

ADV: Part 2A
March 21, 2015

Capital Research Advisors, LLC
4185-B Silver Peak Parkway
Suwanee, 30024 USA
770-925-1000
Fax: 770-932-9685

www.capitalresearchadvisors.com



This brochure provides information about the qualifications and business practices of Capital Research Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 770-925-1000. 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 Capital Research Advisors also is available on the SEC's website at www.adviserinfo.sec.gov.

Capital Research Advisors, LLC is currently a federally registered investment advisor with the U. S. Securities and Exchange Commission. The U.S. Securities and Exchange Commission does not endorse, recommend, or pass an opinion for Capital Research Advisors, LLC or any investment advisor.

Table of Contents

A. Advisory Business

Registration

Founding Date & Founding Partners

Current Leadership – Personnel

Education and Business Background

Code of Ethics

B. Services

Outline of Style of Investment Models

Other Possible Services Beyond Investment Management

Types of Clients We Serve

Fees & Schedules of Compensation

Disclosures

Discretionary and Non-Discretionary Accounts

Custody and Brokerage

Proxy Voting

Risks

C. Closing

REGISTRATION

Capital Research Advisors, LLC (CRA - LLC) is a federally registered investment advisor with the U. S. Securities and Exchange Commission.

The U.S. Securities and Exchange Commission does not endorse, recommend, or vouch for Capital Research Advisors, LLC, or any investment advisor.

FOUNDING

CRA - LLC was founded in 2003 by two managing partners, James Metzloff and Kenneth Graves. Mr. Metzloff was a twenty plus year veteran of the investment industry and Mr. Graves was a sixteen year veteran of the investment industry when CRA – LLC was founded. Mr. Metzloff has since retired (2010) and is no longer a part of CRA - LLC.

LEADERSHIP

During the first three years of existence, CRA – LLC under the leadership of Mr. Metzloff and Mr. Graves. In 2005, CRA added a third advisor, Tom Spicknall – CFP.

He was a twenty-five plus veteran of the investment industry. Mr. Graves, Mr. Metzloff and Mr. Spicknall worked together to operate Capital Research Advisors, LLC from 2005 – 2010 in two offices. Mr. Metzloff has since retired (2010) and is no longer a part of CRA – LLC in any way. Mr. Spicknall has since retired (2014) and is no longer involved at CRA in any way. Mr. Graves, now a twenty five plus year veteran is providing the management oversight of the three offices CRA has now.

In early 2012 Mr. Darren Heil joined CRA as an assistant portfolio manager. Mr. Heil is a fifteen year plus veteran. In addition to working directly with clients, Mr. Heil assists Mr. Graves in portfolio development.

In the second half of 2012 Mr. David Simmons joined the firm as a client advisor and helps CRA with overall direction and future planning. Mr. Simmons is a sixteen year plus veteran as well having spent his entire career as a client advisor.

Mr. Michael Trafford joined CRA in late 2012 also. Mr. Trafford's primary attraction for CRA is due to his long history and knowledge in arena of financial planning. He has an undergraduate degree in financial planning and also has a master's degree in financial planning. Having worked in financial planning for the last 23+ years in addition, Mr. Trafford does some advisory work for his clients as well. He came to CRA to lead and assist investment advisors of the firm in financial planning needs of a broad range of firm clients.

EDUCATION AND BUSINESS BACKGROUND:

The following individuals comprise the investment committee of CRA:

Kenneth Dwain Graves Born: 06/11/57

EDUCATION:

B.S., Animal Physiology, University of North Carolina, 1979

EMPLOYMENT HISTORY:

01/2005 – Present - Owner and Managing Partner of KDD Partners,
05/2003 - Present – Principal and Manager, CAPITAL RESEARCH ADVISORS, LLC,
09/2009 - Present - Registered Representative, Ceros Financial Services
05/2003 - 09/2009 - Registered Representative, Rydex Financial Services, a division of
Rydex Distributors, Inc.,
12/1996 - 05/2003 - Registered Representative, Investment Advisory Rep, Cambridge
Investment Research Inc.,

Darren Russell Heil. Born: 12/30/1975

EDUCATION:

Cornell University - BS in Engineering, May 1998

Cornell University - MENG in Engineering Management May 1999

EMPLOYMENT HISTORY:

01/2005 – Present - Owner and Managing Partner of KDD Partners,
01/2012 – Present - CRA LLC - VP and Senior Portfolio Manager,
01/2012 – Present - Registered Representative, Ceros Financial Services
08/2010 – 01/2012 - Merrill Lynch – Financial Advisor
01/2008 – 08/2010 - 321 Transform - Founder, Partner & CFO
08/2002 – 12/2007 - Difeq Consulting - Founder & Partner
07/2001 – 09/2009 - Spectrum Capital Partners/Andover Brokerage
07/1999 – 07/2001 - Schonfeld Securities/Opus Fund - July 1999 to July 2001

Mr. David Simmons.

EDUCATION:

Vanderbilt University – BS in Economics and BS in Human & Organizational
Development - 1999

EMPLOYMENT HISTORY:

01/2005 – Present - Owner and Managing Partner of KDD Partners
08/2012 – Present – Capital Research Advisors, LLC Financial Advisor
08/2012 – Present – Registered Representative, Ceros Financial Services
06/2005 – 08/2012 – Wells Fargo Advisors, LLC
06/2005 – 03/2003 –Registered Representative, Merrill Lynch Pierce Fenner & Smith Inc
01/2003 – 03/2003 – Fahnestock – Financial Advisor
04/2001 – 01/2003 – CIBC World Markets Corp
07/1999 – 11/2000 – Prudential Securities Incorporated

Mr. Michael Trafford.

EDUCATION:

Georgia State University – BS in Finance – 1988
Georgia State University – MBA in Financial Planning - 1994

EMPLOYMENT HISTORY:

08/2012 - Present – Capital Research Advisors, LLC Financial Planner
08/2012 - Present – Registered Representative, Ceros Financial Services
04/2002 - 08/2012 -Triad Advisors, Inc.
12/2000 - 04/2002 - Cambridge Investment Research, Inc.
07/2000 - 10/2000 - Commonwealth Financial Network, Inc.

CODE OF ETHICS

CRA has established a Code of Ethics (the “Code”) pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”). As an investment adviser, CRA has an undivided duty of loyalty to act solely in the best interests of its clients, an obligation which includes the responsibility to make full and fair disclosure of all material facts, especially where CRA’s interests may conflict with those of its clients. In carrying on its daily affairs, CRA and all CRA’s Associated Persons (also known as “Supervised Persons”), shall act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by CRA’s governing regulatory authority (e.g., United States Securities and Exchange Commission, state bureau of securities, etc.).

In light of the above code, CRA requires in writing that all individuals employed or in contract with CRA must act in accordance with The Code and all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of these may be subject to termination.. A full copy of our code of ethics is available to any person at any time upon request and they do not need to be a current client in order to obtain this from us.

OUTLINE OF STYLES OF INVESTMENT MODELS - TYPES AND OF INVESTMENT MODELS USED IN ADVISING CLIENTS

When CRA manages assets we largely use defined investment models. We divide our asset management models into different types/styles. These models are rules based models which means that there is little to no subjective nature to the decision making process in the models. The rules are quantitative in their nature and they are designed so those rules drive the decisions made.

Currently we have two (2) models for fixed income type assets. These are models with one focused for largely producing tax free income and the second model is for largely producing taxable income. Both will produce taxable capital gains when used in non-qualified accounts.

Both of these fixed income models have a similar framework in place for attempting to manage risk but they both function independently of the other. This framework usually involves a core construction of about 60%-85% of assets in each model. Since the price of a bond and the dividend rate it carries work in opposition to each other, CRA – LLC attempts to address this opposite relationship. To do so, there can be a position of a “hedge”, designed to help offset or buffer some of the effects of possible interest rate increases. There can also be put in place an “accelerator”, a position that may help to appreciate the portfolio possibly for potential interest rate decreases.

CRA – LLC also provides equity based models and it currently has four (4) models which focus primarily on U.S. equities. With these four models we largely focus on the use broad stock indexes or broad sector representations here.

We attempt to have equity models in place which do not correlate highly to each of the other equity models we use over extended periods of time. This attempt to keep the correlations between these four models low means that the models, though they can and do change, they are structured/selected partially based on their lack of being highly interconnected to each other over an expanded time frame(s). To help this occur we can and do regularly use a tactical overlay in the management of these models. This means the model(s) may have certain points within them when once the model reaches a specific point or set of points, a major change in the holdings of that model will occur.

Currently, our last model does not base itself off of U.S. equity indexes or equity sectors. It makes use of different asset classes. They can be commodity based positions – i.e., oil/gas, precious metals and basic materials. This model can also use the U.S. Dollar, in either a "long" or a "short" portfolio, as well as other major world currencies. This model may also invest in "country" portfolios for countries that are not currently deemed to be highly correlated to the U.S. board markets though management may make determinations which allow correlations to increase beyond our normal tolerances. .

Please Note: Inverse/Enhanced Market Strategies.

CRA, as the Registrant may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct the Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Use of leveraged and inverse funds: Most leveraged funds seek to provide a multiple of the investment returns of a given index or benchmark on a time designated basis, daily or monthly most often. Due to the effects of compounding and possible correlation errors, leveraged funds may experience greater losses than one would ordinarily expect. Compounding can also cause a widening differential between the performances of a fund and its underlying index or benchmark, so that returns over periods longer than one day can differ in amount and direction from the target return of the same period. Consequently, these funds may experience losses even in situations where the underlying index or benchmark has performed as hoped. Some specialized funds can be subject to additional market risks. Investment returns will fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Affiliated Private Fund.

This Registrant, CRA, is also affiliated with and serves as investment adviser to a private investment fund (the “affiliated private fund”). The complete description of the terms, conditions, risks and fees associated with the affiliated private fund is set forth in the affiliated private fund's offering documents which are not included here since the affiliated private fund is only possibly suitable to certain types of investors and those clients are not typical of the types of clients CRA usually serves. All of those possible investors for the affiliated private fund would need to first meet the requirements of being an “accredited investor” as defined by the Securities and Exchange Commission. If one does not meet those requirements then the information about the affiliated private fund cannot be discussed with them in anyway at any time. CRA as the Registrant, on a non-discretionary basis, may recommend that certain accredited clients consider allocating a portion of their investment assets to the affiliated private fund. CRA's clients are under absolutely no obligation to consider or make an investment in a the affiliated fund.

As stated above, the affiliated private fund is available only to “Accredited Investors,” as the term is defined by Rule 501 of the Securities Act of 1933, and only by a Confidential Private Placement Memorandum. Additional information on the standard is provided in the Confidential Private Placement Memorandum and Subscription Agreement for the

affiliated private fund. Investors in the affiliated private fund may not impose any restrictions on fund investments. This Brochure is not an offer to sell, or a solicitation of an offer to purchase, interest in the affiliated private fund. Such an offer can only occur when the prospective investor receives the offering documents.

Please Note: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

OTHER POSSIBLE SERVICES BEYOND INVESTMENT MANAGEMENT

CRA – LLC does provide for financial planning to some of its clients. Financial planning is done for clients on a separate cost basis to the client fee structure above and beyond the cost of managing assets. When we carry out financial planning we will charge this separate fee for the financial planning and a trained financial planner will be an active part of the client interactions for this and a separate engagement letter is signed by the client in advance.

Often, we lay out a financial forecast or game plan for clients to help them look at net worth, current qualified & non qualified investments in the current time format as well as current contributions. We typically first perform 2 functions. A risk tolerance and a data collection input we term a CAN-Confidential Needs Analysis. Risk tolerance allows us to begin to make some assessments in their history of investing as well as the perception of risk of their investing and past investments.

The CNA allows us to look at income, debt, cash flow overall, financial obligations, future obligations, plans which help us assess their needs, suitability of their current finances as well as their perception of their current finances. This can help CRA – LLC as we allocate assets across the many different models that we use here. Not all clients are allocated the same and this review process helps aid us in that.

This financial game plan for clients is not the same as the financial planning referred to above and is only offered to clients who are investment advisory clients. There is no additional fee charged for this.

CRA nor any related person of CRA (Registrant) recommends, buys, or sells for client accounts, securities in which the Registrant or any related person of Registrant has a material financial interest except with regard to the affiliated private fund discussed in the previously noted section above.

CRA and/or its personnel own interest in, and a related person of CRA is the General Partner of, the affiliated private fund. CRA may recommend the affiliated private fund to clients for which the CRA believes the investment is suitable. CRA only recommends the affiliated private fund to clients who meet the requisite income and/or net worth requirements previously stated and where CRA believes that the investment is appropriate for the client based on the client's ability to accept the risk. When recommending the affiliated private fund to advisory clients, clients may be charged additional advisory fees and incentive allocations by the affiliated private fund but not by CRA.

A conflict exists when the Registrant, CRA, and/or its personnel stand to benefit from additional investments in the affiliate funds. In order to address this conflict, Clients will receive the Confidential Offering Memorandum and full disclosure of known risks before investing in the *affiliated fund*. In addition, the CRA will disclose any proprietary or related interest in such fund to the client.

TYPES OF CLIENTS WE SERVE

We serve clients of differing descriptions. We do serve individuals, families as well as high net worth individuals. We also serve small and to medium size businesses as well as some non-profit businesses. CRA-LLC does at times have solicitor agreements and will pay a referral fee under a solicitor agreement which we have with a solicitor. In this situation CRA will require a client has to sign a separate disclosure stating that they understand we are paying a referral fee to that solicitor. These we would all consider direct clients. This separate fee is not an additional fee for the client to pay and is part and parcel of the fee the client pays directly to CRA.

In addition to these direct clients we also can and do take on non-direct clients. In this effort we serve other financial advisors and the needs they may have for their clients through our investment advisory services described herein. Most typically that advisor has an "investment advisory representative" agreement with CRA – LLC. We consider this to be a third party relationship. These advisors receive the same investment model availability as do individuals, families, and high net worth individuals directly at CRA. We do not provide financial planning to any of these advisors or their clients who are not a direct client of CRA – LLC.

ASSETS WE MANAGE

	Assets Managed by CRA	Number of Accounts
Discretionary	\$93400000.00	349
Non-Discretionary	\$7400000.00	28
Non Managed/No Fee	<u>\$1100000.00</u>	<u>25</u>
TOTALS	\$101900000.00	402

CRA also provides investment advisory services to the affiliated private fund which is outlined earlier in this document on page 7-8. A related person of the CRA/Registrant is also the General Partner of the affiliated private fund. The affiliated private fund is not publicly offered or traded and is available to appropriate accredited investors only, as described in more detail in Item 4. We may recommend the affiliated private fund to certain clients for whom we believe the fund would be suitable. This creates a conflict of interests, as we may benefit by our recommendation of the affiliated private fund. Our policies to address this conflict are described further below.

FEES & SCHEDULE of COMPENSATION

CRA – LLC does provide its services on a fee for service basis being paid as a percentage of assets under advisement/management with us. We will occasionally offer an hourly rate to a client who would only want to have a limited time engagement with us.

We do not offer a “wrap fee program”.

No advisory client will be favored over any other advisory client.

The annual fee for Investment Supervisory Services or Selection and Monitoring Services will be charged as a percentage of assets we manage for each client, according to the schedule of our maximum fees below, but are always negotiable up or down and yet never greater than 1.75%:

<u>Asset Amount</u>	<u>Annual Fee</u>
\$0 - \$500,000	Not Greater than 1.75%
\$500,000 - \$1,000,000	Not Greater than 1.50%
\$1,000,001 - \$2,500,000	Not Greater than 1.25%
\$2,500,001 - \$5,000,000	Not Greater than 1.00%
Over \$5,000,000	Negotiable

We do not use a “tiered” rate structure which means we charge a flat percentage on all the assets we manage for a household as opposed to a tiered structure which would charge the first \$500,000 at 1.75% and the next \$500,000 at 1.5%, etc.

CRA-LLC does at times have solicitor agreements and will pay a referral fee under a solicitor agreement when we have with a relationship with a solicitor. In this situation CRA will require a client has to sign a separate disclosure stating that they understand we are paying a portion of our fee as a referral fee to that solicitor. This referral fee is not an additional fee for the client to pay but it is part and parcel of the fee the client pays directly to CRA. We would still consider this as a direct client.

In the rare instance where we might use hourly rates, rates charged by a partners are \$325/hour and others are negotiated based on experience and the task(s) to be performed.

CRA-LLC currently does not and has not historically used any form of performance based fees.

Unified Managed Account (“UMA”) Programs

CRA offers some of its model portfolios to UMA Program sponsors for a fee. These UMA Program sponsors use CRA’s model portfolios as one input in developing the sponsors’ investment recommendations to their clients and managing their clients’ accounts. When a UMA Program sponsor engages CRA, CRA constructs model portfolios that correspond to some CRA investment strategies which are then selected by the sponsor. CRA provides the UMA Program sponsor with direct entries onto their platform identifying CRA’s recommendations as to the securities to be purchased, sold and held from time to time in each UMA Program account, as well as the percentage of the model portfolio that would be invested in each security. CRA provides this information to the UMA Program sponsor at or near the same time CRA updates its model portfolios. UMA Program sponsors retain sole authority and responsibility for managing their clients’ accounts. Each UMA Program sponsor provides individualized investment advice and portfolio management services to its clients, and may or may not decide to implement all or all of CRA’s recommendations as to the securities and other property to be held within an account. In the event that a UMA Program sponsor determines to follow CRA’s recommendation regarding the purchase or sale of any securities or other investments, the UMA Program sponsor may purchase and sell those investments within its clients’ accounts at the same time, prior to, or after CRA purchases and sells those investments within the corresponding CRA strategy. The resulting UMA Program sponsor’s trading activity does not have a positive or negative impact on CRA’s ability to execute trades for CRA’s clients. CRA charges a fee to each UMA Program sponsor that enters into a contract. The sponsor contracts with CRA to use CRA’s model portfolios to assist the sponsor in managing its client accounts. CRA and the sponsor usually negotiate the fee amount. The fee may vary depending on a number of factors, including the number of model portfolios that the sponsor is purchasing and the total assets under management.

DISCLOSURES

CRA – LLC clients can choose to have their fees deducted from their account or billed to them directly. This choice is listed distinctly and separately in our advisory agreement. We most typically assess fees on a quarterly basis based on the market value of assets in an account as of the last day of each calendar quarter but we do have a limited number of clients that we assess fees on a monthly basis instead. All client fees are earned on a pro rata basis and should a fee in advance be paid to CRA but not earned, CRA will refund the unearned portion of the fee within 14 days of the termination of CRA’s services.

All fees paid to CRA for investment advisory services are separate and distinct from the fees and expenses charged by the custodian for its services, IRA fees, exchange fees or SEC mailing fees. They are also fully separate and distinct from the fees and expenses charged by mutual funds, ETFs, closed end funds, collective trusts, unit investment trusts as well as variable annuities and the fees they charge to their shareholders/unitholders and they are integrated into fees as a part of CRA fees. Those separate fees and expenses are described in each of those products prospectus. Those fees will generally include a management fee, other fund expenses, and a possible distribution fee or service fee. If the fund also imposes sales charges, a CRA client will obtain the fund at Net Asset Value (NAV) meaning without the client paying that stated sales charge.

If CRA uses funds, and it often does, CRA will most often use “no load funds”, investor share class, institutional share class if the client can meet the requirements given by that fund or as stated elsewhere in this brochure. CRA can use “loaded funds” on a load waived basis meaning no sales load is paid by the client to benefit CRA. CRA may use funds that have an internal service fee and if this does occur and if this fee is sent to CRA by the fund provider, this fee is accepted and kept by CRA. It is not refunded to any party, not the client, not the fund provider and not to the custodian. It is the opinion of some in our industry that this produces a conflict of interest. CRA does not make selection of investments based on whether a fund does or does not pay this “service fee” and we do attempt to purchase a share class when using funds that is cost efficient for the clients.

A CRA client may pay a “level” sales charge but should this occur they would not pay CRA a level sales charge AND an asset management fee both. The level sales charge would be received by CRA in lieu of any and all asset management fees and a separate document describing this will be signed by any client paying a level sales charge in lieu of an asset management fee. This will typically occur with clients that have a lesser total account value and it will be done to lessen the impact of the fees that CRA would charge if it were charging a separate asset management fee.

A person could invest in a mutual fund directly, without the services of CRA and would therefore not be a CRA client. In that case, the client would not receive the services provided by CRA which are designed, among other things, to assist the client in determining which products might possibly be appropriate to each client’s financial condition and objectives.

Accordingly, the client should review both the fees charged by the funds and the fees charged by CRA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

DISCRETION and NON DISCRETION ACCOUNTS

CRA – LLC prefers to manage assets on a discretionary basis but does on occasion accept an account with limited restrictions. These restrictions can be in the form of not

allowing the sale of an existing holding(s) in the account prior to CRA – LLC accepting the account for whatever reason(s) the client may have. These restrictions would need to be defined in writing by the client so that the parameters of the decision can be maintained by CRA – LLC and understood by us as well.

There can also be restrictions on what to allow the account to purchase or hold/not hold but again those restrictions would need to be defined by the client and the be agreed to in writing with CRA – LLC management.

CUSTODY

CRA does not custody assets. CRA always uses a third party to custody (the one who holds and cares for) clients assets. CRA acts as an advisor or manager of those assets by a signed authorization executed with and by the client(s). With a separate and signed consent from the client which is addressed to the custodian, CRA will direct the custodian to have fees, disclosed in the management agreement, deducted from the account of the client and sent to CRA.

CRA BROKERAGE POLICY

Factors that CRA considers in recommending a broker-dealer/custodian for client accounts include historical relationship with CRA, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by CRA's clients shall comply with CRA's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CRA determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer service, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although CRA will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, CRA's investment management fee. CRA's best execution responsibility is qualified if securities that it purchases for client accounts are no-load mutual funds that trade at net asset value as determined at the daily market close.

If CRA's agreement with the client so provides, the client may expressly direct CRA to effect all securities transactions for its account through a particular broker-dealer (subject to CRA's right to decline and/or terminate the engagement) to execute some or all transactions for the client's account. This is considered or referred to as, "Client Direction of Broker-Dealer Selection" In such event, the client will negotiate the terms

and arrangements for its account with their selected broker-dealer and CRA will not seek better execution services or prices from other broker-dealers nor will CRA be able to “bunch” the client’s transactions for execution through other broker-dealers with orders from other accounts managed by CRA. As a result, the “self-directed” client may incur higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for its account than would otherwise be the case had the client determined to effect transactions through alternative brokerage relationships generally available through the Registrant. CRA does not currently maintain client directed brokerage arrangements.

Referrals from Broker-Dealers. In the event that transactions for client accounts are effected through a broker-dealer that refers investment management clients to CRA, the potential for a conflict of interest may arise and corresponding disclosure of such relationship must be made to the client prior to effecting transactions for the client account through the referring broker-dealer, including disclosure thereof in CRA’s advisory agreement(s) and/or written disclosure statement. CRA does not currently maintain such arrangements.

PROXY VOTING

CRA does not vote client proxies. Therefore, although CRA may provide investment advisory services relative to client investment assets, CRA clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. CRA and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.

RISKS

An investment made through a custodian for CRA to manage is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The value of an investment made through CRA will fluctuate and is subject to investment risks, which means investors could lose money. Some of those risks are shown here.

The market value of the securities held by the account may fluctuate resulting from factors affecting the individual holdings or other factors such as changing economic, political or financial market conditions. An investment made through CRA involves risks similar to those of investing in any publically traded securities traded on an exchange, such as market fluctuations caused by the factors stated above as well as changes in interest rates and perceived trends in security prices.

The value of a holding in a client's account likely will decline, more or less, in correspondence with any decline in value of the underlying markets which the holdings attempt to match or are correlated to. The holding in the account may not contain the appropriate mix of securities for any particular economic cycle, and the timing of movements from one type of security to another could have a negative effect on the account. This means that based on market and economic conditions, the account's performance could be impacted by these risks.

We attempt to have our equity models in place that do not correlate highly to one another and are not constantly correlated to those underlying markets. This attempt to keep the correlations between these four models low means that the models, though they can and do change, are structured/selected partially based on their lack of being interconnected to each other. To help this occur we can and do regularly use a tactical overlay in the management of these models. This means the model(s) may have certain points within them that once the model reaches that point, a major change in the holdings of that model will occur.

CLOSING

Always feel free to ask CRA for any details you may not understand, may be unclear about or have other questions about. We want you to be as knowledgeable as you feel you need to be as a client or potential client.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ken Graves', with a stylized flourish extending from the end.

Ken Graves
Chief Compliance Officer

Capital Research Advisors, LLC

4185-B Silver Peak Parkway

Suwanee, 30024 USA

770-925-1000

Fax: 770-932-9685

www.capitalresearchadvisors.com

FINAL PAGE