



CAPITAL INTERNATIONAL, INC.

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

Form ADV, Part 2A
Date: September 28, 2021

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

If you have any questions about the contents of this brochure, please contact us at ADVPart2@capgroup.com. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about CIInc also is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

There have been no material changes since the last update of Capital International, Inc.'s Form ADV, Part 2A brochure dated September 28, 2020.

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ITEM 4: ADVISORY BUSINESS

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

CIInc provides investment management and advisory services to a registered investment company, other pooled investment vehicles exempt from registration, corporate entities, pension plans, endowments and foundations, certain affiliated companies, foreign governmental entities and other institutions. In addition, CIInc serves as the investment adviser to Capital Bank and Trust Company in its capacity as the trustee of certain collective investment trusts that are exempt from SEC registration. Capital Bank and Trust Company is an affiliate of CIInc. CIInc's investment approach is based on rigorous fundamental research. It offers emerging markets equities and other non-U.S. investment strategies based on the investment objectives of its clients. It also manages emerging markets private equity funds. CIInc normally agrees with clients on investment guidelines that set forth the objectives of the account and any specific investment restrictions and limitations. The guidelines typically describe the investment mandate and types of securities that are eligible for (or prohibited from) the account. For advisory services provided to funds, the terms of the fund's governing documents will apply. Please also refer to Items 8 (Methods of Analysis, Investment Strategies and Risk of Loss) and 16 (Investment Discretion) in this brochure for further information.

CIInc's only business is investment management; it does not provide retail banking services nor does it engage in the brokerage or corporate finance businesses.

CIInc may also provide investment management to individuals, corporations, foundations, trusts and other investors through wrap fee programs or separate account client programs ("managed account programs"). Wrap fee programs are generally sponsored by broker-dealers or other financial institutions and offered by the sponsor as bundled investment management, custody, brokerage or other services for a single "wrap fee" charged by the sponsor. In a wrap fee program, a participant enters into an advisory agreement with the sponsor and the sponsor enters into an agreement with CIInc. A separate account client enters into an investment advisory agreement with CIInc. Separate account clients are generally managed in a manner similar to wrap programs as discussed throughout this brochure. In cases where CIInc is an investment adviser to a wrap program, clients are typically not charged separate brokerage commissions for the execution of transactions in the client's account that are executed by or through the sponsor; these commissions are generally included in the wrap fee charged by the sponsor. Consequently, a significant portion of equity portfolio transactions are typically executed by the sponsor firm. Fixed-income transactions for wrap programs are generally executed by broker-dealers other than the sponsor selected by CIInc or its affiliate. The practice of trading with a broker-dealer other than the wrap program sponsor is frequently referred to as "trading away". Trading away from the sponsor will usually result in the imposition of a commission or equivalent fees on

equity trades. Such fees are paid by the client and are in addition to the wrap fee. Please also refer to the “Managed Account Programs” section under Item 12 (Brokerage Practices) in this brochure for further information. For some wrap fee programs, CIInc provides model portfolios to the sponsor and the sponsor will have ultimate decision making responsibility and discretionary authority for those accounts. Generally, CIInc is paid an investment management fee by the sponsor, which could be considered a portion of the wrap fee. Clients who enroll in wrap fee programs should carefully review the fee structure and other program documents provided by the sponsor.

CIInc manages equity assets through three equity investment divisions, fixed-income assets through its fixed-income division and asset allocation portfolios through its solutions division. The three equity divisions, Capital World Investors, Capital Research Global Investors and Capital International Investors make investment decisions on an independent basis. The investment divisions also provide investment services to mutual funds and other accounts advised by affiliates of CIInc.

CIInc typically builds portfolios for funds and accounts from the bottom-up using rigorous fundamental research to find attractive investments and manage risks. Investment decisions are subject to a fund’s or account’s objective, policies and restrictions and the oversight of the appropriate investment-related committees. CIInc offers equity, fixed-income, balanced, and other customized investment strategies based on the investment objectives of CIInc clients. CIInc normally agrees to investment guidelines with clients that set forth the objectives of the fund or 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.

As of June 30, 2021, CIInc managed approximately \$64,615,400,000 in client assets (regulatory assets under management) on a 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 and early investors in a new strategy/vehicle. Clients with customized mandates or special service needs may be subject to a higher fee schedule. For certain investors, CIInc may have a separate performance related fee as discussed in Item 6 (Performance Based Fees and Side-By-Side Management). Client accounts also incur brokerage and other transaction costs. For further details on CIInc's brokerage policies, please refer to Item 12 (Brokerage Practices) of this brochure.

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

The annual fees for advisory services that will be provided by CIInc to Capital Bank and Trust Company, in its capacity as trustee to certain collective investment trusts, will be agreed upon from time to time in writing. The fees that Capital Bank and Trust Company receives for such collective investment trusts will be described in the fund's governing documents.

SERVICES TO MANAGED ACCOUNT PROGRAM

CIInc investment advisory services are also available through various programs including but not limited to bundled "wrap fee" programs sponsored by certain unaffiliated broker-dealers or other financial institutions where the sponsor offers bundled investment management, custody, brokerage or other services. Fees charged by CIInc to the wrap program's sponsor for such services will vary based on the relationship, services provided, level of discretion and other factors. The fee paid by the client to the sponsor, which may include the fee for advisory services provided by CIInc is generally based on a percentage of assets. Clients should contact their program sponsor for more information on fees in connection with such programs.

Fees charged to sponsors generally fall within the following ranges:

U.S. Equity: 0.28% - 0.38%
International Equity/ Global Equity: 0.32% - 0.44%
Core Bond: 0.22% - 0.26%
Municipal Bond: 0.17% - 0.21%

Sponsor firms should refer to their agreements with CIInc for details on the fee schedule that applies for their relationship.

With regard to clients investing in managed account programs, fees will generally be prorated for partial periods and calculated quarterly in arrears based on the average daily market value or appraised value of the account, as determined in good faith by CIInc.

Third party sponsors of certain managed account programs choose to calculate the fees for clients in their program. Each sponsor uses its own fee calculation methodology, which may result in different fee calculation methodologies among sponsors.

Sponsors of certain managed account programs require additional fees to cover administration costs in addition to the fees noted above. Refer to your Investment Management Agreement and the ADV of the sponsor of your managed account program for further details.

SERVICES TO INSTITUTIONAL CLIENTS

The fees and services discussed below are for separate accounts and privately-offered collective investment trusts (“CITs”), where noted, 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 U.S. qualified employee benefit and government plans. For detailed information regarding funds designed primarily for defined contribution plans, please refer to that fund's governing documents.

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.

For clients who invest in CITs, fees are generally charged outside of the unit class directly to the participating plan.

Minimum Account Size

The minimum separate account size is \$100 million for Developed Equity Mandates and Fixed Income and \$200 million for Emerging Markets Equity. Where a CIT is available, the minimum investment size is \$5 million*. In some instances, the minimum may be waived due to the overall size of the client relationship or other factors.

** Our fixed income CITs are intended for larger plan investments with allowable minimums as low as \$5 million, based on a review of account details.*

Other Fees and Expenses for Funds

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

Fee Discounts

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

Model Portfolios

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

CIInc's Fee Schedule for Pooled Investment Vehicles

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

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

Capital Group Global Equity Fund (AU)

Flat Rate: 0.96%

Capital Group World Dividend Growers (AU)

Flat Rate: 0.95%

Capital Group New Perspective Fund (AU)

Flat Rate: 0.95%

Capital Group New Perspective Fund Hedged (AU)

Flat Rate: 0.95%

Capital Group New World Fund (AU)

Flat Rate: 1.18%

Capital Group New World Fund Hedged (AU)

Flat Rate: 1.18%

Capital Group Global Corporate Bond Fund Hedged (AU)

Flat Rate: 0.60%

Capital Group Global High Income Opportunities Hedged (AU)

Flat Rate: 0.85%

Capital Group Global Total Return Bond Fund (AU)

Flat Rate: 0.65%

Fees associated with the products above apply in accordance with the applicable governing documents of the funds. In certain cases, a retrocession may be applicable to achieve a lower management fee than that of the fund due to the overall size of the client relationship or other qualifying factors. Retrocession arrangements vary based on a number of factors and are agreed upon in writing with clients as outlined in their retrocession agreement.

Capital International Private Equity Fund V, L.P. and Capital International Private Equity Fund VI, L.P.

CIInc receives a management fee at the rate of 1.5% per annum (payable quarterly in advance) of the total capital committed by the limited partners until the expiration of the five-year commitment period or earlier, upon the occurrence of certain specified events. Thereafter and until dissolution and liquidation of the partnership, CIInc will receive a management fee at the rate of 1.0% per annum (payable quarterly in advance) of the total capital invested by the limited partners in investments held by the partnership as of the end of the immediately preceding quarter. CIInc may also receive a carried interest profit allocation in respect of profits received by the limited partners, subject to satisfying specified criteria. CIInc or its affiliates may charge portfolio companies directors' fees, transaction fees, advisory fees or other similar fees. Such fees received by CIInc or its affiliates (net of any incurred unreimbursed expenses) will be mostly or wholly offset against the management fees paid by the limited partners.

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

CIInc's Fee Schedule for Separate Account and CIT Clients

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

Equity

Single Country Equity Investment Mandates: Japan

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.400%
Accounts \$250 million to \$500 million	0.365%
Accounts \$500 million to \$750 million	0.330%
Accounts \$750 million to \$1 billion	0.300%

Single Country Equity Investment Mandates: U.S. Equity

CIT investments less than \$50 million (incremental schedule):

Assets:	Management Fee Rate:
First \$25 million	0.500%
\$25 million to \$50 million	0.350%

Separate Accounts, or CIT investments above \$50 million (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts \$50 million to \$250 million	0.325%
Accounts \$250 million to \$500 million	0.265%
Accounts \$500 million to \$1 billion	0.245%

Global Equity

CIT investments less than \$50 million (incremental schedule):

Assets:	Management Fee Rate:
First \$25 million	0.700%
\$25 million to \$50 million	0.550%

Separate Accounts, or CIT investments above \$50 million (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts \$50 million to \$250 million	0.430%
Accounts \$250 million to \$500 million	0.400%
Accounts \$500 million to \$1 billion	0.380%

Global Growth

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.430%
Accounts \$250 million to \$500 million	0.400%
Accounts \$500 million to \$1 billion	0.380%
Accounts \$1 billion to \$2 billion	0.350%
Over \$2 billion	0.300%

World Dividend Growers European Equity

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.430%
Accounts \$250 million to \$500 million	0.400%
Accounts \$500 million to \$1 billion	0.380%

International Equity International All Countries Equity

CIT investments less than \$50 million (incremental schedule):

Assets:	Management Fee Rate:
First \$25 million	0.700%
\$25 million to \$50 million	0.550%

Separate Accounts, or CIT investments above \$50 million (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts \$50 million to \$250 million	0.460%
Accounts \$250 million to \$500 million	0.430%
Accounts \$500 million to \$1 billion	0.410%

Emerging Markets Equity

Separate Accounts, or CIT investments (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts below \$100 million	0.800%
Accounts \$100 million to \$250 million	0.650%
Accounts \$250 million to \$500 million	0.600%
Accounts \$500 million to \$750 million	0.550%
Accounts \$750 million to \$1 billion	0.500%
Accounts \$1 billion to \$2 billion	0.475%
Over \$2 billion	0.450%

Emerging Markets Total Opportunities

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.600%
Accounts \$250 million to \$500 million	0.550%
Accounts \$500 million to \$750 million	0.500%

Accounts \$750 million to \$1 billion	0.475%
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Emerging Markets Growth Fund, Inc

Fees and expenses for the Emerging Markets Growth Fund, Inc. are described in the fund's prospectus and statement of additional information.

Fixed-Income

U.S. Core Fixed-Income

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.180%
Accounts \$250 million to \$500 million	0.160%
Accounts \$500 million to \$750 million	0.140%
Accounts \$750 million to \$1 billion	0.120%

U.S. Core Plus

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.220%
Accounts \$250 million to \$500 million	0.200%
Accounts \$500 million to \$750 million	0.180%
Accounts \$750 million to \$1 billion	0.160%

U.S. Investment Grade Credit

Euro Aggregate

Euro Corporate

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.190%
Accounts \$250 million to \$500 million	0.170%
Accounts \$500 million to \$750 million	0.150%
Accounts \$750 million to \$1 billion	0.130%

U.S. Long Duration

CIT investments (flat rates on all assets):

Account size:	Management Fee Rate:
Accounts below \$200 million	0.190%

\$200 million to \$300 million	0.160%
\$300 million to \$1 billion	0.135%
\$1 billion to \$1.5 billion	0.120%
\$1.5 billion to \$2.5 billion	0.110%
Over \$2.5 billion	0.100%

Separate Accounts (flat rates on all assets):

Account size:	Management Fee Rate:
Accounts below \$200 million	0.210%
\$200 million to \$300 million	0.180%
\$300 million to \$1 billion	0.150%
\$1 billion to \$1.5 billion	0.120%
\$1.5 billion to \$2.5 billion	0.110%
Over \$2.5 billion	0.100%

Multi-Sector Fixed Income

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.270%
Accounts \$250 million to \$500 million	0.240%
Accounts \$500 million to \$750 million	0.210%
Accounts \$750 million to \$1 billion	0.190%

U.S. High Yield

Separate Accounts, or CIT investments (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.300%
Accounts \$250 million to \$500 million	0.270%
Accounts \$500 million to \$750 million	0.250%
Accounts \$750 million to \$1 billion	0.230%

**Global Investment Grade Credit
Global Corporate**

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.200%
Accounts \$250 million to \$500 million	0.180%
Accounts \$500 million to \$750 million	0.160%
Accounts \$750 million to \$1 billion	0.140%

**Global Core
Global Intermediate**

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.250%
Accounts \$250 million to \$500 million	0.220%
Accounts \$500 million to \$750 million	0.200%
Accounts \$750 million to \$1 billion	0.170%

Global Fixed Income

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.280%
Accounts \$250 million to \$500 million	0.250%
Accounts \$500 million to \$750 million	0.220%
Accounts \$750 million to \$1 billion	0.190%

Global Total Return Fixed Income

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.310%
Accounts \$250 million to \$500 million	0.280%
Accounts \$500 million to \$750 million	0.240%
Accounts \$750 million to \$1 billion	0.210%

Global High-Income Opportunities

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.375%
Accounts \$250 million to \$500 million	0.325%
Accounts \$500 million to \$750 million	0.300%
Accounts \$750 million to \$1 billion	0.275%

Emerging Markets DebtSeparate Accounts, or CIT investments (flat rates on all assets):

Account size:	Management Fee (flat rate)
Accounts below \$250 million	0.375%
Accounts \$250 million to \$500 million	0.325%
Accounts \$500 million to \$750 million	0.300%
Accounts \$750 million to \$1 billion	0.275%
Over \$1 billion	0.250%

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

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

To mitigate these risks, CIInc and its affiliates have adopted policies and procedures that address potential conflicts of interest that may arise between a portfolio manager's management of the account and his or her management of other funds and accounts, such as conflicts relating to the allocation of investment opportunities. See Item 12 (Brokerage Practices) of this brochure for CIInc's policy on allocating trades fairly, which is designed to allocate trades to clients in a fair and equitable manner over time, taking into consideration the interests of each client. Non-investment factors, such as fee arrangements, are not considered when allocating trades among clients.

In addition, while CIInc and its affiliates provide 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. Further, CIInc and its affiliates provide investment advice to client portfolios that are managed using investment objectives and strategies that are similar to but not identical to one another. The results of such portfolios may vary depending on a number of factors, including, but not limited to, fees and expenses, portfolio size, transaction costs, cash flows, currencies, securities pricing time, taxes and portfolio holdings and any applicable investment limitations.

CIInc reviews accounts with similar objectives managed by CIInc and its affiliate at least annually. 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

CIInc provides investment management and advisory services to a registered investment company, other pooled investment vehicles exempt from registration, corporate entities, corporate and pension plans, endowments and foundations, foreign governmental entities and other financial institutions. CIInc also provides investment management and related services to managed account programs as well as certain affiliated companies. In addition, CIInc serves as the investment adviser to Capital Bank and Trust Company in its capacity as the trustee of privately-offered collective investment trusts that are exempt from SEC registration.

Accounts are generally subject to a minimum account size, which may vary based on whether it is a separate account or invested in a fund. Due to the nature of the plans, minimum size requirements are generally not imposed on unit classes of funds designed for use primarily by defined contribution plans. In some instances, the minimum is 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
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CIInc maintains an investment philosophy that is distinguished by four key beliefs and practices:

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

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

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

Equity strategies

U.S. Equity – Seeks to provide long-term growth of capital and income. The fund or account will invest primarily in equity and equity-related securities: (1) of issuers from the U.S.; or (2) that are primarily traded in the U.S. The fund or account will focus on investments in larger capitalization companies; however, investments are not limited to a particular capitalization size.

Japan Equity – The account seeks to achieve long-term growth of capital by investing normally in companies domiciled and/or having their principal place of business in Japan.

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

Global Equity – Seeks long-term growth of capital and income. The fund or account will invest primarily in equity and equity-related securities of U.S. and non-U.S. issuers. The fund or account will focus on investments in larger capitalization companies; however, investments are not limited to a particular capitalization size. While the assets of the fund or account may be invested with geographical flexibility, the emphasis will be in securities of developed country issuers. Although the fund or account intends to concentrate its investments in such securities, the fund or account may invest in cash, cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party) and government securities under certain economic conditions. The fund or account may also invest up to 10% of its assets in the securities of developing country issuers.

Emerging Markets Equity – Seeks long-term capital growth. The fund or account will invest primarily in equity and equity-related securities of developing country issuers. Securities of developing country issuers are defined as those: (1) from issuers in developing countries; (2) that are primarily traded in developing countries; or (3) that are deemed to be suitable investments for the fund or account because they have or are expected to have economic exposure to developing countries (through assets, revenues or profits) of at least 75% or, subject to a limit of 15% of the fund's or account's assets, those with economic exposure between 50% and 75%. Certain factors will be considered in determining whether a country is a developing country, such as whether the country is generally considered to be a developing country by the international community, the overall regulatory environment, limitations or bans on foreign ownership and foreign currency restrictions.

Although the fund or account intends to concentrate its investments in such securities, the fund or account may invest in cash, cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party) and developed country government securities under certain economic conditions.

The fund or account may invest up to: (1) 25% of its assets in a single industry; and (2) 5% of its assets in a single issuer and 10% of the voting securities of a single issuer. The fund or account may also invest in fixed-income securities.

Emerging Markets Restricted Equity – The fund seeks to provide long-term capital growth. The fund will invest primarily in equity and equity-related securities of developing country issuers. Securities of developing country issuers are defined as those: (1) from issuers in developing countries; (2) that are primarily traded in developing countries; or (3) that are deemed to be suitable investments for the fund because they have or are expected to have economic exposure to developing countries (through assets, revenues or profits) of at least 75% or, subject to a limit of 15% of the fund's assets, those with economic exposure between 50% and 75%. Certain factors will be considered in determining whether a country is a developing country, such as whether the country is generally considered to be a developing country by the international community, the overall regulatory environment, limitations or bans on foreign ownership and foreign currency restrictions. Although the fund intends to concentrate its investments in such securities, the fund may invest in cash, cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party) and developed country government securities under certain economic conditions.

The fund may invest up to: (1) 25% of its assets in a single industry; and (2) 5% of its assets in a single issuer and 10% of the voting securities of a single issuer. The fund may also invest in fixed-income securities. The fund may not invest in securities of issuers that generate 10% or more of their revenues from the following products and/or services: (a) Alcohol, (b) Tobacco or recreational cannabis, (c) Gambling, (d) Adult entertainment, including pornography, (e) Weapons, including civilian firearms, (f) Military defense and weapons, or (g) For profit prison operators. These limits will be monitored using a third party market research vendor on environmental, social and governance issues. An exception to the 10% threshold will apply to restaurants and other food retailers of alcoholic beverages and firearms retailers. For such businesses, a 25% revenue threshold will apply. To the extent this information is available through our third party market research vendor, a 25% revenue threshold will apply to suppliers of key components to the products or services listed above. If an issuer of securities held by the fund becomes, or is found to be, involved in such businesses in excess of the applicable thresholds, then the fund will promptly sell the securities of such issuer, giving due regard to the best interests of the participants of the fund. Losses and gains on investments in issuers sold due to ineligibility under this paragraph, whether such ineligibility arose prior to the time of acquisition or thereafter, will be borne by, or benefit, the fund.

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

World Dividend Growers — The investment objective of the fund or account is to provide long-term growth of capital and income. The fund or account will invest primarily in equity and equity-related securities of companies that are believed will increase the dividends paid to shareholders over a multi-year period. The fund's or account's investments are limited to securities that are included on its eligible list. Securities are added to, or deleted from, this list based on their current yield as well as the anticipated growth of their dividend distributions. The assets of the fund or account will be invested with geographical flexibility across developed and developing markets. Although the fund or account intends to concentrate its investments in such securities, the fund or account may invest in cash, cash equivalents and government securities under certain economic conditions. The fund or account may use derivatives to, among other things, provide liquidity, obtain exposure not otherwise available, manage risk, manage foreign currency exposure, provide incremental yield and implement investment strategies in a more

efficient manner. Derivatives will not be used, however, to leverage the Fund's exposure above its total net assets.

International Equity — Seeks long-term growth of capital. The fund or account will invest primarily in equity and equity-related securities: (1) of issuers from non-U.S. countries; or (2) that are primarily traded outside the U.S. The fund or account will focus on investments in larger capitalization companies; however, investments are not limited to a particular capitalization size. While the assets of the fund or account may be invested with geographical flexibility, the emphasis will be in securities of developed country issuers.

International All Countries Equity — Seeks to provide long-term growth of capital. The fund or account will invest primarily in equity and equity-related securities: (1) of issuers from all countries, excluding the U.S.; or (2) that are primarily traded outside the U.S. The fund or account may invest with geographical flexibility across developed and developing countries (subject to a limit of 50% of its assets in the securities of developing country issuers). Although the fund or account intends to concentrate its investments in such securities, the fund or account may invest in cash, cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party) and government securities under certain economic conditions.

Fixed-income strategies

U.S. Core Fixed-Income – Seeks, over the long term, high total return consistent with the conservation of capital. The account will invest primarily in fixed-income securities denominated in U.S. dollars that are: (1) rated Baa3 or better or BBB- or better by a nationally recognized statistical rating organization, or unrated securities which are deemed to be of equivalent investment quality; or (2) issued or guaranteed by the U.S. Government or its agencies and/or instrumentalities; as well as cash and cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party). Such investments may be represented by derivative instruments.

U.S. High-Yield – Seeks over the long-term a high level of total return, of which a large component is current income. The fund or account will invest in fixed-income securities denominated in U.S. dollars, as follows: (1) at least 75% of the fund's or account's total assets must be invested in fixed-income securities rated Ba1 or lower or BB+ or lower by a nationally recognized statistical rating organization, or unrated securities which are deemed to be of equivalent investment quality; and (2) cash and cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party).

Global Aggregate Fixed Income and Global Plus Fixed Income - Seeks long-term growth of capital and income by investing in global fixed income securities.

Global High-Income Opportunities – Seeks to provide over the long term and measured in U.S. dollars, a high level of total return, of which a large component is current income. The fund or account will invest primarily in high-yield sovereign and corporate fixed-income securities

denominated in currencies from around the world, including the securities of U.S. and developing country issuers. Such investments may be represented by derivative instruments. At least 50% of the fund's or account's assets will be invested in fixed-income securities rated Ba1 or lower or BB+ or lower by a nationally recognized statistical rating organization, or unrated securities which are deemed to be of equivalent investment quality, and cash and cash equivalents. The fund or account may invest in fixed-income securities of any maturity or duration. The fund or account may also invest: (1) in other fixed-income securities, including those in higher rating categories, or unrated securities which are deemed to be of equivalent investment quality, and equity securities; (2) up to 35% of its assets in securities of issuers domiciled in a single developing country; (3) up to 5% of its assets in a single corporate issuer; and (4) with the exception of bank obligations, up to 25% of its assets in a single industry. Up to 50% of the fund's or account's assets may be denominated in unhedged local currencies of developing countries.

Emerging Markets Debt — Seeks to provide, over the long-term, a high total return, of which a large component is current income. The fund or account will invest primarily in fixed-income securities of sovereign and corporate issuers: (1) in developing countries; (2) in countries rated Ba1 or lower or BB+ or lower by a nationally recognized statistical rating organization; or (3) in countries that are on an International Monetary Fund ("IMF") program, have outstanding liabilities to the IMF, or have exited an IMF program no more than 5 years earlier. Such investments may be represented by derivative instruments. The fund or account may also invest in cash or cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party).

Long Duration Government — Seeks to maximize risk adjusted returns over the long term. The fund or account will invest in the following types of fixed-income securities, denominated in U.S. dollars, generally with a remaining maturity of 8 years or longer: (1) Generally, at least 80% of the fund's or account's assets 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; and (2) Up to 20% of the fund's or account's assets may be invested in securities issued by foreign governments, their agencies and instrumentalities, and multilateral and supranational institutions. Investments will be made in the foregoing types of securities that have minimum credit ratings of AA- or better or Aa3 or better by a nationally recognized statistical rating organization, or if the security is unrated, those that are deemed to be of equivalent investment quality. Such investments may be represented by derivative instruments. The fund or account may also hold cash and cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party).

Long Duration Credit — Seeks to maximize risk adjusted returns over the long term. The fund or account may invest in fixed-income securities denominated in U.S. dollars, generally with a remaining maturity of eight years or greater. The fund or account will invest primarily in securities of corporate, sovereign, supranational, local authority and non-U.S. agency issuers rated Baa3 or better or BBB- or better by a nationally recognized statistical rating organization, or unrated securities which are deemed to be of equivalent investment quality. Such investments may be represented by derivative instruments. The fund or account may also invest in other fixed-income securities with the same minimum ratings or investment quality as above, and cash

or cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party).

Balanced and total opportunity strategies

Emerging Markets Total Opportunities – Seeks to provide long-term capital growth with low volatility of returns and preservation of capital. The fund or account will invest primarily in equity, equity-related and fixed-income securities that are: (1) from issuers in developing countries; (2) primarily traded in developing countries; (3) denominated in developing country currencies; or (4) from issuers deemed to be suitable for the fund or account because they have or are expected to have significant economic exposure to developing countries (through assets, revenues, or profits). Certain factors will be considered in determining whether a country is a developing country, such as whether the country is generally considered to be a developing country by the international financial community, the overall regulatory environment, limitations or bans on foreign ownership, and foreign currency restrictions. Although the fund or account intends to concentrate its investments in such securities, the fund or account may invest in cash, cash equivalents (including shares of money market or similar funds managed by the investment adviser or its affiliates or managed by a third party) and developed country government securities under certain economic conditions. While the fund's or account's investment objective is to seek long-term capital growth with lower volatility of returns and preservation of capital, in certain instances, the fund or account may seek to increase volatility opportunistically.

Australian Fund strategies

Global Corporate Bond Fund Hedged (AU)- The fund seeks to achieve over the long term, a high level of total return consistent with capital preservation and prudent risk management by investing in corporate investment grade bonds worldwide, while limiting exposure to currencies other than AUD through passive hedging.

Capital Group Global Equity Fund (AU) – The fund seeks to achieve long-term capital growth.

Capital Group Global High Income Opportunities Hedged (AU) – The fund seeks to achieve over the long term, a high level of total return, of which a large component is current income by investing in emerging market government bonds and corporate high yield bonds from around the world, while limiting exposure to currencies other than A\$ through passive hedging.

Capital Group New Perspective Fund (AU) – The fund seeks to provide long-term growth of capital.

Capital Group New Perspective Fund Hedged (AU) – The fund seeks to provide long-term growth of capital, while limiting exposure to currencies other than AUD through passive hedging.

Capital Group New World Fund (AU) - The fund seeks to achieve long-term capital appreciation.

Capital Group New World Fund Hedged (AU) – The fund seems to achieve long-term capital appreciation, while limiting exposure to currencies other than A\$ through passive hedging.

Capital Group World Dividend Growers (AU) - The fund seeks to achieve long-term total returns by investing in quality companies worldwide that provide an attractive combination of current yield and dividend growth.

CG Global Total Return Bond Fund (AU) - The fund seeks to maximize total return over the long term. Its portfolio invests worldwide primarily in Investment Grade Bonds and High Yield Bonds of governmental, supranational and corporate issuers, and other fixed income securities.

Strategies offered to managed account program clients and third-party platforms

Equity strategies

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

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

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

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

International Equity — The strategy seeks to provide prudent growth of capital and conservation of principal. This international strategy invests in companies that are predominantly based in developed markets. Seeks to provide a smoother return profile over a full market cycle – with less volatility and lower downside capture than the market – by focusing

on companies with characteristics associated with long-term growth and resilience to market declines, including strong balance sheets and dividend payments. For non-U.S. holdings, the portfolio may invest in securities of non-U.S. issuers that trade in the U.S., and may invest up to 10% at the time of purchase in securities of emerging market issuers.

International Growth – The strategy’s primary investment objective is to provide long term growth of capital. This international strategy seeks growth of capital by employing a flexible approach to investing in attractively valued companies in developed and emerging markets that are positioned to benefit from innovation, global economic growth, increasing consumer demand or a turnaround in business conditions. For non-U.S. holdings, normally, at least 80% of assets must be invested in securities of issuers in Europe or the Pacific Basin.

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

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

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

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

U.S. Conservative Growth and Income – The strategy strives for the balanced accomplishment of three objectives: current income, growth of capital and conservation of principal. Conservatively managed to reduce volatility and risk, this strategy seeks to invest in common stocks of companies that are likely to participate in the growth of the American economy and whose dividends appear to be sustainable. It does not invest in companies that derive the majority of their revenues from tobacco and/or alcohol. For non-U.S. holdings, the strategy may invest up to 20% of assets outside the United States, but no more than 5% outside the U.S. and Canada.

Fixed-Income strategies

Core Bond — Seeks to provide current income and capital preservation. Core fixed income allocation with an attractive middle course between short-term instruments and longer term bond securities. Invests primarily in intermediate-term debt securities, including corporate debt securities, U.S. and other government securities, mortgage-related securities and asset-backed securities rated BBB-/Baa3 or better. Normally, the strategy has a duration range of +/-one year of the benchmark duration.

Short Municipal Bond: Seeks to provide current income exempt from federal tax, and capital preservation. A short-term tax-exempt fixed income allocation with an emphasis on high-quality and liquid short maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/-0.5 year of the benchmark duration.

Intermediate Municipal Bond: Seeks to provide current income exempt from federal tax, and capital preservation. An intermediate-term tax-exempt fixed income allocation with an emphasis on investment grade and intermediate maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/- one year of the benchmark duration.

Long Municipal Bond: Seeks to provide current income exempt from federal tax, and capital preservation. A longer-term tax-exempt fixed income allocation with an emphasis on investment-grade and long-maturity credits. Invests in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity. Normally, the strategy has a duration range of +/-one year of the benchmark duration.

Balanced and total opportunity strategies

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

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

INVESTMENT RISKS

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

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

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

- **Investing in stocks** — Investing in stocks may involve larger price swings and greater potential for loss than other types of investments. As a result, the value of the funds and accounts may be subject to sharp declines in value. Income provided by an underlying fund

may be reduced by changes in the dividend policies of, and the capital resources available at, the companies in which the underlying fund invests. These risks may be even greater in the case of smaller capitalization stocks.

- ***Investing in growth-oriented stocks*** — Growth-oriented common stocks and other equity-type securities (such as preferred stocks, convertible preferred stocks and convertible bonds) may involve larger price swings and greater potential for loss than other types of investments. These risks may be heightened in the case of smaller capitalization stocks.
- ***Investing in income-oriented stocks*** — The value of the securities and income provided by the funds and accounts may be reduced by changes in the dividend policies of, and the capital resources available for dividend at, the companies in which a fund or account invests.
- ***Issuer risks*** — The prices of, and the income generated by, securities held by a fund or account may decline in response to various factors directly related to the issuers of such securities, including reduced demand for an issuer's goods or services, poor management performance, major litigation, investigations or other controversies related to the issuer, changes in government regulations affecting the issuer or its competitive environment and strategic initiatives such as mergers, acquisitions or dispositions and the market response to any such initiatives.
- ***Currency*** — The prices of, and the income generated by, most debt securities held by a fund or account may also be affected by changes in relative currency values. If the U.S. dollar appreciates against foreign currencies, the value in U.S. dollars of the fund or account's securities denominated in such currencies would generally fall and vice versa. U.S. dollar denominated securities of foreign issuers may also be affected by changes in relative currency values.
- ***Currency Transactions*** — In addition to the risks generally associated with investing in derivative instruments, the use of forward currency contracts involves the risk that currency movements will not be accurately predicted by the investment adviser, which could result in losses to the fund or account. While entering into forward currency contracts could minimize the risk of loss due to a decline in the value of the hedged currency, it could also limit any potential gain that may result from an increase in the value of the currency. Additionally, CIIInc may use forward currency contracts to increase exposure to a certain currency or to shift exposure to currency fluctuations from one country to another. Forward currency contracts may expose the fund to potential gains and losses in excess of the initial amount invested.
- ***Investing in small companies*** — Investing in smaller companies may pose additional risks. For example, it is often more difficult to value or dispose of small company stocks and more difficult to obtain information about smaller companies than about larger companies. Furthermore, smaller companies often have limited product lines, operating histories, markets and/or financial resources, may be dependent on one or a few key persons for management, and can be more susceptible to losses. Moreover, the prices of their stocks may

be more volatile than stocks of larger, more established companies, particularly during times of market turmoil.

- ***Investing outside the United States*** — Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of adverse political, social, economic or market developments (including social instability, regional conflicts, terrorism and war) in the countries or regions in which the issuers operate or generate revenue. These securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Issuers of these securities may be more susceptible to actions of foreign governments, such as nationalization, currency blockage or the imposition of price controls or punitive taxes, each of which could adversely impact the value of these securities. Securities markets in certain countries may be more volatile and/or less liquid than those in the United States. Investments outside the United States may also be subject to different accounting and auditing practices and standards and different regulatory, legal and reporting requirements, and may be more difficult to value, than those in the United States. In addition, the value of investments outside the United States may be reduced by foreign taxes, including foreign withholding taxes on interest and dividends. Further, there may be increased risks of delayed settlement of securities purchased or sold by the fund. These risks of investing outside the United States may be heightened in connection with investments in emerging market.
- ***Investing in emerging market countries*** — Investing in emerging markets may involve risks in addition to and greater than those generally associated with investing in the securities markets of developed countries. For instance, emerging market countries tend to have less developed political, economic and legal systems and accounting and auditing practices and standards than those in developed countries. Accordingly, the governments of these countries may be less stable and more likely to intervene in the market economy, for example, by imposing capital controls, nationalizing a company or industry, placing restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or imposing punitive taxes that could adversely affect the prices of securities. Information regarding issuers in emerging markets may be limited, incomplete or inaccurate, and there may be fewer rights and remedies available to the fund and its shareholders. In addition, the economies of these countries may be dependent on relatively few industries and may be more susceptible to changes in local and global trade conditions and downturns in the world economy. Securities markets in these countries can also be relatively small and have substantially lower trading volumes. As a result, securities issued in these countries may be more volatile and less liquid, and may be more difficult to value, than securities issued in countries with more developed economies and/or markets. Less certainty with respect to security valuations may lead to additional challenges and risks in calculating the fund's net asset value. Additionally, emerging markets are more likely to experience problems with the clearing and settling of trades and the holding of securities by banks, agents and depositories that are less established than those in developed countries.

Investing in emerging market private equity securities through CIInc's private equity program carries even greater risks than those associated with investing in listed emerging market securities. For instance, these investments will generally be highly illiquid securities acquired through privately- negotiated transactions and there is a significant risk that

dispositions of such investments will require a lengthy time period. In some cases, CIInc may be prohibited by contract from selling such securities for a period of time or otherwise be restricted from disposing of such securities. The private equity funds under CIInc's program typically only make a limited number of investments, and since the investments generally will involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns to investors. In addition, interests in these private equity funds are not registered and there is no public market for the interests and none is expected to develop. Generally, the interests are not transferable and investors may not withdraw capital from a private equity fund, resulting in investors not being able to liquidate their investments prior to the dissolution of the fund.

- ***Exposure to country, region, industry or sector*** — Subject to the investment limitations, the fund or account may have significant exposure to a particular country, region, industry or sector. Such exposure may cause the fund or account to be more impacted by risks relating to and developments affecting the country, region, industry or sector, and thus its net asset value may be more volatile, than a fund or account without such levels of exposure. For example, if the fund or account has significant exposure in a particular country, then social, economic, regulatory or other issues that negatively affect that country may have a greater impact on the fund than on a fund that is more geographically diversified.
- ***Investing in debt instruments*** — The prices of, and the income generated by, bonds and other debt securities held by the fund or account may be affected by factors such as the interest rates, maturities and credit ratings of these securities. Rising interest rates will generally cause the prices of bonds and other debt securities to fall. A general rise in interest rates may cause investors to sell debt securities on a large scale, which could also adversely affect the price and liquidity of debt securities and could also result in increased redemptions from the fund. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in the fund failing to recoup the full amount of its initial investment and having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer or guarantor will weaken or be perceived to be weaker, and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. A downgrade or default affecting any of the fund's securities could cause the value of the fund's shares to decrease. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities. Credit risk is gauged, in part, by the credit ratings of the debt securities in which the fund invests. However, ratings are only the opinions of the rating agencies issuing them and are not guarantees as to credit quality or an evaluation of market risk. CIInc and its affiliates rely on their own credit analysts to research issuers and issues in seeking to mitigate various credit and default risks.
- ***Investing in lower rated debt instruments*** — 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 depository receipts*** – Depository receipts are securities that evidence ownership interests in, and represent the right to receive, a security or a pool of securities that have been deposited with a bank or trust depository. Such securities may be less liquid or may trade at a lower price than the underlying securities of the issuer. Additionally, receipt of corporate information about the underlying issuer and proxy disclosure may not be timely and there may not be a correlation between such information and the market value of the depository receipts.
- ***Investing in securities backed by the U.S. government*** — Securities backed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity. Accordingly, the current market values for these securities will fluctuate with changes in interest rates and the credit rating of the U.S. government. Securities issued by government-sponsored entities and federal agencies and instrumentalities that are not backed by the full faith and credit of the U.S. government are neither issued nor guaranteed by the U.S. government.
- ***Interest rate risk*** — The values and liquidity of the securities held by a fund or account may be affected by changing interest rates. For example, the values of these securities may decline when interest rates rise and increase when interest rates fall. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities. The fund may invest in variable and floating rate securities. When the fund holds variable or floating rate securities, a decrease in market interest rates will adversely affect the income received from such securities and the net asset value of the fund's shares. Although the values of such securities are generally less sensitive to interest rate changes than those of other debt securities, the value of variable and floating rate securities may decline if their interest rates do not rise as quickly, or as much, as market interest rates. Conversely, floating rate securities will not generally increase in value if interest rates decline. During periods of extremely low short-term interest rates, the fund may not be able to maintain a positive yield and, given the current low interest rate environment, risks associated with rising rates are currently heightened.
- ***Investing in future delivery contracts*** — A fund or account may enter into contracts, such as to-be-announced contracts and mortgage dollar rolls, that involve 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 fund's market exposure and the market price of the securities the fund contracts to repurchase could drop below their purchase price. While the 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 fund may be reduced by engaging in such transactions. In addition, these transactions may increase the turnover rate of the fund.
- ***Investing in mortgage-related and other asset backed securities*** — Mortgage-related securities, such as mortgage-backed securities, and other asset-backed securities, include debt obligations that represent interests in pools of mortgages or other income-bearing assets, such

as consumer loans or receivables. Such securities often involve risks that are different from or more acute than the risks associated with investing in other types of debt securities. Mortgage-backed and other asset-backed securities are subject to changes in the payment patterns of borrowers of the underlying debt, potentially increasing the volatility of the securities and a fund's net asset value. When interest rates fall, borrowers are more likely to refinance or prepay their debt before its stated maturity. This may result in the fund having to reinvest the proceeds in lower yielding securities, effectively reducing the fund's income. Conversely, if interest rates rise and borrowers repay their debt more slowly than expected, the time in which the mortgage-backed and other asset-backed securities are paid off could be extended, reducing the fund's cash available for reinvestment in higher yielding securities. Mortgage-backed securities are also subject to the risk that underlying borrowers will be unable to meet their obligations and the value of property that secures the mortgages may decline in value and be insufficient, upon foreclosure, to repay the associated loans. Investments in asset-backed securities are subject to similar risks.

- ***Investing in derivatives*** – The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds. Changes in the value of a derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and a derivative instrument may expose a fund or account to losses in excess of its initial investment. Derivatives may be difficult to value, difficult for the fund to buy or sell at an opportune time or price and difficult to terminate or otherwise offset. The fund's use of derivatives may result in losses to the fund, and investing in derivatives may reduce the fund's returns and increase the fund's price volatility. The fund's counterparty to a derivative transaction (including, if applicable, the fund's clearing broker, the derivatives exchange or the clearinghouse) may be unable or unwilling to honor its financial obligations in respect of the transaction.
- ***Investing in swaps*** — Swaps, including interest rate swaps and credit default swap indices, or CDSI, are subject to many of the risks generally associated with investing in derivative instruments. Additionally, although swaps require no or only a small initial investment in the form of a deposit of initial margin, the amount of a potential loss on a swap contract could greatly exceed the initial amount invested. The use of swaps involves the risk that the investment adviser will not accurately predict anticipated changes in interest rates or other economic factors, which may result in losses to a fund or account. If the fund enters into a bilaterally negotiated swap transaction, the counterparty may fail to perform in accordance with the terms of the swap agreement. If a counterparty defaults on its obligations under a swap agreement, the fund may lose any amount it expected to receive from the counterparty, potentially including amounts in excess of the fund's initial investment. Certain swap transactions are subject to mandatory central clearing or may be eligible for voluntary central clearing. Although clearing interposes a central clearinghouse as the ultimate counterparty to each participant's swap, central clearing will not eliminate (but may decrease) counterparty risk relative to uncleared bilateral swaps. Some swaps, such as CDSI, may be dependent on both the individual credit of the fund's counterparty and on the credit of one or more issuers of any underlying assets. If the fund does not correctly evaluate the creditworthiness of its

counterparty and, where applicable, of issuers of any underlying reference assets, the fund's investment in a swap may result in losses to the fund.

- ***Investing in futures contracts*** — In addition to the risks generally associated with investing in derivative instruments, futures contracts are subject to the creditworthiness of the clearing organizations, exchanges and futures commission merchants with which a fund or account transacts. Additionally, although futures require only a small initial investment in the form of a deposit of initial margin, the amount of a potential loss on a futures contract could greatly exceed the initial amount invested. While futures contracts are generally liquid instruments, under certain market conditions futures may be deemed to be illiquid. For example, the fund may be temporarily prohibited from closing out its position in a futures contract if intraday price change limits or limits on trading volume imposed by the applicable futures exchange are triggered. If the fund is unable to close out a position on a futures contract, the fund would remain subject to the risk of adverse price movements until the fund is able to close out the futures position. The ability of the fund to successfully utilize futures contracts may depend in part upon the ability of the fund's investment adviser to accurately forecast interest rates and other economic factors and to assess and predict the impact of such economic factors on the futures in which the fund invests. If the investment adviser incorrectly forecasts economic developments or incorrectly predicts the impact of such developments on the futures in which it invests, the fund could be exposed to the risk of loss.
- ***Hedging*** – There may be imperfect or even negative correlation between the prices of the options and futures contracts in which a fund or account invests and the prices of the underlying securities or indexes which the fund seeks to hedge. For example, options and futures contracts may not provide an effective hedge because changes in options and futures contract prices may not track those of the underlying securities or indexes they are intended to hedge. In addition, there are significant differences between the securities market, on the one hand, and the options and futures markets, on the other, that could result in an imperfect correlation between the markets, causing a given hedge not to achieve its objectives. The degree of imperfection of correlation depends on circumstances such as variations in speculative market demand for options and futures, including technical influences in options and futures trading, and differences between the financial instruments being hedged and the instruments underlying the standard contracts available for trading. A decision as to whether, when and how to hedge involves the exercise of skill and judgment, and even a well-conceived hedge may be unsuccessful to some degree because of market behavior or unexpected interest rate trends. In addition, the fund's investment in exchange-traded options and futures and their resulting costs could limit the fund's gains in rising markets relative to those of the underlying fund, or to those of unhedged funds in general.
- ***Lending of portfolio securities*** – Securities lending involves risks, including the risk that the loaned securities may not be returned in a timely manner or at all and/or the risk of a loss of rights in the collateral if a borrower or the lending agent defaults. These risks could be greater for non-U.S. securities. Additionally, a fund or account may lose money from the reinvestment of collateral received on loaned securities in investments that decline in value, default or do not perform as expected.

- **Liquidity risk** – Certain fund or account holdings may be or may become difficult or impossible to sell, particularly during times of market turmoil. Liquidity may be impacted by the lack of an active market for a holding, legal or contractual restrictions on resale, or the reduced number and capacity of market participants to make a market in such holding. Market prices for less liquid or illiquid holdings may be volatile, and reduced liquidity may have an adverse impact on the market price of such holdings. Additionally, the sale of less liquid or illiquid holdings may involve substantial delays (including delays in settlement) and additional costs and the fund may be unable to sell such holdings when necessary to meet its liquidity needs or may be forced to sell at a loss.
- **Cash and cash equivalents** — The fund or account may also hold cash or cash equivalents, including commercial paper and short-term securities issued by the U.S. government, its agencies and instrumentalities. The percentage of the fund or account invested in cash, cash equivalents will vary and depend on various factors, including market conditions and purchases and redemptions of fund shares. CIInc may determine that it is appropriate to invest a substantial portion of the fund’s assets in such instruments in response to certain circumstances, such as periods of market turmoil. For temporary defensive purposes, the fund or account may invest without limitation in such instruments. A larger percentage of such holdings could moderate the fund’s or account’s investment results in a period of rising market prices. Alternatively, a larger percentage of such holdings could reduce the magnitude of the fund’s or account’s loss in a period of falling market prices and provide liquidity to make additional investments or to meet redemptions.
- **Cybersecurity risks** — With the increased use of technologies such as the Internet to conduct business, the fund or account has become potentially more susceptible to operational and information security risks through breaches in cybersecurity. In general, a breach in cybersecurity can result from either a deliberate attack or an unintentional event. Cybersecurity breaches may involve, among other things, infection by computer viruses or other malicious software code or unauthorized access to digital information systems, networks or devices used directly or indirectly by the fund or its service providers through “hacking” or other means, in each case for the purpose of misappropriating assets or sensitive information (including, for example, personal shareholder information), corrupting data or causing operational disruption or failures in the physical infrastructure or operating systems that support the fund. Cybersecurity risks also include the risk of losses of service resulting from external attacks that do not require unauthorized access to the fund’s systems, networks or devices. For example, denial-of-service attacks on the investment adviser’s or an affiliate’s website could effectively render the fund’s network services unavailable to fund shareholders and other intended end-users. Any such cybersecurity breaches or losses of service may cause the fund to lose proprietary information, suffer data corruption or lose operational capacity or may result in unauthorized release or other misuse of confidential information. These, in turn, could cause the fund to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures and/or financial loss. While the fund and its investment adviser have established business continuity plans and risk management systems designed to prevent or reduce the impact of cybersecurity attacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of

technology and cybersecurity attack tactics, and there is a possibility that certain risks have not been adequately identified or prepared for.

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

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

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

Clients should also refer to account guidelines as well as to each fund's governing documents or other disclosure documents for further information specific to their account or fund investment.

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

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

ITEM 9: DISCIPLINARY INFORMATION

Neither CIIInc nor its management persons have been the subject of legal or regulatory findings, or are the subject of any pending criminal proceedings that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

From time to time, CIIInc or its management persons may be subject to regulatory examinations, investigations, litigation or inquiries that arise in the ordinary course of our business. In the event we become aware of any regulatory matter or litigation that we believe would be material to an evaluation of our advisory business, we notify all clients or prospects affected by those events, subject to applicable law and regulation.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CIInc has the following arrangements that are material to clients or its advisory business with certain affiliated entities. Some of CIInc's directors and executive officers and employees are also directors, officers or employees of one or more affiliates.

Broker-dealer

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

Registered Investment Companies

CIInc serves as investment adviser and administrator to investment companies registered under the Investment Company Act of 1940. CIInc will receive advisory and other fees and expenses from each fund based upon the value of the fund's assets; those fees are described in each fund's prospectus. In addition, CIInc or its affiliates may recommend that clients invest in limited partnerships, pooled funds or mutual funds managed by CIInc or its affiliates. Additionally, CIInc's affiliate, in its fiduciary capacity, may invest their client assets in certain of these funds. In all cases, the nature and scope of the financial interest (e.g., investment management fees or economic interest in such partnerships or funds) is disclosed.

Unregistered Investment Funds

Related persons of CIInc serve as general partner of privately-offered unregistered limited partnerships. These funds make primarily private equity investments in emerging markets companies. CIInc serves as the investment adviser to these funds and will receive advisory and other fees and expenses from each fund based upon the value of the fund's assets. CIInc also serves as the investment adviser to Capital Bank and Trust Company, the trustee of collective investment funds that are exempt from SEC registration. CIInc will receive advisory and other fees and expenses from the trustee or directly from investors in the funds. Those fees are described in each fund's governing documents and in Item 5 (Fees and Compensation).

Commodity Pool Operator

Capital Research and Management Company, an affiliated investment adviser, is registered as a commodity pool operator and a member of the National Futures Association.

Other Investment Advisers

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

Certain portfolio managers employed by affiliated investment advisers, under the supervision and review of CIInc or its affiliates, determine the securities to be purchased and sold for certain clients of CIInc:

Capital Research and Management Company is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission with which CIInc shares supervised persons.

Capital Research Company is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission and indirectly provides investment advisory research to CIInc. This may include managing assets, subject to the supervision and control of CIInc.

Capital Guardian (Canada), Inc is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission and provides investment advisory research to CIInc.

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

Capital Group Private Markets, Inc. is an affiliated investment adviser registered with the U.S. Securities and Exchange Commission which provides research information and services to CIInc.

Capital International K.K., a Japan-based investment adviser provides research information and services to CIInc.

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

Additionally, Capital International Limited provides portfolio control, administrative and trading services to CIInc.

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

Banks and Trust Companies

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

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

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

The Code of Ethics includes:

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

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

Participation or Interest in Client Transactions

CIInc and its affiliates recommend that certain clients invest in limited partnerships, pooled funds or mutual funds managed by CIInc or its affiliates. Additionally, CIInc's affiliate, in its fiduciary capacity, may invest their client assets in certain of these funds. In all cases, the nature and scope of the financial interest (e.g., investment management fees or economic interest in such partnerships or funds) is disclosed.

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

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

ITEM 12: BROKERAGE PRACTICES

Selecting Broker-Dealers

Portfolio Transactions

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

Best Execution

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

Oversight

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

The Market and Transaction Research group performs in-depth analysis on equity trade execution data and reviews the findings with the Global Equity Trading Manager to enhance the

ability to measure and interpret trading costs and their effects on portfolio performance. The Equity Trading Oversight and Best Execution Committee meets periodically to review such trade execution analysis and evaluate the overall quality of execution and trades. The Equity Trading Oversight and Best Execution Committee also reviews equity trading policies and approves changes as appropriate.

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

The Capital Group Companies Corporate Access and Research Services Oversight Committee provides oversight of Capital Group's research management program. It is responsible for evaluating the quality of the research acquired by CIInc and its affiliates to inform future procurement decisions and payment levels and proposing an annual research budget to the Capital Group Management Committee.

Commission Rates

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

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

Brokerage and Investment Research Services

CIInc and its affiliates execute portfolio transactions with broker-dealers who provide certain brokerage and/or investment research services to CIInc and its affiliates but only when in CIInc's and its affiliates' judgment the broker-dealer is capable of providing best execution for that transaction. CIInc and its affiliates make decisions for procurement of research separately and distinctly from decisions on the choice of brokerage and execution services. The receipt of these research services permits CIInc and each affiliate to supplement its own research and analysis and makes available the views of, and information from, individuals and the research staffs of other firms. These services include, among other things, reports and other communications with respect to individual companies, industries, countries and regions, economic, political and legal developments, as well as scheduling meetings with corporate executives and seminars and conferences related to relevant subject matters. This information may be provided in the form of written reports, telephone contacts and meetings with securities analysts.

CIInc and its affiliates bear the cost of all third-party investment research services for all client accounts they advise. However, in order to compensate certain U.S. broker-dealers for research

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

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

As part of ongoing relationships, CIInc and its affiliates routinely meet with firms to discuss the level and quality of the brokerage and research services provided, as well as the value and cost of such services. In valuing the brokerage and investment research services CIInc and its affiliates receive from broker-dealers and other research providers in connection with their good faith determination of reasonableness, CIInc and its affiliates take various factors into consideration, including the quantity, quality and usefulness of the services to CIInc and its affiliates. Based on this information and applying their judgment, CIInc and its affiliates set an annual research budget.

Research analysts and portfolio managers periodically participate in a research poll to determine the usefulness and value of the research provided by individual broker-dealers and research providers. Based on the results of this research poll, CIInc and its affiliates may, through commission sharing arrangements with certain broker-dealers, direct a portion of commissions paid to a broker-dealer by registered investment companies managed by CIInc or its affiliates to be used to compensate the broker-dealer and/or other research providers for research services they provide.

While CIInc and its affiliates may negotiate commission rates and enter into commission sharing arrangements with certain broker-dealers with the expectation that such broker-dealers will be

providing brokerage and research services, none of CIInc, any of its affiliates or any of their clients incurs any obligation to any broker-dealer to pay for research by generating trading commissions. CIInc and its affiliates negotiate prices for certain research that may be paid through commission sharing arrangements or by themselves with cash.

Cross Trades

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

Exchange or alternative trading system ownership

An affiliate of CIInc currently owns an interest in IEX Group and Luminex Trading and Analytics. CIInc may place orders on these or other exchanges or alternative trading systems in which it, or one of its affiliates, has an ownership interest, provided such ownership interest is less than five percent of the total ownership interests in the entity. CIInc is subject to the same best execution obligations when trading on any such exchange or alternative trading system.

Sale of Fund Shares Not Considered

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

Client Referrals

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

Directed Brokerage

In some instances, CIInc will accept a client's instructions to direct a portion of the account's brokerage commissions to a particular broker or group of brokers so long as the direction is consistent with CIInc's policy of seeking best execution. CIInc's ability to meet client direction requests will depend on the broker(s) selected by the client and the securities and markets in which the account invests, among other factors. Furthermore, CIInc accepts requests to direct brokerage from clients who are subject to ERISA only if the client's direction program complies with ERISA.

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

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

Aggregation and Allocation of Portfolio Transactions

Frequently, CIInc places orders to purchase or sell the same security for a number of clients of CIInc and its affiliates that are advised by the same investment division. CIInc typically aggregates such orders when they are substantially similar. As an aggregated order is executed, securities are allocated to clients in accordance with CIInc's allocation policy. CIInc believes that placing aggregated or "block" trades is consistent with its duty to seek best execution. Further, a client's trades are aggregated with those of other clients only if it is consistent with the terms of the client's investment advisory agreement. CIInc may not aggregate certain trades only when it believes that doing so will not have a material impact on the price or quality of other transactions.

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

Equity Securities

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

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

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

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

Additional equity authorizations.

If an additional order to purchase or sell a security is placed after the trader has begun to work the initial orders, the Equity Trading Platform allocates executed trades to participating accounts based on the initial orders and then begins a new allocation process based on the remaining open orders and the new orders. Under certain circumstances, traders are given discretion to include orders they receive after the trader has started to work an initial order with the initial aggregated order for allocation purposes. This may occur for example when an analyst has issued a recommendation in the morning and not all managers have had the opportunity to hear the recommendation before the start of trading or an order for the same security is subject to additional compliance approvals. The traders have discretion to allocate on this basis when to do so will be fair and equitable to all participating funds and accounts.

Special instructions. In certain circumstances, special portfolio manager instructions or other factors may result in a different allocation. For example, a portfolio manager may place an order for a particular fund or account subject to a price limit. If other open orders are not subject to the price limit, trades executed above the limit (in the case of purchases) or below the limit (in the case of sales) would be allocated without regard to the order with special instructions. Occasionally when there is a relatively small remaining open order and a very large new order is placed, trading may complete the small order before proceeding with the larger new order, rather than aggregating the orders.

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

on the price or quality of other transactions.

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

Initial Public Offerings

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

If the resulting allocation we receive from the underwriting syndicate is not sufficient to fill all orders, each equity investment division generally allocates the transaction on a pro rata basis based on each account’s authorized order size, unless the relevant investment committee approves another allocation. In certain circumstances, orders are placed based on approximate fund or account asset size; however, no fund or account will be allocated more than its indication. Allocations may be subject to CIInc’s and market practices for lot sizes. If the allocation places some client accounts below the minimum lot size, then the trading department will exclude those accounts in the allocation process and allocate the remaining shares to other clients on a pro rata basis.

Fixed-Income Securities

When executing portfolio transactions in the same fixed-income security for the funds and other clients over which CIInc or one of its affiliated companies has investment discretion, CIInc normally aggregates such purchases or sales and executes 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.

New Fixed-Income Issues

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

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

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

Managed Account Programs

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

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

The amount of transactions that we determine to "trade away" from the sponsor or its designated affiliate will vary by strategy. For U.S. equity strategies, a majority of trades are typically placed through the sponsor or its designated affiliate. For strategies with significant exposure to international equities or fixed income securities, a majority, and in some cases substantially all, trades will typically be executed with a broker-dealer other than the sponsor or its designated affiliate. For global equity strategies and other strategies that invest in U.S. equity securities as well as other types of securities, the amount of transactions that we "trade away" from the sponsor or its designated affiliate will vary depending on the relative exposures of the account and other factors, but may represent up to half of the trades for the account. The amount of

brokerage that we “trade away” from the sponsor or its designated affiliate may change over time as security trading markets and practices evolve. We do not trade away for model delivery managed account programs. Upon request, CIInc will provide additional information related to its trading away practices to managed account program sponsors.

We do not trade away for model delivery managed account programs. Upon request, CIInc will provide additional information related to its trading away practices to managed account program sponsors.

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

CIInc and its affiliates manage investment companies, institutional and other accounts with similar or identical investment objectives, as well as accounts with different objectives that may trade in the same securities as the managed account program accounts managed by CIInc. Because investment decisions for managed accounts are based on, and occur after, investment decisions for certain of these other accounts, the other accounts are not rotated with managed account program accounts, and therefore, trade prior to managed account program. As a result, the market price of securities may rise or fall before a managed account program transaction is executed (and, in certain circumstances, as a direct result of other portfolio transactions placed by, or on the advice of, CIInc or its affiliates), causing managed account program accounts to purchase the same securities at a higher price (or sell the same securities at a lower price) than CIInc and its affiliates. Institutional and other accounts of CIInc and its affiliates may therefore over time obtain more favorable prices for their transactions, than managed account program accounts purchasing or selling the same securities. See above under the heading “Directed Brokerage” for more information about the handling of equity security trading with respect to such programs.

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

Forward Currency Exchange Transactions

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

Identification and Resolution of Trade Errors

CIInc maintains policies and procedures that address the identification and remediation of trade errors. These policies and procedures are designed to address the resolution of errors and to provide appropriate oversight and review of such errors. To the extent a trade error occurs, CIInc seeks to identify and resolve such error in a manner that is fair to its clients as promptly as possible. When determining the loss associated with an error, CIInc will typically net gains and losses arising from a single error or a series, unless prohibited by applicable law or a specific agreement with the client. CIInc will address and resolve errors on a case-by-case basis, in its discretion, based on each error's facts and circumstances. CIInc attempts to resolve similar trade errors in a consistent manner, although we may elect to compensate a client for a loss in certain circumstances where we believe it is not a compensable trade error.

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

ITEM 13: REVIEW OF ACCOUNTS

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

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

The boards of directors/trustees of the registered investment company and the trustees of the collective investment trusts are furnished audited annual financial statements, and additional information concerning portfolio activity and results. Other information (e.g. foreign country registration and service agreements) is furnished as needed.

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

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

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

CIInc's affiliates may from time to time compensate third parties for client referrals pursuant to a written solicitation agreement. The solicitor must provide the affiliate with a copy of the solicitor's separate written disclosure document provided to the client. No solicitation payments may be made prior to the affiliate 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.

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

ITEM 15: CUSTODY

Not applicable.

ITEM 16: INVESTMENT DISCRETION

When CIIInc is retained on a discretionary basis pursuant to an investment management agreement, CIIInc 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.

CIIInc 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 advisory services provided to funds, the terms of the fund's governing documents will apply.

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

CIIInc is the investment adviser to Capital Bank and Trust Company, with respect to certain collective investment trusts, for which Capital Bank and Trust Company is the discretionary trustee.

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

ITEM 17: VOTING CLIENT SECURITIES

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

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

Summary of the Principles

CIInc considers proxy voting an important part of those management services, and as such, CIInc seeks to vote the proxies of securities held by clients in accounts for which it has proxy voting authority in the best interest of those clients. The procedures that govern this activity are reasonably designed to ensure that proxies are voted in the best interest of CIInc’s clients. Proxy issues are evaluated on their merits and considered in the context of the analyst’s knowledge of a company, its current management, management’s past record, and CIInc’s general position on the issue. Certain regulators have granted investment limit relief to CIInc and its affiliates, conditioned upon limiting its voting power to specific voting ceilings. To comply with these voting ceilings, CIInc will scale back its votes across all funds and clients on a pro-rata basis based on assets. In addition, CIInc may determine not to recall securities on loan to exercise its voting rights when it determines the cost of doing so would exceed the benefits to shareholders or the vote would not have a material impact on the client’s investment.

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

Associates on the proxy voting team in CIInc’s Environmental Social and Governance department or the private equity operations team with respect to the CIInc managed private equity funds are responsible for coordinating the voting of proxies. These associates work with outside proxy voting service providers and custodian banks and are responsible for coordinating and documenting the internal review of proxies. Proxy items are typically voted with management unless the research analyst who follows the company or a member of an investment or proxy voting committee requests additional review. The initial voting recommendation is made by one or more investment analysts familiar with the company and industry. A second recommendation is made by a proxy coordinator (an investment analyst or other individual with experience in corporate governance and proxy voting matters), based on knowledge of the Principles and familiarity with proxy-related issues. The proxy summary and voting recommendations are made available to the appropriate proxy voting committee for final

decision. Various proxy voting committees specialize in regional mandates and review the proxies of portfolio companies within their mandates.

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

If a research analyst has a personal conflict in making a voting recommendation on a proxy issue, he or she must disclose such conflict, along with his or her recommendation. If a member of the proxy voting committee has a personal conflict in voting the proxy, he or she must disclose such conflict to the appropriate proxy voting committee and must not vote on the issue. This summary of CIIInc's Principles is qualified by the full policy, which is available on request. Also, upon request, CIIInc 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.

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

Proxy Voting for Fund-of-Funds: With respect to voting proxies for fund-of-funds, if an underlying fund that is managed by CIIInc or its affiliate has a shareholder meeting, CIIInc will vote its shares in the underlying fund in the same proportion as the votes of the other shareholders of the underlying fund. To the extent CIIInc should have to vote a proxy for the fund-of-funds' portfolios that is not a proxy of an underlying fund, CIIInc will vote in accordance with these Principles.

ITEM 18: FINANCIAL INFORMATION

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

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

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS
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CIInc is not registered with any state securities authority.