



CAPITAL INTERNATIONAL, INC.

11100 Santa Monica Boulevard
Los Angeles, California 90025
Phone: (310) 996-6000
www.thecapitalgroup.com

Form ADV, Part 2A
Date: September 29, 2014

This brochure provides information about the qualification and business practices of Capital International, Inc. ("CIInc"). Throughout this brochure and related materials, CIInc may refer 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 CIInc also is available on the SEC's website at www.adviserinfo.sec.gov

ITEM 2: MATERIAL CHANGES

Form ADV, Part 2A has been updated this year to reflect updates to our practices regarding wrap fee programs. However, there are no material changes since the last annual update of Capital International, Inc.'s Form ADV, Part 2A brochure dated September 27, 2013.

ITEM 3: TABLE OF CONTENTS

Item	Page
1 Cover Page.....	1
2 Material Changes.....	2
3 Table of Contents.....	3
4 Advisory Business.....	4
5 Fees and Compensation.....	5
6 Performance-Based Fees and Side-by-Side Management.....	10
7 Types of Clients.....	11
8 Methods of Analysis, Investment Strategies and Risk of Loss.....	12
9 Disciplinary Information.....	17
10 Other Financial Industry Activities and Affiliations.....	18
11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	20
12 Brokerage Practices.....	22
13 Review of Accounts.....	28
14 Client Referrals and Other Compensation.....	29
15 Custody.....	30
16 Investment Discretion.....	31
17 Voting Client Securities	32
18 Financial Information.....	34
19 Requirements for State-Registered Advisers.....	35

ITEM 4: ADVISORY BUSINESS

CIInc was incorporated in California in 1987 primarily to provide investment advisory services to funds and clients investing in emerging markets equities. CIInc is a wholly-owned subsidiary of Capital Group International, Inc. which in turn is owned by Capital Research and Management Company, which is wholly owned by The Capital Group Companies, Inc. The Capital Group Companies form one of the most experienced families of investment management firms in the world, dating to 1931, and have always been privately held.

CIInc provides investment management services to a registered investment company, other pooled investment vehicles exempt from registration, corporate and public pension plans and financial institutions primarily in Asia, Australia and New Zealand, and foreign governmental entities. It also provides investment advisory services to certain affiliated companies.

CIInc's investment approach is based on rigorous fundamental research. It offers emerging markets equities and other non-U.S. investment strategies based on the investment objectives of its clients. It also manages emerging markets private equity funds. CIInc normally agrees with clients on investment guidelines that set forth the objectives of the account and any specific investment restrictions and limitations. The guidelines typically describe the investment mandate and types of securities that are eligible for (or prohibited from) the account. For investments in funds, the terms of the fund's governing documents will apply. Please also refer to Items 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and 16 (Investment Discretion) in this brochure for further information.

CIInc's only business is investment management; it does not have any arrangements on behalf of clients with associated banking, brokerage, custodian or corporate finance businesses. Research is produced for internal use only, and is not published or sold to external parties.

CIInc may be retained as an investment manager under "wrap fee" programs sponsored by broker-dealers or other financial institutions where a sponsor offers bundled investment management, custody, brokerage or other services for a single "wrap fee". In cases where CIInc is an investment manager to a wrap program, CIInc does not negotiate on the client's behalf 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. Please also refer to the "Wrap Fee Program" section under Item 12 (Brokerage Practices) in this brochure for further information. For some wrap fee programs, CIInc may only provide model portfolios to the sponsor and the sponsor will have ultimate decision making and discretionary authority for those accounts. Generally, CIInc is paid an investment management fee by the sponsor, which could be considered a portion of the wrap fee. Clients who enroll in wrap fee programs should carefully review the fee structure and other program documents provided by the sponsor.

As of June 30, 2014, CIInc managed approximately \$ 18,209,454,432 in client assets (regulatory assets under management) on a discretionary basis and did not manage any client assets on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

Generally, fees are not negotiable. In addition to the fee schedules outlined below, different fee schedules may apply for smaller investments, long standing clients, as well as clients with customized mandates. Higher fees may be charged as a result of increased servicing or administrative costs, as in the case of certain intermediary relationships, for example. For certain funds or accounts, CIInc may have a separate performance related fee as discussed in Item 6 (Performance Based Fees and Side-By-Side Management). Client accounts also incur brokerage and other transaction costs. For further details on CIInc's brokerage policies, please refer to Item 12 (Brokerage Practices).

Sales and marketing professionals may receive direct or indirect compensation related to the services CIInc or its affiliates provide. This presents a conflict of interest, as those professionals have an incentive to recommend CIInc's or its affiliates' services because of the compensation they are provided.

CIInc investment advisory services are also available through various consulting, or bundled "wrap fee" programs sponsored by certain unaffiliated broker-dealers or other financial institutions. Fees charged to the wrap program's sponsor for such services will vary based on the relationship, services provided and other factors. The end investor of the wrap fee programs generally pays a "wrap fee" to the sponsor based on a percentage of assets; the advisory fees charged by CIInc to the sponsor are generally included in this wrap fee.

Calculation of Fees

Generally, except as noted below, investment management fees are calculated at each quarter end, based on the market or appraised value of the account at such time, and are charged quarterly and payable in arrears. With regard to clients who invest in registered investment companies or other pooled investment vehicles, the management fee is charged within the fund, and may be retroceded to a lower amount if such client is eligible for a lower fee due to the overall size of the client relationship or other factors.

Minimum Account Size

Please see the fee schedules below for the minimum account size for each separate account. In some instances, the minimum may be waived due to the overall size of the client relationship or other factors.

Other Fees and Expenses for Funds

Generally, operating expenses, including expenses for custody, audit and administration services are charged internally to each fund, and are reflected in the net asset value of each fund; such expenses may be higher in certain funds given higher administrative costs associated with operating the fund and/or the nature of the investments. For additional information regarding the pooled investment vehicles, please refer to their offering documents.

Fee Discounts

A revenue discount, as well as additional breakpoints, may be available to eligible accounts.

CIInc's Fee Schedule for Pooled Investment Vehicles

The following investment management fees apply to specific pooled investment vehicles.

The fees charged may vary, depending upon the complexity of the investment management services required by, and provided to, each client. For additional information regarding the pooled investment vehicles, please refer to their offering documents.

Emerging Markets Growth Fund, Inc.: Fee calculated on the last business day of each calendar week and month and paid in arrears in the following month, calculated based on the aggregate net asset value of the Fund at the annual rates of:

<u>Assets:</u>	<u>Rate:</u>
First \$400 million	0.900%
\$400 million to \$1 billion	0.800%
\$1 billion to \$2 billion	0.700%
\$2 billion to \$4 billion	0.650%
\$4 billion to \$6 billion	0.625%
\$6 billion to \$8 billion	0.600%
\$8 billion to \$11 billion	0.580%
\$11 billion to \$15 billion	0.560%
\$15 billion to \$20 billion	0.540%
Over \$20 billion	0.520%

Capital International Global Equities Fund
Capital International Global Equities Fund (Hedged)
Capital International World Equity
Capital International World Equity (Hedged)

Fees accrued daily and paid quarterly in arrears, calculated at the annual rate of:

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.700%
\$25 million to \$50 million	0.550%
\$50 million to \$250 million	0.425%
Over \$250 million	0.375%

Minimum investment required for fee schedule above: \$25 million

Capital International Emerging Total Opportunities

<u>Account Size:</u>	<u>Flat Rate:</u>
Between \$2 million and \$5 million	1.25%
Between \$5 million and \$20 million	0.90%
Between \$20 million and \$100 million	0.85%
Between \$100 million and \$300 million	0.75%
Over \$300 million	0.70%

Minimum investment required for fee schedule above: \$2 million

Capital International Private Equity Fund IV, L.P., Capital International Private Equity Fund V, L.P. and Capital International Private Equity Fund VI, L.P.: CIInc receives a management fee at the rate of 1.5% per annum (payable quarterly in advance) of the total capital committed by the limited partners until the expiration of the five-year commitment period or earlier, upon the occurrence of certain specified events. Thereafter and until dissolution and liquidation of the partnership, CIInc will receive a management fee at the rate of 1.0% per annum (payable quarterly in advance) of the total capital invested by the limited partners in investments held by the partnership as of the end of the immediately preceding

quarter. CIInc may also receive a carried interest profit allocation in respect of profits received by the limited partners, subject to satisfying specified criteria. CIInc or its affiliates may charge portfolio companies directors' fees, transaction fees, advisory fees or other similar fees. Such fees received by CIInc or its affiliates (net of any incurred unreimbursed expenses) will be mostly or wholly offset against the management fees paid by the limited partners.

As noted in the "Other Fees and Expenses for Funds" and in the governing documents of each partnership, the costs, expenses and liabilities arising out of the operation and activities of the partnership are borne by the limited partners. These include the fees and expenses relating to potential and consummated investments, including costs associated with the evaluation, acquisition, monitoring and exit thereof. Examples include legal and tax advisors, due diligence consultants and advisors and related travel costs. Fund expenses also includes certain organizational expenses in connection with the formation of the partnership; on-going legal, custodial, and auditing expenses; accounting, tax service and corporate administration provider expenses; expenses associated with the annual meeting of limited partners and advisory committees meetings (including the reimbursement of advisory committee members for travel to such meetings); insurance premiums; and other specified items.

CIInc's Fee Schedule for Separate Account Clients

With respect to clients whose base currency is not the U.S. dollar, asset breakpoints are approximate because local currency fee schedules apply.

Equity

Single Country Equity Investment Mandates: Japan, U.S.

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.600%
\$25 million to \$50 million	0.450%
\$50 million to \$750 million	0.325%
\$750 million to \$1.5 billion	0.275%
Over \$1.5 billion	0.250%

Separate account minimum size: \$50 million

All Country World Equity Investment Mandates
Global Equity Investment Mandates
Global Equity, ex Australia Investment Mandates
World Dividend Grower Investment Mandates
Asia Pacific Equity Investment Mandates
Asia Pacific Equity ex-Japan Investment Mandates
European Equity Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.700%
\$25 million to \$50 million	0.550%
\$50 million to \$250 million	0.425%
Over \$250 million	0.375%

Separate account minimum size: \$50 million (All Country World Equity \$100 million)

Global Emerging Markets Equity Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$300 million	0.900%
Over \$300 million	0.800%

Separate account minimum size: \$100 million

Fixed-Income

All Fixed Income Investment Mandates have a separate account minimum size of \$100 million.

U.S. Core Fixed-Income Investment Mandates

EU Aggregate Fixed-Income Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$50 million	0.300%
\$50 million to \$100 million	0.200%
\$100 million to \$300 million	0.180%
Over \$300 million	0.150%

EU Corporate Fixed-Income Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$50 million	0.325%
\$50 million to \$100 million	0.225%
\$100 million to \$300 million	0.205%
Over \$300 million	0.175%

U.S. High-Yield Fixed-Income Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.600%
\$25 million to \$50 million	0.450%
\$50 million to \$750 million	0.325%
\$750 million to \$1.5 billion	0.275%
Over \$1.5 billion	0.250%

Global Core/Aggregate Fixed-Income Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$50 million	0.375%
\$50 million to \$100 million	0.275%
\$100 million to \$300 million	0.255%
\$300 million to \$1 billion	0.225%
Over \$1 billion	0.200%

Global High Income Opportunities Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.700%
\$25 million to \$50 million	0.550%

\$50 million to \$250 million	0.425%
Over \$250 million	0.375%

Emerging Markets Fixed-Income Investment Mandates

<u>Assets:</u>	<u>Rate:</u>
First \$25 million	0.600%
\$25 million to \$50 million	0.500%
\$50 million to \$250 million	0.425%
Over \$250 million	0.375%

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

In general, CIInc charges asset-based fees for providing investment advisory services to client accounts. However, in limited circumstances, CIInc may also receive fees that are based on the performance of the account. Certain of CIInc's portfolio managers may manage both types of accounts. Managing both types of accounts simultaneously creates a risk that the portfolio manager would (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.

To mitigate these risks, CIInc has adopted policies and procedures that address potential conflicts of interest that may arise between a portfolio manager's management of the account and his or her management of other funds and accounts, such as conflicts relating to the allocation of investment opportunities. See Item 12 (Brokerage Practices) of this brochure for CIInc'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 in selecting clients or allocating trades.

In addition, while CIInc provides individual investment advice and treatment to each client, its 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. Accordingly, portfolio holdings, position sizes and industry and sector exposures tend to be similar across similar accounts, subject to variations due to client guidelines, account size and cash flows. Additionally, accounts are reviewed by investment professionals, including portfolio managers, as part of a group review of similar accounts. This monitoring and review is conducted to verify that accounts are in compliance with their objectives and investment guidelines and generally includes, among other things, information related to investment results, significant account guidelines, client activity including contributions and withdrawals, and the investment structure of the portfolio.

ITEM 7: TYPES OF CLIENTS

CIInc provides investment management services to registered investment companies, other pooled investment vehicles exempt from registration, corporate and public pension plans and financial institutions in Asia, Australia and New Zealand, and foreign governmental entities. It also provides investment advisory services to certain affiliated companies

Accounts are generally subject to a minimum account size, which may vary based on whether it is a separate account or invested in a fund. In some instances, the minimum may be waived due to the overall size of the client relationship or other factors. In some instances, the minimum account size may be waived due to the overall size of the client relationship or other factors. 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
--

CIInc maintains an investment philosophy that is distinguished by four key beliefs:

- Solid research is fundamental to sound investment decisions. CIInc 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, 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 investment professionals take of the companies in which CIInc invests. This is reflected by the typically low turnover of portfolio holdings in the funds and accounts it manages. In addition, investment professionals usually remain with the company for many years and are compensated according to their investment results over time.
- The Capital System. CIInc uses a system of multiple portfolio managers in managing most separate account and fund assets. Under this approach, the portfolio of an account or fund is divided into segments managed by individual managers who decide how their respective segments will be invested. In addition, investment analysts may make investment decisions with respect to a portion of the portfolio. Over time, this method has contributed to consistency of results and continuity of management.

Investment decisions are subject to an account's or fund's objective(s), investment guidelines and restrictions. The objective(s), policies and restrictions of each of the accounts or funds managed by CIInc are set forth in the account's guidelines or the governing documents of the fund. Investment strategies offered by CIInc include:

Equity strategies

U.S. Equity – Seeks long-term growth of capital and income. Invests in a portfolio consisting primarily of equity securities of issuers from the U.S. or primarily trade in the U.S.

Single Country or Regional Equity – Seeks long-term growth of capital through investments in a portfolio consisting primarily of equity securities of issuers domiciled and/or having their principal place of business in the specified country or region.

Global Equity – Seeks long-term growth of capital and income. Invests in a portfolio consisting primarily of equity securities of U.S. and non-U.S. issuers, and securities whose principal markets are outside of the United States.

All Country World Equity – Seeks long-term growth of capital and income. Invests in a portfolio consisting primarily of equity securities of issuers from all countries. Assets will be invested with geographical flexibility across developed and developing countries.

Emerging Markets Equity – Seeks long-term capital growth. Invests in a portfolio consisting primarily of equity and equity related securities of developing countries that are primarily traded in developing

countries or that are from issuers that have or are expected to have significant economic exposure to developing countries.

Emerging Markets Private Equity – Seeks long-term capital growth through investments in a portfolio consisting primarily of developing country private equity securities.

World Dividend Growers — Seeks long-term growth of capital and income. Invests primarily in equity and equity-related securities of companies that may increase the dividends paid to shareholders over a multiyear period.

Fixed-income strategies

U.S. Core Fixed-Income – Seeks high total return consistent with the conservation of capital. Investments will be made primarily in fixed income securities that are rated Baa3 or better or BBB- or better by a nationally recognized statistical rating organization, unrated securities which are deemed to be of equivalent investment quality; or issued or guaranteed by the U.S. Government or its agencies and/or instrumentalities; as well as cash and cash equivalents.

U.S. High-Yield – Seeks long-term high total return, of which a large component is current income, by investing primarily in marketable high-yield fixed-income securities denominated in U.S. dollars

EU Corporate Fixed-Income – Seeks high level of income over the long term. Investments will be made primarily in EUR denominated corporate investment grade bonds and other fixed-income securities.

EU Aggregate Fixed-Income – Seeks a high level of income over the long term consistent with prudent investment management, with preservation of capital also being a priority. Invests primarily in EUR-denominated investment grade securities issued by governments and corporations, and other assets.

Global Fixed-Income – Seeks, over the long term, a high level of total return, measured in U.S. dollars, consistent with the conservation of capital. Invests primarily in securities issued or guaranteed by a national government, its agencies and/or instrumentalities (excluding developing countries) or a supranational organization; fixed-income securities rated Baa3 or better or BBB- or better by a nationally recognized statistical rating organization, or unrated securities which are deemed to be of equivalent investment quality; cash and cash equivalents; and forward currency contracts or currency options.

Global High Income Opportunities – Seeks over the long-term a high level of total return, of which a large component is current income, by investing primarily in high-yield fixed-income securities denominated in currencies from around the world, including the securities of U.S. and developing country issuers (both corporate and sovereign).

Emerging Markets Fixed-Income – Seeks, over the long-term, high total return, of which a large component is current income, by investing primarily in fixed-income and hybrid securities of developing country issuers (both corporate and sovereign).

Investing in securities involves risk of loss that funds and clients should be prepared to bear. Each account or fund is subject to certain risks associated with the investment strategy employed by CIInc and in accordance with the fund or account's policies and restrictions. These risks may include, but are not limited to, certain of the risks set forth below.

- ***Management*** — CIInc actively manages the investments. Consequently, accounts and funds are subject to the risk that the methods and analyses employed by CIInc in this process may not produce the desired results. This could cause the assets of these accounts or funds to lose value or their investment results to lag relevant benchmarks or other funds with similar objectives.

- ***Market conditions*** — The prices of, and income generated by, the common stocks and other securities held by accounts or funds may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the funds.
- ***Investing in growth-oriented stocks*** — Growth-oriented stocks may involve larger price swings and greater potential for loss than other types of investments. These risks may be heightened in the case of smaller capitalization stocks.
- ***Investing in income-oriented stocks*** — Income may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the funds or accounts invest.
- ***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. In addition, the prices of these stocks may be more volatile than stocks of larger, more established companies.
- ***Investing outside the United States*** — Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the countries or regions in which the issuer operates. 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. 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 settlement and accounting practices and different regulatory, legal and reporting standards, and may be more difficult to value, than those in the United States. These risks may be heightened in connection with investments in emerging market and developing countries.
- ***Investing in emerging market and developing countries*** — Investing in countries with developing economies and/or markets may involve risks in addition to and greater than those generally associated with investing in developed countries. For instance, emerging market and developing countries may have less developed legal and accounting systems than those in developed countries. The governments of these countries may be more unstable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect the prices of securities. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. 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, and may be more difficult to value, than securities issued in countries with more developed economies or markets. Additionally, there may be increased settlement risks for transactions in local securities.

Investing in emerging market private equity securities through CIInc's private equity program carries even greater risks than those associated with investing in listed emerging market securities. For instance, these investments will generally be highly illiquid securities acquired through privately-negotiated transactions and there is a significant risk that dispositions of such investments will require a lengthy time period. In some cases, CIInc may be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. The private equity funds under CIInc's program typically only make a limited number of investments, and since the investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. In addition, interests in these private equity funds are not registered and there is no public market for the interests and none is expected to develop. Generally, the interests are not transferable and investors may not withdraw capital from a private equity fund, resulting in investors not being able to liquidate their investments prior to the dissolution of the fund.

- ***Investing in debt instruments***— The prices of, and the income generated by, bonds and other debt securities held by an account or fund may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in the account or fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have higher rates of interest 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 will weaken 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. Credit risk is gauged, in part, by the credit ratings of the debt securities in which the account or fund 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. CIInc and its affiliates rely on their own credit analysts to research issuers and issues in seeking to mitigate various credit and default risks.
- ***Investing in lower rated bonds*** — Lower rated bonds and other lower rated debt securities 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 lower quality, higher yielding debt securities (generally rated Ba1 or below and BB+ or below or unrated but determined by CIInc to be of equivalent quality (“junk bonds”)).
- ***Investing in derivatives*** – Derivatives may expose funds and accounts to certain additional risks relative to traditional securities such as credit risks of the counterparty, imperfect correlation between derivatives prices and prices of related assets, rates or indices, potential for increased volatility and reduced liquidity. CIInc may use derivatives to, among other things, manage foreign currency exposure, provide liquidity, obtain exposure not otherwise available, manage risk, manage duration, provide incremental yield and implement investment strategies in a more efficient manner.
- ***Investing in mortgage-related securities*** — Mortgage-related securities are subject to prepayment risk, as well as the risks associated with investing in debt securities in general. If interest rates fall and the loans underlying these securities are prepaid faster than expected, an account or fund may have to reinvest the prepaid principal in lower yielding securities, thus reducing the account or fund’s income. Conversely, if interest rates increase and the loans underlying the securities are prepaid more slowly than expected, the expected duration of the securities may be extended. This reduces the potential for the account or fund to invest the principal in higher yielding securities.
- ***Investing in future delivery contracts*** — An account or fund may enter into contracts, such as to-be-announced contracts and mortgage dollar rolls, that involve the account or fund selling mortgage-related securities and simultaneously contracting to repurchase similar securities for delivery at a future date at a predetermined price. This can increase the account or fund’s market exposure and the market price of the securities the fund contracts to repurchase could drop below their purchase price. While the account or fund can preserve and generate capital through the use of such contracts by, for example, realizing the difference between the sale price and the future purchase price, the income generated by the account or fund may be reduced by engaging in such transactions. In addition, these transactions may increase the turnover rate of the account or fund.

- ***Loss of investment*** — An investor may lose money by investing in an account or fund. The likelihood of loss may be greater if the investor invests for a shorter period of time.
- ***Investments are not guaranteed*** — Investments in accounts and funds are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency, entity or person.
- ***Past results are not predictive of future results.***

Clients should also refer to account guidelines as well as to each fund's governing documents or other disclosure documents for further information on methods of analysis, investment strategies and risks specific to their account or fund investment.

ITEM 9: DISCIPLINARY INFORMATION

Neither CIInc 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 firm.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CIInc has arrangements material to its advisory business with certain affiliated entities as described below.

Broker-dealer

American Funds Distributors, Inc. (“AFD”) is a registered broker-dealer and a member of the Financial Industry Regulatory Authority and Municipal Securities Rulemaking Board. AFD acts as the principal underwriter and distributor of mutual funds advised by CIInc and its affiliates and provides related services. American Funds Distributors, Inc. is also registered as an insurance agency or producer in certain states. American Funds Distributors, Inc. is also an investment adviser which provides investment advisory related services in connection with various wrap-fee programs sponsored by unaffiliated broker-dealers or other financial institutions, where CIInc or its affiliates may be retained as an investment manager.

Registered Investment Companies

CIInc serves as investment adviser and administrator to investment companies registered under the Investment Company Act of 1940. CIInc will receive advisory and other fees and expenses from each fund based upon the value of the fund’s assets; those fees are described in each fund’s prospectus. In addition, CIInc or its affiliates may recommend that clients invest in limited partnerships, pooled funds or mutual funds managed by CIInc or its affiliates. Additionally, CIInc’s affiliate, in its fiduciary capacity, may invest their 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.

Unregistered Investment Funds

Related persons of CIInc serve as general partner of privately-offered unregistered limited partnerships. These funds make primarily private equity investments in emerging markets companies. CIInc serves as the investment adviser to these funds and will receive advisory and other fees and expenses from each fund based upon the value of the fund’s assets. Those fees are described in each fund’s governing documents and in Item 5 (Fees and Compensation).

Investment Advisers

Capital Group Private Markets, Inc. is a registered investment adviser, and Capital International K.K., a Japan-based investment adviser, provide investment research and related services to CIInc. Capital Guardian Trust Company (“CGTC”), a registered investment adviser and California chartered trust company, and Capital International Limited (“CIL”), an affiliated U.K.-based investment adviser, provide portfolio control, administrative and trading services. Marketing and client relations services and operations and global portfolio accounting are also provided by CGTC. CIInc provides investment advisory and related services to Capital Research and Management Company, a registered investment adviser. Capital Research and Management Company is also registered as a commodity pool operator and a member of the National Futures Association.

In addition, certain portfolio managers employed by the following affiliated investment advisers based outside the U.S. may, under the supervision and review of CIInc, determine the securities to be purchased and sold for CIInc’s clients:

CIL 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 International Sarl (“CISA”) is based in Switzerland and has been authorized by the Financial Markets Supervisory Authority to provide investment advisory services.

Neither CIL nor CISA is registered as an investment adviser under the Investment Advisers Act of 1940 and each is deemed to be a “Participating Affiliate” of CGTC, 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.

Banks and Trust Companies

Capital Bank & Trust Company, a federal savings bank and a registered investment adviser, is a wholly-owned subsidiary of The Capital Group Companies. Capital Bank & 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 also serves as trustee to certain collective investment trusts.

ITEM 11: CODE OF ETHICS

CIInc and its affiliated companies have adopted a Code of Ethics for its associates (Code of Ethics) that requires all associates: (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 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 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 effect 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 investments professionals, including blackout periods on personal investing and a ban on short-term trading.
- Gifts and Entertainment: Policy prohibiting the acceptance and extension of gifts or entertainment that are excessive, repetitive or extravagant, if such gifts or entertainment are in relation to Capital's business. Procedures include quarterly reporting of gifts or entertainment received or offered, a dollar limit on gifts that can be accepted from any one source during a calendar year, and pre-clearance 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 associates are required to seek preclearance and approval for political contributions to state and local government officials (or candidates for those positions.)

Participation or Interest in Client Transactions

In addition, CIInc or its affiliates may recommend that clients invest in limited partnerships, pooled funds or mutual funds managed by CIInc or its affiliates. Additionally, CIInc's affiliate, in its fiduciary capacity, may invest their 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.

CIInc's employees may also purchase shares in certain pooled funds managed by CIInc or an affiliate of CIInc. Such purchases may take place either through their personal account or through retirement plans sponsored by The Capital Group Companies, Inc., the ultimate parent company of CIInc. 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.

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

ITEM 12: BROKERAGE PRACTICES

Selecting Broker-Dealers

Portfolio Transactions

CIInc 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 affected 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.

When executing portfolio transactions on behalf of its clients and clients of its affiliates, Capital International, Inc. ("CIInc") strives to obtain "best execution" (the most favorable total price reasonably attainable under the circumstances) for their 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 the executions, the broker-dealer's or execution venue's ability to offer liquidity and anonymity, and the potential for minimizing market impact. CIInc considers these factors, which involve qualitative judgment, when selecting broker-dealers and execution venues for its clients' portfolio transactions. CIInc 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, CIInc does not consider itself as having an obligation to obtain the lowest available commission rate 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. CIInc

Commission Rates

For transactions on which commissions are payable, CIInc negotiates commission rates with brokers based on what it believes is reasonably necessary to obtain best execution. These 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.

CIInc seeks, on an ongoing basis, to determine what the reasonable levels of commission rates are in the marketplace. CIInc takes various considerations into account when evaluating such reasonableness, including, (1) rates quoted by broker-dealers, (2) the size of a particular transaction in terms of the number of shares and dollar amount, (3) the complexity of a particular transaction, (4) the nature and character of the markets on which a particular trade takes place, (5) the ability of a broker-dealer to provide anonymity while executing trades, (6) the ability of a broker-dealer to execute large trades while minimizing market impact, (7) the extent to which a broker-dealer has put its own capital at risk, (8) the level and type of business done with a particular broker-dealer over a period of time, (9) historical commission rates, and (10) commission rates that other institutional investors are paying.

Sale of Fund Shares Not Considered

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

Oversight

The Capital Group Companies Equity Trading Best Execution Committee, the Equity Trading Steering Committee and the Fixed-Income Best Execution Committee provide oversight to CIInc's policies, procedures and practices relating to best execution. CIInc obtains third-party analysis of trading execution quality. These analyses provide quantitative data compared to actual or average market prices to help identify anything that appears out of the ordinary.

The Equity Trading Best Execution Committee meets periodically to review current equity trading practices and reviews overall quality of execution of equity trades. The Equity Trading Steering Committee and other senior managers oversee brokerage services and receive periodic commission reports produced from an automated system. The Trading Steering Committee also reviews equity trading policies and approves changes as appropriate.

The Fixed-Income Best Execution Committee meets periodically to review current fixed-income trading practices and overall quality of execution of fixed-income and foreign exchange trades.

As part of its authority to invest client assets on a discretionary basis, CIInc may place cross-trades between client accounts managed by CIInc and its affiliates from time to time. CIInc recognizes that a potential conflict of interest may exist when placing trades between client accounts. To address such potential conflicts, CIInc 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.

Brokerage and Investment Research Services

CIInc may execute portfolio transactions with broker-dealers who provide certain brokerage and/or investment research services to it, but only when in CIInc's judgment the broker-dealer is capable of providing best execution for that transaction. The receipt of these services permits CIInc 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 may 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. CIInc considers these services to be supplemental to its own internal research efforts and therefore the receipt of investment research from broker-dealers does not tend to reduce the expenses involved in CIInc's research efforts. If broker-dealers were to discontinue providing such services it is unlikely CIInc would attempt to replicate them on its own, in part because they would no longer provide an independent, supplemental viewpoint. Nonetheless, if it were to attempt to do so, CIInc would incur substantial additional costs.

CIInc may pay commissions in excess of what other broker-dealers might have charged, including on an execution-only basis, for certain portfolio transactions in recognition of brokerage and/or investment research services provided by a broker-dealer. In this regard, CIInc has 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 CIInc to cause an account to pay a higher commission to a broker-dealer that

provides certain brokerage and/or investment research services to CIInc, if CIInc makes a good faith determination that such commissions are reasonable in relation to the value of the services provided by such broker-dealer to CIInc in terms of that particular transaction or CIInc's overall responsibility to its clients.

Certain brokerage and/or investment research services may not necessarily benefit all accounts paying commissions to each such broker-dealer, therefore, CIInc assesses the reasonableness of commissions in light of the total brokerage and investment research services provided by each particular broker-dealer. In accordance with its internal brokerage allocation procedure, CIInc periodically assesses the brokerage and investment research services provided by each broker-dealer from whom it receives such services. Using its judgment, CIInc provides its trading desks with information regarding the relative value of services provided by particular broker-dealers.

Neither CIInc nor any of its clients incurs any obligation to any broker-dealer to pay for research by generating trading commissions. As part of its ongoing relationships with broker-dealers, CIInc routinely meets with firms, typically at the firm's request, to discuss the level and quality of the brokerage and research services provided, as well as the perceived value and cost of such services. In valuing the brokerage and investment research services CIInc receives from broker-dealers in connection with its good faith determination of reasonableness, CIInc does not attribute a dollar value to such services, but rather takes various factors into consideration, including the quantity, quality and usefulness of the services to CIInc.

Client Referrals

CIInc does not consider client referrals from a broker-dealer or third party in selecting or recommending broker-dealers.

Directed Brokerage

In some instances, CIInc 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 CIInc's policy of seeking best execution. CIInc'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, CIInc accepts requests to direct brokerage from clients who are subject to ERISA only if the client's direction program complies with ERISA.

Occasionally, clients direct CIInc to place all or a portion of their account's annual brokerage costs to one or several broker-dealers and do not require that directed trades be subject to CIInc's policy of seeking best execution. In these cases, CIInc may be limited in negotiating commissions with broker-dealers to whom it directs trades and such accounts may therefore pay higher commissions than those that do not direct brokerage in this way. CIInc believes clients are best served when it has the full authority to determine the broker and negotiate commissions for securities transactions. With directed brokerage arrangements of this type, CIInc cannot assure clients that they will be able to obtain best execution.

If CIInc selects a broker-dealer other than the sponsor or its affiliates to affect a trade for a wrap fee program account, any execution costs charged by that other broker-dealer typically will be charged separately to the wrap fee program account. Investors who enroll in wrap fee programs should satisfy themselves that the sponsor is able to provide best execution of transactions. See below under the heading "Wrap Fee Programs" for more information about the handling of equity security trading with respect to such programs.

Certain managed account program clients direct CIInc to place all trades for equity accounts through the client's custodian or third party platform and/or their affiliates. These directed trades will not be subject to

CIInc's policy of seeking best execution and are not aggregated with trades for CIInc's other clients and funds. In these cases, CIInc will not negotiate commissions for such accounts or otherwise monitor the execution of trades. These accounts may therefore pay higher commissions than those that do not direct brokerage in this way. Further, such trades may be executed subsequent to trades for other CIInc accounts. With directed brokerage arrangements of this type, CIInc cannot assure clients that they will be able to obtain best execution and these clients should confirm with their custodian or third party platform and/or their affiliates that they are able to provide best execution of transactions.

Wrap Fee Programs

When CIInc serves as investment adviser under wrap fee programs, equity portfolio transactions are typically executed by the sponsor firm. When CIInc serves as investment advisor under a managed account program the client directs CIInc to trade equity securities through the client's custodian, third party platform or one of their affiliates. As a result, equity transactions for wrap fee program and managed account program accounts are generally not aggregated with orders for other accounts for which CIInc or an affiliate serves as investment manager. Wrap fee program and managed account program accounts therefore may not receive the same quality of execution that CIInc and its affiliates are able to obtain for other advisory clients.

CIInc may provide similar investment management services to multiple wrap fee program sponsors or managed account program clients, and this may result in investment recommendations for the same security being provided to multiple program sponsors at a similar time. In such cases, CIInc may rotate the order in which it places equity transactions among the relevant sponsors or other trading entities under managed account programs. CIInc uses a rotation methodology designed to avoid systematically favoring one entity over another and to treat similarly situated groups of accounts equitably over time. CIInc may provide portfolio transaction instructions simultaneously in lieu of using the rotation methodology if, for example, the trade represents a relatively small proportion of the average daily trading volume of the particular security.

CIInc and its affiliates manage investment company, 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 wrap fee program or managed account program accounts managed by CIInc. These other accounts will not be rotated with wrap fee program and managed account program accounts, and will trade prior to wrap fee program and managed account program accounts a high percentage of the time. As a result, the market price of securities may rise or fall before a wrap fee program or 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, CIInc or its affiliates), causing wrap fee program or managed account program accounts to purchase the same securities at a higher price (or sell the same securities at a lower price) than CIInc and its affiliates. Institutional or other discretionary accounts of CIInc and its affiliates may therefore over time obtain better execution, including more favorable prices for their transactions, than wrap fee program or 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.

Aggregation and Allocation of Portfolio Transactions

Frequently, CIInc will place orders to purchase or sell the same security for a number of clients of CIInc and its affiliates. CIInc typically aggregates such orders when they are substantially similar. As an aggregated order is executed, securities are allocated to clients in accordance with CIInc's allocation policy summarized below. CIInc 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.

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 client. Non-investment factors, such as fee arrangements, are not considered in selecting clients or allocating trades.

Equity Securities

When executing portfolio transactions in the same equity security for clients, funds or portions of funds over which CIInc, or any affiliates with which it manages assets, has investment discretion, CIInc and all such affiliates will normally aggregate purchases or sales and execute them as part of the same transaction or series of transactions.

Sometimes trade orders are not aggregated due to significant differences in terms, such as price sensitivity or urgency to complete the trade. For example, some orders may be subject to a price limit that does not permit them to trade with other orders for the same security that do not contain such a restriction. 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. 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 CIInc to direct a portion of their trades to a particular broker-dealer, subject to the CIInc's 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.

As an aggregated order is filled, executed equity trades are generally allocated pro rata to clients based on the authorized order size for each client at the time the trade is executed. All clients receive shares at the average execution price and pay a pro rata portion of all transaction costs. Allocated amounts will be rounded to take into account CIInc's and market practices for lot sizes.

Special instructions. In certain circumstances, parts of an aggregated order may be subject to special instructions, such as a price limit, 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.

Additional equity authorizations. If trading receives additional orders for a particular security after it has begun working existing orders for that security, the additional orders may be added to the initial orders over a reasonable period of time during the trading day. This may occur for example if trading believes that the additional orders are based on the same news event or analyst recommendation that prompted the initial order. If the additional orders are not aggregated in this manner, any trades executed prior to the additional orders are allocated to participating clients on the basis of the existing orders. After any such allocation, the additional authorizations are included with the existing orders and trades are allocated based on the size of the remaining open orders without consideration for the timing of the orders.

Minimum allocation size. Often, a single aggregated order may be 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. To reduce the transaction costs that clients may incur as a result of small allocations, CIInc may observe a minimum transaction size per client account. These minimums may vary by client account in an effort to treat all clients fairly and equitably.

Initial Public Offerings

Clients are selected to participate in initial public offerings of equity securities (“IPOs”) 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 received from the underwriting syndicate is not sufficient to fill all orders, CIInc 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 may be placed based on approximate account asset size; however, no account will be allocated more than its indication. Allocations may be subject to CIInc’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

When executing portfolio transactions in the same fixed-income security for the funds and other clients over which CIInc has investment discretion, CIInc will normally aggregate such purchases or sales and execute them as part of the same transaction or series of transactions.

Fixed-income investment professionals select participating client accounts and place trade orders with the fixed-income trading department. Most trades are allocated on the day the trade is executed (“trade date”), but trades may be allocated on the next business day after the trade date. Executed trades are allocated considering portfolio guidelines and a variety of other factors including: (1) other securities held in the portfolios; (2) appropriateness of the security for the portfolios’ objectives; (3) industry/sector, issue/issuer holdings, portfolio analytic data; (4) size of the portfolios; (5) the size of the confirmed, executed transaction; (6) invested position of the portfolio; and (7) marketability of the security. Once a fixed-income trade has been executed and participating client accounts are identified as described above, all accounts receive the same purchase price when participating in a block trade.

Forward Currency Exchange Transactions

CIInc generally executes foreign currency transactions for funds or accounts over which it has investment discretion directly through broker-dealers; however, a fund's or account’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.

ITEM 13: REVIEW OF ACCOUNTS

Compliance teams monitor client accounts on an ongoing basis. In addition, accounts are reviewed by investment professionals, including portfolio managers, as part of a group review of similar accounts. This monitoring and review is conducted to verify that accounts are in compliance with their objectives and investment guidelines and generally includes, among other things, information related to investment results, significant account guidelines, client activity including contributions and withdrawals, and the investment structure of the portfolio. Compliance teams may also conduct regular review to verify that overall positions are appropriately aligned relative to the accounts' objectives and relative to other similar accounts.

The board of directors of registered investment company clients organized in the United States are provided monthly unaudited statements of assets and liabilities, audited annual and unaudited semi-annual financial statements and shareholder reports. Additional information concerning portfolio activity and results are presented at meetings held at least three times annually, and extensive additional information is furnished, generally annually, in connection with investment advisory agreement renewals.

Clients with separate accounts and investors in other pooled investment vehicles are provided monthly and quarterly portfolio statements and such other reports as they may specifically request from time to time.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

CIInc compensates affiliates for client relations and marketing services. Additionally, CIInc's affiliates may compensate CIInc for client relations services. CIInc or its affiliates may from time to time compensate third parties for client referrals.

Many of CIInc's clients and prospective clients retain investment consultants to evaluate and recommend investment advisers and their services. CIInc may provide investment management services to these consultants or their affiliates. CIInc 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 CIInc and the other investment management companies under Capital Group International, Inc. ("CGII") 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, the CGII companies may co-sponsor with other managers or consultants, industry events such as conferences. The CGII companies also may purchase other products or services from consultants such as data feed transmission, electronic services and related software.

ITEM 15: CUSTODY

CIInc does not have physical custody of client assets but is deemed to have custody of client assets as defined in rule 206(4)-2 of the Investment Advisors Act. Limited partners in the private equity funds managed by CIInc will receive audited financial statements within 120 days after the fund's fiscal year end.

If a third party inadvertently delivers client securities or funds to CIInc, 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

CIInc is retained on a discretionary basis pursuant to an investment management agreement and is generally authorized, without client consultation or consent 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.

CIInc normally agrees with clients to investment guidelines for new accounts that set forth the objectives of the account and specific investment restrictions and limitations. The guidelines typically describe the investment mandate and types of securities that are eligible for (or prohibited from) the account. For investments in funds, the terms of the fund's governing documents will apply.

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

ITEM 17: VOTING CLIENT SECURITIES

CIInc accepts proxy voting authority from its clients and follows its Proxy Voting Policy and Procedures, which are summarized below. If CIInc 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 CIInc the authority to vote on their behalf. In those cases, clients should contact their custodian about receiving proxies. CIInc would not expect to discuss particular solicitations with clients for whom it does not have proxy voting authority.

Summary of Proxy Voting Policy and Procedures

CIInc considers proxy voting an important part of those management services, and as such, CIInc seeks to vote the proxies of securities held by clients in accounts for which it has proxy voting authority in the best interest of those clients. The procedures that govern this activity are reasonably designed to ensure that proxies are voted in the best interest of CIInc's clients. Proxy issues are evaluated on their merits and considered in the context of the analyst's knowledge of a company, its current management, management's past record, and CIInc's general position on the issue.

CIInc has developed proxy voting guidelines that reflect its general position and practice on various issues. To preserve the ability of decision makers to make the best decision in each case, these guidelines are intended only to provide context and are not intended to dictate how the issue must be voted. The guidelines are reviewed and updated as necessary, but at least annually, by the appropriate proxy voting and investment committees.

Associates on the proxy voting team in CIInc's Portfolio Control department or the private equity operations team with respect to the CIInc managed private equity funds are responsible for coordinating the voting of proxies. These associates work with outside proxy voting service providers and custodian banks and are responsible for coordinating and documenting the internal review of proxies. Standard proxy items are typically voted with management unless the research analyst who follows the company or a member of an investment or proxy voting committee requests additional review. Standard items currently include the uncontested election of directors, ratifying auditors, adopting reports and accounts, setting dividends and allocating profits for the prior year, and certain other administrative items. All other items are voted in accordance with the decision of the analyst, portfolio managers, investment specialists, the appropriate proxy voting committee or the full investment committee(s) depending on parameters determined by those investment committee(s) from time to time. Various proxy voting committees specialize in regional mandates and review the proxies of portfolio companies within their mandates.

From time to time CIInc may vote a) on proxies of portfolio companies that are also clients of CIInc or its affiliates, b) on shareholder proposals submitted by clients, or c) on proxies for which clients have publicly supported or actively solicited CIInc or its affiliates to support a particular position. When voting these proxies, CIInc analyzes the issues on their merits and does not consider any client relationship in a way that interferes with its responsibility to vote proxies in the best interest of its clients. The CIInc Special Review Committee reviews certain of these proxy decisions for improper influences on the decision-making process and takes appropriate action, if necessary.

If a research analyst has a personal conflict in making a voting recommendation on a proxy issue, he or she must disclose such conflict, along with his or her recommendation. If a member of the proxy voting committee has a personal conflict in voting the proxy, he or she must disclose such conflict to the appropriate proxy voting committee and must not vote on the issue.

This summary of CIInc's Proxy Voting Policy and Procedures is qualified by the full policy, which is available on request. Also upon request, CIInc will provide to clients for whom it has proxy voting authority, reports of its proxy voting record related to the securities held in that client's account.

ITEM 18: FINANCIAL INFORMATION

CIInc does not require or solicit pre-payment of fees more than six months in advance.

CIInc 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
--

CIInc is not registered with any state securities authority.