

Form ADV Part 3 - Client Relationship Summary (Form CRS)
Capital Research and Management Company

1. Introduction

Capital Research and Management Company ("CRMC" or "we"), a wholly-owned subsidiary of The Capital Group Companies, Inc., is registered with the U.S. Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ and it is important for retail investors to understand the differences. In addition to the below, free and simple tools to research firms and financial professionals are available at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers and investing.

2. What investment services and advice can you provide me?

We offer investment advisory services to retail investors. CRMC is retained as an investment adviser under "wrap fee" or dual contract programs sponsored by broker-dealers or other financial institutions. In a wrap fee program, a participant enters into an advisory agreement with the sponsor and the sponsor enters into an agreement with CRMC. In a dual contract program, a participant enters into an investment advisory agreement with CRMC and a separate agreement with the program sponsor. Dual contract programs are generally managed in a manner similar to wrap fee programs. CRMC does not continuously monitor retail investors' investments in either wrap fee or dual contract programs. In certain wrap fee programs where we recommend model portfolios to the program sponsor, the sponsor retains discretionary authority and is solely responsible for recommending and placing trades for such portfolios on behalf of investors. In other types of wrap fee programs or in dual contract programs, CRMC exercises its discretionary authority by buying and selling securities in the client account based on the applicable investment strategy for which CRMC or one of its affiliates serves as investment adviser (i.e., proprietary products).

Generally, the minimum account size for dual contract managed account program is \$250,000. For more information about investment services offered by CRMC, see its most recent Form ADV Part 2A, available at capitalgroup.com/formcrs (in particular Items 4 and 7).

Conversation Starters

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

3. What fees will I pay?

The "wrap fee" paid by the client to the sponsor, which includes the fee for advisory services provided by CRMC, is generally based on a percentage of assets. Fees charged by CRMC to the wrap program's sponsor for advisory services will vary based on the relationship, services provided, level of discretion and other factors. Clients should contact their program sponsor for more information on fees in connection with such programs.

In a dual contract arrangement, CRMC's fee is typically paid directly by the client pursuant to a separate agreement. The annual fee schedules for investment management services for dual contract programs are expressed as a percentage of total assets and differ depending on investment mandate. In addition, different fees may apply for certain long-standing clients as well as clients with customized mandates or special service needs.

Sponsors of certain dual contract managed account or wrap fee programs require additional fees to cover administration costs in addition to the fees noted above. These fees may include advisory custody and other program related fees charged by the program sponsor.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information about fees and costs assessed by CRMC, see [Form ADV Part 2A, Item 5: Fees and Compensation](http://capitalgroup.com/formcrs) available at capitalgroup.com/formcrs.

Conversation Starter

- *Help me understand how these fees and costs might affect my investments. If I give you \$250,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

❖ **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?**

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

We generally charge asset-based fees for investment advisory services. In limited circumstances, we and our affiliates receive fees from institutional clients that are based on the performance of the account. This creates a risk of conflict for portfolio managers to (i) allocate more attractive investment opportunities to accounts with performance-based fees and/or (ii) make investments for those accounts that are more speculative than for accounts that do not have performance-based fees. CRMC and its affiliates receive a separate fee for investment advisory and other services they provide to affiliated services. For more information about potential conflicts of interest and policies and procedures designed to mitigate them, please refer to Item 5: Fees and Compensation, Item 6: Performance-Based Fees and Item 14: Client Referrals and Other Compensation of the Form ADV Part 2A available at capitalgroup.com/formcrs.

Certain wrap fee program clients and dual contract clients may direct CRMC to place all trades for equity accounts through the program sponsor, a third-party platform and/or their affiliates. These directed trades will not be subject to CRMC's policy of seeking best execution. In these cases, CRMC will not negotiate commissions for such accounts or otherwise monitor the execution of trades. Please refer to Item 12: Brokerage Practices of the Form ADV Part 2A available at capitalgroup.com/formcrs for more information about the handling of securities trading with respect to such programs.

For more information about potential conflicts of interest and our policies and procedures designed to mitigate them, please refer to Form ADV Part 2A, Items 11 and 12 available at capitalgroup.com/formcrs.

Conversation Starter

- *How might your conflicts of interest affect me, and how will you address them?*

❖ **How do your financial professionals make money?**

CRMC's portfolio managers and analysts are paid salaries and may also receive bonuses based on their individual portfolio results. Portfolio managers and analysts who are eligible to receive bonuses based on individual portfolio results may have an incentive to make riskier investments that may generate better performance. However, this risk is mitigated by a long-term focus: bonuses based on investment results are calculated by comparing pretax total investment returns to relevant benchmarks over the most recent one-, three-, five- and eight-year periods, with increasing weight placed on each succeeding measurement period. Portfolio managers and analysts may also participate in profit-sharing plans.

4. Do you or your financial professionals have legal or disciplinary history?

Yes. You may visit Investor.gov/CRS for a free and simple search tool to research CRMC and its financial professionals.

Conversation Starter

- *As a financial professional, do you have any disciplinary history? For what type of conduct?*

5. Additional Information

For more information about CRMC's investment advisory services, please see its most recent Form ADV available at capitalgroup.com/formcrs. To request up-to-date information and a copy of this relationship summary, please call 800-421-5450.

Conversation Starter

- *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*



CAPITAL RESEARCH AND MANAGEMENT COMPANY

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Form ADV, Part 2A

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This brochure provides information about the qualification and business practices of Capital Research and Management Company. Throughout this brochure and related materials, Capital Research and Management Company refers to itself as a “registered investment adviser” or “being registered”. You should be aware that registration with the United States Securities and Exchange Commission (“SEC”) or a state securities authority does not imply a certain level of skill or training.

If you have any questions about the contents of this brochure, please contact us at ADVPART2@capgroup.com.

The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about Capital Research and Management Company also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

There have been no material changes since the last update of Capital Research and Management Company's Form ADV, Part 2A brochure dated January 24, 2025.

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ITEM 4: ADVISORY BUSINESS

Capital Research and Management Company, a wholly-owned subsidiary of The Capital Group Companies, Inc., is a Delaware corporation that traces its roots to 1931. The Capital Group Companies form one of the most experienced families of investment management firms in the world. Capital Research and Management Company and The Capital Group Companies, Inc. have always been privately held.

Capital Research and Management Company is the investment adviser to the Capital Group exchange-traded funds (ETFs), closed-end management investment companies that operate as interval funds, and to the American Funds family of mutual funds, including American Funds Target Date Retirement Series, American Funds Portfolio Series, American Funds Retirement Income Portfolio Series, American Funds College Target Date Series, and American Funds Insurance Series. It is also the investment adviser to the Capital International Fund and International Investment Portfolios, two Luxembourg investment companies; Capital Group Fund, a United Kingdom Open-Ended Investment Company; and an investment adviser and/or sub-adviser to investment vehicles of Capital International Asset Management (Canada), Inc., Capital Group Private Client Services, Inc., Capital International Management Company Sarl, Capital International Sarl, Capital International K.K., Capital International Limited, and Capital International, Inc., affiliates of Capital Research and Management Company. In addition, Capital Research and Management Company serves as the investment adviser to Capital Bank and Trust Company in its capacity as the trustee of certain collective investment trusts that are exempt from SEC registration. Capital Bank and Trust Company is an affiliate of Capital Research and Management Company.

Capital Research and Management Company also provides investment management to individuals, foundations, trusts and other investors through wrap fee programs or dual contract programs (“managed account programs”) sponsored by broker-dealers or other financial institutions. In such programs, the sponsor provides a platform where investors can choose a variety of service providers to invest and manage their account. In a wrap fee program, a participant enters into an advisory agreement with the sponsor and the sponsor enters into an agreement with Capital Research and Management Company. In a dual contract program, a participant enters into an investment advisory agreement with Capital Research and Management Company and a separate agreement with the program sponsor. Dual contract programs are generally managed in a manner similar to wrap programs including with respect to the commissions and other charges on trades as discussed throughout this brochure.

In cases where Capital Research and Management Company is an investment adviser to a managed account program, clients are typically not charged separate brokerage commissions for the execution of transactions in the client’s account that are executed by or through the sponsor; these commissions are generally included in the wrap fee charged by the sponsor. Depending on the equity strategy a client is invested in, a significant portion of equity portfolio transactions could be executed by broker-dealers other than the sponsor firm. Fixed-income transactions for wrap programs are generally executed by broker-dealers other than the sponsor selected by Capital Research and Management Company or its affiliate. The practice of trading with a broker-dealer other than the wrap program sponsor is frequently referred to as "trading away".

Trading away from the sponsor will usually result in the imposition of a commission or equivalent fees on equity trades. Such fees are paid by the client and are in addition to the wrap fee. Please also refer to the disclosure under the heading “Managed Account Programs” under Item 12 (Brokerage Practices) in this brochure for further information. For some wrap fee programs, Capital Research and Management Company provides model portfolios to the sponsor and the sponsor will have ultimate decision-making responsibility and discretionary authority for those accounts. Accordingly, end investors in non-discretionary model delivery programs are not considered advisory clients of Capital Research and Management Company. Generally, Capital Research and Management Company is paid an investment management fee based on the amount of assets it manages in the wrap program by the wrap program’s sponsor. Clients who enroll in wrap fee programs should carefully review the fee structure and other program documents provided by the sponsor.

In addition, Capital Research and Management Company recommends model portfolios to the sponsor for certain wrap fee or advisory programs. Capital Research and Management Company acts as portfolio strategist to the sponsor in recommending model portfolios. Capital Research and Management Company does not have an advisory relationship with, or act as a fiduciary to, any end investor of a sponsor using model portfolios. The sponsor has ultimate decision-making responsibility and discretionary authority for the accounts investing in the model portfolios and is solely responsible for recommending such portfolios to end investors. If the end investor implements the model portfolios, the end investor will pay the expenses of the funds as disclosed in each fund’s prospectus provided to the end investor during the enrollment process. Capital Research and Management Company does not recommend a share class. The sponsor is responsible for share class selection. In some cases, the mutual fund may have a lower cost share class available for purchase outside of the portfolios offered by the sponsor. An end investor who holds a less-expensive share class of a fund will pay lower fees over time – and earn higher investment returns – than an end investor who holds a more expensive share class of the same mutual fund.

Capital Research and Management Company will create certain portfolios entirely from proprietary mutual funds and ETFs. Capital Research and Management Company does not consider other potential investments in constructing all-proprietary portfolios. Other model portfolios are intended for sponsors of wrap fee or advisory programs that wish to invest in a mix of actively- and passively-managed mutual funds and ETFs. In creating hybrid portfolios of active and passive funds and ETFs, Capital Research and Management Company will ordinarily maintain a minimum allocation of 25% or more to funds and ETFs in each of the active and passive components. Capital Research and Management Company will only consider proprietary mutual funds and ETFs for the active component of a hybrid portfolio. Capital Research and Management Company will ordinarily recommend ETFs managed by third-party asset managers for the passive component. When selecting a third-party asset manager, Capital Research and Management Company will consider factors such as liquidity, fees, style drift and reputation, among others. In this regard, Capital Research and Management Company has discretion to select third-party asset managers based on a number of factors, including, but not limited to, distribution considerations, and may select different asset managers for different sponsors. Capital Research and Management Company receives compensation from the mutual funds and ETFs that make up the model portfolios for the investment advisory and other services it

provides to those mutual funds and ETFs but does not charge a separate fee for its model portfolio construction services. This creates an incentive for Capital Research and Management Company to select actively-managed proprietary mutual funds and ETFs over passively-managed third party ETFs. It also creates an incentive for Capital Research and Management Company to select proprietary mutual funds and ETFs with higher fees. This may create an incentive to select proprietary mutual funds and ETFs in certain asset classes over other asset classes.

Capital Research and Management Company manages equity assets through three equity investment divisions, fixed-income assets through its fixed-income division, and asset allocation portfolios through its solutions division. The three equity divisions, Capital World Investors, Capital Research Global Investors and Capital International Investors make investment decisions on an independent basis. The investment divisions also provide investment services to institutional clients and other accounts advised by affiliates of Capital Research and Management Company. Capital Research and Management Company's only business is investment management and related services. Capital Research and Management Company typically builds portfolios for funds and accounts (collectively referred to as "funds" throughout the brochure) from the bottom-up using rigorous fundamental research to find attractive investments and manage risks. Investment decisions are subject to a fund's objective, policies and restrictions and the oversight of the appropriate investment-related committees of Capital Research and Management Company and its investment divisions. The objective, policies and restrictions of each of the funds managed by Capital Research and Management Company are set forth in its prospectus and statement of additional information or other disclosure documents. Depending on a fund's objective, policies and restrictions, Capital Research and Management Company generally invests in equity securities, fixed-income securities or a combination of both. When consistent with a fund's or account's objectives, strategies and guidelines, Capital Research and Management may also invest in other types of securities or investment instruments, including, but not limited to, futures, options on futures, currency options, forward contracts, swaps and repurchase agreements. Please also refer to Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) in this Brochure for further information.

As of June 30, 2025, Capital Research and Management Company managed approximately \$3,753,542,800,000 in discretionary assets under management.

ITEM 5: FEES AND COMPENSATION

Capital Research and Management Company's fees are generally not negotiable. Capital Research and Management Company's management fees are paid pursuant to investment advisory agreements, or in the case of Capital Bank and Trust Company, Capital International Assets Management (Canada), Inc. and Capital International Management Company Sarl, advisory or sub-advisory agreements. Capital Research and Management Company's management fees are generally based on a percentage of assets under management and, for certain funds, a combination of assets under management and gross investment income.

Management fees are paid monthly by the American Funds, Capital Group KKR funds and ETFs to Capital Research and Management Company based on the previous month's daily net asset levels. Management fees for each of the American Funds, Capital Group KKR funds and ETFs are described in such fund's prospectus and statement of additional information.

The annual fees for advisory services provided by Capital Research and Management Company to Capital Bank and Trust Company, in its capacity as trustee to certain collective investment trusts, are agreed upon from time to time in writing. The fees that Capital Bank and Trust Company receives for such collective investment trusts are described in the characteristic documents.

The annual fees for investment advisory or sub-advisory services for Capital International Assets Management (Canada), Inc., and Capital International Fund are agreed to from time to time in writing. Management fees paid by investors in each of these funds are described in such fund's governing documents.

The funds incur fees and expenses in addition to the management fees described above, including administrative service fees, custodial fees and other fund expenses. With respect to the American Funds and Capital Group KKR funds, Capital Research and Management Company provides certain transfer agent and administrative services for shareholders of the funds pursuant to an administrative service agreement. Capital Research and Management Company contracts with third parties and affiliates, including American Funds Service Company, the funds' Transfer Agent, and Capital Client Group, Inc., the funds' principal underwriter, to provide some of these services. In addition, the funds will incur brokerage and other transaction costs. Please refer to Item 12 (Brokerage Practices) below for a discussion of Capital Research and Management Company's brokerage practices.

Managed Account Program Sponsor Fees:

Capital Research and Management Company investment advisory services are also available through various programs including, but not limited to, bundled "wrap fee" programs sponsored by certain unaffiliated broker-dealers or other financial institutions where the sponsor offers bundled investment management, custody, brokerage or other services. The fee paid by the client to the sponsor, which may include the fee for advisory services provided by Capital Research and Management Company, is generally based on a percentage of assets. Clients

should contact their program sponsor for more information on fees in connection with such programs.

Fees charged to sponsors generally fall within the following ranges:

U.S. Equity: 0.28% - 0.32%
International Equity/ Global Equity: 0.32% - 0.38%
Intermediate/ Core Bond: 0.22%
Core Plus Bond: 0.26%
Municipal Bond: 0.12%
Municipal Income Bond: 0.22%

Fees charged by Capital Research and Management Company to the wrap program's sponsor will vary based on the relationship, services provided, level of discretion, and other factors. In addition to the above rates, fees for certain overlay, administrative, platform, or other maintenance fees charged by select sponsor firms may apply, and they generally range from 0.02% to 0.05% as applicable. Further, the above rates will differ for services provided by affiliates. As such, please also refer to our affiliates' and any of their sub-advisers' respective ADVs for further details about their services and fees. Sponsor firms should refer to their agreements with Capital Research and Management Company for details on the fee schedule that applies for their relationship.

Dual Contract Client Fees:

In a dual contract arrangement, Capital Research and Management Company's fee is typically paid directly by the client pursuant to a separate agreement. The annual fee schedules for investment management services for dual contract programs are expressed as a percentage of total assets. All assets are stated in U.S. dollars. In addition to the fee schedules outlined below, different fee schedules apply for certain long-standing clients, initial investors in a new strategy, as well as clients with customized mandates or special service needs. A highest fee rate of 17 basis points on all assets, regardless of account size, will apply to clients in the Morgan Stanley dual contract municipal bond (Capital Group Short Municipal Bond SMA, Capital Group Intermediate Municipal Bond SMA, and Capital Group Long Municipal Bond SMA) wrap fee program.

Annual Fee Rate (flat rate on all assets, based on sub-account size):

Investment Mandate	\$250,000 - \$1 million:	\$1 million - \$3 million:	\$3 million - \$10 million:	Greater than \$10 million:
Capital Group Global Equity SMA				
Capital Group Global Growth SMA				
Capital Group International Equity SMA	0.550%	0.450%	0.400%	0.380%
Capital Group International Growth SMA				
Capital Group World Dividend Growers SMA				
Capital Group U.S. Equity SMA	0.500%	0.390%	0.340%	0.320%
Capital Group U.S. Core SMA				

Capital Group U.S. Growth SMA				
Capital Group U.S. Income & Growth SMA				
Capital Group U.S. Conservative Growth & Income SMA				
Capital Group U.S. Flexible Growth SMA				
Capital Group U.S. Flexible Growth & Income SMA				
Capital Group Core Plus Bond SMA*	0.440%	0.330%	0.280%	0.260%
*Anticipated launch November 18, 2025				
Capital Group U.S. Intermediate Bond SMA	0.400%	0.290%	0.240%	0.220%
Capital Group Core Bond SMA				
Capital Group Municipal Income SMA*	0.400%	0.290%	0.240%	0.220%
*Anticipated launch November 18, 2025				
Capital Group Short Municipal Bond SMA				
Capital Group Intermediate Municipal Bond SMA	0.300%	0.190%	0.140%	0.120%
Capital Group Long Municipal Bond SMA				

Clients may be eligible for lower rates in the Capital Group Short Municipal Bond, Intermediate Municipal Bond, Long Municipal Bond, and Municipal Income SMA strategies if their assets are managed by an adviser with a large amount of overall advised assets in such strategies.

Sponsors of certain managed account programs require additional fees to cover administration costs in addition to the fees noted above. Refer to your Investment Management Agreement for complete applicable fees.

Minimum Account Size: \$250,000*

Accounts funding below the minimum account size require prior approval.

*For all investment mandates other than the Capital Group Municipal Income SMA, for which the minimum account size is \$400,000.

Aggregation Policy:

Where requested by the client or the client's financial advisor, the values of personal accounts across a relationship (a "Relationship") invested in the same investment strategy under the same sponsor program (the "Eligible Accounts") may be aggregated to determine the applicable fee rate in the Annual Fee Rate table above if the total assets of the Eligible Accounts are at least \$5 million. A "Relationship" includes client, client's spouse, son/daughter, parent, brother/sister, grandchild. For the avoidance of doubt, the Eligible Accounts do not include any account of an employer-sponsored retirement plan subject to ERISA.

Calculation Methodology:

Fees will generally be prorated for partial periods and calculated quarterly in arrears based on the average daily market value or appraised value of the account, as determined in good faith by Capital Research and Management Company.

Third party sponsors of certain managed account programs choose to calculate the fees for clients in their program. Each sponsor uses its own fee calculation methodology, which may result in different fee calculation methodologies among sponsors. Refer to your Investment Management Agreement and the ADV of the sponsor of your managed account program for further details.

Model Portfolios:

Capital Research and Management Company may agree to a relationship with a third party involving the provision of model portfolios. Fees for such services will vary based on the relationship, services provided, and other factors.

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

Capital Research and Management Company charges asset-based fees for providing investment advisory services to client accounts. However, in limited circumstances, Capital Research and Management Company or its affiliates receive fees that are based on the performance of the account. Certain of Capital Research and Management Company's portfolio managers manage both types of accounts. Managing both types of accounts simultaneously creates a risk of conflicts for the portfolio manager to (i) allocate more attractive investment opportunities to accounts with performance-based fees and/or (ii) make investments for those accounts that are more speculative than for accounts that do not have performance-based fees.

Capital Research and Management Company and its affiliates have adopted allocation policies that are designed in part to address these potential conflicts of interest. See Item 12 (Brokerage Practices) of this Brochure for Capital Research and Management Company's policy on allocating trades fairly, which is designed to allocate trades to clients in a fair and equitable manner over time, taking into consideration the interests of each client. Non-investment factors, such as fee arrangements, are not considered when allocating trades among clients.

In addition, while Capital Research and Management Company and its affiliates provide individual investment advice and treatment to each portfolio, portfolio managers focus on particular investment mandates, using similar investment strategies in connection with the management of multiple portfolios, which helps minimize the potential for conflicts of interest. Further, Capital Research and Management Company and its affiliates provide investment advice to client portfolios that are managed using investment objectives and strategies that are similar to but not identical to one another. The results of such portfolios may vary depending on a number of factors, including, but not limited to, fees and expenses, portfolio size, transaction costs, cash flows, currencies, securities pricing time, taxes and portfolio holdings and any applicable investment limitations.

Capital Research and Management Company reviews funds with similar objectives managed by Capital Research and Management Company and its affiliates at least annually. These reviews generally include, among other things, information related to investment results, including dispersion of results among funds and reasons for such dispersion, if any, significant fund guidelines and the investment structure of the portfolio.

ITEM 7: TYPES OF CLIENTS

Capital Research and Management Company provides investment management services to registered investment companies and other pooled investment vehicles. It is also the investment adviser to the Capital International Fund and International Investment Portfolios , two Luxembourg investment companies, Capital Group Fund, a United Kingdom Open-Ended Investment Company, and an investment adviser and/or sub-adviser to investment vehicles of Capital International Asset Management (Canada), Inc., Capital Group Private Client Services, Inc., Capital International Management Company Sarl, Capital International Sarl, Capital International K.K., Capital International Limited, and Capital International, Inc., affiliates of Capital Research and Management Company. In addition, Capital Research and Management Company serves as the investment adviser to Capital Bank and Trust Company in its capacity as the trustee of certain collective investment trusts that are exempt from SEC registration. Capital Research and Management Company also provides investment management and related services to participants in managed account programs.

Minimum account sizes for fund investments are disclosed in each fund's prospectus, statement of additional information, characteristics, annual information form or other disclosure documents.

The minimum account size for dual contract managed account program clients is generally \$250,000. Please refer to Item 5 (Fees and Compensation) for information on minimum account sizes.

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

Capital Research and Management Company maintains an investment philosophy that is distinguished by four key beliefs:

- Fundamental research underlies all investment decisions. Capital Research and Management Company and its affiliates employ teams of experienced analysts who regularly gather in-depth, first-hand information on markets and companies around the globe.
- Investment decisions should not be made lightly. In addition to providing extensive research, our investment professionals go to great lengths to determine the difference between the fundamental value of a company and its price in the marketplace.
- A long-term approach. It's part of the big-picture view our investment professionals take of the companies in which we invest. This is reflected by the typically low turnover of portfolio holdings in the funds and accounts we manage. In addition, our investment professionals usually remain with us for many years and are compensated according to their investment results over time.
- The Capital System. Capital Research and Management Company uses a system of multiple portfolio managers in managing most account and fund assets. Under this approach, the portfolio of a fund or account is divided into segments managed by individual managers who decide how their respective segments will be invested. In addition, Capital Research and Management Company's investment research analysts may make investment decisions with respect to a portion of a fund's or client's portfolio. Over time, this method has contributed to consistency of results and continuity of management.

Capital Research and Management Company manages portfolios that seek to capture the risk and return characteristics of other investment vehicles with the same investment strategy. To manage this type of portfolio, we implement a proprietary solution that utilizes a commercially available third-party risk model to help identify the characteristics of the underlying holdings of the strategy. Capital Research and Management Company considers certain constraints on the resulting portfolio including but not limited to turnover, market impact, number of holdings, trading cost, trading footprint and holding period. The results of such portfolios may vary depending on a number of factors, including, but not limited to, fees and expenses, portfolio size, transaction costs, cash flows, currencies, securities pricing time, taxes and portfolio holdings and any applicable investment limitations. These risks may be heightened for vehicles that have a limitation on the number of holdings in the resulting portfolio, such as the portfolios created for managed account programs.

Investment decisions are subject to a fund's or account's objectives, policies and restrictions and the oversight of the appropriate investment-related committees of Capital Research and Management Company and its investment divisions. The objectives, policies and restrictions of each of the funds managed by Capital Research and Management Company are set forth in the governing documents of the fund or guidelines of the account. Depending on a fund's or

account's objective, policies and restrictions, Capital Research and Management Company generally invests in equity securities, fixed-income securities or a combination of both. Capital Research and Management Company invests in U.S. and international equity securities, including common stocks, preferred stocks and convertible securities, of companies with varying market capitalizations. Capital Research and Management Company also invests in U.S. and international fixed-income securities, including bonds, loan participations, mortgage-backed securities and municipal bonds of varying quality and duration. When consistent with a fund's or account's objectives, strategies and guidelines, Capital Research and Management Company may also invest in other types of securities or investment instruments, including, but not limited to, futures, options on futures, currency options, forward contracts, swaps and repurchase agreements. Capital Research and Management Company may consider environmental, social and governance ("ESG") factors that, depending on the facts and circumstances, are material to the value of an issuer or instrument. ESG factors may include, but are not limited to, environmental issues (e.g., water use, emission levels, waste, environmental remediation), social issues (e.g., human capital, health and safety, changing customer behavior) or governance issues (e.g., board composition, executive compensation, shareholder dilution).

Clients in discretionary managed account programs may impose certain reasonable restrictions on Capital Research and Management Company's management of their account. For example, clients may request that Capital Research and Management Company exclude certain categories of investment (e.g., "no tobacco") from a strategy and/or provide a list of specific issuers for exclusion. In implementing category restrictions, Capital Research and Management Company relies on third-party data, including in the application of "screens," to help determine whether certain issuers should be included or excluded from a strategy or an individual portfolio. When applying screens that exclude certain issuers or types of issuers, absent express instruction from a client to the contrary, Capital Research and Management Company will generally exclude issuers that derive any form of income from an excluded category, even if such issuer is not commonly associated with the excluded category. For example, if a client requests that Capital Research and Management Company exclude "adult entertainment" investment, issuers including large media conglomerates may be excluded from the strategy. Additionally, Capital Research and Management Company will rely on third-party data with respect to some or all of these determinations, and different third-party data providers may identify different issuers as associated with different industries and these determinations may change over time. As a result, category restrictions may be more or less inclusive depending on the methodology used by the third parties to define the categories. For example, if a client requests Capital Research and Management Company exclude "fossil fuel" investments, issuers that are classified as utilities may not be restricted. In cases where third-party data is not available, Capital Research and Management Company will rely on internal good faith determinations to assess which issuers should be included or excluded from a strategy and to implement such strategy. In addition, with respect to certain managed account programs, Capital Research and Management Company relies on program sponsors to monitor, implement, and/or enforce client requested restrictions. This may result in different exclusions or other investment considerations between these managed account program clients and other types of clients, and among different managed account programs.

The implementation of client-requested restrictions may impact the relative performance of the associated accounts—positively or negatively—depending on the relative performance of investments selected on the basis of such considerations. There is no guarantee that Capital Research and Management Company’s efforts to select investments based on the requested restrictions will be successful.

Investment strategies offered by Capital Research and Management Company for managed account programs include:

Equity strategies

U.S. Equity — to provide prudent growth of capital and conservation of principal. The strategy invests primarily in equity and equity related securities of U.S. issuers with a focus on prudent growth. Generally, may invest no more than 15% at the time of purchase in securities of non-U.S. issuers, such as American Depository Receipts (ADRs).

U.S. Growth — The strategy’s investment objective is to provide long-term growth of capital. Takes a disciplined approach to growth investing, focusing primarily on well-managed U.S. companies with sound fundamentals. Invests in companies of any size that have solid long-term growth records and attractive future growth potential. For non-U.S. holdings, the strategy may invest to a limited extent in securities of issuers outside the U.S.

U.S. Income and Growth — The strategy’s investment objective is to produce income and to provide an opportunity for growth of principal consistent with sound common stock investing. A disciplined approach to investing that uses strict eligibility criteria to screen for companies across a broad array of industries with strong balance sheets and consistent dividends. The strategy seeks to be fully invested. For non-U.S. holdings, a portfolio may invest up to 10% of its assets in companies outside the United States and not included in the S&P 500.

U.S. Core — The strategy’s investment objective is to achieve long-term growth of capital and income. With an 80-plus-year track record, this strategy invests primarily in larger, well-established companies that represent a wide cross section of the U.S. economy. It seeks to provide long-term growth of capital and income with a focus on future income. For non-U.S. holdings, a portfolio may invest up to 15% of its assets in securities of issuers domiciled outside the United States.

International Equity — The strategy seeks to provide prudent growth of capital and conservation of principal. This international strategy invests in companies that are predominantly based in developed markets. Seeks to provide a smoother return profile over a full market cycle – with less volatility and lower downside capture than the market – by focusing on companies with characteristics associated with long-term growth and resilience to market declines, including strong balance sheets and dividend payments. For non-U.S. holdings, the portfolio may invest in securities of non-U.S. issuers that trade in the U.S., and may invest up to 10% at the time of purchase in securities of emerging market issuers.

International Growth — The strategy’s primary investment objective is to provide long-term growth of capital. This international strategy seeks growth of capital by employing a flexible

approach to investing in attractively valued companies in developed and emerging markets that are positioned to benefit from innovation, global economic growth, increasing consumer demand or a turnaround in business conditions. For non-U.S. holdings, normally, at least 80% of assets must be invested in securities of issuers in Europe or the Pacific Basin.

Global Equity — The strategy seeks to provide prudent growth of capital and conservation of principal. This global strategy pursues prudent growth of capital and conservation of principal by investing in companies that are predominantly based in developed markets. The strategy seeks to provide a smoother return profile over a full market cycle —with less volatility and lower downside capture than the market —by focusing on companies with characteristics associated with long-term growth and resilience to market declines, including strong balance sheets and dividend payments. For non-U.S. holdings, a portfolio may invest in securities of non-U.S. issuers that trade in the U.S., and may invest up to 10% at the time of purchase in securities of emerging market issuers.

Global Growth - The strategy's primary investment objective is to provide long-term growth of capital. Seeks to take advantage of evolving global trade patterns by predominantly investing in companies that have potential for growth in capital. Invests primarily in multinational companies with a meaningful share of their sales and operations outside of their home countries. This approach provides the strategy's portfolio managers with geographic flexibility and the ability to navigate different markets. For non-U.S. holdings, a portfolio may invest up to 100% of assets outside the United States, though the strategy has typically invested in issuers throughout the world.

U.S. Flexible Growth and Income – The strategy's investment objective is to achieve long-term growth of capital and income. With an emphasis on growth over income, the strategy seeks undervalued and overlooked opportunities. It invests in companies with high-quality products and leading market shares with the underappreciated potential for growth in sales, earnings and dividends. It has the flexibility to invest a sizable portion of its assets outside of the U.S. For non-U.S. holdings, the strategy may invest up to 35% of assets in securities of issuers outside the United States.

U.S. Flexible Growth – The strategy's investment objective is to provide growth of capital. This strategy takes a flexible approach to growth investing, seeking opportunities in traditional growth stocks as well as cyclical companies and turnarounds with significant potential for growth of capital. Geographic flexibility also allows portfolio managers to pursue opportunities outside of the U.S. For non-U.S. holdings, the strategy may invest up to 25% of assets in securities of issuers outside the United States.

U.S. Conservative Growth and Income – The strategy strives for the balanced accomplishment of three objectives: current income, growth of capital and conservation of principal. Conservatively managed to reduce volatility and risk, this strategy seeks to invest in common stocks of companies that are likely to participate in the growth of the American economy and whose dividends appear to be sustainable. For non-U.S. holdings, the strategy may invest up to 20% of its assets in securities of issuers domiciled outside the United States and not included in the S&P 500 Index. May invest up to 5% of its assets in securities of issuers domiciled outside the U.S. and Canada and not included in the S&P 500 Index.

Fixed-Income strategies

U.S. Intermediate Bond (formerly Core Bond) – Seeks to provide current income and capital preservation. Invests primarily in debt securities rated BBB/Baa or better or unrated but determined to be of equivalent quality by Capital Research and Management Company. May not invest in high-yield bonds. Under normal circumstances, the dollar-weighted average effective maturity of the portfolio will be between three and five years and will have a duration range of +/- one year of the benchmark duration.

Core Bond – Seeks to provide as high a level of current income as is consistent with the preservation of capital. Has the ability to invest in every sector of the bond market and pursue multiple sources of active return, with a limited percentage of below-investment-grade holdings. Typically, the portfolio will be invested in intermediate- to long-term securities.

Short Municipal – Seeks to provide current income exempt from federal tax, and capital preservation. A short-term tax-exempt fixed income allocation with an emphasis on high-quality and liquid short maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/-0.5 year of the benchmark duration. Will not invest in securities that subject the investor to the federal alternative minimum tax (AMT).

Intermediate Municipal – Seeks to provide current income exempt from federal tax, and capital preservation. An intermediate-term tax-exempt fixed income allocation with an emphasis on investment grade and intermediate maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/- one year of the benchmark duration. Will not invest in securities that subject the investor to the federal alternative minimum tax (AMT).

Long Municipal – Seeks to provide current income exempt from federal tax, and capital preservation. A longer-term tax-exempt fixed income allocation with an emphasis on investment-grade and long-maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/- one year of the benchmark duration. Will not invest in securities that subject the investor to the federal alternative minimum tax (AMT).

Core Plus – Seeks to provide current income and seek maximum total return, consistent with preservation of capital. Primarily invests in bonds and other debt securities, which may be represented by derivatives. Has the ability to invest in every sector of the bond market and pursue multiple sources of active return.

Municipal Income – Seeks to provide a high level of current income exempt from regular federal income tax, consistent with the preservation of capital. Primarily invests in, or seeks to derive a majority of its income from, securities that are exempt from regular federal income tax. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better. Normally, the strategy has a duration range of +/- one year of the benchmark duration.

Balanced and total opportunity strategies

World Dividend Growers – The strategy aims to provide long-term total returns by investing in companies globally that have the potential to provide combinations of current yield and dividend growth. The strategy invests primarily in equity and equity-related securities we believe will increase dividends paid over a multiyear period. Investments are limited to securities on the strategy's eligible list, based on current yield and anticipated dividend growth.

INVESTMENT RISKS

Investing in securities involves risk of loss that funds and their shareholders or other clients should be prepared to bear. Each fund or account is subject to certain risks associated with the investments made by Capital Research and Management Company in accordance with that fund's policies and restrictions. The risks associated with an investment in each fund are set forth in that fund's prospectus and statement of additional information or other disclosure documents. These risks may include, but are not limited to, certain of the risks set forth below.

- **Management** — Capital Research and Management Company actively manages investments. Consequently, the funds and accounts are subject to the risk that the methods and analyses including models, tools and data employed by the investment adviser in this process may be flawed or incorrect and may not produce the desired results. This could cause a fund or account to lose value or their investment results to lag relevant benchmarks or other funds or accounts with similar objectives.
- **Market conditions** — The prices of, and income generated by, the common stocks and other securities held by the funds or accounts may decline – sometimes rapidly or unpredictably – due to various factors, including events or conditions affecting the general economy or particular industries or companies; overall market changes; local, regional or global political, social or economic instability; governmental, governmental agency or central bank responses to economic conditions; levels of public debt and deficits; changes in inflation rates; and currency exchange rate, interest rate and commodity price fluctuations.

Economies and financial markets throughout the world are highly interconnected. Economic, financial or political events, trading and tariff arrangements, wars, terrorism, cybersecurity events, natural disasters, public health emergencies (such as the spread of infectious disease), bank failures and other circumstances in one country or region, including actions taken by governmental or quasi-governmental authorities in response to any of the foregoing, could have impacts on global economies or markets. As a result, whether or not the fund or account invests in securities of issuers located in or with significant exposure to the countries affected, the value and liquidity of the fund's or account's investments may be negatively affected by developments in other countries and regions.

- **Investing in stocks** — Investing in stocks may involve larger price swings and greater potential for loss than other types of investments. As a result, the value of the underlying

funds and accounts may be subject to sharp declines in value. Income provided by an underlying fund or account may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the underlying fund or account invests. These risks may be even greater in the case of smaller capitalization stocks.

- ***Investing in growth-oriented stocks*** — Growth-oriented common stocks and other equity-type securities (such as preferred stocks, convertible preferred stocks and convertible bonds) may involve larger price swings and greater potential for loss than other types of investments. These risks may be even greater in the case of smaller capitalization stocks.
- ***Investing in income-oriented stocks*** — The value of the securities and income provided by the funds and accounts may be reduced by changes in the dividend policies of, and the capital resources available for dividend payments at, the companies in which a fund or account invests.
- ***Issuer risks*** — The prices of, and the income generated by, securities held by the fund or account may decline in response to various factors directly related to the issuers of such securities, including reduced demand for an issuer's goods or services, poor management performance, major litigation, investigations or other controversies related to the issuer, changes in the issuer's financial condition or credit rating, changes in government regulations affecting the issuer or its competitive environment and strategic initiatives such as mergers, acquisitions or dispositions and the market response to any such initiatives. An individual security may also be affected by factors relating to the industry or sector of the issuer or the securities markets as a whole, and conversely an industry or sector of the securities markets may be affected by a change in financial condition or other event affecting a single issuer. The fund or account invests in issuers based on their level of investment conviction. At times, the fund or account may invest more significantly in a single issuer, which could increase the risk of loss arising from the factors described above.
- ***Currency*** — The prices of, and the income generated by, most debt securities held by a fund or account may also be affected by changes in relative currency values. If the U.S. dollar appreciates against foreign currencies, the value in U.S. dollars of the fund's or account's securities denominated in such currencies would generally fall and vice versa.
- ***Currency transactions*** — In addition to the risks generally associated with investing in derivative instruments, the use of forward currency contracts involves the risk that currency movements will not be accurately predicted by the investment adviser, which could result in losses to the fund or account. While entering into forward currency contracts could minimize the risk of loss due to a decline in the value of the hedged currency, it could also limit any potential gain that may result from an increase in the value of the currency. Additionally, Capital Research and Management Company may use forward currency contracts to increase exposure to a certain currency or to shift exposure to currency fluctuations from one country to another. Forward currency contracts may expose the fund or account to potential gains and losses in excess of the initial amount invested.

The fund or account may also enter into currency transactions to provide for the purchase or sale of a currency needed to purchase a security denominated in such currency. In addition, the fund or account may enter into forward currency contracts to protect against changes in currency exchange rates, to increase exposure to a particular foreign currency, to shift exposure to currency fluctuations from one currency to another or to seek to increase returns. A forward currency contract is an agreement to purchase or sell a specific currency at a future date at a fixed price.

- ***Investing in small companies*** — Investing in smaller companies may pose additional risks. For example, it is often more difficult to value or dispose of small company stocks and more difficult to obtain information about smaller companies than about larger companies. Furthermore, smaller companies often have limited product lines, operating histories, markets and/or financial resources, may be dependent on one or a few key persons for management, and can be more susceptible to losses. Moreover, the prices of their stocks may be more volatile than stocks of larger, more established companies, particularly during times of market turmoil.
- ***Investing outside the United States*** — Securities of issuers domiciled outside the United States or with significant operations or revenues outside the United States, and securities tied economically to countries outside the United States, may lose value because of adverse political, social, economic or market developments (including social instability, regional conflicts, terrorism and war) in the countries or regions in which the issuers are domiciled, operate or generate revenue or to which the securities are tied economically. These securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Issuers of these securities may be more susceptible to actions of foreign governments, such as nationalization, currency blockage or the imposition of price controls, sanctions or punitive taxes, each of which could adversely impact the value of these securities. Securities markets in certain countries may be more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different regulatory, legal, accounting, auditing, financial reporting and recordkeeping requirements, and may be more difficult to value, than those in the United States. In addition, the value of investments outside the United States may be reduced by foreign taxes, including foreign withholding taxes on interest and dividends. Further, there may be increased risks of delayed settlement of securities purchased or sold by the fund or account, which could impact the liquidity of the fund's or account's portfolio. These risks of investing outside the United States may be heightened in connection with investments in emerging market.
- ***Investing in emerging markets*** — Investing in emerging markets may involve risks in addition to and greater than those generally associated with investing in the securities markets of developed countries. For instance, emerging market countries tend to have less developed political, economic and legal systems than those in developed countries. Accordingly, the governments of these countries may be less stable and more likely to intervene in the market economy, for example, by imposing capital controls, nationalizing a company or industry, placing restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or imposing punitive taxes that could adversely affect the prices of securities. Information regarding issuers in emerging markets may be

limited, incomplete or inaccurate, and such issuers may not be subject to regulatory, accounting, auditing, and financial reporting and recordkeeping standards comparable to those to which issuers in more developed markets are subject. The fund's or account's rights with respect to its investments in emerging markets, if any, will generally be governed by local law, which may make it difficult or impossible for the fund or account to pursue legal remedies or to obtain and enforce judgments in local courts. In addition, the economies of these countries may be dependent on relatively few industries, may have limited access to capital and may be more susceptible to changes in local and global trade conditions and downturns in the world economy. Securities markets in these countries can also be relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid, more vulnerable to market manipulation, and more difficult to value, than securities issued in countries with more developed economies and/or markets. Less certainty with respect to security valuations may lead to additional challenges and risks in calculating the fund's or account's net asset value. Additionally, emerging markets are more likely to experience problems with the clearing and settling of trades and the holding of securities by banks, agents and depositories that are less established than those in developed countries.

- ***Exposure to country, region, industry or sector*** — Subject to the investment limitations, the fund or account may have significant exposure to a particular country, region, industry or sector. Such exposure may cause the fund or account to be more impacted by risks relating to and developments affecting the country, region, industry or sector, and thus its net asset value may be more volatile, than a fund or account without such levels of exposure. For example, if the fund or account has significant exposure in a particular country, then social, economic, regulatory or other issues that negatively affect that country may have a greater impact on the fund or account than on a fund or account that is more geographically diversified.
- ***Investing in debt instruments*** — The prices of, and the income generated by, bonds and other debt securities held by the fund or account may be affected by factors such as the interest rates, maturities and credit quality of these securities. Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Also, when interest rates rise, issuers of debt securities that may be prepaid at any time, such as mortgage- or other asset-backed securities, are less likely to refinance existing debt securities, causing the average life of such securities to extend. A general change in interest rates may cause investors to sell debt securities on a large scale, which could also adversely affect the price and liquidity of debt securities and could also result in increased redemptions from the fund. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in the fund or account having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer or guarantor will weaken or be perceived to be weaker, and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Changes in actual or perceived creditworthiness may occur

quickly. A downgrade or default affecting any of the fund's or account's securities could cause the value of the fund's or account's shares to decrease. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities. Credit risk is gauged, in part, by the credit ratings of the debt securities in which the fund or account invests. However, ratings are only the opinions of the rating agencies issuing them and are not guarantees as to credit quality or an evaluation of market risk. Capital Research and Management Company and its affiliates rely on their own credit analysts to research issuers and issues in assessing various credit and default risks.

- ***Investing in lower rated debt instruments*** — Lower rated bonds and other lower rated debt securities, rated Ba1/BB+ or below by Nationally Recognized Statistical Rating Organizations, generally have higher rates of interest and involve greater risk of default or price declines due to changes in the issuer's creditworthiness than those of higher quality debt securities. The market prices of these securities may fluctuate more than the prices of higher quality debt securities and may decline significantly in periods of general economic difficulty. These risks may be increased with respect to investments in junk bonds.
- ***Investing in depository receipts*** — Depositary receipts are securities that evidence ownership interests in, and represent the right to receive, a security or a pool of securities that have been deposited with a bank or trust depository. Such securities may be less liquid or may trade at a lower price than the underlying securities of the issuer. Additionally, receipt of corporate information about the underlying issuer and proxy disclosure may not be timely and there may not be a correlation between such information and the market value of the depositary receipts.
- ***Investing in securities backed by the U.S. government*** — U.S. government securities are subject to market risk, interest rate risk and credit risk. Securities backed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates and the credit rating of the U.S. government. Notwithstanding that these securities are backed by the full faith and credit of the U.S. government, circumstances could arise that would prevent or delay the payment of interest or principal on these securities, which could adversely affect their value and cause the fund to suffer losses. Such an event could lead to significant disruptions in U.S. and global markets. Securities issued by U.S. government-sponsored entities and federal agencies and instrumentalities that are not backed by the full faith and credit of the U.S. government are neither issued nor guaranteed by the U.S. government.
- ***Interest rate risk*** — The values and liquidity of the securities held by a fund or account may be affected by changing interest rates. For example, the values of these securities may decline when interest rates rise and increase when interest rates fall. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities. The fund or account may invest in variable and floating rate securities. When the fund or account holds variable or floating rate securities, a decrease in market interest rates will adversely affect the income received from such securities and the net asset value of the fund's or account's shares. Although the values of such securities are generally less sensitive to interest rate changes than those of other debt

securities, the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as market interest rates. Conversely, floating rate securities will not generally increase in value if interest rates decline. During periods of extremely low short-term interest rates, the fund or account may not be able to maintain a positive yield or total return and, in relatively low interest rate environments, there are heightened risks associated with rising interest rates.

- ***Investments in future delivery contracts*** — A fund or account may enter into transactions involving future delivery contracts, such as to-be-announced (TBA) contracts and mortgage dollar rolls. These contracts involve the purchase or sale of mortgage backed securities for settlement at a future date and predetermined price. When the fund enters into a TBA commitment for the sale of mortgage-backed securities (which may be referred to as having a short position in such TBA securities), the fund may or may not hold the types of mortgage-backed securities required to be delivered. The fund may choose to roll these transactions in lieu of settling them.
- When the fund rolls the purchase of these types of future delivery transactions, the fund or account simultaneously sells the mortgage backed securities for delivery in the current month and repurchase substantially similar securities for delivery at a future date at a predetermined price. When the fund or account rolls the sale of these transactions rather than settling them, the fund or account simultaneously purchases the mortgage backed securities for delivery in the current month and sells substantially similar securities for delivery at a future date at a predetermined price. Such roll transactions can increase the turnover rate of the fund or account and may increase the risk that prices may move unfavorably between the original and new contracts, potentially resulting in losses or reduced returns for the fund or account.
- ***Investing in mortgage-related and other asset backed securities*** — Mortgage-related securities, such as mortgage-backed securities, and other asset-backed securities, include debt obligations that represent interests in pools of mortgages or other income-bearing assets, such as consumer loans or receivables. Such securities often involve risks that are different from or more acute than the risks associated with investing in other types of debt securities. Mortgage-backed and other asset-backed securities are subject to changes in the payment patterns of borrowers of the underlying debt, potentially increasing the volatility of the securities and a fund's or account's net asset value. When interest rates fall, borrowers are more likely to refinance or prepay their debt before its stated maturity. This may result in the fund or account having to reinvest the proceeds in lower yielding securities, effectively reducing the fund's or account's income. Conversely, if interest rates rise and borrowers repay their debt more slowly than expected, the time in which the mortgage-backed and other asset-backed securities are paid off could be extended, reducing the fund's or account's cash available for reinvestment in higher yielding securities. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations and the value of property that secures the mortgages may decline in value and be insufficient, upon foreclosure, to repay the associated loans. Investments in asset-backed securities are subject to similar risks.

- ***Investing in derivatives*** — The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds. Changes in the value of a derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and a derivative instrument may cause a fund or account to lose significantly more than its initial investment. Derivatives may be difficult to value, difficult for the fund or account to buy or sell at an opportune time or price and difficult to terminate or otherwise offset. The fund’s or account’s use of derivatives may result in losses to the fund, and investing in derivatives may reduce the fund’s or account’s returns and increase the fund’s or account’s price volatility. The fund’s or account’s counterparty to a derivative transaction (including, if applicable, the fund’s or account’s clearing broker, the derivatives exchange or the clearinghouse) may be unable or unwilling to honor its financial obligations in respect of the transaction. In certain cases, the fund or account may be hindered or delayed in exercising remedies against or closing out derivative instruments with a counterparty, which may result in additional losses. Derivatives are also subject to operational risk (such as documentation issues, settlement issues and systems failures) and legal risk (such as insufficient documentation, insufficient capacity or authority of a counterparty, and issues with the legality or enforceability of a contract).
- ***Investing in swaps*** — Swaps, including interest rate swaps and credit default swap indices, or CDSIs, are subject to many of the risks generally associated with investing in derivative instruments. Additionally, although swaps require no initial investment or only a small initial investment in the form of a deposit of initial margin, the amount of a potential loss on a swap could greatly exceed the initial amount invested. The use of swaps involves the risk that the investment adviser will not accurately predict anticipated changes in interest rates or other economic factors, which may result in losses to a fund or account. If the fund or account enters into a bilaterally negotiated swap, the counterparty may fail to perform in accordance with the terms of the swap. If a counterparty defaults on its obligations under a swap, the fund or account may lose any amount it expected to receive from the counterparty, potentially including amounts in excess of the fund’s or account’s initial investment. Certain swaps are subject to mandatory central clearing or may be eligible for voluntary central clearing. Although clearing interposes a central clearinghouse as the ultimate counterparty to each participant’s swap, central clearing will not eliminate (but may decrease) counterparty risk relative to uncleared bilateral swaps. Some swaps, such as CDSIs, may be dependent on both the individual credit of the fund’s or account’s counterparty and on the credit of one or more issuers of any underlying assets. If the fund or account does not correctly evaluate the creditworthiness of its counterparty and, where applicable, of issuers of any underlying reference assets, the fund’s or account’s investment in a swap may result in losses to the fund.
- ***Investing in futures contracts*** — In addition to the risks generally associated with investing in derivative instruments, futures contracts are subject to the creditworthiness of the clearing organizations, exchanges and futures commission merchants with which a fund or account transacts. Additionally, although futures require only a small initial investment in the form of a deposit of initial margin, the amount of a potential loss on a futures contract could greatly exceed the initial amount invested. While futures contracts are generally liquid instruments,

under certain market conditions futures may be deemed to be illiquid. For example, the fund or account may be temporarily prohibited from closing out its position in a futures contract if intraday price change limits or limits on trading volume imposed by the applicable futures exchange are triggered. If the fund or account is unable to close out a position on a futures contract, the fund or account would remain subject to the risk of adverse price movements until the fund or account is able to close out the futures position. The ability of the fund or account to successfully utilize futures contracts may depend in part upon the ability of the fund's or account's investment adviser to accurately forecast interest rates and other economic factors and to assess and predict the impact of such economic factors on the futures in which the fund or account invests. If the investment adviser incorrectly forecasts economic developments or incorrectly predicts the impact of such developments on the futures in which it invests, the fund or account could suffer losses.

- ***Investing in options*** – Options on currencies, securities and other instruments (referred to as the “underlying instruments”) are subject to additional risks aside from those generally associated with investing in derivatives instruments. For example, there may be significant differences between the underlying instruments and options markets that could result in an imperfect correlation between these markets, which could cause a given transaction not to achieve its objectives. When a put or call option on a particular underlying instrument is purchased to hedge against price movements in a related underlying instrument, for example, the price to close out the put or call option may move more or less than the price of the related underlying instrument. Options prices can diverge from the prices of their underlying instruments for a number of reasons. Options prices are affected by such factors as current and anticipated short-term interest rates, changes in the volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices in the same way. Imperfect correlation may also result from differing levels of demand in the options markets and the markets for the underlying instruments, from structural differences in how options and underlying instruments are traded, or from imposition of daily price fluctuation limits or trading halts. The fund or account may purchase or sell options contracts with a greater or lesser value than the underlying instruments it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the underlying instruments, although this may not be successful. If price changes in the fund's or account's options positions are less 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. There is no assurance that a liquid market will exist for any particular options contract at any particular time.
- ***Hedging*** – There may be imperfect or even negative correlation between the prices of the options and futures contracts in which a fund or account invests and the prices of the underlying securities or indexes which the fund or account seeks to hedge. For example, options and futures contracts may not provide an effective hedge because changes in options and futures contract prices may not track those of the underlying securities or indexes they are intended to hedge. In addition, there are significant differences between the securities market, on the one hand, and the options and futures markets, on the other, that could result in an imperfect correlation between the markets, causing a given hedge not to achieve its objectives. The degree of imperfection of correlation depends on circumstances such as

variations in speculative market demand for options and futures, including technical influences in options and futures trading, and differences between the financial instruments being hedged and the instruments underlying the standard contracts available for trading. A decision as to whether, when and how to hedge involves the exercise of skill and judgment, and even a well-conceived hedge may be unsuccessful to some degree because of market behavior or unexpected interest rate trends. In addition, the fund's or account's investment in exchange-traded options and futures and their resulting costs could limit the fund's or account's gains in rising markets relative to those of the underlying fund, or to those of unhedged funds or accounts in general.

- **Lending of portfolio securities** – Securities lending involves risks, including the risk that the loaned securities may not be returned in a timely manner or at all, which would interfere with the fund's or account's ability to vote proxies or settle transactions, and/or the risk of a counterparty default. Additionally, a fund or account may lose money from the reinvestment of collateral received on loaned securities in investments that decline in value, default or do not perform as expected.
- **Liquidity risk** – Certain fund or account holdings may be or may become difficult or impossible to sell, particularly during times of market turmoil. Liquidity may be impacted by the lack of an active market for a holding, legal or contractual restrictions on resale, or the reduced number and capacity of market participants to make a market in such holding. Market prices for less liquid or illiquid holdings may be volatile or difficult to determine, and reduced liquidity may have an adverse impact on the market price of such holdings. Additionally, the sale of less liquid or illiquid holdings may involve substantial delays (including delays in settlement) and additional costs and the fund or account may be unable to sell such holdings when necessary to meet its liquidity needs or to try to limit losses, or may be forced to sell at a loss.
- **Asset allocation** — The fund's or account's percentage allocation to equity securities, debt securities and money market instruments could cause the fund or account to underperform relative to relevant benchmarks and other funds with similar investment objectives.

The fund or account may also hold cash or cash equivalents, including commercial paper and short-term securities issued by the U.S. government, its agencies and instrumentalities. The percentage of the fund or account invested in such holdings varies and depends on various factors, including market conditions and purchases and redemptions of fund or account shares. Capital Research and Management Company may determine that it is appropriate to invest a substantial portion of the fund's or account's assets in such instruments in response to certain circumstances, such as periods of market turmoil. For temporary defensive purposes, the fund or account may invest without limitation in such instruments. A larger percentage of such holdings could moderate the fund's or account's investment results in a period of rising market prices. Alternatively, a larger percentage of such holdings could reduce the magnitude of the fund's or account's loss in a period of falling market prices and provide liquidity to make additional investments or to meet redemptions.

- **Cybersecurity risks** — With the increased use of technologies such as the Internet to conduct business, the fund or account has become potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, “ransomware” attacks, injection of computer viruses or malicious software code, or the use of vulnerabilities in code to gain unauthorized access to digital information systems, networks or devices that are used directly or indirectly by the fund or account or its service providers through “hacking” or other means. Cybersecurity risks also include the risk of losses of service resulting from external attacks that do not require unauthorized access to the fund’s or account’s systems, networks or devices. For example, denial-of-service attacks on the investment adviser’s or an affiliate’s website could effectively render the fund’s or account’s network services unavailable to fund or account shareholders and other intended end-users. Any such cybersecurity breaches or losses of service may, among other things, cause the fund or account to lose proprietary information, suffer data corruption or lose operational capacity or may result in the misappropriation, unauthorized release or other misuse of the fund’s or account’s assets or sensitive information (including shareholder personal information or other confidential information), the fund’s or account’s assets or sensitive information (including shareholder personal information or other confidential information), the inability of fund or account shareholders to transact business, or the destruction of the fund’s or account’s physical infrastructure, equipment or operating systems. These, in turn, could cause the fund or account to violate applicable privacy and other laws and incur or suffer regulatory penalties, reputational damage, additional costs (including compliance costs) associated with corrective measures and/or financial loss. While the fund or account and its investment adviser have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

In addition, cybersecurity failures by or breaches of the fund’s or account’s third-party service providers (including, but not limited to, the fund’s or account’s investment adviser, transfer agent, custodian, administrators and other financial intermediaries) may disrupt the business operations of the service providers and of the fund, potentially resulting in financial losses, the inability of fund or account shareholders to transact business with the fund or account and of the fund or account to process transactions, the inability of the fund or account to calculate its net asset value, violations of applicable privacy and other laws, rules and regulations, regulatory fines, penalties, reputational damage, reimbursement or other compensatory costs and/or additional compliance costs associated with implementation of any corrective measures. The fund or account and its shareholders could be negatively impacted as a result of any such cybersecurity breaches, and there can be no assurance that the fund or account will not suffer losses relating to cybersecurity attacks or other informational security breaches affecting the fund’s or account’s third-party service providers in the future, particularly as the fund or account cannot control any cybersecurity plans or systems implemented by such service providers.

Cybersecurity risks may also impact issuers of securities in which the fund or account invests, which may cause the fund's or account's investments in such issuers to lose value.

- ***Operational Events*** – To the extent that a strategy relies on proprietary and third-party data analysis and systems to support investment decision making, there is a risk of software or other technology malfunctions or programming inaccuracies that may impair the performance of these systems. System impairment may negatively impact performance.
- ***Loss of investment*** — An investor may lose money by investing in a fund. The likelihood of loss may be greater if the investor invests for a shorter period of time.
- ***Investments are not guaranteed*** — Investments in a fund or account are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person.
- ***Long-Term Perspective*** – Investors in a fund or account should have a long-term perspective and be able to tolerate potentially sharp declines in value.
- ***Past investment results are not predictive of future investment results.***

Please see each fund's prospectus and statement of additional information, account guidelines, or other disclosure documents for further information on methods of analysis, investment strategies and risks specific to that fund or account.

Capital Research and Management Company occasionally, as needed for account servicing, discloses nonpublic personal information about your account such as name, account information, portfolio holdings or other relevant details to unaffiliated third parties. If information is provided to a third party, such third party is required to protect the confidentiality and security of this information and use it only for its intended purpose.

If a third party delivers client securities or funds to the investment adviser in connection with, among other things, a securities law related lawsuit or regulatory order (e.g., proceeds from a class action settlement or Fair Fund account), corporate action, tax refund or reclaim, such securities or funds will be forwarded to the client or the client's custodian. In certain circumstances, however, if the intended recipient cannot be readily identified, they may be returned to sender, escheated or donated as deemed appropriate by the investment adviser.

ITEM 9: DISCIPLINARY INFORMATION

Neither Capital Research and Management Company nor its management persons have been the subject of legal or regulatory findings, or are the subject of any pending criminal proceedings that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. From time to time, Capital Research and Management Company or its management persons may be subject to regulatory examinations, investigations, litigation or inquiries that arise in the ordinary course of our business. In the event we become aware of any regulatory matter or litigation that we believe would be material to an evaluation of our advisory business, we notify all clients or prospects affected by those events, subject to applicable law and regulation.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Capital Research and Management Company is registered as a commodity pool operator and a member of the National Futures Association. Some of Capital Research and Management Company's Associated Persons are also management persons of Capital Research and Management Company and/or one or more of the affiliates listed below. Capital Research and Management Company has the following arrangements that are material to clients or its advisory business with certain affiliated entities. Some of Capital Research and Management Company's directors and executive officers and employees are also directors, officers or employees of one or more affiliates.

Broker-dealer

Capital Client Group, Inc., a wholly-owned subsidiary of Capital Research and Management Company, is a registered broker-dealer and a member of the Financial Industry Regulatory Authority and Municipal Securities Rulemaking Board. Capital Client Group, Inc. acts as the principal underwriter and distributor of mutual funds advised by Capital Research and Management Company and its affiliates and provides related services. In addition, certain of Capital Research and Management Company's management persons or other employees are registered representatives of Capital Client Group, Inc. Capital Client Group, Inc. is also registered as an insurance agency or producer in certain states. Capital Client Group, Inc. is also an investment adviser which provides investment advisory services in connection with various managed account programs sponsored by unaffiliated broker-dealers or other financial institutions, where Capital Research and Management Company or its affiliates may be retained as an investment manager. Capital Client Group, Inc. and Capital Research and Management Company share supervised persons.

Investment Companies

Capital Research and Management Company serves as investment adviser to investment companies registered under the Investment Company Act of 1940 and other pooled investment vehicles. Capital Research and Management Company will receive advisory and other fees and expenses from each such vehicle based upon the value of the vehicle's assets; those fees are described in each vehicle's prospectus and statement of additional information or other disclosure documents.

Other Investment Advisers

Because our funds and our personnel are located around the world, we share supervised persons and conduct business through a number of affiliated entities licensed to offer services in various jurisdictions and to perform particular business functions. Though legally distinct, our affiliates function as a unified, global business. We believe that our globally integrated model helps us to serve our clients' needs better. We often engage our affiliates and their personnel to assist in managing client mandates. For example, our affiliated personnel provide research, portfolio management or trading services to certain client accounts.

Certain portfolio managers employed by the following affiliated investment advisers, under the supervision and review of Capital Research and Management Company, determine the securities to be purchased and sold for certain clients of Capital Research and Management Company:

Capital Research Company, a wholly-owned subsidiary of Capital Research and Management Company, is an investment adviser registered with the U.S. Securities and Exchange Commission and provides investment advisory research, trading, and related services to Capital Research and Management Company. This includes managing assets, subject to the supervision and control of Capital Research and Management Company.

Capital International, Inc. is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission as well as with the Hong Kong Securities and Futures Commission, the Financial Services Commission of South Korea and the Australian Securities and Investment Commission as it conducts investment advisory and asset management services in those regions.

Capital Group Private Client Services, Inc is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission with which Capital Research and Management Company shares supervised persons.

Capital Group Investment Management Pte. Ltd. is based in Singapore and has been authorized by the Monetary Authority of Singapore to provide investment advisory and asset management services.

Capital International K.K. is based in Japan and has been authorized by the Financial Services Agency to provide investment advisory and asset management services. Capital International K.K. provides research information and services to Capital Research and Management Company.

Capital International Limited is based in the U.K. and has been authorized by the U.K. Financial Conduct Authority to provide investment advisory and asset management services.

Capital Group UK Management Company is authorized by the U.K. Financial Conduct Authority as a U.K. management company. Capital Group UK Management Company serves as a management company only and does not undertake other financially regulated activities, nor does it undertake any activities outside of the U.K.

Capital International Sarl is based in Switzerland and has been authorized by the Financial Markets Supervisory Authority to provide investment advisory services.

Capital International Management Company Sarl is based in Luxembourg and has been authorized by the Luxembourg financial regulator and other financial regulators in the European Union to provide investment advisory or asset management services in Luxembourg and European Union countries.

Additionally, Capital International, Inc. and Capital International Limited provide portfolio control, administrative and trading services to Capital Research and Management Company.

None of Capital Group Investment Management Pte. Ltd., Capital International K.K., Capital International Limited, Capital International Sarl, nor Capital International Management Company Sarl are registered as an investment adviser under the Investment Advisers Act of 1940 and each is deemed to be a “Participating Affiliate” of Capital Research and Management Company, as this term has been used by the SEC’s Division of Investment Management in various no-action letters granting relief from the Advisers Act’s registration requirements for certain affiliates of registered investment advisers.

Trust Company

Capital Bank and Trust Company, a federal savings bank, is a wholly-owned subsidiary of The Capital Group Companies, Inc. Capital Bank and Trust Company provides directed trustee services and custodial services to employer-sponsored retirement plans and individual retirement accounts invested in the American Funds and other outside assets. Capital Bank and Trust Company is an investment adviser registered with the U.S. Securities and Exchange Commission and provides trust services to high net-worth individuals and trusts. Capital Bank and Trust Company serves as discretionary trustee to certain collective investment trusts. Capital Bank and Trust Company and Capital Research and Management Company share supervised persons.

Unregistered Collective Investment Trust

Capital Research and Management Company serves as the investment adviser to Capital Bank and Trust Company, the trustee of collective investment funds that are exempt from SEC registration. Capital Research and Management Company will receive advisory fees from Capital Bank and Trust as agreed upon in writing from time to time.

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

Capital Research and Management Company and its affiliated companies have adopted a Code of Ethics for its associates (Code of Ethics) that requires all associates to: (1) act with integrity, competence and in an ethical manner; (2) comply with applicable U.S. federal securities laws, as well as all other applicable laws, rules and regulations; and (3) promptly report violations of the Code of Ethics. All associates are required to certify at least annually that they have read and understand the Code. A copy of the Code of Ethics is available to clients and prospective clients upon request and on americanfunds.com.

The Code of Ethics includes:

- Protection of Non-Public Information: Policies and procedures designed to prevent and detect the misuse of material non-public information by our associates. These procedures require all associates who believe they may be in possession of material non-public information regarding an issuer to notify the Legal Department, which will determine the appropriate actions to be taken.
- Personal Investing: Policies related to personal investing by our associates. The policies ban excessive trading of any Capital-managed investment vehicles worldwide, including the American Funds. Associates generally may not participate in the acquisitions of securities in initial public offerings. Additional restrictions apply to associates with access to non-public information relating to current or imminent fund/client transactions, investment recommendations or fund portfolio holdings (Covered Associates). Covered Associates generally may not affect securities transactions for their own account when any investment advisory account is transacting in the issuer in question. All such Covered Associates must report their securities transactions on a quarterly basis and disclose their holdings annually. Covered Associates must pre-clear certain personal security transactions and special review of private placements is required. Additional restrictions and reporting apply to Investment Access Persons, including blackout periods on personal investing and a ban on short-term trading.
- Gifts and Entertainment: Policy prohibiting associates from accepting and extending gifts or entertainment that are excessive, repetitive or extravagant, if such gifts or entertainment involve a third party's business relationship (or prospective business relationship) with Capital. Procedures include quarterly reporting of gifts or entertainment received or extended, a dollar limit on gifts that can be accepted from any one source during a calendar year, and preclearance of entertainment beyond a certain dollar limit.
- Political Contributions: Policy governing political contributions and/or other activities that directly support officials, candidates, or organizations that may be in a position to influence decisions to award business to investment management firms. Specific rules exist for political contributions and activities within the U.S. and restricted associates are required to seek preclearance and approval for political contributions to state and local government

officials (or a candidate for those positions), federal candidate campaigns and affiliated committees, and political organizations, such as Political Action Committees (PACs).

Participation or Interest in Client Transactions

Capital Research and Management Company and its affiliates recommend that certain clients invest in limited partnerships, pooled investment vehicles or mutual funds managed by the Investment Adviser or its affiliates. Additionally, an affiliate of Capital Research and Management Company, in its fiduciary capacity, may invest client assets in certain of these funds. In all cases, the nature and scope of the financial interest (e.g., investment management fees or economic interest in such partnerships or funds) is disclosed.

Capital Research and Management Company's employees may also purchase shares in certain pooled investment vehicles managed by Capital Research and Management Company or an affiliate of Capital Research and Management Company. Such purchases take place either through their personal account or through retirement plans sponsored by The Capital Group Companies, Inc., the ultimate parent company of Capital Research and Management Company. All such transactions are conducted at net asset value and in accordance with the purchase and redemption provisions as described in either the prospectus or offering memorandum of the fund.

Capital Research and Management Company manages investments made by it or an affiliate either in a separate account or through investing in a pooled investment vehicle. In those instances in which Capital Research and Management Company or an affiliate makes an investment in a pooled investment vehicle, they may be the first participants in such vehicle and may be the only participant for one or more years. Capital Research and Management Company treats these separate and pooled investment vehicle accounts the same as any client account.

ITEM 12: BROKERAGE PRACTICES

Selecting Broker-Dealers

Portfolio Transactions

Capital Research and Management Company places orders with broker-dealers for its clients' portfolio transactions. Purchases and sales of equity securities on a securities exchange or an over-the-counter market are effected through broker-dealers who receive commissions for their services. Purchases and sales of fixed-income securities and currency foreign exchange transactions are generally made with an issuer or a primary market-maker acting as principal with no stated brokerage commission. Prices for fixed-income securities in secondary trades usually include undisclosed compensation to the market-maker reflecting the spread between the bid and ask prices for the securities. The prices for equity and fixed-income securities purchased in primary market transactions, such as initial public offerings, new fixed-income issues, secondary offerings and private placements, may include underwriting fees.

Best Execution

In selecting broker-dealers, Capital Research and Management Company strives to obtain "best execution" (the most favorable total price reasonably attainable under the circumstances) for its clients' portfolio transactions, taking into account a variety of factors. These factors include the size and type of transaction, the nature and character of the markets for the security to be purchased or sold, the cost, quality, likely speed and reliability of execution and settlement, the broker-dealer's or execution venue's ability to offer liquidity and anonymity and the trade-off between market impact and opportunity costs. Capital Research and Management Company considers these factors, which involve qualitative judgment, when selecting broker-dealers and execution venues for its clients' portfolio transactions. Capital Research and Management Company views best execution as a process that should be evaluated over time as part of an overall relationship with particular broker-dealer firms. In this regard, Capital Research and Management Company does not consider itself as having an obligation to obtain the lowest commission rate available for a portfolio transaction to the exclusion of price, service and qualitative considerations. Brokerage commissions are only a small part of total execution costs and other factors, such as market impact and speed of execution, contribute significantly to overall transaction costs.

Oversight

The Capital Group Companies Equity Trading Oversight and Best Execution Committee and the Capital Group Companies Fixed-Income Best Execution Committee provide oversight to Capital Research and Management Company's policies, procedures and practices relating to best execution. Capital Research and Management Company obtains third-party analysis of trading execution quality. These analyses compare execution results with various benchmarks which provide quantitative data that is one of many data points that is evaluated to ensure that Capital Research and Management Company is meeting its best execution obligation.

The Market and Transaction Research group performs in-depth analysis on equity trade execution data and reviews the findings with the Global Equity Trading Manager to enhance the ability to measure and interpret trading costs and their effects on portfolio performance. The Equity Trading Oversight and Best Execution Committee meets periodically to review such trade execution analysis and evaluate the overall quality of execution and trades. The Equity Trading Oversight and Best Execution Committee also reviews equity trading policies and approves changes as appropriate. Fixed-income analysis of trade execution data and trading costs is performed in coordination with the traders and reviewed by the Fixed Income Trading Management team to enhance the ability to measure and interpret trading costs and their effects on portfolio performance. The Fixed-Income Best Execution Committee meets periodically to review fixed-income trading practices and overall quality of execution for fixed-income and foreign exchange trades. The Fixed-Income Best Execution Committee also reviews fixed-income trading policies and approves changes as appropriate.

The Capital Group Companies Investment Group Oversight Committee provides oversight of Capital Group's research management program. It is responsible for (a) overseeing the quality of the research and data acquired by Capital Research and Management Company and its affiliates to inform future procurement processes, decisions and payment levels and (b) approving an annual research budget.

Commission Rates

Capital Research and Management Company and its affiliates negotiate commission rates with brokers based on what they believe is reasonably necessary to obtain best execution. Capital Research and Management Company and its affiliates do not consider the appropriate commission to necessarily be the lowest available commission, but attempt to maximize the overall benefits received by their clients for their commissions. Commission rates vary based on the nature of the transaction, the market in which the security is traded and the venue chosen for trading, among other factors.

Capital Research and Management Company and its affiliates seek, on an ongoing basis, to determine what the reasonable levels of commission rates for execution services are in the marketplace, taking various considerations into account, including the extent to which a broker-dealer has put its own capital at risk, historical commission rates and commission rates that other institutional investors are paying.

Brokerage and Investment Research Services

Capital Research and Management Company and its affiliates execute portfolio transactions with broker-dealers who provide certain brokerage and/or investment research services to Capital Research and Management Company and its affiliates, but only when in Capital Research and Management Company's and its affiliates' judgment the broker-dealer is capable of providing best execution for that transaction. Capital Research and Management Company and its affiliates make decisions for procurement of research separately and distinctly from decisions on the choice of brokerage and execution services. The receipt of these research services permits Capital Research and Management Company and each affiliate to supplement its own research

and analysis and makes available the views of, and information from, individuals and the research staffs of other firms. These services include, among other things, reports and other communications with respect to individual companies, industries, countries and regions, economic, political and legal developments, as well as scheduling meetings with corporate executives and seminars and conferences related to relevant subject matters. This information may be provided in the form of written reports, telephone contacts and meetings with securities analysts.

Capital Research and Management Company and its affiliates bear the cost of all third-party investment research services for all client accounts they advise. However, in order to compensate certain U.S. broker-dealers for research consumed, and valued, by their investment professionals, Capital Research and Management Company and its affiliates operate a limited commission sharing arrangement with commissions on equity trades for certain registered investment companies they advise. Capital Research and Management Company and its affiliates voluntarily reimburse such registered investment companies for all amounts collected into the commission sharing arrangement. In order to operate the commission sharing arrangement, Capital Research and Management Company and its affiliates may cause such registered investment companies to pay commissions in excess of what other broker-dealers might have charged for certain portfolio transactions in recognition of brokerage and/or investment research services. In this regard, Capital Research and Management Company and its affiliates have adopted a brokerage allocation procedure consistent with the requirements of Section 28(e) of the U.S. Securities Exchange Act of 1934. Section 28(e) permits an investment adviser to cause an account to pay a higher commission to a broker-dealer to compensate the broker-dealer or another service provider for certain brokerage and/or investment research services provided to Capital Research and Management Company and its affiliates, if Capital Research and Management Company and each affiliate makes a good faith determination that such commissions are reasonable in relation to the value of the services provided to Capital Research and Management Company and its affiliates in terms of that particular transaction or Capital Research and Management Company's or its affiliates' overall responsibility to their clients.

Certain brokerage and/or investment research services may not necessarily benefit all accounts paying commissions to a broker-dealer, therefore, Capital Research and Management Company and its affiliates assess the reasonableness of commissions in light of the total brokerage and investment research services provided to Capital Research and Management Company and its affiliates. Further, research services may be used by all investment associates of Capital Research and Management Company and its affiliates, regardless of whether they advise accounts with trading activity that generates eligible commissions. In accordance with its internal brokerage allocation procedure, Capital Research and Management Company and its affiliates periodically assess the brokerage and investment research services provided by each broker-dealer and each other service provider from whom they receive such services.

As part of ongoing relationships, Capital Research and Management Company and its affiliates routinely meet with firms to discuss the level and quality of the brokerage and research services provided, as well as the value and cost of such services. In valuing the brokerage and investment research services Capital Research and Management Company and its affiliates receive from broker-dealers and other research providers in connection with their good faith determinations of

reasonableness, Capital Research and Management Company and its affiliates take various factors into consideration, including the quantity, quality and usefulness of the services to Capital Research and Management Company and its affiliates. Based on this information and applying their judgment, Capital Research and Management Company and its affiliates set an annual research budget.

Research analysts and portfolio managers periodically participate in a research poll to determine the usefulness and value of the research provided by individual broker-dealers and research providers. Based on the results of this research poll, Capital Research and Management Company and its affiliates may, through commission sharing arrangements with certain broker-dealers, direct a portion of commissions paid to a broker-dealer by the funds and other registered investment companies managed by Capital Research and Management Company or its affiliates to be used to compensate the broker-dealer and/or other research providers for research services they provide. While Capital Research and Management Company and its affiliates may negotiate commission rates and enter into commission sharing arrangements with certain broker-dealers with the expectation that such broker-dealers will be providing brokerage and research services, none of Capital Research and Management Company, any of its affiliates or any of their clients incurs any obligation to any broker-dealer to pay for research by generating trading commissions. Capital Research and Management Company and its affiliates negotiate prices for certain research that may be paid through commission sharing arrangements or by themselves with cash.

Cross Trades

As part of its authority to invest client assets on a discretionary basis, Capital Research and Management Company places cross-trades between client accounts managed by Capital Research and Management Company and its affiliates from time to time. Capital Research and Management Company recognizes that a potential conflict of interest may exist when placing trades between client accounts. To address such potential conflicts, Capital Research and Management Company maintains cross-trade policies and procedures and places a cross-trade under those limited circumstances when such a trade: (a) is in the best interest of all participating clients and (b) is not prohibited by the participating clients' investment management agreement or applicable law.

Exchange or alternative trading system ownership

Capital Research and Management Company currently maintains a minority ownership interest in IEX Group and an indirect, minority ownership interest in alternative trading systems, Luminex Trading and Analytics and LeveL ATS (through a non-controlling interest in their common parent holding company). Capital Research and Management Company, or brokers with whom it places orders, may place orders on these or other exchanges or alternative trading systems in which it, or one of its affiliates, has an ownership interest, provided such ownership interest is less than five percent of the total ownership interests in the entity. Capital Research and Management Company is subject to the same best execution obligations when trading on any such exchange or alternative trading systems.

Sale of Fund Shares Not Considered

Capital Research and Management Company may place orders for a client's portfolio transactions with broker-dealers who have sold shares in the funds managed by Capital Research and Management Company or its affiliated companies; however, it does not consider whether a broker-dealer has sold shares of the funds managed by Capital Research and Management Company or its affiliated companies when placing any such orders for a client's portfolio transactions.

Client Referrals

Capital Research and Management Company does not consider client referrals from a broker-dealer or third party in selecting or recommending broker-dealers.

Directed Brokerage

Capital Research and Management Company does not direct any trading activity for its mutual fund clients to a particular broker-dealer based on instructions from a fund. In some instances, an affiliate of Capital Research and Management Company will accept a client's instructions to direct a portion of the account's brokerage commissions to a particular broker or group of brokers so long as the direction is consistent with such affiliate's policy of seeking best execution. The affiliate's ability to meet client direction requests will depend on the broker(s) selected by the client and the securities and markets in which the account invests, among other factors. Furthermore, Capital Research and Management Company accepts requests to direct brokerage from clients who are subject to ERISA only if the client's direction program complies with ERISA.

Certain managed account program clients may direct Capital Research and Management Company to place all trades for equity accounts through the program sponsor, a third-party platform and/or their affiliates. These directed trades will not be subject to Capital Research and Management Company's policy of seeking best execution. In these cases, Capital Research and Management Company will not negotiate commissions for such accounts or otherwise monitor the execution of trades. These accounts may therefore pay higher commissions (to the extent that commissions are charged) than those that do not direct brokerage in this way. Further, such trades are not aggregated with trades for Capital Research and Management Company's other clients and funds, and may be executed subsequent to trades for other Capital Research and Management Company accounts. Please refer to the disclosure under the heading "Managed Account Programs" in this Brokerage Practices Section for more information about the handling of securities trading with respect to such programs. With directed brokerage arrangements of this type, Capital Research and Management Company cannot assure clients that they will be able to obtain best execution and these clients should confirm with their program sponsor or third-party platform and/or their affiliates that they are able to provide best execution of transactions.

Aggregation and Allocation of Portfolio Transactions

Frequently, Capital Research and Management Company places orders to purchase or sell the same security for a number of clients of Capital Research and Management Company and its affiliates that are advised by the same investment division. Capital Research and Management Company has determined that it is fair and equitable to participating funds and accounts to aggregate orders and allocate executions within each investment division in accordance with Capital Research and Management Company's allocation policy summarized below. Capital Research and Management Company believes that placing aggregated or "block" trades is consistent with its duty to seek best execution. Further, a client's trades are aggregated with those of other clients only if it is consistent with the terms of the client's investment advisory agreement. Capital Research and Management Company may not aggregate certain trades only when it believes that doing so will not have a material impact on the price or quality of other transactions.

This policy is designed to allocate trades of the same security to clients in a fair and equitable manner over time, taking into consideration the interests of each fund and account. Non-investment factors, such as fee arrangements, are not considered in selecting clients or allocating trades.

Equity Securities

Within each equity investment division, if orders to purchase or sell the same security are open for more than one fund or account, executed trades are generally allocated pro rata to the funds and accounts based on the authorized order size for each fund and account at the time the trade is executed. Allocated amounts will be rounded to reflect the Advisers' and market practices for lot sizes. All funds and accounts receive shares at the average price and pay a pro rata portion of all transaction costs.

In addition, restrictions in client accounts, such as broker selection requirements, may require that a client's order be traded separately. Client accounts that are traded separately from the aggregate order may receive a less favorable execution price than the accounts that are part of the aggregate order.

Certain clients may have requested Capital Research and Management Company to direct a portion of their trades to a particular broker-dealer, subject to the Capital Research and Management Company duty to seek best execution. If the trader believes that best execution would not be harmed by directing the client's trade to the requested broker-dealer, then the trade for that client may be removed from the block to place the trade with the requested broker-dealer.

Additional equity authorizations. If an additional order to purchase or sell a security is placed after the trader has begun to work the initial orders, the Equity Trading Platform allocates executed trades to participating accounts based on the initial orders and then begins a new allocation process based on the remaining open orders and the new orders. Under certain circumstances, traders are given discretion to include orders they receive after the trader has

started to work an initial order with the initial aggregated order for allocation purposes. This may occur for example when an analyst has issued a recommendation in the morning and not all managers have had the opportunity to hear the recommendation before the start of trading or an order for the same security is subject to additional compliance approvals. The traders have discretion to allocate on this basis when to do so will be fair and equitable to all participating funds and accounts.

Special instructions. In certain circumstances, parts of an aggregated order may be subject to special portfolio manager instructions, such as a price limit, or other factors that do not apply to the entire aggregated order. This may result in an allocation other than pro rata to all accounts in the aggregated order. For example, trades executed above a price limit (in the case of purchases) or below the limit (in the case of sales) would be allocated on a pro rata basis only to orders that were not subject to the price limit. Occasionally when there is a relatively small remaining open order and a very large new order is placed, trading may complete the small order before proceeding with the larger new order, rather than aggregating the orders.

Program and list trades. Capital Research and Management Company and its affiliates serve as investment adviser for certain accounts that are designed to be substantially similar to another account. This type of account will often generate a large number of relatively small trades when it is rebalanced to its reference fund due to differing cash flows or when the account is initially started up. Capital Research and Management Company may not aggregate program trades or electronic list trades executed as part of this process. Non-aggregated trades performed for these accounts will be allocated entirely to that account. This is done only when Capital Research and Management Company believes doing so will not have a material impact on the price or quality of other transactions.

Minimum allocation size. Often, a single aggregated order is executed in a series of smaller transactions over a period of time. In those circumstances, some clients, particularly those that represent a small portion of an aggregated order, may incur significant trade ticket, custody and related fees due to multiple allocations. Capital Research and Management Company may observe a minimum transaction size per client account and allocate trades in a manner that seeks to reduce the transaction costs that clients may incur as a result of small allocations. These minimums may vary by client account in an effort to treat all clients fairly and equitably.

Initial Public Offerings

Orders for initial public offerings of equity securities (“IPOs”) are allocated in the same manner as described above. The trading department aggregates authorized orders it receives for IPOs and places a block trade with the underwriting syndicate.

If the resulting allocation we receive from the underwriting syndicate is not sufficient to fill all orders, each equity investment division generally allocates the transaction on a pro rata basis based on each account’s authorized order size, unless the relevant investment committee approves another allocation. In certain circumstances, orders are placed based on approximate fund or account asset size; however, no fund or account will be allocated more than its

indication. Allocations may be subject to Capital Research and Management Company's and market practices for lot sizes. If the allocation places some client accounts below the minimum lot size, then the trading department will exclude those accounts in the allocation process and allocate the remaining shares to other clients on a pro rata basis.

Fixed-Income Securities

In allocating trades to accounts, portfolio managers and analysts review client guidelines and consider a variety of other factors including: the other securities held in the account's portfolio; the appropriateness of the security for the fund's objective; the industry/sector, issue/issuer holdings, portfolio analytic data; the size of the account; the size of the confirmed, executed transaction; the invested position of the account; and the marketability of the security.

Once a fixed-income trade has been executed and participating client accounts are identified, all accounts receive the same purchase price when participating in a block trade. All fixed-income trades are reviewed a final time after allocation and execution by the Fixed Income Compliance team against the compliance guidelines of the accounts.

New Fixed-Income Issues

Funds and accounts are selected to participate in new issuance of fixed-income securities in the same manner as described above. Orders are aggregated for new issues and a block order is placed with the lead arrangers or bookrunners.

If the resulting allocation received from the arrangers is not sufficient to fill all orders, the trade is generally allocated on a pro rata basis based on each account's authorized order size, unless the relevant investment committee approves another allocation methodology. Consideration may be given to the factors listed above.

Allocations may be subject to Capital Research and Management Company's and market practices for lot sizes. If the allocation places some client accounts below the minimum lot size, those accounts may not receive an allocation.

Managed Account Programs

When Capital Research and Management Company serves as a discretionary investment adviser for discretionary managed account programs, equity portfolio transactions are either executed by the sponsor firm or traded away (see more on this below). As a result, equity transactions for managed account program accounts are generally not aggregated with orders for other accounts for which Capital Research and Management Company or an affiliate serves as investment manager. Such trades are generally executed subsequent to trades for other Capital Research and Management Company accounts. Managed account program accounts therefore may not receive the same quality of execution that Capital Research and Management Company and its affiliates are able to obtain for other advisory clients.

Managed account program accounts that are charged a single “wrap fee” typically are not charged separate brokerage commissions for the execution of transactions when Capital Research and Management Company executes trades through the sponsor, or an affiliated broker-dealer designated by the sponsor. However, as noted above, Capital Research and Management Company considers brokerage commissions to be only one part of total execution costs, and if we determine that other factors, such as market impact and speed of execution, are likely to contribute more to overall costs and quality of execution for a given transaction, we will execute trades for managed account program accounts with broker-dealers other than the sponsor. The practice of trading with a broker-dealer other than the wrap program sponsor is frequently referred to as "trading away". If Capital Research and Management Company selects a broker-dealer other than the sponsor or its designated affiliate to effect a trade for a managed account program account, the managed account program account typically will incur expenses in the form of commissions on equity trades, spreads on fixed income trades, ADR conversion fees and other applicable expenses in addition to the wrap fee paid by the managed account program client.

The amount of transactions that we determine to “trade away” from the sponsor or its designated affiliate will vary by strategy. For U.S. equity strategies, a majority of trades are typically placed through the sponsor or its designated affiliate. For strategies with significant exposure to international equities or fixed income securities, a majority, and in some cases substantially all, trades will typically be executed with a broker-dealer other than the sponsor or its designated affiliate. For global equity strategies and other strategies that invest in U.S. equity securities as well as other types of securities, the amount of transactions that we “trade away” from the sponsor or its designated affiliate will vary depending on the relative exposures of the account and other factors, but may represent more than half of the trades for the account. The amount of brokerage that we “trade away” from the sponsor or its designated affiliate may change over time as security trading markets and practices evolve. We do not trade away for model delivery managed account programs. Upon request, Capital Research and Management Company will provide additional information related to its trading away practices to managed account program sponsors.

Capital Research and Management Company provides similar investment management services to multiple managed account program clients, including model delivery and discretionary management account programs. This may result in investment recommendations for the same security being provided to multiple program sponsors at a similar time. In such cases, Capital Research and Management Company may rotate the order in which it places equity transactions among the relevant sponsors or other trading entities under model delivery and discretionary programs. Capital Research and Management Company uses a rotation methodology designed to avoid systematically favoring one entity over another and to treat similarly situated groups of accounts equitably over time.

Capital Research and Management Company and its affiliates manage investment companies, institutional and other accounts with similar or identical investment objectives, as well as accounts with different objectives that may trade in the same securities as the managed account program accounts managed by Capital Research and Management Company. Because

investment decisions for managed accounts are based on, and occur after, investment decisions for certain of these other accounts, the other accounts are not rotated with managed account program accounts, and therefore, trade prior to managed account program. As a result, the market price of securities may rise or fall before a managed account program transaction is executed (and, in certain circumstances, as a direct result of other portfolio transactions placed by, or on the advice of, Capital Research and Management Company or its affiliates), causing managed account program accounts to purchase the same securities at a higher price (or sell the same securities at a lower price) than Capital Research and Management Company and its affiliates. Institutional and other accounts of Capital Research and Management Company and its affiliates may therefore over time obtain more favorable prices for their transactions than managed account program accounts purchasing or selling the same securities. See above under the heading “Directed Brokerage” for more information about the handling of equity security trading with respect to such programs. Capital Research and Management Company provides changes to the model portfolio allocations to all clients simultaneously prior to the implementation date. This policy reflects that each model portfolio consists solely of mutual funds and ETFs, so all sponsor firms have the ability to obtain the same end of day net asset value price for the mutual funds and a similar market price for the ETFs.

Fixed-Income portfolio transactions for managed account program accounts are generally executed by broker-dealers other than the sponsor selected by Capital Research and Management Company or its affiliate. Transactions in the same fixed income security for managed account program accounts will generally be aggregated with transactions for funds, accounts and other clients over which Capital Research and Management Company or one of its affiliated companies has investment discretion, as described above under the heading “Fixed-Income Securities.”

Forward Currency Exchange Transactions

Capital Research and Management Company generally executes foreign currency transactions for funds over which it has investment discretion directly through broker-dealers; however, a fund's custodian may be used to execute certain foreign exchange transactions. These include transactions in markets with legal restrictions or operational risks that make executing directly in those markets impractical.

Identification and Resolution of Trade Errors

Capital Research and Management Company maintains policies and procedures that address the identification and remediation of trade errors. These policies and procedures are designed to address the resolution of errors and to provide appropriate oversight and review of such errors. To the extent a trade error occurs, Capital Research and Management Company seeks to identify and resolve such error in a manner that is fair to its clients as promptly as possible. When determining the loss associated with an error, Capital Research and Management Company will typically net gains and losses arising from a single error or a series, unless prohibited by applicable law or a specific agreement with the client. Capital Research and Management Company will address and resolve errors on a case-by-case basis, in its discretion, based on each error's facts and circumstances. Capital Research and Management Company attempts to

resolve similar trade errors in a consistent manner, although we may elect to compensate a client for a loss in certain circumstances where we believe it is not a compensable trade error.

The sponsor firm of a managed account program is generally responsible for the resolution of trade errors in connection with trades placed through such sponsor firm. When an error is identified in a model portfolio provided by Capital Research and Management Company to a sponsor, Capital Research and Management Company will seek to resolve such error with the sponsor in accordance with Capital Research and Management Company's policies and procedures.

ITEM 13: REVIEW OF ACCOUNTS

Capital Research and Management Company compliance teams monitor funds and accounts on an on-going basis and perform periodic reviews. This monitoring and review is conducted to verify that funds and accounts are in compliance with their objectives and guidelines. In addition, certain portfolio data for funds and accounts is periodically reviewed by investment professionals, including portfolio managers.

The boards of directors/trustees of each of the registered investment companies are furnished the following information: audited semiannual and annual financial statements, registration statements and proxy material. Additional information concerning portfolio activity and results are presented at meetings of the boards held at least quarterly, and extensive additional information is furnished, generally annually, in connection with investment advisory agreement renewals.

The boards of Capital International Fund, International Investment Portfolios, Capital International Assets Management (Canada), Inc. and the trustees of the collective investment trusts are furnished audited annual financial statements, and additional information concerning portfolio activity and results. Other information (e.g. foreign country registration and service agreements) is furnished as needed.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Capital Research and Management Company and its affiliates compensate certain other affiliates for client relations and marketing services.

Capital Research and Management Company's affiliates from time to time compensate eligible third parties for client referrals pursuant to a written solicitation agreement. At the time of solicitation, Capital Research and Management Company's affiliates provide – either directly or through the solicitor – written disclosure to referred clients regarding the fee arrangement and any material conflicts of interest on the part of the solicitor with respect to their recommendation of Capital Research Management Company's affiliate resulting from the fee arrangement.

Some of Capital Research and Management Company's clients and prospective clients retain investment consultants to evaluate and recommend investment advisers and their services. Capital Research and Management Company and its affiliates may provide investment management services to these consultants or their affiliates. Capital Research and Management Company is not affiliated with an investment consultant business and has never paid to gain favor from consultants in terms of future or continuing new business opportunities. Many consultants offer valuable services to investment managers, and Capital Research and Management Company and its affiliates regularly subscribe to various consultant services to gain access to their index and peer data and occasionally participate in their conferences and training programs. In addition, from time to time, Capital Research and Management Company and its affiliates co-sponsor with other managers or consultants, industry events such as conferences. Also, Capital Research and Management Company and its affiliates purchase other products or services from certain consultants such as data feed transmission, electronic services and related software.

ITEM 15: CUSTODY

Capital Research and Management Company does not have physical custody of client assets but is deemed to have custody of certain client assets, as defined under rule 206(4)-2 of the Advisers Act. Clients for which Capital Research and Management Company is deemed to have custody will receive account statements from a third-party custodian bank at least on a quarterly basis and should carefully review those statements.

If a third party inadvertently delivers client securities or funds to Capital Research and Management Company, such securities or funds generally will be forwarded to the client or the client's custodian. In certain circumstances, however, they may be returned to sender.

ITEM 16: INVESTMENT DISCRETION

When Capital Research and Management Company is retained on a discretionary basis pursuant to an investment management agreement, Capital Research and Management Company is generally authorized, without consultation with the client (including a fund's governing body as applicable) to determine, among other things:

- what securities are to be bought or sold;
- the amount of securities to be bought or sold;
- the prices at which securities are to be bought or sold;
- the broker or dealer to be used; and
- the commissions to be paid.

Capital Research and Management Company's discretion is to be exercised in accordance with the fund's, account program's or other client's objectives, investment guidelines, policies, restrictions and limitations as outlined in the applicable governing documents.

Investment discretion and authorization are described in the investment management agreement signed by Capital Research and Management Company and the client. The agreement, including the investment guidelines, is typically reviewed by administrative and legal personnel before being signed.

Capital Research and Management Company provides non-discretionary investment advisory services, in which it provides a program sponsor with non-discretionary recommendations to assist the sponsor in the development of one or more portfolios that the sponsor determines to be suitable for its end investors.

ITEM 17: VOTING CLIENT SECURITIES

Capital Research and Management Company (the “Adviser”) accepts proxy voting authority from its advisory clients and follows its Proxy Voting Policy and Procedures (the “Principles”), which are summarized below. If the Adviser has voting authority for a client account, it generally does not provide the client the option to direct a proxy vote with respect to a particular solicitation.

The Principles provide an important framework for analysis and decision-making by the Adviser. However, they are not exhaustive and do not address all potential issues. The Principles provide a certain amount of flexibility so that all relevant facts and circumstances can be considered in connection with every vote. As a result, each proxy received is voted on a case-by-case basis considering the specific circumstances of each proposal. The voting process reflects the Adviser’s understanding of the company’s business, its management and its relationship with shareholders over time. In all cases, long-term value creation the investment objectives and policies of the funds and accounts managed by the Adviser or its affiliates remain the focus.

Voting Procedures

The Adviser seeks to vote all U.S. proxies;. Proxies for companies outside the U.S. also are voted where, there is sufficient time and information available, taking into account distinct market practices, regulations and laws, and types of proposals presented in each country. Where there is insufficient proxy and meeting agenda information available, the Adviser will generally vote against such proposals in the interest of encouraging improved disclosure for investors. The Adviser may not exercise its voting authority if voting would impose costs on clients, including opportunity costs. For example, certain regulators have granted investment limit relief to the Adviser and its affiliates, conditioned upon limiting voting power to specific voting ceilings. To comply with these voting ceilings, the Adviser will scale back its votes across all funds and accounts it manages on a pro rata basis based on assets. In addition, certain countries impose restrictions on the ability of shareholders to sell shares during the proxy solicitation period. The Adviser may choose, due to liquidity issues, not to expose the funds and accounts it manages to such restrictions and may not vote some (or all) shares. Finally, the Adviser may determine not to recall securities on loan to exercise its voting rights when it determines that the cost of doing so would exceed the benefits to clients or that the vote would not have a material impact on the investment. Proxies with respect to securities on loan through client-directed lending programs are not available to vote and therefore are not voted

After a proxy statement is received, the Adviser’s stewardship and engagement team prepares a summary of the proposals contained in the proxy statement. Investment analysts are generally responsible for making voting recommendations for their investment division on significant votes that relate to companies in their coverage areas. Analysts also have the opportunity to review initial recommendations made by the Adviser’s stewardship and engagement team. Depending on the vote recommendation, a second opinion may be made by a proxy coordinator (an investment professional with experience in corporate governance and proxy voting matters) within the appropriate investment division, based on knowledge of the Principles and familiarity with proxy-related issues. Each of the Adviser’s equity investment divisions has its own proxy

voting committee, which is made up of investment professionals within each division. Each division's proxy voting committee retains final authority for voting decisions made by such division.

In cases where a fund or account is co-managed and a security is held by more than one of the Adviser's equity investment divisions, the divisions may develop different voting recommendations for individual ballot proposals. If this occurs, and if permitted by local market conventions, the position will generally be voted proportionally by divisional holding, according to their respective decisions. Otherwise, the outcome will be determined by the equity investment division or divisions with the larger position in the security as of the record date for the shareholder meeting.

In addition to its proprietary proxy voting, governance and executive compensation research, the Adviser may utilize research provided by third-party advisory firms on a case-by-case basis. It does not, as a policy, follow the voting recommendations provided by these firms. It periodically assesses the information provided by the advisory firms and reports to the applicable governance committees that provide oversight of the application of the Principles,

Conflicts of Interest

From time to time, the Adviser may vote proxies issued by, or on proposals sponsored or publicly supported by, (a) a client with substantial assets managed by the Adviser or its affiliates, (b) an entity with a significant business relationship with The Capital Group Companies, Inc. or its affiliates, or (c) a company with a director of a U.S. mutual fund or ETF on its board that is managed by the Adviser or its affiliates (each referred to as an "Interested Party"). Other persons or entities may also be deemed an Interested Party if facts or circumstances appear to give rise to a potential conflict.

The Adviser has developed procedures to identify and address instances where a vote could appear to be influenced by such a relationship. Each equity investment division of the Adviser has a Special Review Committee ("SRC") of senior investment professionals and legal and compliance professionals with oversight of potentially conflicted matters.

If a potential conflict is identified according to the procedure above, the SRC will take appropriate steps to address the conflict of interest. These steps may include, engaging an independent, third-party to review the proxy and using the Principles to provide an independent voting recommendation to the Adviser for vote execution. The Adviser will generally follow the third party's recommendation, except when it believes the recommendation is inconsistent with the Adviser's fiduciary duty to its clients. Occasionally, it may not be feasible to engage the third party to review the matter due to compressed timeframes or other operational issues. In this case, the SRC will take appropriate steps to address the conflict of interest, including reviewing the proxy after being provided with a summary of any relevant communications with the Interested Party, information on the organization's relationship with the Interested Party and any other pertinent information.

Proxy Voting Principles

The below sets forth at a high level the general positions of the Adviser on various types of proposals. A copy of the full Principles is available upon request, free of charge, by visiting the Capital Group website (capitalgroup.com).

Director matters — The election of a company’s slate of nominees for director generally is supported. Votes may be withheld for some or all of the nominees if this is determined to be in the best interest of shareholders or if, in the opinion of the Adviser, such nominee has not fulfilled his or her fiduciary duty. In making this determination, the Adviser considers, among other things, a nominee’s potential conflicts of interest, track record (whether in the current board seat or in previous executive or director roles) with respect to shareholder protection and value creation as well as their capacity for full engagement on board matters. The Adviser generally supports a breadth of experience and perspectives among board members, and the separation of the chairman and CEO positions.

Governance provisions — Proposals to declassify a board (elect all directors annually) generally are typically supported based on the belief that this increases the directors’ sense of accountability to shareholders. Proposals for cumulative voting generally are supported in order to promote management and board accountability and an opportunity for leadership change. Proposals designed to make director elections more meaningful, either by requiring a majority vote or by requiring any director receiving more withhold votes than affirmative votes to tender his or her resignation, generally are supported.

Shareholder rights — Proposals to repeal an existing poison pill generally are supported. (There may be certain circumstances, however, when a proxy voting committee or an investment division of the Adviser believes that a company needs to maintain anti-takeover protection). Proposals to eliminate the right of shareholders to act by written consent or to take away a shareholder’s right to call a special meeting typically are not supported.

Compensation and benefit plans — Equity incentive plans are complicated, and many factors are considered in evaluating a plan. Each plan is evaluated based on protecting shareholder interests and a knowledge of the company and its management. Considerations include the pricing (or repricing) of options awarded under the plan and the impact of dilution on existing shareholders from past and future equity awards. Compensation packages should be structured to attract, motivate and retain existing employees and qualified directors; in addition, they should be aligned with the long-term success of the company and the enhancement of shareholder value.

Routine matters — The ratification of auditors, procedural matters relating to the annual meeting and changes to company name are examples of items considered routine. Such items generally are voted in favor of management’s recommendations unless circumstances indicate otherwise.

Shareholder proposals on environmental and social issues — The Adviser believes environmental and social issues present investment risks and opportunities that can shape a

company's long-term financial sustainability. Shareholder proposals, including those relating to social and environmental issues, are evaluated in terms of their materiality to the company and its ability to generate long-term value in light of the company's business model specific operating context. The Adviser generally supports transparency and standardized disclosure, particularly that which leverages existing regulatory reporting or industry best practices. With respect to environmental matters, this includes disclosures aligned with industry standards and reporting on sustainability issues that are material to investment analysis. With respect to social matters, the Adviser encourages companies to disclose the composition of the workforce in a regionally appropriate manner. The Adviser supports relevant reporting and disclosure that is consistent with broadly applicable standards.

Proxy Voting for Fund of Funds and Other Pooled Investment Vehicles

In cases where the underlying fund of an investing fund managed by the Adviser, including a fund of funds, holds a proxy vote, such vote is reviewed based on the procedures described above for potentially conflicted matters.

Voting Information

Information regarding how the U.S. mutual funds, ETFs and closed-end interval funds managed by the Adviser voted proxies relating to portfolio securities during the 12- month period ended June 30 of each year will be available on or about September 1 of each year (a) without charge, upon request by calling American Funds Service Company at 800/421-4225, (b) on the Capital Group website at capitalgroup.com and (c) on the SEC's website at sec.gov. With respect to client accounts advised by the Adviser or its affiliate where the Adviser or its affiliate has accepted proxy voting authority, information regarding how securities in such accounts were voted are provided upon request. Please contact your financial advisor or your Capital Group representative for this information.

ITEM 18: FINANCIAL INFORMATION

Capital Research and Management Company does not generally require or solicit pre-payment of fees; however, certain sponsors of wrap fee programs pay Capital Research and Management Company fees in advance of its provision of services related to such program, but in no case more than six months in advance. Investors who enroll in wrap fee programs should refer to their disclosure documents from the sponsor for details on programs that may require payment in advance and the treatment of fees upon termination of an account.

Capital Research and Management Company is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
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Capital Research and Management Company is not registered with any state securities authority.

CAPITAL RESEARCH AND MANAGEMENT COMPANY

333 South Hope Street, 55th Floor
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Phone: (213) 486-9200
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Form ADV, Part 2B BROCHURE SUPPLEMENT

CAPITAL GROUP GLOBAL EQUITY SMA

Date: November 17, 2025

This brochure supplement provides information that supplements Capital Research and Management Company's ("CRMC") Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

Additional information about CRMC is available on the United States Securities and Exchange Commission ("SEC") website at www.adviserinfo.sec.gov.

CRMC is a wholly-owned subsidiary of The Capital Group Companies, Inc. ("CGC"). CGC owns 100%, either directly or indirectly, of each of the following entities, which may be discussed from time to time throughout this brochure (certain of which are SEC-registered investment advisers whose SEC File Numbers are as indicated):

American Funds Service Company ("AFS")
Capital Bank and Trust Company ("CB&T") (SEC File Number: 801-79234)
Capital Client Group, Inc. ("CCG") (SEC File Number: 801-77946)
Capital Group Companies, Inc. ("CGC")
Capital Group Corporate International ("CGCInt'l")
Capital Group International, Inc. ("CGII")
Capital Group Private Client Services, Inc. ("CGPCS") (SEC File Number: 801-121267)
Capital Group Research, Inc. ("CGRI")
Capital Group UK Management Company Limited ("CGUKMC")
Capital International Asset Management (Canada), Inc. ("CIAM-C")
Capital International Financial Services, Inc. ("CIFS")
Capital International Funds Company ("CIFCo")
Capital International Funds Group ("CIFG")
Capital International, Inc. ("CIInc") (SEC File Number: 801-32104)
Capital International K.K. ("CIKK")
Capital International Limited ("CIL")
Capital International Management Company S.A. ("CIMC")
Capital International Sarl ("CISA") (SEC File Number: 802-75723)
Capital Investment Research Services Private Limited ("CIRS")
Capital Management Services, Inc. ("CMS")
Capital Research Company ("CRC") (SEC File Number: 801-54942)
Capital Research and Management Company ("CRMC") (SEC File Number: 801- 8055)
Capital Strategy Research, Inc. ("CSR")

Other Abbreviations used in this brochure include:

Capital International Investors ("CII"), Capital Fixed Income Investors ("CFII"), Capital World Investors ("CWI"), Capital Research Global Investors ("CRGI") and Capital Solutions Group ("CSG"), are divisions of CRMC and some of its affiliates as noted in this brochure.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Richard T. Carlyle that supplements CRMC Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

RICHARD T. CARLYLE

Birth Year: 1960

Education: Leicester University, BSc, 1981

Business background: **CII division of CB&T** Senior Vice President since 2016.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Eu-Gene Cheah that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

EU-GENE CHEAH

Birth Year: 1965

Education: INSEAD, M.B.A., 1997
Oxford University, B.M., B.Ch., 1990
Cambridge University, B.A., 1987

Business Background: **CII division of CGIMPL** Partner since 2023;
CII division of CIInc Partner since 2015-2023.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Noriko H. Chen that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

NORIKO H. CHEN

Birth Year: 1967

Education: Keio University, Bekka, 1990
Williams College, B.A., 1989

Business background: **CII division of CRMC** Partner since 2015.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals.
For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Gerald C. Du Manoir that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

GERALD C. DU MANOIR

Birth Year: 1966

Education: Institut Superieur de Gestion, B.A., 1989

Business Background: **CII division of CRMC** Partner since 2015;
CII division of CB&T Partner since 2015.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Funmi Nubi that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPART2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

FUNMI NUBI

Birth Year: 1977

Education: Durham University Business School, M.S., 2003
Olabisi Onabanjo University (Formerly Ogun State University),
B.Sc., 2000

Business background: **CII division of CRMC** Senior Vice President since 2022;
CRMC Portfolio Strategy Manager 2021-2022;
BlackRock Index Portfolio Manager 2015-2021.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals.
For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Brantley W. Thompson that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

BRANTLEY W. THOMPSON

Birth Year: 1973

Education: University of Virginia, B.S., 1995

Business background: **CII division of CRMC** Partner since 2018.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Michael Wadeson that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

MICHAEL WADESON

Birth Year: 1979

Education: Bournemouth University, 1st Class BA Hons, 2001

Business Background: **CII division of CB&T** Senior Vice President since 2022;
CRMC Portfolio Strategy Manager 2020 -2022;
CRC – LDO Vehicle Specialist 2017-2020.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. You may contact the investment committee at 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

Steven T. Watson will transition off of the Global Equity SMA strategy effective January 1, 2026

This brochure supplement provides information about Steven T. Watson that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

STEVEN T. WATSON

Birth Year: 1955

Education: New York University, M.B.A., 1985
New York University, M.A., 1985
University of Massachusetts, B.A., 1981

Business background: **CII division of CIIInc** Partner since 2015.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Philip Winston that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

PHILIP WINSTON

Birth Year: 1955

Education: Cambridge University, Ph.D., 1982
Cambridge University, B.A., 1976

Business background: **CII division of CIInc** Partner since 2023;
CII division of CIL Partner since 2015.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals.
For additional information, please contact 213-486-9676.

CAPITAL RESEARCH AND MANAGEMENT COMPANY

333 South Hope Street, 55th Floor
Los Angeles, California 90071
Phone: (213) 486-9200
capitalgroup.com

Form ADV, Part 2B BROCHURE SUPPLEMENT

CAPITAL GROUP INTERNATIONAL EQUITY SMA

Date: October 6, 2025

This brochure supplement provides information that supplements Capital Research and Management Company's ("CRMC") Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

Additional information about CRMC is available on the United States Securities and Exchange Commission ("SEC") website at www.adviserinfo.sec.gov.

CRMC is a wholly-owned subsidiary of The Capital Group Companies, Inc. ("CGC"). CGC owns 100%, either directly or indirectly, of each of the following entities, which may be discussed from time to time throughout this brochure (certain of which are SEC-registered investment advisers whose SEC File Numbers are as indicated):

American Funds Service Company ("AFS")
Capital Bank and Trust Company ("CB&T") (SEC File Number: 801-79234)
Capital Client Group, Inc. ("CCG") (SEC File Number: 801-77946)
Capital Group Companies, Inc. ("CGC")
Capital Group Corporate International ("CGCInt'l")
Capital Group International, Inc. ("CGII")
Capital Group Investment Management Pte. Ltd. ("CGIMPL")
Capital Group Private Client Services, Inc. ("CGPCS") (SEC File Number: 801-121267)
Capital Group Research, Inc. ("CGRI")
Capital International Asset Management (Canada), Inc. ("CIAM-C")
Capital International Financial Services, Inc. ("CIFS")
Capital International Funds Company ("CIFCo")
Capital International Funds Group ("CIFG")
Capital International, Inc. ("CIInc") (SEC File Number: 801-32104)
Capital International K.K. ("CIKK")
Capital International Limited ("CIL")
Capital International Management Company S.A. ("CIMC")
Capital International Sarl ("CISA") (SEC File Number: 802-75723)
Capital Investment Research Services Private Limited ("CIRS")
Capital Management Services, Inc. ("CMS")
Capital Research Company ("CRC") (SEC File Number: 801-54942)
Capital Research and Management Company ("CRMC") (SEC File Number: 801- 8055)
Capital Strategy Research, Inc. ("CSR")

Other Abbreviations used in this brochure include:

Capital International Investors ("CII"), Capital Fixed Income Investors ("CFII"), Capital World Investors ("CWI"), Capital Research Global Investors ("CRGI") and Capital Solutions Group ("CSG"), are divisions of CRMC and some of its affiliates as noted in this brochure.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Richard T. Carlyle that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

RICHARD T. CARLYLE

Birth Year: 1960

Education: Leicester University, BSc, 1981

Business background: **CII division of CB&T** Senior Vice President since 2016.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Eu-Gene Cheah that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

EU-GENE CHEAH

Birth Year: 1965

Education: INSEAD, M.B.A., 1997
Oxford University, B.M., B.Ch., 1990
Cambridge University, B.A., 1987

Business Background: **CII division of CGIMPL** Partner since 2023;
CII division of CIIInc Partner 2015-2022.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Gerald C. Du Manoir that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

GERALD C. DU MANOIR

Birth Year: 1966

Education: Institut Supérieur de Gestion, B.A., 1989

Business Background: **CII division of CRMC** Partner since 2015.
CII division of CB&T Partner since 2015.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Funmi Nubi that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

FUNMI NUBI

Birth Year: 1977

Education: Durham University Business School, M.S., 2003
Olabisi Onabanjo University (Formerly Ogun State University),
B.Sc., 2000

Business background: **CII division of CRMC** Senior Vice President since 2022;
CRMC Portfolio Strategy Manager 2021-2002;
BlackRock Index Portfolio Manager 2015-2021.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals.
For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 29, 2025

This brochure supplement provides information about Samir Parekh that supplements CIInc's Form ADV brochure which was previously provided to you.

Please contact us at ADVPART2@capgroup.com if you would like a copy of CIInc's brochure or if you have any questions about the contents of this supplement.

SAMIR PAREKH

Birth Year: 1974

Education: Indian Institute of Management-Ahmedabad, Post-Graduate degree, Business Administration, 1996
Bombay University – Sydenham College, Bachelor of Commerce, 1994

Business background: **CII division of CIInc** Partner since 2018.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals.
For additional information, please contact 213-486-9676.

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Form ADV, Part 2B BROCHURE SUPPLEMENT

Date: September 26, 2025

This brochure supplement provides information about Mike Wadeson that supplements CRMC's Form ADV brochure which was previously provided to you.

Please contact us at ADVPart2@capgroup.com if you would like a copy of CRMC's brochure or if you have any questions about the contents of this supplement.

MIKE WADESON

Birth Year: 1979

Education: Bournemouth University, 1st Class BA Hons, 2001

Business Background: **CII division of CB&T since 2022;**
CRC – LDO Portfolio Strategy Manager 2020-2022;
CRC – LDO Vehicle Specialist 2017-2020.

Disciplinary Information: None

Other Business Activities: None

Additional Compensation: None

Supervision: The relevant investment committee provides oversight of the investment management process and investment professionals. For additional information, please contact 213-486-9676.

Privacy policy

August 29, 2025

Capital Group considers privacy to be of fundamental importance and has established a policy to maintain the security of the personal information you share with us. For additional information, please refer to our Privacy FAQ page at capitalgroup.com/privacy-answers. For more information regarding your rights to opt out of certain sharing of your information and your rights under applicable state law, please refer to capitalgroup.com/consumer-privacy-rights-notice.

Our privacy policy reflects our commitment to maintaining the privacy of your personal information.

To comply with federal regulations, information we receive from you will be used to verify your identity.

Personal information we collect

We may collect and retain certain nonpublic information about you, including:

- Information we receive from you or your financial intermediary, such as your name, address, date of birth and taxpayer identification number;
- Information from third-party data services (for example, to update your address when you have moved, obtain or verify your email address, obtain additional information to verify you and demographic information to better understand your investment and service needs);
- Information, such as account balance and transaction activity, about your investment transactions (including, to the extent necessary for our servicing of your account(s) with us or your investments with third parties);
- Information collected from you online, including personal information you submit on our forms and personal information collected automatically from cookies and beacons like IP address and your interactions on our websites (for example, when you use our websites, including our website for financial professionals, we and our service providers on our behalf monitor and record your interactions with our website, including pages visited, time spent on different pages and links clicked, to personalize and provide you with relevant content); and
- If Capital Group Retirement Plan Services provides retirement plan recordkeeping services to your employer or plan sponsor, we may collect information about you, such as payroll information, from you, your employer or plan sponsor.

How do we use the information we collect?

We will collect only the information we need to effectively conduct our business, provide you better products and services and ensure we offer you the products and services that suit your business and investment needs. This includes using information to verify your identity when you contact us.

We may also use your personal information for internal business purposes, which include:

- To provide the information, products or services requested by the individual or as reasonably expected given the context in which the personal information was collected (such as providing customer service, personalization and preference management, providing product updates and dispute resolution);
- For identity and credential management, including identity verification and authentication and system and technology administration;
- To protect the security and integrity of systems, networks, applications and data, including detecting, analyzing and resolving security threats, and collaborating with cybersecurity centers, consortiums and law enforcement about imminent threats;
- For fraud detection and prevention;
- For legal and regulatory compliance, including all uses and disclosures of personal information that are required by law or as reasonably needed for compliance with company policies and procedures, such as anti-money-laundering programs, security and incident response programs, intellectual property protection programs, and corporate ethics and compliance programs;
- For corporate audit, analysis and reporting;

- To manage and enforce our contracts and to protect against injury, theft, legal liability, fraud or abuse and to protect people or property, including physical security programs;
- To de-identify the data or create aggregated datasets, such as for consolidating reporting, research or analytics; and
- For business continuity and disaster recovery purposes, including data backups.

We or our service providers may use artificial intelligence ("AI") in connection with our use of your personal information for the purposes described above.

Personal information we may disclose

We occasionally disclose nonpublic personal information about you to affiliates and nonaffiliates as permitted by law. Some instances in which we share information include:

- Disclosing information to a third party to process account transactions that you request or authorize;
- Sharing information with companies related to us to make you aware of new funds or other services that we offer;
- Disclosing your name and address to companies for the limited purpose of mailing account-related materials such as shareholder reports to you;
- Sharing information with companies that provide services essential to the day-to-day running of our business, such as assisting with financial professional meetings and materials;
- Disclosing information to research companies or other service providers that help to assess and improve our financial services, and help us provide tailored experiences and advertisements about our products and services;
- Disclosing information in connection with legal proceedings such as responding to a subpoena; and
- Retirement plans – If you are enrolled in a retirement plan offered by a plan sponsor (your current employer or former employer), your personal information may be shared with the plan's third-party administrators, advisors and other service providers as authorized or directed by the plan sponsor.

When we share personally identifiable financial information with third parties other than at the direction of a retirement plan sponsor, they are not permitted to use the information for any purpose other than to assist our servicing of your account(s), including helping us improve the services we offer, or as permitted by law. Information shared at the direction of the plan sponsor is subject to the terms of the recipient's privacy policy.

We may share your personal information with other Capital Group affiliates, located outside of the United States, including in Canada, the European Union, Switzerland and the United Kingdom, to perform data storage and processing for the business purposes set forth in this privacy statement. In such cases, the information is subject to the laws of the United States and the laws of the affiliate's place of business. In all cases, we require that appropriate controls and protections are in place to protect your personal information.

We may, from time to time, disclose personal information to service providers located outside the United States that provide account-related services to us. Such service providers are bound by contractual obligations and the privacy laws of the jurisdiction in which the service provider is located.

If you close your account(s) or if we lose contact with you, we may continue to share information in accordance with our current privacy policy and practices.

We restrict access to your nonpublic personal information to authorized persons. We maintain physical, electronic and procedural safeguards that comply with federal standards to protect your nonpublic personal information from unauthorized access.

Your privacy during your use of our websites

The American Funds and Capital Group affiliates' websites are proprietary. While we strive to protect all information we receive when you log on to the websites, we cannot guarantee the security of any information you transmit to us online, and you do so at your own risk. By entering the password-protected areas of our websites, you consent to our contacting you to discuss our products and services. We do not look for web browser "do not track" requests.

We may use data collected to customize advertisements to you on other sites as you browse the web. We may supplement the information we collect with nonpersonal information from other sources in order to enhance advertisements. We partner with other companies to improve your overall web browsing experience. They use cookies and other mechanisms to connect you with your social networks and tailor advertising to better match your interests. We participate in the industry Self-Regulatory Program for Online Behavioral Advertising managed by the Digital Advertising Alliance (DAA) (<https://youradchoices.com>). As part of this service, our website and any online advertisements from us are generally delivered with icons that help consumers understand how data about them is being used, providing choices for consumers who want more control and an ability to opt out of such behavioral (targeted) advertising.

Please click on the Ad Choices icon or the icon in any targeted advertisements to opt out if you do not want your browsing behavior used for online behavioral advertising purposes.

How we protect your information

At Capital Group, we are committed to the protection of the information we collect about you. Our security program and infrastructure include a team of information security and risk management professionals to help monitor and protect your personal information. We use a variety of controls to detect and prevent unauthorized access to our network and sensitive information within our network. Our information security response program includes appropriate notifications when warranted.

As part of our information security program, we:

- Regularly refine and update security features. We review industry security standards and perform system testing to ensure we're using up-to-date techniques and technologies.
- Actively monitor threats. We communicate with financial industry security groups and government agencies to monitor the threat landscape.
- Educate associates. Our associates receive ongoing security training, such as how to handle sensitive data.

In addition, our websites for customers, investors and brokers have industry standard safeguards in place to detect and prevent unauthorized access attempts.

This policy is effective August 29, 2025. If there are changes to the terms of our privacy policy, documents containing the policy and relevant information on this website will be updated. (Please see capitalgroup.com/individual/privacy.html.)

For more information

For information about your account or our services, please contact your financial intermediary. American Funds investors may also review and correct any personal information by logging in to your account and visiting the profile or preference page or by contacting us for assistance at (800) 421-4225.

For retirement plans, employers and plan sponsors may contact American Funds for assistance:

- If your plan ID begins with BRK or IRK, please call (800) 421-4120.
- If your plan ID begins with 1, 2 or CEBS, please call (800) 421-4225.

Capital Group Private Client Services clients may direct any questions to (866) 421-2166 or go to capitalgroup.com/pcs.

All others should contact their financial intermediary.

For American Funds investors:

Household mailings and e-delivery

Each year, you are automatically sent an updated summary prospectus and annual and semi-annual reports for the fund. You may also occasionally receive proxy statements for the fund. In order to reduce the volume of mail you receive, when possible, only one copy of these documents will be sent to shareholders who are part of the same family and share the same household address. If you would like to opt out of household-based mailings, please call American Funds Service Company® at (800) 421-4225 or write to the secretary of the fund at 333 S. Hope Street, Los Angeles, CA 90071. You may elect to receive these documents electronically, in lieu of paper form, by enrolling in e-delivery on our website, capitalgroup.com/paperless.

FINRA BrokerCheck®

FINRA makes available BrokerCheck, a search tool that provides important information about FINRA-registered securities firms and brokers. You may contact the FINRA BrokerCheck Help Line at (800) 289-9999, access this service on their website at brokercheck.finra.org or contact FINRA for a copy of their investor brochure.

Unclaimed property

If there is no activity in your account within a time period specified by state law, we may be required to transfer the account to the appropriate state.

Unlawful internet gambling notice

Restricted transactions as defined in Federal Reserve Regulation GG are prohibited from being processed through this account or relationship. Restricted transactions generally include, but are not limited to, those in which credit, electronic fund transfers, checks or drafts are knowingly accepted by gambling businesses in connection with the participation by others in unlawful internet gambling.

Entities covered by this policy

This privacy policy applies to investment and shareholder services offered by:

Capital Client Group, Inc.

American Funds Service Company®

Capital Research and Management Company

Capital Bank and Trust Company

Capital International, Inc.

Capital Group Private Client Services, Inc.

Capital Group Retirement Plan Services

and the American Funds and Capital Group mutual funds (including exchange-traded funds [ETFs]) with "American Funds" or "Capital" in their name, and includes the following funds:

AMCAP Fund®

American Balanced Fund®

American High-Income Municipal Bond Fund®

American High-Income Trust®

American Mutual Fund®

The Bond Fund of America®

Emerging Markets Equities Fund

EUPAC Fund™

Fundamental Investors®

The Growth Fund of America®

The Income Fund of America®

Intermediate Bond Fund of America®

International Growth and Income Fund

The Investment Company of America®

Limited Term Tax-Exempt Bond Fund of America®

The New Economy Fund®

New Perspective Fund®

New World Fund®

Short-Term Bond Fund of America®

SMALLCAP World Fund®

The Tax-Exempt Bond Fund of America®

The Tax-Exempt Fund of California®

U.S. Government Securities Fund®

Washington Mutual Investors Fund



**CAPITAL
GROUP™**

PROXY VOTING PROCEDURES AND PRINCIPLES

The following summarizes the internal operating procedures and principles adopted by Capital Bank and Trust Company, Capital International, Inc., Capital Research and Management Company and their investment advisory affiliates, Capital Group Private Client Services, Inc., Capital International Asset Management (Canada), Inc., Capital International K.K., Capital International Limited, Capital International Management Company Sàrl and Capital International Sàrl and Capital Group Investment Management Pte. Ltd. (the “Advisers”) for voting (1) proxies of portfolio companies held by mutual funds and exchange-traded funds which are registered under the Investment Company Act of 1940 and managed by the Advisers, (2) proxies of portfolio companies held by funds organized under collective investment trusts and other pooled investment vehicles managed by the Advisers, and (3) proxies of securities held in client accounts for which the Advisers have proxy voting authority. These proxy voting procedures and principles are reasonably designed to ensure that proxies are voted solely in accordance with the financial interest of the Advisers’ clients and the shareholders of the funds advised or managed by the Advisers.

SUMMARY

The Advisers are committed to advancing the financial interests of their clients. We view proxies of companies held in client portfolios as significant assets and proxy voting and engagement as an integral part of our investment process. The voting process reflects our understanding of a company’s business, its management and its relationship with shareholders over time. In addition to our annual review of specific proposals (including discussions with corporate management representatives), we meet with companies throughout the year to discuss various governance and proxy voting topics. In all cases, long-term value creation and the investment objectives and policies of the funds and accounts we manage remain the focus.

These proxy voting procedures and principles (“Principles”) provide an important framework for analysis and decision-making with respect to issues that arise in proxy voting. While we generally adhere to these Principles, we have the flexibility to vote each proposal based on the specific circumstances that we believe are relevant. As a result, each proxy is analyzed and voted on a case-by-case basis.

As a matter of policy, we take an objective approach in assessing and voting on matters, seeking to avoid being influenced by outside sources or business relationships involving interests that may conflict with those of clients. In addition, we do not, as a policy, follow the voting recommendations provided by Institutional Shareholder

Services (ISS), Glass-Lewis & Co. or other third-party advisory firms (“Advisory Firms”), which provide research that the Advisers may utilize on a case-by-case basis in addition to our proprietary proxy voting, governance and executive compensation research. We periodically assess the information provided by the Advisory Firms, including information regarding how they manage potential conflicts of interest, and report to the applicable governance committees that provide oversight of the application of these Principles.

PROXY VOTING PROCESS

The Advisers seek to vote all U.S. proxies. Proxies for companies outside the U.S. are also voted where there is sufficient time and information available, taking into account distinct market practices, regulations and laws, and types of proposals presented in each country. Where there is insufficient proxy and meeting agenda information available, the Advisers will generally vote against such proposals in the interest of encouraging improved disclosure for investors.

The Advisers may not exercise their voting authority if voting would impose costs on clients, including opportunity costs. For example, certain regulators have granted investment limit relief to the Advisers and their affiliates, conditioned upon limiting its voting power to specific voting ceilings. To comply with these voting ceilings, the Advisers will scale back their votes across all funds and accounts they manage on a pro rata basis based on assets. In addition, certain countries impose restrictions on the ability of shareholders to sell shares during the proxy solicitation period. The Advisers may choose, due to liquidity issues, not to expose the funds and accounts they manage to such restrictions and may not vote some (or all) shares. Finally, the Advisers may determine not to recall securities on loan to exercise their voting rights when they determine that the cost of doing so would exceed the benefits to clients or that the vote would not have a material impact on the investment. Proxies with respect to securities on loan through client-directed lending programs are not available to vote and therefore are not voted.

After a proxy is received, the Advisers’ stewardship and engagement team prepares a summary of the proposals contained in the proxy statement. The Advisers will follow the “Special review procedures” below, if there are any potential conflicts of interest as described in such section.

Investment analysts are generally responsible for making voting recommendations for their investment division on significant votes that relate to companies in their coverage areas. Analysts also have the opportunity to review initial recommendations made by the Advisers’ stewardship and engagement team. Depending on the vote, a second recommendation may be made by a proxy coordinator (an investment professional with experience in corporate governance and proxy voting matters) within the appropriate investment division, based on knowledge of these Principles and familiarity with proxy-related issues. In this way, we seek to bring multiple perspectives to the voting process.

Each of the Advisers' equity investment divisions has its own proxy voting committee, which is made up of investment professionals within each division. Each division's proxy voting committee retains final authority for voting decisions made by such division. Therefore, if more than one fund or account invests in the same company, certain funds and accounts may vote differently on the same proposal. In addition, while voting recommendations are generally applicable to all funds and accounts managed by the investment division, the Advisers may vote differently depending on the investment objective and strategy of a particular fund or account.

Special review procedures

From time to time, the Advisers may vote proxies issued by, or on proposals sponsored or publicly supported by, (1) a client with substantial assets managed by the Advisers or their affiliates, (2) an entity with a significant business relationship with The Capital Group Companies, Inc. or its affiliates, or (3) a company with a U.S. mutual fund director on its board (each referred to as an "Interested Party"). Other persons or entities may also be deemed an Interested Party if facts or circumstances appear to give rise to a potential conflict.

The Advisers have developed procedures to identify and address instances where a vote could appear to be influenced by such a relationship. Each equity investment division has a Special Review Committee ("SRC") of senior investment professionals and legal and compliance professionals with oversight of potentially conflicted matters.

If a potential conflict is identified according to the procedures above, the SRC will take appropriate steps to address the conflict of interest. These steps may include engaging an independent third party to review the proxy, using these Principles, to provide an independent voting recommendation to the Advisers for vote execution. The Advisers will generally follow the third party's recommendation, except when the recommendation is inconsistent with the Advisers' fiduciary duty to clients. Occasionally, it may not be feasible to engage the third party to review the matter due to compressed timeframes or other operational issues. In this case, the SRC will take appropriate steps to address the conflict of interest, including reviewing the proxy after being provided with a summary of any relevant communications with the Interested Party, the rationale for the voting decision, information on the organization's relationship with the Interested Party and any other pertinent information.

Allocating votes for comanaged funds

In cases where a fund or an account is comanaged and a security is held by more than one of the Advisers' equity investment divisions, the divisions may develop different voting recommendations for individual ballot proposals. If this occurs, and if permitted by local market conventions, the position will generally be voted proportionally by divisional holding, according to their respective decisions. Otherwise, the outcome will be determined by the equity investment division or divisions with the larger position in the security as of the record date for the shareholder meeting.

Proxy voting for fund of funds and other pooled vehicles

In cases where the underlying fund of an investing fund managed by the Advisers, including a fund of funds, holds a proxy vote, such vote is reviewed according to the "Special review procedures" described above.

Considerations for accounts held with Capital Group Private Clients Services, Inc. (CGPCS)

CGPCS accepts proxy voting authority from its clients and follows these proxy voting procedures and principles. If CGPCS has voting authority for a client account, it generally does not provide the client the option to direct a proxy vote with respect to a particular solicitation.

Some clients reserve the right to vote proxies and do not give CGPCS the authority to vote on their behalf. In those cases, clients should contact their custodian about receiving proxies. CGPCS would not expect to discuss particular solicitations with clients for whom it does not have proxy voting authority.

Proxy voting for companies outside the United States

As noted above, we vote proxies for companies outside the U.S. whenever practicable. If insufficient proxy and meeting agenda information is provided, we will seek to obtain information to allow for an informed voting decision; however, when our efforts do not yield sufficient information, we will generally vote against those proposals in the interest of encouraging improved disclosure for investors.

Certain countries impose restrictions on the ability of shareholders to sell shares during the proxy solicitation period. We may choose, due to liquidity issues, not to expose the funds and accounts to such restrictions and thus may not vote some (or all) shares that we own.

The Principles are applied on a country-by-country basis, taking into account distinct market practices, regulations and laws, and types of proposals presented in each country.

PRINCIPLES

The following principles are grouped according to types of proposals usually presented to shareholders in proxy statements.

Auditors

We believe that objective, independent audits are critical for providing investors with clear disclosures regarding the fundamental health of a business. We examine several factors that may affect the quality of an audit and an auditor's objectivity. We use engagement as a tool to reduce risk related to audit in our portfolio companies. In certain circumstances, this may lead to a negative vote on auditor ratification and related items.

Director matters

Election of directors

As active fund managers, we value ongoing engagement with our portfolio companies in advancing the long-term interests of our clients, and proxy voting is an important part of that process. Director elections are of particular importance, as we believe a company's board of directors plays a key role in the success of the company. In discharging their fiduciary duties, we expect boards to, among other things, be responsive to and act in the best interests of shareholders and to exercise appropriate oversight over the management and business of the company.

We generally support the annual election of a company's nominees for director. We may, however, oppose all or some of the company's nominees if we believe it to be in the best interest of shareholders or if, in our view, they have not otherwise fulfilled their fiduciary duties. In making this determination, we consider, among other things, a nominee's potential conflicts of interest, track record (whether in the current board seat or in previous executive or director roles) with respect to shareholder protection and value creation as well as their capacity for full engagement on board matters.

With respect to capacity, we expect directors to have sufficient time to reflect and make high-quality contributions to the work of the board. As such, we will flag certain situations for additional analysis:

- A sitting CEO, or other senior executive officer, serving on their company board plus more than one additional outside company board (in a non-executive position), and
- A non-executive director serving on more than four public company boards, with each non-executive board chair position considered as two board seats.

When evaluating board nominees, the Advisers will consider company and individual-specific situations and circumstances. These include and are not limited to company size and complexity, business transformation, board and executive turnover, expertise, employment and controversy. We also acknowledge that service on certain boards, such as a mutual fund board or similar, may not give rise to the same concerns. In addition, we seek to engage with portfolio companies to understand their perspectives on any potential areas of concern.

We may consider opposing all or some of the nominees or certain committee members if the independence of a board and/or committee does not comply with local regulations, governance codes, listing standards or reasonable shareholder expectation. Because we expect boards to be collectively accountable for company performance and long-term value creation, we may, albeit rarely, vote against the entire board where we believe they have demonstrably failed in the execution of their duties. Where we feel a specific area has fallen short of our expectations, for example in

relation to audit, remuneration or board composition, we may vote against the chair and/or members of the relevant committee.

We evaluate director nominees not only on an individual basis but also in the context of the whole board. We believe boards, as a whole, should have appropriate industry knowledge, skills, business experience and understanding of all relevant stakeholders of the company in order to discharge their duties effectively. This goal is more likely to be met by a board composed of individual directors who can each bring a breadth of experience and perspectives to their service. We consider that both appointments and succession plans should be based on merit and objective criteria. We expect portfolio companies and issuers to have board representation consistent with local market listing rules, regulations and corporate governance codes.

Independent board chair/Separation of chair and CEO

We believe board independence is essential to good corporate governance. In addition to having a board's majority made up of independent members, we prefer separation of the chair and CEO roles and an independent board chair as best practice for structural oversight of the executive team.

We recognize that, in some cases, a sufficient level of board independence and leadership can be accomplished via other means. For example, in situations where a board has appointed an independent lead director, we will examine that individual's duties and interaction with the chair/CEO to determine whether a full separation of the roles is still warranted.

We analyze board structure, leadership and overall governance on a case-by-case basis in arriving at decisions on whether to support separation of the chair and CEO roles.

Governance provisions

While we would typically support each of the following proposals as best practices if presented separately, we are aware that often a company may already have adopted several of these governance features. In such situations (such as a proposal to add cumulative voting in cases where directors are elected annually and there is a majority vote provision), we would consider whether the additional protections are necessary, or whether a combination of these features would leave a company vulnerable to coercive actions by shareholders with short-term investment horizons.

Shareholder access to the proxy

Proxy access proposals generally require a company to amend its bylaws to allow a qualifying shareholder or group of shareholders to nominate up to two directors on a company's proxy ballot. To qualify, an individual or group must have owned a certain percentage (typically 3% to 5%) of the company's shares for a minimum period of time (typically one to three years).

All proposals are reviewed on a case-by-case basis. We generally believe the following:

- The holding period is the most important component of these proposals, since length of ownership demonstrates a commitment that is more likely to be aligned with our interests as long-term shareholders. As such, three years appears reasonable.
- The ownership threshold should be set at the right level to avoid misuse of this provision by those without a significant economic interest in a company, so we generally will apply a sliding scale of 5% for small capitalization companies and 3% for large capitalization companies.
- The number of board seats to be added under these proposals should be capped at a reasonable number (generally 10% to 25%).
- The number and makeup of parties that may nominate directors should be representative of the broader shareholder base.

We may vote against shareholder proposals to amend existing proxy access bylaws if the company has already adopted a bylaw that meets the general parameters described above.

Classified boards

A classified board is one that elects only a percentage of its members each year. (Usually, one-third of directors are elected to serve a three-year term.) Generally, we support proposals declassifying boards. We believe that declassification (i.e., the annual election of all directors) increases a board's sense of accountability to shareholders.

Cumulative voting

Under cumulative voting, each shareholder has a number of votes equal to the number of shares owned multiplied by the number of directors up for election. Shareholders can cast all of their votes for a single nominee, thus allowing minority shareholders to elect a director. We generally support the concept of cumulative voting in order to promote management and board accountability, and the opportunity for leadership change.

Majority vote requirement

Generally, we support proposals designed to make director elections more meaningful, either by requiring a majority vote in director elections (more "for" votes than "against") or by requiring any director receiving more withhold votes to tender their resignation.

Anti-takeover provisions, shareholder rights and reincorporation

Shareholder rights plans ("poison pills")

"Poison pills" are a defense against unwelcome takeover offers. These plans allow shareholders (other than the shareholder making the unwelcome takeover offer) to purchase stock at significantly discounted prices under certain circumstances.

The plans force would-be acquirers to negotiate with the board, effectively giving the board veto power over any offer. Poison pills can be detrimental to the creation of shareholder value and can help entrench management by thwarting or deterring acquisition offers that are not favored by the board but that may be beneficial to shareholders.

We generally support the elimination of existing poison pills and proposals that would require shareholder approval to adopt prospective poison pills. There may be a few select circumstances, however, where the analyst feels a need for the company to maintain anti-takeover protection. Additionally, if a company has crafted a shareholder-friendly pill, we may not support a shareholder proposal to eliminate or amend the existing provisions. One example of this is the Canadian model, which requires shareholder review and consideration of any acquisition offer.

Other anti-takeover measures

Anti-takeover provisions that are not classic poison pills are considered on a case-by-case basis. However, the guiding principle should be that anti-takeover provisions have the ability to suppress potential shareholder value by discouraging acquirers.

Change of corporate domicile

- *Reincorporation within the U.S.:* We generally leave the state domicile decision to the discretion of company management and its board.
- *Reincorporation outside the U.S.:* We consider a company's specific circumstances with respect to the reasons for the reincorporation. Factors that may influence whether we support a proposal to reincorporate include the potential for both corporate and shareholder-level taxes to be triggered at the time of the event, as well as the potential long-term impact of country-specific tax treaties.

Action by written consent/Right to call a special meeting

We consider several factors relating to these proposals and apply them on a case-by-case basis. These include a company's market capitalization, composition of the company's largest shareholders, its responsiveness to previous shareholder proposals and other forms of feedback, any meeting provisions and ownership thresholds currently in place, and its overall governance structure. While we believe that both the

rights to take action by written consent and to call a special meeting are important tools for shareholders, we will consider a company's overall governance profile before supporting shareholder proposals to adopt or amend those rights.

The right to act by written consent (without calling a formal meeting of shareholders) can be a powerful tool for shareholders, especially in a proxy fight. We generally support adoption of this right in principle and oppose proposals that would prevent shareholders from taking action without a formal meeting or that would take away a shareholder's right to call a special meeting.

The ability to call a special meeting is also a valuable right for shareholders that we generally support. However, we consider the details of these shareholder proposals, particularly the proposed ownership thresholds, and attempt to assess whether a low limit (e.g., 10%) would allow actions by a relatively small group that might not be in the best interests of the majority of shareholders.

Capitalization

Authorization of new common shares

We generally support reasonable increases in authorized shares when the company has articulated a need (for example, a stock split or recapitalization). Even so, we are aware that new shares may dilute the ownership interest of shareholders. Consequently, other than in the case of stock splits, we generally oppose proposals that would more than double the number of authorized shares.

Authorization of "blank check" preferred shares

"Blank check" preferred shares give the board complete discretion to set terms (including voting rights). Such shares may have voting rights far in excess of those held by common stockholders. We generally oppose proposals that allow a board to issue preferred shares without prior shareholder approval, as well as proposals that allow the board to set the terms and voting rights of preferred shares at their discretion. However, a request for preferred shares with voting rights that are equal to those of existing common stock shares generally would be considered similarly to a request for authorization of new common shares.

Compensation and benefit plans

Advisory vote on executive compensation (say-on-pay)

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") requires companies to allow shareholders to cast advisory (nonbinding) votes on the compensation for named executive officers, as well as the frequency of such votes (every one, two or three years). Under Dodd-Frank, the advisory vote on compensation

will cover the Compensation, Discussion and Analysis disclosure, executive compensation tables, and related narrative in company proxy filings.

We generally will ratify executive compensation unless we have specific concerns about the structure or amounts paid at a particular company (based, in part, on the factors outlined below under "Equity incentive plans"). For example, we expect short-term incentives to constitute no more than a third – and long-term incentives to constitute at least two-thirds – of an executive's overall compensation. We apply additional scrutiny to those companies where we have a history of voting against one or more compensation plans or where we have withheld votes from compensation committee members over the past several years.

When the company has made use of one-off or non-standard award structures, we will evaluate these on a case-by-case basis, considering the quantum and vesting criteria of the award as well as the retentive needs at the company.

From time to time, we will vote against say-on-pay proposals if we are dissatisfied with a component of the overall compensation policy (e.g., high dilution, ability to reprice or exchange options, cash bonus caps expressed as a percentage of net income rather than hard dollar stop).

With respect to the frequency of advisory votes on compensation, we historically found the triennial option to be most consistent with our long-term focus at companies that presented no obvious compensation-related concerns. We acknowledge that it is often difficult for companies to make significant changes within a 12-month period and found that we have ongoing engagement with companies even when the say-on-pay votes occur less frequently. Annual votes, however, allow for regular feedback and ongoing monitoring of the impact of any policy changes. Accordingly, we will generally support management recommendation for annual votes. When longer frequencies are proposed (e.g., biennial or triennial), we will consider these proposals on a case-by-case basis, taking into account the company's current practices and any history of concerns related to compensation.

Equity incentive plans

Incentive plans are complicated, and many factors are considered when evaluating a plan. No single factor is determinative; investment professionals weigh each plan based on protecting shareholder interests and our historical knowledge of the company and its management. Factors include:

- *Pricing:* We believe options should be priced to at least 100% of fair market value (the price that shareholders would pay on the open market) on the date they are granted. We do not generally support options priced at a discount to the market.
- *Repricing:* An "out-of-the-money" option has an exercise price that is higher than the current price of the stock. We generally have not supported replacing "out-of-the-money" options with new options at a lower exercise price (generally known

as "repricing") because it is not consistent with a policy of offering options as a form of long-term compensation. However, there may be circumstances under which we would consider a limited exchange program (including value-neutral exchanges).

- *Dilution:* Dilution is the reduction of the voting power and/or economic interest of existing shareholders due to an increase in shares available for distribution to company employees in lieu of cash compensation. We consider several kinds of dilution: the historical annual dilution of the current plan, the potential dilution of the proposed plan and the cumulative dilution of all option plans. We tend to oppose plans that result in "excessive" dilution for existing shareholders. Acceptable dilution levels are not rigidly defined but will be a function of the (i) stage of the company's lifecycle (embryonic to mature), (ii) company size (market capitalization), (iii) historical growth rate of sales and earnings, (iv) competitive environment and (v) extenuating circumstances related to the company's industry. In addition, greater dilution can be tolerated when options are awarded to all employees rather than to top-level management only. We generally oppose evergreen plans (which provide for an automatic annual increase of shares available for awards without shareholder approval).
- *Performance:* We prefer linking compensation (cash and equity) to appropriate performance criteria that encourage a long-term focus, consistent with our approach to investing.
- *Shares available for awards:* Requests for additional incentive plan shares, where there are a substantial number of shares currently in reserve, will receive additional scrutiny to ensure that a company continues to award equity at an appropriate rate.
- *Option expensing:* We generally support option expensing in theory and will generally support shareholder proposals on option expensing if such proposal language is nonbinding and does not require the company to adopt a specific expensing methodology.

Restricted stock plans

We support restricted stock plans when such grants replace cash compensation without increasing the historical cash award and when the amount of restricted stock available for distribution represents a reasonable percentage of overall equity awards. We also consider performance criteria and other vesting requirements, as well as the economic value of the restricted stock when compared to options.

Non-employee director compensation

We generally support equity-based compensation for non-employee directors that aligns their interests with shareholders. Such plans must be reasonable in size, have fair-market-value option grants and not create excess total compensation. (They should be subject to the same limitations as executive incentive plans.) We also review the mix of

options, stock awards and cash compensation. We believe that compensation packages should be structured to attract, motivate and retain qualified directors, but that excessive board compensation can undermine the board's independence.

Employee stock purchase plans

We generally support employee stock purchase plans, which are designed to allow employees to purchase stock at a discount price and to receive favorable tax treatment when the stock is sold. In many cases, the price is 85% of the market value of the stock. These plans are broad-based and have relatively low caps on the amount of stock that may be purchased by a single employee. We generally do not take opposition to the use of evergreen provisions if they are strictly applied to employee stock purchase plans.

Shareholder proposals regarding executive compensation

Caps on executive pay

In general, we oppose shareholder proposals that seek to set limits on executive compensation, because competitive compensation packages are necessary to attract, motivate and retain executives. Shareholder proposals on this issue tend to specify arbitrary compensation criteria.

Executive pay restrictions or freezes

We generally oppose proposals specifying restrictions on executive pay because they take away compensation committee flexibility. Such proposals include terminating the company's option or restricted stock programs, freezing executive pay during periods of large layoffs, establishing a maximum ratio between the highest paid executive and lowest paid employee, and linking executive pay to social criteria.

Executive severance agreements

Generally, we support proposals that require shareholder approval of executive severance agreements, largely because of the trend toward excessive severance benefits (also known as golden parachutes). If an executive leaves for reasons related to poor performance, allowing a generous "parting gift" seems contrary to good corporate governance. While we typically support proposals asking that such severance be limited to 2.99 times pay and bonus (amounts over this threshold are subject to a 20% excise tax), we may vote against proposals that request a lower limitation.

Other shareholder proposals

General principles

When evaluating shareholder proposals, we consider their materiality to the company and their ability to generate long-term value in light of the company's business model and specific operating context. We generally favor transparency, as it allows our investment professionals to better understand a company's risks and opportunities and its long-term value drivers. Comparing a company against its peers and against prevailing "best practices" in the relevant sector each provides helpful benchmarking that also informs our voting decisions. In addition, we support increased standardization of disclosures, particularly ones that leverage existing regulatory reporting or industry best practices, to allow for greater comparability among companies.

We will generally avoid supporting proposals that are overly prescriptive, taking into account, among other things, the current policies, practices and regulatory obligations of the company. We consider whether a shareholder proposal is nonbinding and may vote in favor of a proposal that addresses either a material shortcoming or an area in which the company has not shown sufficient progress, even if the proposal would benefit from some modification before being implemented.

Where applicable, we will also seek to apply other principles articulated in this document.

Political spending and advocacy

We review shareholder proposals relating to political expenditures on a case-by-case basis. In order to make a voting decision, we consider:

- 1) whether there currently is a policy in place regarding political spending;
- 2) the level of political spending oversight by the board and management team; and
- 3) a company's current disclosure practices and whether the company has been subject to any previous fines or litigation.

We will generally support company disclosure regarding political spending and advocacy, including industry body membership. This is particularly the case when the current disclosure on political contributions is insufficient or significantly lacking compared to a company's peers, there are verifiable or credible allegations of funds mismanagement through donations, or either there is no explicit board oversight or there is evidence that board oversight on political expenses is inadequate. On the other hand, we may not support a shareholder proposal if the information requested is already available in another report or the company meets the criteria noted above. We do encourage companies to disclose information relating to their political spending and advocacy against the criteria put forth by the Center for Political Accountability.

Social issues

We know that social issues, such as employee safety, community engagement and human rights (including with respect to a company's supply chain), are important factors that can affect companies' long-term prospects for success. As such, they are researched by our investment professionals as part of the investment process and are also considered within the framework described above, under "General principles," when reviewing shareholder proposals. This approach is consistent with the stated investment objectives and policies of the funds and accounts we manage.

Generally, we believe that understanding an organization's approach to human capital management can enable shareholders to assess how companies are managing people and identify those that are able to create and sustain a competitive advantage. To enable our understanding of a company's approach to human capital management, we encourage companies to disclose the composition of the workforce in a regionally appropriate manner. We support relevant reporting and disclosure that is consistent with broadly applicable standards.

Environmental issues

As with other types of proposals, when reviewing those related to environmental issues, we take into account the investment implications and are required to vote in a manner consistent with the objectives of the funds and accounts we manage. We examine each environmental issue within the context of each specific company's situation, including any potentially negative impact to the company's business or operations that we feel have not been properly addressed. In formulating a voting decision on these issues, we weigh the set of factors described under "General principles" above: the issue's materiality to the company, overall value of transparency and standardization of disclosure, the prescriptive and/or nonbinding nature of the shareholder proposal, best-in-class practices by peer group companies and best practices in the applicable sector.

We generally believe environmental issues present investment risks and opportunities that can shape a company's long-term financial sustainability. Accordingly, we expect companies to disclose against industry standards, including those set forth by the International Sustainability Standards Board (ISSB) and, to the extent applicable, the underlying Sustainability Accounting Standards Board (SASB) and Task Force on Climate-related Financial Disclosures (TCFD) frameworks. We also expect companies to publish reporting on sustainability issues that are material to investment analysis. We will generally vote against proposals that call for director candidates with specialized expertise because, in addition to the importance of an individual director's breadth of experience (as discussed above under "Election of directors"), we believe overly prescriptive proposals can create burdensome limitations on the effectiveness of a company's oversight. However, where the company is in a sector with particular exposure to climate-related risks and we believe directors with specialized expertise would enhance the company's ability to mitigate such risks and create long-term value, we will consider voting in favor of such proposals.

Supplemental regional guidance

For voting in relation to markets in the [Americas region, Europe, Middle East and African region \(EMEA\)](#) and the [Asia-Pacific region \(APAC\)](#), we have developed additional voting guidance to address regional differences in either local market regulation or standards of corporate governance best practice. In the event of a material difference between the regional guidance and our Proxy Voting Procedures and Principles, the latter shall prevail.