted by ISS in accordance with the Procedures. Because almost all Fund proxies are voted by ISS pursuant to the pre-determined Procedures, it normally will not be necessary for the Adviser to make an actual determination of how to vote a particular proxy, thereby largely eliminating conflicts of interest for the Adviser during the proxy voting process. In the very limited instances where the Adviser is considering voting a proxy contrary to ISS's recommendation, the Committee will first assess the issue to see if there is any possible conflict of interest involving the Adviser or affiliated persons of the Adviser. If a member of the Committee has actual knowledge of a conflict of interest, the Committee will normally use another independent third party to do additional research on the particular proxy issue in order to make a recommendation to the Committee on how to vote the proxy in the best interests of the Fund. The Committee will then review the proxy voting materials and recommendation provided by ISS and the independent third party to determine how to vote the issue in a manner which the Committee believes is consistent with the Procedures and in the best interests of the Fund.

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DELAWARE MANAGEMENT
BUSINESS TRUST

PROXY VOTING POLICIES AND PROCEDURES
(April 2003)

INTRODUCTION

Delaware Management Business Trust ("DMBT") is a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940, as amended, (the "Advisers Act"). DMBT consists of the following series of entities: Delaware Management Company, Delaware Investment Advisers, Delaware Capital Management, Delaware Lincoln Investment Advisers and Delaware Lincoln Cash Management (each an "Adviser", and together with DMBT, the "Advisers"). The Advisers provide investment advisory services to various types of clients such as registered and unregistered commingled funds, defined benefit plans, defined contribution plans, private and public pension funds, foundations, endowment funds and other types of institutional investors. Pursuant to the terms of an investment management agreement between an Adviser and its client or as a result of some other type of specific delegation by the client, the Advisers are often given the authority and discretion to vote proxy statements relating to the underlying securities which are held on behalf of such client. Also, clients sometimes ask the Advisers to give voting advice on certain proxies without delegating full responsibility to the Advisers to vote proxies on behalf of the client. DMBT has developed the following Proxy Voting Policies and Procedures (the "Procedures") in order to ensure that each Adviser votes proxies or gives proxy voting advice that is in the best interests of its clients.

PROCEDURES FOR VOTING PROXIES

To help make sure that the Advisers vote client proxies in accordance with the Procedures and in the best interests of clients, DMBT has established a Proxy Voting Committee (the "Committee") which is responsible for overseeing each Adviser's proxy voting process. The Committee consists of the following persons in DMBT: (i) one representative from the legal department; (ii) one representative from the compliance department; (iii) two representatives from the client services department; and (iv) one representative from the portfolio management department. The person(s) representing each department on the Committee may change from time to time. The Committee will meet as necessary to help DMBT fulfill its duties to vote proxies for clients, but in any event, will meet at least quarterly to discuss various proxy voting issues.

One of the main responsibilities of the Committee is to review and approve the Procedures on a yearly basis. The Procedures are usually reviewed during the first quarter of the calendar year before the beginning of the "proxy voting season" and may also be reviewed at other times of the year, as necessary. When reviewing the Procedures, the Committee looks to see if the Procedures are designed to allow the Adviser to vote proxies in a manner consistent with the goals of voting in the best interests of clients and maximizing the value of the

underlying shares being voted on by the Adviser. The Committee will also review the Procedures to make sure that they comply with any new rules promulgated by the SEC or other relevant regulatory bodies. After the Procedures are approved by the Committee, DMBT will vote proxies or give advice on voting proxies generally in accordance with such Procedures.

In order to facilitate the actual process of voting proxies, DMBT has contractually delegated its administrative duties with respect to voting proxies to Institutional Shareholder Services ("ISS"), a Delaware corporation. Both ISS and the client's custodian monitor corporate events for DMBT. DMBT also gives an authorization and direction letter to the client's custodian who then forwards the proxy statements to ISS to vote the proxy. On approximately a monthly basis, DMBT will send ISS an updated list of client accounts and security holdings in those accounts, so that ISS can update their database and is aware of which proxies they will need to vote on behalf of DMBT's clients. If needed, the Committee has access to these records.

DMBT provides ISS with the Procedures to use to analyze proxy statements on behalf of DMBT and its clients, and ISS is instructed to vote those proxy statements in accordance with the Procedures. After receiving the proxy statements, ISS will review the proxy issues and vote them in accordance with DMBT's Procedures. When the Procedures state that a

proxy issue will be decided on a case-by-case basis, ISS will look at the relevant facts and circumstances and research the issue to determine how the proxy should be voted, so that the proxy is voted in the best interests of the client and in accordance with the parameters described in these Procedures generally and specifically with the Proxy Voting Guidelines (the "Guidelines") below. If the Procedures do not address a particular proxy issue, ISS will similarly look at the relevant facts and circumstances and research the issue to determine how the proxy should be voted, so that the proxy is voted in the best interests of the client and pursuant to the spirit of the Procedures provided by DMBT. After a proxy has been voted, ISS will create a record of the vote in order to help the Advisers comply with our duties listed under "Availability of Proxy Voting Records and Recordkeeping" below. If a client provides DMBT with its own proxy voting guidelines, DMBT will forward the client's guidelines to ISS who will follow the steps above to vote the client's proxies pursuant to the client's guidelines.

The Committee is responsible for overseeing the operations of ISS in regards to proxy voting for DMBT's clients and will attempt to ensure that ISS is voting proxies pursuant to the Procedures. There may be times when one of the Advisers believes that the best interests of the client will be better served if the Adviser votes a proxy counter to how ISS is suggesting to vote the proxy. In those cases, the Committee will usually review the research provided by ISS on the particular issue, and it may also conduct its own research or solicit additional research from another third party on the issue. After gathering this information and possibly discussing the issue with other relevant parties, the Committee will use the information they have gathered to make a determination of how to vote on the issue in a manner which the Committee believes is consistent with DMBT's Procedures and in the best interests of the client.

The Advisers will attempt to process every vote for proxy statements which it or its agents receive when a client has given the Adviser the authority and direction to vote such proxies. However, there are situations in which the Adviser may not be able to process a proxy. For example, an Adviser may not be given enough time to process a vote because the Adviser or its agents received a proxy statement in an untimely manner. The Advisers will make every effort to avoid a situation where it is unable to vote a proxy.

COMPANY MANAGEMENT RECOMMENDATIONS

When determining whether to invest in a particular company, one or the factors the Advisers may consider is the quality and depth of the company's management. As a result, DMBT believes that recommendations of management on any issue (particularly routine issues) should be given a fair amount of weight in determining how proxy issues should be voted. Thus, on many issues, DMBT's votes are cast in accordance with the recommendations of the company's management. However, DMBT will normally vote against management's position when it runs counter to the Guidelines, and DMBT will also vote against management's recommendation when such position is not in the best interests of DMBT's clients.

CONFLICTS OF INTEREST

As a matter of policy, the Committee and any other officers, directors, employees and affiliated persons of DMBT will not be influenced by outside sources who have interests which conflict with the interests of DMBT's clients when voting proxies for such clients. However, in order to ensure that DMBT votes proxies in the best interests of the client, DMBT has established various

systems described below to properly deal with a material conflict of interest.

Almost all of the proxies which DMBT receives on behalf of its clients are voted by ISS in accordance with these pre-approved Procedures. As stated above, these Procedures are reviewed and approved by the Committee during the first quarter of the calendar year and at other necessary times, and the Procedures are then utilized by ISS going forward to vote client proxies. The Committee approves the Procedures only after it has determined that the Procedures are designed to help DMBT vote proxies in a manner consistent with the goal of voting in the best interests of its clients. Because the majority of client proxies are voted by ISS pursuant to the pre-determined Procedures, DMBT usually makes no actual determination of how to vote a particular proxy, and therefore, the proxy votes made on behalf of clients are not a product of a conflict of interest for DMBT.

In the limited instances where DMBT is considering voting a proxy contrary to ISS's recommendation, the Committee will first assess the issue to see if they are aware of any possible conflict of interest involving DMBT or affiliated persons

of DMBT. If there is no perceived conflict of interest, the Committee will then vote the proxy according to the process described in "Procedures for Voting Proxies" above. If at least one member of the Committee has actual knowledge of a conflict of interest, the Committee will use another independent third party to do additional research on the particular issue in order to make a recommendation to the Committee of how to vote the proxy in the best interests of the client. The Committee will then review the proxy voting materials and recommendation provided by ISS and the independent third party to make a determination of how to vote the issue in a manner which the Committee believes is consistent with DMBT's Procedures and in the best interests of the client. In these instances, the Committee must come to a unanimous decision regarding how to vote the proxy or they will be required to vote the proxy in accordance with ISS's original recommendation.

AVAILABILITY OF PROXY VOTING INFORMATION AND RECORDKEEPING

Clients of DMBT will be told to contact their client service representative in order to obtain information from DMBT on how their securities were voted. At the beginning of a new relationship with a client, DMBT will provide clients with a concise summary of DMBT's proxy voting process and will inform clients of how they can obtain a copy of the complete Procedures upon request. The information described in the preceding two sentences will be included in Part II of DMBT's Form ADV which is delivered to each new client prior to the commencement of investment management services. Existing clients will also be provided with the above information.

DMBT will also retain extensive records regarding proxy voting on behalf of clients. DMBT will keep records of the following items: (i) the Procedures; (ii) proxy statements received regarding client securities (via hard copies held by ISS or electronic filings from the SEC's EDGAR tiling system); (iii) records of votes cast on behalf of DMBT's clients (via ISS); (iv) records of a client's written request for information on how DMBT voted proxies for the client, and any DMBT written response to an oral or written client request for information on how DMBT voted proxies for the client; and (v) any documents prepared by DMBT that were material to making a decision how to vote or that memorialized the basis for that decision. These records will be maintained in an easily accessible place for at least five years from the end of the fiscal year during which the last entry was made on such record. For the first two years, such records will be stored at the offices of DMBT.

PROXY VOTING GUIDELINES

The following Guidelines summarize DMBT's positions on various issues and give a general indication as to how the Advisers will vote shares on each issue. The Proxy Committee has reviewed the Guidelines and determined that voting proxies pursuant to the Guidelines should be in the best interests of the client and should facilitate the goal of maximizing the value of the client's investments. Although the Advisers will usually vote proxies in accordance with these Guidelines, the Advisers reserve the right to vote certain issues counter to the Guidelines if, after a thorough review of the matter, the Adviser determines that a client's best interests would be served by such a vote. Moreover, the list of Guidelines below is not exhaustive and does not include all potential voting issues. To the extent that the Guidelines do not cover potential voting issues, the Advisers will vote on such issues in a manner that is consistent with the spirit of the Guidelines below and that promotes the best interests of the client. DMBT's Guidelines are listed immediately below and are organized by the types of issues that could possibly be brought up in a proxy statement:

1. OPERATIONAL ITEMS

ADJOURN MEETING

Generally vote AGAINST proposals to provide management with the authority to adjourn an annual or special meeting absent compelling reasons to support the proposal.

AMEND QUORUM REQUIREMENTS
Generally vote AGAINST proposals to reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal.

AMEND MINOR BYLAWS
Generally vote FOR bylaw or charter changes that are of a housekeeping nature (updates or corrections).

CHANGE COMPANY NAME
Generally vote FOR proposals to change the corporate name.

CHANGE DATE, TIME, OR LOCATION OF ANNUAL MEETING
Generally vote FOR management proposals to change the date/time/location of the annual meeting unless the proposed change is unreasonable.
Generally vote AGAINST shareholder proposals to change the date/time/location of the annual meeting unless the current scheduling or location is unreasonable.

RATIFYING AUDITORS
Generally vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent
- Fees for non-audit services are excessive, or
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position.

Vote CASE-BY-CASE on shareholder proposals asking companies to prohibit or limit their auditors from engaging in non-audit services. Generally vote FOR shareholder proposals asking for audit firm rotation, unless the rotation period is so short (less than five years) that it would be unduly burdensome to the company.

TRANSACT OTHER BUSINESS
Generally vote AGAINST proposals to approve other business when it appears as voting item.

2. BOARD OF DIRECTORS

VOTING ON DIRECTOR NOMINEES IN UNCONTESTED ELECTIONS
Votes on director nominees should be made on a CASE-BY-CASE basis, examining the following factors: composition of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance relative to a market index, directors' investment in the company, whether the chairman is also serving as CEO, and whether a retired CEO sits on the board. However, there are some actions by directors that should result in votes being withheld. These instances include directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse
- Implement or renew a dead-hand or modified dead-hand poison pill
- Ignore a shareholder proposal that is approved by a majority of the shares outstanding
- Ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years
- Failed to act on takeover offers where the majority of the shareholders tendered their shares
- Are inside directors or affiliated outsiders and sit on the audit, compensation, or nominating committees
- Are inside directors or affiliated outsiders and the full board serves as the audit, compensation, or nominating committee or the company does not have one of these committees
- Are audit committee members and the non-audit fees paid to the auditor are excessive.

In addition, directors who enacted egregious corporate governance policies or failed to replace management as appropriate would be subject to recommendations to withhold votes.

AGE LIMITS
Generally vote AGAINST shareholder proposals to impose a mandatory retirement age for outside directors.
BOARD SIZE
Generally vote FOR proposals seeking to fix the board size or designate a range for the board size. Generally vote AGAINST proposals that give management the ability to alter the size of the board outside of a specified range without

shareholder approval.

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CLASSIFICATION/DECLASSIFICATION OF THE BOARD
Generally vote AGAINST proposals to classify the board.
Generally vote FOR proposals to repeal classified boards and to elect all directors annually.

CUMULATIVE VOTING
Generally vote AGAINST proposals to eliminate cumulative voting.
Vote proposals to restore or permit cumulative voting on a CASE-BY-CASE basis relative to the company's other governance provisions.

DIRECTOR AND OFFICER INDEMNIFICATION AND LIABILITY PROTECTION
Proposals on director and officer indemnification and liability protection should be evaluated on a CASE-BY-CASE basis, using Delaware law as the standard.
Generally vote AGAINST proposals to eliminate entirely directors' and officers' liability for monetary damages for violating the duty of care.
Generally vote AGAINST indemnification proposals that would expand coverage beyond just legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligation than mere carelessness.
Generally vote FOR only those proposals providing such expanded coverage in cases when a director's or officer's legal defense was unsuccessful if both of the following apply:

- The director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company, and
- Only if the director's legal expenses would be covered.

ESTABLISH/AMEND NOMINEE QUALIFICATIONS
Vote CASE-BY-CASE on proposals that establish or amend director qualifications. Votes should be based on how reasonable the criteria are and to what degree they may preclude dissident nominees from joining the board. Generally vote AGAINST shareholder proposals requiring two candidates per board seat.

FILLING VACANCIES/REMOVAL OF DIRECTORS
Generally vote AGAINST proposals that provide that directors may be removed only for cause.
Generally vote FOR proposals to restore shareholder ability to remove directors with or without cause.
Generally vote AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.
Generally vote FOR proposals that permit shareholders to elect directors to fill board vacancies.

INDEPENDENT CHAIRMAN (SEPARATE CHAIRMAN/CEO)
Vote on a CASE-BY-CASE basis shareholder proposals requiring that the positions of chairman and CEO be held separately. Because some companies have governance structures in place that counterbalance a combined position, the following factors should be taken into account in determining whether the proposal warrants support:

- Designated lead director appointed from the ranks of the independent board members with clearly delineated duties
- Majority of independent directors on board
- All-independent key committees
- Committee chairpersons nominated by the independent directors
- CEO performance reviewed annually by a committee of outside directors
- Established governance guidelines
- Company performance.

MAJORITY OF INDEPENDENT DIRECTORS/ESTABLISHMENT OF COMMITTEES
Generally vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by ISS's definition of independence.
Generally vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

STOCK OWNERSHIP REQUIREMENTS

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Generally vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. While DMBT favors stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

TERM LIMITS
Generally vote AGAINST shareholder proposals to limit the tenure of outside directors.

3. PROXY CONTESTS

VOTING FOR DIRECTOR NOMINEES IN CONTESTED ELECTIONS

Votes in a contested election of directors must be evaluated on a CASE-BY-CASE basis, considering the following factors:

- Long-term financial performance of the target company relative to its industry; management's track record
- Background to the proxy contest
- Qualifications of director nominees (both slates)
- Evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met; and stock ownership positions.

REIMBURSING PROXY SOLICITATION EXPENSES
Voting to reimburse proxy solicitation expenses should be analyzed on a CASE-BY-CASE basis. In cases where DMBT votes in favor of the dissidents, we also recommend voting for reimbursing proxy solicitation expenses.

CONFIDENTIAL VOTING
Generally vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived. Generally vote FOR management proposals to adopt confidential voting.

4. ANTITAKEOVER DEFENSES AND VOTING RELATED ISSUES

ADVANCE NOTICE REQUIREMENTS FOR SHAREHOLDER PROPOSALS/NOMINATIONS
Votes on advance notice proposals are determined on a CASE-BY-CASE basis, giving support to those proposals which allow shareholders to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible.

AMEND BYLAWS WITHOUT SHAREHOLDER CONSENT
Generally vote AGAINST proposals giving the board exclusive authority to amend the bylaws. Generally vote FOR proposals giving the board the ability to amend the bylaws in addition to shareholders.

POISON PILLS
Generally vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification. Review on a CASE-BY-CASE basis shareholder proposals to redeem a company's poison pill. Review on a CASE-BY-CASE basis management proposals to ratify a poison pill.

SHAREHOLDER ABILITY TO ACT BY WRITTEN CONSENT
Generally vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.
Generally vote FOR proposals to allow or make easier shareholder action by written consent.
SHAREHOLDER ABILITY TO CALL SPECIAL MEETINGS
Generally vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.
Generally vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.

SUPERMAJORITY VOTE REQUIREMENTS
Generally vote AGAINST proposals to require a supermajority shareholder vote.
Generally vote FOR proposals to lower supermajority vote requirements.

5. MERGERS AND CORPORATE RESTRUCTURINGS

APPRAISAL RIGHTS
Generally vote FOR proposals to restore, or provide shareholders with, rights of appraisal.

ASSET PURCHASES
Vote CASE-BY-CASE on asset purchase proposals, considering the following factors:

- Purchase price
- Fairness opinion
- Financial and strategic benefits
- How the deal was negotiated
- Conflicts of interest
- Other alternatives for the business
- Noncompletion risk.

ASSET SALES
Votes on asset sales should be determined on a CASE-BY-CASE basis, considering the following factors:

- Impact on the balance sheet/working capita!
- Potential elimination of diseconomies
- Anticipated financial and operating benefits
- Anticipated use of funds
- Value received for the asset
- Fairness opinion
- How the deal was negotiated
- Conflicts of interest.

BUNDLED PROPOSALS
Review on a CASE-BY-CASE basis bundled or "conditioned" proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the packaged items. In instances when the joint effect of the conditioned items is not in shareholders' best interests, vote against the proposals. If the combined effect is positive, support such proposals.

CONVERSION OF SECURITIES
Votes on proposals regarding conversion of securities are determined on a CASE-BY-CASE basis. When evaluating these proposals the investor should review the dilution to existing shareholders, the conversion price relative to market value, financial issues, control issues, termination penalties, and conflicts of interest.

Generally vote FOR the conversion if it is expected that the company will be subject to onerous penalties or will be forced to file for bankruptcy if the transaction is not approved.

CORPORATE REORGANIZATION/DEBT RESTRUCTURING/PREPACKAGED BANKRUPTCY PLANS/REVERSE LEVERAGED BUYOUTS/WRAP PLANS
Votes on proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan are determined on a CASE-BY-CASE basis, taking into consideration the following:

- Dilution to existing shareholders' position
- Terms of the offer
- Financial issues
- Management's efforts to pursue other alternatives
- Control issues
- Conflicts of interest.

Generally vote FOR the debt restructuring if it is expected that the company wit] file for bankruptcy if the transaction is

not approved.

FORMATION OF HOLDING COMPANY
Votes on proposals regarding the formation of a holding company should be determined on a CASE-BY-CASE basis, taking into consideration the following:

- The reasons for the change
- Any financial or tax benefits
- Regulatory benefits
- Increases in capital structure
- Changes to the articles of incorporation or bylaws of the company.

Absent compelling financial reasons to recommend the transaction, generally vote AGAINST the formation of a holding company if the transaction would include either of the following:

- Increases in common or preferred stock in excess of the allowable maximum as calculated by the ISS Capital Structure model
- Adverse changes in shareholder rights

GOING PRIVATE TRANSACTIONS (LBOS AND MINORITY SQUEEZEOUTS)
Vote going private transactions on a CASE-BY-CASE basis, taking into account the following: offer price/premium, fairness opinion, how the deal was negotiated, conflicts of interest, other alternatives/offers considered, and noncompletion risk.

JOINT VENTURES
Votes CASE-BY-CASE on proposals to form joint ventures, taking into account the following: percentage of assets/business contributed, percentage ownership, financial and strategic benefits, governance structure, conflicts of interest, other alternatives, and noncompletion risk.

LIQUIDATIONS
Votes on liquidations should be made on a CASE-BY-CASE basis after reviewing management's efforts to pursue other alternatives, appraisal value of assets, and the compensation plan for executives managing the liquidation. Generally vote FOR the liquidation if the company will file for bankruptcy if the proposal is not approved.

MERGERS AND ACQUISITIONS/ISSUANCE OF SHARES TO FACILITATE MERGER OR ACQUISITION
Votes on mergers and acquisitions should be considered on a CASE-BY-CASE basis, determining whether the transaction enhances shareholder value by giving consideration to the following:

- Prospects of the combined company, anticipated financial and operating benefits
- Offer price
- Fairness opinion
- How the deal was negotiated
- Changes in corporate governance
- Change in the capital structure
- Conflicts of interest.

PRIVATE PLACEMENTS/WARRANTS/CONVERTIBLE DEBENTURES
Votes on proposals regarding private placements should be determined on a CASE-H r -CASE basis. When evaluating these proposals the investor should review: dilution to existing shareholders' position, terms of the offer, financial issues, management's efforts to pursue other alternatives, control issues, and conflicts of interest. Generally vote FOR the private placement if it is expected that the company will file for bankruptcy if the transaction is not approved.

SPINOFFS
Votes on spinoffs should be considered on a CASE-BY-CASE basis depending on:

- Tax and regulatory advantages
- Planned use of the sale proceeds
- Valuation of spinoff
- Fairness opinion

- Benefits to the parent company
- Conflicts of interest
- Managerial incentives
- Corporate governance changes
- Changes in the capital structure.

VALUE MAXIMIZATION PROPOSALS
Vote CASE-BY-CASE on shareholder proposals seeking to maximize shareholder value by hiring a financial advisor to explore strategic alternatives, selling the company or liquidating the company and distributing the proceeds to shareholders. These proposals should be evaluated based on the following factors: prolonged poor performance with no turnaround in sight, signs of entrenched board and management, strategic plan in place for improving value, likelihood of receiving reasonable value in a sale or dissolution, and whether company is actively exploring its strategic options, including retaining a financial advisor.

6. STATE OF INCORPORATION

CONTROL SHARE ACQUISITION PROVISIONS
Generally vote FOR proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareholders.
Generally vote AGAINST proposals to amend the charter to include control share acquisition provisions.
Generally vote FOR proposals to restore voting rights to the control shares.

CONTROL SHARE CASHOUT PROVISIONS
Generally vote FOR proposals to opt out of control share cashout statutes.

DISGORGEMENT PROVISIONS
Generally vote FOR proposals to opt out of state disgorgement provisions.

FAIR PRICE PROVISIONS
Vote proposals to adopt fair price provisions on a CASE-BY-CASE basis, evaluating factors such as the vote required to approve the proposed acquisition, the vote required to repeal the fair price provision, and the mechanism for determining the fair price.
Generally vote AGAINST fair price provisions with shareholder vote requirements greater than a majority' of disinterested shares.

FREEZEOUT PROVISIONS
Generally vote FOR proposals to opt out of state freezeout provisions.

GREENMAIL
Generally vote FOR proposals to adopt antigreenmail charter of bylaw amendments or otherwise restrict a company's ability to make greenmail payments. Review on a CASE-BY-CASE basis antigreenmail proposals when they are bundled with other charter or bylaw amendments.

REINCORPORATION PROPOSALS
Proposals to change a company's state of incorporation should be evaluated on a CASE-BY-CASE basis, giving consideration to both financial and corporate governance concerns, including the reasons for reincorporating, a comparison of the governance provisions, and a comparison of the jurisdictional laws.
Generally vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

STAKEHOLDER PROVISIONS
Generally vote AGAINST proposals that ask the board to consider nonshareholder constituencies or other nonfinancial effects when evaluating a merger or business combination.

STATE ANTITAKEOVER STATUTES

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Review on a CASE-BY-CASE basis proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freezeout provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, antigreenmail provisions, and disgorgement provisions).

7. CAPITAL STRUCTURE

ADJUSTMENTS TO PAR VALUE OF COMMON STOCK
Generally vote FOR management proposals to reduce the par value of common stock.

COMMON STOCK AUTHORIZATION
Votes on proposals to increase the number of shares of common stock authorized for issuance are determined on a CASE-BY-CASE basis using a model developed by ISS.
Generally vote AGAINST proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.
Generally vote FOR proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

DUAL-CLASS STOCK
Generally vote AGAINST proposals to create a new class of common stock with superior voting rights. Generally vote FOR proposals to create a new class of nonvoting or subvoting common stock if:
- It is intended for financing purposes with minimal or no dilution to current shareholders
- It is not designed to preserve the voting power of an insider or significant shareholder

ISSUE STOCK FOR USE WITH RIGHTS PLAN
Generally vote AGAINST proposals that increase authorized common stock for the explicit purpose of implementing a shareholder rights plan (poison pill).

PREEMPTIVE RIGHTS
Review on a CASE-BY-CASE basis shareholder proposals that seek preemptive rights. In evaluating proposals on preemptive rights, consider the size of a company, the characteristics of its shareholder base, and the liquidity of the stock.

PREFERRED STOCK
Generally vote AGAINST proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).
Generally vote FOR proposals to create "declawed" blank check preferred stock (stock that cannot be used as a takeover defense).
Generally vote FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable. Generally vote AGAINST proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose.
Vote CASE-BY-CASE on proposals to increase the number of blank check preferred shares after analyzing the number of preferred shares available for issue given a company's industry and performance in terms of shareholder returns.

RECAPITALIZATION
Votes CASE-BY-CASE on recapitalizations (reclassifications of securities), taking into account the following: more simplified capital structure, enhanced liquidity, fairness of conversion terms, impact on voting power and dividends, reasons for the reclassification, conflicts of interest, and other alternatives considered.

REVERSE STOCK SPLITS
Generally vote FOR management proposals to implement a reverse stock split when the number of authorized shares will be proportionately reduced.

Generally vote FOR management proposals to implement a reverse stock split to avoid delisting. Votes on proposals to implement a reverse stock split that do not proportionately reduce the number of shares authorized for issue should be determined on a CASE-BY-CASE basis using a model developed by ISS.

SHARE REPURCHASE PROGRAMS
Generally vote FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

STOCK DISTRIBUTIONS: SPLITS AND DIVIDENDS
Generally vote FOR management proposals to increase the common share authorization for a stock split or share dividend, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance as determined using a model developed by ISS.

TRACKING STOCK
Votes on the creation of tracking stock are determined on a CASE-BY-CASE basis, weighing the strategic value of the transaction against such factors as: adverse governance changes, excessive increases in authorized capital stock, unfair method of distribution, diminution of voting rights, adverse conversion features, negative impact on stock option plans, and other alternatives such as spinoff.

8. EXECUTIVE AND DIRECTOR COMPENSATION

Votes with respect to compensation plans should be determined on a CASE-BY-CASE basis. Our methodology for reviewing compensation plans primarily focuses on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders instead of simply focusing on voting power dilution). Using the expanded compensation data disclosed under the SEC's rules, ISS will value every award type. ISS will include in its analyses an estimated dollar cost for the proposed plan and all continuing plans. This cost, dilution to shareholders' equity, will also be expressed as a percentage figure for the transfer of shareholder wealth, and will be considered long with dilution to voting power. Once ISS determines the estimated cost of the plan, we compare it to a company-specific dilution cap.

Our model determines a company-specific allowable pool of shareholder wealth that may be transferred from the company to executives, adjusted for:
- Long-term corporate performance (on an absolute basis and relative to a standard industry peer group and an appropriate market index),
- Cash compensation, and
- Categorization of the company as emerging, growth, or mature.

These adjustments are pegged to market capitalization. ISS will continue to examine other features of proposed pay plans such as administration, payment terms, plan duration, and whether the administering committee is permitted to reprice underwater stock options without shareholder approval.

DIRECTOR COMPENSATION
Votes on compensation plans for directors are determined on a CASE-BY-CASE basis, using a proprietary, quantitative model developed by ISS.

STOCK PLANS IN LIEU OF CASH
Votes for plans which provide participants with the option of taking all or a portion of their cash compensation in the form of stock are determined on a CASE-BY-CASE basis.
Generally vote FOR plans which provide a dollar-for-dollar cash for stock exchange.
Votes for plans which do not provide a dollar-for-dollar cash for stock exchange should be determined on a CASE-BY-CASE basis using a proprietary, quantitative model developed by ISS.

DIRECTOR RETIREMENT PLANS
Generally vote AGAINST retirement plans for nonemployee directors.

Generally vote FOR shareholder proposals to eliminate retirement plans for nonemployee directors.

MANAGEMENT PROPOSALS SEEKING APPROVAL TO REPRICE OPTIONS
Votes on management proposals seeking approval to reprice options are evaluated on a CASE-BY-CASE basis giving consideration to the following:
- Historic trading patterns

- Rationale for the repricing
- Value-for-value exchange
- Option vesting
- Term of the option
- Exercise price
- Participation.

EMPLOYEE STOCK PURCHASE PLANS
Votes on employee stock purchase plans should be determined on a CASE-BY-CASE basis.
Generally vote FOR employee stock purchase plans where all of the following apply:
- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less, and
- Potential voting power dilution (VPD) is ten percent or less.

Generally vote AGAINST employee stock purchase plans where any of the following apply:
- Purchase price is less than 85 percent of fair market value, or
- Offering period is greater than 27 months, or
- VPD is greater than ten percent

INCENTIVE BONUS PLANS AND TAX DEDUCTIBILITY PROPOSALS (OBRA-RELATED COMPENSATION PROPOSALS)
Generally vote FOR proposals that simply amend shareholder-approved compensation plans to include administrative features or place a cap on the annual grants any one participant may receive to comply with the provisions of Section 162(m).
Generally vote FOR proposals to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) unless they are clearly inappropriate.
Votes to amend existing plans to increase shares reserved and to qualify for favorable tax treatment under the provisions of Section 162(m) should be considered on a CASE-BY-CASE basis using a proprietary, quantitative model developed by ISS.
Generally vote FOR cash or cash and stock bonus plans that are submitted to shareholders for the purpose of exempting compensation from taxes under the provisions of Section 162(m) if no increase in shares is requested.

EMPLOYEE STOCK OWNERSHIP PLANS (ESOPS)
Generally vote FOR proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares.)

401(k) EMPLOYEE BENEFIT PLANS
Generally vote FOR proposals to implement a 401(k) savings plan for employees.

SHAREHOLDER PROPOSALS REGARDING EXECUTIVE AND DIRECTOR PAY
Generally vote FOR shareholder proposals seeking additional disclosure of executive and director pay information, provided the information requested is relevant to shareholders' needs, would not put the company at a competitive disadvantage relative to its industry, and is not unduly burdensome to the company.
Generally vote AGAINST shareholder proposals seeking to set absolute levels on compensation or otherwise dictate the amount or form of compensation.
Generally vote AGAINST shareholder proposals requiring director fees be paid in stock only. Generally vote FOR shareholder proposals to put option repricings to a shareholder vote. Vote on a CASE-BY-CASE basis for all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

OPTION EXPENSING
Generally vote FOR shareholder proposals asking the company to expense stock options, unless the company has already publicly committed to expensing options by a specific date.

PERFORMANCE-BASED STOCK OPTIONS
Vote CASE-BY-CASE on shareholder proposals advocating the use of performance-based stock options (indexed, premium-priced, and performance-vested options), taking into account:
- Whether the proposal mandates that a//awards be performance-based
- Whether the proposal extends beyond executive awards to those of lower-ranking employees
- Whether the company's stock-based compensation plans meet ISS's SVT criteria and do not violate our repricing guidelines

GOLDEN AND TIN PARACHUTES
Generally vote FOR shareholder proposals to require golden and tin parachutes (executive severance agreements) to be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into

employment contracts.
Vote on a CASE-BY-CASE basis on proposals to ratify or cancel golden or tin parachutes. An acceptable parachute should include the following:

- The parachute should be less attractive than an ongoing employment opportunity with the firm
- The triggering mechanism should be beyond the control of management
- The amount should not exceed three times base salary plus guaranteed benefits

9. SOCIAL AND ENVIRONMENTAL ISSUES

CONSUMER ISSUES AND PUBLIC SAFETY

ANIMAL RIGHTS
Vote CASE-BY-CASE on proposals to phase out the use of animals in product testing, taking into account:

- The nature of the product and the degree that animal testing is necessary or federally mandated (such as medical products),
- The availability and feasibility of alternatives to animal testing to ensure product safety, and
- The degree that competitors are using animal-free testing.

Generally vote FOR proposals seeking a report on the company's animal welfare standards unless:

- The company has already published a set of animal welfare standards and monitors compliance
- The company's standards are comparable to or better than those of peer firms, and
- There are no serious controversies surrounding the company's treatment of animals

DRUG PRICING
Vote CASE-BY-CASE on proposals asking the company to implement price restraints on pharmaceutical products, taking into account:

- Whether the proposal focuses on a specific drug and region
- Whether the economic benefits of providing subsidized drugs (e.g., public goodwill) outweigh the costs in terms of reduced profits, lower R&D spending, and harm to competitiveness
- The extent that reduced prices can be offset through the company's marketing budget without affecting R&D spending
- Whether the company already limits price increases of its products
- Whether the company already contributes life-saving pharmaceuticals to the needy and Third World countries
- The extent that peer companies implement price restraints

GENETICALLY MODIFIED FOODS
VOTE CASE-BY-CASE ON PROPOSALS TO LABEL GENETICALLY MODIFIED (GMO) INGREDIENTS VOLUNTARILY IN THE COMPANY'S PRODUCTS, OR ALTERNATIVELY TO PROVIDE INTERIM LABELING AND EVENTUALLY ELIMINATE GMOS, TAKING INTO ACCOUNT:

- The costs and feasibility of labeling and/or phasing out

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- The nature of the company's business and the proportion of it affected by the proposal
- The proportion of company sales in markets requiring labeling or GMO-free products
- The extent that peer companies label or have eliminated GMOs
- Competitive benefits, such as expected increases in consumer demand for the company's products
- The risks of misleading consumers without federally mandated, standardized labeling
- Alternatives to labeling employed by the company.

Generally vote FOR proposals asking for a report on the feasibility of labeling products containing GMOs.
Generally vote AGAINST proposals to completely phase out GMOs from the company's products. Such resolutions presuppose that there are proven health risks to GMOs--an issue better left to federal regulators--which outweigh the economic benefits derived from biotechnology.

VOTE CASE-BY-CASE ON REPORTS OUTLINING THE STEPS NECESSARY TO ELIMINATE GMOS FROM THE COMPANY'S PRODUCTS, TAKING INTO ACCOUNT:

- The relevance of the proposal in terms of the company's business and the proportion of it affected by the resolution
- The extent that peer companies have eliminated GMOs
- The extent that the report would clarify whether it is viable for the company to eliminate GMOs from its products
- Whether the proposal is limited to a feasibility study or additionally seeks an action plan and timeframe actually to phase out GMOs
- The percentage of revenue derived from international operations, particularly in Europe, where GMOs are more regulated.

Generally vote AGAINST proposals seeking a report on the health and environmental effects of GMOs and the company's strategy for phasing out GMOs in

the event they become illegal in the United States. Studies of this sort are better undertaken by regulators and the scientific community. If made illegal in the United States, genetically modified crops would automatically be recalled and phased out.

HANDGUNS
Generally vote AGAINST requests for reports on a company's policies aimed at curtailing gun violence in the United States unless the report is confined to product safety information. Criminal misuse of firearms is beyond company control and instead falls within the purview of law enforcement agencies.

PREDATORY LENDING
Vote CASE-BY CASE on requests for reports on the company's procedures for preventing predatory lending, including the establishment of a board committee for oversight, taking into account:

- Whether the company has adequately disclosed mechanisms in place to prevent abusive lending practices
- Whether the company has adequately disclosed the financial risks of its subprime business
- Whether the company has been subject to violations of lending laws or serious lending controversies
- Peer companies' policies to prevent abusive lending practices.

TOBACCO
Most tobacco-related proposals should be evaluated on a CASE-BY-CASE basis, taking into account the following factors:

Second-hand smoke:

- Whether the company complies with all local ordinances and regulations
- The degree that voluntary restrictions beyond those mandated by law might hurt the company's competitiveness
- The risk of any health-related liabilities.

Advertising to youth:

- Whether the company complies with federal, state, and local laws on the marketing of tobacco or if it has been fined for violations
- Whether the company has gone as far as peers in restricting advertising
- Whether the company entered into the Master Settlement Agreement, which restricts marketing of tobacco to youth

- Whether restrictions on marketing to youth extend to foreign countries

Cease production of tobacco-related products or avoid selling products to tobacco companies:

- The percentage of the company's business affected
- The economic loss of eliminating the business versus any potential tobacco-related liabilities.

Spinoff tobacco-related businesses:

- The percentage of the company's business affected
- The feasibility of a spinoff
- Potential future liabilities related to the company's tobacco business.

Stronger product warnings:
Generally vote AGAINST proposals seeking stronger product warnings. Such decisions are better left to public health authorities.

Investment in tobacco stocks:
Generally vote AGAINST proposals prohibiting investment in tobacco equities. Such decisions are better left to portfolio managers.

ENVIRONMENT AND ENERGY

ARCTIC NATIONAL WILDLIFE REFUGE
Vote CASE-BY-CASE on reports outlining potential environmental damage from drilling in the Arctic National Wildlife Refuge (ANWR), taking into account:

- Whether there are publicly available environmental impact reports;
- Whether the company has a poor environmental track record, such as violations of federal and state regulations or accidental spills; and
- The current status of legislation regarding drilling in ANWR.

CERES PRINCIPLES
Vote CASE-BY-CASE on proposals to adopt the CERES Principles, taking into account:

- The company's current environmental disclosure beyond legal requirements, including environmental health and safety (EHS) audits and reports that may duplicate CERES
- The company's environmental performance record, including violations

of federal and state regulations, level of toxic emissions, and accidental spills
- Environmentally conscious practices of peer companies, including endorsement of CERES
- Costs of membership and implementation.

ENVIRONMENTAL REPORTS
Generally vote FOR requests for reports disclosing the company's environmental policies unless it already has well-documented environmental management systems that are available to the public.

GLOBAL WARMING
Generally vote FOR reports on the level of greenhouse gas emissions from the company's operations and products, unless the report is duplicative of the company's current environmental disclosure and reporting or is not integral to the company's line of business. However, additional reporting may be warranted if:
- The company's level of disclosure lags that of its competitors, or
- The company has a poor environmental track record, such as violations of federal and state regulations.

RECYCLING
Vote CASE-BY-CASE on proposals to adopt a comprehensive recycling strategy, taking into account:
- The nature of the company's business and the percentage affected
- The extent that peer companies are recycling

- The timetable prescribed by the proposal
- The costs and methods of implementation
- Whether the company has a poor environmental track record, such as violations of federal and state regulations.

RENEWABLE ENERGY
Vote CASE-BY-CASE on proposals to invest in renewable energy sources, taking into account:
- The nature of the company's business and the percentage affected
- The extent that peer companies are switching from fossil fuels to cleaner sources
- The timetable and specific action prescribed by the proposal
- The costs of implementation
- The company's initiatives to address climate change

Generally vote FOR requests for reports on the feasibility of developing renewable energy sources, unless the report is duplicative of company's current environmental disclosure and reporting or is not integral to the company's line of business.

GENERAL CORPORATE ISSUES

LINK EXECUTIVE COMPENSATION TO SOCIAL PERFORMANCE
Vote CASE-BY-CASE on proposals to review ways of linking executive compensation to social factors, such as corporate downsizings, customer or employee satisfaction, community involvement, human rights, environmental performance, predatory lending, and executive/employee pay disparities. Such resolutions should be evaluated in the context of:
- The relevance of the issue to be linked to pay
- The degree that social performance is already included in the company's pay structure and disclosed
- The degree that social performance is used by peer companies in setting pay
- Violations or complaints filed against the company relating to the particular social performance measure
- Artificial limits sought by the proposal, such as freezing or capping executive pay
- Independence of the compensation committee
- Current company pay levels.

CHARITABLE/POLITICAL CONTRIBUTIONS
Generally vote AGAINST proposals asking the company to affirm political nonpartisanship in the workplace so long as:
- The company is in compliance with laws governing corporate political activities, and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and not coercive.

Generally vote AGAINST proposals to report or publish in newspapers the company's political contributions. Federal and state laws restrict the amount of corporate contributions and include reporting requirements.
Generally vote AGAINST proposals disallowing the company from making political contributions. Businesses are affected by legislation at the federal, state, and

local level and barring contributions can put the company at a competitive disadvantage.
Generally vote AGAINST proposals restricting the company from making charitable contributions. Charitable contributions are generally useful for assisting worthwhile causes and for creating goodwill in the community. In the absence of bad faith, self-dealing, or gross negligence, management should determine which contributions are in the best interests of the company.
Generally vote AGAINST proposals asking for a list of company executives, directors, consultants, legal counsels, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders.

LABOR STANDARDS AND HUMAN RIGHTS

CHINA PRINCIPLES
Generally vote AGAINST proposals to implement the China Principles unless:
- There are serious controversies surrounding the company's China operations, and
- The company does not have a code of conduct with standards similar to those promulgated by the International Labor Organization (ILO).

COUNTRY-SPECIFIC HUMAN RIGHTS REPORTS
Vote CASE-BY-CASE on requests for reports detailing the company's operations in a particular country and steps to protect human rights, based on:
- The nature and amount of company business in that country
- The company's workplace code of conduct
- Proprietary and confidential information involved
- Company compliance with U.S. regulations on investing in the country
- Level of peer company involvement in the country.

INTERNATIONAL CODES OF CONDUCT/VENDOR STANDARDS
VOTE CASE-BY-CASE ON PROPOSALS TO IMPLEMENT CERTAIN HUMAN RIGHTS STANDARDS AT COMPANY FACILITIES OR THOSE OF ITS SUPPLIERS AND TO COMMIT TO OUTSIDE, INDEPENDENT MONITORING. IN EVALUATING THESE PROPOSALS, THE FOLLOWING SHOULD BE CONSIDERED:
- The company's current workplace code of conduct or adherence to other global standards and the degree they meet the standards promulgated by the proponent
- Agreements with foreign suppliers to meet certain workplace standards
- Whether company and vendor facilities are monitored and how
- Company participation in fair labor organizations
- Type of business
- Proportion of business conducted overseas
- Countries of operation with known human rights abuses
- Whether the company has been recently involved in significant labor and human rights controversies or violations
- Peer company standards and practices
- Union presence in company's international factories

Generally vote FOR reports outlining vendor standards compliance unless any of the following apply:
- The company does not operate in countries with significant human rights violations
- The company has no recent human rights controversies or violations, or
- The company already publicly discloses information on its vendor standards compliance.

MACBRIDE PRINCIPLES
Vote CASE-BY-CASE on proposals to endorse or increase activity on the MacBride Principles, taking into account:
- Company compliance with or violations of the Fair Employment Act of 1989
- Company antidiscrimination policies that already exceed the legal requirements
- The cost and feasibility of adopting all nine principles
- The cost of duplicating efforts to follow two sets of standards (Fair Employment and the MacBride Principles)
- The potential for charges of reverse discrimination
- The potential that any company sales or contracts in the rest of the United Kingdom could be negatively impacted
- The level of the company's investment in Northern Ireland
- The number of company employees in Northern Ireland

- The degree that industry peers have adopted the MacBride Principles
- Applicable state and municipal laws that limit contracts with companies that have not adopted the MacBride Principles.

MILITARY BUSINESS

FOREIGN MILITARY SALES/OFFSETS

Generally vote AGAINST reports on foreign military sales or offsets. Such disclosures may involve sensitive and confidential information. Moreover, companies must comply with government controls arid reporting on foreign military sales.

LANDMINES AND CLUSTER BOMBS
Vote CASE-BY-CASE on proposals asking a company to renounce future involvement in antipersonnel landmine

production, taking into account:
- Whether the company has in the past manufactured landmine components
- Whether the company's peers have renounced future production

Vote CASE-BY-CASE on proposals asking a company to renounce future involvement in cluster bomb production, taking into account:
- What weapons classifications the proponent views as cluster bombs
- Whether the company currently or in the past has manufactured cluster bombs or their components
- The percentage of revenue derived from cluster bomb manufacture
- Whether the company's peers have renounced future production

NUCLEAR WEAPONS
Generally vote AGAINST proposals asking a company to cease production of nuclear weapons components and delivery systems, including disengaging from current and proposed contracts. Components and delivery systems serve multiple military and non-military uses, and withdrawal from these contracts could have a negative impact on the company's business.

SPACED-BASED WEAPONIZATION
Generally vote FOR reports on a company's involvement in spaced-based weaponization unless:
- The information is already publicly available or
- The disclosures sought could compromise proprietary information.

WORKPLACE DIVERSITY

BOARD DIVERSITY
Generally vote FOR reports on the company's efforts to diversify the board, unless:
- The board composition is reasonably inclusive in relation to companies of similar size and business or
- The board already reports on its nominating procedures and diversity initiatives.

Vote CASE-BY-CASE on proposals asking the company to increase the representation of women and minorities on the board, taking into account:
- The degree of board diversity
- Comparison with peer companies
- Established process for improving board diversity
- Existence of independent nominating committee
- Use of outside search firm
- History of EEO violations.

EQUAL EMPLOYMENT OPPORTUNITY (EEO)
Generally vote FOR reports outlining the company's affirmative action initiatives unless all of the following apply:
- The company has well-documented equal opportunity programs
- The company already publicly reports on its company-wide affirmative initiatives and provides data on its workforce diversity, and
- The company has no recent EEO-related violations or litigation.

Generally vote AGAINST proposals seeking information on the diversity efforts of suppliers and service providers. which can pose a significant cost and administration burden on the company.

GLASS CEILING
Generally vote FOR reports outlining the company's progress towards the Glass Ceiling Commission's business recommendations, unless:
- The composition of senior management and the board is fairly inclusive
- The company has well-documented programs addressing diversity initiatives and leadership development
- The company already issues public reports on its company-wide affirmative initiatives and provides data on its workforce diversity, and
- The company has had no recent, significant EEO-related violations or litigation

SEXUAL ORIENTATION

Vote CASE-BY-CASE on proposals to amend the company's EEO policy to include

sexual orientation, taking into account:

- Whether the company's EEO policy is already in compliance with federal, state and local laws
- Whether the company has faced significant controversies or litigation regarding unfair treatment of gay and lesbian employees
- The industry norm for including sexual orientation in EEO statements
- Existing policies in place to prevent workplace discrimination based on sexual orientation

Generally vote AGAINST proposals to extend company benefits to or eliminate benefits from domestic partners. Benefit decisions should be left to the discretion of the company.

10. MUTUAL FUND PROXIES

ELECTION OF DIRECTORS

Vote to elect directors on a CASE-BY-CASE basis, considering the following factors:

- Board structure
- Director independence and qualifications
- Attendance at board and committee meetings.

Votes should be withheld from directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse for the absences. Valid reasons include illness or absence due to company business. Participation via telephone is acceptable. In addition, if the director missed only one meeting or one day's meetings, votes should not be withheld even if such absence dropped the director's attendance below 75 percent.
- Ignore a shareholder proposal that is approved by a majority of shares outstanding
- Ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years
- Are interested directors and sit on the audit or nominating committee, or
- Are interested directors and the full board serves as the audit or nominating committee or the company does not have one of these committees.

CONVERT CLOSED-END FUND TO OPEN-END FUND

Vote conversion proposals on a CASE-BY-CASE basis, considering the following factors:

- Past performance as a closed-end fund
- Market in which the fund invests
- Measures taken by the board to address the discount
- Past shareholder activism, board activity
- Votes on related proposals.

PROXY CONTESTS

Votes on proxy contests should be determined on a CASE-BY-CASE basis, considering the following factors:

- Past performance relative to its peers
- Market in which fund invests
- Measures taken by the board to address the issues
- Past shareholder activism, board activity, and votes on related proposals
- Strategy of the incumbents versus the dissidents
- Independence of directors
- Experience and skills of director candidates
- Governance profile of the company
- Evidence of management entrenchment

INVESTMENT ADVISORY AGREEMENTS

Votes on investment advisory agreements should be determined on a CASE-BY-CASE basis, considering the following factors:

- Proposed and current fee schedules
- Fund category/investment objective
- Performance benchmarks

- Share price performance compared to peers
- Resulting fees relative to peers
- Assignments (where the advisor undergoes a change of control).

APPROVE NEW CLASSES OR SERIES OF SHARES

Generally vote FOR the establishment of new classes or series of shares.

PREFERRED STOCK PROPOSALS

Votes on the authorization for or increase in preferred shares should be determined on a CASE-BY-CASE basis, considering the following factors:

- Stated specific financing purpose
- Possible dilution for common shares
- Whether the shares can be used for antitakeover purposes.

1940 ACT POLICIES
Votes on 1940 Act policies should be determined on a CASE-BY-CASE basis, considering the following factors:
- Potential competitiveness
- Regulatory developments
- Current and potential returns
- Current and potential risk.

Generally vote FOR these amendments as long as the proposed changes do not fundamentally alter the investment focus of the fund and do comply with the current SEC interpretation.

CHANGE FUNDAMENTAL RESTRICTION TO NONFUNDAMENTAL RESTRICTION
Proposals to change a fundamental restriction to a nonfundamental restriction should be evaluated on a CASE-BY-CASE basis, considering the following factors:
- The fund's target investments
- The reasons given by the fund for the change
- The projected impact of the change on the portfolio.

CHANGE FUNDAMENTAL INVESTMENT OBJECTIVE TO NONFUNDAMENTAL
Generally vote AGAINST proposals to change a fund's fundamental investment objective to nonfundamental.

NAME CHANGE PROPOSALS
Votes on name change proposals should be determined on a CASE-BY-CASE basis, considering the following factors:
- Political/economic changes in the target market
- Consolidation in the target market
- Current asset composition

CHANGE IN FUND'S SUBCLASSIFICATION
Votes on changes in a fund's subclassification should be determined on a CASE-BY-CASE basis, considering the following factors:
- Potential competitiveness
- Current and potential returns
- Risk of concentration
- Consolidation in target industry

DISPOSITION OF ASSETS/TERMINATION/LIQUIDATION
Vote these proposals on a CASE-BY-CASE basis, considering the following factors:
- Strategies employed to salvage the company
- The fund's past performance
- Terms of the liquidation.

CHANGES TO THE CHARTER DOCUMENT
Votes on changes to the charter document should be determined on a CASE-BY-CASE basis, considering the following

factors:
- The degree of change implied by the proposal
- The efficiencies that could result
- The state of incorporation
- Regulatory standards and implications.

Generally vote AGAINST any of the following changes:
- Removal of shareholder approval requirement to reorganize or terminate me trust or any or its series
- Removal of shareholder approval requirement for amendments to the new declaration of trust
- Removal of shareholder approval requirement to amend the fund's management contract, allowing the contract to be modified by the investment manager and the trust management, as permitted by the 1940 Act
- Allow the trustees to impose other fees in addition to sales charges on investment in a fund, such as deferred sales charges and redemption fees that may be imposed upon redemption of a fund's shares
- Removal of shareholder approval requirement to engage in and terminate subadvisory arrangements
- Removal of shareholder approval requirement to change the domicile of the fund

CHANGE THE FUND'S DOMICILE
Vote reincorporations on a CASE-BY-CASE basis, considering the following factors:
- Regulations of both states
- Required fundamental policies of both states
- Increased flexibility available.

AUTHORIZE THE BOARD TO HIRE AND TERMINATE SUBADVISORS WITHOUT SHAREHOLDER APPROVAL
Generally vote AGAINST proposals authorizing the board to hire/terminate

subadvisors without shareholder approval.

DISTRIBUTION AGREEMENTS
Vote these proposals on a CASE-BY-CASE basis, considering the following factors:
- Fees charged to comparably sized funds with similar objectives
- The proposed distributor's reputation and past performance
- The competitiveness of the fund in the industry
- Terms of the agreement.

MASTER-FEEDER STRUCTURE
Generally vote FOR the establishment of a master-feeder structure.

MERGERS
Vote merger proposals on a CASE-BY-CASE basis, considering the following factors:
- Resulting fee structure
- Performance of both funds
- Continuity of management personnel - Changes in corporate governance and their impact on shareholder rights.

SHAREHOLDER PROPOSALS TO ESTABLISH DIRECTOR OWNERSHIP REQUIREMENT
Generally vote AGAINST shareholder proposals that mandate a specific minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. While ISS favors stock ownership on the part of directors, the company should determine the appropriate ownership requirement.

SHAREHOLDER PROPOSALS TO REIMBURSE PROXY SOLICITATION EXPENSES
Voting to reimburse proxy solicitation expenses should be analyzed on a CASE-BY-CASE basis. In cases where DMBT recommends in favor of the dissidents, we also recommend voting for reimbursing proxy solicitation expenses.

SHAREHOLDER PROPOSALS TO TERMINATE INVESTMENT ADVISOR
Vote to terminate the investment advisor on a CASE-BY-CASE basis, considering the following factors:
- Performance of the fund's NAV
- The fund's history of shareholder relations
- The performance of other funds under the advisor's management.

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PART C. OTHER INFORMATION

ITEM 23. EXHIBITS

<Table>
<Caption>

EXHIBIT NUMBER	DESCRIPTION	
<S>	<C>	<C>
(a)	(1)	Declaration of Trust dated July 26, 2000.(1)
	(2)	Certificate of Trust dated July 26, 2000.(1)
(b)	(1)	Bylaws of the Trust dated July 26, 2000.(1)
(c)		Not Applicable.
(d)	(1)	Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Growth and Income Portfolio, and First Tennessee Bank National Association dated August 10, 2001 (filed herewith).
	(2)	Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Capital Appreciation Portfolio, and First Tennessee Bank National Association dated August 10, 2001 (filed herewith).
	(3)	Co-Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Capital Appreciation Portfolio, and Delaware Management Company dated August 10, 2001 (filed herewith).
	(4)	Sub-Advisory Agreement between First Tennessee Bank National Association, on behalf of the Growth and Income Portfolio, and Highland Capital Management Corp dated August 10, 2001 (filed herewith).
(e)	(1)	Distribution Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all

		Portfolios dated August 15, 2001 (filed herewith).
(f)		Not Applicable.
(g)		Custody Agreement between Financial Investors Variable Insurance Trust and State Street Bank and Trust on behalf of all Portfolios dated August 14, 2001 (filed herewith).
(h)	(1)	Transfer Agency Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all Portfolios dated August 10, 2001 (filed herewith).
	(2)	Administration Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc., on behalf of

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<S>	<C>	<C>
		all Portfolios dated August 10, 2001 (filed herewith).
	(3)	Amended and Restated Co-Administration Agreement between Financial Investors Variable Insurance Trust and First Tennessee Bank National Association, on behalf of all Portfolios dated March 19, 2002.(2)
	(4)	Bookkeeping and Pricing Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all Portfolios dated August 10, 2001 (filed herewith).
	(5)	Fund Participation Agreement between Hartford Life Insurance Company, Financial Investors Variable Insurance Trust, ALPS Mutual Funds Services, Inc. and the Advisers to the Portfolios.(4)
	(6)	Fund Agreement between Nationwide Financial Services, Inc. and Financial Investors Variable Insurance Trust.(4)
	(7)	Power of Attorney. (2)
	(8)	Contractual Total Expense Limits between First Tennessee Bank National Association and Financial Investors Variable Insurance Trust for fiscal year 2002, dated March 11, 2002. (2)
	(9)	Contractual Total Expense Limits between First Tennessee Bank National Association and Financial Investors Variable Insurance Trust for fiscal year 2003, dated March 6, 2003. (3)
	(10)	Contractual Total Expense Limits between First Tennessee Bank National Association and Financial Investors Variable Insurance Trust for fiscal year 2004, dated December 17, 2003. (4)
	(11)	Form of Contractual Total Expense Limits between First Tennessee Bank National Association and Financial Investors Variable Insurance Trust for fiscal year 2005, dated December 14, 2004 (filed herewith).
(i)		Opinion and Consent of Davis Graham & Stubbs LLP (filed herewith).
(j)		Consent of Independent Public Accountants Deloitte & Touche LLP (filed herewith).
(k)		Not Applicable.
(l)		Not Applicable.
(m)	(1)	Form of Distribution Plan - Capital Appreciation Portfolio.(2)
	(2)	Form of Distribution Plan - Growth & Income Portfolio.(2)

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<S>	<C>	<C>
(n)		Not Applicable.
(o)		Not Applicable.
(p)	(1)	Code of Ethics for ALPS Distributors, Inc. (filed herewith).

(2) Code of Ethics for First Tennessee Bank National Association (filed herewith).

(3) Code of Ethics for Delaware Management Corporation (filed herewith).

(4) Code of Ethics for Highland Capital Management Corporation (filed herewith).

(5) Code of Ethics for Financial Investors Variable Insurance Trust (1).
</Table>

(1) Filed with the initial filing of the Trust on November 28, 2000, and incorporated by reference herein.

(2) Filed with the Post Effective Amendment No. #2 filed by the Trust on April 30, 2002, and incorporated by reference herein.

(3) Filed with the Post-Effective Amendment No. #3 filed by the Trust on April 30, 2003, and incorporated by reference herein.

(4) Filed with the Post-Effective Amendment No. #4 filed by the Trust on April 29, 2004, and incorporated by reference herein.

ITEM 24. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Not Applicable.

ITEM 25. INDEMNIFICATION

Article 8, Section 8.1 of the Declaration of Trust sets forth the reasonable and fair means for determining whether indemnification shall be provided to any Trustee or officer. It states, in part, that no personal liability for any debt or obligation of the Trust shall attach to any Trustee of the Trust. Section 8.5 states that the Registrant shall indemnify any present or past Trustee, officer, employee, or agent of the Trust to the fullest extent permitted by law against liability and all expenses reasonably incurred by him in connection with any claim, action suit or proceeding in which he becomes involved as a party or otherwise by virtue of his being or having been such trustee, director, officer, employee, or agent. Additionally, amounts paid or incurred in settlement of such matters are covered by this indemnification. Indemnification, however, will not be provided in certain circumstances. These include, among others, instances of willful misfeasance, bad faith, gross negligence, and reckless disregard of the duties involved in the conduct of the particular person involved.

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Insofar as indemnification for liability arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

ITEM 26. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT MANAGER

FIRST TENNESSEE BANK NATIONAL ASSOCIATION (FTB) - INVESTMENT ADVISER

<Table>
<Caption>

POSITION WITH FTB	NAME	OTHER BUSINESS CONNECTIONS	TYPE OF BUSINESS
<S>	<C>	<C>	<C>
Director	Robert C. Blattberg	Polk Brothers Distinguished Professor of Retailing, J. L. Kellogg Graduate School of Management, Northwestern University (1)	Education
		Director, Golub Corporation (2)	Grocery
Director	George E. Cates	Retired Chairman & Director Mid-America Apartment Communities, Inc. (3)	Real estate investment trust
Director, Chairman of the Board, President & Chief Executive Officer	J. Kenneth Glass	President, Chief Executive Officer, FHNC (4) Director & Chairman of the Board	Bank holding company
		Director, FedEx Corporation (5)	Overnight courier
		Director, GTx, Inc. (6)	Drug research
Director	James A. Haslam, III	Chief Executive Officer, Director, Pilot Corporation (8)	Retail operator of convenience stores and travel centers

</Table>

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<S>	<C>	<C>	<C>
		Chief Executive Officer, Pilot Travel Centers LLC (9)	Retail operator of convenience stores and travel centers
		Director, Ruby Tuesday, Inc. (10)	Restaurant
Director	R. Brad Martin	Chairman of the Board, Chief Executive Officer, Saks, Incorporated (11)	Retail
		Director, Harrah's Entertainment, Inc. (12)	Casino, entertainment
Director	Vicki R. Palmer	Executive Vice President, Financial Services and Administration, Coca Cola Enterprises, Inc. (13)	Bottler of soft drink products
		Director, Haverty Furniture Companies, Inc (49)	Furniture
Director	Michael D. Rose	Director, Darden Restaurants, Inc. (14) Director, Stein Mart, Inc. (15)	Restaurant Retail
		Director, FelCor Lodging Trust, Inc. (16)	Hotel
		Chairman, Gaylord Entertainment, Inc. (17)	Entertainment
		Director, General Mills, Inc. (18)	Food manufacturer
Director	Mary F. Sammons	President, Chief Executive Officer & Director, Rite Aid Corporation (19)	Retail drug store chain
Director	William B. Sansom	Chairman of the Board and Chief Executive Officer, The H. T. Hackney Company (20)	Wholesale distributor
		Director, Martin Marietta Materials, Inc. (21)	Construction aggregate material producer
		Director, Astec Industries, Inc. (22)	Construction aggregate materials producer
Director	Jonathan P. Ward	Chairman and Chief Executive Officer, The ServiceMaster Company (23)	Consumer services and supportive management services
		Director, J. Jill Group, Inc.(24)	Retail
Director	Luke Yancy III	President and Chief Executive Officer, Mid-South Minority Business Council(25)	Not for profit community organization

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President-First Tennessee Financial Services	Charles G. Burkett	EVP and President, First Tennessee Financial Services, FHNC (4)	Bank holding company
		Director, Highland Capital Management Corp (7)	Investment adviser
		Director, First Tennessee Brokerage, Inc. (26)	Broker dealer
		Director, FT Insurance Corporation (27)	Insurance
		Director, Martin & Co., Inc. (28)	Investment adviser
		Director, First Express Remittance Processing Inc. (30)	Check processing
		Director, First Tennessee Housing Corporation (38)	Housing
Senior Vice President and Treasurer	Milton A. Gutelius	Senior Vice President and Treasurer FHNC (4)	Bank holding company
		Senior Vice President, Synaxis Group, Inc. (51)	Insurance
		Senior Vice President, Mann, Smith & Cummings, Inc. (53)	Insurance
		Senior Vice President, Polk & Sullivan Group, Inc. (52)	Insurance
		Senior Vice President, Synaxis Risk Services, Inc. (51)	Insurance
Executive Vice President Bank Services Group	John H. Hamilton	Executive Vice President, Bank Services Group, FHNC (4)	Bank holding company
		Director and Chairman, Norlen Life Insurance Corporation (4)	Insurance
Executive Vice President, Manager, Risk Management	Herbert H. Hilliard	Executive Vice President, Risk Management, FHNC (4)	Bank holding company
Executive Vice President and General Counsel	Harry A. Johnson, III	Executive Vice President and General Counsel of FHNC (4)	Bank holding company
Executive Vice President, Corporate Controller	James F. Keen	Executive Vice President, Corporate Controller FHNC (4)	Bank holding company
Chief Operating Officer, First	Larry B. Martin	EVP and Chief Operating Officer, First Tennessee Financial Services, FHNC (4)	Bank holding company

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Tennessee Financial Services			
		Director, Martin & Company, Inc. (28)	Investment adviser
		Director, FTN Premium Services, Inc. (46)	Finance
		Director, First Tennessee Equipment Finance Corp. (47)	Equipment financing
		Director, First Horizon Merchant Services, Inc. (48)	Merchant processing
		Director, Synaxis Group, Inc. (51)	Insurance
		Director, Synaxis Risk Services, Inc. (51)	Insurance
		Director, Polk & Sullivan Group, Inc. (52)	Insurance
		Director, Mann, Smith & Cummings, Inc. (53)	Insurance
Executive Vice President, Corporate and Employee Services	Sarah Meyerrose	Executive Vice President, Corporate and Employee Services, FHNC (4)	Bank holding company
Executive Vice President and Chief Financial Officer	Marlin L. Mosby, III	Executive Vice President, Chief Financial Officer, FHNC (4)	Bank holding company

Executive Vice President and Chief Credit Officer	John P. O'Connor, Jr.	Executive Vice President and Chief Credit Officer, FHNC (4)	Bank holding company
President, First Horizon Financial Services	Gerald L. Baker	EVP and President, First Horizon Financial Services, FHNC (4)	Bank holding company
		Director & President, First Horizon Home Loan Corporation (31)	Mortgage
		Director, FT Mortgage Holding Corporation (32)	Mortgage
		Director, First Tennessee Mortgage Services, Inc. (33)	Mortgage
		Director, Federal Flood Certification Corp. (34)	Flood insurance
		Director, First Horizon Mortgage Loan Corp. (35)	Mortgage
		Director, FT Real Estate Information Mortgage Solutions Holding, Inc. (36)	Mortgage
		Director, FT Real Estate Information Mortgage Solutions, Inc. (36)	Mortgage
		Director, First Horizon Asset Securities, Inc. (37)	Securitization conduit
		Director, FT Real Estate Securities Company, Inc. (39)	Real Estate
		Director, FHR Holding, Inc. (40)	Holding company
		Director, FHRF, Inc. (40)	Holding co. subsidiary
		Director, FHEL, Inc. (40)	Holding co. subsidiary
		Director, FHTRS, Inc. (41)	REIT subsidiary
		Director, FHRIV, LLC; FHRV, LLC; FHRVI, LLC (42)	Holding co. subsidiary
		Director, FHRIII, LLC (43)	REIT Subsidiary
		Director, FT Reinsurance Co. (44)	Insurance
President, FTN Financial	Jimmie L. Hughes	EVP and President, FTN Financial of FHNC (4)	Bank holding company
Executive Vice President Interest Rate Risk Management	Elbert L. Thomas, Jr.	Executive Vice President, Interest Rate Risk Management (4)	Bank holding company
Executive Vice President	Rhomes Aur	Director, First Tennessee Horizon Insurance Services, Inc. (29)	Insurance
		Director, Highland Capital Management Corp.(7)	Investment adviser
		Director, Martin and Company, Inc. (28)	Investment adviser
		Director, Stillpoint Advisers, Inc. (54)	Financial services
Executive Vice President	Bruce B. Hopkins	None	
Executive Vice President	David B. Lantz	None	
Executive Vice President	W. Keith Sanford	None	
Executive Vice President	Stella M. Anderson	None	
Senior Vice President	Scott N. Bovee	None	
Senior Vice President	Otis M. Clayton	None	
Senior Vice	Karen M. Kruse	None	

<Table>
<S> <C> <C> <C>
President, Wealth Management, Product Development and Support

Senior Vice President Maureen A. MacIver None

Senior Vice President Paul Mann None

Senior Vice President David M. Taylor Owner, Stacy's Hallmark (50) Retail

Senior Vice President, Corporate Auditor Keith D. Williamson None

Vice President George T. Bryant None

Vice President Caroline Cox None

Vice President Mary Lou Drazich None

Vice President Susan M. Fletcher None

Vice President Pamela C. Grafton None

Vice President Matthew Jenne None

Vice President Robert B. Jones None

Vice President W. Keith Keisling None

Senior Vice President John M. Laughlin None

Vice President David D. Long None

Vice President Darren K. McGuire None

Vice President Sandra L. Ragland None

Vice President Barbara N. Reedy None

Vice President Linda A. Tripp None

Senior Vice President James West None

Vice President Jacyne Woodcox None

Trust Officer Brian E. Johannsen None
</Table>

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<Table>
<S> <C> <C>
Vice President Trust Officer Yvette E. Marion None

Vice President Trust Officer Wayne K. Roberts None

Vice President Insurance Officer John Keller None

Senior Vice President Deborah McDonald None

Senior Vice President Phill Deutsch None

President - Knoxville Market Pam P. Fansler None

President - Chattanooga Market Frank Schriner None

President - Northeast Market K. Newton Raff None

Senior Vice President Frank E. Davis None

Vice President Jason Ardito None

Senior Vice President	Robert Dowdy	None
Vice President	Leigh Lawyer	None
Senior Vice President	Allen Paine	None
Vice President	Elizabeth Taliaferro	None
Senior Vice President	Steve McNally	None
Vice President	Todd Seeley	None
Vice President	Portia Zerilla	None

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NOTES:

* All directors of FTB are also directors of its parent, First Tennessee National Corporation, which controls FTB. Messrs. Glass, Horn, Johnson, Keen, Kelley, Lewis, O'Connor and Thomas and Ms. Bies and Ms. Meyerrose are considered executive officers of FTNC.

NOTES:

(1) J.L. Kellogg Graduate School of Management, 875 N. Michigan Ave., Suite 2945, Hancock Building, Chicago, IL 60611

(2) Golub Corporation, P O Box 1074, Schenectady, NY 12301

(3) Mid-America Apartment Communities, Inc., 6584 Poplar Ave., Ste. 340, Memphis, TN 38138

(4) First Horizon National Corporation, 165 Madison Avenue, Memphis, TN 38103

(5) FedEx Corporation, 942 S. Shady Grove Road, Memphis, TN 38120

(6) GTx, Inc., 3 North Dunlap St., 3rd Floor, VanVleet Building, Memphis, TN 38163

(7) Highland Capital Management Corp., 6077 Primacy Parkway, Suite 228, Memphis, TN 38119

(8) Pilot Corporation, 5508 Lonas Road, Knoxville, TN 37909

(9) Pilot Travel Centers LLC, 5508 Lonas Road, Knoxville, TN 37909

(10) Ruby Tuesday, Inc., 150 West Church Ave., Maryville, TN 37801

(11) Saks, Incorporated, 1025 Cherry Road, Memphis, TN 38117

(12) Harrah's Entertainment, Inc., 1023 Cherry Road, Memphis, TN 38117

(13) Coca Cola Enterprises, Inc., 2500 Windy Ridge Pkwy, Atlanta, GA 30339

(14) Darden Restaurants, Inc., 5900 Lake Ellenor Drive, Orlando, FL 32809

(15) Stein Mart, Inc., 1200 Riverplace Blvd., Jacksonville, FL 32207

(16) FelCor Lodging Trust, Inc., 545 East John Carpenter Freeway, Suite 1300, Irving, TX 75062-3933

(17) Gaylord Entertainment, Inc., One Gaylord Drive, Nashville, TN 37214

(18) General Mills, Inc., Number One General Mills Blvd., Minneapolis, MN 55426-1348

(19) Rite Aid Corporation, 30 Hunter Lane, Camp Hill, PA 17011

(20) The H. T. Hackney Company, Fidelity Bldg., 502 S. Gay Street, Suite 300, Knoxville, TN 37902

(21) Martin Marietta Materials, Inc., 2710 Wycliff Rd., Raleigh, NC 27607

(22) Astec Industries, Inc., 1725 Shepherd Rd., Chattanooga, TN 37421

(23) The ServiceMaster Company, 3250 Lacey Road, Suite 600, Downers Grove, IL 60515

(24) J. Jill Group, Inc., 4 Batterymarch Park, Quincy, MA 02169

(25) Mid-South Minority Business Council, 158 Madison, Suite 300, Memphis, TN 38103

(26) First Tennessee Brokerage, Inc., 530 Oak Court Drive, Suite 200, Memphis, TN 38117

(27) FT Insurance Corporation, 530 Oak Court Drive, Memphis, TN 38117

(28) Martin & Company, Inc., 625 S. Gay Street, Suite 200, Knoxville, TN 37902

(29) First Horizon Insurance Services, Inc., 530 Oak Court Drive, Memphis, TN 38117

(30) First Express Remittance Processing, 165 Madison Ave., Memphis, TN 38103

(31) First Horizon Home Loan Corporation, 165 Madison Ave., Memphis, TN 38103

(32) FT Mortgage Holding Corp., 4000 Horizon Way, Irving, TX 75063

(33) First Tennessee Mortgage Services, Inc., 165 Madison Ave., Memphis, TN 38103

(34) Federal Flood Certification Corporation, 6220 Gaston Ave., Dallas, TX 75214

(35) First Horizon Mortgage Loan Corporation, 4000 Horizon Way, Irving, TX 75063

(36) FT Real Estate Securities Holding Company, Inc., 165 Madison Ave., Memphis, TN 38103

(37) First Horizon Asset Securities, 4000 Horizon Way, Irving, TX 75063

(38) First Tennessee Housing Corporation, 165 Madison Ave., Memphis, TN 38103

(39) FT Real Estate Securities Company, Inc., 165 Madison Ave., Memphis, TN 38103

(40) FHR Holding, Inc., 4000 Horizon Way, Irving, TX 75063

(41) FHTRS, Inc., 1105 N. Market Street, Suite 1300, Wilmington, DE 19801

(42) FHRIV, LLC; FHRV, LLC; FHRVI, LLC, 1105 N. Market Street, Suite 1300, Wilmington, DE 19801

(43) FHRIII, LLC, 1105 N. Market Street, Suite 1300, Wilmington, DE 19801

(44) FT Reinsurance Company, 7 Burlington Square, 6th Floor, Burlington, VT 05401

(45) First Horizon/First Tennessee Foundation, Inc. 165 Madison Ave., Memphis, TN 38103

(46) FTN Premium Services, Inc., 3401 West End Ave., Suite 180, Nashville, TN 37203

(47) First Tennessee Equipment Finance Corporation, 165 Madison Ave., Memphis, TN 38103

(48) First Horizon Merchant Services, Inc., 300 Court Ave., Memphis, TN 38103

(49) Haverty Furniture Companies, Inc. 780 Johnson Ferry Road NE, Suite 800, Atlanta, GA 30342

(50) Stacy's Hallmark, 3096 Poplar Ave., Memphis, TN 38111

(51) Synaxis Group, Inc., Synaxis Risk Services, Inc., 3401 West End Ave., Suite 180, Nashville, TN 37203

(52) Polk & Sullivan Group, Inc., 3401 West End Ave., Ste. 600, Nashville, TN 37203

(53) Mann, Smith & Cunnings, Inc., 1997 Madison Street, Clarksville, TN 37403

(54)Stillpoint Advisers, Inc., 3333 Peachtree Rd., NE, Suite 150, Atlanta, GA 30326

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HIGHLAND CAPITAL MANAGEMENT CORP. (HIGHLAND)
6077 PRIMACY PARKWAY, MEMPHIS, TN

<Table>
<Caption>

POSITION WITH HIGHLAND	NAME	OTHER BUSINESS CONNECTIONS
<S>	<C>	<C>
Director, President	Steven Wishnia	None
Director, Chairman of the Board	Paul H. Berz	None
Director, Senior Vice President	David L. Thompson	None
Director	Charles Burkett	see FTB listing
Director	Rhomes Aur	see FTB listing
Senior Vice President	Steven T. Ashby	None
Vice President	Mark Cronin	None

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DELAWARE MANGEMENT COMPANY
2005 MARKET STREET
PHILADELPHIA, PENNSYLVANIA

Delaware Management Company is organized as a series of Delaware Management Business Trust ("DMBT"), a business trust organized under the laws of the State of Delaware. The list required by this Item 26 of officers and directors of DMBT, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of Form ADV, filed by DMBT pursuant to the Investment Advisers Act of 1940 (SEC File No. 801-32108).

ITEM 27. PRINCIPAL UNDERWRITERS

(a) The sole principal underwriter for the Fund is ALPS Distributors, Inc. which acts as distributor for the Registrant and the following other fund complexes: Accessor Funds, Agile Funds, Ameristock Mutual Funds, Inc., Clough Global Allocation Fund, DIAMONDS Trust, Drake Fund, Financial Investors Trust, First Funds, Firsthand Funds, Holland Balanced Fund, Milestone, Nasdaq 100 Trust, PowerShares Exchange-Traded Funds Trust, Reaves Utility Income Fund, SPDR Trust, MidCap SPDR Trust, Select Sector SPDR Trust, Stonebridge Funds, Inc., W. P. Stewart Funds,

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Wasatch Funds, Westcore Trust and Williams Capital Management Trust.

(b) To the best of Registrant's knowledge, the directors and executive officers of ALPS Distributors, Inc., the distributor for Registrant, are as follows:

<Table>
<Caption>

NAME AND PRINCIPAL BUSINESS ADDRESS*	POSITIONS AND OFFICES WITH REGISTRANT	POSITIONS AND OFFICERS WITH UNDERWRITER
<S>	<C>	<C>
W. Robert Alexander	Trustee	Chairman, Chief Executive Officer and Secretary
Thomas A. Carter	None	Chief Financial Officer
Edmund J. Burke	None	President and Director
Jeremy May	Treasurer	Vice President
Tane T. Tyler	Secretary	General Counsel
Bradley T. Swanson	None	Chief Compliance Officer
Rick A. Pederson	None	Director

Robert Szydlowski	None	Chief Technology Officer
Dan Dolan	None	Director of Wealth Management-Select Sector SPDR Trust

</Table>

* All Addresses are 1625 Broadway, Suite 2200, Denver, Colorado 80202

ITEM 28. LOCATION OF ACCOUNTS AND RECORDS

First Tennessee Bank National Association, located at 530 Oak Court Dr., Suite 200, Memphis, Tennessee 38117, Highland Capital Management Corp., located at 6011 Privacy Parkway, Suite 228, Memphis, Tennessee 38119, Delaware Management Company, located at 2005 Market Street, Philadelphia, Pennsylvania 19103, and ALPS Mutual Funds Services, Inc., located at 1625 Broadway, Suite 2200, Denver, Colorado 80202, will maintain physical possession of each such account, book or other documents of the Trust, except for those documents relating to the custodial records maintained by the Trust's Custodian, State Street Bank and Trust, 1 Heritage Drive, North Quincy, Massachusetts 02171.

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ITEM 29. MANAGEMENT SERVICES

Not Applicable.

ITEM 30. UNDERTAKINGS

The Registrant, on behalf of each Portfolio undertakes, provided the information required by Item 5A is contained in the Annual Report, to furnish each person to whom a Prospectus has been delivered, upon their request and without charge, a copy of the Registrant's latest annual report to shareholders.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 and the Investment Company Act of 1940, the Registrant certifies that it meets all of the requirements for effectiveness of this Post-Effective Amendment No. 7 to this Registration Statement under rule 485(b) under the Securities Act of 1933 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Denver, and State of Colorado, on the 2nd day of May 2005.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By: /s/Edmund J. Burke

Edmund J. Burke
President

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

/s/W. Robert Alexander*	Trustee	May 2, 2005
W. Robert Alexander		
/s/Mary K. Anstine*	Trustee	May 2, 2005
Mary K. Anstine		
/s/Robert E. Lee*	Trustee	May 2, 2005
Robert E. Lee		
/s/ John R. Moran, Jr*	Trustee	May 2, 2005

John R. Moran, Jr.		
/s/Edmund J. Burke	President	May 2, 2005
Edmund J. Burke		
/s/Jeremy O. May	Treasurer	May 2, 2005
Jeremy O. May		

* Signature affixed by Tane. T. Tyler pursuant to a power of attorney dated April 10, 2005.

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EXHIBIT NUMBER	EXHIBIT
<S>	<C>
(d) (1)	Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Growth and Income Portfolio, and First Tennessee Bank National Association.
(d) (2)	Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Capital Appreciation Portfolio, and First Tennessee Bank National Association
(d) (3)	Co-Investment Advisory and Management Agreement between Financial Investors Variable Insurance Trust, on behalf of the Capital Appreciation Portfolio, and Delaware Management Company.
(d) (4)	Sub-Advisory Agreement between First Tennessee Bank National Association, on behalf of the Growth and Income Portfolio, and Highland Capital Management Corp.
(e) (1)	Distribution Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all Portfolios.
(g) (1)	Custody Agreement between Financial Investors Variable Insurance Trust and State Street Bank and Trust. on behalf of all Portfolios.
(h) (1)	Transfer Agency Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all Portfolios.
(h) (2)	Administration Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc., on behalf of all Portfolios.
(h) (4)	Bookkeeping and Pricing Agreement between Financial Investors Variable Insurance Trust and ALPS Mutual Funds Services, Inc. on behalf of all Portfolios.
(h) (11)	Form of Contractual Total Expense Limits between First Tennessee Bank National Association and Financial Investors Variable Insurance Trust for fiscal year 2005.
(i) (1)	Opinion and Consent of Davis Graham & Stubbs.
(j) (1)	Consent of Independent Public Accountants Deloitte & Touche LLP.
(p) (1)	Code of Ethics for ALPS Distributors, Inc.
(p) (2)	Code of Ethics for First Tennesse National Association.
(p) (3)	Code of Ethics for Delaware Management Corporation.
(p) (4)	Code of Ethics for Highland Co.
Power of Attorney	

</Table>

Exhibit 99(d)(1)

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

THIS INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT is made as of this 10th day of August, 2001, between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware business trust (the "Trust"), on behalf of its First Horizon Growth and Income Portfolio (the "Portfolio") and FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association (the "Investment Adviser").

WHEREAS, the Trust has been organized to operate as an investment company registered under the Investment Company Act of 1940 (the "1940 Act") with multiple series of shares (hereinafter referred to as Portfolios) and to invest and reinvest the assets of the Portfolio in securities pursuant to investment objectives and policies for the Portfolio;

WHEREAS, the Portfolio desires to avail itself of the services, information, advice, assistance and facilities of an investment adviser and to have an investment adviser provide or perform for it various investment advisory, statistical, research, portfolio investment adviser selection and other services as set forth more fully herein;

NOW, THEREFORE, the Trust, on behalf of the Portfolio, and the Investment Adviser agree as follows:

1. Employment of the Investment Adviser. The Trust hereby employs the Investment Adviser to provide investment advice and to manage the investment and reinvestment of the Portfolio's assets in the manner set forth in Section 2A of this Agreement, subject to the direction of the Trustees, for the period, in the manner, and on the terms hereinafter set forth. The Investment Adviser hereby accepts such employment and agrees during such period to render the services and to assume the obligations herein set forth. The Investment Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as expressly provided or authorized (whether herein or otherwise), have no authority to act for or represent the Trust in any way or otherwise be deemed an agent of the Trust.

2. Obligation of and Services to be Provided by the Investment Adviser. The Investment Adviser undertakes to provide the services hereinafter set forth and to assume the following obligations:

A. Investment Advisory Services.

(a) The Investment Adviser shall have overall responsibility for the day-to-day management and investment of the Portfolio's assets and securities

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portfolio subject to and in accordance with the investment objectives and policies of the Portfolio, and any directions which the Trustees and officers of the Trust may issue to the Investment Adviser from time to time, and shall perform the following services: (i) provide or cause to be provided investment research and credit analysis concerning the Portfolio's investments, (ii) conduct or cause to be conducted a continual program of investment of the Portfolio's assets, (iii) place or cause to be placed orders for all purchases and sales of the investments made for the Portfolio, and (iv) maintain or cause to be maintained the books and records required in connection with its duties hereunder.

(b) The Investment Adviser shall advise the Trustees of the Trust regarding overall investment programs and strategies for the Portfolio, revision of such programs as necessary, and shall monitor and report periodically to the Trustees concerning the implementation of such programs and strategies.

(c) The Investment Adviser, with the prior approval of the Trustees (and the shareholders to the extent required by applicable law) as to particular appointments, shall be permitted to (i) engage one or more persons or companies ("Sub-Advisers"), which may have full investment discretion to make all determinations with respect to the investment and reinvestment of all or any portion of the Portfolio's assets and the purchase and sale of all or any portion of the Portfolio securities, subject to the terms and conditions of this Agreement and the written agreement with any Sub-Adviser; and (ii) take such steps as may be necessary to implement such appointment.

(d) The Investment Adviser shall be solely responsible for paying the fees and expenses of any Sub-Adviser for its services to the Investment Adviser and the Portfolio. Except for instructions or advice given to the Sub-Adviser by the Investment Adviser, the Investment Adviser shall not be responsible or liable for the investment merits of any decision by the Sub-Adviser to purchase, hold or sell a security for

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the Portfolio.

(e) In the event one or more Sub-Advisers is appointed pursuant to subparagraph (c) hereof, the Investment Adviser shall (i)

monitor and evaluate the investment performance of each Sub-Adviser employed by the Investment Adviser for the Portfolio; (ii) allocate the portion of the Portfolio's assets to be managed by each Sub-Adviser; (iii) recommend changes in or additional Sub-Advisers when appropriate; and (iv) compensate each Sub-Adviser.

(f) The Investment Adviser shall render such reports to the Trustees, at regular meetings thereof, as the Trustees may reasonably request regarding, among other things, the investment performance of the Portfolio, including, if any Sub-Adviser has been appointed, the investment performance of each Sub-Adviser.

(g) The Investment Adviser will monitor and coordinate, to the extent necessary, the activities of the custodian, transfer agent, distributor, administrator and pricing agent insofar as their respective activities relate to the duties and obligations of the Investment Adviser hereunder.

B. Provision of Information Necessary for Preparation of Securities Registration Statements, Amendments and Other Materials.

The Investment Adviser will make available and provide such financial, accounting and statistical information related to its duties and responsibilities hereunder as required by the Trustees and necessary for the preparation of registration statements, reports and other documents required by federal and state securities laws and such other information as the Trustees may reasonably request for use by the Trust and its distributor for the underwriting and distribution of the Portfolio's shares.

C. Other Obligations and Services.

The Investment Adviser agrees to make available its officers

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and employees to the Trustees and officers of the Trust for consultation and discussions regarding the investment advisory activities of the Portfolio.

3. Covenants by Investment Adviser. The Investment Adviser agrees with respect to the services provided to the Portfolio that it:

(a) will conform with all applicable rules and regulations of the Securities and Exchange Commission ("SEC") and will in addition conduct its activities under this Agreement in accordance with applicable regulations of the Office of the Comptroller of the Currency pertaining to the investment advisory activities of national banks which are applicable

to the Investment Adviser;

(b) will not make loans to any person for the purpose of purchasing or carrying Portfolio shares, or make loans to the Trust;

(c) will not purchase shares of the Portfolio for its own investment account;

(d) will maintain all books and records with respect to the securities transactions of the Portfolio and furnish the Trustees such periodic and special reports as the Trustees may request with respect to the Portfolio;

(e) will treat confidentially and as proprietary information of the Trust all records and other information relative to the Trust and the Portfolio and prior, present or potential shareholders (other than any information which Investment Adviser may have obtained about shareholders from other business relationships with such shareholders), and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder (except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld and will be deemed granted where the Investment Adviser may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, when so requested by

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the Trust or when otherwise required or permitted by law); and

(f) will immediately notify the Trust of the occurrence of any event which would disqualify Investment Adviser or any Sub-Adviser from serving as investment adviser of an investment company.

4. Transaction Procedures. All investment transactions on behalf of the Portfolio will be consummated by payment to or delivery by the custodian for the Portfolio duly appointed by the Trustees of the Trust (the "Custodian"), or such approved depositories or agents duly appointed by the Trustees and as may be designated by the Custodian in writing, as custodian for the Portfolio, of all cash and/or securities due to or from the Portfolio, and neither Investment Adviser nor any Sub-Adviser shall have possession or custody thereof or any responsibility or liability with respect thereto. The Investment Adviser or any Sub-Adviser effecting transactions on behalf of the Portfolio shall advise the Custodian of all investment orders for the Portfolio placed by it with brokers, dealers, banks and other parties ("Brokers"). The Trustees shall issue, or cause

to be issued, to the Custodian such instructions as may be appropriate in connection with the settlement of any transaction initiated by the Investment Adviser or any Sub-Adviser. The Portfolio shall be responsible for all custodial arrangements and the payment of all custodial charges and fees, and, upon the giving of proper instructions to the Custodian, Investment Adviser shall have no responsibility or liability with respect to custodian arrangements or the acts, omissions or other conduct of the Custodian, except that it shall be the responsibility of the Investment Adviser or any Sub-Adviser to take appropriate action if the Custodian fails properly to confirm execution of the instructions to the Investment Adviser or any Sub-Adviser in a written form duly agreed upon by the Custodian and the Investment Adviser or any Sub-Adviser.

5. Execution and Allocation of Portfolio Brokerage. The Investment Adviser shall place, or shall cause each Sub-Adviser to place, subject to the limitations contained in this paragraph 5, on behalf of the Portfolio, orders for the execution of the Portfolio's securities transactions. Neither the Investment Adviser nor any Sub-Adviser is authorized by the Trust to take any action, including the purchase or sale of securities for the account of the Portfolio, (a) in contravention of (i) any investment restrictions set forth in the 1940 Act and the rules thereunder; (ii) specific instructions adopted by the Trustees and communicated to the Investment Adviser; (iii) the investment objectives, policies and restrictions of the Portfolio as set forth in the Trust's current registration statement, as amended from time to time; or (iv) instructions from the Trustees to the Investment Adviser or from the Investment Adviser to any Sub-Adviser, or (b) which would have the effect of causing the Trust to fail to qualify or to cease to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, or any succeeding

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statute.

The Investment Adviser or, if any Sub-Adviser shall be appointed, then the Sub-Adviser, may place orders pursuant to its investment determinations for the Portfolio either directly with the issuer or with any Brokers. In placing orders with any Broker, the Investment Adviser or any Sub-Adviser will consider the experience and skill of a Broker's securities traders as well as the Broker's financial responsibility and administrative efficiency. The Investment Adviser or any Sub-Adviser will attempt to obtain the best price and the most favorable execution of its orders with any Brokers; however, in so doing, the Investment Adviser or any Sub-Adviser may consider, subject to the approval of the Trustees, the research, statistical, and related brokerage services provided or to be provided by such Broker to the Portfolio. A commission paid to such Brokers may be higher than that which another Broker would have charged for effecting the same transaction, provided that the Investment Adviser or any Sub-Adviser determines in good faith that such commission is reasonable in relation to the value of the brokerage and research services provided by such Broker when viewed in terms of either the particular transaction or the overall responsibilities of the Investment Adviser or any Sub-Adviser with respect to the accounts as to which it exercises investment discretion. It is understood that neither the Investment Adviser nor any Sub-Adviser has adopted a formula

for selection of Brokers for the execution of the Portfolio's investment transactions.

On occasions when either the Investment Adviser or any Sub-Adviser deems the purchase or sale of a security to be in the best interest of the Portfolio as well as other clients, the Investment Adviser or Sub-Adviser, to the extent permitted by applicable laws and regulations, may, but shall be under no obligation to, aggregate the securities to be sold or purchased in order to obtain the most favorable price or lower brokerage commissions and efficient execution. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, will be made by the Investment Adviser or Sub-Advisor in the manner it considers to be the most equitable and consistent with its fiduciary obligations to the Portfolio and to such other clients.

The Investment Adviser will not, and will cause each Sub-Adviser not to, execute any Portfolio transactions for the account of the Portfolio with a Broker which is an "affiliated person" (as defined in the 1940 Act) of the Trust, the Trust's distributor, the Investment Adviser or any Sub-Adviser without the prior written approval of the Trustees. The Trust agrees to provide the Investment Adviser, and the Investment Adviser agrees to furnish to each Sub-Adviser, a list of brokers and dealers which are "affiliated persons" of the Trust. The Investment Adviser likewise agrees to furnish, and to cause each Sub-Adviser to furnish, to the Trust, with respect to such Sub-Adviser, a list of Brokers which are "affiliated persons" of the Investment Adviser and each

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Sub-Adviser. In no instance will Portfolio securities be purchased from or sold to the Trust's principal distributor, Investment Adviser, any Sub-Adviser or any affiliate thereof, except to the extent permitted by an exemption order issued by the SEC or by applicable law.

The Investment Adviser shall render regular reports to the Trustees of the total brokerage business placed by it and any Sub-Adviser(s) and the manner in which the allocation of such brokerage has been accomplished.

6. Expenses of the Portfolio. The Portfolio or Trust will pay, or will enter into arrangements that require third parties to pay, all expenses other than those expressly assumed by the Investment Adviser herein, which expenses payable by the Portfolio or Trust shall include:

(a) Expenses of all audits by independent public accountants;

(b) Expenses of transfer agent, registrar, dividend disbursing agent and shareholder recordkeeping services;

(c) Expenses of custodial services including recordkeeping services provided by the custodian;

(d) Expenses of obtaining quotations for calculating the value

of the Portfolio's net assets;

(e) Salaries and other compensation of any of its executive officers or employees, if any, who are not officers, directors, stockholders or employees of the Investment Adviser, the Administrator or the Distributor;

(f) Taxes levied against the Portfolio;

(g) Brokerage fees and commissions in connection with the purchase and sale of portfolio securities for the Portfolio;

(h) Costs, including the interest expense, of borrowing money;

(i) Costs and/or fees incident to Trustees and shareholder meetings of the Trust and the Portfolio, the preparation and mailings of prospectuses and reports of the Portfolio to its existing

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shareholders, the filing of reports with regulatory bodies, the maintenance of the Portfolio's legal existence, and the registration of shares with federal and state securities authorities;

(j) Legal fees, including the legal fees related to the registration and continued qualification of the Portfolio's shares for sale;

(k) Costs of printing any share certificates representing shares of the Portfolio;

(l) Fees and expenses of Trustees who are not affiliated persons, as defined in the 1940 Act, of the Investment Adviser, any Sub-Adviser, the Distributor or any of their affiliates; and

(m) Its pro rata portion of the fidelity bond required by Section 17(g) of the 1940 Act, or of other insurance premiums.

7. Activities and Affiliates of the Investment Adviser. The Trustees acknowledge that Investment Adviser or any Sub-Adviser, or one or more of its affiliates, may have investment responsibilities or render investment advice to or perform other investment advisory services for other individuals or entities and that Investment Adviser or any Sub-Adviser, its affiliates or any of its or their directors, officers, agents or employees may buy, sell or trade in any securities for its or their respective accounts (such individuals, entities and accounts hereinafter referred to as Affiliated Accounts). Subject to the provisions of paragraph 2 hereof, the Trustees agree that Investment Adviser or

its affiliates and any Sub-Adviser(s) or its affiliates, may give advice or exercise investment responsibility and take such other action with respect to other Affiliated Accounts which may differ from the advice given or the timing or nature of action taken with respect to the Portfolio, provided that Investment Adviser or Sub-Adviser acts in good faith, and provided further, that it is Investment Adviser's and Sub-Adviser's policy to allocate within its reasonable discretion, investment opportunities to the Portfolio over a period of time on a fair and equitable basis relative to the Affiliated Accounts, taking into account the investment objectives and policies of the Portfolio and any specific investment restrictions applicable thereto. The Trust acknowledges that one or more of the Affiliated Accounts may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which the Portfolio may have an interest from time to time, whether in transactions which involve the Portfolio or otherwise. Neither the Investment Adviser nor any Sub-Adviser shall have any obligation to acquire for the Portfolio a position in any investment which any Affiliated Account may acquire,

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and the Portfolio shall have no first refusal, co-investment or other rights in respect of any investment, either for the Portfolio or otherwise.

8. Compensation of the Investment Adviser. (a) For all services provided to the Portfolio pursuant to this Agreement, the Trust shall pay the Investment Adviser, and the Investment Adviser agrees to accept as full compensation therefor, an investment advisory fee, payable as soon as practicable after the last day of each month, calculated using an annual rate of ..65% (the "Annual Rate"). The monthly investment advisory fee to be paid by the Trust to the Investment Adviser shall be determined as of the close of business on the last business day of each month by multiplying one-twelfth of the Annual Rate by the Average Portfolio Net Assets (hereinafter defined), calculated monthly as of such day.

(b) For purposes of this paragraph 8, the "Average Portfolio Net Assets" shall be calculated monthly as of the last business day of each month and shall mean the sum of the net assets of the Portfolio calculated each business day during the month divided by the number of business days in the month (such net assets to be determined as of the close of business each business day and computed in the manner set forth in the Declaration of Trust of the Trust).

(c) The Investment Adviser agrees that its compensation for any fiscal year shall be reduced by the amount, if any, by which the expenses of the Portfolio for such fiscal year exceed the most restrictive state Blue Sky expense limitation in effect from time to time, to the extent required by such limitation. The Investment Adviser shall refund to the Portfolio the amount of any reduction of the Investment Adviser's compensation pursuant to this paragraph 8, reduced by the amount of any rebate paid directly to the Portfolio by any Sub-Adviser engaged by Investment Adviser, as promptly as practicable after the end of such fiscal year, provided that the Investment Adviser will not be required to pay the Portfolio an amount greater than the fee paid to the

Investment Adviser in respect of such year pursuant to this Agreement. As used in this paragraph 8, "expenses" shall mean those expenses included in the most restrictive state Blue Sky limitation, having the broadest specification in such state's Blue Sky statute, and "expense limitation" means a limit on the maximum annual expenses which may be incurred by an investment company determined by multiplying a fixed percentage by the average, or by multiplying more than one such percentage by different specified amounts of the average, of the values of an investment company's net assets for a fiscal year. The words "most restrictive state Blue Sky expense limitation" shall be construed to result in the largest reduction of the Investment Adviser's compensation for any fiscal year of the Portfolio; provided, however, that nothing in this Agreement shall require the Investment Adviser to reduce its fees if not required by an applicable statute or regulation referred to above in this paragraph 8.

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9. Proxies. The Trustees will vote all proxies solicited by or with respect to the issuers of securities in which assets of the Portfolio may be invested from time to time, unless the Trustees delegate such right to the Investment Adviser.

10. Liabilities of the Investment Adviser.

(a) The Investment Adviser will not be liable for any error or judgment or mistake of law or for any loss suffered by the Portfolio or the Trust in connection with the matters to which this Agreement relates, except that the Investment Adviser shall be liable to the Portfolio and the Trust for a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith or gross negligence on the part of the Investment Adviser in the performance of duties or reckless disregard by it of its obligations or duties under this Agreement.

(b) The Investment Adviser shall indemnify and hold harmless the Portfolio from any loss, cost, expense or damage resulting from the failure of any Sub-Adviser to comply with (i) any statement included in the Trust's registration statement furnished by Investment Adviser for inclusion therein, or (ii) instructions given by the Investment Adviser to any Sub-Adviser for the purpose of ensuring the Portfolio's compliance with the applicable requirements of the 1940 Act or of the requirements of the Internal Revenue Code of 1986 applicable to regulated investment companies, or of successor statutes; provided, however, that the indemnification provided by this subparagraph 10(b) shall apply only to the extent that the Sub-Adviser is liable to the Trust and, after demand by the Trust, is unable or refuses to discharge its obligation to the Portfolio.

(c) No provision of this Agreement shall be construed to protect any Trustee or officer of the Trust, or the Investment Adviser, from liability in violation of Sections 17(h) and (i) of the 1940 Act.

11. Renewal, Amendment and Termination.

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(a) This Agreement shall become effective on the date first written above and shall remain in force for a period of two (2) years from such date, and from year to year thereafter but only so long as such continuance is specifically approved at least annually (i) by the vote of a majority of the Trustees who are not interested persons of the Portfolio or the Investment Adviser, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or (ii) by the vote of a majority of the outstanding voting securities of the Portfolio. The aforesaid provision that this Agreement may be continued "annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

(b) This Agreement may be amended at any time, but only by written agreement between the Trust and the Investment Adviser, which amendment is subject to the approval of the Trustees and the shareholders of the Trust in the manner required by the 1940 Act, subject to any applicable exemption order of the SEC modifying the provisions of the 1940 Act with respect to approval of amendments to this Agreement.

(c) This Agreement:

(i) may at any time be terminated without the payment of any penalty either by vote of the Trustees or by vote of a majority of the outstanding voting securities of the Portfolio, on sixty (60) days' written notice to the Investment Adviser;

(ii) shall immediately terminate in the event of its assignment; and

(iii) may be terminated by the Investment Adviser on sixty (60) days' written notice to the Trust.

(d) As used in this Section 11, the terms "assignment," "interested person" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and

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regulations thereunder, subject to any applicable orders of exemption issued by the SEC.

12. Books and Records. (a) The Trustees shall provide to the Investment Adviser copies of the Trust's most recent prospectus and statement of additional information (as each may be amended or supplemented from time to time) which relate to any class of shares representing interests in the Portfolio.

(b) In compliance with the requirements of Rule 31a-3 of the rules promulgated under the 1940 Act ("Rules"), the Investment Adviser hereby agrees that all records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust any such records upon the Trust's request. The Investment Adviser further agrees to preserve for the periods prescribed by Rule 31a-2, the records required to be maintained by the Investment Adviser hereunder pursuant to Rule 31a-1 of the Rules.

13. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed given, if delivered personally, on the day delivered or if mailed, by certified or registered mail, postage prepaid, return receipt requested, three (3) days after placement in the United States mail, to the addresses below:

If to Trust:
Financial Investors Variable Insurance Trust
c/o Russell Burk, Esq., Secretary
370 Seventeenth Street, Suite 3100
Denver, CO 80202

With a copy to:
Lester Woodward, Esq.
Davis, Graham & Stubbs LLP
1550 17th Street, Suite 500
Denver, CO 80202

If to Investment Adviser:
First Tennessee Bank National Association
c/o C. Douglas Kelso, III
Senior Vice President and Manager
530 Oak Court Drive, Second Floor
Memphis, TN 38117

With a copy to:
Adella M. Heard, Esq.
Vice President & Counsel
First Tennessee Bank National Association

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165 Madison Avenue, 3rd Floor

Memphis, TN 38103

14. Severability. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

15. Limitation on Liability. Investment Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust and agrees that obligations assumed by the Portfolio pursuant to this Agreement shall be limited in all cases to the Portfolio and its assets. Investment Adviser agrees that it shall not seek satisfaction of any such obligation from the shareholders or any individual shareholder of the Portfolio, nor from the Trustees or any individual Trustee of the Portfolio.

16. Governing Law. To the extent that state law has not been preempted by the provisions of any law of the United States heretofore or hereafter enacted, as the same may be amended from time to time, this Agreement shall be administered, construed and enforced according to the laws of the State of Tennessee without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, as of the day and year first written above.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By: /s/ Russell Burk

Russell Burk, Secretary

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ C. Douglas Kelso

C. Douglas Kelso, III,
Senior Vice President and Manager

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Exhibit 99(d)(2)

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

THIS INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT is made as of this 10th day of August, 2001, between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware business trust (the "Trust"), on behalf of its CAPITAL APPRECIATION PORTFOLIO (the "Portfolio") and First Tennessee Bank National Association ("Bank").

WHEREAS, the Trust has been organized to operate as an investment company registered under the Investment Company Act of 1940, as amended, (the "1940 Act") and to invest and reinvest the assets of the Portfolio in securities pursuant to investment objectives and policies for the Portfolio; and

WHEREAS, the Trust, under separate agreement (the "Investment Advisory and Management Agreement"), has engaged the services of Delaware Management Company as co-investment adviser to the Portfolio to provide day-to-day investment management of the Portfolio's assets and securities, to conduct a continuous program of investment of the Portfolio's assets, and to provide other advisory services as outlined in the Investment Advisory and Management Agreement (DMC hereinafter being referred to as "Investment Adviser" and Bank hereinafter being referred to as "Co-Adviser"); and

WHEREAS, the Trust desires to obtain the services, information, advice, assistance and facilities of an investment adviser and to have an investment adviser provide or perform for it various investment advisory, monitoring, statistical, research, investment adviser selection and counseling and other services with respect to the Portfolio as set forth more fully herein, but exclusive of day-to-day investment management services;

NOW, THEREFORE, the Trust, on behalf of the Portfolio, and the Co-Adviser agree as follows:

1. Employment of the Co-Adviser. The Trust hereby employs the Co-Adviser to provide investment advisory services in the manner set forth in Section 2A of this Agreement, subject to the direction of the Trustees, for the period, in the manner, and on the terms hereinafter set forth. The Co-Adviser hereby accepts such employment and agrees during such period to render the services and to assume the obligations herein set forth. The Co-Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as expressly provided or authorized (whether herein or otherwise), have no authority to act or represent the Trust in any way or otherwise be deemed an agent of the Trust.

2. Obligations of, and Services to be Provided by, the Co-Adviser. The Co-Adviser undertakes to provide the services hereinafter set forth and to

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assume the following obligations:

A. Investment Advisory Services.

(a) The Co-Adviser will provide the Trust with research, analyses and recommendations with respect to the investment objective, guidelines for and risk characteristics of the Portfolio.

(b) The Co-Adviser will monitor the investment and management activities of the Investment Adviser relative to the Portfolio, including, but not limited to, purchase and sale transactions following settlement thereof, and report to the Trustees on compliance by the Investment Adviser with the investment objective and policies of the Portfolio, any directions which the Trustees and officers of the Trust may issue to the Investment Adviser from time to time and the requirements of the 1940 Act and all applicable rules and regulations of the Securities and Exchange Commission ("SEC") with respect to the Portfolio. In performing its monitoring services under this sub-section, the Co-Adviser may rely, among other things, upon reports, data and information furnished to it by the Investment Adviser, custodian or other service providers to the Portfolio.

(c) The Co-Adviser will make recommendations with respect to the engagement and termination of investment advisers and sub-advisers for the Portfolio and provide research, analyses and recommendations on qualified candidates to perform the investment advisory and, if applicable, sub-advisory duties and responsibilities for the day-to-day management of a continuous investment program for the Portfolio and the related functions to sustain that role.

(d) The Co-Adviser will perform or obtain research and analysis on the investment performance of the Investment Adviser, or other investment advisers or sub-advisers (collectively, the "Advisers") with respect to the Portfolio and comparisons of its absolute and relative performance to relevant indices and investment universes.

(e) The Co-Adviser will determine and recommend allocation of assets between multiple active Advisers at such time that the assets of the Portfolio reach such size that multiple active Advisers are warranted.

(f) The Co-Adviser may make presentations or reports on behalf of the Investment Adviser, or other Advisers, at the request of the

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Investment Adviser or such other Advisers in meetings and other settings where the presence of a representative of any such investment adviser is needed or requested but is unable to attend. Such meetings and settings may include, but are not limited to, (i) Board of Trustee meetings, (ii) meetings with broker-dealers, and (iii) meetings with other channels of distribution. Such meetings shall not include regulatory meetings.

(g) The Co-Adviser will coordinate its activities with the Investment Adviser and the activities of the Investment Adviser or other Advisers, with the Portfolio's transfer agent, administrator, custodian and independent accountants.

B. Provision of Information Necessary for Preparation of Securities Registration Statements, Amendments and Other Materials.

The Co-Adviser will make available and provide such financial, accounting, statistical and other information related to its duties and responsibilities hereunder as required by the Trustees and necessary for the preparation of registration statements, reports and other documents required by federal and state securities laws and such other information as the Trustees may reasonably request for use by the Trust and its distributor for the underwriting and distribution of the Portfolio's shares.

C. Other Obligations and Services.

The Co-Adviser agrees to make available its officers and employees to the Trustees and officers of the Trust for consultation and discussions regarding the activities of the Investment Adviser and the Co-Adviser's duties hereunder and their activities with respect to the Portfolio.

3. Covenants by Co-Adviser. The Co-Adviser covenants with the Trust that, with respect to the services provided to the Portfolio, it:

(a) will comply with all applicable provisions of the 1940 Act and applicable rules and regulations of the Securities and Exchange Commission ("SEC") and will in addition conduct its activities under this Agreement in accordance with the Portfolio's current registration statement and applicable regulations of the Office of the Comptroller of the Currency pertaining to the investment advisory activities of national banks which are applicable to the Co-Adviser;

(b) will not make loans to any person for the purpose of purchasing or carrying Trust or Portfolio shares, or make loans to the

Trust or the Portfolio;

(c) will not purchase shares of the Trust or the Portfolio for its own investment account;

(d) will maintain all books and records with respect to its duties set forth herein, and furnish the Trustees such periodic and special reports as the Trustees may request with respect to the Portfolio;

(e) will treat confidentially and as proprietary information of the Trust all records and other information relative to the Trust and the Portfolio and prior, present or potential shareholders (other than any information which Co-Adviser may have obtained about shareholders from other business relationships with such shareholders), and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder (except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld and will be deemed granted where the Co-Adviser may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, when so requested by the Trust or when otherwise required or permitted by law);

(f) will, to the best of its knowledge and ability, immediately notify the Trust of the occurrence of any event which would disqualify Co-Adviser or the Investment Adviser from serving as investment adviser of an investment company; and

(g) will determine that all information furnished to the Trust by the Co-Adviser pursuant to this Agreement is accurate in all material respects.

4. Expenses of the Portfolio. The Portfolio or Trust will pay, or will enter into arrangements that require third parties to pay, all expenses other than those expressly assumed by the Co-Adviser herein, which expenses payable by the Portfolio or Trust shall include:

(a) Expenses of all audits by independent public accountants;

(b) Expenses of Investment Adviser, transfer agent, registrar, dividend disbursing agent and shareholder recordkeeping

services;

(c) Expenses of custodial services including recordkeeping services provided by the custodian;

(d) Expenses of obtaining quotations for calculating the value of the Portfolio's net assets;

(e) Salaries and other compensation of any of its executive officers or employees, if any, who are not officers, directors, stockholders or employees of the Investment Adviser, the Co-Adviser, the Administrator or the Distributor;

(f) Taxes levied against the Portfolio;

(g) Brokerage fees and commissions in connection with the purchase and sale of portfolio securities for the Portfolio;

(h) Costs, including the interest expense, of borrowing money;

(i) Costs and/or fees incident to Trustees and shareholder meetings of the Trust and the Portfolio, the preparation and mailings of prospectuses and reports of the Portfolio to its existing shareholders, the filing of reports with regulatory bodies, the maintenance of the Portfolio's legal existence, and the registration of shares with federal and state securities authorities;

(j) Legal fees, including the legal fees related to the registration and continued qualification of the Portfolio's shares for sale;

(k) Costs of printing any share certificates representing shares of the Portfolio;

(l) Fees and expenses of Trustees who are not affiliated persons, as defined in the 1940 Act, of the Co-Adviser, the Investment Adviser, the Distributor or any of their affiliates; and

(m) Its pro rata portion of the fidelity bond required by Section 17(g) of the 1940 Act, or of other insurance premiums.

5. Activities and Affiliates of the Co-Adviser. The Trustees acknowledge that the Co-Adviser, or one or more of its affiliates, may have

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investment responsibilities or render investment advice to or perform other investment advisory services for other individuals or entities and that the Co-Adviser, its affiliates or any of its or their directors, officers, agents or employees may buy, sell or trade in any securities for its or their respective accounts (such individuals, entities and accounts hereinafter referred to as "Affiliated Accounts"). Subject to the provisions of paragraph 2 hereof, the Trustees agree that the Co-Adviser or its affiliates may give advice or exercise investment responsibility and take such other action with respect to other Affiliated Accounts which may differ from the advice given or the timing

or nature of action taken with respect to the Portfolio, provided that the Co-Adviser acts in good faith and in accordance with applicable law or as permitted by an exemption order issued by the SEC, and provided further, that, as applicable to the Portfolio, it is the Co-Adviser's policy to allocate within its reasonable discretion, investment opportunities to the Portfolio over a period of time on a fair and equitable basis relative to the Affiliated Accounts, taking into account the investment objectives and policies of the Portfolio and any specific investment restrictions applicable thereto. The Trust acknowledges that one or more of the Affiliated Accounts may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which the Portfolio may have an interest from time to time, whether in transactions which involve the Portfolio or otherwise. The Co-Adviser shall not have any obligation to acquire for the Portfolio a position in any investment which any Affiliated Account may acquire, and the Portfolio shall have no first refusal, coinvestment or other rights in respect of any investment, either for the Portfolio or otherwise.

6. Compensation of the Co-Adviser.

(a) For all services provided to the Portfolio pursuant to this Agreement, the Trust shall pay the Co-Adviser, and the Co-Adviser agrees to accept as full compensation therefor, an investment advisory fee, payable as soon as practicable after the last day of each month, calculated using an annual rate of 0.15% of the average daily net assets of the Portfolio (the "Annual Rate"). The monthly investment advisory fee to be paid by the Trust to the Co-Adviser shall be determined as of the close of business on the last business day of each month by multiplying one-twelfth of the Annual Rate by the Average Portfolio Net Assets (hereinafter defined), calculated monthly as of such day.

(b) For purposes of this paragraph 6, the "Average Portfolio Net Assets" shall be calculated monthly as of the last business day of each month and shall mean the sum of the net assets of the Portfolio calculated each business day during the month divided by the number of business days in the month (such net assets to

be determined as of the close of business each business day and computed in the manner set forth in the Declaration of Trust of the Trust).

7. Proxies. The Trustees will vote all proxies solicited by or with respect to the issuers of securities in which assets of the Portfolio may be invested from time to time, unless the Trustees delegate such right to the Investment Adviser.

8. Liabilities of the Co-Adviser.

(a) The Co-Adviser will not be liable for any loss suffered by the Portfolio or the Trust as the result of any error of judgment or mistake of law in connection with its performance of this Agreement; provided, however, that the Co-Adviser shall be liable to the Portfolio and the Trust for any loss resulting from (i) a breach of fiduciary duty with respect to the receipt of compensation for services; (ii) willful misfeasance, bad faith or gross negligence in, or reckless disregard by the Co-Adviser of, the performance of its duties and obligations under this Agreement; or (iii) any material breach of any of its covenants contained in this Agreement.

(b) No provision of this Agreement shall be construed to protect any Trustee or officer of the Trust, or the Co-Adviser, from liability in violation of Sections 17(h) and (i) of the 1940 Act.

9. Renewal, Amendment and Termination.

(a) This Agreement shall become effective on the date first written above and shall remain in force for a period of two (2) years from such date and from year to year thereafter but only so long as such continuance is specifically approved at least annually (i) by the vote of a majority of the Trustees who are not interested persons of the Portfolio, the Investment Adviser or the Co-Adviser, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or (ii) by the vote of a majority of the outstanding voting securities of the Portfolio. The aforesaid provision that this Agreement may be continued "annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

(b) This Agreement may be amended at any time, but only by written

agreement between the Trust and the Co-Adviser, which amendment is subject to the approval of the Trustees and the shareholders of the Trust in the manner required by the 1940 Act, subject to any applicable exemption order of the SEC modifying the provisions of the 1940 Act with respect to approval of amendments to this Agreement.

(c) This Agreement:

(i) may at any time be terminated without the payment of any penalty either by vote of the Trustees or by vote of a majority of the outstanding voting securities of the Portfolio, on sixty (60) days' written notice to the Co-Adviser;

(ii) shall immediately terminate in the event of its assignment; and

(iii) may be terminated by the Co-Adviser on sixty (60) days' written notice to the Trust.

(d) As used in this Section 9, the terms "assignment", "interested person" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and regulations thereunder, subject to any applicable orders of exemption issued by the SEC.

10. Books and Records.

(a) The Trustees shall provide to the Co-Adviser copies of the Trust's most recent prospectus and statement of additional information (as each may be amended or supplemented from time to time) which relate to any class of shares representing interests in the Portfolio.

(b) In compliance with the requirements of Rule 3la-3 of the rules promulgated under the 1940 Act ("Rules"), the Co-Adviser hereby agrees that all records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust any such records upon the Trust's request. The Co-Adviser further agrees to preserve for the periods prescribed by Rule 3la-2, the records required to be maintained by the Co-Adviser hereunder pursuant to Rule 3la-1 of the Rules.

11. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed given, if delivered

personally, on the day delivered or if mailed, by certified or registered mail, postage prepaid, return receipt requested, three (3) days after placement in the United States mail, to the addresses below:

If to Trust: Financial Investors Variable Insurance Trust
c/o Russell C. Burk, Esq., General Counsel
ALPS Mutual Fund Services, Inc.
370 17th Street, Suite 3100
Denver, Colorado 80202

With a copy to: Lester Woodward, Esq.
Davis, Graham & Stubbs LLP
370 17th Street, Suite 4700
Denver, CO 80202

If to Co-Adviser: C. Douglas Kelso, III

c/o: First Tennessee Bank National Association
4990 Poplar Avenue, Third Floor
Memphis, TN 38117

With a copy to: Adella Heard, Esq.
First Tennessee Bank National Corporation
165 Madison Avenue, Third Floor
Memphis, TN 38103

12. Severability. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

13. Limitation on Liability. Co-Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust and agrees that obligations assumed by the Portfolio pursuant to this Agreement shall be limited in all cases to the Portfolio and its assets. Co-Adviser agrees that it shall not seek satisfaction of any such obligation from the shareholders or any individual shareholder of the Portfolio, nor from the Trustees or any individual Trustee of the Portfolio.

14. Governing Law. To the extent that state law has not been preempted by the provisions of any law of the United States heretofore or hereafter enacted, as the same may be amended from time to time, this Agreement shall be administered, construed and enforced according to the laws of the State of Tennessee without giving effect to the choice of laws provisions thereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, as of the day and year first written above.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By: /s/Russell Burk

Russell Burk, Secretary

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ C. Douglas Kelso, III

C. Douglas Kelso, III, Senior Vice President

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Exhibit 99(d)(3)

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

THIS INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT is made as of this 10th day of August, 2001, between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware business trust (the "Trust"), on behalf of its FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO (the "Portfolio") and Delaware Management Company, a series of Delaware Management Business Trust, a Delaware business trust organized under the laws of the State of Delaware ("DMC").

WHEREAS, the Trust has been organized to operate as an investment company registered under the Investment Company Act of 1940, as amended, (the "1940 Act") and to invest and reinvest the assets of the Portfolio in securities pursuant to investment objectives and policies for the Portfolio;

WHEREAS, the Trust, under separate agreement has engaged the services of First Tennessee Bank National Association ("Bank") as a co-investment adviser to provide or perform various investment advisory, monitoring, statistical, research, portfolio investment adviser selection, and other services with respect to the Portfolio as set forth more fully in the Bank's Investment Advisory and Management Agreement, a form of which is attached hereto as Exhibit A, (Bank hereinafter being referred to as "Co-Adviser" and DMC hereinafter being referred to as "Investment Adviser"); and

WHEREAS, the Trust desires to obtain the day-to-day portfolio investment management services, information, advice, assistance and facilities of the Investment Adviser with respect to the Portfolio as set forth more fully herein;

NOW, THEREFORE, Trust, on behalf of the Portfolio, and Investment Adviser agree as follows:

1. Employment of the Investment Adviser. The Trust hereby employs the Investment Adviser to provide investment advice and to manage the investment and reinvestment of the Portfolio's assets in the manner set forth in Section 2A of this Agreement, subject to the direction of the Trustees, for the period, in the manner, and on the terms hereinafter set forth. The Investment Adviser hereby accepts such employment and agrees during such period to render the services and to assume the obligations herein set forth. The Investment Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as expressly provided or authorized (whether herein or otherwise), have no authority to act or represent the Trust in any way or otherwise be deemed an agent of the Trust.

2. Obligation of, and Services to be Provided by, the Investment Adviser. The Investment Adviser undertakes to provide the services hereinafter

set forth and to assume the following obligations:

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A. Investment Advisory Services.

(a) The Investment Adviser shall have overall responsibility for the day-to-day management and investment of the Portfolio's assets and securities portfolio subject to and in accordance with the investment objectives and policies of the Portfolio, and any directions which the Trustees and officers of the Trust may issue to the Investment Adviser from time to time, and shall perform the following services: (i) provide or cause to be provided investment research and credit analysis concerning the Portfolio's investments, (ii) conduct or cause to be conducted a continual program of investment of the Portfolio's assets, (iii) place or cause to be placed orders for all purchases and sales of the investments made for the Portfolio, and (iv) maintain or cause to be maintained the books and records required in connection with its duties hereunder.

(b) The Investment Adviser shall advise the Trustees of the Trust regarding overall investment programs and strategies for the Portfolio, revision of such programs as necessary, and shall monitor and report periodically to the Trustees concerning the implementation of such programs and strategies.

(c) The Investment Adviser, with the prior approval of the Trustees (and the shareholders to the extent required by applicable law) as to particular appointments, shall be permitted to (i) engage one or more persons or companies ("Sub-Advisers"), which may have full investment discretion to make all determinations with respect to the investment and reinvestment of all or any portion of the Portfolio's assets and the purchase and sale of all or any portion of the Portfolio securities, subject to the terms and conditions of this Agreement and the written agreement to be executed with any Sub-Adviser; and (ii) take such steps as may be necessary to implement such appointment.

(d) The Investment Adviser will coordinate its activities with those of the Co-Adviser and will provide to the Co-Adviser such information regarding the Investment Adviser's investment management activities to the Portfolio as the Co-Adviser may reasonably request in order to enable the Co-Adviser to perform its services on behalf of the Portfolio under the Co-Adviser Agreement.

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B. Provision of Information Necessary for Preparation of Securities Registration Statements, Amendments and Other Materials.

The Investment Adviser will make available and provide such financial, accounting, statistical and other information related to its duties and responsibilities hereunder as required by the Trustees and necessary for the preparation of registration statements, reports and other documents required by federal and state securities laws and such other information as the Trustees may reasonably request for use by the Trust and its distributor for the underwriting and distribution of the Portfolio's shares.

C. Other Obligations and Services.

The Investment Adviser agrees to make available its officers and employees to the Trustees and officers of the Trust and to the Co-Adviser for consultation and discussions regarding the investment advisory activities of the Investment Adviser for the Portfolio. The Investment Adviser will also coordinate its activities, to the extent necessary, with the activities of the custodian, transfer agent, distributor, administrator and pricing agent insofar as their respective activities relate to the duties of the Investment Adviser hereunder, and will provide to such service providers of the Portfolio such information as they may reasonably request in order to perform their services on behalf of the Portfolio.

3. Covenants by Investment Adviser. The Investment Adviser covenants with the Trust that with respect to the services provided to the Portfolio it:

(a) will comply with all applicable provisions of the 1940 Act and applicable rules and regulations of the Securities and Exchange Commission ("SEC") and will in addition conduct its activities under this Agreement in accordance with the investment objective, policies and limitations contained the current registration statement of the Portfolio;

(b) will not make loans to any person for the purpose of purchasing or carrying Portfolio shares, or make loans to the Portfolio or the Trust;

(c) will not purchase shares of the Portfolio or the Trust for its own investment account;

(d) will maintain all books and records with respect to the securities transactions of the Portfolio and furnish the Trustees such periodic and special reports as the Trustees may request with respect to the Portfolio;

(e) will treat confidentially and as proprietary information of the Trust all records and other information relative to the Trust and the Portfolio and prior, present or potential shareholders (other than any information which Investment Adviser may have obtained about shareholders from other business relationships with such shareholders), and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder (except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld and will be deemed granted where the Investment Adviser may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, when so requested by the Trust or when otherwise required or permitted by law);

(f) will immediately notify the Trust and the Co-Adviser of the occurrence of any event which would disqualify Investment Adviser or any Sub-Adviser from serving as investment adviser of an investment company; and

(g) will determine that all information furnished to the Trust or the Co-Adviser by it pursuant to this Agreement is accurate in all material respects.

4. Transaction Procedures. All investment transactions on behalf of the Portfolio will be compensated by payment to or delivery by the custodian for the Portfolio duly appointed by the Trustees of the Trust (the "Custodian"), or such approved depositories or agents duly appointed by the Trustees and as may be designated by the Custodian in writing, as custodian for the Portfolio, of all cash and/or securities due to or from the Portfolio, and the Investment Adviser shall not have possession or custody thereof or any responsibility or liability with respect thereto. The Investment Adviser effecting transactions on behalf of the Portfolio shall advise the Custodian and the Co-Adviser of all investment orders for the Portfolio placed by it with brokers, dealers, banks and other parties ("Brokers"). The Trustees shall issue, or cause to be issued, to the Custodian such instructions as may be appropriate in connection with the settlement of any transaction initiated by the Investment Adviser. The Portfolio

shall be responsible for all custodial arrangements and the payment of all custodial charges and fees, and, upon the giving of proper instructions to the Custodian, the Investment Adviser shall have no responsibility or liability with respect to custodian arrangements or the acts, omissions or other conduct of the Custodian, except that it shall be the responsibility of the Investment Adviser to take appropriate action if the Custodian fails properly to confirm execution of the instructions to the Investment Adviser and the Co-Adviser in a written form duly agreed upon by the Custodian, the Investment Adviser and the

Co-Adviser.

5. Execution and Allocation of Portfolio Brokerage. The Investment Adviser shall place, subject to the limitations contained in this paragraph 5, on behalf of the Portfolio, orders for the execution of the Portfolio's securities transactions. The Investment Adviser is authorized by the Trust to take any action, including the purchase or sale of securities for the account of the Portfolio, (a) that is not in contravention of (i) any investment restrictions set forth in the 1940 Act and the rules thereunder; (ii) specific instructions adopted by the Trustees and communicated to the Investment Adviser; (iii) the investment objectives, policies and restrictions of the Portfolio as set forth in the Trust's current registration statement, as amended from time to time; or (iv) instructions from the Trustees to the Investment Adviser, and (b) which would not have the effect of causing the Trust to fail to qualify or to cease to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, or any succeeding statute.

The Investment Adviser may place orders pursuant to its investment determinations for the Portfolio either directly with the issuer or with any Brokers. In placing orders with any Broker, the Investment Adviser will consider the experience and skill of a Broker's securities traders as well as the Broker's financial responsibility and administrative efficiency. The Investment Adviser will attempt to obtain the best price and the most favorable execution of its orders with any Brokers; however, in so doing, the Investment Adviser may consider, subject to applicable law, the research, statistical, and related brokerage services provided or to be provided by such Broker to the Portfolio or the other accounts for which the Investment Adviser exercises investment discretion. A commission paid to such Brokers may be higher than that which another Broker would have charged for effecting the same transaction, provided that the Investment Adviser determines in good faith that such commission is reasonable in relation to the value of the brokerage and research services provided by such Broker when viewed in terms of either the particular transaction or the overall responsibilities of the Investment Adviser with respect to the accounts as to which it exercises investment discretion. It is understood that the Investment Adviser has not adopted a formula for selection of Brokers for the execution of the Portfolio's investment transactions. On occasions when the Investment Adviser deems the purchase or sale of a security to be in the best interest of the Portfolio as well as other clients, the

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Investment Adviser, to the extent permitted by applicable laws and regulations, may, but shall be under no obligation to, aggregate the securities to be sold or purchased in order to obtain the most favorable price or lower brokerage commissions and efficient execution. In such event, allocation of the securities so purchased or sold, as well as expenses incurred in the transaction, will be made by the Investment Adviser in the manner it considers to be the most equitable and consistent with its fiduciary obligations to the Portfolio and to such other clients.

The Investment Adviser will not execute any Portfolio transactions for

the account of the Portfolio with a Broker which is an "affiliated person" (as defined in the 1940 Act) of the Trust, the Trust's distributor, the Investment Adviser or the Co-Adviser except in accordance with applicable laws, rules, regulations or interpretations thereof and effective exemption orders issued by the SEC pursuant to the 1940 Act without the prior written approval of the Trustees. The Trust agrees to provide the Investment Adviser with a list of brokers and dealers that are "affiliated persons" of the Trust. The Investment Adviser likewise agrees to furnish to the Trust and the Co-Adviser a list of Brokers which are "affiliated persons" of the Investment Adviser. In no instance will Portfolio securities be purchased from or sold to the Trust's principal distributor, Investment Adviser, Co-Adviser or any affiliate thereof, except to the extent permitted by an exemption order issued by the SEC or by applicable law.

The Investment Adviser shall render regular reports to the Trustees and the Co-Adviser of the total brokerage business placed by it with respect to the Trust and the manner in which the allocation of such brokerage has been accomplished.

6. Expenses of the Portfolio. The Portfolio or Trust will pay, or will enter into arrangements that require third parties to pay, all expenses other than those expressly assumed by the Investment Adviser herein, which expenses payable by the Portfolio or Trust shall include:

(a) Expenses of all audits by independent public accountants;

(b) Expenses of the Co-Adviser, transfer agent, registrar, dividend disbursing agent and shareholder recordkeeping services;

(c) Expenses of custodial services including recordkeeping services provided by the custodian;

(d) Expenses of obtaining quotations for calculating the value of the Portfolio's net assets;

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(e) Salaries and other compensation of any of its executive officers or employees, if any, who are not officers, directors, stockholders or employees of the Investment Adviser, the administrator or the distributor;

(f) Taxes levied against the Portfolio;

(g) Brokerage fees and commissions in connection with the purchase and sale of portfolio securities for the Portfolio;

(h) Costs, including the interest expense, of borrowing money;

(i) Costs and/or fees incident to Trustees and shareholder meetings of the Trust and the Portfolio, the preparation and

mailings of prospectuses and reports of the Portfolio to its existing shareholders, the filing of reports with regulatory bodies, the maintenance of the Portfolio's legal existence, and the registration of shares with federal and state securities authorities;

(j) Legal fees in connection with the representation of the Trust and/or Portfolio, including the legal fees related to the registration and continued qualification of the Portfolio's shares for sale;

(k) Costs of printing any share certificates representing shares of the Portfolio;

(l) Fees and expenses of Trustees who are not affiliated persons, as defined in the 1940 Act, of the Investment Adviser, the Co-Adviser, the distributor or any of their affiliates; and

(m) Its pro rata portion of the fidelity bond required by Section 17(g) of the 1940 Act, or of other insurance premiums.

7. Activities and Affiliates of the Investment Adviser. The Trustees acknowledge that Investment Adviser, or one or more of its affiliates, may have investment responsibilities or render investment advice to or perform other investment advisory services for other individuals or entities and that Investment Adviser, its affiliates or any of its or their directors, officers, agents or employees may buy, sell or trade in any securities for its or their respective accounts (such individuals, entities and accounts hereinafter referred to as Affiliated Accounts). Subject to the provisions of paragraph 2

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hereof, the Trustees agree that the Investment Adviser or its affiliates may give advice or exercise investment responsibility and take such other action with respect to other Affiliated Accounts which may differ from the advice given or the timing or nature of action taken with respect to the Portfolio, provided that Investment Adviser acts in good faith and in accordance with applicable law or as permitted by an exemption order issued by the SEC, and provided further, that it is Investment Adviser's policy to allocate within its reasonable discretion, investment opportunities to the Portfolio over a period of time on a fair and equitable basis relative to the Affiliated Accounts, taking into account the investment objectives and policies of the Portfolio and any specific investment restrictions applicable thereto. The Trust acknowledges that one or more of the Affiliated Accounts may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in investments in which the Portfolio may have an interest from time to time, whether in transactions which involve the Portfolio or otherwise. The Investment Adviser shall not have any obligation to acquire for the Portfolio a position in any investment which any Affiliated Account may acquire, and the Portfolio shall have no first

refusal, coinvestment or other rights in respect of any investment, either for the Portfolio or otherwise.

8. Compensation of the Investment Adviser. (a) For all services provided to the Portfolio pursuant to this Agreement, the Trust shall pay the Investment Adviser, and the Investment Adviser agrees to accept as full compensation therefor, an investment advisory fee, payable as soon as practicable after the last day of each month, calculated using an annual rate of 0.70% of the average daily net assets of the Portfolio for the first $50 million of such assets, and 0.65% on average daily net assets of the Portfolio in excess of $50 million (the "Annual Rate"). The monthly investment advisory fee to be paid by the Trust to the Investment Adviser shall be determined as of the close of business on the last business day of each month by multiplying one-twelfth of the Annual Rate by the Average Portfolio Net Assets (hereinafter defined), calculated monthly as of such day.

(b) For purposes of this paragraph 8, the "Average Portfolio Net Assets" shall be calculated monthly as of the last business day of each month and shall mean the sum of the net assets of the Portfolio calculated each business day during the month divided by the number of business days in the month (such net assets to be determined as of the close of business each business day and computed in the manner set forth in the Declaration of Trust of the Trust).

9. Proxies. The Trustees will vote all proxies solicited by or with respect to the issuers of securities in which assets of the Portfolio may be invested from time to time, unless the Trustees delegate such right to the Investment Adviser, at which time the Trustees shall provide DMC with a certified resolution authorizing DMC to vote such proxies.

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10. Liabilities of the Investment Adviser.

(a) The Investment Adviser will not be liable for any loss suffered by the Portfolio or the Trust as the result of any error of judgment or mistake of law in connection with its performance of this Agreement; provided, however, that the Investment Adviser shall be liable to the Portfolio and the Trust for any loss resulting from (i) a breach of fiduciary duty with respect to the receipt of compensation for services; (ii) willful misfeasance, bad faith or gross negligence in, or reckless disregard by the Investment Adviser of, the performance of its obligations or duties under this Agreement; or (iii) any material breach of any of its covenants contained in this Agreement.

(b) No provision of this Agreement shall be construed to protect any Trustee or officer of the Trust, or the Investment Adviser, from liability in violation of Sections 17(h) and

(i) of the 1940 Act.

11. Renewal, Amendment and Termination.

(a) This Agreement shall become effective on the date first written above and shall remain in force for a period of two (2) years from such date and from year to year thereafter but only so long as such continuance is specifically approved at least annually (i) by the vote of a majority of the Trustees who are not interested persons of the Portfolio, the Co-Adviser or the Investment Adviser, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or (ii) by the vote of a majority of the outstanding voting securities of the Portfolio. The aforesaid provision that this Agreement may be continued "annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

(b) This Agreement may be amended at any time, but only by written agreement between the Trust and the Investment Adviser, which amendment is subject to the approval of the Trustees and, if applicable, the shareholders of the Trust in the manner required by the 1940 Act, subject to any applicable exemption order of the SEC modifying the provisions of the 1940 Act with respect to approval of amendments to this Agreement.

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(c) This Agreement:

(i) may at any time be terminated without the payment of any penalty either by vote of the Trustees or by vote of a majority of the outstanding voting securities of the Portfolio, on sixty (60) days' written notice to the Investment Adviser;

(ii) shall immediately terminate in the event of its assignment; and

(iii) may be terminated by the Investment Adviser on sixty (60) days' written notice to the Trust.

(d) As used in this Section 11, the terms "assignment", "interested person" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and regulations thereunder, subject to any applicable orders of exemption or other interpretations issued by the SEC.

12. Books and Records.

(a) The Trustees shall provide to the Investment Adviser copies of the Trust's most recent prospectus, statement of additional information, supplement, and post-effective amendment which relate to any class of shares representing interests in the Portfolio.

(b) In compliance with the requirements of Rule 31a-3 of the rules promulgated under the 1940 Act ("Rules"), the Investment Adviser hereby agrees that all records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust any such records upon the Trust's request. The Investment Adviser further agrees to preserve for the periods prescribed by Rule 31a-2, the records required to be maintained by the Investment Adviser hereunder pursuant to Rule 31a-1 of the Rules.

13. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed given, if delivered personally, on the day delivered or if mailed, by certified or registered mail, postage prepaid, return receipt requested, three (3) days after placement in the United States mail, or national courier service (e.g. UPS, Fed Ex, Airborne Express), upon actual receipt as documented by such courier, to the addresses below:

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If to Trust:

Financial Investors Variable Insurance Trust
c/o Russell C. Burk, Secretary
370 17th Street, Suite 3100
Denver, Colorado 80202

With a copy to:
Lester Woodward, Esq.
Davis, Graham & Stubbs LLP
1550 17th Street, Suite
500 Denver, CO 80202

If to Investment Adviser:

Delaware Management Company
Attn: Richard J. Flannery, Esq., General Counsel
One Commerce Square
Philadelphia, PA 19103

14. Severability. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

15. Limitation on Liability. Investment Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the

Declaration of Trust and agrees that obligations assumed by the Portfolio pursuant to this Agreement shall be limited in all cases to

the Portfolio and its assets. Investment Adviser agrees that it shall not seek satisfaction of any such obligation from the shareholders or any individual shareholder of the Portfolio, nor from the Trustees or any individual Trustee of the Portfolio.

16. Governing Law. To the extent that state law has not been preempted by the provisions of any law of the United States heretofore or hereafter enacted, as the same may be amended from time to time, this Agreement shall be administered, construed and enforced according to the laws of the State of Tennessee without giving effect to the choice of laws provisions thereof.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, as of the day and year first written above.

FINANCIAL INVESTORS INSURANCE TRUST

By: /s/ Russell Burk

Russell Burk, Secretary

DELAWARE MANAGEMENT COMPANY

By: /s/ William E. Dodge

Executive Vice President/Chief
Investment Officer, Equity

By:

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EXHIBIT A

INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT

THIS INVESTMENT ADVISORY AND MANAGEMENT AGREEMENT is made as of this ____ day of _____, 2000, between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware business trust (the "Trust"), on behalf of its FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO (the "Portfolio") and First Tennessee Bank National Association ("Bank").

WHEREAS, the Trust has been organized to operate as an investment

company registered under the Investment Company Act of 1940, as amended, (the "1940 Act") and to invest and reinvest the assets of the Portfolio in securities pursuant to investment objectives and policies for the Portfolio; and

WHEREAS, the Trust, under separate agreement (the "Investment Advisory and Management Agreement"), has engaged the services of Delaware Management Company as co-investment adviser to the Portfolio to provide day-to-day investment management of the Portfolio's assets and securities, to conduct a continuous program of investment of the Portfolio's assets, and to provide other advisory services as outlined in the Investment Advisory and Management Agreement (DMC hereinafter being referred to as "Investment Adviser" and Bank hereinafter being referred to as "Co-Adviser"); and

WHEREAS, the Trust desires to obtain the services, information, advice, assistance and facilities of an investment adviser and to have an investment adviser provide or perform for it various investment advisory, monitoring, statistical, research, investment adviser selection and counseling and other services with respect to the Portfolio as set forth more fully herein, but exclusive of day-to-day investment management services;

NOW, THEREFORE, the Trust, on behalf of the Portfolio, and the Co-Adviser agree as follows:

1. Employment of the Co-Adviser. The Trust hereby employs the Co-Adviser to provide investment advisory services in the manner set forth in Section 2A of this Agreement, subject to the direction of the Trustees, for the period, in the manner, and on the terms hereinafter set forth. The Co-Adviser hereby accepts such employment and agrees during such period to render the services and to assume the obligations herein set forth. The Co-Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as expressly provided or authorized (whether herein or otherwise), have no authority to act or represent the Trust in any way or otherwise be deemed an agent of the Trust.

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2. Obligations of, and Services to be Provided by, the Co-Adviser. The Co-Adviser undertakes to provide the services hereinafter set forth and to assume the following obligations:

A. Investment Advisory Services.

(a) The Co-Adviser will provide the Trust with research, analyses and recommendations with respect to the investment objective, guidelines for and risk characteristics of the Portfolio.

(b) The Co-Adviser will monitor the investment and management activities of the Investment Adviser relative to the Portfolio, including, but not limited to, purchase and sale transactions following settlement thereof, and report to the Trustees on compliance by the Investment Adviser with the investment

objective and policies of the Portfolio, any directions which the Trustees and officers of the Trust may issue to the Investment Adviser from time to time and the requirements of the 1940 Act and all applicable rules and regulations of the Securities and Exchange Commission ("SEC") with respect to the Portfolio. In performing its monitoring services under this sub-section, the Co-Adviser may rely, among other things, upon reports, data and information furnished to it by the Investment Adviser, custodian or other service providers to the Portfolio.

(c) The Co-Adviser will make recommendations with respect to the engagement and termination of investment advisers and sub-advisers for the Portfolio and provide research, analyses and recommendations on qualified candidates to perform the investment advisory and, if applicable, sub-advisory duties and responsibilities for the day-to-day management of a continuous investment program for the Portfolio and the related functions to sustain that role.

(d) The Co-Adviser will perform or obtain research and analysis on the investment performance of the Investment Adviser, or other investment advisers or sub-advisers (collectively, the "Advisers") with respect to the Portfolio and comparisons of its absolute and relative performance to relevant indices and investment universes.

(e) The Co-Adviser will determine and recommend allocation of assets between multiple active Advisers at such time that the assets of the Portfolio reach such size that multiple active

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Advisers are warranted.

(f) The Co-Adviser may make presentations or reports on behalf of the Investment Adviser, or other Advisers, at the request of the Investment Adviser or such other Advisers in meetings and other settings where the presence of a representative of any such investment adviser is needed or requested but is unable to attend. Such meetings and settings may include, but are not limited to, (i) Board of Trustee meetings, (ii) meetings with broker-dealers, and (iii) meetings with other channels of distribution. Such meetings shall not include regulatory meetings.

(g) The Co-Adviser will coordinate its activities with the Investment Adviser and the activities of the Investment Adviser or other Advisers, with the Portfolio's transfer agent, administrator, custodian and independent accountants.

B. Provision of Information Necessary for Preparation of Securities

Registration Statements, Amendments and Other Materials.

The Co-Adviser will make available and provide such financial, accounting, statistical and other information related to its duties and responsibilities hereunder as required by the Trustees and necessary for the preparation of registration statements, reports and other documents required by federal and state securities laws and such other information as the Trustees may reasonably request for use by the Trust and its distributor for the underwriting and distribution of the Portfolio's shares.

C. Other Obligations and Services.

The Co-Adviser agrees to make available its officers and employees to the Trustees and officers of the Trust for consultation and discussions regarding the activities of the Investment Adviser and the Co-Adviser's duties hereunder and their activities with respect to the Portfolio.

3. Covenants by Co-Adviser. The Co-Adviser covenants with the Trust that, with respect to the services provided to the Portfolio, it:

(a) will comply with all applicable provisions of the 1940 Act and applicable rules and regulations of the Securities and Exchange Commission ("SEC") and will in addition conduct

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its activities under this Agreement in accordance with the Portfolio's current registration statement and applicable regulations of the Office of the Comptroller of the Currency pertaining to the investment advisory activities of national banks which are applicable to the Co-Adviser;

(b) will not make loans to any person for the purpose of purchasing or carrying Trust or Portfolio shares, or make loans to the Trust or the Portfolio;

(c) will not purchase shares of the Trust or the Portfolio for its own investment account;

(d) will maintain all books and records with respect to its duties set forth herein, and furnish the Trustees such periodic and special reports as the Trustees may request with respect to the Portfolio;

(e) will treat confidentially and as proprietary information of the Trust all records and other information relative to the Trust and the Portfolio and prior, present or potential shareholders (other than any information which Co-Adviser may have obtained about shareholders from other business

relationships with such shareholders), and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld and will be deemed granted where the Co-Adviser may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, when so requested by the Trust or when otherwise required or permitted by law);

(f) will, to the best of its knowledge and ability, immediately notify the Trust of the occurrence of any event which would disqualify Co-Adviser or the Investment Adviser from serving as investment adviser of an investment company; and

(g) will determine that all information furnished to the Trust by the Co-Adviser pursuant to this Agreement is accurate in all material respects.

4. Expenses of the Portfolio. The Portfolio or Trust will pay,

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or will enter into arrangements that require third parties to pay, all expenses other than those expressly assumed by the Co-Adviser herein, which expenses payable by the Portfolio or Trust shall include:

(a) Expenses of all audits by independent public accountants;

(b) Expenses of Investment Adviser, transfer agent, registrar, dividend disbursing agent and shareholder recordkeeping services;

(c) Expenses of custodial services including recordkeeping services provided by the custodian;

(d) Expenses of obtaining quotations for calculating the value of the Portfolio's net assets;

(e) Salaries and other compensation of any of its executive officers or employees, if any, who are not officers, directors, stockholders or employees of the Investment Adviser, the Co-Adviser, the Administrator or the Distributor;

(f) Taxes levied against the Portfolio;

(g) Brokerage fees and commissions in connection with the purchase and sale of portfolio securities for the Portfolio;

(h) Costs, including the interest expense, of borrowing money;

(i) Costs and/or fees incident to Trustees and shareholder meetings of the Trust and the Portfolio, the preparation and mailings of prospectuses and reports of the Portfolio to its existing shareholders, the filing of reports with regulatory bodies, the maintenance of the Portfolio's legal existence, and the registration of shares with federal and state securities authorities;

(j) Legal fees, including the legal fees related to the registration and continued qualification of the Portfolio's shares for sale;

(k) Costs of printing any share certificates representing shares of the Portfolio;

(l) Fees and expenses of Trustees who are not affiliated

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persons, as defined in the 1940 Act, of the Co-Adviser, the Investment Adviser, the Distributor or any of their affiliates; and

(m) Its pro rata portion of the fidelity bond required by Section 17(g) of the 1940 Act, or of other insurance premiums.

5. Activities and Affiliates of the Co-Adviser. The Trustees acknowledge that the Co-Adviser, or one or more of its affiliates, may have investment responsibilities or render investment advice to or perform other investment advisory services for other individuals or entities and that the Co-Adviser, its affiliates or any of its or their directors, officers, agents or employees may buy, sell or trade in any securities for its or their respective accounts (such individuals, entities and accounts hereinafter referred to as "Affiliated Accounts"). Subject to the provisions of paragraph 2 hereof, the Trustees agree that the Co-Adviser or its affiliates may give advice or exercise investment responsibility and take such other action with respect to other Affiliated Accounts which may differ from the advice given or the timing or nature of action taken with respect to the Portfolio, provided that the Co-Adviser acts in good faith and in accordance with applicable law or as permitted by an exemption order issued by the SEC, and provided further, that, as applicable to the Portfolio, it is the Co-Adviser's policy to allocate within its reasonable discretion, investment opportunities to the Portfolio over a period of time on a fair and equitable basis relative to the Affiliated Accounts, taking into account the investment objectives and policies of the Portfolio and any specific investment restrictions applicable thereto. The Trust acknowledges that one or more of the Affiliated Accounts may at any time hold, acquire, increase, decrease, dispose of or otherwise deal with positions in

investments in which the Portfolio may have an interest from time to time, whether in transactions which involve the Portfolio or otherwise. The Co-Adviser shall not have any obligation to acquire for the Portfolio a position in any investment which any Affiliated Account may acquire, and the Portfolio shall have no first refusal, co-investment or other rights in respect of any investment, either for the Portfolio or otherwise.

6. Compensation of the Co-Adviser.

(a) For all services provided to the Portfolio pursuant to this Agreement, the Trust shall pay the Co-Adviser, and the Co-Adviser agrees to accept as full compensation therefor, an investment advisory fee, payable as soon as practicable after the last day of each month, calculated using an annual rate of 0.15% of the average daily net assets of the Portfolio (the "Annual Rate"). The monthly investment advisory fee to be paid by the Trust to the

Co-Adviser shall be determined as of the close of business on the last business day of each month by multiplying one-twelfth of the Annual Rate by the Average Portfolio Net Assets (hereinafter defined), calculated monthly as of such day.

(b) For purposes of this paragraph 6, the "Average Portfolio Net Assets" shall be calculated monthly as of the last business day of each month and shall mean the sum of the net assets of the Portfolio calculated each business day during the month divided by the number of business days in the month (such net assets to be determined as of the close of business each business day and computed in the manner set forth in the Declaration of Trust of the Trust).

7. Proxies. The Trustees will vote all proxies solicited by or with respect to the issuers of securities in which assets of the Portfolio may be invested from time to time, unless the Trustees delegate such right to the Investment Adviser.

8. Liabilities of the Co-Adviser.

(a) The Co-Adviser will not be liable for any loss suffered by the Portfolio or the Trust as the result of any error of judgment or mistake of law in connection with its performance of this Agreement; provided, however, that the Co-Adviser shall be liable to the Portfolio and the Trust for any loss resulting from (i) a breach of fiduciary duty with respect to the receipt of compensation for services; (ii) willful misfeasance, bad faith or gross negligence in, or reckless disregard by the Co-Adviser of, the performance of its duties and obligations under this Agreement; or (iii)

any material breach of any of its covenants contained in this Agreement.

(b) No provision of this Agreement shall be construed to protect any Trustee or officer of the Trust, or the Co-Adviser, from liability in violation of Sections 17(h) and (i) of the 1940 Act.

9. Renewal, Amendment and Termination.

(a) This Agreement shall become effective on the date first written above and shall remain in force for a period of two (2) years from such date and from year to year thereafter but only so long as such continuance is specifically approved at least annually (i) by the vote of of

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a majority of the Trustees who are not interested persons of the Portfolio, the Investment Adviser or the Co-Adviser, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Board of Trustees or (ii) by the vote of a majority of the outstanding voting securities of the Portfolio. The aforesaid provision that this Agreement may be continued "annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

(b) This Agreement may be amended at any time, but only by written agreement between the Trust and the Co-Adviser, which amendment is subject to the approval of the Trustees and the shareholders of the Trust in the manner required by the 1940 Act, subject to any applicable exemption order of the SEC modifying the provisions of the 1940 Act with respect to approval of amendments to this Agreement.

(c) This Agreement:

(i) may at any time be terminated without the payment of any penalty either by vote of the Trustees or by vote of a majority of the outstanding voting securities of the Portfolio, on sixty (60) days' written notice to the Co-Adviser;

(ii) shall immediately terminate in the event of its assignment; and

(iii) may be terminated by the Co-Adviser on sixty (60) days' written notice to the Trust.

(d) As used in this Section 9, the terms "assignment",

"interested person" and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and regulations thereunder, subject to any applicable orders of exemption issued by the SEC.

10. Books and Records.

(a) The Trustees shall provide to the Co-Adviser copies of the Trust's most recent prospectus and statement of additional information (as each may be amended or supplemented from time to time) which relate to any class of shares representing interests in the Portfolio.

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(b) In compliance with the requirements of Rule 3la-3 of the rules promulgated under the 1940 Act ("Rules"), the Co-Adviser hereby agrees that all records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust any such records upon the Trust's request. The Co-Adviser further agrees to preserve for the periods prescribed by Rule 3la-2, the records required to be maintained by the Co-Adviser hereunder pursuant to Rule 3la-1 of the Rules.

11. Notices. All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed given, if delivered personally, on the day delivered or if mailed, by certified or registered mail, postage prepaid, return receipt requested, three (3) days after placement in the United States mail, to the addresses below:

If to Trust: Financial Investors Variable Insurance Trust
c/o Russell C. Burk, Secretary
370 17th Street, Suite 3100
Denver, Colorado 80202

With a copy to: Lester Woodward, Esq.
Davis, Graham & Stubbs LLP 1550 17th Street,
Suite 500 Denver, CO 80202

If to Co-Adviser: C. Douglas Kelso, III
c/o: First Tennessee Bank National Association
4990 Poplar Avenue, Third Floor
Memphis, TN 38117

With a copy to: Adella Heard, Esq.
First Tennessee Bank National Corporation
165 Madison Avenue, Third Floor
Memphis, TN 38103

12. Severability. If any provision of this Agreement shall be held

or made invalid by a court decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

13. Limitation on Liability. Co-Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust and agrees that obligations assumed by the Portfolio pursuant to this Agreement shall be limited in all cases to the Portfolio and its assets. Co-Adviser agrees that it shall not seek satisfaction of any such

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obligation from the shareholders or any individual shareholder of the Portfolio, nor from the Trustees or any individual Trustee of the Portfolio.

14. Governing Law. To the extent that state law has not been preempted by the provisions of any law of the United States heretofore or hereafter enacted, as the same may be amended from time to time, this Agreement shall be administered, construed and enforced according to the laws of the State of Tennessee without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed, as of the day and year first written above.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By:

Russell Burk, Secretary

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By:

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Exhibit 99(d)(4)

SUB-ADVISORY AGREEMENT

SUB-ADVISORY AGREEMENT made this 10th day of August, 2001, between FIRST TENNESSEE BANK NATIONAL ASSOCIATION, a national banking association (herein called the "Investment Adviser") and HIGHLAND CAPITAL MANAGEMENT CORP., a Delaware corporation (herein called the "Sub-Adviser").

WHEREAS, the Investment Adviser is the investment adviser to the First Horizon Growth & Income Portfolio (herein called the "Portfolio"), a series under Financial Investors Variable Insurance Trust (herein called the "Trust"), an open-end, diversified, management investment company of the "series" type, registered under the Investment Company Act of 1940, as amended (the "1940 Act"); and

WHEREAS, the Investment Adviser wishes to retain the Sub-Adviser to provide investment advisory services in connection with the Portfolio; and

WHEREAS, the Sub-Adviser is willing to provide such services to the Investment Adviser upon the conditions and for the compensation set forth below;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, and intending to be legally bound hereby, it is agreed between the parties hereto as follows

1. Appointment. (a) The Investment Adviser hereby appoints the Sub-Adviser its subadviser with respect to the Portfolio, as permitted in the Investment Advisory and Management Agreement between the Investment Adviser and the Trust dated August 10, 2001 (such Agreement or the most recent successor advisor agreement between such parties is herein called the "Advisory Agreement"). The Sub-Adviser accepts such appointment and agrees to use its best professional judgement to make timely investment decisions for the Portfolio with respect to the investments of the Portfolio in accordance with the provisions of this Agreement for the compensation herein provided.

(b) The Sub-Adviser shall for all purposes herein be deemed to be an independent contractor and shall, except as expressly provided or authorized (whether herein or otherwise), have no authority to act for or represent the Trust or the Investment Adviser in any way or otherwise be deemed an agent of the Trust or the Investment Adviser.

2. Delivery of Documents.

(a) The Investment Adviser shall provide to the Sub-Adviser copies of the Trust's most recent prospectus and statement of additional information (as each may be amended or supplemented from time to

time) which relate to

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shares representing interests in the Portfolio (each such prospectus and statement of additional information as presently in effect, and as they shall from time to time be amended and supplemented, is herein respectively called a "Prospectus" and a "Statement of Additional Information").

(b) The Sub-Adviser will make available and provide to the Investment Adviser such financial, accounting, and statistical information related to its duties and responsibilities hereunder as is necessary for the preparation of registration statements, reports. And other documents required by federal and state securities laws and such other information as the Trust's Board of Trustees (herein called the "Trustees") or the Investment Adviser may reasonably request for use by the Trust and its distributor for the underwriting and distribution of the Portfolio shares.

3. Sub-Advisory Services to the Portfolio. Subject to the supervision of the Investment Adviser, the Sub-Adviser will supervise the day-to-day operations of the Portfolio and perform the following services: (i) provide investment research and credit analysis concerning the Portfolio's investments, (ii) conduct a continual program of investment of the Portfolio's assets, (iii) place orders in accordance with paragraphs 4 to 7 hereof for all purchases and sales of the investments made for the Portfolio, and (iv) maintain the books and records required in connection with its duties hereunder. In addition, the Sub-Adviser will keep the Investment Adviser informed of developments materially affecting the Trust. The Sub-Adviser will communicate to the Investment Adviser on each day that a purchase or sale of a security is effected for the Portfolio (i) the name of the issuer, (ii) the amount of the purchase or sale, (iii) the name of the broker, dealer, bank or other person (herein called "Brokers), if any, through which the purchase or sale will be effected, (iv) the CUSIP number of the security, if any, (v) the Portfolio to which such purchase or sale pertains, and (vi) such other information as the Investment Adviser may reasonably require for purposes of fulfilling its obligations to the Trust under the Advisory Agreement. The Sub-Adviser will render to the Trustees such periodic and special reports as the Investment Adviser or the Trustees may reasonably request, including, if applicable, regular reports of the total brokerage business placed by it and the manner in which the allocation of such brokerage business has been accomplished. The Sub-Adviser will provide the services rendered by it hereunder in accordance with the Portfolio's investment objectives, policies, and restrictions as stated in its current Prospectus and Statement of Additional Information. Except for instructions or advice given to the Sub-Adviser by the Investment Adviser, the Investment Adviser shall not be responsible or liable for the investment merits of any decision by the Sub-Adviser to purchase, hold or sell a security for the Portfolio.

4. Brokerage. The Sub-Adviser may place orders pursuant to its investment determinations for the Portfolio either directly with the issuer or

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with any Brokers. In placing orders, the Sub-Adviser will consider the experience and skill of the firm's securities traders as well as the firm's financial responsibility and administrative efficiency. The Sub-Adviser will attempt to obtain the best price and the most favorable execution of its orders. Consistent with these obligations, the Sub-Adviser may, subject to the approval of the Trustees, select Brokers on the basis of the research, statistical, and pricing services they provide to the Portfolio. A commission paid to such Brokers may be higher than that which another qualified broker would have charged for effecting the same transaction, provided that the Sub-Adviser determined in good faith that such commission is reasonable in terms either of the transaction or the overall responsibility of the Sub-Adviser to the Portfolio and its other clients and that the total commissions paid by the Portfolio will be reasonable in relation to the benefits to the Portfolio over the long term. In no instance will Portfolio securities be purchased from or sold to the Trust's principal underwriter, the investment Adviser, the Sub-Adviser, or any affiliate (as defined in the 1940 Act) thereof, except to the extent permitted by SEC exemptive order or by applicable law. The Investment Adviser agrees to provide the Sub-Adviser a list of Brokers which are "affiliated persons" (as defined in the 1940 Act) of the Trust and the Investment Adviser. The Sub-Adviser agrees to furnish to the Investment Adviser and to the Trust a list of Brokers and dealers, which are such "affiliated persons" of the Sub-Adviser. It is understood that neither the Investment Adviser nor the Sub-Adviser has adopted a formula for selection of Brokers for the execution of the Portfolio's investment transactions.

5. Transaction Procedures. All investment transactions on behalf of the Portfolio will be consummated by payment to or delivery by the duly appointed custodian for the Portfolio (the "Custodian"), or such depositories or agents duly appointed by the Trustees and as may be designated by the Custodian in writing, as custodian for the Portfolio, of all cash and/or securities due to or from the Portfolio, and the Sub-Adviser shall not have possession or custody thereof or any responsibility or liability with respect thereto. The Sub-Adviser in effecting transactions on behalf of the Portfolio shall advise the Custodian of all investment orders for the Portfolio placed by it with Brokers. The Investment Adviser shall issue, or cause to be issued, to the custodian such instructions as may be appropriate in connection with the settlement of any transaction initiated by the Sub-Adviser. The Portfolio is responsible for all custodial arrangements and the payment of all custodial charges and fees, and, upon the giving of proper instructions to the Custodian, the Sub-Adviser shall have no responsibility or liability with respect to custodial arrangements or the acts, omissions or other conduct of the Custodian, except that it shall be the responsibility of the Sub-Adviser to take appropriate action if the Custodian fails properly to confirm, execution of the instructions to the Sub-Adviser in a written form duly agreed upon by the Custodian and the Sub-Adviser.

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6. Compliance with Laws; Confidentiality.

(a) The Sub-Adviser agrees that it will comply with all applicable rules and regulations of all federal and state regulatory agencies having jurisdiction over the Sub-Adviser in performance of its duties hereunder (herein called the "Rules"). The Sub-Adviser will treat confidentially and as proprietary information of the Trust all records and information relative to the Trust and prior, present or potential shareholders, and will not use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the Investment Adviser and the Trust, which approval shall not be unreasonably withheld and may not be withheld where the Sub-Adviser may be exposed to civil or criminal contempt proceedings for failure to comply, when required to divulge such information by duly constituted authorities, or when so requested by the Trust.

(b) The Sub-Adviser is not authorized by the Trust or the Investment Adviser to take any action, including the purchase or sale of securities for the account of the Portfolio, (a) in contravention of (i) any investment restrictions set forth-in the 1940 Act and the rules thereunder; (ii) specific written instructions adopted by the Trustees or the Investment Adviser and communicated to the Sub-Adviser; or (iii) the investment objectives, policies, and restrictions of the Portfolio as set forth in the Trust's registration statement as amended from time to time, or (b) which would have the effect of causing the Trust to fail to qualify or to cease to qualify as a regulated investment company under the Internal Revenue Code of 1986, as amended, or any succeeding statute.

(c) The Sub-Adviser agrees with respect to the services provided to the Portfolio that it:

(i) will conform with all applicable rules and regulations of the Securities and Exchange Commission ("SEC");

(ii) will not purchase shares of the Portfolio for its own investment account; and

(iii) will immediately notify the Trust and the Investment Adviser of the occurrence of any event which would disqualify the Sub-Adviser from serving as investment adviser of an investment company.

7. Control by Trust's Board of Trustees. Any recommendations concerning the Portfolio's investment program proposed by the Sub-Adviser to the Portfolio and to the Investment Adviser pursuant to this Agreement, as well as any other

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activities undertaken by the Sub-Adviser on behalf of the Portfolio pursuant hereto, shall at all times be subject to any applicable directives of the Board of Trustees of the Trust.

8. Services Not Exclusive. The Sub-Adviser's services hereunder are not deemed to be exclusive, and the Sub-Adviser shall be free to render similar services to others so long as its services under this Agreement are not impaired thereby.

9. Books and Records. In compliance with the requirements of Rule 31a-3 of the Rules, the Sub-Adviser hereby agrees that all records which it maintains for the Trust are the property of the Trust and further agrees to surrender promptly to the Trust and the Investment Adviser any such records upon the request of the Trust or the Investment Adviser. The Sub-Adviser further agrees to preserve for the periods prescribed by Rule 31a-2, the records required to be maintained by the Sub-Adviser hereunder pursuant to Rule 31a- 1 of the Rules.

10. Expenses. During the term of this Agreement, the Sub-Adviser will bear all expenses in connection with the performance of its services under this Agreement. The Sub-Adviser shall not bear certain other expenses related to the operation of the Trust including, but not limited to: taxes levied against the Trust, the Portfolio or the Investment Adviser; interest; brokerage fees and commissions in connection with the purchase and sale of portfolio securities for the Portfolio; and any extraordinary expense items.

11. Compensation.

(a) For the services provided and the expenses assumed pursuant to this Agreement, the Investment Adviser shall pay the Sub-Adviser, and the Sub-Adviser agrees to accept as full compensation therefor, a sub-advisory fee payable as soon as practicable after the last day of each month, calculated using an annual rate of .33% (the "Annual Rate").

(b) The monthly sub-advisory fee to be paid by the Investment Adviser to the Sub-Adviser shall be determined as of the close of business on the last business day of each month by multiplying one-twelfth of the Annual Rate by the Average Portfolio Net Assets (hereinafter defined) calculated monthly as of such day.

(c) For the purposes of this paragraph, the "Average Portfolio Net Assets" shall be calculated monthly as of the last business day of each month and shall mean the sum of the net assets of the Portfolio calculated each business day during the month divided by the number of business days in the month (such net assets to be determined as of the close of business each business day and computed in the manner set forth in the Declaration of Trust of the Trust).

(d) The Sub-Adviser acknowledges that the Investment Adviser has agreed with the Trust to reduce the Investment Adviser's compensation for any fiscal year by the amount, if any, by which the expenses of the Portfolio for such fiscal year exceed the most restrictive state Blue Sky expense limitation in effect from time to time, to the extent required by such limitation. The Sub-Adviser agrees that its compensation for any fiscal year shall be reduced by the same proportion as the Investment Adviser's compensation is reduced as described in the preceding sentence, for any fiscal year in which the expenses of the Portfolio for such fiscal year exceed the most restrictive state Blue Sky expense limitation in effect from time to time. The Sub-Adviser shall refund to the Investment Adviser the amount of any reduction of the Sub-Adviser's compensation pursuant to this paragraph 1 l(d) as promptly as practicable after the end of such fiscal year, provided that the Sub-Adviser will not be required to pay the Investment Adviser an amount greater than the fee paid to the Sub-Adviser in respect of such year pursuant to this Agreement. As used in this paragraph ll(d), "expenses" shall mean those expenses included in the most restrictive state Blue Sky expense limitation, having the broadest specification in such state's Blue Sky statute, and "expense limitation" means a limit on the maximum annual expenses which may be incurred by an investment company determined by multiplying a fixed percentage by the average or by multiplying more than one such percentage by different specified amounts of the average, of the values of the investment company's net assets for a fiscal year. The words "most restrictive state Blue Sky expense limitation" shall be construed to result in the largest reduction of the Sub-Adviser's compensation for any fiscal year of the Portfolio; provided, however, that nothing in this Agreement shall require the Sub-Adviser to reduce its fees if the Investment Adviser is not required by an applicable statute or regulation referred to above in this paragraph ll(d) to reduce its fees.

12. Limitation on Liability.

(a) The Sub-Adviser will not be liable for any error or judgment or mistake of law or for any loss suffered by the Investment Adviser, the Portfolio or the Trust in connection with the matters to which this Agreement relates, except that the Sub-Adviser shall be liable to the Investment Adviser, the Portfolio or the Trust for a loss resulting from a breach of fiduciary duty with respect to the receipt of compensation for services or a loss resulting from willful misfeasance, bad faith or gross negligence on the Sub-Adviser's part in the performance of its duties or reckless disregard by it of its obligations or duties under this Agreement.

(b) The Sub-Adviser shall indemnify and hold harmless the Trust, the Portfolio and the Investment Adviser from any loss, cost, expense or

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damage resulting from the failure of the descriptive information furnished by the Sub-Adviser to be accurate in all material respects at the time provided or the failure of the Sub-Advisor to comply in all material respects with the investment objectives and policies and restrictions as set forth in the Trust's registration statements as amended from time to time.

13. Duration Amendment. and Termination.

(a) This Agreement shall become effective on the date first written above and shall remain in force for a period of two (2) years from such date, and from year to year thereafter but only so long as such continuance is specifically approved at least annually by the Investment Adviser, and (i) by the vote of a majority of the Trustees who are not interested persons of the Investment Adviser or the Sub-Adviser, cast in person at a meeting called for the purpose of voting on such approval and by a vote of the Trustees or (ii) by the vote of a majority of the outstanding voting securities of the Portfolio. The aforesaid provision that this Agreement may be continued "annually" shall be construed in a manner consistent with the 1940 Act and the rules and regulations thereunder.

(b) This Agreement may be amended at any time, but only by written agreement between the Investment Adviser and the Sub-Adviser, which amendment is subject to the approval of the Trustees and the shareholders of the Trust in the manner required by the 1940 Act, subject to any applicable exemptive order of the SEC modifying the provisions of the 1940 Act with respect to approval of amendments of this Agreement.

(c) This Agreement: (i) may at any time be terminated without the payment of any penalty either by vote of the Trustees or by vote of a majority of the outstanding voting securities of the Portfolio, on sixty (60) days' written notice to the Sub-Adviser, (ii) shall immediately terminate in the event of its assignment; and (iii) may be terminated by the Sub-Adviser on sixty (60) days' written notice to the Investment Adviser and by the Investment Adviser on sixty (60) days' written notice to the Sub-Adviser.

(d) As used in this Section 12, the terms "assignment," "interested person," and "vote of a majority of the outstanding voting securities" shall have the meanings set forth in the 1940 Act and the rules and regulations thereunder, subject to any

applicable orders of exemption issued by the SEC.

(e) All notices, requests, demands or other communications hereunder shall be in writing and shall be deemed given, if delivered personally, on the day delivered or if mailed by certified or registered mail, postage prepaid, return receipt requested, three (3) days after placement in the United States mail, to the addresses below:

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If to Investment Adviser: First Tennessee Bank National Association
c/o C. Douglas Kelso, III
Senior Vice President and Manager
530 Oak Court Drive, Second Floor
Memphis, Tennessee 38117

With a copy to: Adella M. Heard, Esq.
Vice President and Counsel
First Tennessee Bank National Association
165 Madison Avenue, Third Floor
Memphis, Tennessee 38103

If to Sub-Adviser: Highland Capital Management Corp.
c/o Steve Wishnia
6077 East Primacy Parkway
Memphis, Tennessee 38119

If to Trust: Financial Investors Variable Insurance Trust
c/o Russell Burk
370 Seventeenth Street, Suite 3100
Denver, Colorado 80202

With a copy to: Lester Woodward, Esq.
Davis, Graham & Stubbs LLP
1550 17th Street, Suite 500
Denver, CO 80202

14. Shareholder Liability. Sub-Adviser is hereby expressly put on notice of the limitation of shareholder liability as set forth in the Declaration of Trust of the Trust and agrees that obligations assumed by the Portfolio or the Trust, if any, shall be limited in all cases to the Portfolio and its assets. Sub-Adviser agrees that it shall not seek satisfaction of any such obligation from the shareholders or any individual shareholder of the Portfolio or the Trust, nor from the Trustees or any individual Trustee of the Trust.

15. Miscellaneous. The captions in this Agreement are included for convenience of reference only and in no way define or delimit any provisions hereof or otherwise affect their construction or effect. If any provision of

this Agreement shall be held or made invalid by a court decision, statute, rule or otherwise, the remainder of this agreement shall not be affected thereby. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors. To the extent that state law has not been preempted by the provisions of any law of the United States heretofore

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or hereafter enacted, as the same may be amended from time to time, this Agreement shall be administered, construed, and enforced according to the laws of the State of Tennessee without giving effect to the choice of laws provisions thereof.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed by their duly authorized officers designated below as of the day and year first above written.

FIRST TENNESSEE BANK NATIONAL ASSOCIATION

By: /s/ C. Douglas Kelso, III

Title: Senior Vice President

HIGHLAND CAPITAL MANAGEMENT CORP.

By: /s/ Steve Wishnia

Title: President

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Exhibit 99(e)(1)

DISTRIBUTION AGREEMENT

This Agreement entered into as of this 15th day of August, 2001, by and between Financial Investors Variable Insurance Trust, a Delaware business trust having its principal place of business at 370 17th Street, Suite 3100, Denver, Colorado 80202 (the "Trust") and ALPS Mutual Funds Services, Inc., a Colorado corporation having its principal place of business at 370 17th Street, Suite 3100, Denver, Colorado 80202 (the "Distributor").

WHEREAS, the Trust wishes to employ the services of the Distributor in connection with the promotion and distribution of the Trust's shares of beneficial interest of the First Horizon Capital Appreciation Portfolio, the First Horizon Growth & Income Portfolio, and any other Portfolios offered by the Trust as listed on Schedule A, attached hereto (the "Portfolios");

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the parties agree as follows:

1. Services as Distributor

1.1 The Distributor will act as agent for the distribution of shares in accordance with the instructions of the Trust's Board of Trustees and registration statement and prospectuses then in effect with respect to the Portfolios under the Securities Act of 1933, as amended, and will transmit promptly any orders received by the Distributor for the purchase or redemption of Shares either directly to the Trust's transfer agent for the Portfolio involved or to any qualified broker/dealer for transmittal to said agent.

1.2(a) In consideration of these rights granted to the Distributor, the Distributor agrees to use its best efforts, consistent with its other business, to solicit orders for the sale of Shares. This shall not prevent the Distributor from entering into like arrangements (including arrangements involving the payment of underwriting commissions) with other issuers. The Distributor, at its expense, shall finance appropriate activities which it deems reasonable which are primarily intended to result in the sale of Shares, including but not limited to, advertising, compensation of underwriters, dealers and sales personnel, the printing and mailing of prospectuses to other than current shareholders, and the printing and mailing of sales literature. In addition, the Distributor will provide one or more persons, during normal business hours, to respond to telephone questions with respect to the Portfolios.

1.2(b) All shares of the Portfolios offered for sale by the Distributor shall be offered for sale to the public at a price per share (the "offering price") equal to their net asset value (determined in the manner set forth in the Trust's Declaration of Trust and then current Prospectuses and/or Statements

of Additional Information), plus a sales charge (if any) described in the Trust's current Prospectuses and/or Statements of Additional Information. The Trust shall in all cases receive the net asset value per share on all shares. If a sales charge is in effect, the Distributor shall have the right, subject to

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such rules or regulations of the Securities and Exchange Commission as may then be in effect pursuant to Section 22 of the Investment Company Act of 1940, as amended, (the "1940 Act") to pay a portion of the sales charge to dealers who have sold shares of the Trust. If a fee in connection with shareholder redemptions is in effect, the Trust shall collect the fee on behalf of the Distributor and, unless otherwise agreed upon by the Trust and the Distributor, the Distributor shall be entitled to receive all of such fees. The offering price, if not an exact multiple of one cent, shall be adjusted to the nearest cent.

1.2(c) This Agreement shall apply to unissued shares of the Trust, shares of the Trust held in its treasury in the event that in the discretion of the Trust, treasury shares shall be sold, and shares of the Trust repurchased for resale.

1.3 The Distributor shall act as distributor of the shares in compliance with all applicable laws, rules and regulations, including, without limitation, all rules and regulations made or adopted pursuant to the Investment Company Act of 1940, as amended, by the Securities and Exchange Commission or any securities association registered under the Securities and Exchange Act of 1934, as amended. THE DISTRIBUTOR SHALL NOT MAKE OFFERS OF SALE OF SHARES IN ANY STATE UNLESS THE DISTRIBUTOR HAS BEEN NOTIFIED BY THE TRUST THAT SUCH SHARES HAVE BEEN REGISTERED UNDER THE SECURITIES LAWS OF SUCH STATE, OR THAT THERE IS AN AVAILABLE EXEMPTION FROM REGISTRATION.

1.4 Whenever in their judgment such action is warranted by market, economic or political conditions, or by circumstances of any kind, the Trust's officers may decline to accept any orders for, or make any sales of, any shares until such time as they deem it advisable to accept such orders and to make such sales and the Trust shall advise you promptly of such determination.

1.5 Except as otherwise provided for in the Administrative Agreement dated as of _____, 2000, by and between the Trust and the Distributor (the "Administration Agreement"), the Trust agrees to pay all costs and expenses in connection with the registration of shares under the Securities Act of 1933, as amended, and all expenses in connection with maintaining facilities for the issue and transfer of shares and for supplying information, prices and other data to be furnished by the Trust hereunder.

1.6 The Trust agrees to execute any and all documents and to furnish any and all information and otherwise to take all actions which may be reasonably necessary in the discretion of the Trust's officers in connection with the qualification of shares for sale in such states as the Distributor may designate to the Trust and the Trust may approve, and the Trust agrees to pay

all expenses which may be incurred in connection with such qualification. The Distributor shall pay all expenses connected with its own qualification as a broker under State or Federal laws and, except as otherwise specifically provided in this agreement, all other expenses incurred by the Distributor in connection with the sale of shares as contemplated in this agreement.

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1.7 The Trust shall furnish the Distributor from time to time, for use in connection with the sale of shares, such information with respect to the Trust and the shares as the Distributor may reasonably request, and the Trust warrants that the statements contained in any such information, when so signed by the Trust's officers, shall be true and correct. Subject to the provisions of the Administration Agreement the Trust also shall furnish the Distributor upon request with: (a) annual audited reports of the Trust's books and accounts with respect to each of the Portfolios, made by independent public accountants regularly retained by the Trust, (b) semi -annual reports with respect to each of the Portfolios prepared by the Trust, and (c) from time to time such additional information regarding the Trust's financial condition as the Distributor may reasonably request.

1.8 The Trust represents to the Distributor that all registration statements and prospectuses filed by the Trust with the Securities and Exchange Commission under the Securities Act of 1933, as amended, with respect to the shares have been prepared in conformity with the requirements of said Act and rules and regulations of the Securities and Exchange Commission thereunder. As used in this agreement the terms "registration statement" and "prospectus" shall mean any registration statement and prospectus (together with the related statement of additional information) filed with the Securities and Exchange Commission with respect to any of the shares and any amendments and supplements thereto which at any time shall have been filed with said Commission. The Trust represents and warrants to the Distributor that any registration statement and prospectus, when such registration statement becomes effective, will contain all statements required to be stated therein in conformity with said Act and the rules and regulations of said Commission; that all statements of fact contained in any such registration statement and prospectus will be materially true and correct when such registration statement becomes effective; and that neither any registration statement nor any prospectus when such registration statement becomes effective will include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Trust may but shall not be obligated to propose from time to time such amendment or amendments to any registration statement and such supplement or supplements to any prospectus as, in the light of future developments, may, in the opinion of the Trust's counsel, be necessary or advisable. If the Trust shall not propose such amendment or amendments and/or supplement or supplements within fifteen days after receipt by the Trust of a written request from the Distributor to do so, the Distributor may, at its option, terminate this agreement. The Trust shall not file any amendment to any registration statement or supplement to any prospectus without giving the Distributor reasonable notice thereof in advance; provided, however, that nothing contained into this agreement shall in any way limit the Trust's right

to file at any time such amendments to any registration statement and/or supplements to any prospectus, of whatever character, as the Trust may deem advisable, such right being in all respects absolute and unconditional.

1.9 The Trust authorizes the Distributor to use any prospectus in the form furnished to the Distributor from time to time, in connection with the sale of shares. The Trust agrees to indemnify, defend and hold the Distributor, its several officers and directors,

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and any person who controls the Distributor within the meaning of Section 15 of the Securities Act of 1933, as amended, (hereinafter referred to collectively as "indemnified party") free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands, or liabilities and any counsel fees in connection therewith) which the Distributor, its officers and directors, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law, or otherwise, arising out of or based upon any untrue statement, or alleged untrue statement, of a material fact contained in any registration statement or any prospectus or arising out of or based upon any omission, or alleged omission, to state a material fact required to be stated in either any registration statement or any prospectus or necessary to make the statements in either thereof not misleading; provided, however, that the Trust's agreement to indemnify the Distributor, its officers or directors, and any such controlling person shall not be deemed to cover any claims, demands, liabilities or expenses arising out of or based on any omission, or alleged omission, made in any registration statement or prospectus in reliance upon and in conformity with information furnished to the Trust or its counsel by the Distributor and used in the preparation thereof; and provided further that the Trust's agreement to indemnify the Distributor and the Trust's representations and warranties herein set forth shall not be deemed to cover any liability to the Trust or its shareholders to which the Distributor would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in performance of its duties, or by reason of its reckless disregard of its obligations and duties under this agreement. The Trust's agreement to indemnify the Distributor, its officers and directors, and any such controlling person, as aforesaid, is expressly conditioned upon the Trust's being notified of any action brought against the Distributor, its officers and directors, or any such controlling person, such notification to be given by letter or by telegram addressed to the Trust at its principal office within ten days after the summons or other first legal process shall have been served. The failure to so notify the Trust of any such action shall not relieve the Trust from any liability which the Trust may have to the person against whom such action is brought by reason of any such untrue, or alleged untrue, statement or omission, or alleged omission, otherwise than on account of the Trust's indemnity agreement contained in this paragraph 1.9. The Trust will be entitled to assume the defense of any suit brought to enforce any such claim, demand, or liability, but, in such case, such defense shall be conducted by counsel of good standing chosen by the Trust and approved by the Distributor. In the event the Trust elects to assume the defense of any such suit and retain counsel of good standing chosen by the Trust and approved by the

Distributor, which approval shall not be unreasonably withheld, the defendant or defendants in such suit shall bear the fees and expenses of any additional counsel retained by the defense of any such suit, or in case the Distributor does not reasonably approve of counsel chosen by the Trust, the Trust will reimburse the Distributor, its officers and directors, or the controlling person or persons named as defendant or defendants in such suit, for the fees and expenses of any counsel retained by the Distributor or them. The Trust's indemnification agreement contained in this paragraph 1.9 and the Trust's representations and warranties in this agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Distributor, its officers and directors, and their respective estates, and to the benefit of any controlling persons and their successors. The Trust agrees promptly to

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notify the Distributor of the commencement of any litigation or proceedings against the Trust or any of its officers or trustees in connection with the issue and sale of any of the shares.

1.10 The Distributor agrees to indemnify, defend and hold the Trust, its several officers and trustees, and any person who controls the Trust within the meaning of Section 15 of the Securities Act of 1933, as amended, free and harmless from and against any and all claims, demands, liabilities and expenses (including the cost of investigating or defending such claims, demands, liabilities, and any counsel fees incurred in connection therewith) which the Trust, its officers or trustees, or any such controlling person, may incur under the Securities Act of 1933, as amended, or under common law or otherwise, but only to the extent that such a liability or expense incurred by the Trust, its officers or trustees, or such controlling person resulting from such claims or demands, shall arise out of or be based upon any omission, or alleged omission, to state a material fact in connection with such information furnished by the Distributor to the Trust, or necessary to make such information not misleading. The Distributor's agreement to indemnify the Trust, its officers and trustees, or any such controlling person, such notification to be given by letter or telegram addressed to the Distributor at its principal office within ten days after the summons or other first legal process shall have been served. The Distributor shall have the right to control the defense of such action with counsel of its own choosing, satisfactory to the Trust, if such action is based solely upon such alleged misstatement or omission on the Distributor's part, and in any other event the Trust, its officers or trustees or such controlling person shall each have the right to participate in the defense or preparation of the defense of such action. The failure so to notify the Distributor of any such action shall not relieve the Distributor from any liability which the Distributor may have to the Trust, its officers or trustees, or to such controlling person by reason of any such untrue, or alleged untrue, statement or your omission, or alleged omission, otherwise than on account of your indemnity agreement contained in this paragraph 1.10.

1.11 No shares shall be offered by either the Distributor or the Trust under any of the provisions of this agreement and no orders for the purchase or

sale of such shares hereunder shall be accepted by the Trust if and so long as the effectiveness of the registration statement then in effect or any necessary amendments thereto shall be suspended under any of the provisions of the Securities and Exchange Commission; provided, however, that nothing contained in this paragraph 1.11 shall in any way restrict or have an application to or bearing upon the Trust's obligation to repurchase shares from any shareholder in accordance with the provisions of the prospectuses or Declaration of Trust.

1.12 The Distributor and the Trust each agree to advise the other promptly in writing:

(a) of any request by the Securities and Exchange Commission for amendments to the registration statement or prospectuses then in effect;

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(b) in the event of the issuance by the Securities and Exchange Commission of any stop order suspending the effectiveness of the registration statement or prospectuses then in effect or the initiation of any proceeding for that purpose;

(c) of the happening of any event which makes untrue any statement of a material fact made in the registration statement or prospectuses in order to make the statements therein not misleading; and

(d) of all the actions of the Securities and Exchange Commission with respect to any registration statement or prospectus which may from time to time be filed with the Securities and Exchange Commission.

2. Term

2.1 This agreement shall become effective as of the date hereof and, unless sooner terminated, shall continue until August 14, 2003, and thereafter shall continue automatically for successive annual periods, provided such continuance is specifically approved at least annually by (i) the Trust's Board of Trustees or (ii) the vote of a majority (as defined in the Investment Company Act of 1940) of the Portfolios' outstanding shares, provided that in either event its continuance also is approved by a majority of the Trust's trustees who are not "interested persons" (as defined in said Act) of any party to this agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. Notwithstanding anything to the contrary in this Agreement, you may not terminate this Agreement prior to the later of: (i) the expiration of the initial or any renewal term of the Administration Agreement; or (ii) the effectiveness of any termination notice pursuant to the Administration Agreement.

3. Miscellaneous

3.1 Other Work. The Trust recognizes that from time to time the Distributor's directors, officers and employees may serve as directors, officers and employees of other corporations or business trusts (including other investment companies) and that such other corporations and trust may include the name ALPS as part of their name, and that the Distributor or its affiliates may enter into investment advisory or other agreements with such other corporations and trusts.

3.2 Limitation of Liability of the Trustees and Shareholders. The names "Financial Investors Variable Insurance Trust" and "Trustees of Financial Investors Variable Insurance Trust" refer respectively to the Trust created and the Trustees, as trustees but not individually or personally, acting from time to time under a Declaration of Trust

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dated July 26, 2000, which is hereby referred to and a copy of which is on file at the office of the State Secretary of State of Delaware and the principal office of the Trust. The obligations of "Financial Investors Variable Insurance Trust" entered into in the name of or on behalf thereof by any of its trustees, representatives or agents are made not individually, but in such capacities, and are not binding upon any of the trustees, shareholders, or representatives of the Trust personally, but bind only the Trust property belonging to such class for the enforcement of any claims against the Trust.

3.3 Amendments. No substantive amendment to this Agreement shall be effective as to the Trust until approved by vote of a majority of the outstanding voting securities of the Trust.

3.4 Modification. No provision of this agreement may be modified, changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which an enforcement of the change, waiver, discharge or determination is sought.

3.5 Governing Law. This agreement shall be governed and construed in accordance with the laws of the State of Colorado.

3.6 Assignment. This agreement shall not be assigned by a party without the prior written consent of the other party.

3.7 Headings. The titles and headings herein have been inserted for convenience only and are not to be considered when interpreting the provisions of this Agreement.

3.8 Waiver. The waiver by either party of a breach of any of the covenants, provisions, or conditions herein contained shall not operate or be construed as a waiver of any subsequent breach.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives and to be effective as of the date first above written.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By: /s/ Russell Burk

Secretary

ALPS Mutual Funds Services

By: /s/ Jeremy May

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Senior Vice President

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FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

SCHEDULE A

First Horizon Capital Appreciation Portfolio
First Horizon Growth & Income Portfolio

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Exhibit 99(g)(1)

CUSTODIAN AGREEMENT

This Agreement between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST a business trust organized and existing under the laws of Delaware (the "FUND"), and STATE STREET BANK and TRUST COMPANY, a Massachusetts trust company (the "CUSTODIAN"),

WITNESSETH:

WHEREAS, the Fund is authorized to issue shares in separate series, with each such series representing interests in a separate portfolio of securities and other assets; and

WHEREAS, the Fund intends that this Agreement be applicable to two series, FIRST HORIZON GROWTH & INCOME PORTFOLIO AND FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO (such series together with all other series subsequently established by the Fund and made subject to this Agreement in accordance with Section 18, be referred to herein as the "PORTFOLIO(S)");

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1. EMPLOYMENT OF CUSTODIAN AND PROPERTY TO BE HELD BY IT

The Fund hereby employs the Custodian as the custodian of the assets of the Portfolios of the Fund, including securities which the Fund, on behalf of the applicable Portfolio, desires to be held in places within the United States ("DOMESTIC SECURITIES") and securities it desires to be held outside the United States ("FOREIGN securities"). The Fund, on behalf of the Portfolio(s), agrees to deliver to the Custodian all securities and cash of the Portfolios, and all payments of income, payments of principal or capital distributions received by it with respect to all securities owned by the Portfolio(s) from time to time, and the cash consideration received by it for such new or treasury shares of beneficial interest of the Fund representing interests in the Portfolios ("SHARES") as may be issued or sold from time to time. The Custodian shall not be responsible for any property of a Portfolio held or received by the Portfolio and not delivered to the Custodian.

Upon receipt of "PROPER INSTRUCTIONS" (as such term is defined in Section 6 hereof), the Custodian shall on behalf of the applicable Portfolio(s) from time to time employ one or more sub-custodians located in the United States, but only in accordance with an applicable vote by the Board of Trustees of the Fund (the "BOARD") on behalf of the applicable Portfolio(s). The Custodian may employ as sub-custodian for the Fund's foreign securities on behalf of the applicable Portfolio(s) the foreign banking institutions and foreign securities depositories designated in Schedules A and B hereto, but only in accordance with the applicable provisions of Sections 3 and 4. The Custodian shall have no more or less responsibility or liability to the Fund on account of any actions or omissions of any sub-custodian so employed than any such sub-custodian has to the Custodian.

SECTION 2. DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY OF THE FUND HELD BY THE CUSTODIAN IN THE UNITED STATES

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SECTION 2.1 HOLDING SECURITIES. The Custodian shall hold and physically segregate for the account of each Portfolio all non-cash property, to be held by

it in the United States, including all domestic securities owned by such Portfolio other than securities which are maintained pursuant to Section 2.8 in a clearing agency which acts as a securities depository or in a book-entry system authorized by the U.S. Department of the Treasury (each, a "U.S. SECURITIES SYSTEM").

SECTION 2.2 DELIVERY OF SECURITIES. The Custodian shall release and deliver domestic securities owned by a Portfolio held by the Custodian or in a U.S. Securities System account of the Custodian only upon receipt of Proper Instructions on behalf of the applicable Portfolio, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

1) Upon sale of such securities for the account of the Portfolio and receipt of payment therefor;

2) Upon the receipt of payment in connection with any repurchase agreement related to such securities entered into by the Portfolio;

3) In the case of a sale effected through a U.S. Securities System, in accordance with the provisions of Section 2.8 hereof;

4) To the depository agent in connection with tender or other similar offers for securities of the Portfolio;

5) To the issuer thereof or its agent when such securities are called, redeemed, retired or otherwise become payable; provided that, in any such case, the cash or other consideration is to be delivered to the Custodian;

6) To the issuer thereof, or its agent, for transfer into the name of the Portfolio or into the name of any nominee or nominees of the Custodian or into the name or nominee name of any agent appointed pursuant to Section 2.7 or into the name or nominee name of any sub-custodian appointed pursuant to Section 1; or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units; provided that, in any such case, the new securities are to be delivered to the Custodian;

7) Upon the sale of such securities for the account of the Portfolio, to the broker or its clearing agent, against a receipt, for examination in accordance with "street delivery" custom; provided that in any such case, the Custodian shall have no responsibility or liability for any loss arising from the delivery of such securities prior to receiving payment for such securities except as may arise from the Custodian's own negligence or willful misconduct;

8) For exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such

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securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement; provided that, in any such case, the new securities and cash, if any, are to be delivered to the Custodian;

9) In the case of warrants, rights or similar securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities; provided that, in any such case, the new securities and cash, if any, are to be delivered to

the Custodian;

10) For delivery in connection with any loans of securities made by the Portfolio, but only against receipt of adequate collateral as agreed upon from time to time by the Custodian and the Fund on behalf of the Portfolio, which may be in the form of cash or obligations issued by the United States government, its agencies or instrumentalities, except that in connection with any loans for which collateral is to be credited to the Custodian's account in the book-entry system authorized by the U.S. Department of the Treasury, the Custodian will not be held liable or responsible for the delivery of securities owned by the Portfolio prior to the receipt of such collateral;

11) For delivery as security in connection with any borrowing by the Fund on behalf of the Portfolio requiring a pledge of assets by the Fund on behalf of the Portfolio, but only against receipt of amounts borrowed;

12) For delivery in accordance with the provisions of any agreement among the Fund on behalf of the Portfolio, the Custodian and a broker-dealer registered under the Securities Exchange Act of 1934 (the "EXCHANGE ACT") and a member of The National Association of Securities Dealers, Inc. ("NASD"), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange, or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Portfolio of the Fund;

13) For delivery in accordance with the provisions of any agreement among the Fund on behalf of the Portfolio, the Custodian, and a futures commission merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission ("CFTC") and/or any contract market, or any similar organization or organizations, regarding account deposits in connection with transactions by the Portfolio of the Fund;

14) Upon receipt of instructions from the transfer agent for the Fund (the "TRANSFER AGENT") for delivery to such Transfer Agent or to the holders of Shares in connection with

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distributions in kind, as may be described from time to time in the currently effective prospectus and statement of additional information of the Fund related to the Portfolio (the "PROSPECTUS"), in satisfaction of requests by holders of Shares for repurchase or redemption; and

15) For any other purpose, but only upon receipt of Proper Instructions from the Fund on behalf of the applicable Portfolio specifying the securities of the Portfolio to be delivered and naming the person or persons to whom delivery of such securities shall be made.

SECTION 2.3 REGISTRATION OF SECURITIES. Domestic securities held by the Custodian (other than bearer securities) shall be registered in the name of the Portfolio or in the name of any nominee of the Fund on behalf of the Portfolio or of any nominee of the Custodian which nominee shall be assigned exclusively to the Portfolio, unless the Fund has authorized in writing the appointment of a nominee to be used in common with other registered investment companies having the same investment advisor as the Portfolio, or in the name or nominee name of any agent appointed pursuant to Section 2.7 or in the name or nominee name of any sub-custodian appointed pursuant to Section 1. All securities accepted by the Custodian on behalf of the Portfolio under the terms of this Agreement shall

be in "street name" or other good delivery form. If, however, the Fund directs the Custodian to maintain securities in "street name", the Custodian shall utilize its best efforts only to timely collect income due the Fund on such securities and to notify the Fund on a best efforts basis only of relevant corporate actions including, without limitation, pendency of calls, maturities, tender or exchange offers.

SECTION 2.4 BANK ACCOUNTS. The Custodian shall open and maintain a separate bank account or accounts in the United States in the name of each Portfolio of the Fund, subject only to draft or order by the Custodian acting pursuant to the terms of this Agreement, and shall hold in such account or accounts, subject to the provisions hereof, all cash received by it from or for the account of the Portfolio, other than cash maintained by the Portfolio in a bank account established and used in accordance with Rule 17f-3 under the Investment Company Act of 1940, as amended (the "1940 ACT"). Funds held by the Custodian for a Portfolio may be deposited by it to its credit as Custodian in the banking department of the Custodian or in such other banks or trust companies as it may in its discretion deem necessary or desirable; provided, however, that every such bank or trust company shall be qualified to act as a custodian under the 1940 Act and that each such bank or trust company and the funds to be deposited with each such bank or trust company shall on behalf of each applicable Portfolio be approved by vote of a majority of the Board. Such funds shall be deposited by the Custodian in its capacity as Custodian and shall be withdrawable by the Custodian only in that capacity.

SECTION 2.5 COLLECTION OF INCOME. Subject to the provisions of Section 2.3, the Custodian shall collect on a timely basis all income and other payments with respect to registered domestic securities held hereunder to which each Portfolio shall be entitled either by law or pursuant to custom in the securities business, and shall collect on a timely basis all income and other payments with respect to bearer domestic securities if, on the date of payment by the issuer, such securities are held by the Custodian or its agent thereof

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and shall credit such income, as collected, to such Portfolio's custodian account. Without limiting the generality of the foregoing, the Custodian shall detach and present for payment all coupons and other income items requiring presentation as and when they become due and shall collect interest when due on securities held hereunder. Income due each Portfolio on securities loaned pursuant to the provisions of Section 2.2 (10) shall be the responsibility of the Fund. The Custodian will have no duty or responsibility in connection therewith, other than to provide the Fund with such information or data as may be necessary to assist the Fund in arranging for the timely delivery to the Custodian of the income to which the Portfolio is properly entitled.

SECTION 2.6 PAYMENT OF FUND MONIES. Upon receipt of Proper Instructions on behalf of the applicable Portfolio, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out monies of a Portfolio in the following cases only:

1) Upon the purchase of domestic securities, options, futures contracts or options on futures contracts for the account of the Portfolio but only (a) against the delivery of such securities or evidence of title to such options, futures contracts or options on futures contracts to the Custodian (or any bank, banking firm or trust company doing business in the United States or abroad which is qualified under the 1940 Act to act as a custodian and has been designated by the Custodian as its agent for this purpose) registered in the name of the Portfolio or in the name of a nominee of the Custodian referred to in Section 2.3 hereof or in proper form for transfer; (b) in the case of a purchase effected through a U.S. Securities System, in accordance with the conditions set forth in Section 2.8 hereof; (c) in the case of repurchase agreements entered

into between the Fund on behalf of the Portfolio and the Custodian, or another bank, or a broker-dealer which is a member of NASD, (i) against delivery of the securities either in certificate form or through an entry crediting the Custodian's account at the Federal Reserve Bank with such securities or (ii) against delivery of the receipt evidencing purchase by the Portfolio of securities owned by the Custodian along with written evidence of the agreement by the Custodian to repurchase such securities from the Portfolio; or (d) for transfer to a time deposit account of the Fund in any bank, whether domestic or foreign; such transfer may be effected prior to receipt of a confirmation from a broker and/or the applicable bank pursuant to Proper Instructions from the Fund as defined herein;

2) In connection with conversion, exchange or surrender of securities owned by the Portfolio as set forth in Section 2.2 hereof;

3) For the redemption or repurchase of Shares issued as set forth in Section 5 hereof;

4) For the payment of any expense or liability incurred by the Portfolio, including but not limited to the following payments for the account of the Portfolio: interest, taxes, management, accounting, transfer agent and legal fees, and operating

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expenses of the Fund whether or not such expenses are to be in whole or part capitalized or treated as deferred expenses;

5) For the payment of any dividends on Shares declared pursuant to the governing documents of the Fund;

6) For payment of the amount of dividends received in respect of securities sold short; and

7) For any other purpose, but only upon receipt of Proper Instructions from the Fund on behalf of the Portfolio specifying the amount of such payment and naming the person or persons to whom such payment is to be made.

SECTION 2.7 APPOINTMENT OF AGENTS. The Custodian may at any time or times in its discretion appoint (and may at any time remove) any other bank or trust company which is itself qualified under the 1940 Act to act as a custodian, as its agent to carry out such of the provisions of this Section 2 as the Custodian may from time to time direct; provided, however, that the appointment of any agent shall not relieve the Custodian of its responsibilities or liabilities hereunder.

SECTION 2.8 DEPOSIT OF FUND ASSETS IN U.S. SECURITIES SYSTEMS. The Custodian may deposit and/or maintain securities owned by a Portfolio in a U.S. Securities System subject to the following provisions:

1) The Custodian may keep securities of the Portfolio in a U.S. Securities System provided that such securities are represented in an account of the Custodian in the U.S. Securities System (the "U.S. SECURITIES SYSTEM ACCOUNT") which account shall not include any assets of the Custodian other than assets held as a fiduciary, custodian or otherwise for customers;

2) The records of the Custodian with respect to securities of the Portfolio which are maintained in a U.S. Securities System shall identify by book-entry those securities belonging to the Portfolio;

3) The Custodian shall pay for securities purchased for the account of

the Portfolio upon (i) receipt of advice from the U.S. Securities System that such securities have been transferred to the U.S. Securities System Account, and (ii) the making of an entry on the records of the Custodian to reflect such payment and transfer for the account of the Portfolio. The Custodian shall transfer securities sold for the account of the Portfolio upon (i) receipt of advice from the U.S. Securities System that payment for such securities has been transferred to the U.S. Securities System Account, and (ii) the making of an entry on the records of the Custodian to reflect such transfer and payment for the account of the Portfolio. Copies of all advices from the U.S. Securities System of transfers of securities for the account of the Portfolio shall identify the Portfolio, be maintained for the Portfolio by the Custodian and be provided to the Fund at its request. Upon request, the Custodian shall furnish the

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Fund on behalf of the Portfolio confirmation of each transfer to or from the account of the Portfolio in the form of a written advice or notice and shall furnish to the Fund on behalf of the Portfolio copies of daily transaction sheets reflecting each day's transactions in the U.S. Securities System for the account of the Portfolio;

4) The Custodian shall provide the Fund with any report obtained by the Custodian on the U.S. Securities System's accounting system, internal accounting control and procedures for safeguarding securities deposited in the U.S. Securities System;

5) Anything to the contrary in this Agreement notwithstanding, the Custodian shall be liable to the Fund for the benefit of the Portfolio for any loss or damage to the Portfolio resulting from use of the U.S. Securities System by reason of any negligence, misfeasance or misconduct of the Custodian or any of its agents or of any of its or their employees or from failure of the Custodian or any such agent to enforce effectively such rights as it may have against the U.S. Securities System; at the election of the Fund, it shall be entitled to be subrogated to the rights of the Custodian with respect to any claim against the U.S. Securities System or any other person which the Custodian may have as a consequence of any such loss or damage if and to the extent that the Portfolio has not been made whole for any such loss or damage.

SECTION 2.9 SEGREGATED ACCOUNT. The Custodian shall upon receipt of Proper Instructions on behalf of each applicable Portfolio establish and maintain a segregated account or accounts for and on behalf of each such Portfolio, into which account or accounts may be transferred cash and/or securities, including securities maintained in an account by the Custodian pursuant to Section 2.8 hereof, (i) in accordance with the provisions of any agreement among the Fund on behalf of the Portfolio, the Custodian and a broker-dealer registered under the Exchange Act and a member of the NASD (or any futures commission merchant registered under the Commodity Exchange Act), relating to compliance with the rules of The Options Clearing Corporation and of any registered national securities exchange (or the CFTC or any registered contract market), or of any similar organization or organizations, regarding escrow or other arrangements in connection with transactions by the Portfolio, (ii) for purposes of segregating cash or government securities in connection with options purchased, sold or written by the Portfolio or commodity futures contracts or options thereon purchased or sold by the Portfolio, (iii) for the purposes of compliance by the Portfolio with the procedures required by Investment Company Act Release No. 10666, or any subsequent release of the U.S. Securities and Exchange Commission (the "SEC"), or interpretative opinion of the staff of the SEC, relating to the maintenance of segregated accounts by registered investment companies, and (iv)

for any other purpose upon receipt of Proper Instructions from the Fund on behalf of the applicable Portfolio.

SECTION 2.10 OWNERSHIP CERTIFICATES FOR TAX PURPOSES. The Custodian shall execute ownership and other certificates and affidavits for all federal and state tax purposes in connection with receipt of income or other payments

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with respect to domestic securities of each Portfolio held by it and in connection with transfers of securities.

SECTION 2.11 PROXIES. The Custodian shall, with respect to the domestic securities held hereunder, cause to be promptly executed by the registered holder of such securities, if the securities are registered otherwise than in the name of the Portfolio or a nominee of the Portfolio, all proxies, without indication of the manner in which such proxies are to be voted, and shall promptly deliver to the Portfolio such proxies, all proxy soliciting materials and all notices relating to such securities.

SECTION 2.12 COMMUNICATIONS RELATING TO PORTFOLIO SECURITIES. Subject to the provisions of Section 2.3, the Custodian shall transmit promptly to the Fund for each Portfolio all written information (including, without limitation, pendency of calls and maturities of domestic securities and expirations of rights in connection therewith and notices of exercise of call and put options written by the Fund on behalf of the Portfolio and the maturity of futures contracts purchased or sold by the Portfolio) received by the Custodian from issuers of the securities being held for the Portfolio. With respect to tender or exchange offers, the Custodian shall transmit promptly to the Portfolio all written information received by the Custodian from issuers of the securities whose tender or exchange is sought and from the party (or its agents) making the tender or exchange offer. If the Portfolio desires to take action with respect to any tender offer, exchange offer or any other similar transaction, the Portfolio shall notify the Custodian at least three business days prior to the date on which the Custodian is to take such action.

SECTION 3. PROVISIONS RELATING TO RULES 17F-5 AND 17F-7

SECTION 3.1. DEFINITIONS. As used throughout this Agreement, the capitalized terms set forth below shall have the indicated meanings:

"Country Risk" means all factors reasonably related to the systemic risk of holding Foreign Assets in a particular country including, but not limited to, such country's political environment, economic and financial infrastructure (including any Eligible Securities Depository operating in the country), prevailing or developing custody and settlement practices, and laws and regulations applicable to the safekeeping and recovery of Foreign Assets held in custody in that country.

"Eligible Foreign Custodian" has the meaning set forth in section (a)(1) of Rule 17f-5, including a majority-owned or indirect subsidiary of a U.S. Bank (as defined in Rule 17f-5), a bank holding company meeting the requirements of an Eligible Foreign Custodian (as set forth in Rule 17f-5 or by other appropriate action of the SEC, or a foreign branch of a Bank (as defined in Section 2(a)(5) of the 1940 Act) meeting the requirements of a custodian under Section 17(f) of the 1940 Act; the term does not include any Eligible Securities Depository.

"Eligible Securities Depository" has the meaning set forth in section (b)(1) of Rule 17f-7.

"Foreign Assets" means any of the Portfolios' investments (including foreign currencies) for which the primary market is outside the United States and such cash and cash equivalents as are reasonably necessary to effect the Portfolios' transactions in such investments.

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"Foreign Custody Manager" has the meaning set forth in section (a)(3) of Rule 17f-5.

"Rule 17f-5" means Rule 17f-5 promulgated under the 1940 Act.

"Rule 17f-7" means Rule 17f-7 promulgated under the 1940 Act.

SECTION 3.2. THE CUSTODIAN AS FOREIGN CUSTODY MANAGER.

3.2.1 DELEGATION TO THE CUSTODIAN AS FOREIGN CUSTODY MANAGER. The Fund, by resolution adopted by its Board, hereby delegates to the Custodian, subject to Section (b) of Rule 17f-5, the responsibilities set forth in this Section 3.2 with respect to Foreign Assets of the Portfolios held outside the United States, and the Custodian hereby accepts such delegation as Foreign Custody Manager with respect to the Portfolios.

3.2.2 COUNTRIES COVERED. The Foreign Custody Manager shall be responsible for performing the delegated responsibilities defined below only with respect to the countries and custody arrangements for each such country listed on Schedule A to this Contract, which list of countries may be amended from time to time by the Fund with the agreement of the Foreign Custody Manager. The Foreign Custody Manager shall list on Schedule A the Eligible Foreign Custodians selected by the Foreign Custody Manager to maintain the assets of the Portfolios, which list of Eligible Foreign Custodians may be amended from time to time in the sole discretion of the Foreign Custody Manager. The Foreign Custody Manager will provide amended versions of Schedule A in accordance with Section 3.2.5 hereof.

Upon the receipt by the Foreign Custody Manager of Proper Instructions to open an account or to place or maintain Foreign Assets in a country listed on Schedule A, and the fulfillment by the Fund, on behalf of the Portfolios, of the applicable account opening requirements for such country, the Foreign Custody Manager shall be deemed to have been delegated by the Board on behalf of the Portfolios responsibility as Foreign Custody Manager with respect to that country and to have accepted such delegation. Execution of this Agreement by the Fund shall be deemed to be a Proper Instruction to open an account, or to place or maintain Foreign Assets, in each country listed on Schedule A in which the Custodian has previously placed or currently maintains Foreign Assets pursuant to the terms of the Contract. Following the receipt of Proper Instructions directing the Foreign Custody Manager to close the account of a Portfolio with the Eligible Foreign Custodian selected by the Foreign Custody Manager in a designated country, the delegation by the Board on behalf of the Portfolios to the Custodian as Foreign Custody Manager for that country shall be deemed to have been withdrawn and the Custodian shall immediately cease to be the Foreign Custody Manager of the Portfolios with respect to that country.

The Foreign Custody Manager may withdraw its acceptance of delegated responsibilities with respect to a designated country upon written notice to the Fund. Thirty days (or such longer period to which the parties agree in writing) after receipt of any such notice by the Fund, the Custodian shall have no further responsibility in its capacity as Foreign Custody Manager to the Fund with respect to the country as to which the Custodian's acceptance of delegation is withdrawn.

3.2.3 SCOPE OF DELEGATED RESPONSIBILITIES:

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(a) SELECTION OF ELIGIBLE FOREIGN CUSTODIANS. Subject to the provisions of this Section 3.2, the Foreign Custody Manager may place and maintain the Foreign Assets in the care of the Eligible Foreign Custodian selected by the Foreign

Custody Manager in each country listed on Schedule A, as amended from time to time. In performing its delegated responsibilities as Foreign Custody Manager to place or maintain Foreign Assets with an Eligible Foreign Custodian, the Foreign Custody Manager shall determine that the Foreign Assets will be subject to reasonable care, based on the standards applicable to custodians in the country in which the Foreign Assets will be held by that Eligible Foreign Custodian, after considering all factors relevant to the safekeeping of such assets, including, without limitation the factors specified in Rule 17f-5(c)(1).

(b) CONTRACTS WITH ELIGIBLE FOREIGN CUSTODIANS. The Foreign Custody Manager shall determine that the contract governing the foreign custody arrangements with each Eligible Foreign Custodian selected by the Foreign Custody Manager will satisfy the requirements of Rule 17f-5(c)(2).

(c) MONITORING. In each case in which the Foreign Custody Manager maintains Foreign Assets with an Eligible Foreign Custodian selected by the Foreign Custody Manager, the Foreign Custody Manager shall establish a system to monitor (i) the appropriateness of maintaining the Foreign Assets with such Eligible Foreign Custodian and (ii) the contract governing the custody arrangements established by the Foreign Custody Manager with the Eligible Foreign Custodian. In the event the Foreign Custody Manager determines that the custody arrangements with an Eligible Foreign Custodian it has selected are no longer appropriate, the Foreign Custody Manager shall notify the Board in accordance with Section 3.2.5 hereunder.

3.2.4 GUIDELINES FOR THE EXERCISE OF DELEGATED AUTHORITY. For purposes of this Section 3.2, the Board shall be deemed to have considered and determined to accept such Country Risk as is incurred by placing and maintaining the Foreign Assets in each country for which the Custodian is serving as Foreign Custody Manager of the Portfolios.

3.2.5 REPORTING REQUIREMENTS. The Foreign Custody Manager shall report the withdrawal of the Foreign Assets from an Eligible Foreign Custodian and the placement of such Foreign Assets with another Eligible Foreign Custodian by providing to the Board an amended Schedule A at the end of the calendar quarter in which an amendment to such Schedule has occurred. The Foreign Custody Manager shall make written reports notifying the Board of any other material change in the foreign custody arrangements of the Portfolios described in this Section 3.2 after the occurrence of the material change.

3.2.6 STANDARD OF CARE AS FOREIGN CUSTODY MANAGER OF A PORTFOLIO. In performing the responsibilities delegated to it, the Foreign Custody Manager agrees to exercise reasonable care, prudence and diligence such as a person having responsibility for the safekeeping of assets of management investment companies registered under the 1940 Act would exercise.

3.2.7 REPRESENTATIONS WITH RESPECT TO RULE 17F-5. The Foreign Custody Manager represents to the Fund that it is a U.S. Bank as defined in section (a)(7) of Rule 17f-5. The Fund represents to the Custodian that the Board has determined that it is reasonable for the Board to rely on the Custodian to perform the responsibilities delegated pursuant to this Contract to the Custodian as the Foreign Custody Manager of the Portfolios.

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3.2.8 EFFECTIVE DATE AND TERMINATION OF THE CUSTODIAN AS FOREIGN CUSTODY MANAGER. The Board's delegation to the Custodian as Foreign Custody Manager of the Portfolios shall be effective as of the date hereof and shall remain in effect until terminated at any time, without penalty, by written notice from the terminating party to the non-terminating party. Termination will become effective thirty (30) days after receipt by the non-terminating party of such notice. The provisions of Section 3.2.2 hereof shall govern the delegation to and termination of the Custodian as Foreign Custody Manager of the Portfolios with respect to designated countries.

SECTION 3.3 ELIGIBLE SECURITIES DEPOSITORIES.

3.3.1 ANALYSIS AND MONITORING. The Custodian shall (a) provide the Fund (or its duly-authorized investment manager or investment advisor) with an analysis of the custody risks associated with maintaining assets with the Eligible Securities Depositories set forth on Schedule B hereto in accordance with section (a)(1)(i)(A) of Rule 17f-7, and (b) monitor such risks on a continuing basis, and promptly notify the Fund (or its duly-authorized investment manager or investment advisor) of any material change in such risks, in accordance with section (a)(1)(i)(B) of Rule 17f-7.

3.3.2 STANDARD OF CARE. The Custodian agrees to exercise reasonable care, prudence and diligence in performing the duties set forth in Section 3.3.1.

SECTION 4. DUTIES OF THE CUSTODIAN WITH RESPECT TO PROPERTY OF THE PORTFOLIOS HELD OUTSIDE THE UNITED STATES

SECTION 4.1 DEFINITIONS. As used throughout this Agreement, the capitalized terms set forth below shall have the indicated meanings:

"Foreign Securities System" means an Eligible Securities Depository listed on Schedule B hereto.

"Foreign Sub-Custodian" means a foreign banking institution serving as an Eligible Foreign Custodian.

SECTION 4.2. HOLDING SECURITIES. The Custodian shall identify on its books as belonging to the Portfolios the foreign securities held by each Foreign Sub-Custodian or Foreign Securities System. The Custodian may hold foreign securities for all of its customers, including the Portfolios, with any Foreign Sub-Custodian in an account that is identified as belonging to the Custodian for the benefit of its customers, provided however, that (i) the records of the Custodian with respect to foreign securities of the Portfolios which are maintained in such account shall identify those securities as belonging to the Portfolios and (ii), to the extent permitted and customary in the market in which the account is maintained, the Custodian shall require that securities so held by the Foreign Sub-Custodian be held separately from any assets of such Foreign Sub-Custodian or of other customers of such Foreign Sub-Custodian.

SECTION 4.3. FOREIGN SECURITIES SYSTEMS. Foreign securities shall be maintained in a Foreign Securities System in a designated country through arrangements implemented by the Custodian or a Foreign Sub-Custodian, as applicable, in such country.

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SECTION 4.4. TRANSACTIONS IN FOREIGN CUSTODY ACCOUNT.

4.4.1. DELIVERY OF FOREIGN ASSETS. The Custodian or a Foreign Sub-Custodian shall release and deliver foreign securities of the Portfolios held by the Custodian or such Foreign Sub-Custodian, or in a Foreign Securities System account, only upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, and only in the following cases:

(i) upon the sale of such foreign securities for the Portfolio in accordance with commercially reasonable market practice in the country where such foreign securities are held or traded, including, without limitation: (A) delivery against expectation of receiving later payment; or (B) in the case of a sale effected through a Foreign Securities System, in accordance with the rules governing the operation of the Foreign Securities System;

(ii) in connection with any repurchase agreement related to foreign securities;

(iii) to the depository agent in connection with tender or other similar offers for foreign securities of the Portfolios;

(iv) to the issuer thereof or its agent when such foreign securities are called, redeemed, retired or otherwise become payable;

(v) to the issuer thereof, or its agent, for transfer into the name of the Custodian (or the name of the respective Foreign Sub-Custodian or of any nominee of the Custodian or such Foreign Sub-Custodian) or for exchange for a different number of bonds, certificates or other evidence representing the same aggregate face amount or number of units;

(vi) to brokers, clearing banks or other clearing agents for examination or trade execution in accordance with market custom; provided that in any such case the Foreign Sub-Custodian shall have no responsibility or liability for any loss arising from the delivery of such securities prior to receiving payment for such securities except as may arise from the Foreign Sub-Custodian's own negligence or willful misconduct;

(vii) for exchange or conversion pursuant to any plan of merger, consolidation, recapitalization, reorganization or readjustment of the securities of the issuer of such securities, or pursuant to provisions for conversion contained in such securities, or pursuant to any deposit agreement;

(viii) in the case of warrants, rights or similar foreign securities, the surrender thereof in the exercise of such warrants, rights or similar securities or the surrender of interim receipts or temporary securities for definitive securities;

(ix) for delivery as security in connection with any borrowing by

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the Portfolios requiring a pledge of assets by the Portfolios;

(x) in connection with trading in options and futures contracts, including delivery as original margin and variation margin;

(xi) in connection with the lending of foreign securities; and

(xii) for any other purpose, but only upon receipt of Proper Instructions specifying the foreign securities to be delivered and naming the person or persons to whom delivery of such securities shall be made.

4.4.2. PAYMENT OF PORTFOLIO MONIES. Upon receipt of Proper Instructions, which may be continuing instructions when deemed appropriate by the parties, the Custodian shall pay out, or direct the respective Foreign Sub-Custodian or the respective Foreign Securities System to pay out, monies of a Portfolio in the following cases only:

(i) upon the purchase of foreign securities for the Portfolio, unless otherwise directed by Proper Instructions, by (A) delivering money to the seller thereof or to a dealer therefor (or an agent for such seller or dealer) against expectation of receiving later delivery of such foreign securities; or (B) in the case of a purchase effected through a Foreign Securities System, in accordance with the rules governing the operation of such Foreign Securities System;

(ii) in connection with the conversion, exchange or surrender of foreign securities of the Portfolio;

(iii) for the payment of any expense or liability of the Portfolio, including but not limited to the following payments: interest, taxes, investment advisory fees, transfer agency fees, fees under this Contract, legal fees, accounting fees, and other operating expenses;

(iv) for the purchase or sale of foreign exchange or foreign exchange contracts for the Portfolio, including transactions executed with or through the Custodian or its Foreign Sub-Custodians;

(v) in connection with trading in options and futures contracts, including delivery as original margin and variation margin;

(vi) for payment of part or all of the dividends received in respect of securities sold short;

(vii) in connection with the borrowing or lending of foreign securities; and

(viii) for any other purpose, but only upon receipt of Proper Instructions specifying the amount of such payment and naming the person or persons to whom such payment is to be made.

4.4.3. MARKET CONDITIONS. Notwithstanding any provision of this Contract to the contrary, settlement and payment for Foreign Assets

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received for the account of the Portfolios and delivery of Foreign Assets maintained for the account of the Portfolios may be effected in accordance with the customary established securities trading or processing practices and procedures in the country or market in which the transaction occurs, including, without limitation, delivering Foreign Assets to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) with the expectation of receiving later payment for such Foreign Assets from such purchaser or dealer.

The Custodian shall provide to the Board the information with respect to custody and settlement practices in countries in which the Custodian employs a Foreign Sub-Custodian described on Schedule C hereto at the time or times set forth on such Schedule. The Custodian may revise Schedule C from time to time, provided that no such revision shall result in the Board being provided with substantively less information than had been previously provided hereunder.

SECTION 4.5. REGISTRATION OF FOREIGN SECURITIES. The foreign securities maintained in the custody of a Foreign Sub-Custodian (other than bearer securities) shall be registered in the name of the applicable Portfolio or in the name of the Custodian or in the name of any Foreign Sub-Custodian or in the name of any nominee of the foregoing, and the Fund on behalf of such Portfolio agrees to hold any such nominee harmless from any liability as a holder of record of such foreign securities. The Custodian or a Foreign Sub-Custodian shall not be obligated to accept securities on behalf of a Portfolio under the terms of this Contract unless the form of such securities and the manner in which they are delivered are in accordance with reasonable market practice.

SECTION 4.6 BANK ACCOUNTS. The Custodian shall identify on its books as belonging to the Fund cash (including cash denominated in foreign currencies) deposited with the Custodian. Where the Custodian is unable to maintain, or market practice does not facilitate the maintenance of, cash on the books of the Custodian, a bank account or bank accounts shall be opened and maintained

outside the United States on behalf of a Portfolio with a Foreign Sub-Custodian. All accounts referred to in this Section shall be subject only to draft or order by the Custodian (or, if applicable, such Foreign Sub-Custodian) acting pursuant to the terms of this Agreement to hold cash received by or from or for the account of the Portfolio. Cash maintained on the books of the Custodian (including its branches, subsidiaries and affiliates), regardless of currency denomination, is maintained in bank accounts established under, and subject to the laws of, The Commonwealth of Massachusetts.

SECTION 4.7. COLLECTION OF INCOME. The Custodian shall use reasonable commercial efforts to collect all income and other payments with respect to the Foreign Assets held hereunder to which the Portfolios shall be entitled and shall credit such income, as collected, to the applicable Portfolio. In the event that extraordinary measures are required to collect such income, the Fund and the Custodian shall consult as to such measures and as to the compensation and expenses of the Custodian relating to such measures.

SECTION 4.8 SHAREHOLDER RIGHTS. With respect to the foreign securities held pursuant to this Section 4, the Custodian will use reasonable commercial efforts to facilitate the exercise of voting and other shareholder rights, subject always to the laws, regulations and practical constraints that may exist in the country where such securities are issued. The Fund acknowledges that local conditions, including lack of regulation, onerous procedural obligations, lack of notice and other factors may have the effect of severely limiting the

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ability of the Fund to exercise shareholder rights.

SECTION 4.9. COMMUNICATIONS RELATING TO FOREIGN SECURITIES. The Custodian shall transmit promptly to the Fund written information with respect to materials received by the Custodian via the Foreign Sub-Custodians from issuers of the foreign securities being held for the account of the Portfolios (including, without limitation, pendency of calls and maturities of foreign securities and expirations of rights in connection therewith). With respect to tender or exchange offers, the Custodian shall transmit promptly to the Fund written information with respect to materials so received by the Custodian from issuers of the foreign securities whose tender or exchange is sought or from the party (or its agents) making the tender or exchange offer. The Custodian shall not be liable for any untimely exercise of any tender, exchange or other right or power in connection with foreign securities or other property of the Portfolios at any time held by it unless (i) the Custodian or the respective Foreign Sub-Custodian is in actual possession of such foreign securities or property and (ii) the Custodian receives Proper Instructions with regard to the exercise of any such right or power, and both (i) and (ii) occur at least three business days prior to the date on which the Custodian is to take action to exercise such right or power.

SECTION 4.10. LIABILITY OF FOREIGN SUB-CUSTODIANS. Each agreement pursuant to which the Custodian employs a Foreign Sub-Custodian shall, to the extent possible, require the Foreign Sub-Custodian to exercise reasonable care in the performance of its duties, and to indemnify, and hold harmless, the Custodian from and against any loss, damage, cost, expense, liability or claim arising out of or in connection with the Foreign Sub-Custodian's performance of such obligations. At the Fund's election, the Portfolios shall be entitled to be subrogated to the rights of the Custodian with respect to any claims against a Foreign Sub-Custodian as a consequence of any such loss, damage, cost, expense, liability or claim if and to the extent that the Portfolios have not been made whole for any such loss, damage, cost, expense, liability or claim.

SECTION 4.11 TAX LAW. The Custodian shall have no responsibility or liability for any obligations now or hereafter imposed on the Fund, the Portfolios or the Custodian as custodian of the Portfolios by the tax law of the United States or of any state or political subdivision thereof. It shall be the

responsibility of the Fund to notify the Custodian of the obligations imposed on the Fund with respect to the Portfolios or the Custodian as custodian of the Portfolios by the tax law of countries other than those mentioned in the above sentence, including responsibility for withholding and other taxes, assessments or other governmental charges, certifications and governmental reporting. The sole responsibility of the Custodian with regard to such tax law shall be to use reasonable efforts to assist the Fund with respect to any claim for exemption or refund under the tax law of countries for which the Fund has provided such information.

SECTION 4.12. LIABILITY OF CUSTODIAN. The Custodian shall be liable for the acts or omissions of a Foreign Sub-Custodian to the same extent as set forth with respect to sub-custodians generally in the Contract and, regardless of whether assets are maintained in the custody of a Foreign Sub-Custodian or a Foreign Securities System, the Custodian shall not be liable for any loss, damage, cost, expense, liability or claim resulting from nationalization, expropriation, currency restrictions, or acts of war or terrorism, or any other loss where the Sub-Custodian has otherwise acted with reasonable care.

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SECTION 5. PAYMENTS FOR SALES OR REPURCHASES OR REDEMPTIONS OF SHARES

The Custodian shall receive from the distributor for the Shares or from the Transfer Agent and deposit into the account of the appropriate Portfolio such payments as are received for Shares thereof issued or sold from time to time by the Fund. The Custodian will provide timely notification to the Fund on behalf of each such Portfolio and the Transfer Agent of any receipt by it of payments for Shares of such Portfolio.

From such funds as may be available for the purpose, the Custodian shall, upon receipt of instructions from the Transfer Agent, make funds available for payment to holders of Shares who have delivered to the Transfer Agent a request for redemption or repurchase of their Shares. In connection with the redemption or repurchase of Shares, the Custodian is authorized upon receipt of instructions from the Transfer Agent to wire funds to or through a commercial bank designated by the redeeming shareholders. In connection with the redemption or repurchase of Shares, the Custodian shall honor checks drawn on the Custodian by a holder of Shares, which checks have been furnished by the Fund to the holder of Shares, when presented to the Custodian in accordance with such procedures and controls as are mutually agreed upon from time to time between the Fund and the Custodian.

SECTION 6. PROPER INSTRUCTIONS

Proper Instructions as used throughout this Agreement means a writing signed or initialed by one or more person or persons as the Board shall have from time to time authorized. Each such writing shall set forth the specific transaction or type of transaction involved, including a specific statement of the purpose for which such action is requested. Oral instructions will be considered Proper Instructions if the Custodian reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction involved. The Fund shall cause all oral instructions to be confirmed in writing. Proper Instructions may include communications effected directly between electro-mechanical or electronic devices provided that the Fund and the Custodian agree to security procedures, including but not limited to, the security procedures selected by the Fund in the Funds Transfer Addendum attached hereto. For purposes of this Section, Proper Instructions shall include instructions received by the Custodian pursuant to any three-party agreement which requires a segregated asset account in accordance with Section 2.10.

SECTION 7. ACTIONS PERMITTED WITHOUT EXPRESS AUTHORITY

The Custodian may in its discretion, without express authority from the Fund on

behalf of each applicable Portfolio:

1) make payments to itself or others for minor expenses of handling securities or other similar items relating to its duties under this Agreement, provided that all such payments shall be accounted for to the Fund on behalf of the Portfolio;

2) surrender securities in temporary form for securities in definitive form;

3) endorse for collection, in the name of the Portfolio, checks, drafts and other negotiable instruments; and

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4) in general, attend to all non-discretionary details in connection with the sale, exchange, substitution, purchase, transfer and other dealings with the securities and property of the Portfolio except as otherwise directed by the Board.

SECTION 8. EVIDENCE OF AUTHORITY

The Custodian shall be protected in acting upon any instructions, notice, request, consent, certificate or other instrument or paper believed by it to be genuine and to have been properly executed by or on behalf of the Fund. The Custodian may receive and accept a copy of a resolution certified by the Secretary or an Assistant Secretary of the Fund ("CERTIFIED RESOLUTION") as conclusive evidence (a) of the authority of any person to act in accordance with such resolution or (b) of any determination or of any action by the Board as described in such resolution, and such resolution may be considered as in full force and effect until receipt by the Custodian of written notice to the contrary.

SECTION 9. DUTIES OF CUSTODIAN WITH RESPECT TO THE BOOKS OF ACCOUNT AND CALCULATION OF NET ASSET VALUE AND NET INCOME

The Custodian shall cooperate with and supply necessary information to the entity or entities appointed by the Board to keep the books of account of each Portfolio and/or compute the net asset value per Share of the outstanding Shares or, if directed in writing to do so by the Fund on behalf of the Portfolio, shall itself keep such books of account and/or compute such net asset value per Share. If so directed, the Custodian shall also calculate daily the net income of the Portfolio as described in the Prospectus and shall advise the Fund and the Transfer Agent daily of the total amounts of such net income and, if instructed in writing by an officer of the Fund to do so, shall advise the Transfer Agent periodically of the division of such net income among its various components. The calculations of the net asset value per Share and the daily income of each Portfolio shall be made at the time or times described from time to time in the Prospectus.

SECTION 10. RECORDS

The Custodian shall with respect to each Portfolio create and maintain all records relating to its activities and obligations under this Agreement in such manner as will meet the obligations of the Fund under the 1940 Act, with particular attention to Section 31 thereof and Rules 31a-1 and 31a-2 thereunder. All such records shall be the property of the Fund and shall at all times during the regular business hours of the Custodian be open for inspection by duly authorized officers, employees or agents of the Fund and employees and agents of the SEC. The Custodian shall, at the Fund's request, supply the Fund with a tabulation of securities owned by each Portfolio and held by the Custodian and shall, when requested to do so by the Fund and for such compensation as shall be agreed upon between the Fund and the Custodian, include certificate numbers in such tabulations.

SECTION 11. OPINION OF FUND'S INDEPENDENT ACCOUNTANT

The Custodian shall take all reasonable action, as the Fund on behalf of each applicable Portfolio may from time to time request, to obtain from year to year favorable opinions from the Fund's independent accountants with respect to its activities hereunder in connection with the preparation of the Fund's Form N-1A,

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and Form N-SAR or other annual reports to the SEC and with respect to any other requirements thereof.

SECTION 12. REPORTS TO FUND BY INDEPENDENT PUBLIC ACCOUNTANTS

The Custodian shall provide the Fund, on behalf of each of the Portfolios at such times as the Fund may reasonably require, with reports by independent public accountants on the accounting system, internal accounting control and procedures for safeguarding securities, futures contracts and options on futures contracts, including securities deposited and/or maintained in a U.S. Securities System or a Foreign Securities System, relating to the services provided by the Custodian under this Agreement; such reports, shall be of sufficient scope and in sufficient detail, as may reasonably be required by the Fund to provide reasonable assurance that any material inadequacies would be disclosed by such examination, and, if there are no such inadequacies, the reports shall so state.

SECTION 13. COMPENSATION OF CUSTODIAN

The Custodian shall be entitled to reasonable compensation for its services and expenses as Custodian, as agreed upon from time to time between the Fund on behalf of each applicable Portfolio and the Custodian.

SECTION 14. RESPONSIBILITY OF CUSTODIAN

So long as and to the extent that it is in the exercise of reasonable care, the Custodian shall not be responsible for the title, validity or genuineness of any property or evidence of title thereto received by it or delivered by it pursuant to this Agreement and shall be held harmless in acting upon any notice, request, consent, certificate or other instrument reasonably believed by it to be genuine and to be signed by the proper party or parties, including any futures commission merchant acting pursuant to the terms of a three-party futures or options agreement. The Custodian shall be held to the exercise of reasonable care in carrying out the provisions of this Agreement, but shall be kept indemnified by and shall be without liability to the Fund for any action taken or omitted by it in good faith without negligence, including, without limitation, acting in accordance with any Proper Instruction. It shall be entitled to rely on and may act upon advice of counsel (who may be counsel for the Fund) on all matters, and shall be without liability for any action reasonably taken or omitted pursuant to such advice. The Custodian shall be without liability to the Fund and the Portfolios for any loss, liability, claim or expense resulting from or caused by anything which is part of Country Risk (as defined in Section 3 hereof), including without limitation nationalization, expropriation, currency restrictions, or acts of war, revolution, riots or terrorism.

Except as may arise from the Custodian's own negligence or willful misconduct or the negligence or willful misconduct of a sub-custodian or agent, the Custodian shall be without liability to the Fund for any loss, liability, claim or expense resulting from or caused by; (i) events or circumstances beyond the reasonable control of the Custodian or any sub-custodian or Securities System or any agent or nominee of any of the foregoing, including, without limitation, the interruption, suspension or restriction of trading on or the closure of any securities market, power or other mechanical or technological failures or interruptions, computer viruses or communications disruptions, work stoppages,

natural disasters, or other similar events or acts; (ii) errors by the Fund or its duly-authorized investment manager or investment advisor in their instructions to the Custodian provided

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such instructions have been in accordance with this Agreement; (iii) the insolvency of or acts or omissions by a Securities System; (iv) any delay or failure of any broker, agent or intermediary, central bank or other commercially prevalent payment or clearing system to deliver to the Custodian's sub-custodian or agent securities purchased or in the remittance or payment made in connection with securities sold; (v) any delay or failure of any company, corporation, or other body in charge of registering or transferring securities in the name of the Custodian, the Fund, the Custodian's sub-custodians, nominees or agents or any consequential losses arising out of such delay or failure to transfer such securities including non-receipt of bonus, dividends and rights and other accretions or benefits; (vi) delays or inability to perform its duties due to any disorder in market infrastructure with respect to any particular security or Securities System; and (vii) any provision of any present or future law or regulation or order of the United States of America, or any state thereof, or any other country, or political subdivision thereof or of any court of competent jurisdiction.

The Custodian shall be liable for the acts or omissions of a Foreign Sub-Custodian (as defined in Section 4 hereof) to the same extent as set forth with respect to sub-custodians generally in this Agreement.

If the Fund on behalf of a Portfolio requires the Custodian to take any action with respect to securities, which action involves the payment of money or which action may, in the opinion of the Custodian, result in the Custodian or its nominee assigned to the Fund or the Portfolio being liable for the payment of money or incurring liability of some other form, the Fund on behalf of the Portfolio, as a prerequisite to requiring the Custodian to take such action, shall provide indemnity to the Custodian in an amount and form satisfactory to it.

If the Fund requires the Custodian, its affiliates, subsidiaries or agents, to advance cash or securities for any purpose (including but not limited to securities settlements, foreign exchange contracts and assumed settlement) or in the event that the Custodian or its nominee shall incur or be assessed any taxes, charges, expenses, assessments, claims or liabilities in connection with the performance of this Agreement, except such as may arise from its or its nominee's own negligent action, negligent failure to act or willful misconduct, any property at any time held for the account of the applicable Portfolio shall be security therefor and should the Fund fail to repay the Custodian promptly, the Custodian shall be entitled to utilize available cash and to dispose of such Portfolio's assets to the extent necessary to obtain reimbursement.

In no event shall the Custodian be liable for indirect, special or consequential damages.

SECTION 15. EFFECTIVE PERIOD, TERMINATION AND AMENDMENT

This Agreement shall become effective as of its execution, shall continue in full force and effect until terminated as hereinafter provided, may be amended at any time by mutual agreement of the parties hereto and may be terminated by either party by an instrument in writing delivered or mailed, postage prepaid to the other party, such termination to take effect not sooner than sixty (60) days after the date of such delivery or mailing; provided, however, that the Fund shall not amend or terminate this Agreement in contravention of any applicable federal or state regulations, or any provision of the Fund's Declaration of Trust, and further provided, that the Fund on behalf of one or more of the Portfolios may at any

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time by action of its Board (i) substitute another bank or trust company for the Custodian by giving notice as described above to the Custodian, or (ii) immediately terminate this Agreement in the event of the appointment of a conservator or receiver for the Custodian by the Comptroller of the Currency or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction.

Upon termination of the Agreement, the Fund on behalf of each applicable Portfolio shall pay to the Custodian such compensation as may be due as of the date of such termination and shall likewise reimburse the Custodian for its costs, expenses and disbursements.

SECTION 16. SUCCESSOR CUSTODIAN

If a successor custodian for one or more Portfolios shall be appointed by the Board, the Custodian shall, upon termination, deliver to such successor custodian at the office of the Custodian, duly endorsed and in the form for transfer, all securities of each applicable Portfolio then held by it hereunder and shall transfer to an account of the successor custodian all of the securities of each such Portfolio held in a Securities System.

If no such successor custodian shall be appointed, the Custodian shall, in like manner, upon receipt of a Certified Resolution, deliver at the office of the Custodian and transfer such securities, funds and other properties in accordance with such resolution.

In the event that no written order designating a successor custodian or Certified Resolution shall have been delivered to the Custodian on or before the date when such termination shall become effective, then the Custodian shall have the right to deliver to a bank or trust company, which is a "bank" as defined in the 1940 Act, doing business in Boston, Massachusetts, or New York, New York, of its own selection, having an aggregate capital, surplus, and undivided profits, as shown by its last published report, of not less than $25,000,000, all securities, funds and other properties held by the Custodian on behalf of each applicable Portfolio and all instruments held by the Custodian relative thereto and all other property held by it under this Agreement on behalf of each applicable Portfolio, and to transfer to an account of such successor custodian all of the securities of each such Portfolio held in any Securities System. Thereafter, such bank or trust company shall be the successor of the Custodian under this Agreement.

In the event that securities, funds and other properties remain in the possession of the Custodian after the date of termination hereof owing to failure of the Fund to procure the Certified Resolution to appoint a successor custodian, the Custodian shall be entitled to fair compensation for its services during such period as the Custodian retains possession of such securities, funds and other properties and the provisions of this Agreement relating to the duties and obligations of the Custodian shall remain in full force and effect.

SECTION 17. INTERPRETIVE AND ADDITIONAL PROVISIONS

In connection with the operation of this Agreement, the Custodian and the Fund on behalf of each of the Portfolios, may from time to time agree on such provisions interpretive of or in addition to the provisions of this Agreement as may in their joint opinion be consistent with the general tenor of this Agreement. Any such interpretive or additional provisions shall be in a writing

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signed by both parties and shall be annexed hereto, provided that no such interpretive or additional provisions shall contravene any applicable federal or state regulations or any provision of the Fund's Declaration of Trust. No

interpretive or additional provisions made as provided in the preceding sentence shall be deemed to be an amendment of this Agreement.

SECTION 18. ADDITIONAL FUNDS

In the event that the Fund establishes one or more series of Shares in addition to FIRST HORIZON GROWTH & INCOME PORTFOLIO AND FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO with respect to which it desires to have the Custodian render services as custodian under the terms hereof, it shall so notify the Custodian in writing, and if the Custodian agrees in writing to provide such services, such series of Shares shall become a Portfolio hereunder.

SECTION 19. MASSACHUSETTS LAW TO APPLY

This Agreement shall be construed and the provisions thereof interpreted under and in accordance with laws of The Commonwealth of Massachusetts.

SECTION 20. PRIOR AGREEMENTS

This Agreement supersedes and terminates, as of the date hereof, all prior Agreements between the Fund on behalf of each of the Portfolios and the Custodian relating to the custody of the Fund's assets.

SECTION 21. NOTICES.

Any notice, instruction or other instrument required to be given hereunder may be delivered in person to the offices of the parties as set forth herein during normal business hours or delivered prepaid registered mail or by telex, cable or telecopy to the parties at the following addresses or such other addresses as may be notified by any party from time to time.

To the Fund: FINANCIAL INVESTORS VARIABLE INSURANCE TRUST
*370 17th Street, Suite 3100
Denver, CO 80202
Attention: Kim Storms
Telephone: 303-623-2577
Telecopy: 303-623-7850

To the Custodian: STATE STREET BANK AND TRUST COMPANY
*One Heritage Drive, JPB/2N
North Quincy, MA 02171
Attention: Charles R. Whittemore, Vice President
Telephone: 617-985-7809
Telecopy: 617-537-5152

Such notice, instruction or other instrument shall be deemed to have been served in the case of a registered letter at the expiration of five business days after posting, in the case of cable twenty-four hours after dispatch and, in the case of telex, immediately on dispatch and if delivered outside normal business hours it shall be deemed to have been received at the next time after delivery when normal business hours commence and in the case of cable, telex or telecopy on the business day after the receipt thereof. Evidence that the notice was

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properly addressed, stamped and put into the post shall be conclusive evidence of posting.

SECTION 22. REPRODUCTION OF DOCUMENTS

This Agreement and all schedules, addenda, exhibits, attachments and amendments hereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto all/each agree that any such reproduction shall be admissible in evidence as the

original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence.

SECTION 23. REMOTE ACCESS SERVICES ADDENDUM

The Custodian and the Fund agree to be bound by the terms of the Remote Access Services Addendum attached hereto.

SECTION 24. SHAREHOLDER COMMUNICATIONS ELECTION

SEC Rule 14b-2 requires banks which hold securities for the account of customers to respond to requests by issuers of securities for the names, addresses and holdings of beneficial owners of securities of that issuer held by the bank unless the beneficial owner has expressly objected to disclosure of this information. In order to comply with the rule, the Custodian needs the Fund to indicate whether it authorizes the Custodian to provide the Fund's name, address, and share position to requesting companies whose securities the Fund owns. If the Fund tells the Custodian "no", the Custodian will not provide this information to requesting companies. If the Fund tells the Custodian "yes" or does not check either "yes" or "no" below, the Custodian is required by the rule to treat the Fund as consenting to disclosure of this information for all securities owned by the Fund or any funds or accounts established by the Fund. For the Fund's protection, the Rule prohibits the requesting company from using the Fund's name and address for any purpose other than corporate communications. Please indicate below whether the Fund consents or objects by checking one of the alternatives below.

YES / / The Custodian is authorized to release the Fund's name, address, and share positions.

NO /X/ The Custodian is not authorized to release the Fund's name, address, and share positions.

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IN WITNESS WHEREOF, each of the parties has caused this instrument to be executed in its name and behalf by its duly authorized representative and its seal to be hereunder affixed as of August 14, 2001.

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FINANCIAL INVESTORS VARIABLE INSURANCE TRUST	FUND SIGNATURE ATTESTED TO BY:
By: /s/ Jeremy O. May	By: /s/Russell C. Burk
Name: Jeremy O May, Treasurer	Name: Russell C. Burk, Secretary
STATE STREET BANK AND TRUST COMPANY	SIGNATURE ATTESTED TO BY:
By: /s/ Joseph L. Hooley	By: /s/ Jean S. Carr
Name: Joseph L. Hooley, Executive Vice President	Name: Jean S. Carr, Assistant Vice President

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Exhibit 99(h)(1)

TRANSFER AGENCY AND SERVICE AGREEMENT

between

ALPS MUTUAL FUNDS SERVICES, INC.

and

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

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TRANSFER AGENCY AND SERVICE AGREEMENT
between
ALPS MUTUAL FUNDS SERVICES, INC.
and
FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

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TRANSFER AGENCY AND SERVICE AGREEMENT

AGREEMENT made as of the 10th day of August, 2001, by and between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware Business Trust, having its principal office and place of business at 370 17th Street, Suite 3100, Denver, Colorado 80202 (the "Trust"), and ALPS MUTUAL FUNDS SERVICES, INC., a Colorado corporation, having its principal office and place of business at 370 17th Street, Suite 3100, Denver, Colorado 80202 ("ALPS").

WHEREAS, the Trust is an open-end management investment company registered under the Investment Company Act of 1940 which presently offers shares in separate series, which includes the First Horizon Capital Appreciation Portfolio and the First Horizon Growth & Income Portfolio (herein referred to individually as a "Portfolio" and collectively as the "Portfolios"); and

WHEREAS, the Trust desires to appoint ALPS as its transfer agent, dividend disbursing agent and agent in connection with certain other activities as set forth herein (collectively "Shareholder and Record-Keeping Services") and ALPS desires to accept such appointment;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. Terms of Appointment; Duties

1.1 Transfer Agency Services. Subject to the terms and conditions set forth in this Agreement, the Trust hereby employs and appoints ALPS to act as, and ALPS agrees to act as, the transfer agent for the Trust's authorized and issued shares of beneficial interest, and the dividend disbursing agent. As used herein, the term "Shares" means the authorized and issued shares of common stock, or shares of beneficial interest, as the case may be, for the Trust. ALPS agrees that it will perform the following Shareholder and Record-Keeping services:

(a) ALPS shall:

(i) Receive for acceptance orders for the purchase of Shares, and promptly deliver payment and appropriate documentation thereof to the Custodian of the Trust authorized by the Board of Directors of the Trust (the "Custodian");

(ii) Pursuant to purchase orders, issue the appropriate

number of Shares and hold such Shares in the appropriate Shareholder accounts;

(iii) In the event any check or other order for the transfer of money is returned unpaid, ALPS shall take such steps as it may deem appropriate or ALPS may request written instructions from the Trust;

(iv) Receive for acceptance redemption requests and redemption directions and deliver the appropriate documentation thereof to the Custodian;

(v) In respect to the transactions in items (i) (ii) and (iv) above, ALPS shall execute transactions directly with broker-dealers, investment advisers and other institutions acting on behalf of investors authorized by the Trust who shall thereby be deemed to be acting

on behalf of the Trust;

(vi) When it receives monies paid to it by the Custodian with respect to any redemption, pay or cause to be paid in the appropriate manner such monies as instructed by the redeeming Shareholders;

(vii) Prepare and transmit payments (or where appropriate credit the account of a shareholder of the Portfolio(s) ("Shareholder")) for dividends and distributions declared by the Portfolio(s);

(viii) Maintain records of, account for and advise the Portfolio(s) and its Shareholders as to the foregoing; and

(ix) Record the issuance of Shares of the Portfolio(s) and maintain pursuant to SEC Rule 17Ad-10(e) a record of the total number of Shares of the Portfolio(s) which are authorized, based upon data provided to it by the Trust, and issued and outstanding. ALPS shall also provide the Trust on a regular basis with the total number of Shares which are authorized and issued and outstanding and shall have no obligation, when recording the issuance of Shares, to monitor the issuance of such Shares or to take cognizance of any laws relating to the issue or sale of such Shares, which functions shall be the sole responsibility of the Trust.

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1.2 Additional Services. In addition to, and neither in lieu nor in contravention of, the services set forth in the above paragraph, ALPS shall perform the following services:

(a) Other Customary Services. Perform the customary services of a transfer agent, dividend disbursing agent and, as relevant, agent in connection with accumulation, open-account or similar plans (including without limitation any periodic investment plan or periodic withdrawal program), including but not limited to: maintaining all Shareholder accounts, preparing Shareholder meeting lists, mailing Shareholder proxies, mailing Shareholder reports and prospectuses to current Shareholders, withholding taxes on U.S. resident and non-resident alien accounts and maintaining records with respect to such withholding, preparing and filing U.S. Treasury Department Forms 1099 and other appropriate forms required with respect to dividends and distributions by federal authorities for all taxable Shareholders, preparing and mailing confirmation forms and statements of account to Shareholders for all purchases and redemptions of Shares and other confirmable transactions in Shareholder accounts, preparing and mailing activity.statements for Shareholders, and providing Shareholder account information. Services to be performed by ALPS include those set forth in Schedule 1.1 hereto.

(b) Control Book. Maintain a daily record of all transactions, including receipts and disbursements of money and securities, and make available to the Trust a copy of such report on the next business day following the request;

(c) "Blue Sky" Reporting. The Trust or its agent who provides blue sky services shall (i) identify to ALPS in writing those transactions and assets to be treated as exempt from blue sky reporting for each State and (ii) verify the establishment of transactions for each State on the system prior to activation and thereafter monitor the daily activity for each State. The responsibility of ALPS for the Trust's blue sky State registration status under this Agreement is solely limited to the initial establishment of transactions subject to blue sky compliance by the Trust and providing a system which will enable the Trust to monitor the total number of Shares sold in each State;

(d) New Procedures. New procedures as to whom shall provide certain of these services in Section 1 may be established from

<Page>

time to time by agreement between the Trust and ALPS. With the Trust's prior approval, ALPS may at times perform only a portion of these services and the Trust or its agent may perform these services on the Trust's behalf.

2. Fees and Expenses

2.1 Fees. For the performance by ALPS pursuant to this Agreement, the Trust agrees to pay ALPS fees in accordance with the terms of the Administration Agreement. Such fees and advances identified under Section 2.2 below may be changed from time to time subject to mutual written agreement between the Trust and ALPS.

2.2 Invoices. The Trust agrees to pay all fees and reimbursable expenses within thirty days following the receipt of the respective billing notice.

3. Representations and Warranties of ALPS

ALPS represents and warrants to the Trust that:

3.1 It is a duly registered transfer agent under the Securities Exchange Act of 1934.

3.2 It is duly organized and existing as a corporation and in good standing under the laws of the State of Colorado.

3.3 It is empowered under applicable laws and by its Charter and By-laws to enter into and perform this Agreement.

3.4 All requisite corporate proceedings have been taken to authorize it to enter into and perform this Agreement.

3.5 It has and will continue to have access to the necessary facilities, equipment and personnel to perform its duties and obligations under this Agreement.

3.6 It will provide the Trust with all information necessary to complete its annual filing requirements in a timely fashion.

4. Representations and Warranties of the Trust

The Trust represents and warrants to ALPS that:

4.1 It is an open-end investment company duly organized and existing under the laws of the state of Delaware.

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4.2 It is empowered under applicable laws and by its Declaration of Trust and By-laws to enter into and perform this Agreement.

4.3 The Board of Trustees has duly authorized it to enter into and perform this Agreement.

5. Wire Transfer Operating Guidelines/Articles 4A of the Uniform Commercial Code

5.1 ALPS and the Trust agree upon the security procedures for fund's transfer and account maintenance that are listed in Appendices A and B hereto (the "Security Procedures"). Upon the receipt of a payment order in compliance with such Security Procedures, ALPS is authorized to promptly debit the appropriate account(s) chosen for funds transfer and in the amount of money that ALPS has been instructed to transfer. ALPS shall execute payment orders in compliance with the Security Procedures and with the Trust's instructions on the date received, provided that such payment order is received by the customary deadline for processing such a request, which is 4:00 p.m. Eastern time subject to the terms of the current prospectus, unless the payment order specifies a later time. All payment orders and communications received after the customary deadline will be deemed to have been received the next business day.

5.2 ALPS shall process all payment orders to the account number indicated in the payment order. In the event of a discrepancy between any name indicated on the payment order and the account number, the account number shall take precedence and govern.

5.3 ALPS reserves the right to decline to process or delay the processing of a payment order (a) which is in excess of the collected balance in the account to be charged at the time of ALPS' receipt of such payment order; or (b) if ALPS, in good faith, is unable to determine that the transaction has been properly authorized.

5.4 ALPS shall use reasonable efforts to act on all authorized requests to cancel or amend payment orders after the customary deadline received in compliance with the Security Procedures, provided that such requests are received in a timely manner affording ALPS reasonable opportunity to act. However, ALPS assumes no liability if the request for amendment or cancellation cannot be satisfied, as long as ALPS has acted reasonably.

5.5 ALPS shall not be liable for failure to detect any erroneous payment order, provided that ALPS complies with the Security Procedures and

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with the payment order instructions as received.

5.6 When the Trust initiates or receives Automated Clearing House ("ACH") credit and debit entries pursuant to the guidelines and the rules of the National Automated Clearing House Association and the New England Clearing House Association, ALPS or its bank will act as an Originating Depository Financial Institution and/or receiving depository Financial Institution, as the case may be, with respect to such entries. Credits

given by ALPS with respect to an ACH credit entry are provisional until ALPS receives final settlement for such entry from the Federal Reserve Bank. If ALPS does not receive such final settlement, the Trust agrees that ALPS shall receive a refund of the amount credited to the Trust in connection with such entry, and the party making payment to the Trust via such entry shall not be deemed to have paid the amount of the entry.

5.7 Confirmation of ALPS's execution of payment orders shall ordinarily be provided within twenty-four (24) hours, but no later than forty-eight (48) hours, notice of which may be delivered through ALPS's proprietary information systems, or by facsimile or call-back. Call-back confirmations will be followed with a written confirmation. Confirmation will be delivered to the Shareholders in accordance with applicable regulations and the prospectus.

6. Indemnification

6.1 ALPS shall not be responsible for, and the Fund shall indemnify and hold ALPS harmless from and against, any and all losses, damages, costs, charges, counsel fees, payments, expenses and liability arising out of or attributable to:

(a) All actions of ALPS or its agent or subcontractors required to be taken pursuant to this Agreement, provided that such actions are taken in good faith and without negligence or willful misconduct;

(b) The Trust's lack of good faith, negligence or willful misconduct which arise out of the breach of any representation or warranty of the Trust hereunder;

(c) The good faith reliance upon, and any subsequent use of or action taken or omitted, by ALPS, its agents or subcontractors, on: (i) any information, records, documents, data, stock certificates or services, which are received by ALPS or its agents or subcontractors by machine readable input, facsimile, CRT data entry, electronic instructions or

other similar means authorized by the Trust, and which have been prepared, maintained or performed by the Trust or any other person or firm on behalf of the Trust including but not limited to any previous transfer agent or registrar; (ii) any written instructions or requests of the Trust or any of its officers; (iii) any written instructions or opinions of the Trust's legal counsel with respect to any matter arising in connection with the services to be performed by ALPS under this Agreement which are provided to ALPS after consultation with such legal counsel; or (iv) any paper or document reasonably believed to be genuine, authentic, or signed by the proper person or persons;

(d) The offer or sale of Shares in violation of federal securities laws or regulations requiring that such Shares be registered or in violation of any stop order or other determination or ruling by any federal agency with respect to the offer or sale of such Shares.

6.2 In order that the indemnification provisions contained in this Section 6 shall apply, upon the assertion of a claim for which one party may be

required to indemnify the other party, the party seeking indemnification shall promptly notify the party providing indemnification of such assertion, and shall keep that party advised with respect to all developments concerning such claim. The party providing indemnification shall have the option to participate with the other party in the defense of such claim with its own counsel or to defend against said claim in its own name or in the name of party seeking indemnification at its own expense. Neither party shall confess any claim or make any compromise in any case in which the other party may be required to provide indemnification except with the other party's prior written consent.

7. Standard of Care

ALPS shall at all times act in good faith and agrees to use its best efforts to ensure the accuracy of all services performed under this Agreement. At all times, ALPS shall be held to the standard of care of a reasonable transfer agent in the mutual fund industry and shall be liable for any errors caused by the negligence, willful misconduct or bad faith of its employees.

8. Confidentiality

8.1 ALPS and the Trust agree that they will not, at any time during the

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term of this Agreement or after its termination, reveal, divulge, or make known to any person, firm, corporation or other business organization, any of each other's confidential customers' lists, trade secrets, cost figures and projections, profit figures and projections, or any other secret or confidential information whatsoever, used or gained by it or the Trust during performance under this Agreement. ALPS and the Trust further covenant and agree to retain all such knowledge and information acquired during and after the term of this Agreement respecting such lists, trade secrets, or any secret or confidential information whatsoever for the sole benefit of the other party hereto and its successors and assigns. The above prohibition of disclosure shall not apply to the extent that ALPS must disclose such data to a Fund agent for purposes of providing services under this Agreement. Confidential or secret information of a party does not include information which is rightfully in the possession of the other party prior to its receipt from ALPS or the Trust (as the case may be) without any obligation of confidentially or which, without any fault of such other party, is or becomes available in the public domain.

8.2 In the event that any requests or demands are made for the inspection of the Shareholder records of the Trust, other than requests for records of Shareholders pursuant to subpoenas from state or federal government authorities, ALPS will notify the Trust and secure instructions from an authorized officer of the Trust as to such inspection. ALPS and the Trust expressly reserve the right; however, to exhibit records as required by law or court order, upon notification of the other party, provided that the other party has an opportunity to seek proper action to maintain the records' confidentiality.

9. Covenants of the Trust and ALPS

9.1 ALPS hereby agrees to establish and maintain facilities and procedures reasonably acceptable to the Trust for safekeeping of check forms and facsimile signature imprinting devices, if any; and for the preparation or use, and for keeping account of, such certificates, forms and

devices.

9.2 ALPS shall keep records relating to the services to be performed hereunder, in the form and manner as it may deem advisable to maintain compliance with applicable laws, rules and regulations. To the extent required by Section 31 of the Investment Company Act of 1940, as amended, and the Rules thereunder, ALPS agrees that all such records prepared or maintained by ALPS relating to the services to be performed by ALPS hereunder are the property of the Trust and will be preserved, maintained and made available in accordance with such Section and Rules, and will be surrendered promptly to the Trust on and in

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accordance with its request. Additionally, ALPS will make reasonably available to the Trust and its authorized representatives records maintained by ALPS pursuant to this Agreement for reasonable inspection, use and audit, and will take all reasonable action to assist the Trust's independent accountants, rendering their opinion.

9.3 In case of any request or demands for the inspection of the shareholder records of the Trust, ALPS will endeavor to notify the Trust and to secure instructions from an authorized officer of the Trust as to such inspection.

10. Termination of Agreement

10.1 This Agreement may be terminated by either party upon sixty (60) days written notice to the other, and may be terminated immediately by the Trust should ALPS cease to be qualified to act as the Trust's transfer agent pursuant to applicable law.

10.2 Should the Trust exercise its right to terminate, other than as a result of a default under this Agreement by ALPS, all out-of-pocket expenses associated with the movement of records and material will be borne by the Trust. Additionally, ALPS reserves the right to charge for any other reasonable expenses associated with such termination. Payment of such expenses or costs shall be in accordance with Section 2.4 of this Agreement.

10.3 Upon termination of this Agreement, each party shall return to the other party all copies of confidential or proprietary materials or information received from such other party hereunder, other than materials or information required to be retained by such party under applicable laws or regulations.

11. Assignment and Third Party Beneficiaries

11.1 Neither this Agreement nor any rights or obligations hereunder may be assigned by either party without the written consent of the other party. Any attempt to assign this Agreement in violation of this Section shall be void. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.2 Except as explicitly stated elsewhere in this Agreement, nothing under this Agreement shall be construed to give any rights or benefits in this Agreement to anyone other than ALPS and the Trust, and the duties and responsibilities undertaken pursuant to this Agreement shall be for

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the sole and exclusive benefit of ALPS and the Trust. This Agreement shall inure to the benefit of and be binding upon the parties and their respective permitted successors and assigns.

11.3 This Agreement does not constitute an agreement for a partnership or joint venture between ALPS and the Trust. Neither party shall make any commitments with third parties that are binding on the other party without the other party's prior written consent.

12. Miscellaneous

12.1 Amendment. This Agreement may be amended or modified by a written agreement executed by both parties.

12.2 Colorado Law to Apply. This Agreement shall be construed and the provisions thereof interpreted under and in accordance with the laws of the State of Colorado.

12.3 Force Majeure. In the event either party is unable to perform its obligations under the terms of this Agreement because of acts of God, strikes, equipment or transmission failure or damage reasonably beyond its control, or other causes reasonably beyond its control, such party shall not be liable for damages to the other for any damages resulting from such failure to perform or otherwise from such causes.

12.4 Survival. All provisions regarding indemnification, warranty, liability, and limits thereon, and confidentiality and/or protections of proprietary rights and trade secrets shall survive the termination of this Agreement.

12.5 Severability. If any provision or provisions of this Agreement shall be held invalid, unlawful, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired.

12.6 Priorities Clause. In the event of any conflict, discrepancy or ambiguity between the terms and conditions contained in this Agreement and any Schedules hereto, the terms of the Agreement shall take precedence. However, any written amendment to the Agreement shall incorporate the Agreement and shall take precedence over any existing term in the Agreement, to the extent applicable.

12.7 Audit of Records. ALPS will permit the Trust or its authorized agents to visit, inspect, duplicate, examine, audit and verify (collectively "audit") the Records belonging to or in the possession or control of ALPS. Such audit will be completed at ALPS's office or elsewhere during

regular business hours, and with at least seventy-two (72) hours prior notice to ALPS. The Records to which the Trust will have access are those which are required by law to be maintained pursuant to the provision of the Services which ALPS provides to the shareholders. The Trust may make copies and make extracts from such records, provided that such audit shall not unreasonably interfere with ALPS's normal course of business.

12.8 Waiver. No waiver by either party or any breach or default of any of the covenants or conditions herein contained and performed by the other party shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition.

12.9 Merger of Agreement. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement with respect to the subject matter hereof whether oral or written.

12.10 Counterparts. This Agreement may be executed by the parties hereto on any number of counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

12.11 Reproduction of Documents. This Agreement and all schedules, exhibits, appendices, attachments and amendments hereto may be reproduced by any photographic, photostatic, microfilm, micro-card, miniature photographic or other similar process. The parties hereto each agree that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding, whether or not the original is in existence and whether or not such reproduction was made by a party in the regular course of business, and that any enlargement, facsimile or further reproduction shall likewise be admissible in evidence.

12.12 Notices. All notices and other communications as required or permitted hereunder shall be in writing and sent by first class mail, postage prepaid, addressed as follows or to such other address or addresses of which the respective party shall have notified the other.

(a) If to the Trust, to:

Financial Investors Variable Insurance Trust
370 17th Street, Suite 3100
Attention: Secretary

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(b) If to the ALPS, to:

ALPS Mutual Funds Services, Inc.
370 17th Street, Suite 3100
Denver, CO 80202-5631

Attention: General Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in their names and on their behalf by and through their duly authorized officers, as of the day and year first above written.

ALPS MUTUAL FUNDS SERVICES, INC.

BY: /s/ Jeremy May
TITLE: Treasurer

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

BY: /s/ Jeremy May
TITLE: CFO

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Schedule 1.1

ALPS MUTUAL FUNDS SERVICES, INC.
TRANSFER AGENT SERVICE RESPONSIBILITIES*

<Table>
<Caption>

SERVICE PERFORMED	RESPONSIBILITY	
	ALPS	TRUST
<S>	<C>	
1. Receives orders for the purchase of Shares.	/X/	
2. Issue Shares and hold Shares in Shareholders accounts.	/X/	
3. Receive redemption requests.	/X/	
4. Pay monies to redeeming Shareholders.	/X/	
5. Effect transfers of Shares.	/X/	
6. Prepare and transmit dividends and distributions.	/X/	
7. Reporting of abandoned property.	/X/	
8. Maintain records of account.	/X/	
9. Maintain and keep a current and accurate control book for each issue of securities.	/X/	
10. Mail proxies.	/X/	
11. Mail Shareholder reports.	/X/	
12. Mail prospectuses to current Shareholders.	/X/	
13. Withhold taxes on U.S. resident and non-resident alien accounts.	/X/	
14. Prepare and file U.S. Treasury Department forms.	/X/	
15. Prepare and mail account and confirmation statements for Shareholders.	/X/	
16. Provide Shareholder account information.	/X/	
17. Blue sky reporting.	/X/	

</Table>

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*Such services are more fully described in Sections 1.1 and 1.2 of the Agreement.

ALPS MUTUAL FUNDS SERVICES, INC.

BY: /s/ Thomas C. Carter

TITLE: CFO

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

BY: /s/ Jeremy May

TITLE: Treasurer

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APPENDIX A

SECURITY PROCEDURES
FOR FUNDS TRANSFER

Telephone Verification Procedures:

ALPS will require verification of social security number and account registration by the caller.

<Table>
<Caption>

FUNDS TRANSFER PROCEDURES	PHONE NO SIGNATURE GUARANTEE REQUIRED	MAIL NO SIGNATURE GUARANTEE REQUIRED
<S>	<C>	<C>
Redemptions		
Wire to bank instructions on record	/X/	
Wire to new bank instructions		/X/
ACH to bank instructions on record	/X/	
ACH to new bank instructions		/X/
Send by check to address of record	/X/	
Send by check to different address		/X/
Purchases	/X/	
Purchase by wire	/X/	
Purchase by check	/X/	
Purchase by bank initiated ACH	/X/	
Purchase by Transfer Agency initiated ACH from bank instructions on record**	/X/	

</Table>

Please note these security procedures may be waived by persons authorized to give instructions under the Transfer Agency Agreement.

I am authorized to sign below on behalf of each of the mutual funds named in

<Page>

Appendix A attached.

By:

Jeremy May	/s/Jeremy May
----------	-------------
Type or Print Name	Authorized Signature
Treasurer	August 10, 2001
---------	---------------
Title	Date

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APPENDIX B

SECURITY PROCEDURES
FOR ACCOUNT MAINTENANCE

TELEPHONE VERIFICATION PROCEDURES:
ALPS will require verification of social security number and account registration by the caller.

FAX VERIFICATION PROCEDURES:
ALPS will require verification that the fax contains the appropriate signature.

<Table>
<Caption>

ACCOUNT MAINTENANCE FUNCTION	PHONE		FAX	MAIL
				NO SIGNATURE GUARANTEE REQUIRED
<S>	<C>	<C>	<C>	<C>
Establish New Account		/X/	/X/	
Change to Address of Record		/X/	/X/	
Changing SS# (Need W-9)				/X/
Name Change (Divorce or Marriage)				/X/
Re-Registration of Account				/X/
Changing Bank Wiring or ACH information				/X/
Establishing Telephone Redemption				/X/
Starting New ACH				/X/
Canceling ACH	/X/	/X/	/X/	
Decreasing ACH $ Amount	/X/	/X/	/X/	
Increasing ACH $ Amount	/X/	/X/	/X/	
Changing Bank Info for ACH				/X/
Starting New Systematic Withdrawal Plan				

(SWP) to address of record
</Table>

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<Table>

<S>	<C>	<C>	<C>	<C>
			/X/	
Starting New Systematic Withdrawal Plan (SWP) to secondary address				/X/
Cancelling SWP	/X/	/X/	/X/	
Decreasing SWP $ Amount	/X/	/X/	/X/	
Increasing SWP $ Amount	/X/	/X/	/X/	
Changing Bank Info for SWP				/X/
Changing Dividend Options (Cash & Reinvest)				/X/
Sending Dividends to Secondary Address				/X/
Setting Up Systematic Exchange				/X/
Setting Up Systematic Dividend Exchange				/X/

</Table>

Please note these security procedures may be waived by persons authorized to give instructions under the Transfer Agency Agreement.

I am authorized to sign below on behalf of each of the mutual funds named in Appendix A attached.

By:

Jeremy May	/s/Jeremy May
----------	----------
Type or Print Name	Authorized Signature
Treasurer	August 10, 2001
---------	----------
Title	Date

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Exhibit 99(h)(2)

ADMINISTRATION AGREEMENT

August 10, 2001

ALPS Mutual Funds Services, Inc.
370 Seventeenth Street
Suite 3100
Denver, Colorado 80202

Dear Sirs:

Financial Investors Variable Insurance Trust, a Delaware business trust (the "Trust"), herewith confirms its agreement with ALPS Mutual Funds Services, Inc. ("ALPS") as follows:

WHEREAS, the Trust desires to employ the capital of its First Horizon Capital Appreciation Portfolio and First Horizon Growth & Income Portfolio and any other portfolio to be offered by the Trust designated by the parties hereto and made subject to this Agreement (each, a "Portfolio" and collectively, the "Portfolios") by investing and reinvesting the same in investments of the type and in accordance with the limitations specified within each Portfolio's Prospectus and Statement of Additional Information as from time to time in effect, copies of which have been or will be submitted to ALPS, and resolutions of the Trust's Board of Trustees;

WHEREAS, the Trust desires to employ ALPS as its administrator for the Funds;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, the parties hereto agree as follows:

1. Services as Administrator

Subject to the direction and control of the Board of Trustees of the Trust, ALPS will: (a) assist in maintaining office facilities (which may be in the offices of ALPS or a corporate affiliate but shall be in such location as the Trust and ALPS shall reasonably determine); (b) furnish clerical services and stationery and office supplies; (c) compile data for and prepare with respect to the Funds timely Notices to the Securities and Exchange Commission required pursuant to Rule 24f-2 under the Investment Company Act of 1940 (the "1940 Act") and Semi-Annual Reports on Form N-SAR; (d) prepare compliance filings pursuant to state securities laws with the advice of the Trust's counsel; (e) assist to the extent requested by the Portfolios with the preparation of Annual and Semi-Annual Reports to the Portfolios' shareholders

and Registration Statements for the Portfolios (on Form N-1A or any replacement therefor); (f) monitor the Portfolios' expense accruals and pay all expenses on proper authorization from the Portfolios; (g) monitor the Portfolios' status as a regulated investment company under Subchapter M of

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the Internal Revenue Code of 1986, as amended from time to time; (h) maintain the Trust's fidelity bonds as required by the 1940 Act; (i) on a monthly basis, monitor compliance with the policies and limitations of each Portfolio as set forth in the Prospectus, Statement of Additional Information, Code of Regulations and Declaration of Trust; and (j) generally assist in the Portfolio's operations; (k) perform fund accounting and pricing as set out in the "Bookkeeping and Pricing Agreement"; (l) perform Transfer Agency as set out in the "Transfer Agency Agreement" and 800-line servicing; (m) coordinate the external audit and tax work performed by an independent accounting firm determined by ALPS; (n) coordinate the printing of the Prospectus, Semi-Annual Report, Annual Report, and the Statement of Additional Information for existing shareholders; and (o) act as principal underwriter and distributor of the Portfolios' securities pursuant to a Distribution Agreement.

In compliance with the requirements of Rule 31a-3 under the 1940 Act, ALPS hereby agrees that all records which it maintains for each Portfolio are the property of the Trust and further agrees to surrender promptly to the Trust any of such records upon the Trust's request. ALPS further agrees to preserve for the periods prescribed by Rule 31a-2 under the 1940 Act the records required to be maintained by Rule 31a-1 under the 1940 Act.

2. Fees; Delegation; Expenses

In consideration of services rendered pursuant to this Agreement, the Bookkeeping and Pricing Agreement, the Transfer Agency Agreement and all other services described herein, each Portfolio will pay ALPS a fee, computed daily and payable monthly, at the annual rate of .20% of average daily net assets of each Portfolio.

The fee for the period from the day of the month of this Agreement is entered into until the end of that month shall be pro-rated according to the proportion which such period bears to the full monthly period and shall be payable upon the date of termination of this Agreement.

ALPS will from time to time employ or associate itself with such person or persons or organizations as ALPS may believe to be desirable in the performance of its duties. Such person or persons may be officers and employees who are employed by both ALPS and the Trust. The compensation of such person or persons or organizations shall be paid by ALPS and no obligation shall be incurred on behalf of a Portfolio in such respect.

ALPS will bear all expenses in connection with the performance of its services under this Agreement and all related agreements, except as otherwise provided herein. Other expenses to be incurred in the operation of the

Portfolios, including organizational expenses, taxes, interest, brokerage fees and commissions, state Blue Sky qualification fees, advisory fees, custody fees, audit and tax fees, insurance premiums, fidelity bond, Trust and Advisory related legal expenses, and costs of maintenance of corporate existence shall be borne by the Trust.

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3. Proprietary and Confidential Information

ALPS agrees on behalf of itself and its employees to treat confidentially and as proprietary information of the Trust, all records and other information relative to the Portfolios (and clients of said shareholders), and not to use such records and information for any purpose other than performance of its responsibilities and duties hereunder, except after prior notification to and approval in writing by the Trust, which approval shall not be unreasonably withheld and may not be withheld where ALPS may be exposed to civil or criminal contempt proceedings for failure to comply, when requested to divulge such information by duly constituted authorities, or when so requested by the Trust.

4. Limitation of Liability

ALPS shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Trust in connection with the matters to which this Agreement and the other agreements referred to in paragraph two relate, except for a loss resulting from willful misfeasance, bad faith or gross negligence on its part in the performance of its duties or from reckless disregard by it of its obligations and duties under this Agreement.

5. Term

This Agreement shall become effective the earlier of the commencement of Portfolio operations or August 10, 2001, and unless sooner terminated as provided herein, shall continue until August 9, 2003 (the "Initial Term"). Thereafter, this Agreement shall continue automatically with respect to the Trust for successive annual periods ending August 9th of each year, provided such continuance is specifically approved at least annually (i) by the Trust's Board of Trustees or (ii) by a vote of a majority of the outstanding voting securities of the Portfolio (as defined in the 1940 Act), and provided further that in either event such continuance is also approved by a majority of the Trust's Trustees who are not interested person's (as defined in the 1940 Act) of any party to this Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval. During the Initial Term, the performance of ALPS' obligations and duties as Administrator shall be specifically reviewed at least annually by the Trust's Board of Trustees. During the Initial Term, this Agreement may be terminated with respect to a Portfolio, without penalty, solely by agreement of the parties or for cause (as defined below) on not less than ninety days written notice by the Trust's Board of Trustees or by vote of a majority of the outstanding voting securities of such Portfolio (as defined by the 1940 Act). After the Initial Term, this Agreement may be terminated without

cause with respect to a Portfolio and without penalty, by the Trust's Board of Trustees, by a vote of a majority (as defined in the 1940 Act) of the outstanding voting securities of such Portfolio, or by ALPS, on not less than ninety days written notice to the other party.

Termination for "cause" for the Initial Term shall mean:

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(i) willful misfeasance, bad faith, gross negligence, abandonment, or reckless disregard on the part of ALPS with respect to its obligations and duties hereunder;

(ii) Regulatory, administrative, or judicial proceedings against ALPS which result in a determination that it has violated any rule, regulation, order, or law and which in the reasonable judgement of the Trust's Board of Trustees, including a majority of the Trust's Trustees who are not interested persons (as defined in the 1940 Act) of any party to this Agreement, which substantially impairs the performance of ALPS' obligations and duties hereunder;

(iii) financial difficulties on the part of ALPS which are evidenced by the authorization or commencement of, or involvement by way of pleading, answer, consent, or acquiescence in, a voluntary or involuntary case under title 11 of the United States Code, as from time to time in effect, or any applicable law other than said Title 11, of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors;

(iv) Any other circumstance which in the reasonable judgement of the Trust's Board of Trustees, including a majority of the Trust's Trustees who are not interested persons (as defined in the 1940 Act) of any party to this Agreement, substantially impairs the performance of ALPS' obligations and duties hereunder.

6. Governing Law:

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Colorado without regard to conflicts of law principles.

7. Other Provisions

The Trust recognizes that from time to time directors, officers and employees of ALPS may serve as directors, officers and employees of other corporations or business trusts (including other investment companies) and that such other corporations and trusts may include ALPS as part of their name and that ALPS or its affiliates may enter into administration or other agreements with such other corporations and trusts.

The names "Financial Investors Variable Insurance Trust" and "Trustees of Financial Investors Variable Insurance Trust" refer respectively to the Trust

created and the Trustees, as trustees but not individually or personally, acting from time to time under a Declaration of Trust dated July 26, 2000 which is hereby referred to and a copy of which is on file at the office of the Secretary of State of the State of Delaware and the principal office of the Trust. The obligations of "Financial Investors Variable Insurance Trust" entered into in the name or on behalf thereof by any of its trustees, representatives or agents are made not individually, but in such capacities, and are not binding upon any of the trustees, shareholders, or representatives of the Trust personally, but bind only the Trust property, and all persons dealing with any class of shares of the Trust must look

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solely to the Trust property belonging to such class for the enforcement of any claims against the Trust.

If the foregoing is in accordance with your understanding, will you kindly so indicate by signing and returning to us the enclosed copy hereof.

Very Truly Yours,

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By: /s/ Jeremy O. May

Name: Jeremy O. May
Title: Treasurer

Accepted:

ALPS MUTUAL FUNDS SERVICES, INC.

By: /s/ Thomas A Carter

Name: Tom Carter
Title: Chief Financial Officer

<Page>

Exhibit 99(h)(4)

BOOKKEEPING AND PRICING AGREEMENT
Between
FINANCIAL INVESTORS VARIABLE INSURANCE TRUST
and
ALPS MUTUAL FUNDS SERVICES, INC.

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BOOKKEEPING AND PRICING AGREEMENT

AGREEMENT made this 10th day of August, 2001 between FINANCIAL INVESTORS VARIABLE INSURANCE TRUST, a Delaware business trust having its principal office at 370 Seventeenth Street, Suite 3100, Denver, Colorado 80202 (the "Trust") and ALPS MUTUAL FUNDS SERVICES, INC., a Colorado corporation having its principal office at 370 Seventeenth Street, Suite 3100, Denver, Colorado 80202 (the "Agent").

WHEREAS, the Trust is an open-end management investment company registered under the Investment Company Act of 1940 which presently offers shares in separate series, as described in Appendix A to this Agreement, (herein referred to individually as a "Portfolio" and collectively as the "Portfolios"); and

WHEREAS, the Trust and the Agent have entered into an Administration Agreement, (the "Administration Agreement"), pursuant to which the Agent will provide certain services; and

WHEREAS, the Trust desires to appoint the Agent as agent to perform certain bookkeeping and pricing services for the Portfolios on behalf of the Trust, and the Agent has indicated its willingness to so act, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants hereinafter contained, the parties hereto agree as follows:

1. Agent Appointed Bookkeeping and Pricing Agent. The Trust hereby appoints the Agent as bookkeeping and pricing agent for the Portfolios and the Agent agrees to provide the services contemplated herein upon the terms and conditions hereinafter set forth.

2. Definitions. In this Agreement the terms below have the following

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meanings:

(a) Authorized Person. Authorized Person means any of the persons duly authorized to give Proper Instructions or otherwise act on behalf of the Trust by appropriate resolution of the Board of Trustees of the Trust. The Trust will at all times maintain on file with the Agent certification, in such form as may be acceptable to the Agent, of (i) the names and signatures of the Authorized Person(s) and (ii) the names of the members of the Board of Trustees of the Trust, it being understood that upon the occurrence of any change in the information set forth in the most recent certification on file (including without limitation any person named in the most recent certification who is no longer an Authorized Person as designated therein), the Trust will provide a new or amended certification setting forth the change. The Agent will be entitled to rely upon any Proper Instruction (defined below) which has been signed by person(s) named in the most recent certification.

(b) Proper Instructions. Proper Instructions means any request, instruction or certification signed by one or more Authorized Persons. Oral instructions will be considered Proper Instructions if the Agent reasonably believes them to have been given by an Authorized Person and they are confirmed in writing. Proper Instructions may include communication effected directly between electromechanical or electronic devices as agreed upon by the parties hereto.

3. Duties of the Agent. The Agent agrees to provide or to arrange to provide at its expense the following services for the Trust:

(a) Maintain separate accounts for the Portfolios, all as directed from time to time by Proper Instructions;

(b) Timely calculate and transmit to NASDAQ if eligible each Portfolio's daily net asset value and public offering price (such determinations to be made in accordance with the provisions of the Declaration of Trust and the appropriate prospectus and statement of additional information relating to the Portfolios, and any applicable resolutions of the Board of Trustees of the Trust) and promptly communicate such values and prices to the Portfolios and the Portfolios' transfer agent;

(c) Maintain and keep current all books and records of the Fund as required by Section 31 of the 1940 Act and the rules

promulgated thereunder ("Section 31") in connection with the Agent's duties hereunder. The Agent shall comply with all laws, rules and regulations applicable to the performance of

its obligations hereunder. Without limiting the generality of the foregoing, the Agent will prepare and maintain the following records upon receipt of information in proper form from Authorized Persons of the Trust:

(i) Cash receipts journal
(ii) Cash disbursements journal
(iii) Dividend records

(iv) Purchase and sales - portfolio securities journals
(v) Subscription and redemption journals
(vi) Security ledgers
(vii) Broker ledgers
(viii) General ledger
(ix) Daily expense accruals
(x) Daily income accruals
(xi) Securities and monies borrowed or loaned and collateral therefore

(xii) Foreign currency journals
(xiii) Trial balances

(d) Provide the Trust and its investment adviser(s) with daily portfolio values, net asset values and other statistical data for each Portfolio as requested from time to time.

(e) Compute the net income, exempt interest income and capital gains of the Portfolio for dividend purposes in accordance with relevant prospectus policies and resolutions of the Board of Trustees of the Trust.

(f) Provide the Portfolio and its investment adviser(s) with copies of the semi-annual and annual financial statements to be furnished to shareholders of each Portfolio and all raw financial data necessary for the timely preparation of tax returns, Form N-SAR, prospectus updates, Rule 24f-2 filings and proxy statements.

(g) Provide facilities to accommodate annual audits and any audits or examinations conducted by the Securities and Exchange Commission or other governmental entities.

(h) Provide audited financial statements regarding the Agent on an annual basis, as requested. Such audits shall be conducted by an independent accounting firm mutually agreed upon by the

Agent and the Trust.

(i) Furnish to the Trust at the end of every month, and at the

close of each quarter of the Trust's fiscal year, a list of the portfolio securities and the aggregate amount of cash in the Portfolios.

(j) Assist in the preparation of certain reports, audits of accounts, and other matters of like nature, as reasonably requested from time to time by the Trust.

The Agent shall for all purposes be deemed to be an independent contractor and shall, unless otherwise expressly authorized, have no authority to act for or represent the Fund in any way or otherwise be deemed an agent of the Trust.

4. Subcontractors. It is understood that the Agent may from time to time at its own expense delegate the performance of all or a portion of its obligations under this Agreement to one or more persons (hereinafter "subcontractor(s)") as the Agent may believe to be particularly fit to assist it in the performance of this Agreement. The Agent shall provide oversight over any subcontractor(s) who shall in turn provide services pursuant to an agreement with the Agent approved by a resolution of the Board of Trustees of the Trust.

5. Instructions to the Agent. The Agent shall promptly take all appropriate steps necessary to carry out or comply with any Proper Instructions received from the Trust.

6. Agent Compensation. In consideration for the services to be performed by the Agent, the Agent shall be entitled to receive from the Fund such compensation as set forth in the Administration Agreement.

7. Liability of the Agent.

(a) The Agent may rely upon the written advice of counsel for the Trust and the Trust's independent accountants, and upon oral or written statements of brokers and other persons reasonably believed by the Agent in good faith to be an expert in the matters upon which they are consulted and, for any actions reasonably taken in good faith reliance upon such advice or statements and without gross negligence, the Agent shall not be liable to anyone.

(b) Nothing herein contained shall be construed to protect the Agent against any liability to the Trust or its security holders to which the Agent would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence in the performance of its duties.

(c) Except as may otherwise be provided by applicable law, neither the Agent nor its shareholders, officers, directors, employees or agents shall be subject to, and the Trust shall

indemnify and hold such persons harmless from and against, any liability for and any damages, expenses or losses incurred by reason of the inaccuracy of factual information furnished to the Agent or any subcontractor(s) by an Authorized Person of the Fund.

(d) The Agent shall ensure that it or any subcontractors have and maintain Errors and Omissions Insurance for the services rendered under this Agreement of at least $1 million (provided the Board of Trustees of the Trust may by resolution approve some lesser amount). The Agent shall provide to the Trust annually a certificate from the appropriate errors and omissions insurance carrier(s) certifying that such Errors and Omissions Insurance is in full force and effect.

8. Reports. Whenever, in the course of performing its duties under this Agreement, the Agent determines, on the basis of information supplied to the Agent by the Trust or its authorized agents, that a violation of applicable law has occurred or that, to its knowledge, a possible violation of applicable law may have occurred or, with the passage of time, would occur, the Agent shall promptly notify the Trust and its counsel.

9. Activities of the Agent. The services of the Agent under this Agreement are not to be deemed exclusive, and the Agent shall be free to render similar services to others so long as its services hereunder are not impaired thereby.

10. Accounts and Records. The accounts and records maintained by the Agent shall be the property of the Trust, and shall be surrendered to the Trust promptly upon receipt of Proper Instructions from the Trust in the form in which such accounts and records have been maintained or preserved. The Agent agrees to maintain a back-up set of accounts and records of the Trust (which back-up set shall be updated on at least a weekly basis) at a location other than that where the original accounts and records are stored. The Agent shall assist the Trust, the Trust's independent auditors, or, upon approval of the Trust, any regulatory body, in any requested review of the Trust by the Agent or its independent accountants concerning its accounting system and internal auditing controls will be open to such entities for audit or inspection upon reasonable request. There shall be no additional fee for these services. The Agent shall preserve the accounts and records, as they are required to be maintained and preserved by Section 31 of the Investment Company Act of 1940.

11. Confidentiality. The Agent agrees that it will, on behalf of itself and its officers and employees, treat all transactions contemplated by this Agreement, and all other

information germane thereto, as confidential and not to be disclosed to any person except as may be authorized by the Trust in Proper Instructions.

12. Duration and Termination of this Agreement. This Agreement shall become

effective as of the date hereof. Notwithstanding anything to the contrary in this Agreement, the Agent may not terminate this Agreement prior to the later of: (i) the expiration of the initial or any renewal term of the Administration Agreement; or (ii) the effectiveness of any termination notice pursuant to the Administration Agreement.

Upon termination of this Agreement, the Agent shall deliver to the Trust or as otherwise directed in Proper Instructions (at the expense of the Fund, unless such termination is for breach of this Agreement by the Agent) all records and other documents made or accumulated in the performance of its duties or the duties of any subcontractor(s) for the Trust hereunder.

13. Assignment. This Agreement shall extend to and shall be binding upon the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assigned by the Trust without the prior written consent of the Agent, or by the Agent without the prior written consent of the Trust.

14. Governing Law. The provisions of this Agreement shall be construed and interpreted in accordance with the laws of the state of Colorado and the 1940 Act and the rules and regulations thereunder. To the extent that the laws of Colorado conflict with the 1940 Act or such rules, the latter shall control.

15. Names. The names "Financial Investors Variable Insurance Trust" and "Trustees of Financial Investors Variable Insurance Trust" refer respectively to the Trust created and the Trustees as trustees but not individually or personally, acting from time to time under the Declaration of Trust dated July 26, 2000 and as may be amended from time to time which is hereby referred to and a copy of which is on file at the office of the Secretary of the State of Delaware and the principal office of the Trust. The obligations of "Financial Investors Variable Insurance Trust" entered into in the name or on behalf thereof by any of the Trustees, representatives or agents are made not individually, but in such capacities, and are not binding upon any of the Trustees, shareholders, or representatives of the Trust personally, but bind only the Trust Property, and all persons dealing with any class of shares of the Trust must look solely to the Trust Property belonging to such class for the enforcement of any claims against the Trust.

16. Amendments to this Agreement. No change, amendment, modification or waiver of any term of this Agreement shall be valid unless it is in writing and signed by both parties.

17. Notices. All notices and other communications hereunder shall be in writing, shall be deemed to have been given when received or when sent by telex or facsimile, and shall be given to the following addresses (or such other addresses as to which notice is given):

TO THE AGENT:

ALPS Mutual Funds Services, Inc.
370 Seventeenth Street - Suite 3100
Denver, Colorado 80202
Attn: Russell C. Burk

TO THE FUND:

Financial Investors Variable Insurance Trust
370 Seventeenth Street - Suite 3100
Denver, Colorado 80202

18. Counterparts. This Agreement may be executed by the parties hereto on any number of counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

19. Waiver. The waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed, as a waiver of any subsequent breach.

20. Headings. The headings have been inserted for convenience only and are not to be considered when interpreting the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

FINANCIAL INVESTORS VARIABLE INSURANCE TRUST

By:/s/ Jemery O. May

Title: Treasurer

ALPS MUTUAL FUNDS SERVICES, INC.

By:/s/ Thomas A Carter

Title: CFO

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APPENDIX A

Series Offered Under Financial Investors Variable Insurance Trust:

First Horizon Growth & Income Portfolio
First Horizon Capital Appreciation Portfolio

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EXHIBIT 99

FINANCIAL INVESTORS VARIABLE INSRUANCE TRUST

POWER OF ATTORNEY

We, the undersigned Trustees of Financial Investors Variable Insurance Trust ("FIVIT") hereby severally constitute and appoint Tane T. Tyler, Attorney-in-Fact, with full power of substitution, and with full power to sign for us and in our names in the following capacities: all Pre-Effective Amendments to any Registration Statement of the Trust; any and all subsequent Post-Effective Amendments to said Registration Statements; any Registration Statements on Form N-14; any supplements or other instruments in connection therewith; and generally to do all such things in our names and behalf in connection therewith as said attorney-in-fact deems necessary or appropriate, to comply with the provisions of the Securities Act of 1933, as amended, and Investment Company Act of 1940, as amended, and all related requirements of any Federal or state regulatory agency. We hereby ratify and confirm all that said Attorney-in-Fact or her substitutes may do or cause to be done by virtue hereof.

WITNESS our hands on this 10th, day of April 2005.

/s/ W. Robert Alexander

W. Robert Alexander
Trustee

/s/ Mary K. Anstine

Mary K. Anstine
Trustee

/s/ Robert E. Lee

Robert E. Lee
Trustee

/s/ John R. Moran, Jr.

John R. Moran
Trustee

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Exhibit 99(h)(11)

FIRST TENNESSE (logo)
ALL THINGS FINANCIAL

Mr. W. Robert Alexander
Chairman
Financial Investors Variable Trust
1625 Broadway, Suite 2200
Denver, CO 80202

Re: Financial Investors Variable Insurance Trust (the "Trust")

Dear Mr. Alexander:

This letter confirms, First Tennessee Bank National Association's ("FTB") agreement with the Trust to waive certain fees it is entitled to receive from the Trust's Core Equity Portfolio and Capital Appreciation Portfolio (the "Portfolios"). FTB agrees to reimburse Portfolio expenses and waive a portion of its investment advisory fees and/or co-administration fees that it is entitled to receive, to the extent necessary for the Core Equity Portfolio and the Capital Appreciation Portfolios to maintain a total annual expense ration of not more that 1.10% and 1.30%, respectively.

FTB acknowledges that it will not be entitled to collect on or make a claim for waived fees at any time in the future. FTB agrees that such expense reimbursements and/or fee waiver for the Portfolios were effective as January 1, 2004 and shale continue at least through the end of the fiscal year (December 31, 2004).

FIRST TENNESSE BANK ASSOCIATION

By:

Title: S.V.P. & Manager Wealth Management
Product Development & Support

Your signature below acknowledges
Acceptance of this Agreement:

By:

Title Secretary
Financial Investors Variable Insurance Trust

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Exhibit 99(i)(1)

[DAVIS GRAHAM & STUBBS LLP LOGO]

May 2, 2005

Financial Investors Variable Insurance Trust
1625 Broadway
Suite 2200
Denver, Colorado 80202

Re: Financial Investors Variable Insurance Trust, a Delaware business trust ("Trust") 1933 Act File No. 333-50832 - Post-Effective Amendment No. 7 and 1940 Act File. No. 811-10215 - Amendment No. 7, filed with the Securities and Exchange Commission on May 2, 2005, each such amendment to the Registration Statement of the Trust on Form N-1A

Ladies and Gentlemen:

We have acted as counsel to the Trust, and are providing this opinion in connection with the registration by the Trust of shares of beneficial interest, no par value (the "Shares"), of the funds listed on EXHIBIT A attached hereto (the "Fund"), each a series of the Trust, described in the above-referenced filing (the "Post-Effective Amendment").

In such connection, we have examined the Post-Effective Amendment, the Certificate of Trust, the Declaration of Trust, and the Bylaws of the Trust, the proceedings of its trustees relating to the authorization, issuance and proposed sale of the Shares, and considered such other records and documents and such factual and legal matters as we deemed appropriate for purposes of this opinion.

Our opinion, as set forth herein, is based on the facts in existence and the laws in effect on the date hereof and is limited to the federal laws of the United States of America and the laws of the State of Delaware that, in our experience, generally are applicable to the issuance of shares

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of beneficial interest by entities such as the Trust. We express no opinion with

respect to any other laws.

Based on the foregoing, it is our opinion that the Shares have been duly authorized and, when sold as contemplated in the Post-Effective Amendment, including receipt by the Trust of full payment for the Shares and compliance with the Securities Act of 1933, the Investment Company Act of 1940 and applicable state law regulating the offer and sale of securities, will be validly issued, fully paid and non-assessable Shares of the Trust.

We hereby consent to all references to this firm in the Post-Effective Amendment and to the filing of this opinion as an exhibit to the Post-Effective Amendment. This consent does not constitute a consent under Section 7 of the Securities Act of 1933, and in consenting to the references to our firm in the Post-Effective Amendment, we have not certified any part of the Post-Effective Amendment and do not otherwise come within the categories of persons whose consent is required under Section 7 or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ Davis Graham & Stubbs LLP

DAVIS GRAHAM & STUBBS LLP

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EXHIBIT A

List of Funds

FIRST HORIZON CORE EQUITY PORTFOLIO

FIRST HORIZON CAPITAL APPRECIATION PORTFOLIO

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Exhibit 99(j)(1)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Post-Effective Amendment No. 7 to Registration Statement No. 333-50832 of Financial Investors Variable Insurance Trust on Form N-1A of our report dated February 14, 2005, appearing in the Annual Report of Financial Investors Variable Insurance Trust for the period ended December 31, 2004, and to the references to us under the headings "Financial Highlights" in the Prospectus and "Independent Registered Public Accounting Firm" and "Financial Statements" in the Statement of Additional Information, which are part of such Registration Statement.

Deloitte & Touche LLP

Denver, Colorado
May 2, 2005

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Exhibit 99(p)(1)

ALPS DISTRIBUTORS, INC.
(THE "COMPANY" OR "UNDERWRITER")

CODE OF ETHICS

I. PURPOSE OF THE CODE OF ETHICS

This code is based on the principle that, you as an access person of the Company, will conduct your personal investment activities in accordance with:

- the duty at all times to place the interests of each Investment Company's shareholders first;

- the requirement that all personal securities transactions be conducted consistent with this Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and

- the fundamental standard that Company personnel should not take inappropriate advantage of their positions.

In view of the foregoing, the Company has adopted this Code of Ethics (the "Code") to specify a code of conduct for certain types of personal securities transactions which may involve conflicts of interest or an appearance of impropriety and to establish reporting requirements and enforcement procedures.

II. LEGAL REQUIREMENT

Pursuant to Rule 17j-1(b) of the Investment Company Act of 1940 (the "Act"), it is unlawful for the Company, or any Affiliated Person to:

- employ any device, scheme or artifice to defraud the Investment Company;

- make any untrue statement of a material fact or fail to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading to the Investment Company;

- engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon the Investment Company; or

- engage in any manipulative practice with respect to any investment portfolios in the Trust of the Investment Company,

in connection with the purchase or sale (directly or indirectly) the Company, or Affiliated Person, of a security "held or to be acquired" by an Investment Company.

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III. DEFINITIONS - All definitions shall have the same meaning as explained in Section 2(a) of the Act and are summarized below.

ACCESS PERSON means any director, officer or general partner of the principal underwriter who, if also serving as an officer of a Fund for which ADI is also principal underwriter, makes, participates in or obtains information regarding, the purchase or sale of Covered Securities by a Fund for which the principal underwriter acts, or whose functions or duties in the ordinary course of business relate to the making of any recommendation to a Fund regarding the purchase or sale of Covered Securities.

AUTOMATIC INVESTMENT PLAN means a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An Automatic Investment Plan includes a dividend reinvestment plan.

BENEFICIAL OWNERSHIP shall have the same meaning as that set forth in Rule 16a-1(a)(2) of the Securities Exchange Act of 1934.

CONTROL shall have the same meaning as that set forth in Section 2(a)(9) of the Act.

COVERED SECURITY - shall have the meaning set forth in Section 2(a)(36) of the Act except that it does not include an exempt security.

EXEMPT SECURITY - shall include securities issued by the United States Government, short-term debt securities which are "government securities" within the meaning of Section 2(a)(16) of the Act, bankers' acceptances, bank certificates of deposit or commercial paper, shares of registered open-end investment companies, and high quality short-term debt instruments, including repurchase agreements.

INVESTMENT COMPANY - A company registered as such under the Investment Company Act of 1940 and for which the Underwriter is the principal underwriter.

INVESTMENT PERSONNEL - (a) employees of the Investment Company, its investment adviser, and/or the Underwriter who participate in making investment recommendations to the Investment Company; and (b) persons in a control relationship with the Investment Company or adviser who obtain information about investment recommendations made to the Investment Company.

SECURITY BEING CONSIDERED FOR PURCHASE OR SALE - when a recommendation to purchase or sell a security has been made or communicated and, with respect to the person making the recommendation, when such person seriously considers making such a recommendation.

SECURITY HELD OR TO BE ACQUIRED means: (1) any Covered Security which, within the most recent 15 days: (a) is or has been held by the Investment Company; or (b) is being or has been

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considered by the Investment Company or its investment advisor for purchase by the Investment Company; and (2) any option to purchase or sell, and any security convertible into or exchangeable for, a Covered Security that is held or to be acquired by the Investment Company.

UNDERWRITER - means ALPS Distributors, Inc.

IV. POLICIES OF THE COMPANY REGARDING PERSONAL SECURITIES TRANSACTIONS

GENERAL

No Access Person of the Company shall engage in any act, practice or course of business that would violate the provisions of Rule 17j-1 as set forth above, or in connection with any personal investment activity, engage in conduct inconsistent with this Code.

SPECIFIC POLICIES

No Access Person shall purchase or sell, directly or indirectly, any security in which he/she has, or by reason of such transaction acquires, any direct or indirect beneficial ownership and which he/she knows or should have known at the time of such purchase or sale:

- is being considered for purchase or sale by an Investment Company; or

- is being purchased or sold by an Investment Company.

PRE-APPROVAL OF INVESTMENTS IN IPOS AND LIMITED OFFERINGS

Investment Personnel must obtain approval from the Investment Company or the Investment Company's investment adviser before directly or indirectly acquiring beneficial ownership in any securities in an initial public offering or in a private placement or other limited offering.

V. REPORTING PROCEDURES

The Compliance Officer of the Company shall notify each person (annually in January of each year), considered to be an Access Person of the Company that he/she is subject to the reporting requirements detailed in Sections (a), (b) and (c) below and shall deliver a copy of this Code to such Access Person.

In order to provide the Company with information to enable it to determine with reasonable assurance whether the provisions of this Code are being

observed, every Access Person of the Company must report to the Company the following:

a) INITIAL HOLDINGS REPORTS. Every Access Person must report on the Holdings Report, attached hereto, no later than 10 days after becoming an Access Person, the following

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information:

- The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership when the person became an Access Person;

- The name of any broker, dealer or bank with whom the Access Person maintained an account in which any securities were held for the direct or indirect benefit of the Access Person as of the date the person became an Access Person; and

- The date that the report is submitted by the Access Person.

This information must be current as of a date no more than 45 days prior to the date the person becomes an access person.

b) QUARTERLY TRANSACTION REPORTS. Every Access Person must report on the Transaction Report, attached hereto, no later than 30 days after the end of a calendar quarter, the following information with respect to any transaction during the quarter in a Covered Security in which the Access Person had any direct or indirect beneficial ownership:

- The date of the transaction, the title, the interest rate and maturity date (if applicable),the number of shares, and the principal amount of each Covered Security involved;

- The nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

- The price of the Covered Security at which the transaction was effected;

- The name of the broker, dealer or bank with or through whom the transaction was effected; and

- The date that the report is submitted by the Access Person.

Furthermore, an Access Person need not make a quarterly transaction report under section V.b. of this Code of Ethics with respect to transactions effected pursuant to an Automatic Investment Plan.

With respect to any account established by the Access Person in which ANY

SECURITIES were held during the quarter for the direct or indirect benefit of the Access Person, each Access Person must report to the Compliance Officer of the Company, no later than 30 days after the end of a calendar quarter the following information:

- The name of the broker, dealer or bank with whom the Access Person established

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the account;

- The date the account was established; and

- The date that the report is submitted by the Access Person.

c) ANNUAL HOLDINGS REPORTS. Every Access Person must report on the Holdings Report, attached hereto, annually, the following information (which information must be current as of a date no more than 45 days before the report is submitted):

- The title, number of shares and principal amount of each Covered Security in which the Access Person had any direct or indirect beneficial ownership;

- The name of any broker, dealer or bank with whom the Access Person maintains an account in which any securities are held for the direct or indirect benefit of the Access Person; and

- The date that the report is submitted by the Access Person.

VI. REVIEW OF REPORTS

The Compliance Officer of the Company shall be responsible for reviewing the reports received, maintaining a record of the names of the persons responsible for reviewing these reports, and as appropriate, comparing the reports with this Code, and reporting to the Company's senior management:

- any transaction that appears to evidence a possible violation of this Code; and

- apparent violations of the reporting requirements stated herein.

Senior management shall review the reports made to them hereunder and shall determine whether the policies established in Sections IV and V of this Code have been violated, and what sanctions, if any, should be imposed on the violator. Sanctions include but are not limited to a letter of censure, suspension or termination of the employment of the violator or termination of the violator's license with the Underwriter, or the unwinding of the transaction and the disgorgement of any profits.

Senior management and the board of directors of the Company shall review the operation of this Code at least annually. All material violations of this Code and any sanctions imposed with respect thereto shall periodically be reported to the board of trustees of the Investment Company with respect to the securities being considered for purchase or sale by, or held or to be acquired by, that Investment Company.

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VII. CERTIFICATION

Each Access Person will be required to certify annually that he/she has read and understood the provisions of this Code and will abide by it. Each Access Person will further certify that he/she has disclosed or reported all personal securities transactions required to be reported under the Code. A form of such certification is attached hereto.

Before the Board of Trustees of an Investment Company may approve the code of ethics, the Company must certify to the Board that it has adopted procedures reasonably necessary to prevent Access Persons from violating its Code of Ethics. Such certification shall be submitted to the Board of Trustees at least annually.

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Sources:

Section 17j-1 (as amended) of the Investment Company Act of 1940 (the "Act");

Section 16 (as amended) of the Securities Exchange Act of 1934 (the "Exchange Act");

The "Report of the Advisory Group on Personal Investing" issued by the Investment Company Institute on May 9, 1994; and,

The Securities and Exchange Commission's September 1994 Report on "Personal Investment Activities of Investment Company Personnel."

DATED: MAY, 1994
REVISED: DECEMBER 31, 2004

Exhibit 99(p)(2)

FIRST TENNESSEE ADVISORY SERVICES

Code of Ethics

February 17, 2005

1. PURPOSES.

This Code of Ethics has been adopted by First Tennessee Advisory Services, a division of First Tennessee Bank National Association (FTAS) in accordance with Rule 17j-1 (b) under the Investment Company Act of 1940 (the "1940 Act") and Rule 204A-1 of the Investment Advisers Act 1940 (the "Advisers Act"). Rule 17j-1 under the 1940 Act generally proscribes fraudulent or manipulative practices with respect to purchases or sales of securities held or to be acquired by investment companies, if effected by associated persons of such companies or of investment advisers of such companies. Rule 204A-1 of the Advisers Act requires an adviser to adopt a Code of Ethics setting forth a standard of conduct for its supervised persons including standards that apply to personal securities transactions and requiring all Supervised Persons to comply with applicable federal securities laws. The Code of Ethics is intended to reflect the following general fiduciary principles governing personal investment activities by Supervised Persons: (a) the duty at all times to place the interests of the Fund's shareholders first; (b) the requirement that all personal securities trades be conducted in a manner consistent with the provisions of this Code of Ethics and in such a manner as to avoid any actual or potential conflict or abuse of a position of trust and responsibility; and (c) that Supervised Persons should not take advantage of their positions.

These general fiduciary principles are also reflected in the following policies and procedures of First Tennessee Bank National Association and First Horizon National Corporation (FHNC): Conflicts of Interest and Confidentiality Policy; Use and Disclosure of Material Non-Public Information; Prohibited Payments and Receipts; and Outside Affiliation and Indemnification Policy. All employees of FTAS are also required to comply with FHNC Code of Business Conduct and Ethics.

All Supervised Persons are required to comply with applicable federal securities laws including Rule 17j-1 (a) of the 1940 Act and Rule 204A-1 of the Advisers Act. Rule 17j-1(a) provides that it shall be unlawful for any

affiliated person of or principal underwriter for a registered investment company, or any affiliated person of an investment adviser of or principal underwriter for a registered investment company in connection with the purchase or sale, directly or indirectly, by such person of a security held or to be acquired, as defined in this section, by such registered investment company:

(i) to employ any device, scheme or artifice to defraud such registered investment company; (ii) to make to such registered investment company any untrue statement of a material fact or omit to state to such registered investment company a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; (iii) to engage in any act, practice or course of

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business which operates or would operate as a fraud or deceit upon any such registered investment company; or (iv) to engage in any manipulative practice with respect to such registered investment company.

2. DEFINITIONS.

(a) "Accounts" means those investment advisory accounts for which Adviser acts as investment adviser.

(b) "Access Person" means any director, officer or Investment Personnel of the Adviser or any company in a Control relationship to the Adviser who, with respect to any registered investment company, makes any recommendation regarding the purchase or sale of a security by such investment company, participates in the determination of which recommendation shall be made, or whose principal function or duties relate to the determination of which recommendation shall be made to any registered investment company; or who, in connection with his duties, obtains any information concerning securities recommendations being made by such investment adviser to any registered investment company.

(c) "Adviser" means FTAS.

(d) "Beneficial Ownership" is to be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except that the determination of direct or indirect beneficial ownership shall apply to all Securities which an Access Person has or acquires. "Beneficial Ownership" generally will include accounts of a spouse, minor children and relatives resident in the Access Person's home, as well as accounts of another person if, by reason of any contract, understanding, relationship, agreement or other arrangement, the Access Person obtains therefrom benefits substantially equivalent to those of ownership. Access Persons should contact the Compliance Officer regarding any questions they have concerning what constitutes Beneficial Ownership.

(e) "Control" shall have the same meaning as that set forth in Section 2(a)(9) of the 1940 Act.

(f) "Designated Officer" means a person acting pursuant to delegated authority from the Manager of FTAS who administers this Code of Ethics and who may be an officer of First Tennessee Bank National Association.

(g) "Fund" means any company or companies registered as an investment company under the 1940 Act and for which the Adviser is the investment adviser, which includes and all of its portfolios.

(h) "Investment Personnel" means (i) any employee of the Adviser, or of any company in a Control relationship to the Adviser, who, in connection with his or her

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regular functions or duties, performs the functions of portfolio manager, research analyst or trader or makes, participates in, or obtains information regarding the purchase or sale of a security by the Fund, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (ii) any natural person in a Control relationship to the Adviser who obtains information concerning recommendations made to the Fund with regard to the purchase or sale of a Security.

(i) "Purchase or sale of a Security" includes, INTER ALIA, the writing of an option to purchase or sell a Security.

(j) "Same Way Trades" means transactions in which an Access Person purchases a Security on the same day after a Portfolio of the Fund purchases that Security or sells that Security after a Portfolio sells that Security.

(k) "Security" shall have the meaning set forth in Section 2(a)(36) of the 1940 Act, except that it shall not include shares of registered open-end investment companies other than the fluctuating NAV portfolios of the Funds, securities issued by the U.S. Government, short term debt securities which are "government securities" within the meaning of Section 2(a)(16) of the 1940 Act, bankers' acceptances, bank certificates of deposit, commercial paper, and repurchase agreements. Any questions as to whether a particular investment constitutes a "Security"" should be referred to the Compliance Officer.

(l) "Limited Offering" means an offering that is exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) or 4(6) or pursuant to Rules 504, 505 or 506 under the Securities Act of 1933.

(m) "Supervised Person" means all employees of FTAS including persons who provide advice on behalf of the Adviser and is subject to the supervision and control of the Adviser.

3. PROHIBITED TRANSACTIONS.

(a) No Investment Personnel shall acquire Securities in an initial public offering where no public market for such Securities previously existed. Further, no Investment Personnel shall acquire Securities in a Limited Offering unless such person shall have obtained the express prior approval of the Designated Officer to any such purchase. In determining whether to grant or deny such approval, the Designated Officer should take into account, among other factors, whether the investment opportunity should be reserved to the appropriate Portfolio of the Fund or an Account and whether the opportunity is being offered to an individual by virtue of such person's position with the Adviser or the Fund.

(b) No Supervised Person shall execute a securities transaction in a Security being actively considered by the Adviser or any Investment Personnel of the Adviser for recommendation to the Fund or an Account for purchase or sale; or execute a transaction

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on a day during which any Portfolio of the Fund or an Account has a pending "buy" or "sell" order in that same Security until that order is executed or withdrawn.

(c) No Supervised Person shall buy or sell a Security within at least seven (7) calendar days before and after a Portfolio of the Fund or an Account that he or she has actual knowledge of trades in that Security, except that this provision does not apply to Same Way Trades following a Fund or Account transaction. Any profits realized on trades within the prescribed periods shall be required to be disgorged as directed by the Designated Officer. The Designated Officer may grant exceptions to this prohibition in whole or in part upon such conditions as the Designated Officer may impose if the Designated Officer determines that no harm resulted to the Fund or an Account and that to require disgorgement would be inequitable or result in undue hardship to the individual who entered into the transaction.

These prohibitions apply to any purchase or sale by any Supervised Person of any convertible Security, option or warrant or any Security of a different class of any issue whose underlying or other class of Securities is being actively considered for recommendation to, or are purchased, sold or held by the Fund within the seven (7) days preceding the Supervised Person's transaction.

(d) No Investment Personnel shall profit in the purchase and sale, or sale and purchase, of the same (or equivalent) Securities within sixty (60) calendar days. Any profits realized on such short-term trades shall be required to be disgorged. The Designated Officer may grant exceptions to this prohibition in whole or in part upon such conditions as the Designated Officer may impose, if the Designated Officer determines that no harm resulted to the Fund or the Account and that to require disgorgement would be inequitable or result in undue

hardship to the individual who entered into the transactions.

(e) No Supervised Person shall reveal to any other person (except in the normal course of his or her duties on behalf of the Fund or an Account) any information regarding Securities transactions by the Fund, or an Account or under consideration by the Fund, an Account or the Adviser.

(f) No Supervised Person shall recommend or otherwise attempt to cause any Securities transaction by the Fund or an Account, or participate in any investment decision concerning particular Securities, without having disclosed his or her interest, if any, in such Securities or the issuer thereof, including without limitation (i) his or her direct or indirect Beneficial Ownership of any Securities of such issuer, (ii) any contemplated transaction by such Supervised Person in such Securities, (iii) any position with such issuer or its affiliates, or (iv) any present or proposed business relationship between such issuer or its affiliates, on the one hand, and such Supervised Person or any party in which such Supervised Person has a significant interest, on the other; PROVIDED, HOWEVER, that, in the event the interest of such Supervised Person in such Securities or issuer is not material to his or her personal net worth and any contemplated transaction by such Supervised Person in such Securities cannot reasonably be expected to have a

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material adverse effect on such transaction by the Fund or an Account or on the market for the Securities generally, such Supervised Person shall not be required to disclose his or her interest in the Securities or issuer thereof in connection with any such recommendation or participation.

(g) No Supervised Person shall receive any gift or other thing of more than DE MINIMUS value from any person or entity that does business with or on behalf of the Fund or an Account. For purposes of this Code DE MINIMUS shall be construed consistently with FHNC's Policy on Prohibited Receipts and Payments.

(h) No Supervised Person shall serve on the board of directors of publicly traded companies, absent prior authorization from the Designated Officer based upon a determination that the board service would be consistent with the interests of the Fund and its shareholders and the Accounts. In the event board service is authorized, Supervised Personnel acting as directors shall be isolated from those making investment decisions through "Chinese Wall" or other appropriate procedures.

(i) Any exceptions granted by the Designated Officer shall be reported by such Officer to the Board of Trustees of the Fund and the Trust Committee of First Tennessee Bank National Association at their next regularly scheduled meeting, together with an explanation of the exception granted and the reasons therefor.

4. PRECLEARANCE OF SECURITIES TRANSACTIONS.

No Access Person shall purchase or sell, directly or indirectly, any Security or derivation thereof which he or she has or by reason of such transaction acquires, any direct or indirect Beneficial Ownership. This prohibition shall not apply to:

(a) purchases or sales affected in any account over which the Access Person has no direct or indirect influence or Control;

(b) purchases or sales which are nonvolitional on the part of the Access Person, the Fund, or an Account;

(c) purchases which are part of an automatic reinvestment plan; including a dividend reinvestment plan

(d) purchases effected upon the exercise of rights issued by an issuer, PRO RATA to all holders of a class of its Securities, to the extent such rights were acquired from such issuer, and sale of such rights so acquired;

(e) purchases or sales of shares of the Fund; or

(f) purchases or sales which receive the prior approval of the Designated Officer because they are only remotely potentially harmful to the Fund or an Account because they would be very unlikely to affect a highly institutional market, or because they

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clearly are not related economically to the Securities to be purchased, held or sold by the Fund or an Account.

5. REPORTING.

(a) Every Access Person shall report to the Designated Officer the information described in Section 5(b) of this Code and as reflected on Exhibit A hereto with respect to transactions in any Security in which such Access Person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership in the Security including, but not limited to, transactions regarding which clearance has been obtained pursuant to Section 4 above ("Transaction Report"); provided, however, that an Access Person shall not be required to make a Transaction Report with respect to transactions effected for any account over which such Access Person does not have direct or indirect influence or Control.

(b) Every Transaction Report shall be made not later than ten (10) days after the end of the calendar quarter in which the transaction to which the report relates was affected, and shall contain the following information:

(i) the date of the transaction, the title and the number of shares, interest and maturity (if applicable) and the principal amount of each Security involved;

(ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);

(iii) the price at which the transaction was effected;

(iv) the name of the broker, dealer or bank with or through whom the transaction was effected.

(v) date the report is submitted

(c) All Access Persons shall disclose to the Designated Officer, in writing, all Securities in which the Access Person has direct or indirect Beneficial Ownership within ten (10) days after commencement of employment as an Access Person ("Initial Holdings Report"). Each Access Person shall also report all Securities holdings on an annual basis (the "Annual Holdings Report") no later than February 28 of each year. The Initial Holdings Report and the Annual Holdings Report shall be current as of a date no later than 45 days prior to the date the report is submitted. Such reports shall be in the form attached hereto as Exhibit B.

(d) Any report required by this Section 5 may contain a statement that the report shall not be construed as an admission by the person making such report that he or she has any direct or indirect Beneficial Ownership in the Security to which the report relates.

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(e) An Access Person may satisfy his or her requirements for Transaction Reports hereunder by having his or her brokerage firm send contemporaneous duplicate copies of all statements and confirmations to the Designated Officer.

(f) All Access Persons under a duty to file the reports described in this Section 5 shall be informed of such duty by the Designated Officer. Once informed of his or her duty to file the report described in this Section 5, the Access Person shall file all required reports in a timely manner, until notified otherwise. Information supplied on the reports is available for inspection by the Securities and Exchange Commission at any time during the five (5) year period following the end of the fiscal year in which each report is made.

(g) Investment Personnel who have been authorized to acquire Securities in a Limited Offering are required to disclose that investment when they play a part in the Fund's or an Account's subsequent consideration of an investment in

the issuer. In such circumstances, the Fund's or the Account's decision to purchase Securities of the issuer should be subject to an independent review by Investment Personnel with no personal interest in the issuer.

(h) All Supervised Persons are required to report any violations of this Code of Ethics to the Designated Officer.

6. REVIEW OF REPORTS.

The Designated Officer shall compare the Transaction Reports, Annual Holdings Reports and Initial Holdings Reports with completed transactions of the Fund and Accounts and with any transactions contemplated to be effected for the Fund or an Account by the Adviser to determine whether a violation of this Code may have occurred. Before making any determination that a violation has or may have been committed by any person, the Designated Officer shall give such person an opportunity to supply additional explanatory material. If the Compliance Officer determines that a violation of this Code has or may have occurred, he shall submit a written determination together with any appropriate supporting documentation and any additional explanatory material provided by the individual, to the Manager, FTAS and the EVP Wealth Management of First Tennessee Bank National Association.

No person shall participate in a determination of whether he or she has committed a violation of the Code or in a determination of the sanction to be imposed on him or her as a result of such violation. If a Securities transaction of such Manager of FTAS or EVP Wealth Management, First Tennessee Bank National Association is under review, the officer to whom he or she reports shall follow the procedures required herein.

By no later than the meeting of the Trust Committee of the Board of Directors of First Tennessee Bank National Association next following the expiration of thirty (30) days after the end of each calendar quarter, the Designated Officer shall provide a report to such committee informing it of any violations of this Code of Ethics that have or may have been committed. No later than thirty (30) days after the end of each calendar

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quarter, the Designated Officer shall provide a report to the Chief Compliance Officer (the "CCO") of FTAS informing the CCO of any violations of this Code that have or may have been committed.

7. SANCTIONS.

Upon discovering a violation of this Code, the Adviser may impose such sanctions as it deems appropriate, including INTER ALIA, a letter of censure or

suspension or termination of the employment of the violator. All material violations of this Code and any sanctions imposed with respect thereto shall be reported periodically to the board of directors or trustees of the investment company with respect to whose Securities the violation occurred.

8. ANNUAL REVIEW OF CODE OF ETHICS.

(a) All Supervised Persons shall certify in writing to the Designated Officer annually that they have read and understand this Code of Ethics and recognize that they are subject thereto. Further, Access Persons shall certify in writing to the Designated Officer annually that they have complied with the requirements of this Code of Ethics and that they have disclosed or reported all transactions required to be disclosed or reported pursuant to this Code of Ethics.

(b) The Designated Officer shall prepare an annual report to the Manager of FTAS that (i) summaries existing procedures concerning personal investing and any changes in the procedures made during the past year; (ii) identifies any violations requiring significant remedial action during the past year; (iii) identifies any recommended changes in existing restrictions or procedures based upon the Adviser's experience under this Code of Ethics, evolving industry practices, or developments in applicable laws or regulations; and, (iv) certifies that the Adviser has adopted procedures reasonably necessary to prevent violations of the Code of Ethics by Access Persons.

To: David Taylor
Wealth Management Compliance, IIS2
First Tennessee Brokerage, Inc.
530 Oak Court Drive, Suite 200
Memphis, TN 38117

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ACKNOWLEDGMENT OF RECEIPT
OF CODE OF ETHICS

I acknowledge receipt of FTAS Code of Ethics dated February, 2005, and understand that my personal securities transactions are subject to its terms. I certify that to the best of my knowledge I have complied with the terms of the Code of Ethics during the last year.

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Date Signature

Please Print Name

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SEND THIS FORM TO YOUR BROKER.
ALSO, PLEASE SEND A COPY TO DAVID TAYLOR

Date:___/___/

Broker

Address

City, State, Zip Code

RE: ACCOUNT NUMBER(S): _____
_____

Dear:
Broker

Please send a duplicate copy of all trade confirmations and the monthly statement relating to the account(s) listed above to the person denoted below.

David Taylor
Wealth Management Compliance, IIS2
First Tennessee Brokerage
530 Oak Court Drive, Suite 200
Memphis, TN 38117

Very truly yours,

cc: David Taylor

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Exhibit 99(p)(3)

DELAWARE INVESTMENTS

CODE OF ETHICS

CREDO

IT IS THE DUTY OF ALL DELAWARE INVESTMENT EMPLOYEES, OFFICERS AND DIRECTORS TO CONDUCT THEMSELVES WITH INTEGRITY, AND AT ALL TIMES TO PLACE THE INTERESTS OF SHAREHOLDERS FIRST. IN THE INTEREST OF THIS CREDO, ALL PERSONAL SECURITIES TRANSACTIONS WILL BE CONDUCTED CONSISTENT WITH THE CODE OF ETHICS AND IN SUCH A MANNER AS TO AVOID ANY ACTUAL OR POTENTIAL CONFLICT OF INTEREST OR ANY ABUSE OF AN INDIVIDUAL'S POSITION OF TRUST AND RESPONSIBILITY. THE FUNDAMENTAL STANDARD OF THIS CODE IS THAT PERSONNEL SHOULD NOT TAKE ANY INAPPROPRIATE ADVANTAGE OF THEIR POSITIONS.

Rule 17j-1 under the Investment Company Act of 1940 (the "Rule") makes it unlawful for certain persons, including any employee, officer or director, any investment adviser and any principal underwriter, in connection with the purchase or sale by such person of a security held or to be acquired by a Fund or account:

(1) To employ any device, scheme or artifice to defraud;

(2) To make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances in which they are made, not misleading;

(3) To engage in any act, practice or course of business that operates or would operate as a fraud or deceit; or

(4) To engage in any manipulative practice.

The Rule also requires that each Delaware Investments' Adviser, sub-adviser, and principal underwriter adopt a written code of ethics containing provisions reasonably necessary to prevent certain persons from engaging in acts in violation of the above standard and shall use reasonable diligence and institute procedures reasonably necessary to prevent violations of the Code.

This Code of Ethics is being adopted by the following Delaware Investment companies (collectively "Delaware") in compliance with the requirement of Rule 17j-1 and to effect the purpose of the Credo set forth above and to comply with the recommendations of the Investment Company Institute's Advisory Group on Personal Investing:

DELAWARE MANAGEMENT BUSINESS TRUST
DELAWARE CAPITAL MANAGEMENT
DELAWARE MANAGEMENT COMPANY
DELAWARE INVESTMENT ADVISERS
DELAWARE LINCOLN CASH MANAGEMENT
DELAWARE DISTRIBUTORS, L.P.
RETIREMENT FINANCIAL SERVICES, INC.
DELAWARE SERVICE COMPANY, INC.
DELAWARE MANAGEMENT TRUST COMPANY

DEFINITIONS:

"ACCESS PERSON" means a supervised person who has access to nonpublic information regarding clients' securities transactions, is involved in making securities recommendations to clients, who has access to such recommendations that are nonpublic, or who has access to nonpublic information regarding the portfolio holdings of affiliated mutual funds (see Appendix A) or any director, officer, general partner or Advisory Person of a fund or of a fund's investment adviser, or any employee of a fund or of a fund's investment adviser who, in connection with his or her regular functions or duties, participates in the selection of a fund's portfolio securities or who has access to information regarding a fund's future purchases or sales of portfolio securities. Those persons deemed Access Persons will be notified of this designation.

"ADVISORY PERSON" means any employee of the fund or investment adviser who, in connection with his or her regular functions or duties makes, participates in, or obtains information regarding the purchase or sale of Covered Securities by a Fund, or whose functions relate to the making of any recommendations with respect to the purchase or sales.

"AFFILIATED PERSON" means any officer, director, partner, or employee of a Delaware Fund or any subsidiary of Delaware Management Holdings, Inc. and any other person so designated by the Compliance Department.

"BENEFICIAL OWNERSHIP" shall be as defined in Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder. Generally speaking, a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares a direct or indirect pecuniary interest in a security, is a "beneficial owner" of the security. For example, a person is normally regarded as the beneficial owner of securities held by members of his or her immediate family sharing the same household. Additionally, ownership of derivative securities such as options, warrants or convertible securities which confer the right to acquire the underlying security at a fixed price constitutes beneficial ownership of the underlying security itself.

"CONTROL" shall mean investment discretion in whole or in part of an account regardless of beneficial ownership, such as an account for which a person has power of attorney or authority to effect transactions.

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"DE MINIMIS PURCHASES OR SALES" shall mean purchases or sales by covered persons of up to 500 shares of stock in a company that is in the Standard and Poor's 500 Index provided that Delaware has not traded more than 10,000 shares of that same stock during the last two trading days and there are no open orders for that stock on the Trading Desk.

"HIGH QUALITY SHORT-TERM DEBT INSTRUMENTS" shall mean any instrument that has a maturity at issuance of less that 366 days and that is rated in one of the two highest rating categories by a Nationally Recognized Statistical Rating Organization.

"INVESTMENT PERSONNEL" means any employee, other than a Portfolio Manager who, in connection with his/her regular functions or duties, makes or participates in, the making of investment decisions affecting an investment company. Investment Personnel also include the staff who support a Portfolio Manager including analysts, administrative assistants, etc. Investment Personnel by definition are Access Persons.

"MANAGED ACCOUNTS" means an account that is professionally managed through a wrap program. Managed Accounts require pre-approval through the Compliance Department prior to starting up the account. The Compliance Department will consider the facts and circumstances of the account, including the functions and duties of the employees, when approving or denying such accounts. In addition, preclearance is exempt with Managed Accounts, however, all trades still require reporting and duplicate statements and confirmations are required to be sent to the Compliance Department. Preclearance is only exempt for trades initiated by the wrap manager. All trades initiated by the employee require preclearance.

"PORTFOLIO MANAGER" means any person who, in connection with his/her regular functions or duties, makes or participates in, the making of investment decisions effecting an investment company. Portfolio Managers by definition are access persons.

"SECURITY" shall have the meaning as set forth in Section 2(a)(36) of the Investment Company Act of 1940, except that it shall not include securities issued or guaranteed by the government of the United States or by any of its federal agencies, bankers' acceptances, bank certificates of deposit, commercial paper, high quality short-term debt instruments including repurchase agreements, unit investment trusts, shares of open-end registered investment companies (other than mutual funds for which Delaware Investments is the adviser and sub-adviser, see Appendix A for a list of these Funds, excluding money market funds), and municipal fund securities (i.e. 529 Plans) (other than the TAP 529 Plan). In addition, the purchase, sale or exercise of a derivative security shall constitute the purchase or sale of the underlying security. However, the purchase or sale of the debt instrument of an issuer which does not give the holder the right to purchase the issuer's stock at a fixed price, does not constitute a purchase or sale of the issuer's stock.

SECURITY BEING "CONSIDERED FOR PURCHASE OR SALE" OR "BEING PURCHASED OR SOLD" means when a recommendation to purchase or sell the security has been made and communicated to the Trading Desk and with respect to the person making the recommendation, when such person seriously

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considers making, or when such person knows or should know that another person is seriously considering making, such a recommendation.

SECURITY "HELD OR TO BE ACQUIRED" BY AN ACCOUNT means (i) any covered security which, within the most recent fifteen days (a) is or has been held by the account; or (b) is being, or has been, considered by the account or its investment adviser for purchase by the account; and (ii) any option to purchase or sell, and any security convertible into or exchangeable for, a covered security.

PROHIBITED ACTIVITIES

I. THE FOLLOWING RESTRICTIONS APPLY TO ALL AFFILIATED PERSONS, ACCESS PERSONS, INVESTMENT PERSONNEL AND PORTFOLIO MANAGERS.

(a) No Affiliated Person, Access Person, Investment Person or Portfolio Manager shall engage in any act, practice or course of conduct, which would violate the provisions of Rule 17j-1 set forth above.

(b) No Affiliated Person, Access Person, Investment Person or Portfolio Manager shall purchase or sell, directly or indirectly, any security which to his/her knowledge is being actively considered for purchase or sale by Delaware; except that this prohibition shall not apply to:

(A) purchases or sales that are nonvolitional on the part of either the Person or the Account;
(B) purchases which are part of an automatic dividend reinvestment plan;
(C) purchases effected upon the exercise of rights issued by an issuer pro rata to all holders of a class of its securities, to the extent such rights were acquired from such issuer, and sales of such rights so acquired;
(D) other purchases and sales specifically approved by the President or Chief Executive Officer, with the advice of the General Counsel and/or the Compliance Director, and deemed appropriate because of unusual or unforeseen circumstances. A list of securities excepted will be maintained by the Compliance Department.
(E) purchases or sales made by a wrap manager in an Affiliated Person's or Access Person's managed account, provided that such purchases or sales do not reflect a pattern of conflict.

(c) Except for trades that meet the definition of DE MINIMIS, no Affiliated Person, Access Person, Investment Person or Portfolio Manager may execute a buy or sell order for an account in which he or she has beneficial ownership or

control until the THIRD TRADING DAY following the execution of a Delaware buy or sell order in that same security.

(d) No Affiliated Person or Access Person may purchase an initial public offering (IPO) without first receiving preclearance.

(e) No Affiliated Person, Access Person, Investment Person or Portfolio Managers may purchase any private placement without express PRIOR written consent by the Compliance Department. All private placement holdings are subject to disclosure to the Compliance Department. Any Affiliated Person, Access Person, Investment Person or Portfolio Manager that holds a private placement

must receive permission from the Compliance or Legal Departments prior to any participation by such person in Delaware's consideration of an investment in the same issuer.

(f) Despite any fault or impropriety, any Affiliated Person, Access Person, Investment Person or Portfolio Manager who executes a buy or sell for an account in which he/she has beneficial ownership or control either (i) before the third trading day following the execution of a Delaware order in the same security, or (ii) when there are pending orders for a Delaware transaction as reflected on the open order blotter, shall forfeit any profits made (in the event of purchases) or loss avoided (in the event of sales), whether realized or unrealized, in the period from the date of the personal transaction to the end of the proscribed trading period. Payment of the amount forfeited shall be made by check or in cash to a charity of the person's choice and a copy of the check or receipt must be forwarded to the Compliance Department.

(g) Except for Managed Accounts meeting the provisions of Section I(b)(E) above, each Affiliated Person or Access Person's personal transactions must be precleared by using the Personal Transaction System. The information must be submitted prior to entering any orders for personal transactions. Preclearance is only valid for the day the request is submitted. If the order is not executed the same day, the preclearance request must be resubmitted. Regardless of preclearance, all transactions remain subject to the provisions of (f) above.

(h) All Mutual Funds that are now subject to the Code of Ethics will be required to be held for a minimum of 60 days before selling the fund at a profit. Closing positions at a loss is not prohibited.

II. IN ADDITION TO THE REQUIREMENTS NOTED IN SECTION I, THE FOLLOWING ADDITIONAL RESTRICTIONS APPLY TO ALL INVESTMENT PERSONNEL AND PORTFOLIO MANAGERS.

(a) All Investment Personnel and Portfolio Managers are prohibited from purchasing any initial public offering (IPO).

(b) Short term trading resulting in a profit is prohibited. All opening

positions must be held for a period of 60 days, in the aggregate, before they can be closed at a profit. Any short term trading profits are subject to the disgorgement procedures outlined above and at the maximum level of profit obtained. The closing of positions at a loss is not prohibited.

(c) All Investment Personnel and Portfolio Managers are prohibited from receiving anything of more than a DE MINIMIS value from any person or entity that does business with or on behalf of any account or client. Things of value may include, but not be limited to, travel expenses, special deals or incentives.

(d) All Investment Personnel and Portfolio Managers require PRIOR written approval from the Legal or Compliance Department before they may serve on the board of directors of any public company.

III. IN ADDITION TO THE REQUIREMENTS NOTED IN SECTIONS I AND II, THE FOLLOWING ADDITIONAL RESTRICTIONS APPLY TO ALL PORTFOLIO MANAGERS.

(a) No Portfolio Manager may execute a buy or sell order for an account for which he/she has beneficial ownership WITHIN SEVEN CALENDAR DAYS BEFORE OR AFTER an investment company or separate account that he/she manages trades in that security.

(b) Despite any fault or impropriety, any Portfolio Manager who executes a personal transaction within seven calendar days before or after an investment company or separate account that he/she manages trades in that security, shall forfeit any profits made (in the event of purchases) or loss avoided (in the event of sales), whether realized or unrealized, in the period from the date of the personal transaction to the end of the prescribed trading period. Payment of the amount forfeited shall be made by check or in cash to a charity of the person's choice and a copy of the check or receipt must be forwarded to the Compliance Department.

REQUIRED REPORTS

I. THE FOLLOWING REPORTS ARE REQUIRED TO BE MADE BY ALL AFFILIATED PERSONS, ACCESS PERSONS, INVESTMENT PERSONNEL, PORTFOLIO MANAGERS.

(a) Disclose brokerage relationships at employment and at the time of opening any new account.

(b) Direct their brokers to supply to the Compliance Department, on a timely basis, duplicate copies of all confirmations and statements for all securities accounts and Managed Accounts. (c) All Delaware Investments Mutual Funds and Optimum Fund Trust accounts will be required to be held in-house.

(d) Each quarter, no later than 20 days after the end of the calendar quarter, submit to the Compliance Department a personal transaction summary showing all

transactions in securities in accounts which such person has or acquires any direct or indirect beneficial ownership. Each Director who is not an interested person shall submit the quarterly reports only for transactions where at the time of the transaction the director knew, or in the ordinary course of fulfilling his official duties as a director should have known, that during the fifteen day period immediately preceding the date of the transaction by the director, such security was purchased or sold by the Account's or was being considered for purchase or sale by the Account's.

Every report will contain the following information:

(i) the date of the transaction, the name and the number of shares and the principal amount of each security involved;
(ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition);
(iii) the price at which the transaction was effected;
(iv) the name of the broker, dealer or bank effecting the transaction.

(e) All Affiliated Persons must annually certify that they have read and complied with this Code of Ethics and all disclosure and reporting requirements contained therein.

II. IN ADDITION TO THE ABOVE REPORTING REQUIREMENTS, ALL ACCESS PERSONS, INVESTMENT PERSONNEL AND PORTFOLIO MANAGERS MUST:

(a) Provide an initial holdings report no later than 30 days upon commencement of employment that discloses all personal securities holdings.

(b) Provide an annual holdings report containing information regarding all personal securities holdings. This report must be current as of a date no more than 45 days before the report is submitted.

ADMINISTRATIVE PROCEDURES

(a) The Compliance Department of Delaware will identify all Affiliated Persons, Access Persons, Investment Personnel and Portfolio Managers and will notify them of this classification and their obligations under this Code. The Compliance Department will also maintain procedures regarding the review of all notifications and reports required to be made pursuant to Rule 17j-1 under the Investment Company Act of 1940, Rule 204A-1 under the Investment Advisers Act of 1940, or this Code and the Compliance Department will review all notifications and reports, such as portfolio holdings and securities transaction reports.

(b) The Legal or Compliance Department shall report to the Chief Compliance Officer and the President or Chief Executive Officer any apparent violations of the prohibitions or reporting requirements contained in this Code of Ethics. Such Chief Executive Officer or President, or both, will review the reports made and determine whether or not the Code of Ethics has been violated and shall determine what sanctions, if any, should be imposed in addition to any that may

already have been imposed. On a quarterly basis, a summary report of material violations of the Code and the sanctions imposed will be made to the Board of Directors or Committee of Directors created for that purpose. In reviewing this report, the Board will consider whether the appropriate sanctions were imposed. When the Legal Department finds that a transaction otherwise reportable above could not reasonably be found to have resulted in a fraud, deceit or manipulative practice in violation of Rule 17j-1(b), it may, in its discretion, lodge a written memorandum of such finding in lieu of reporting the transaction.

(c) All material purchases and sales specifically approved by the President or Chief Executive Officer in accordance with Section (I)(b)(D) of Prohibited Activities, as described herein, shall be reported to the Board at its next regular meeting.

(d) The Board of Directors, including a majority of independent directors, must approve the Fund's Code, as well as the Code of any adviser and principal underwriter. If an adviser or underwriter makes a material changes to its code, the Board must approve the material change within six months. The Board must base its approval of a code of ethics, or a material change to a code, upon

a determination that the code contains provisions reasonable necessary to prevent "access persons" from violating the anti-fraud provisions of the Rule 17j-1.

(e) At least once a year, the Board must be provided a written report from each Rule 17j-1 organization that (1) describes issues that arose during the previous year under the code or procedures applicable to the Rule 17j-1 organization, including, but not limited to, information about material code or procedure violations and sanctions imposed in response to those material violations and (2) certifies to the Fund's board that the Rule 17j-1 organization has adopted procedures reasonably necessary to prevent its access persons from violating its Code of Ethics.

ADDENDUM TO DELAWARE INVESTMENTS CODE OF ETHICS

Effective April 1, 2001, the Delaware Investments Code of Ethics (the "Code") is being amended to reflect the integration of the former Lincoln 401K Group into Retirement Financial Services, Inc. All employees of this Fort Wayne based unit are "affiliated persons" under the Code and consequently are subject to all applicable requirements EXCEPT that they will not be subject to requirements specified in Part I, Prohibited Activities, Sections (b) (other than the Mutual Funds listed in Appendix A which will require preclearance) through (e) inclusive.

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Appendix A - List of Mutual Funds subject to the Code of Ethics

- All Delaware Investments Family of Funds
- All Optimum Fund Trust Funds
- All Lincoln National VIP Funds
- Diversified Investment Advisers - Small Cap Growth Fund
- First Tennessee - First Funds Capital Appreciation
- First Tennessee - First Horizon Capital Appreciation
- Frank Russell Investment Company - Fixed Income I Fund
- Frank Russell Investment Company - Fixed Income III Fund
- Frank Russell Investment Company - Multistrategy Bond Fund
- Frank Russell Trust Company - Russell Common Trust Core Bond Fund
- Frank Russell Company Limited - Frank Russell Multi-Strategy Global Bond Fund
- Frank Russell Company Limited - Frank Russell Investment Company plc - The U.S. Bond Fund
- Mercantile Capital Opportunities Fund
- MLIG Roszel/Delaware Small Cap Portfolio
- MLIG Roszel/Delaware Trend Portfolio
- SEI Institutional Investments Trust - Small Cap Fund
- SEI Institutional Investments Trust - Small/Mid Cap Equity Fund
- SEI Institutional Managed Trust - Small Cap Growth Fund
- SEI Institutional Managed Trust - Tax Managed Small Cap Fund
- UBS Pace Small/Medium Co Growth Equity Fund

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Exhibit 99(p)(4)

HIGHLAND CAPITAL MANAGEMENT CORP.

Code of Ethics
(September 14, 2004)

1. PURPOSE AND GENERAL PRINCIPLES.

This Code of Ethics has been adopted by Highland Capital Management Corp. ("HCMC") in accordance with Rule 17j-1 (b) under the Investment Company Act of 1940 (the "1940 Act") and Rule 204A-1 of the Investment Advisers Act (the "Advisers Act"). Rule 17j-1 under the Act generally proscribes fraudulent or manipulative practices with respect to purchases or sales of securities held or to be acquired by investment companies, if effected by associated persons of such companies or of investment advisers of such companies. Rule 204A-1 of the Advisers Act requires an adviser to adopt a code of ethics setting forth a standard of conduct for its supervised persons including standards that apply to personal securities transactions. The Code of Ethics is intended to reflect the following general fiduciary principles governing personal investment activities by Supervised Persons: (a) the duty at all times to place the interests of the Fund's shareholders and Accounts first; (b) the requirement that all personal securities trades be conducted in a manner consistent with the provisions of this Code of Ethics and in such a manner as to avoid any actual or potential conflict of interest or abuse of a position of trust and responsibility; and (c) that Supervised Persons should not take advantage of their positions. Financial Investors Variable Insurance Trust

These general fiduciary principles are also reflected in the following policies and procedures of HCMC: Conflicts of Interest and Confidentiality Policy; Use and Disclosure of Material Non-Public Information; Prohibited Payments and Receipts; and, Outside Affiliation and Indemnification Policy. As a subsidiary of First Horizon National Corporation ("FHNC") all employees of HCMC are also required to comply with FHNC's Code of Business Conduct and Ethics.

This Code of Ethics also is to provides regulations and procedures which, consistent with the 1940 Act and the foregoing principles, give effect to the following general prohibitions set forth in Rule 17j-1(a) of the 1940 Act. It shall be unlawful for any affiliated person of or principal underwriter for a registered investment company, or any affiliated person of any investment adviser of or principal underwriter for a registered investment company in connection with the purchase or sale, directly or indirectly, by such person of a security held or to be acquired, as defined in this section, by such registered investment company: (i) to employ any device, scheme or artifice to defraud such registered investment company; (ii) to make to such registered investment company any untrue statement of a material fact or omit to state to such registered investment company a material fact necessary in order to make

the statements made, in light of the circumstances under which they are made, not misleading; (iii) to engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any such registered investment company; or (iv) to engage in any manipulative practice with respect to such registered investment company.

2. DEFINITIONS.

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(a) "Accounts" means those investment advisory accounts for which the Adviser acts as investment adviser.

(b) "Access Person" means any director, officer or Investment Personnel of the Adviser.

(c) "Adviser" means HCMC.

(d) "Investment Personnel" means (i) any employee of the Adviser, or of any company in a Control relationship to the Adviser, who, in connection with his or her regular functions or duties, makes, participates in, or obtains information regarding the purchase or sale of a Security by the Fund or an Account, or whose functions relate to the making of any recommendations with respect to such purchases or sales; and (ii) any natural person in a Control relationship to the Adviser who obtains information concerning recommendations made to the Fund or an Account with regard to the purchase or sale of a Security.

(e) "Beneficial Ownership" is to be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except that the determination of direct or indirect beneficial ownership shall apply to all Securities which an Access Person has or acquires. "Beneficial Ownership" generally will include accounts of a spouse, minor children and relatives resident in the Access Person's home, as well as accounts of another person if, by reason of any contract, understanding, relationship, agreement or other arrangement, the Access Person obtains therefrom benefits substantially equivalent to those of ownership. Access Persons should contact the Designated Officer regarding any questions they have concerning what constitutes Beneficial Ownership.

(f) "Designated Officer" means the person acting pursuant to delegated authority from the Adviser's Board of Directors who administers this Code of Ethics and who may be an officer of First Tennessee Bank National Association.

(g) "Control" shall have the same meaning as that set forth in Section 2(a)(9) of the 1940 Act.

(h) "Fund" means any company or companies registered as an investment company under the 1940 Act and for which the Adviser is the investment adviser, which includes First Funds.

(i) "Purchase or sale of a Security" includes, INTER ALIA, the writing of an option to purchase or sell a Security.

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(j) "Same Way Trades" means transaction in which an Access Person purchases a Security on the same day after a Portfolio of the Fund or an Account purchases that Security or sells a Security after a Portfolio or Account sells that Security.

(k) "Security" shall have the meaning set forth in Section 2(a)(36) of the 1940 Act, except that it shall not include shares of registered open-end investment companies other than Fund portfolios for which Adviser is the adviser or sub-adviser, securities issued by the U.S. Government, short term debt securities which are "government securities" within the meaning of Section 2(a)(16) of the 1940 Act, bankers' acceptances, bank certificates of deposit, commercial paper, and repurchase agreements. Any questions as to whether a particular investment constitutes a "security" should be referred to the Designated Officer.

(l) "Non-Executive Director" means a member of the board of directors of HCMC who is not an officer of HCMC or any of its affiliates and who does not have and during the most recent six (6) month period has not had timely access to purchases and sales of Securities by Adviser for the Fund or an Account or the making of recommendations with respect to such purchases and sales.

(m) "Limited Offering" means an offering that is exempt from registration under the Securities Act of 1933 pursuant to Section 4(2) or 4(6) or pursuant to Rules 504, 505 or 506 under the Securities Act of 1933.

(n) "Supervised Person" means directors, officers, and employees of the Adviser and any other person who provides advice on behalf of the Adviser and is subject to the supervision and control of the Adviser.

3. PROHIBITED TRANSACTIONS.

(a) No Investment Personnel shall acquire Securities in an initial public offering where no public market for such Securities previously existed. Further, no Investment Personnel shall acquire Securities in a Limited Offering unless such person shall have obtained the express prior approval of the Designated Officer to any such purchase. In determining whether to grant or deny such approval, the Designated Officer should take into account, among other factors, whether the investment opportunity should be reserved to the appropriate Account or a Portfolio of the Fund and whether the opportunity is being offered to an individual by virtue of such person's position with the Adviser or the Fund.

(b) No Supervised Person (other than Non-Executive Directors) shall execute a transaction in a Security being actively considered by the Adviser or any Investment Personnel of the Adviser for recommendation to the Fund or an Account for purchase or sale; or execute a transaction on a day during which any Portfolio

of the Fund or other Account has a pending "buy" or "sell" order in that same Security until that order is executed or withdrawn.

(c) No Supervised Person shall buy or sell a Security within at least seven (7) calendar days before and after a Portfolio of the Fund or an Account that he or she has actual knowledge of trades in that Security, except that this provision does not apply to Same Way Trades following a Fund or Account transaction or to purchases or sales of the Fund shares by an Account. Any profits realized on trades within the proscribed periods shall be required to be disgorged as directed by the Designated Officer. The Designated Officer may grant exceptions to this prohibition in whole or in part upon such conditions as the Designated Officer may impose if the Designated Officer determines that no harm resulted to the Fund or the Account and that to require disgorgement would be inequitable or result in undue hardship to the individual who entered into the transaction. This prohibition applies to any purchase or sale by any Access Person (other than a Non-Executive Director) of any convertible Security, option or warrant or any Security of a different class of any issue whose underlying or other class of Securities is being actively considered for recommendation to, or are purchased, sold or held by the Fund or other Accounts within the seven (7) days preceding the Access Person's (other than a Non-Executive Director's) transaction.

(d) No Investment Personnel shall profit in the purchase and sale, or sale and purchase, of the same (or equivalent) Securities within sixty (60) calendar days. Any profits realized on such short-term trades shall be required to be disgorged. The Designated Officer may grant exceptions to this prohibition in whole or in part upon such conditions as the Designated Officer may impose, if the Designated Officer determines that no harm resulted to the Fund or the Account and that to require disgorgement would be inequitable or result in undue hardship to the individual who entered into the transactions.

(e) No Supervised Person shall reveal to any other person (except in the normal course of his or her duties on behalf of the Fund and other Accounts) any information regarding Securities transactions by the Fund or other Accounts or under consideration by the Fund, other Accounts or the Adviser of any such Securities transaction.

(f) No Supervised Person shall recommend or otherwise attempt to cause any Securities transaction by the Fund or other Accounts, or participate in any investment decision concerning particular Securities, without having disclosed his or her interest, if any in such Securities or the issuer thereof, including without limitation (i) his or her direct or indirect Beneficial Ownership of any Securities of such issuer, (ii) any contemplated transaction by such Supervised Person in such Securities, (iii) any position with such issuer or its affiliates, or (iv) any present or proposed business relationship between such issuer or its affiliates, on the one hand,

and such Supervised Person or any party in which such Supervised Person has a significant interest, on the other; PROVIDED, HOWEVER, that, in the event the interest of such Supervised Person in such Securities or issuer is not material to his or her personal net worth and any contemplated transaction by such Supervised Person in such Securities cannot reasonably be expected to have a material adverse effect on such transaction by the Fund or other Accounts or on the market for the Securities generally, such Supervised Person shall not be required to disclose his or her interest in the Securities or issuer thereof in connection with any such recommendation or participation. The requirements of (i)-(iii) of this section shall not apply to purchases or sales of Fund shares for an Account.

(g) No Supervised Person shall receive any gift or other thing of more than DE MINIMIS value from any person or entity that does business with or on behalf of the Fund or the Account. For

purposes of this Code DE MINIMIS shall be construed consistently with the Adviser's Prohibited Receipts and Payments Policy.

(h) No Supervised Person shall serve on the board of directors of publicly traded companies, absent prior authorization from the Designated Officer based upon a determination that the board service would be consistent with the interests of the Fund and its shareholders and other Accounts. In the event board service is authorized, Supervised Person serving as directors shall be isolated from those making investment decisions through "Chinese Wall" or other appropriate procedures.

(i) Any exceptions granted by the Designated Officer shall be reported by such officer to the Board of Directors at their next regularly scheduled meeting, together with an explanation of the exception granted and the reasons therefor.

4. PRECLEARANCE OF SECURITIES TRANSACTIONS.

No Access Person (other than a Non-Executive Director) shall purchase or sell directly or indirectly any Security or derivation thereof in which he or she has or by reason of such transaction acquires, any direct or indirect Beneficial Ownership. This prohibition shall not apply to:

(a) purchases or sales affected in any account over which the Access Person has no direct or indirect influence or Control;

(b) purchases or sales which are nonvolitional on the part of the Access Person, Fund or an Account;

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(c) purchases which are part of an automatic reinvestment plan, including a dividend reinvestment plan;

(d) purchases effected upon the exercise of rights issued by an issuer PRO RATA to all holders of a class of its Securities, to the extent such rights were acquired from such issuer, and sale of such rights so acquired;

(e) purchases or sales of shares of the Fund; or

(f) purchases or sales which receive the prior approval of the Designated Officer because they are only remotely potentially harmful to the Fund or an Account because they would be very unlikely to affect a highly institutional market, or because they clearly are not related economically to the Securities to be purchased, held or sold by the Fund or an Account.

5. REPORTING.

(a) Every Access Person shall report to the Designated Officer the information described in Section 5(b) of this Code and as reflected on Exhibit A hereto with respect to transactions in any Security in which such Access Person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership in the Security including, but not limited to, transactions regarding which clearance has been obtained pursuant to Section 4 above ("Transaction Report"); provided, however, that an Access Person shall not be required to make a Transaction Report with respect to transactions effected for any account over which such Access Person does not have direct or indirect influence or Control.

(b) Every Transaction Report shall be made not later than ten (10) days after the end of the calendar quarter in which the transaction to which the report relates was affected, and shall contain the following information: (i) the date of the transaction, the title and the number of shares, interest rate and maturity (if applicable) and the principal amount of each Security involved; (ii) the nature of the transaction (i.e., purchase, sale or any other type of acquisition or disposition); (iii) the price at which the transaction was effected; (iv) the name of the broker, dealer or bank with or through whom the transaction was effected and (v) the date the report is submitted.

(c) All Access Persons shall disclose to the Designated Officer, in writing, all personal Securities holdings within ten (10) days after commencement of employment as an Access Person ("Initial Holdings Report"). Each Access Person shall also report all Securities holdings on an annual basis no later than February 14 of each year. The Initial Holdings Report and the Annual Holdings Report shall be current as of a date no later than 45 days prior to the date such report is submitted. Such reports shall be in the form attached hereto as Exhibit B.

(d) An Access Person may satisfy his or her requirements hereunder for Transaction Reports by having his or her brokerage firm send contemporaneous duplicate copies of all statements and confirmations to the Designated Officer.

(e) Any report required by this Section 5 may contain a statement that the report shall not be construed as an admission by the person making such report that he or she has any direct or

indirect Beneficial Ownership in the Security to which the report relates.

(f) All Access Persons under a duty to file the reports described in this Section 5 shall be informed of such duty by the Designated Officer. Once informed of his or her duty to file the reports described in this Section 5, the Access Person shall file all required reports in a timely manner, until notified otherwise. Information supplied on the reports is available for inspection by the Securities and Exchange Commission at any time during the five (5) year period following the end of the fiscal year in which each report is made.

(g) Investment Personnel who have been authorized to acquire Securities in a Limited Offering are required to disclose that investment when they play a part in the Fund's or other Account's subsequent consideration of an investment in the issuer. In such circumstances, the Fund's or other Account's decision to purchase Securities of the issuer should be subject to an independent review by Investment Personnel with no personal interest in the issuer.

(h) All Supervised Persons are required to report any violations of this Code of Ethics to the Designated Compliance Officer.

6. REVIEW OF REPORTS.

The Designated Officer shall compare the Transaction Reports, Initial Holdings Reports and Annual Holdings Reports with completed transactions of the Fund and Accounts and with any transactions contemplated to be effected for the Fund or Accounts by the Adviser to determine whether a violation of this Code may have occurred. Before making any determination that a violation has or may have been committed by any person, the Designated Officer shall give such person an opportunity to supply additional explanatory material. If the Designated Officer determines that a violation of this Code has or may have occurred, he shall submit a written determination, together with any appropriate supporting documentation and any additional explanatory material provided by the individual, to the President of HCMC and to First Tennessee Bank National Association's EVP Wealth Management.

No person shall participate in a determination of whether he or she has committed a violation of the Code or in a determination of the sanction to be imposed on him or her as a result of such violation. If a Securities transaction of such President is under review, the officer to whom such person reports shall follow the procedures required herein in lieu of such President.

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By no later than the meeting of the Board of Directors next following the expiration of thirty (30) days after the end of each calendar quarter, the Designated Officer shall provide a report to the Board informing it of any violations of this Code of Ethics that have or may have been committed. No later than thirty days after the end of each calendar quarter, the Designated Officer shall provide a report to the Chief Compliance Officer (the "CCO") of HCMC informing the CCO of any violations of this Code of Ethics that have or may have been committeed.

7. SANCTIONS.

Upon discovering a violation of this Code, the Adviser may impose such sanctions as it deems appropriate, including INTER ALIA, a letter of censure or suspension or termination of the employment of the violator. All material violations of this Code and any sanctions imposed thereto with respect to Securities relating to a Fund shall be reported periodically to the board of trustees of the Fund with respect to whose Securities the violation occurred.

8. ANNUAL CODE OF ETHICS REVIEW.

(a) All Supervised Persons shall certify in writing to the Designated Officer annually that they have read and understand this Code of Ethics and recognize that they are subject thereto. Further, Access Persons shall certify in writing to the Designated Officer annually that they have complied with the requirements of this Code of Ethics and that they have disclosed or reported all transactions required to be disclosed or reported pursuant to this Code of Ethics.

(b) The Designated Officer shall prepare an annual report to the Advisor's Board of Directors and the CCO that (i) summarizes existing procedures concerning personal investing and any changes in procedures during the past year (ii) identifies violations requiring significant remedial action during the past year; (iii) identifies any recommended changes in existing restrictions or procedures based upon Advisor experience under this Code of Ethics, evolving industry practices or developments in applicable laws or regulations; and (iv) certifies that the Adviser had adopted procedures reasonably necessary to prevent violations of the Code of Ethics by its Access Persons.

To: David Taylor

Wealth Management Compliance, IIS2
First Tennessee Brokerage, Inc.
530 Oak Court Drive, Suite 200
Memphis, TN 38117

ACKNOWLEDGMENT OF RECEIPT OF CODE OF ETHICS

I acknowledge receipt of Highland Capital Management Corp. Code of Ethics Financial Investors Variable Insurance Trust dated ,2004, and understand that I am required to comply with the Code of Ethics including the requirement to report my personal securities transactions. I certify that to the best of my knowledge I have complied with the terms of the Code of Ethics during the last year.

Date

Signature

Please Print Name