

March 23, 2012

Ms. Elizabeth M. Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**Re: File Number 4-645**

Dear Ms. Murphy:

Capital Research and Management Company serves as investment adviser to the American Funds, one of the oldest and largest mutual fund families in the nation. We appreciate the opportunity to comment on the Commission's efforts to study financial literacy among investors, including methods to improve the timing, content and format of disclosures. We support the Commission's initiative to deliver only the most understandable and relevant information to shareholders to assist them in making informed investment decisions.

**1. Executive Summary**

We believe that the Commission should consider the following:

- To address concerns that shareholders receive only the most understandable and relevant information:

- Adopt a summary shareholder report which would provide key information in a concise and clear format, while also making available more detailed information upon request.
- To address concerns that shareholders may be overwhelmed by lengthy materials that can be repetitive:
  - Study the various documents provided to shareholders together in determining whether the information is streamlined, understandable and complete.
- To acknowledge the near universal adoption of the Internet and the cost to fund shareholders of paper delivery:
  - Adopt a notice and access model for delivery of shareholder reports. The Commission has already adopted this approach in other areas.

## **2. Background**

Mutual fund shareholder reports are designed to provide shareholders with periodic updates on their investment in the fund including information on the fund's investment results, expenses, portfolio holdings and financials. Effective shareholder reports help investors efficiently monitor and evaluate whether a fund is meeting its investment objectives on both an absolute and relative basis. Shareholder reports also allow investors to compare the fund with other investment options. The current shareholder report framework is lengthy, legalistic and, due to its paper form, is unable to provide investors with customized and readily comparable disclosures. We believe that any changes to shareholder report disclosure should be made in context, considering the other information provided to shareholders in other disclosure documents.

Adopting a summary shareholder report that is available on the Internet is a natural outgrowth of, and next logical step to, the Commission's proxy notice and access rule, summary prospectus rule and interactive data initiatives. The primary goal is to provide more relevant (but no less comprehensive) disclosure, which is more readily and uniformly available to all investors. This approach will also substantially reduce shareholder costs. Eliminating the paper delivery requirement would result in direct savings to shareholders.

### 3. Proposal

#### a. *Summary Shareholder Report*

Consistent with the Commission's recent summary prospectus initiative, we propose to provide key information to investors in the form of a summary shareholder report while also making available to interested investors a full shareholder report containing the comprehensive information that is available today. The summary report would improve mutual fund disclosure by providing investors with key information in plain English in a clear and concise format, while permitting a more relevant and cost-effective means of delivering detailed information to interested investors, their advisers, third-party analysts, the financial press and others. The shortened, standardized and electronic format would permit ready comparisons among funds.

The summary would focus on matters most essential for a shareholder to effectively monitor their investment, including, among other things, the letter describing factors that influenced fund investment results, the condensed financial information of the fund, graphical representation of holdings and the expense example. The following sections would be removed from the summary document and made available upon request:

- Financial statements, schedules and footnotes (except as noted above);
- Information on the fund's officers and directors; and
- Statement regarding the basis for approval of the fund's investment advisory contract.

We suggest that the Commission coordinate its effort to streamline disclosure with the Public Company Accounting Oversight Board as they consider the possibility of expanding auditor opinions and adding auditor discussion and analysis in annual reports.

#### b. *Comprehensive approach*

We believe that the Commission should take a comprehensive approach in studying shareholder disclosure. Rather than considering changes to each disclosure document separately, we urge the Commission to take a more holistic approach, reviewing all disclosure documents together in the

aggregate for purposes of determining whether disclosure is relevant, useful and streamlined. For example, the changes that we have proposed to the shareholder report should be considered in conjunction with the information that shareholders receive in the summary prospectus and that is available on fund websites.

*c. Notice and Access*

We propose that mutual funds post shareholder reports on their Internet web sites and regularly notify investors of the availability of these reports. Such notices could be included, for example, in shareholder account statements. Notices could also be delivered separately, twice a year, consistent with current shareholder report distribution practices for investors holding fund shares through financial intermediaries. Alternatively, intermediaries could refer in their account statements to one central website with the reports for all relevant fund groups (with links). The website would be updated by fund groups in connection with N-CSR filings. The notice would allow investors to request a copy of the shareholder report via a toll-free telephone number, e-mail address or Internet Web site address, or make a permanent election to receive paper or e-mail copies of future shareholder reports.

While the Consumer Federation of America has not reviewed this proposal, notice and access appears to be consistent with their stated position which favors actual delivery of a link to investors, rather than relying on the “access equals delivery” model adopted in 2005 for certain corporate issuers and in 2009 for official statements in the municipal securities market. Providing notices in shareholder account statements rather than by e-mail also reflects the reality that shareholders are most likely to read their statements as well as the industry’s current service model, in which few e-mail addresses are known by the issuer.

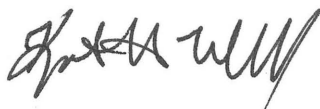
This proposal is also consistent with the Commission’s initiatives regarding delivery of proxy materials, intended to facilitate effective and consistent access to information while taking into account advancements in technology. As noted in the SEC’s release permitting the Internet availability of the statutory prospectus, “recent surveys show that Internet use among adults is at an all time high with approximately three quarters of Americans having access to the Internet.” We believe that universal Internet availability of shareholder reports has the potential to enhance

significantly the ability of investors to monitor and evaluate their funds and reduce unnecessary costs to fund shareholders and the environment. Adopting notice and access could also offer a model for other investor disclosure regimes such as the rules relating to provision of program descriptions (offering statements) to investors in 529 college savings plans and the Department of Labor regulations requiring disclosure to participants in participant-directed retirement plans.

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Thank you for considering these comments. Please feel free to contact us should you have any questions or wish to discuss our comments.

Sincerely,



Katherine H. Newhall  
Counsel



Timothy W. McHale  
Counsel

cc: The Hon. Mary L. Schapiro, Chairman  
The Hon. Elisse B. Walter, Commissioner  
The Hon. Luis A. Aguilar, Commissioner  
The Hon. Daniel M. Gallagher, Commissioner  
The Hon. Troy A. Paredes, Commissioner  
Eileen Rominger, Director, Division of Investment Management  
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