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Brochure Cover Page This brochure provides information about the qualifications and business practices of PRIMECAP Management Company. If you have any questions about the contents of this brochure, please contact us kchen@primecapmanagement.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about PRIMECAP Management Company also is available on the SEC's website at www.adviserinfo.sec.gov.

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PRIMECAP Management Company

Advisory Business

PRIMECAP Management Company was founded in September 1983 in Pasadena, California, as an independent investment management company. It is a California corporation registered with the Securities and Exchange Commission as an investment advisor under the Investment Advisers Act of 1940.

The firm's goal is to provide superior long-term investment results and to satisfy the specific requirements and objectives of its clients. To this end, the firm has limited the number of clients it serves, enabling the firm's principals to focus on portfolio management rather than marketing and administration. PRIMECAP's assets under management surpass \$60 billion.

PRIMECAP Management Company is a small organization by design. The Firm was founded with efficiency in mind to minimize the administrative burdens and bureaucracy associated with larger organizations. We recognize that our competency is investment management, not administration. Moreover, we are stock pickers, not marketers. Limiting our client relationships to twenty-five enables our investment professionals to focus on our core competency, investment management.

PRIMECAP Management Company manages only equity portfolios for a select group of employee benefit plans, endowment funds, foundations, sovereign funds, and mutual funds for the Vanguard Group and Odyssey Funds. The company's five principal portfolio managers have over one hundred seventy years of successful investment management experience. This depth of experience adds a historical perspective to our investment ideas. All accounts are managed on a discretionary basis and clients may specify investment restrictions within their own managed accounts.

Managing investment portfolios is PRIMECAP's only business. Ownership rests entirely with ten of the investment professionals and each principal owns < 25% of the company's outstanding shares.

As of December 31, 2011, PRIMECAP managed approximately \$64.0 billion in assets.

Fees and Compensation

PRIMECAP Management Company provides investment management services to a limited number of large institutional clients including corporate benefit plans, endowment funds and foundations, and mutual funds for the Vanguard Group and the PRIMECAP Odyssey Funds by investing in financial assets, primarily common stocks or securities with common stock characteristics, bonds, and cash and cash equivalents. All accounts managed by PRIMECAP are paid based on assets under management only. The fee schedule for all separately managed accounts are fixed and non-negotiable. Advisory fees are billed directly to the client. In addition to advisory fees, all clients may pay brokerage commissions associated with transactions incurred in the portfolios. For

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shareholders of PRIMECAP Odyssey Funds, the expense ratio includes advisory fees, third party service provider fees, legal fees, and fees paid to the short term investment fund. Separate account advisory fees are calculated and payable quarterly based on previous quarter ending market values and adjusted for flows. Advisory fees on mutual funds are calculated based on the daily average net assets for the quarter. PRIMECAP does not accept prepayment of advisory fees. No PRIMECAP employee accepts compensation for the sale of securities or from the sale of mutual funds. The investment advisory contract may be terminated by either party upon thirty days' written notice.

Please see the fee schedule for each of PRIMECAP's managed product below:

Separate Accounts

0.500 of 1% for the first \$50 million
0.450 of 1% for the next \$200 million
0.375 of 1% for the next \$250 million
0.250 of 1% for the next \$1,750 million
0.200 of 1% for the next \$2,750 million
0.175 of 1% for the next \$5,000 million
0.150 of 1% thereafter

Vanguard PRIMECAP and Capital Opportunity Funds

0.500 of 1% on the first 50 million
0.450 of 1% on the next \$200 million
0.375 of 1% on the next \$250 million
0.250 of 1% on the next \$9,500 million
0.200 of 1% on the next \$10,000 million
0.175 of 1% on the next \$20,000 million
0.150 of 1% over \$40,000 million

Vanguard PRIMECAP Core Fund

0.500 of 1% on the first \$50 million
0.450 of 1% on the next \$200 million
0.375 of 1% on the next \$250 million
0.300 of 1% on the next \$19,500 million
0.200 of 1% over \$20,000 million

Vanguard Variable Insurance Fund - Capital Growth

0.150 of 1% flat rate

Vanguard U.S. Opportunities Fund (offshore mutual fund)

0.500 of 1% on the first \$50 million
0.450 of 1% on the next \$200 million
0.375 of 1% on the next \$250 million
0.250 of 1% on the next \$1,750 million
0.200 of 1% on the next \$2,750 million
0.175 of 1% on the next \$5,000 million
0.150 of 1% over \$10,000 million

Performance-Based Fees and Side-By-Side Management

PRIMECAP's advisory fees are paid based on assets under management only.

Types of Clients

PRIMECAP Management Company manages only equity portfolios for a select group of employee benefit plans, endowment funds, foundations, sovereign funds, and mutual funds for the Vanguard Group and PRIMECAP Odyssey Funds. The firm's separately managed product is currently closed to new clients. Its most recent minimum dollar value of assets for starting a separately managed account was \$250 million.

The Vanguard Capital Opportunity Fund, the Vanguard PRIMECAP Fund, and the Vanguard PRIMECAP Core Fund are currently closed to new shareholders.

The PRIMECAP Odyssey Fund family which include the Stock Fund, the Growth Fund, and the Aggressive Growth Fund, are open to new shareholders with a minimum of \$2,000 for regular accounts, \$1,000 for IRA accounts, and \$150 for additional investments.

Each account in the separately managed product is managed the same, subject to investment restrictions specified in the client's investment guidelines. Each of the mutual funds is managed according to the investment style specified in the prospectuses.

Initial public offerings (IPOs) may be purchased in portfolios that permit IPO allocation. When PRIMECAP receives shares of an IPO, a certain number of shares is allocated to the Vanguard PRIMECAP, Vanguard Capital Opportunity, Vanguard PRIMECAP Core, or Vanguard U.S. Opportunities Funds as well as the PRIMECAP Odyssey Stock, the PRIMECAP Odyssey Growth, or the PRIMECAP Odyssey Aggressive Growth Funds according to the weight of the fund. The remaining shares will be allocated to a number of randomly selected separate account portfolios to ensure no bias.

Methods of Analysis, Investment Strategies and Risk of Loss

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PRIMECAP Management Company utilizes fundamental research and bottom-up stock picking to construct portfolios. All portfolios are built with the best ideas of each of the managers within the multi-counselor investment process. The main sources of information for research purposes include financial publications, inspections of corporate activities, research materials by others such as sell-side analysts, companies' annual reports and any related filings and press releases, meetings with executives of companies and their suppliers, competitors, customers, etc. The strategy does not employ short sales or margin transactions, or does it permit investments in derivatives or currency hedging.

PRIMECAP recognizes that there is always a risk of loss in its investments. The following summarizes primary risks of a portfolio:

- 1) Stock market risk is the possibility that overall stock prices will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices.
- 2) Investment style risk is the chance that returns from the mix of small-, mid-, and large-cap stocks in the portfolios will trail returns from the overall stock market. Historically, small- and mid-cap stocks have been more volatile in price than the large-cap stocks that dominate the overall market, and they often perform quite differently. Additionally, growth stocks may be more volatile than the overall stock market from time to time.
- 3) Manager risk is the chance that, as a result of poor security selection by PRIMECAP, the portfolios may underperform relative benchmarks or other portfolios with similar investment objectives.
- 4) Foreign securities risk is the chance that the value of foreign securities will be adversely affected by the political and economic environments and other overall economic conditions in the countries where the portfolios are invested. Investing in foreign securities involves: country risk, with the chance that domestic events - such as political upheaval, financial troubles, or natural disasters - will weaken a country's securities market; and currency risk, which is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates.

Disciplinary Information

There have been no disciplinary actions against PRIMECAP.

Other Financial Industry Activities and Affiliations

PRIMECAP Management Company is registered as an investment advisor only.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

PRIMECAP Management Company has established policies and procedures whereby no employee shall be permitted to profit from the firm's securities activities. Accordingly, no employee shall purchase or sell, directly or indirectly, any security in which he or she has, or by reason such transactions acquires, any direct or indirect beneficial ownership, (including, but not limited to, securities held by an employee's spouse or minor children, or any trust in which an employee serves as trustee, custodian, or beneficiary) and which to his or her actual knowledge at the time of such purchase or sale:

- (i) is being considered for purchase or sale by any client accounts; or
- (ii) is being purchased or sold by a client's account.

This Code of Ethics is based on the principle that all PRIMECAP employees owe a fiduciary duty to the firm's clients to conduct their affairs. At no time shall an employee (i) defraud a client through any scheme or artifice; (ii) mislead a client by making untrue statements or omit material information; or (iii) engage in any fraudulent or manipulative act, practice or course of business that operates or would operate as a fraud or deceit on the clients. All PRIMECAP employees are to adhere to policies and procedures pertaining to their personal securities transactions, in such a manner as to avoid: (i) serving their own personal interests ahead of clients; (ii) taking advantage of their position; and (iii) any actual or potential conflicts of interest. It is also the responsibility of PRIMECAP employees to protect the confidentiality of all proprietary, sensitive or other confidential information communicated to PRIMECAP or such employees by its client. These policies and procedures are developed to ensure proper compliance monitoring and that each employee is held to the highest ethical standards.

PRIMECAP's Code of Ethics sets forth specific policies and procedures for its employees to follow regarding material, non-public information ("insider information") and other confidential information of clients and PRIMECAP. While PRIMECAP does not expect its employees to be in receipt of inside information, it requires any employee receiving inside information to refrain from trading on the information and to discuss the information only with the Chief compliance Officer to determine an appropriate course of action. Procedures are set forth to safeguard all other confidential information.

The Code of Ethics also details policies and procedures regarding personal securities transactions by employees. All employees are required to provide initial and annual holdings reports, and quarterly securities transaction reports which are reviewed by the Chief Compliance Officer or her designate. All employees are subject to the Code of Ethics and are required to acknowledge, review and understand the policies and procedures by signing a certification form.

PRIMECAP's internal procedures are detailed in its Code of Ethics and is available to clients upon written request.

Brokerage Practices

PRIMECAP Management Company seeks to execute trades with brokers who it believes can best execute the trades, with primary emphasis on obtaining the most favorable prices for the securities being purchased or sold.

PRIMECAP Management Company does not have soft dollar arrangements with any brokerage firm. PRIMECAP intends to pay competitive institutional commission rates to ensure that it is shown available opportunities early in the broker call cycle. However, it is PRIMECAP's policy not to pay broker commissions in excess of those which other brokers might have charged for effecting the same transaction, in recognition of the nature of research services provided by the executing broker.

In instances where several brokers meet these criteria, PRIMECAP may select brokers who also furnish value-added research services to PRIMECAP. By allocating brokerage business to brokers who provide such services, PRIMECAP may be able to supplement its research and analysis, and to use the views and information of other research organizations in arriving at its investment decisions. Research services furnished by brokers through whom securities transactions are effected may be used in servicing all of PRIMECAP's accounts, but not all such services may be used in connection with the account which paid commissions to the broker providing such services. It is not generally possible to determine the specific value, if any, of such information or the costs of processing and analyzing it. However, senior executives of PRIMECAP periodically analyze the quality of execution obtained from the brokers with whom it does business, as well as the value of any research services provided by such brokers.

Review of Accounts

Each account including mutual funds, is reviewed daily by the portfolio managers and weekly at the formal Investment Committee meeting. Monthly investment results are reviewed at the Board meeting. It is our intent to treat all accounts equally. Each institutional account is managed by five principal portfolio managers: Howard B. Schow, Chairman Emeritus, Mitchell J. Miliyas, Chairman, Theo A. Kolokotronis, Vice Chairman, Joel P. Fried, President, and Alfred W. Mordecai, Executive Vice President. A certain number of institutional accounts is also managed by Mr. M. Mohsin Ansari, Senior Vice President. The Vanguard PRIMECAP, PRIMECAP Core, and the Variable Insurance Fund - Capital Growth are managed by the five principal portfolio managers and Mr. M. Mohsin Ansari. The Vanguard Capital Opportunity and U.S. Opportunities Funds are managed by Messrs. Schow, Kolokotronis, Fried, Mordecai, and Ansari. The PRIMECAP Odyssey Stock and Growth Funds are managed by the five principal portfolio managers. The PRIMECAP Odyssey Aggressive Growth Fund is managed by all of the principal portfolio managers with the exception of Mr. Miliyas.

Client Referrals and Other Compensation

PRIMECAP's separate account product is closed to new clients. PRIMECAP also does not compensate anyone for referrals.

Custody

PRIMECAP Management Company does not have custody of any of its clients' assets.

Investment Discretion

Before PRIMECAP may start managing portfolio on behalf of its clients, an Investment Management Agreement must be reviewed and signed by both PRIMECAP and the client. Once the agreement is in place, PRIMECAP has the authority to determine securities to be purchased or sold, the amount of the securities to be purchased or sold, the broker or dealer to be used, and commission rates paid. PRIMECAP does not suggest or recommend brokers to its clients.

Voting Client Securities

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

PRIMECAP Management Company acts as discretionary investment adviser for various clients, including investment companies registered under the Investment Company Act of 1940 and clients governed by the Employee Retirement Income Security Act of 1974 ("ERISA"). PRIMECAP's authority to vote proxies or act with respect to other shareholder actions is established through the delegation of discretionary authority under our investment advisory contracts. Therefore, unless a client (including a "named fiduciary" under ERISA) specifically reserves the right, in writing, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, PRIMECAP will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over client assets in accordance with these Policies and Procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions.

When voting proxies or acting with respect to corporate actions for clients, PRIMECAP's utmost concern is that all decisions be made solely in the best interest of the client (and for ERISA

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accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Adviser will act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

I. PURPOSE

The purpose of these Policies and Procedures is to memorialize the procedures and policies adopted by PRIMECAP to enable it to comply with its fiduciary responsibilities to clients and the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended ("Advisers Act"). These Policies and Procedures also reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

II. PROCEDURES

PRIMECAP has appointed Karen Chen (the "Proxy Coordinator") to be responsible for administering these Policies and Procedures. The Proxy Coordinator is ultimately responsible for ensuring that all proxies received by PRIMECAP are voted in a timely manner and in a manner consistent with the PRIMECAP's determination of the client's best interests. Although many proxy proposals can be voted in accordance with the PRIMECAP's established guidelines, PRIMECAP recognizes that some proposals require special consideration which may dictate that PRIMECAP makes an exception to the Guidelines. The Proxy Coordinator is also responsible for ensuring that all corporate action notices or requests which require shareholder action received by PRIMECAP are addressed in a timely manner and consistent action is taken across all similarly situated client accounts.

A. Conflicts of Interest

Where a proxy proposal raises a material conflict between PRIMECAP's interests and a client's interest, PRIMECAP will resolve such a conflict in the manner described below:

1. **Vote in Accordance with the Guidelines.** To the extent that PRIMECAP has little or no discretion to deviate from the Guidelines with respect to the proposal in question, PRIMECAP shall vote in accordance with such pre-determined voting policy.
2. **Obtain Consent of Clients.** To the extent that PRIMECAP has discretion to deviate from the Guidelines with respect to the proposal in question, PRIMECAP will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the client will include sufficient detail regarding the matter to be voted on and the nature of PRIMECAP's conflict that the client would be able to make an informed decision regarding the vote. If a client does not respond to such a conflict disclosure request or denies the request, PRIMECAP will abstain from voting the securities held by that client's account.
3. **Client Directive to Use an Independent Third Party.** Alternatively, a client may, in writing, specifically direct PRIMECAP to forward all proxy matters in which PRIMECAP has a conflict of interest regarding the client's securities to an identified independent third party for review and recommendation or to consult with an identified independent third party's recommendations. Where such independent third party's recommendations are received on a timely basis or are otherwise publicly available, PRIMECAP will vote all such proxies in accordance with such third party's recommendation. If the third party's recommendations are not timely received, PRIMECAP will

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abstain from voting the securities held by that client's account.

The Proxy Coordinator will review the proxy proposal for conflicts of interest as part of the overall vote review process. All material conflict of interest so identified by Adviser will be addressed as described above in this Section III.A.

III. RECORD KEEPING

In accordance with Rule 204-2 under the Advisers Act, PRIMECAP will maintain for the time periods set forth in the Rule (i) these proxy voting procedures and policies, and all amendments thereto; (ii) all proxy statements received regarding client securities (provided however, that PRIMECAP may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any documents prepared by Adviser that were material to making a decision how to vote or that memorialized the basis for the decision; and (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy.

Clients may obtain information on how their securities were voted or a copy of Adviser's Policies and Procedures by written request addressed to PRIMECAP.

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Financial Information

PRIMECAP Management Company is not required to disclose its balance sheet.

PRIMECAP Management Company

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Brochure Supplement

PRIMECAP Management Company

225 South Lake Avenue, Suite 400
Pasadena, CA 91101

Phone: (626) 304-9222

This brochure supplement provides information about PRIMECAP Management Company that supplements the PRIMECAP Management Company brochure. You should have received a copy of that brochure. Please contact Karen Chen if you did not receive PRIMECAP Management Company's brochure or if you have any questions about the contents of this supplement.

Additional information about PRIMECAP Management Company is available on the SEC's website at www.adviserinfo.sec.gov.

PRIMECAP Management Company

Educational Background and Business Experience

PRIMECAP Management Company requires a college degree as a minimum educational requirement for its investment personnel. Below is the biography for the portfolio managers.

Howard Bernard Schow (1927)

Williams College, BA 1950

Harvard Graduate School of Business Administration, MBA 1952

1983 - Present PRIMECAP Management Company
Chairman Emeritus, Director, & Portfolio Manager

1956 - 1983 Capital Research & Management Company
Chairman, Director, & Portfolio manager

Mitchell John Miliias (1941)

Stanford University, BS 1962

Harvard Graduate School of Business Administration, MBA 1964

1983 - Present PRIMECAP Management Company
Chairman, Director, & Portfolio Manager

1975 - 1983 Capital Guardian Trust Company
Senior Vice President, Director, & Portfolio Manager

Theofanis Anastasios Kolokotronis (1946)

University of Chicago, BA 1968

Harvard Graduate School of Business Administration, MBA 1970

1983 - Present PRIMECAP Management Company
Vice Chairman, Director, & Portfolio Manager

1977 - 1983 Capital Research Company
Senior Vice President & Financial Analyst

Joel Paul Fried (1962)

University of California, Los Angeles, BS 1984

University of California, Los Angeles, MBA 1986

1986 - Present PRIMECAP Management Company

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President, Director, & Portfolio Manager

Alfred Winborne Mordecai (1967)

Duke University, BSE 1990

Virginia Polytechnic Institute and State University, MEA 1995

Harvard Graduate School of Business Administration, MBA 1997

1997 - Present PRIMECAP Management Company
Executive Vice President & Portfolio Manager

Mohammed Mohsin Ansari (1969)

Colgate University, BA 1991

Washington University, BS 1993

Harvard Graduate School of Business Administration, MBA 2000

2000 - Present PRIMECAP Management Company
Senior Vice President, Portfolio Manager, Director of Research, & Financial Analyst

Disciplinary Information

There have been no legal or disciplinary events material to a client's or prospective client's evaluation of the supervised person.

Other Business Activities

PRIMECAP Management Company's supervised persons do not engage in any other businesses except for investment advisory services.

PRIMECAP's Director of Client Service is registered with Quasar Distributors LLC as a registered broker representative.

Additional Compensation

PRIMECAP's employees do not accept any other compensation except those described in the previous compensation description section.

Supervision

PRIMECAP's supervised persons review investment activities in clients' portfolios on a weekly basis. Below is a list of supervised persons responsible in such capacity:

Howard B. Schow

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Chairman Emeritus, Director, & Portfolio Manager
(626) 304-9222

Mitchell J. Milias
Chairman, Director, & Portfolio Manager
(626) 304-9222

Theo A. Kolokotronis
Vice Chairman, Director, & Portfolio Manager
(626) 304-9222

Joel P. Fried
President, Director, & Portfolio Manager
(626) 304-9222

Alfred W. Mordecai
Executive Vice President & Portfolio Manager
(626) 304-9222

Requirements for State-Registered Advisers

PRIMECAP Management Company is registered with the SEC only.