



CAPITAL GUARDIAN TRUST COMPANY

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This brochure provides information about the qualification and business practices of Capital Guardian Trust Company (“CGTC”). Throughout this brochure and related materials, CGTC 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 CGTC also is available on the SEC’s website at www.adviserinfo.sec.gov

ITEM 2: MATERIAL CHANGES

This brochure is a new document prepared according to recently amended requirements and rules of the SEC. It is materially different in structure from, and contains information not provided in CGTC's previous brochure. In the future, you can look to this section of the brochure for a summary of specific material changes that have been made since its last update.

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ITEM 4: ADVISORY BUSINESS

CGTC is a wholly-owned subsidiary of Capital Group International, Inc. which in turn is 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. CGTC was chartered in 1968 under California banking laws as a non-depository trust company.

CGTC provides investment management services to large corporate and public pension plans, financial institutions, registered investment companies, endowments and foundations, and foreign investors. In addition, CGTC serves as the trustee and investment adviser to privately-offered collective investment funds that are exempt from SEC registration. It also provides investment management and trust services to high net-worth individuals and trusts through the Capital Group Private Client Services (“CGPCS”) division.

CGTC’s investment approach is based on rigorous fundamental research. CGTC offers equity, fixed-income, balanced, and other customized investment strategies based on the investment objectives of CGTC clients. CGTC normally agrees to investment guidelines with clients 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.

CGTC’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.

CGTC 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 CGTC is an investment manager to a wrap program, CGTC 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, CGTC may only provide model portfolios to the sponsor and the sponsor will have ultimate decision making and discretionary authority for those accounts. Generally, CGTC 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, 2011, CGTC managed approximately \$71,456,982,000 in client assets 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 long standing clients as well as clients with customized mandates or special service needs. For certain investors, CGTC 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 CGTC's Brokerage policies please refer to Item 12 (Brokerage Practices) of this brochure.

Sales and marketing professionals may receive direct or indirect compensation related to the services CGTC provides. This presents a conflict of interest, as marketing and sales associates have an incentive to recommend services because of the compensation they are provided by CGTC.

SERVICES TO INSTITUTIONAL CLIENTS

The fees and services discussed below are for separately managed accounts and privately-offered collective investment trusts ("CITs") that are exempt from registration. Such funds currently include: (i) common trust funds designed for U.S. charitable tax-exempt organizations; and (ii) collective trust funds designed for (a) U.S. qualified employee benefit and government plans, and (b) Canadian registered pension plans.

In order to offer the same investment pool to different types of plans and with different fee payment options, CGTC has established a number of its U.S. CITs in a "master/feeder" structure. Such funds series generally will include a master fund and one or more feeder funds (also referred to as "unit classes") as follows: (i) two unit classes are designed primarily for use by participant-directed, defined contribution retirement plans (Unit Classes S and T) and/or (ii) one unit class is designed primarily for use by defined-benefit retirement plans (Unit Class DB).

While the "S" unit class charges the investment management fees internally, all other funds offered by CGTC charge the investment management fees externally to the fund. Operating expenses including expenses for custody, audit and ordinary trust administration services are charged internally to all funds (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.

Investment Management Relationships

- Separately managed accounts
- Investments in CITs which are exempt from registration
- Sub-advisory services to unaffiliated third parties, including registered investment companies
- Sub-advisory services to affiliates

Details of the fees and services discussed below generally relate to separately managed accounts, CITs designed for defined benefit plans or tax-exempt organizations. For detailed information regarding funds designed primarily for defined contribution plans, please refer to that fund's characteristics.

Calculation of Fees

Generally, 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 CITs, fees can be (i) charged outside the fund directly to the participating plan ("externally charged fees"), or (ii) with funds that permit daily admissions and withdrawals, the funds may incur the management fee within the fund ("internally charged fees").

Minimum Fees and Account Size

Please see the fee schedules below for the minimum annual investment management fee and account size for each mandate. In some instances, the minimum may be waived due to the overall size of the client relationship or other factors. Due to the nature of the plans, minimum size requirements are not imposed on unit classes designed for use primarily by defined contribution plans (i.e., Unit Classes S and T). Unit Class T, however, is only available to eligible plans as determined by CGTC based on certain factors including the plan's overall relationship with CGTC.

Fee Discounts and Aggregation

A multiple account discount and/or revenue discount, as well as additional breakpoints, may be available to eligible accounts.

Sub-Advisory Fees

The investment management fees for sub-advisory clients that are U.S. registered investment companies are generally higher than the corresponding rates for each of the investment mandates listed under the annual fee schedule below. Fees may also vary between accounts due to the size and relationship status of accounts and other relevant factors. The annual fees for sub-advisory services provided to affiliates are agreed upon from time to time in writing.

Model Investment Portfolios

On occasion, CGTC may agree to a relationship with a third party involving the provision of model investment portfolios. Fees for such services will vary based on the relationship, services provided and other factors.

ANNUAL FEE SCHEDULE FOR INVESTMENT MANAGEMENT SERVICES FOR INSTITUTIONAL CLIENTS

Fees are expressed as a percentage of total assets. All assets are stated in U.S. dollars. Investment mandates in currencies other than U.S. dollars will reflect fee breakpoints that historically have approximated those breakpoints in the local currency.

U.S. Equity Investment Mandate

- A. For Separate Accounts and funds with externally charged management fees:

Assets:	Rate:
First \$25 million	0.500%
\$25 to \$50 million	0.350%
Over \$50 million	0.225%

Minimum annual investment management fees:

Separately managed accounts: \$212,500 (\$50 million in assets)

Investments in funds: \$75,000 (\$15 million in assets)

- B. Unit Class S, which has internally charged management fees:

All Assets: 0.45%

Non-U.S./Global Large Cap Core Equity Investment Mandates

All Country World (& ex-U.S.) Equity Investment Mandates

- A. For Separate Accounts and funds with externally charged management fees:

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

Minimum annual investment management fees:

Separately managed accounts: \$312,500 (\$50 million in assets) or

\$100 million in assets for All Country World (& ex-U.S.) Equity accounts

Investments in funds: \$70,000 (\$10 million in assets)

- B. Unit Class S, which has internally charged management fees:

All Assets: 0.64%

Emerging Markets Equity Investment Mandates

- A. For Separate Accounts and funds with externally charged management fees:

Assets:	Rate:
First \$300 million	0.90%
Over \$300 million	0.80%

Minimum annual investment management fees:

Separately managed accounts: \$900,000 (\$100 million in assets)

Investments in funds: \$135,000 (\$15 million in assets)

- B. Unit Class S, which has internally charged management fees:

All Assets: 1.10%

Emerging Markets Total Opportunities Investment Mandates

A. For Separate Accounts with externally charged management fees:

Assets:	Rate:
First \$300 million	0.90%
Over \$300 million	0.80%

Minimum annual investment management fees:

Separately managed accounts: \$900,000 (\$100 million in assets)

For investments with Standard Servicing in funds with externally charged management fees:

Assets:	Rates:
First \$300 million	0.85%
Over \$300 million	0.75%

Minimum annual investment management fees:

Investments in funds: \$85,000 (\$10 million in assets)

For investments with Limited Servicing in funds with externally charged management fees:

Assets:	Rates:
All Assets	1.00%

Minimum annual investment management fees:

Investments in funds: \$50,000 (\$5 million in assets)

For taxable investments with Limited Servicing in funds with externally charged management fees:

Assets:	Rates:
All Assets	1.10%

B. Unit Class S, which has internally charged management fees:

N/A

U.S. Core Fixed-Income Investment Mandates

A. For Separate Accounts and funds with externally charged management fees:

Assets:	Rate:
First \$50 million	0.30%
\$50 to \$100 million	0.20%
\$100 to \$300 million	0.18%
Over \$300 million	0.15%

Minimum annual investment management fees:

Separately managed accounts: \$250,000 (\$100 million in assets)

Investments in funds: \$45,000 (\$15 million in assets)

B. Unit Class S, which has internally charged management fees:

All Assets:	0.30%
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U.S. High-Yield Fixed-Income Investment Mandates

- A. For Separate Accounts and funds with externally charged management fees:

Assets:	Rate:
First \$25 million	0.500%
\$25 to \$50 million	0.350%
\$50 to \$250 million	0.225%
Over \$250 million	0.195%

Minimum annual investment management fees:

Separately managed accounts: \$337,500 (\$100 million in assets)

Investments in funds: \$75,000 (\$15 million in assets)

- B. Unit Class S, which has internally charged management fees:

All Assets: 0.48%

Global Core Fixed-Income Investment Mandates

- A. For Separate Accounts and funds with externally charged management fees:

Assets:	Rate:
First \$50 million	0.375%
\$50 to \$100 million	0.275%
\$100 to \$300 million	0.255%
Over \$300 million	0.225%

Minimum annual investment management fees:

Separately managed accounts: \$325,000 (\$100 million in assets)

Investments in funds: \$56,200 (\$15 million in assets)

- B. Unit Class S, which has internally charged management fees:

N/A

Global High-Yield Fixed-Income Investment Mandates

- A. For Separate Accounts and funds with externally charged management fees:

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

Minimum annual investment management fees:

Separately managed accounts: \$525,000 (\$100 million in assets)

Investments in funds: \$70,000 (\$10 million in assets)

- B. Unit Class S, which has internally charged management fees:

All Assets: 0.72%

Emerging Markets Debt Investment Mandates

A. For Separate Accounts and funds with externally charged management fees:

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

Minimum annual investment management fees:

Separately managed accounts: \$487,500 (\$100 million in assets)

Investments in funds: \$60,000 (\$10 million in assets)

For investments with Limited Servicing in funds with externally charged management fees:

Assets:	Rate:
All assets	0.75%

Minimum annual investment management fees:

Investments in funds: \$37,500 (\$5 million in assets)

B. Unit Class S, which has internally charged management fees:

All Assets: 0.62%

U.S. Balanced Investment Mandates

A. For funds with externally charged management fees:

Assets:	Rate:
First \$25 million	0.50%
\$25 to \$50 million	0.35%
Over \$50 million	0.20%

Minimum annual investment management fees:

Separately managed accounts: N/A

Investments in funds: \$75,000 (\$15 million in assets)

B. Unit Class S, which has internally charged management fees:

N/A

Non-U.S./Global Balanced Investment Mandates

A. For funds with externally charged management fees:

Assets:	Rate:
First \$25 million	0.70%
\$25 to \$50 million	0.55%
\$50 to \$250 million	0.40%
Over \$250 million	0.35%

Minimum annual investment management fees:

Separately managed accounts: N/A

Investments in funds: Fund of funds offered \$175,000 (\$25 million in assets)

B. Unit Class S, which has internally charged management fees:
N/A

Absolute Income Grower Investment Mandates

A. For Separate Accounts with externally charged management fees and funds with externally charged management fees:

Assets:	Rate:
First \$25 million	0.70%
\$25 to \$50 million	0.55%
\$50 to \$250 million	0.425%
Over \$250 million	0.375%

Minimum annual Investment management fees:

Investments in funds: \$70,000 (\$10 million in assets)

B. Unit Class S, which has internally charged management fees:
All Assets: 0.75%

SERVICES TO CAPITAL GROUP PRIVATE CLIENT SERVICES ("CGPCS") CLIENTS

The fees below are for the investment management and trust services to high net worth individuals and trusts CGTC offers through the CGPCS division.

Investment Management Relationships

- Separately managed accounts
- Investments in investment companies for which CGTC or an affiliate serves as investment adviser
- Investments in privately-offered collective investment funds that are exempt from registration

Additionally, CGPCS provides trust services. The amount of time spent on providing trust services is not material compared to the amount of time spent on investment advisory services.

The fees and services discussed below are for separately managed accounts, mutual funds and certain pooled funds. For detailed information regarding specific pooled funds or mutual funds, please refer to that fund's prospectus or other offering documents.

Calculation Methodology of Fees

Investment management and trustee fees will be calculated quarterly based on the average daily market value or the appraised value of the assets in the account. Administrative, service and custody fees will be calculated quarterly based on the three-month average market value or appraised value of the assets in the account on the last business day of each month. Valuations will be determined in good faith by CGTC, in accordance with customary methods.

Client fees are determined by applying a fee rate which will vary based on the Investment mandate. Compensation paid to Investment Counselors is based in part on the total fees paid by their clients to CGTC. Fee schedules may be modified by CGTC from time to time upon thirty (30) days' prior written notice.

Minimum Account Size

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

Fees for Additional Services

CGPCS will charge a 0.25% administrative fee on accounts under \$3 million if a client's related accounts (as determined by CGPCS) do not exceed \$5 million in aggregate.

CGPCS will charge the greater of \$10,000 or 0.15% annually for CGTC to serve as trustee or co-trustee. This fee will not apply to IRA accounts.

CGPCS will charge an additional 0.06% fee to provide custody services through State Street Bank for individual securities invested in accounts holding U.S. Equities; 0.08% for Global Equities, 0.10% for Non-U.S. Equities, and 0.08% for All-World Equity.

Any extraordinary services rendered or expenses incurred by CGTC will be charged separately. Tax return preparation is charged according to the type of return required.

Any unpaid fees due to and unreimbursed expenses incurred by CGTC at the termination of an account may be deducted from the assets in the account.

Fee Discounts

A multiple account discount and/or revenue discount, as well as additional breakpoints, may be available to eligible accounts.

Mutual funds

The fees and services discussed below are for accounts invested in U.S. and non-U.S. investment companies. For detailed information regarding specific investment companies, please refer to that fund's offering documents.

With the exception of short term cash and ETFs, CGPCS, a division of CGTC will make mutual fund investments only in mutual funds for which CGTC or an affiliate provides investment advisory and other services and receives a separate fee. CGPCS' investment management fee for mutual fund investments will be offset entirely by the investment management fees received by CGTC or its affiliates as adviser to

any mutual fund. Certain of these mutual funds are also available for purchase through brokers or agents not affiliated with CGTC.

CGPCS will charge a 0.30% service fee on assets invested in shares of mutual funds advised by CGTC or its affiliates with the exception of mutual fund assets in the All-World Equity service. This fee covers account set up and maintenance, CGPCS statements, CGTC fiduciary services (for IRA accounts), tax filings, tax-lot accounting, and client service (including administrative and operational support).

Minimum account size:

U.S. clients: \$3 million in assets

CGPCS Mutual Funds Fees

The Municipal Bond Funds and the Core Bond Fund pay all expenses not assumed by the investment adviser, including, but not limited to: custodian, stock transfer and dividend disbursing fees and expenses; shareholder recordkeeping and administrative expenses; costs of the designing, printing and mailing of reports, prospectuses, proxy statements and notices to shareholders; taxes; expenses of the issuance and redemption of fund shares (registration and qualification fees and expenses); legal, accounting and auditing expenses; compensation, fees and expenses paid to independent trustees (including legal counsel fees); association dues; cost of stationery and forms prepared exclusively for the funds; and costs of assembling and storing shareholder account data. The Equity Funds pay brokerage expenses, taxes, interest, compensation, fees and expenses of the independent trustees (including legal counsel fees) and extraordinary expenses, such as litigation expenses. All other fees for the Equity Funds are paid by the investment adviser out of its management fee.

CGTC, as the investment adviser to these funds, receives a monthly fee based on the following annualized rates and net asset levels:

Capital Core Municipal Fund	0.35%
Capital Short-Term Municipal Fund	0.35%
Capital California Core Municipal Fund	0.35%
Capital California Short-Term Municipal Fund	0.35%
Capital Core Bond Fund	0.35%
Capital Global Equity Fund	0.85%
Capital Non-U.S. Equity Fund	0.85%
Capital U.S. Equity Fund	0.65%

Sub-advisory Fees

Investment management fees for sub-advisory clients are generally higher than the corresponding rates for each of the investment mandates listed under the annual fee schedules below. Fees may also vary between accounts due to the size, relationship status of accounts and other relevant factors.

Model Investment Portfolios

On occasion, CGPCS may agree to a relationship with a third party involving the provision of model investment portfolios. Fees for such services will vary based on the relationship, services provided and other factors.

ANNUAL FEE SCHEDULES FOR INVESTMENT MANAGEMENT SERVICES FOR CGPCS CLIENTS

(Fees are expressed as a percentage of total assets. All assets are in stated U.S. dollars.)

U.S. Equity Investment Mandates for Separately Managed Accounts

Assets:	Rate:
On the first \$5 million	1.00%
On the next \$5 million	0.80%
On the next \$15 million	0.60%
On the next \$25 million	0.40%
Assets over \$50 million	0.30%

Minimum account size:

U.S. clients: \$3 million in assets

Non-U.S. clients: \$10 million in assets

Custody fee: 0.06%

Non-U.S. Equity Investment Mandates for Separately Managed Accounts

Assets:	Rate:
On the first \$10 million	1.25%
On the next \$15 million	0.85%
On the next \$25 million	0.65%
Assets over \$50 million	0.55%

Minimum account size:

U.S. clients: \$5 million in assets

Non-U.S. clients: \$10 million in assets

Custody fee: 0.10%

Global Equity Investment Mandates for Separately Managed Accounts

Assets:	Rate:
On the first \$10 million	1.25%
On the next \$15 million	0.85%
On the next \$25 million	0.65%
Assets over \$50 million	0.55%

Minimum account size:

U.S. clients: \$5 million in assets

Non-U.S. clients: \$10 million in assets

Custody fee: 0.08%

All-World Equity Investment Mandates for Separately Managed Accounts*

Assets:	Rate:
On the first \$10 million	1.25%
On the next \$15 million	0.85%
On the next \$25 million	0.65%

Assets over \$50 million	0.55%
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Minimum account size:

U.S. clients: \$5 million in assets

(Not available to Non-U.S. clients)

Custody fee:	0.08%
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*Does not apply to portion of assets invested in the Emerging Markets Growth Fund.

Core Bond

Assets:	Rate:
On the first \$5 million	0.50%
On the first \$10 million	0.40%
On the next \$35 million	0.30%
Assets over \$50 million	0.20%

Minimum account size:

U.S. clients: \$5 million in assets

U.S. Taxable Fixed-Income Investment Mandates for Separately Managed Accounts

Assets:	Rate:
On the first \$5 million	0.50%
On the first \$10 million	0.40%
On the next \$35 million	0.30%
Assets over \$50 million	0.20%

Minimum account size:

Non-U.S. clients: \$10 million in assets

Short-Term U.S. Taxable Fixed-Income Investment Mandates for Separately Managed Accounts

Assets:	Rate:
On the first \$10 million	0.30%
On the first \$15 million	0.275%
Assets over \$25 million	0.225%

Minimum account size:

U.S. clients: \$5 million in assets

Core Municipal Fixed-Income for Separately Managed Accounts

Assets:	Rate:
On the first \$5 million	0.50%
On the next \$5 million	0.40%
On the next \$15 million	0.30%
On the next \$25 million	0.25%
Assets over \$50 million	0.20%

Minimum account size:

U.S. clients: \$5 million in assets

Short Term Municipal Fixed-Income for Separately Managed Accounts

Assets:	Rate:
On the first \$10 million	0.30%
On the next \$15 million	0.25%
On the next \$25 million	0.20%

Minimum account size:

U.S. clients: \$5 million in assets

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

In general, CGTC charges asset-based fees for providing investment advisory services to client accounts. However, in limited circumstances, CGTC may also receive fees that are based on the performance of the account. Certain of CGTC'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, CGTC 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 CGTC'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 CGTC 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, each account is reviewed at least annually as part of a group review of similar accounts. These reviews generally include, among other things, information related to investment results, including dispersion of results among accounts and reasons for such dispersion, if any, significant account guidelines and the investment structure of the portfolio.

ITEM 7: TYPES OF CLIENTS

CGTC's clients include large corporate and public pension plans, financial institutions, registered investment companies, endowments and foundations in the U.S., as well as a number of foreign investors. In addition, CGTC serves as the trustee and investment adviser to privately-offered collective investment funds that are exempt from registration. It also provides investment management and trust services to high net worth individuals and trusts through the CGPCS division.

CGTC manages client assets in separate accounts, collective investment funds, and registered investment companies for which CGTC or an affiliate serves as investment adviser.

Accounts are generally subject to a minimum account size, which may vary based on whether it is a separately managed account or invested in a fund. Due to the nature of the plans, minimum size requirements are not imposed on unit classes of funds designed for use primarily by defined contribution plans. In some instances, the minimum 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

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

- Solid research is fundamental to sound investment decisions. CGTC 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, CGTC's 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 CGTC's investment professionals take of the companies in which CGTC invests. This is reflected by the typically low turnover of portfolio holdings in the funds and accounts CGTC manages. In addition, CGTC's investment professionals usually remain with us for many years and are compensated according to their investment results over time.
- The multiple portfolio manager system. CGTC uses a system of multiple portfolio managers in managing 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 CGTC are set forth in the account's guidelines or the governing documents of the fund. Investment strategies offered by CGTC include:

Equity strategies

U.S. Equity — Seeks long-term growth of capital and income through investments in a portfolio consisting primarily of equity securities of U.S. issuers and securities whose principal markets are in the U.S.

Non-U.S. Equity — Seeks long-term growth of capital and income through investments in a portfolio comprised primarily of equity securities of non-U.S. issuers (including American Depositary Receipts and other U.S. registered securities) and securities whose principal markets are outside of the U.S.

Global Equity — Seeks growth of capital and future income through investments in a portfolio comprising of securities of United States issuers, American Depositary Receipts for securities of foreign issuers, and securities whose principal markets are outside of the United States.

All Country World Equity — Seeks long-term growth of capital and income through investments 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.

All Country World Equity ex. U.S. Equity — Seeks long-term growth of capital and income through investments in a portfolio consisting primarily of equity securities of issuers from all countries excluding

those of the United States. Assets will be invested with geographical flexibility across developed and developing countries.

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

Fixed-Income strategies

U.S. Core Fixed-Income — Seeks long-term high total return consistent with the conservation of capital. Investments will be made primarily in marketable fixed-income securities denominated in U.S. dollars.

Long Duration Government — Seeks to maximize total return by investing in fixed-income securities, denominated in U.S. dollars and generally with a remaining maturity of 8 years or longer. Generally, at least 80% of the portfolio will be invested in securities that are issued, guaranteed or sponsored by the U.S. government, including securities issued by federal agencies and instrumentalities that are not backed by the full faith and credit of the U.S. government. Up to 20% of the Fund may be invested in securities issued by foreign governments, their agencies and instrumentalities, and multilateral and supranational institutions.

Long Duration Credit — Seeks to maximize total return by investing primarily in marketable, U.S. dollar denominated, fixed-income securities with a remaining maturity of eight years or greater. Investments will be made primarily in corporate fixed-income securities.

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.

Global Fixed-Income — Seeks high total return, measured in U.S. dollars, consistent with conservation of capital, by investing primarily in marketable fixed-income securities, denominated in currencies from around the world.

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

Emerging Markets Debt — 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).

Balanced and total opportunity strategies

U.S. Balanced — Seeks a balance of long-term growth of capital and income and high total return consistent with the conservation of capital, with investments primarily in U.S. stocks and bonds

Global Balanced — Seeks a balance of long-term growth of capital and income and high total return consistent with the conservation of capital, with investments in developed and developing country equity and fixed-income securities

Absolute Income Grower — Seeks a level of income that exceeds the average yield on U.S. stocks generally, to grow such income annually, and to distribute an increasing amount of income. In addition, seeks to provide growth of capital. Invests primarily in a broad range of income producing equity and fixed-income securities of U.S. and non-U.S. issuers.

Emerging Markets Total Opportunities – Seeks long-term capital growth with low volatility of returns and preservation of capital by investing primarily in equity, hybrid and fixed-income securities of developing country issuers.

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 investments made by CGTC in pursuit of that fund's objective 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*** — CGTC actively manages client's investments. Consequently, accounts and funds are subject to the risk that the methods and analyses employed by CGTC 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 accounts or funds with similar objectives.
- ***Market conditions*** — The prices of, and income generated by, the common stocks and other securities held by the accounts or funds may decline due to market conditions and other factors, including those directly involving the issuers of securities held by the accounts or 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 an account or fund invests.
- ***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 bonds*** — Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities. In addition, falling interest rates may cause an issuer to redeem, call or refinance a security before its stated maturity, which may result in the account or fund having to reinvest the proceeds in lower yielding securities. Bonds and other debt securities are 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.
- ***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 junk bonds.
- ***Investing in derivatives*** — Derivatives may expose 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. CGTC intends to use derivatives in a prudent manner to, among other reasons, manage foreign currency exposure, provide liquidity, provide exposure not otherwise available, manage risk and implement investment strategies in a more efficient manner. Derivatives will not be used, however, to leverage an account or fund's exposure above its total net assets.
- ***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*** — Contracts for future delivery of mortgage-related securities, such as to be announced contracts and mortgage dollar rolls, 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

None.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CGTC 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, including investment companies advised and administered by CGTC and its affiliates, and provides related services. In addition, certain of CGTC’s management persons are registered representatives of AFD.

Registered Investment Companies

CGTC serves as investment adviser and administrator to investment companies registered under the Investment Company Act of 1940. CGTC 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, CGPCS will make mutual fund investments for its client portfolios only in funds from which CGTC or an affiliate receives compensation for providing investment advisory and other services. As noted in Item 5 (Fees and Compensation), CGPCS’ investment management fee for such investments will be offset entirely by the investment management fees received by CGTC or its affiliates as adviser to any investment company.

Unregistered Collective Investment Funds

CGTC serves as the trustee and investment adviser to privately-offered collective investment funds that are exempt from registration. CGTC 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 characteristics.

Investment Advisers

Capital International Research, Inc. and Capital Guardian (Canada), Inc., registered investment advisers, provide research information and services to CGTC, as does Capital International K.K., a Japan-based investment adviser. Capital International, Inc., a registered investment adviser, and Capital International Limited (“CIL”), an affiliated U.K.-based investment adviser, provide portfolio control, administrative and trading services.

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

CIL is based in the U.K. and has been authorized by the U.K. Financial Services 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.

Trust Company

CGTC provides investment advisory services to Capital Guardian Trust Company, a state-chartered trust company in Nevada.

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

CGTC 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.)

In addition, CGTC or its affiliates may recommend that clients invest in limited partnerships, pooled funds or mutual funds managed by CGTC or its affiliates. Additionally, CGTC, in its fiduciary capacity, may invest CGPCS 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.

CGTC's employees may also purchase shares in certain pooled funds managed by CGTC or an affiliate of CGTC. 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 CGTC. 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.

CGTC may manage investments made by CGTC or an affiliate of CGTC, either in a separate account or through investing in a pooled vehicle. In those instances in which CGTC or an affiliate of CGTC 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. CGTC treats these separate and pooled vehicle accounts the same as any client account.

ITEM 12: BROKERAGE PRACTICES

Selecting Broker-Dealers

Portfolio Transactions

CGTC 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.

Best Execution

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

Commission Rates

For transactions on which commissions are payable, CGTC 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.

CGTC seeks, on an ongoing basis, to determine what the reasonable levels of commission rates are in the marketplace. CGTC 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

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

Oversight

The Capital Group International, Inc. Best Execution Review Committee and the Capital Group Companies, Inc. Fixed-Income Best Execution Committee provide oversight to CGTC's policies, procedures and practices relating to best execution.

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

CGTC may execute portfolio transactions with broker-dealers who provide certain brokerage and/or investment research services to it, but only when in CGTC's judgment the broker-dealer is capable of providing best execution for that transaction. The receipt of these services permits CGTC 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. CGTC 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 CGTC's research efforts. If broker-dealers were to discontinue providing such services it is unlikely CGTC 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, CGTC would incur substantial additional costs.

CGTC 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, CGTC 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 an CGTC to cause an account to pay a higher commission to a broker-dealer that provides certain brokerage and/or investment research services to CGTC, if CGTC makes a good faith determination that such commissions are reasonable in relation to the value of the services provided by such broker-dealer to CGTC in terms of that particular transaction or CGTC'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, CGTC 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, CGTC periodically assesses the brokerage and investment research services provided by each broker-dealer from whom it receives such services.

Neither CGTC 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, CGTC 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 CGTC receives from broker-dealers in connection with its good faith determination of reasonableness, CGTC 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 CGTC.

Client Referrals

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

Directed Brokerage

In some instances, CGTC 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 CGTC's policy of seeking best execution. CGTC'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, CGTC 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 CGTC 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 CGTC's policy of seeking best execution. In these cases, CGTC 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. CGTC 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, CGTC cannot assure clients that they will be able to obtain best execution.

Wrap Fee Programs

Where CGTC is retained as an investment manager under wrap fee programs sponsored by broker-dealers or other financial institutions, CGTC 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.

CGTC may have discretion to select broker-dealers to execute trades for the wrap fee program advisory accounts it manages. However, CGTC generally places such trades through the sponsor because the wrap fee paid by each wrap fee program client typically only covers execution costs on trades executed through the sponsor or its affiliates. Such trades may be executed subsequent to trades for other CGTC accounts. If CGTC 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 client's account. Clients who enroll in wrap fee programs should satisfy themselves that the sponsor is able to provide best execution of transactions.

Aggregation and Allocation of Portfolio Transactions

Frequently, CGTC will place orders to purchase or sell the same security for a number of clients. CGTC typically aggregates such orders when they are substantially similar. As an aggregated order is executed, securities are allocated to clients in accordance with CGTC's allocation policy summarized below. CGTC 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 CGTC, or any affiliates with which it manages assets, has investment discretion, CGTC 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 CGTC to direct a portion of their trades to a particular broker-dealer, subject to CGTC'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. Clients enrolled in wrap fee programs should also refer to the wrap fee program section above.

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 the Advisers' 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, the Advisers 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 we receive from the underwriting syndicate is not sufficient to fill all orders, CGTC 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 fund asset size; however, no fund will be allocated more than its indication. Allocations may be subject to CGTC’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 CGTC or one of its affiliated companies has investment discretion, CGTC 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.

ITEM 13: REVIEW OF ACCOUNTS

Each client account is reviewed at least annually by investment professionals, including portfolio managers, as part of a group review of similar accounts. Such group reviews generally include, among other things, information related to investment results, significant account guidelines and the investment structure of the portfolio.

In addition, compliance teams monitor client accounts on an ongoing basis. Their responsibilities include assisting with the implementation of activity in the accounts related to contributions and withdrawals, asset allocation instructions, account start-ups, restructures, and terminations; and conducting regular monitoring of the accounts to verify that accounts are in compliance with guidelines, are maintained at appropriate cash levels, and 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 audited annual and unaudited semi-annual financial statements and shareholder reports. Additional information concerning portfolio activity and results are provided periodically, and extensive additional information is furnished, generally annually, in connection with investment advisory agreement renewals.

Clients with separately managed accounts and investors in pooled investment vehicles are provided monthly and quarterly portfolio statements and such other reports as they may specifically request from time to time. CGPCS clients receive monthly or quarterly detailed statements and such other reports as they may from time to time request.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

CGTC compensates affiliates for client relations and marketing services. Additionally, CGTC's affiliates may compensate CGTC for client relations and marketing services.

CGTC or its affiliates may from time to time compensate third parties for client referrals pursuant to a written solicitation agreement. The solicitor must provide CGTC with a copy of the solicitor's separate written disclosure document provided to the client. No solicitation payments may be made prior to CGTC receiving a signed copy of the solicitation agreement and client acknowledgement letter that contains the applicable referral fee disclosures and acknowledgement of the fee arrangement.

Many of CGTC's clients and prospective clients retain investment consultants to evaluate and recommend investment advisers and their services. CGTC may provide investment management services to these consultants or their affiliates. CGTC 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 CGTC 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

CGTC does not have physical custody of client assets but is deemed to have custody of certain client assets as defined in rule 206(4)-2 of the Investment Advisors act. Clients for which CGTC is deemed to have custody will receive account statements from JPMorgan or State Street Bank quarterly or monthly and should carefully review those statements against the account statements provided by CGTC, if applicable.

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

CGTC 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.

CGTC 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 CGTC 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

CGTC accepts proxy voting authority from its clients and follows its Proxy Voting Policy and Procedures, which are summarized below. If CGTC 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 CGTC the authority to vote on their behalf. In those cases, clients should contact their custodian about receiving proxies. CGTC 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

CGTC considers proxy voting an important part of its investment management services to clients. The procedures that govern proxy voting activities are reasonably designed to ensure that proxies are voted in a manner that maximizes long-term shareholder value and are in the best interest of CGTC's clients. Proxy issues are evaluated on their merits and are considered in the context of the analyst's knowledge of a company, its current management, management's past record and CGTC's general position on the issue.

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

Associates on the proxy voting team are responsible for coordinating the voting of proxies and working with outside proxy voting service providers and custodian banks to submit the votes in a timely manner. Standard items, such as the uncontested election of directors, ratification of auditors, adopting reports and accounts and other administrative items, are typically voted with management. All other items are voted in accordance with the decision of the analyst, portfolio managers, 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 committee specialize in regional mandates and review the proxies of portfolio companies within their mandates.

Occasionally, CGTC may vote proxies where a material client is involved with the proxy. When voting these proxies, CGTC 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 interests of its clients. A Special Review Committee reviews certain proxy decisions that involve such clients for improper influences on the decision-making process and takes appropriate action, if necessary.

Research analysts must disclose personal conflicts they may have in making a proxy voting recommendation. Members of the proxy voting committee must disclose such conflicts and must not vote on the relevant proxy issue.

This summary of CGTC's Proxy Voting Policy and Procedures is qualified by the full policy, which is available upon request. Also upon request, CGTC 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

CGTC does not require or solicit pre-payment of fees in advance.

CGTC is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
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Not applicable.