Capital Group KKR Multi-Sector+

Part B
Statement of Additional Information

March 11, 2026

This document is not a prospectus but should be read in conjunction with the current prospectus of Capital Group KKR Multi-Sector+ (the “fund”) dated March 11, 2026. You may obtain a prospectus and annual and semi-annual shareholder reports from your financial professional, by calling American Funds Service Company® at (800) 421-4225 or by writing to the fund at the following address:

Capital Group KKR Multi-Sector+
Attention: Secretary

6455 Irvine Center Drive
Irvine, California 92618

You may also obtain a copy of the fund’s prospectus and annual and semi-annual shareholder reports on the U.S. Securities and Exchange Commission’s (“SEC”) website (http://www.sec.gov). Certain privileges and/or services described below may not be available to all shareholders (including shareholders who purchase shares at net asset value through eligible retirement plans) depending on the shareholder’s investment dealer or retirement plan recordkeeper. Please see your financial professional, investment dealer, plan recordkeeper or employer for more information.

The fund’s investment adviser is Capital Research and Management Company (the “investment adviser”) and the fund’s sub-adviser is KKR Credit Advisors (US) LLC (the “sub-adviser” or “KKR Credit,” and, together with its affiliates, “KKR”). References in this statement of additional information to the fund’s “investment adviser” or “adviser” shall refer to either Capital Research and Management Company or KKR Credit or both, as applicable.

When used in this statement of additional information, the term “invest” includes both direct investing and indirect investing and the term “investments” includes both direct investments and indirect investments. For example, the fund may invest indirectly by investing through its wholly-owned subsidiaries. References to the fund include references to such subsidiaries (if any) in respect of the fund's investment exposure. The fund may be exposed to the different types of investments described in the fund’s prospectus and this statement of additional information through its investments in such subsidiaries (if any).

Class A	MSPPX
Class A-2	MSPUX
Class A-3	MSPJX
Class F-2	MSPEX
Class F-3	MSPFX
Class R-6	RMSPX

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Certain investment limitations and guidelines

The following limitations and guidelines are considered at the time of purchase, under normal circumstances, and are based on a percentage of the fund's net assets unless otherwise noted. This summary is not intended to reflect all of the fund's investment limitations.

Debt instruments

- The fund currently intends to consider the ratings from Moody's Investor Services, S&P Global Ratings and Fitch Ratings (collectively, the "rating agencies"). If agency ratings of a security differ, the security will be considered to have received the highest of these ratings.

Investing outside the United States

- The fund may invest up to 20% of its net assets in securities tied economically to countries outside the United States, including emerging markets.

- The fund may invest up to 10% of its net assets in securities denominated in currencies other than the U.S. dollar.

- For purposes of determining whether an investment is made in a particular country or geographic region, the fund's investment adviser or sub-adviser, as applicable, will generally look to the domicile of the issuer in the case of equity securities or to the country to which the security is tied economically in the case of debt securities. In doing so, the fund's investment adviser will generally look to the determination of MSCI Inc. (MSCI) for equity securities and Bloomberg for debt securities. In certain limited circumstances (including when relevant data is unavailable or the nature of a holding warrants special considerations), the investment adviser may also take into account additional factors, as applicable, including where the issuer's securities are listed; where the issuer is legally organized, maintains principal corporate offices, conducts its principal operations, generates revenues and/or has credit risk exposure; and the source of guarantees, if any, of such securities. For purposes of determining which countries constitute "emerging markets," the fund's investment adviser will generally look to the determination of MSCI for equity securities and J.P. Morgan for debt securities.

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The fund may experience difficulty liquidating certain portfolio securities during significant market declines or periods of significant and sustained repurchases.

Description of certain securities, investment techniques and risks

The descriptions below are intended to supplement the material in the prospectus under “Investment objective, strategies and principal risks.”

Market conditions – The value of, and the income generated by, the securities in which the fund invests may decline, sometimes rapidly or unpredictably, due to factors affecting certain issuers, particular industries or sectors, or the overall markets. Rapid or unexpected changes in market conditions could cause the fund to liquidate holdings at inopportune times or at a loss or depressed value. The value of a particular holding may decrease due to developments related to that issuer, but also due to general market conditions, including real or perceived economic developments such as changes in interest rates, credit quality, inflation, or currency rates or generally adverse investor sentiment. The value of a holding may also decline due to factors that negatively affect a particular industry or sector, such as labor shortages, increased production costs, or competitive conditions.

Global economies and financial markets are highly interconnected, and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. Furthermore, local, regional and global events such as war, acts of terrorism, trading and tariff arrangements, social unrest, natural disasters, the spread of infectious illness or other public health threats, or bank failures could also adversely impact issuers, markets and economies, including in ways that cannot necessarily be foreseen. The fund could be negatively impacted if the value of a portfolio holding were harmed by such conditions or events.

Significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism, bank failures or other events, can adversely affect local and global markets and normal market operations. Market disruptions may exacerbate political, social, and economic risks. Additionally, market disruptions may result in increased market volatility; regulatory trading halts; closure of domestic or foreign exchanges, markets, or governments; or market participants operating pursuant to business continuity plans for indeterminate periods of time. Such events can be highly disruptive to economies and markets and significantly impact individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of the fund’s investments and operation of the fund. These events could disrupt businesses that are integral to the fund’s operations or impair the ability of employees of fund service providers to perform essential tasks on behalf of the fund.

Governmental and quasi-governmental authorities may take a number of actions designed to support local and global economies and the financial markets in response to economic disruptions. Such actions may include a variety of significant fiscal and monetary policy changes, including, for example, direct capital infusions into companies, new monetary programs and significantly lower interest rates. These actions have resulted in significant expansion of public debt and may result in greater market risk. Additionally, an unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could negatively impact overall investor sentiment and further increase volatility in securities markets.

Debt instruments — Debt securities, also known as “fixed income securities,” are used by issuers to borrow money. Bonds, notes, debentures, asset-backed securities (including those backed by mortgages), and loan participations and assignments are common types of debt securities. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Some debt securities, such as zero coupon bonds, do not pay current interest, but are purchased at a discount from their face values and their values accrete over time to face value at maturity. Some debt securities bear interest at rates that are not fixed, but that vary with changes in specified market rates or indices. Payment-in-kind loans permit the borrower to make interest payments in forms other than cash. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. These fluctuations will generally be greater for longer-term debt securities than for shorter-term debt securities. Prices of these securities can also be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness, or they may pay only a small fraction of the amount owed. Direct indebtedness of countries, particularly emerging markets, also involves a risk that the governmental entities responsible for the repayment of the debt may be unable, or unwilling, to pay interest and repay principal when due.

Lower rated debt securities, rated Ba1/BB+ or below by Nationally Recognized Statistical Rating Organizations, are described by the rating agencies as speculative and involve greater risk of default or price changes due to changes in the issuer's creditworthiness than higher rated debt securities, or they may already be in default. Such securities are sometimes referred to as "junk bonds" or high yield bonds. The market prices of these securities may fluctuate more than higher quality securities and may decline significantly in periods of general economic difficulty. It may be more difficult to dispose of, and to determine the value of, lower rated debt securities. Investment grade bonds in the ratings categories A or Baa/BBB also may be more susceptible to changes in market or economic conditions than bonds rated in the highest rating categories.

Certain additional risk factors relating to debt securities are discussed below:

Sensitivity to interest rate and economic changes — Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. In addition, during an economic downturn or a period of rising interest rates, issuers that are highly leveraged may experience increased financial stress that could adversely affect their ability to meet projected business goals, to obtain additional financing and to service their principal and interest payment obligations. Periods of economic change and uncertainty also can be expected to result in increased volatility of market prices and yields of certain debt securities and derivative instruments. As discussed under "Market conditions" above in this statement of additional information, governments and quasi-governmental authorities may take actions to support local and global economies and financial markets during periods of economic crisis, including direct capital infusions into companies, new monetary programs and significantly lower interest rates. Such actions may expose fixed income markets to heightened volatility and may reduce liquidity for certain investments, which could cause the value of the fund's portfolio to decline.

Payment expectations — Debt securities may contain redemption or call provisions. If an issuer exercises these provisions in a lower interest rate market, the fund may have to replace the security with a lower yielding security, resulting in decreased income to investors. If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the fund may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and valuation — There may be little trading in the secondary market for particular debt securities, which may affect adversely the fund's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated. The investment adviser considers these ratings of securities as one of many criteria in making its investment decisions.

Bond rating agencies may assign modifiers (such as +/–) to ratings categories to signify the relative position of a credit within the rating category. Investment policies that are based on ratings categories should be read to include any security within that category, without giving consideration to the modifier except where otherwise provided. See the appendix to this statement of additional information for more information about credit ratings.

Inflation/Deflation risk — The fund may be subject to inflation and deflation risk. Inflation risk is the risk that the present value of assets or income from investments will be less in the future as inflation decreases the value of money. As inflation increases, the present value of the fund's assets can decline. Deflation risk is the risk that prices throughout the economy decline over time. Deflation or inflation may have an adverse effect on the creditworthiness of issuers and may make issuer default more likely, which may result in a decline in the value of the fund's assets.

Loan assignments and participations — The fund may invest in loans or other forms of indebtedness that represent interests in amounts owed by corporations or other borrowers (collectively “borrowers”). The investment adviser defines debt securities to include investments in loans, such as loan assignments and participations. Loans may be originated by the borrower in order to address its working capital needs, as a result of a reorganization of the borrower’s assets and liabilities (recapitalizations), to merge with or acquire another company (mergers and acquisitions), to take control of another company (leveraged buy-outs), to provide temporary financing (bridge loans), or for other corporate purposes. Most corporate loans are variable or floating rate obligations.

Some loans may be secured in whole or in part by assets or other collateral. In other cases, loans may be unsecured or may become undersecured by declines in the value of assets or other collateral securing such loan. The greater the value of the assets securing the loan the more the lender is protected against loss in the case of nonpayment of principal or interest. Loans made to highly leveraged borrowers may be especially vulnerable to adverse changes in economic or market conditions and may involve a greater risk of default.

Collateral pledged by a borrower may include, but are not limited to, (i) working capital assets, such as accounts receivable and inventory; (ii) tangible fixed assets, such as real property, buildings and equipment; (iii) intangible assets, such as trademarks and patent rights (but excluding goodwill); and (iv) security interests in shares of stock of subsidiaries or affiliates. In the case of loans made to non-public companies, the company’s shareholders or owners may provide collateral in the form of secured guarantees and/or security interests in assets that they own. Collateral may consist of assets that may not be readily liquidated, and there is no assurance that the liquidation of such assets would satisfy fully a borrower’s obligations under a loan. In most loan agreements there is no formal requirement to pledge additional collateral. The fund may, from time to time, invest in loans guaranteed by, or secured by assets of, shareholders or owners, even if the loans are not otherwise collateralized by assets of the borrower; provided, however, that such guarantees are fully secured. There may be temporary periods when the principal asset held by a borrower is the stock of a related company, which may not legally be pledged to secure a loan. On occasions when such stock cannot be pledged, the loan will be temporarily unsecured until the stock can be pledged or is exchanged for or replaced by other assets, which will be pledged as security for the loan. However, the borrower’s ability to dispose of such securities, other than in connection with such pledge or replacement, will be strictly limited for the protection of the holders of loans and, indirectly, loans themselves.

The failure to perfect a security interest due to faulty documentation or faulty official filings could lead to the invalidation of the fund’s security interest in loan collateral. If the fund’s security interest in loan collateral is invalidated or the loan is subordinated to other debt of a borrower in bankruptcy or other proceedings, the fund would have substantially lower recovery, and perhaps no recovery, on the full amount of the principal and interest due on the loan. The fund will, from time to time, acquire warrants and other equity securities as part of a unit combining a loan and equity securities of a borrower or its affiliates. The acquisition of such equity securities will only be incidental to the fund's purchase of a loan.

Some loans may represent revolving credit facilities or delayed funding loans, in which a lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. These commitments may have the effect of requiring the fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid).

Some loans may represent debtor-in-possession financings (commonly known as "DIP financings"). DIP financings are arranged when an entity seeks the protections of the bankruptcy court under Chapter 11 of the U.S. Bankruptcy Code. These financings allow the entity to continue its business operations while reorganizing under Chapter 11. Such financings constitute senior liens on unencumbered collateral (i.e., collateral not subject to other creditors' claims). There is a risk that the entity will not emerge from Chapter 11 and will be forced to liquidate its assets under Chapter 7 of the U.S. Bankruptcy Code. In the event of liquidation, the fund's only recourse will be against the collateral securing the DIP financing.

The fund will, from time to time, acquire interests in loans that are designed to provide temporary or "bridge" financing to a borrower pending the sale of identified assets or the arrangement of longer-term loans or the issuance and sale of debt obligations. The fund will, from time to time, also invest in loans of borrowers that have obtained bridge loans from other parties. A borrower's use of bridge loans involves a risk that the borrower may be unable to locate permanent financing to replace the bridge loan, which may impair the borrower's perceived creditworthiness.

The fund may also acquire equity securities or credit securities (including non-dollar denominated equity or credit securities) including as issued in exchange for a loan or issued in connection with the debt restructuring or reorganization of a borrower, or if such acquisition, in the judgment of the investment adviser, may enhance the value of a loan or would otherwise be consistent with the fund's investment policies.

Borrowers may offer to provide lenders with material, non-public information regarding a specific loan or the borrower in general. The investment adviser generally chooses not to receive this information. As a result, the investment adviser may be at a disadvantage compared to other investors that may receive such information. The investment adviser's decision not to receive material, non-public information may impact the investment adviser's ability to assess a borrower's requests for amendments or waivers of provisions in the loan agreement. However, the investment adviser may on a case-by-case basis decide to receive such information when it deems prudent. In these situations the investment adviser may be restricted from trading the loan or buying or selling other debt and equity securities of the borrower while it is in possession of such material, non-public information, even if such loan or other security is declining in value.

The fund normally acquires loan obligations through an assignment from another lender, but also may acquire loan obligations by purchasing participation interests from lenders or other holders of the interests. When the fund purchases assignments, it acquires direct contractual rights against the borrower on the loan. The fund acquires the right to receive principal and interest payments directly from the borrower and to enforce its rights as a lender directly against the borrower. However, because assignments are arranged through private negotiations between potential assignees and potential assignors, the rights and obligations acquired by a fund as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. Loan assignments are often administered by a financial institution that acts as agent for the holders of the loan, and the fund may be required to receive approval from the agent and/or borrower prior to the purchase of a loan. Risks may also arise due to the inability of the agent to meet its obligations under the loan agreement.

Loan participations are loans or other direct debt instruments that are interests in amounts owed by the borrower to another party. They may represent amounts owed to lenders or lending syndicates, to suppliers of goods or services, or to other parties. The fund will have the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In connection with purchasing participations, the fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower. In addition, the fund may not directly benefit from any collateral supporting the loan in which it has purchased the participation and the fund will have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies. As a result, the fund will be subject to the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling a participation, a fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

Loan assignments and participations are generally subject to legal or contractual restrictions on resale and are not currently listed on any securities exchange or automatic quotation system. Risks may arise due to delayed settlements of loan assignments and participations. The investment adviser expects that most loan assignments and participations purchased for the fund will trade on a secondary market. However, although secondary markets for investments in loans are growing among institutional investors, a limited number of investors may be interested in a specific loan. It is possible that loan participations, in particular, could be sold only to a limited number of institutional investors. If there is no active secondary market for a particular loan, it may be difficult for the investment adviser to sell the fund's interest in such loan at a price that is acceptable to it and to obtain pricing information on such loan.

Investments in loan participations and assignments present the possibility that the fund could be held liable as a co-lender under emerging legal theories of lender liability. In addition, if the loan is foreclosed, the fund could be part owner of any collateral and could bear the costs and liabilities of owning and disposing of the collateral. In addition, some loan participations and assignments may not be rated by major rating agencies and may not be protected by securities laws.

In the process of buying, selling and holding loans, the fund will, from time to time, receive and/or pay certain fees. These fees are in addition to interest payments received and may include facility fees, commitment fees, amendment fees, and prepayment penalty fees. When the fund buys a loan, it could receive a facility fee and when it sells a loan it may pay a facility fee. On an ongoing basis, the fund could receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, the fund will receive a prepayment penalty fee upon the prepayment of a loan by a borrower. Other fees received by the fund will, from time to time, include covenant waiver fees, covenant modification fees or other amendment fees.

A borrower must comply with various restrictive covenants contained in a loan agreement or note purchase agreement between the borrower and the holders of the loan (the "loan agreement"). Such covenants, in addition to requiring the scheduled payment of interest and principal, may include restrictions on dividend payments and other distributions to shareholders, provisions requiring the borrower to maintain specific minimum financial ratios and limits on total debt. In addition, the loan agreement may contain a covenant requiring the borrower to prepay the loan with any free cash flow. Free cash flow is generally defined as net cash flow after scheduled debt service payments and permitted capital expenditures and includes the proceeds from asset dispositions or sales of securities. A breach of a covenant which is not waived by the agent, or by the loan investors directly, as the case may be, is normally an event of acceleration. The agent, or the loan investors directly, as the case may be, has the right to call the outstanding loan. The typical practice of an agent or a loan investor in relying exclusively or primarily on reports from the borrower to monitor the borrower's compliance with covenants may involve a risk of fraud by the borrower. In the case of a loan in the form of a participation, the agreement between the buyer and seller may limit the rights of the holder to vote on certain changes which may be made to the loan agreement, such as waiving a breach of a covenant. However, the holder of the participation will, in almost all cases, have the right to vote on certain fundamental issues such as changes in principal amount, payment dates and interest rate.

In a typical loan, the agent administers the terms of the loan agreement. In such cases, the agent is normally responsible for the collection of principal and interest payments from the borrower and the apportionment of these payments to the credit of all institutions which are parties to the loan agreement. The fund will generally rely upon the agent or an intermediate participant to receive and forward to the fund its portion of the principal and interest payments on the loan. Furthermore, unless under the terms of a participation agreement the fund has direct recourse against the borrower, the fund will rely on the agent and the other loan investors to use appropriate credit remedies against the borrower. The agent is typically responsible for monitoring compliance with covenants contained in the loan agreement based upon reports prepared by the borrower. The seller of the loan usually does, but is often not obligated to, notify holders of loans of any failures of compliance. The agent may monitor the value of the collateral and, if the value of the collateral declines, may accelerate the loan, may give the borrower an opportunity to provide additional collateral or may seek other protection for the benefit of the participants in the loan. The agent is compensated by the borrower for providing these services under the loan agreement, and such compensation may include special fees paid upon structuring and funding the loan and other fees paid on a continuing basis. With respect to loans for which an agent does not perform such administrative and enforcement functions, the fund may perform such tasks on its own behalf, although a collateral bank will typically hold any collateral on behalf of the fund and the other loan investors pursuant to the applicable loan agreement.

A financial institution's appointment as agent may usually be terminated in the event that it fails to observe the requisite standard of care or becomes insolvent, enters FDIC receivership, or, if not FDIC insured, enters into bankruptcy proceedings. A successor agent would generally be appointed to replace the terminated agent, and assets held by the agent under the loan agreement should remain available to holders of the loans. However, if assets held by the agent for the benefit of the fund were determined to be subject to the claims of the agent's general creditors, the fund might incur certain costs and delays in realizing payment on a loan, or suffer a loss of principal and/or interest. In situations involving intermediate participants, similar risks may arise.

Loans will typically require, in addition to scheduled payments of interest and principal, the prepayment of the loan from free cash flow, as defined above. The degree to which borrowers prepay loans, whether as a contractual requirement or at their election, may be affected by general business conditions, the financial condition of the borrower and competitive conditions among loan investors, among others. As such, prepayments cannot be predicted with accuracy. Upon a prepayment, either in part or in full, the actual outstanding debt on which the fund derives interest income will be reduced. However, the fund will, from time to time, receive both a prepayment penalty fee from the prepaying borrower and a facility fee upon the purchase of a new loan with the proceeds from the prepayment of the former.

The sub-adviser and its affiliates will, from time to time, borrow money from various banks in connection with their business activities. Such banks may also sell interests in loans to, or acquire them from, the fund or may be intermediate participants with respect to loans in which the fund owns interests. Such banks may also act as agents for loans held by the fund.

Various state laws may impose licensing obligations on the fund in connection with originating, acquiring, holding, servicing, foreclosing on, or disposing of loans and similar financial assets. These requirements can be triggered based on factors such as the borrower's location, the location of any collateral, or the jurisdiction where the fund, its investment adviser, or its sub-adviser is based or maintains offices. Where such licenses are required and obtained, the fund, its investment adviser, and its sub-adviser would be subject to applicable law and regulations, including those related to consumer protection and anti-fraud. These rules may limit the actions the fund, its investment adviser, or its sub-adviser can take to safeguard the value of its investments and may result in additional compliance costs. Noncompliance with these legal requirements could result in penalties, including the potential loss of a license, which could, in turn, require the fund's divestment of assets located in or secured by property within the affected state.

Lender Liability — A number of U.S. judicial decisions have upheld judgments obtained by borrowers against lending institutions on the basis of various evolving legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has violated a duty (whether implied or contractual) of good faith, commercial reasonableness and fair dealing, or a similar duty owed to the borrower or has assumed an excessive degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or Shareholders. Because of the nature of its investments, the fund will, from time to time, be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court might elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination."

Subordinated and unsecured or partially secured loans — Subordinated or unsecured loans are loans made by public and private corporations and other non-governmental entities and issuers for a variety of purposes. Unsecured loans generally have lower priority in right of payment compared to holders of secured debt of the borrower. Unsecured loans are not secured by a security interest or lien to or on specified collateral securing the borrower's obligation under the loan. Unsecured loans by their terms are or may become subordinate in right of payment to other obligations of the borrower, including senior loans and other secured loans. Unsecured loans can have fixed or adjustable floating rate interest payments. Because unsecured loans are subordinate to the secured debt of the borrower, they present a greater degree of investment risk but often pay interest at higher rates reflecting this additional risk. Such investments generally are of below investment grade quality. Other than their subordinated and unsecured status, such investments have many characteristics and risks similar to senior loans and other secured loans discussed above. In addition, unsecured loans of below investment grade quality share many of the risk characteristics of non-investment grade bonds. However, because unsecured loans rank lower in right of payment to any secured obligations of the borrower, they are subject to additional risk that the cash flow of the borrower and available assets will be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans are also expected to have greater price volatility than secured loans and can be less liquid. Second lien loans are generally second in line in terms of repayment priority. A second lien loan could have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk, and interest rate risk. Due to their lower place in the borrower's capital structure and possible unsecured or partially secured status, such loans involve a higher degree of overall risk than senior loans of the same borrower. As in the case of secured loans, the fund will, from time to time, purchase interests in unsecured loans through assignments or participations.

Unfunded commitment agreements — The fund may enter into unfunded commitment agreements to make certain investments, including unsettled bank loan purchase transactions. Under the SEC's rule applicable to the fund's use of derivatives, unfunded commitment agreements are not derivatives transactions. The fund will only enter into such unfunded commitment agreements if the fund reasonably believes, at the time it enters into such agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all of its unfunded commitment agreements as they come due.

Stressed and distressed investments — The fund intends to invest in securities and other obligations of companies that are in significant financial or business distress, including companies involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns for the fund, they involve a substantial degree of risk. The level of analytical sophistication, both financial and legal, necessary for successful investment in distressed assets is unusually high. There is no assurance that the fund will correctly evaluate the value of the assets collateralizing the fund's investments or the prospects for a successful reorganization or similar action in respect of any company. In any reorganization or liquidation proceeding relating to a company in which the fund invests, the fund may lose its entire investment, may be required to accept cash or securities with a value less than the fund's original investment and/or may be required to accept payment over an extended period of time. Troubled company investments and other distressed asset-based investments require active monitoring.

Variable and floating rate obligations — The interest rates payable on certain securities and other instruments in which the fund may invest may not be fixed but may fluctuate based upon changes in market interest rates or credit ratings. Variable and floating rate obligations bear coupon rates that are adjusted at designated intervals, based on the then current market interest rates or credit ratings. The rate adjustment features tend to limit the extent to which the market value of the obligations will fluctuate. 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.

Non-controlling equity investments — While the fund intends to invest primarily in debt investments, it will, from time to time, also make non-controlling investments in equity and equity-linked securities, and may additionally receive equity securities, in connection with bankruptcies or restructurings of issuers held in the fund. Equity securities represent an ownership position in a company. Equity securities held by the fund typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. Holders of equity securities are not creditors of the issuer. If an issuer liquidates, holders of equity securities are entitled to their pro rata share of the issuer's assets, if any, after creditors (including the holders of fixed income securities and senior equity securities) are paid. The fund also could be exposed to risks that issuers will not fulfill contractual obligations with respect to certain forms of equity securities. With respect to non-controlling equity investments, the fund could have a limited ability to protect its position in such investments.

There may be little trading in the secondary market for particular equity securities, which may adversely affect the fund's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

Securities with equity and debt characteristics — Certain securities have a combination of equity and debt characteristics. Such securities may at times behave more like equity than debt or vice versa.

Preferred stock — Preferred stock represents an equity interest in an issuer that generally entitles the holder to receive, in preference to common stockholders and the holders of certain other stocks, dividends and a fixed share of the proceeds resulting from a liquidation of the issuer. Preferred stocks may pay fixed or adjustable rates of return, and preferred stock dividends may be cumulative or non-cumulative and participating or non-participating. Cumulative dividend provisions require all or a portion of prior unpaid dividends to be paid before dividends can be paid to the issuer's common stockholders, while prior unpaid dividends on non-cumulative preferred stock are forfeited. Participating preferred stock may be entitled to a dividend exceeding the issuer's declared dividend in certain cases, while non-participating preferred stock is entitled only to the stipulated dividend. Preferred stock is subject to issuer-specific and market risks applicable generally to equity securities. As with debt securities, the prices and yields of preferred stocks often move with changes in interest rates and the issuer's credit quality. Additionally, a company's preferred stock typically pays dividends only after the company makes required payments to holders of its bonds and other debt. Accordingly, the price of preferred stock will usually react more strongly than bonds and other debt to actual or perceived changes in the issuing company's financial condition or prospects. Preferred stock of smaller companies may be more vulnerable to adverse developments than preferred stock of larger companies.

Certain preferred securities contain provisions that allow an issuer under certain conditions to skip or defer distributions. If the fund owns a preferred security that is deferring its distribution, the fund may be required to include the amount of the deferred distribution in its taxable income for tax purposes although it does not currently receive such amount in cash. Preferred securities often are subject to legal provisions that allow for redemption in the event of certain tax or legal changes or at the issuer's call. Preferred securities are subordinated to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt securities. Preferred securities may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movements than many other securities, such as common stocks, corporate debt securities and U.S. government securities.

Convertible securities — A convertible security is a debt obligation, preferred stock or other security that may be converted, within a specified period of time and at a stated conversion rate, into common stock or other equity securities of the same or a different issuer. The conversion may occur automatically upon the occurrence of a predetermined event or at the option of either the issuer or the security holder. Under certain circumstances, a convertible security may also be called for redemption or conversion by the issuer after a particular date and at predetermined price specified upon issue. If a convertible security held by the fund is called for redemption or conversion, the fund could be required to tender the security for redemption, convert it into the underlying common stock, or sell it to a third party.

The holder of a convertible security is generally entitled to participate in the capital appreciation resulting from a market price increase in the issuer's common stock and to receive interest paid or accrued until the convertible security matures or is redeemed, converted or exchanged. Before conversion, convertible securities have characteristics similar to non-convertible debt or preferred securities, as applicable. Convertible securities rank senior to common stock in an issuer's capital structure and, therefore, normally entail less risk than the issuer's common stock. However, convertible securities may also be subordinate to any senior debt obligations of the issuer, and, therefore, an issuer's convertible securities may entail more risk than such senior debt obligations. Convertible securities usually offer lower interest or dividend yields than non-convertible debt securities of similar credit quality because of the potential for capital appreciation. In addition, convertible securities are often lower-rated securities.

Because of the conversion feature, the price of a convertible security will normally fluctuate in some proportion to changes in the price of the underlying asset, and, accordingly, convertible securities are subject to risks relating to the activities of the issuer and/or general market and economic conditions. The income component of a convertible security may cushion the security against declines in the price of the underlying asset but may also cause the price of the security to fluctuate based upon changes in interest rates and the credit quality of the issuer. As with a straight fixed income security, the price of a convertible security tends to increase when interest rates decline and decrease when interest rates rise. Like the price of a common stock, the price of a convertible security also tends to increase as the price of the underlying stock rises and to decrease as the price of the underlying stock declines.

Hybrid securities — A hybrid security is a type of security that also has equity and debt characteristics. Like equities, which have no final maturity, a hybrid security may be perpetual. On the other hand, like debt securities, a hybrid security may be callable at the option of the issuer on a date specified at issue. Additionally, like common equities, which may stop paying dividends at virtually any time without violating any contractual terms or conditions, hybrids typically allow for issuers to withhold payment of interest until a later date or to suspend coupon payments entirely without triggering an event of default. Hybrid securities are normally at the bottom of an issuer's debt capital structure because holders of an issuer's hybrid securities are structurally subordinated to the issuer's senior creditors. In bankruptcy, hybrid security holders should only get paid after all senior creditors of the issuer have been paid but before any disbursements are made to the issuer's equity holders. Accordingly, hybrid securities may be more sensitive to economic changes than more senior debt securities. Such securities may also be viewed as more equity-like by the market when the issuer or its parent company experiences financial difficulties.

Contingent convertible securities, which are also known as contingent capital securities, are a form of hybrid security that are intended to either convert into equity or have their principal written down upon the occurrence of certain trigger events. One type of contingent convertible security has characteristics designed to absorb losses, by providing that the liquidation value of the security may be adjusted downward to below the original par value or written off entirely under certain circumstances. For instance, if losses have eroded the issuer's capital level below a specified threshold, the liquidation value of the security may be reduced in whole or in part. The write-down of the security's par value may occur automatically and would not entitle holders to institute bankruptcy proceedings against the issuer. In addition, an automatic write-down could result in a reduced income rate if the dividend or interest payment associated with the security is based on the security's par value. Such securities may, but are not required to, provide for circumstances under which the liquidation value of the security may be adjusted back up to par, such as an improvement in capitalization or earnings. Another type of contingent convertible security provides for mandatory conversion of the security into common shares of the issuer under certain circumstances. The mandatory conversion might relate, for example, to the issuer's failure to maintain a capital minimum. Since the common stock of the issuer may not pay a dividend, investors in such instruments could experience reduced yields (or no yields at all) and conversion would deepen the subordination of the investor, effectively worsening the investor's standing in the case of the issuer's insolvency. An automatic write-down or conversion event with respect to a contingent convertible security will typically be triggered by a reduction in the issuer's capital level, but may also be triggered by regulatory actions, such as a change in regulatory capital requirements, or by other factors.

Pass-through securities — The fund may invest in various debt obligations backed by pools of mortgages, corporate loans or other assets including, but not limited to, residential mortgage loans, home equity loans, mortgages on commercial buildings, consumer loans, equipment leases and contractual cash flows. Principal and interest payments made on the underlying asset pools backing these obligations are typically passed through to investors, net of any fees paid to any insurer or any guarantor of the securities. Pass-through securities may have either fixed or adjustable coupons. The risks of an investment in these obligations depend in part on the type of the collateral securing the obligations and the class of the instrument in which the fund invests. These securities include:

Mortgage-backed securities — These securities may be issued by U.S. government agencies and government-sponsored entities, such as Ginnie Mae, Fannie Mae and Freddie Mac, and by private entities. The payment of interest and principal on mortgage-backed obligations issued by U.S. government agencies may be guaranteed by the full faith and credit of the U.S. government (in the case of Ginnie Mae), or may be guaranteed by the issuer (in the case of Fannie Mae and Freddie Mac). However, these guarantees do not apply to the market prices and yields of these securities, which vary with changes in interest rates.

Mortgage-backed securities issued by private entities are structured similarly to those issued by U.S. government agencies. However, these securities and the underlying mortgages are not guaranteed by any government agencies and the underlying mortgages are not subject to the same underwriting requirements. These securities generally are structured with one or more types of credit enhancements such as insurance or letters of credit issued by private companies. Borrowers on the underlying mortgages are usually permitted to prepay their underlying mortgages. Prepayments can alter the effective maturity of these instruments. In addition, delinquencies, losses or defaults by borrowers can adversely affect the prices and volatility of these securities. Such delinquencies and losses can be exacerbated by declining or flattening housing and property values. This, along with other outside pressures, such as bankruptcies and financial difficulties experienced by mortgage loan originators, decreased investor demand for mortgage loans and mortgage-related securities and increased investor demand for yield, can adversely affect the value and liquidity of mortgage-backed securities.

Collateralized mortgage obligations (CMOs) — CMOs are also backed by a pool of mortgages or mortgage loans, which are divided into two or more separate bond issues. CMOs issued by U.S. government agencies are backed by agency mortgages, while privately issued CMOs may be backed by either government agency mortgages or private mortgages. Payments of principal and interest are passed through to each bond issue at varying schedules resulting in bonds with different coupons, effective maturities and sensitivities to interest rates. Some CMOs may be structured in a way that when interest rates change, the impact of changing prepayment rates on the effective maturities of certain issues of these securities is magnified. CMOs may be less liquid or may exhibit greater price volatility than other types of mortgage or asset-backed securities.

Commercial mortgage-backed securities — These securities are backed by mortgages on commercial property, such as hotels, office buildings, retail stores, hospitals and other commercial buildings. These securities may have a lower prepayment uncertainty than other mortgage-related securities because commercial mortgage loans generally prohibit or impose penalties on prepayments of principal. In addition, commercial mortgage-related securities often are structured with some form of credit enhancement to protect against potential losses on the underlying mortgage loans. Many of the risks of investing in commercial mortgage-backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans, including the effects of local and other economic conditions on real estate markets, the ability of tenants to make rental payments and the ability of a property to attract and retain tenants. Commercial mortgage-backed securities may be less liquid or exhibit greater price volatility than other types of mortgage or asset-backed securities and may be more difficult to value.

Asset-backed securities — These securities are backed by other assets such as credit card, automobile or consumer loan receivables, retail installment loans or participations in pools of leases. Credit support for these securities may be based on the underlying assets and/or provided through credit enhancements by a third party. These securities present certain additional risks because they generally do not have the benefit of a security interest in collateral that is comparable to mortgage assets. The collateral supporting asset-backed securities is of shorter maturity than certain other types of loans. Obligors of the underlying assets also may make prepayments that can change effective maturities of the asset-backed securities. These securities are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The values of these securities are sensitive to changes in the credit quality of the underlying collateral, the credit strength of the credit enhancement, changes in interest rates and at times the financial condition of the issuer. Credit card receivables are generally unsecured and the debtors on such receivables are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due. Automobile receivables generally are secured, but by automobiles rather than residential real property. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. Therefore, if the issuer of an asset-backed security defaults on its payment obligations, there is the possibility that, in some cases, the Fund will be unable to possess and sell the underlying collateral and that the Fund’s recoveries on repossessed collateral may not be available to support payments on these securities. These securities may be less liquid and more difficult to value than other securities.

Collateralized bond obligations (CBOs) and collateralized loan obligations (CLOs) — A CBO is a trust typically backed by a diversified pool of fixed-income securities, which may include high risk, lower rated securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, senior secured loans, senior unsecured loans, and subordinate corporate loans, including lower rated loans. CBOs and CLOs may charge management fees and administrative expenses. These instruments are subject to the normal interest rate, default and other risks associated with fixed-income securities and asset-backed securities. Additionally, the risks of an investment in such instruments depend largely on the type of the collateral securities.

For both CBOs and CLOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest and highest yielding portion is the “equity” tranche which bears the bulk of any default by the bonds or loans in the trust and is constructed to protect the other, more senior tranches from default. Since they are partially protected from defaults, the more senior tranches typically have higher ratings and lower yields than the underlying securities in the trust and can be rated investment grade. Despite the protection from the equity tranche, the more senior tranches can still experience substantial losses due to actual defaults of the underlying assets, increased sensitivity to defaults due to impairment of the collateral or the more junior tranches, market anticipation of defaults, as well as potential general aversions to CBO or CLO securities as a class. Normally, these securities are privately offered and sold, and thus, are not registered under the securities laws. CBOs and CLOs may be less liquid, may exhibit greater price volatility and may be more difficult to value than other securities.

“IOs” and “POs” are issued in portions or tranches with varying maturities and characteristics. Some tranches may only receive the interest paid on the underlying mortgages (IOs) and others may only receive the principal payments (POs). The values of IOs and POs are extremely sensitive to interest rate fluctuations and prepayment rates, and IOs are also subject to the risk of early repayment of the underlying mortgages that will substantially reduce or eliminate interest payments.

Structured products — Structured products, including, but not limited to, asset-based finance securities, asset-backed securities, CLOs and credit-linked notes. These products can be structured in a variety of ways, including without limitation, as senior or subordinated asset-backed securities, structured credit notes or loans, and as private, preferred or common equity. Investments in structured vehicles, including in equity and junior debt securities issued by structured credit facilities or special purpose vehicles involve risks, including credit risk and market risk. For example, they are subject to the normal interest rate, default and other risks associated with fixed-income securities and asset-backed securities. Additionally, the risks of an investment in a structured product depend largely on the type of the collateral securities and the class of the structured product or other asset-backed security in which the fund invests. The fund generally has the right to receive payments only from the structured product and generally does not have direct rights against the issuer or the entity that sold the underlying collateral assets. Such collateral could be insufficient to meet payment obligations and the quality of the collateral might decline in value or default. Also, the class of the structured product could be subordinate to other classes, values could be volatile, and disputes with the issuer could produce unexpected investment results. While certain structured products enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured products generally pay their share of the structured product's administrative and other expenses. Holders of structured products, bear the risks of the underlying investments, index or reference obligations and are subject to counterparty risk in the case of credit-linked notes. Although it is difficult to predict whether the prices of indices and securities underlying structured products will rise or fall, these prices (and, therefore, the prices of structured products) will be influenced by the same types of political and economic events that affect issuers of securities and capital markets generally. If the issuer of a structured product uses shorter-term financing to purchase longer term securities, the issuer could be forced to sell its securities at below market prices if it experiences difficulty in obtaining short-term financing, which could adversely affect the value of the structured products owned by the fund.

Structured products issue classes or "tranches" that offer various maturity, risk and yield characteristics. Losses caused by defaults on underlying assets are borne first by the holders of subordinate tranches. If there are defaults or the structured product's collateral otherwise underperforms, scheduled payments to more senior tranches take precedence over those of subordinate tranches. Investments in the equity tranches of structured products are considered the riskiest and typically represent the first loss position bearing the bulk of any defaults from the collateral and serves to protect the other, more senior tranches from default in all but the most severe circumstances.

Although the equity tranche of a structured product has a different risk/return profile than the debt tranche(s) of the same structured product as it resides at the bottom of the distribution waterfall, its cash flows are generated from the same portfolio of diversified loans (i.e., the same underlying collateral pool and credits) as the debt tranches of the structured product. The fund may invest in structured products across the full range of structures and tranches and looks to the underlying loans or collateral for purposes of determining its economic exposure (i.e., the fund will normally consider investments in all structures and tranches of a structured product to be exposure to securitized debt).

Since it is partially protected from defaults, a senior tranche from a structured product typically has higher ratings and lower yields than its underlying securities and could be investment grade. Despite the protection from the subordinate tranches, more senior tranches of structured products can experience substantial losses due to actual defaults, downgrades of the underlying collateral by rating agencies, forced liquidation of the collateral pool due to a failure of coverage tests, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults as well as investor aversion to structured product securities as a class.

In addition to the general risks associated with debt securities discussed herein, structured products carry additional risks, including, but not limited to the risk that: (i) distributions from collateral securities might not be adequate to make interest or other payments; (ii) the collateral could default or decline in value or be downgraded, if rated by a NRSRO; (iii) the fund is likely to invest in tranches of structured products that are subordinate to other tranches; (iv) the structure and complexity of the transaction and the legal documents could lead to disputes among investors regarding the characterization of proceeds; (v) the investment return achieved by the fund could be significantly different than those predicted by financial models; (vi) there will be no readily available secondary market for structured products; (vii) technical defaults, such as coverage test failures, could result in forced liquidation of the collateral pool; and (viii) the structured product's manager could perform poorly.

Typically, structured products are privately offered and sold, and thus, are not registered under the securities laws and can be thinly traded or have a limited trading market. As a result, investments in structured products could be characterized as illiquid investments and could have limited independent pricing transparency. However, an active dealer market could exist for structured products that qualify under the Rule 144A "safe harbor" from the registration requirements of the 1933 Act for resales of certain securities to qualified institutional buyers, and such structured products could be characterized by the fund as liquid investments.

Real estate investments — The fund will, from time to time, make investments for which real estate is a significant portion of the investment's asset base or value, including real estate investment trusts. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of or a reduction in demand for real estate), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers or properties, quality of maintenance, insurance and management services and changes in operating costs. Real estate values are also affected by and sensitive to factors such as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing and potential liability under changing environmental and other laws.

Real estate assets generally will be subject to the risks incident to the ownership and operation of real estate and real estate-related assets and/or risks incident to the making of nonrecourse mortgage loans secured by real estate, including risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of overbuilding); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the fund or third-party borrowers to manage the real properties. The fund could incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

The fund invests in a real estate asset on a passive basis, giving a third-party operating partner and/or property manager a large degree of authority and responsibility for daily management of the assets and, therefore, will, in large part, be dependent on the ability of third parties to successfully operate the underlying real estate assets. There is no assurance that there will be a ready market for resale of investments because investments in real estate generally are not liquid; holding periods accordingly are difficult to predict, particularly as business plans can be revised to adapt to changing economic, business and financial conditions.

Significant expenditures associated with real estate assets, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the assets. The insurance coverage applicable to real estate assets contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There could be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against or that are not generally fully insured against because it is not deemed to be economically feasible or prudent to do so. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate asset, the fund could experience a significant loss and could potentially remain obligated under any recourse debt associated with the property.

Under various U.S., state and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate could be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The fund attempts to assess such risks as part of their due diligence activities but cannot give any assurance that such conditions do not exist or might not arise in the future. The presence of such substances on the real estate assets could adversely affect the ability to sell such investments or to borrow using such assets as collateral.

Certain loans acquired or made by the fund could be secured by real estate. To the extent the fund needs to foreclose on such loans, the fund could, directly or indirectly, own such real estate and would be subject to the risks incident to the ownership and operation of real estate.

From time to time, real estate loans or participation interests therein acquired by the fund will at the time of their acquisition be, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing real estate loans could require a substantial amount of workout negotiations and/or restructuring, which could entail, among other things, a substantial reduction in the interest rate and a substantial write down of the principal of such loans. However, even if a restructuring were successfully accomplished, a risk exists that upon maturity of such real estate loan, replacement “takeout” financing will not be available. Purchases of participations in real estate loans raise many of the same risks as investments in real estate loans and also carry risks of illiquidity and lack of control.

The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the holder of a real estate loan including, without limitation, lender liability claims and defenses, even when such assertions have no basis in fact, in an effort to prolong the foreclosure action. In some jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower could have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral property and could result in disrupting ongoing leasing and management of the property.

Investing outside the United States — Securities of issuers domiciled outside the United States or with significant operations or revenues outside the United States, and securities tied economically to countries 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 are domiciled, operate or generate revenue or to which the securities are tied economically. These issuers may also be more susceptible to actions of foreign governments such as the imposition of price controls, sanctions, or punitive taxes that could adversely impact the value of these securities. To the extent the fund invests in securities that are denominated in currencies other than the U.S. dollar, these securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Securities markets in certain countries may be more volatile or less liquid than those in the United States. Investments outside the United States may also be subject to different accounting practices and different regulatory, legal, auditing, financial reporting and recordkeeping standards and practices, 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, which could impact the liquidity of the fund's portfolio. The risks of investing outside the United States may be heightened in connection with investments in emerging markets.

Additional costs could be incurred in connection with the fund's investment activities outside the United States. Brokerage commissions may be higher outside the United States, and the fund will bear certain expenses in connection with its currency transactions. Furthermore, increased custodian costs may be associated with maintaining assets in certain jurisdictions.

Investing in emerging markets — 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 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 such issuers may not be subject to regulatory, accounting, auditing, and financial reporting and recordkeeping standards comparable to those to which issuers in more developed markets are subject. The fund's rights with respect to its investments in emerging markets, if any, will generally be governed by local law, which may make it difficult or impossible for the fund to pursue legal remedies or to obtain and enforce judgments in local courts. In addition, the economies of these countries may be dependent on relatively few industries, may have limited access to capital 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, more vulnerable to market manipulation, and 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.

In countries where direct foreign investment is limited or prohibited, the fund may invest in operating companies based in such countries through an offshore intermediary entity that, based on contractual agreements, seeks to replicate the rights and obligations of direct equity ownership in such operating company. Because the contractual arrangements do not in fact bestow the fund with actual equity ownership in the operating company, these investment structures may limit the fund's rights as an investor and create significant additional risks. For example, local government authorities may determine that such structures do not comply with applicable laws and regulations, including those relating to restrictions on foreign ownership. In such event, the intermediary entity and/or the operating company may be subject to penalties, revocation of business and operating licenses or forfeiture of foreign ownership interests, and the fund's economic interests in the underlying operating company and its rights as an investor may not be recognized, resulting in a loss to the fund and its shareholders. In addition, exerting control through contractual arrangements may be less effective than direct equity ownership, and a company may incur substantial costs to enforce the terms of such arrangements, including those relating to the distribution of the funds among the entities. These special investment structures may also be disregarded for tax purposes by local tax authorities, resulting in increased tax liabilities, and the fund's control over – and distributions due from – such structures may be jeopardized if the individuals who hold the equity interest in such structures breach the terms of the agreements. While these structures may be widely used to circumvent limits on foreign ownership in certain jurisdictions, there is no assurance that they will be upheld by local regulatory authorities or that disputes regarding the same will be resolved consistently.

Although there is no universally accepted definition, the investment adviser generally considers an emerging market to be a market that is in the earlier stages of its industrialization cycle with a low per capita gross domestic product ("GDP") and a low market capitalization to GDP ratio relative to those in the United States and the European Union, and would include markets commonly referred to as "frontier markets." For example, the investment adviser currently expects that most countries not designated as developed markets by MSCI Inc. ("MSCI") will be treated as emerging markets for equity securities, and that most countries designated as emerging markets by J.P. Morgan or, if not available, Bloomberg will be treated as emerging markets for debt securities.

Certain risk factors related to emerging markets

Currency fluctuations — Certain emerging markets' currencies have experienced and in the future may experience significant declines against the U.S. dollar. For example, if the U.S. dollar appreciates against foreign currencies, the value of the fund's emerging markets securities holdings would generally depreciate and vice versa. Further, the fund may lose money due to losses and other expenses incurred in converting various currencies to purchase and sell securities valued in currencies other than the U.S. dollar, as well as from currency restrictions, exchange control regulation, governmental restrictions that limit or otherwise delay the fund's ability to convert or repatriate currencies and currency devaluations.

Government regulation — Certain emerging markets lack uniform accounting, auditing and financial reporting and disclosure standards, have less governmental supervision of financial markets than in the United States, and may not honor legal rights or protections enjoyed by investors in the United States. Certain governments may be more unstable and present greater risks of nationalization or restrictions on foreign ownership of local companies. Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging markets. While the fund will only invest in markets where these restrictions are considered acceptable by the investment adviser, a country could impose new or additional repatriation restrictions after the fund's investment. If this happened, the fund's response might include, among other things, applying to the appropriate authorities for a waiver of the restrictions or engaging in transactions in other markets designed to offset the risks of decline in that country. Such restrictions will be considered in relation to the fund's liquidity needs and other factors. Further, some attractive equity securities may not be available to the fund if foreign shareholders already hold the maximum amount legally permissible.

While government involvement in the private sector varies in degree among emerging markets, such involvement may in some cases include government ownership of companies in certain sectors, wage and price controls or imposition of trade barriers and other protectionist measures. With respect to any emerging market, there is no guarantee that some future economic or political crisis will not lead to price controls, forced mergers of companies, expropriation, or creation of government monopolies to the possible detriment of the fund's investments.

Fluctuations in inflation rates — Rapid fluctuations in inflation rates may have negative impacts on the economies and securities markets of certain emerging market countries.

Less developed securities markets — Emerging markets may be less well-developed and regulated than other markets. These markets have lower trading volumes than the securities markets of more developed countries and may be unable to respond effectively to increases in trading volume. Consequently, these markets may be substantially less liquid than those of more developed countries, and the securities of issuers located in these markets may have limited marketability. These factors may make prompt liquidation of substantial portfolio holdings difficult or impossible at times.

Settlement risks — Settlement systems in emerging markets are generally less well organized than those of developed markets. Supervisory authorities may also be unable to apply standards comparable to those in developed markets. Thus, there may be risks that settlement may be delayed and that cash or securities belonging to the fund may be in jeopardy because of failures of or defects in the systems. In particular, market practice may require that payment be made before receipt of the security being purchased or that delivery of a security be made before payment is received. In such cases, default by a broker or bank (the "counterparty") through which the transaction is effected might cause the fund to suffer a loss. The fund will seek, where possible, to use counterparties whose financial status is such that this risk is reduced. However, there can be no certainty that the fund will be successful in eliminating this risk, particularly as counterparties operating in emerging markets frequently lack the standing or financial resources of those in developed countries. There may also be a danger that, because of uncertainties in the operation of settlement systems in individual markets, competing claims may arise with respect to securities held by or to be transferred to the fund.

Limited market information — The fund may encounter problems assessing investment opportunities in certain emerging markets in light of limitations on available information and different accounting, auditing and financial reporting standards. For example, due to jurisdictional limitations, the Public Company Accounting Oversight Board ("PCAOB"), which regulates auditors of U.S. reporting companies, may be unable to inspect the audit work and practices of PCAOB-registered auditing firms in certain emerging markets. As a result, there is greater risk that financial records and information relating to an issuer's operations in emerging markets will be incomplete or misleading, which may negatively impact the fund's investments in such company. When faced with limited market information, the fund's investment adviser will seek alternative sources of information, and to the extent the investment adviser is not satisfied with the sufficiency or accuracy of the information obtained with respect to a particular market or security, the fund will not invest in such market or security.

Taxation — Taxation of dividends, interest and capital gains received by the fund varies among emerging markets and, in some cases, is comparatively high. In addition, emerging markets typically have less well-defined tax laws and procedures and such laws may permit retroactive taxation so that the fund could become subject in the future to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

Fraudulent securities — Securities purchased by the fund may subsequently be found to be fraudulent or counterfeit, resulting in a loss to the fund.

Remedies — Emerging markets may offer less protection to investors than U.S. markets and, in the event of investor harm, there may be substantially less recourse available to the fund and its shareholders. In addition, as a matter of law or practicality, the fund and its shareholders - as well as U.S. regulators - may encounter substantial difficulties in obtaining and enforcing judgments and other actions against non-U.S. individuals and companies.

Obligations backed by the "full faith and credit" of the U.S. government — U.S. government obligations include the following types of securities:

U.S. Treasury securities — U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes and bonds. For these securities, the payment of principal and interest is unconditionally guaranteed by the U.S. government, and thus they are of high credit quality.

Federal agency securities — The securities of certain U.S. government agencies and government-sponsored entities are guaranteed as to the timely payment of principal and interest by the full faith and credit of the U.S. government. Such agencies and entities include, but are not limited to, the Federal Financing Bank (“FFB”), the Government National Mortgage Association (“Ginnie Mae”), the U.S. Department of Veterans Affairs (“VA”), the Federal Housing Administration (“FHA”), the Export-Import Bank of the United States (“Exim Bank”), the U.S. International Development Finance Corporation (“DFC”), the Commodity Credit Corporation (“CCC”) and the U.S. Small Business Administration (“SBA”).

Such securities are subject to variations in market value due to fluctuations in interest rates and in government policies, among other things, but, if held to maturity, are expected to be paid in full (either at maturity or thereafter). However, from time to time, a high national debt level, and uncertainty regarding negotiations to increase the U.S. government’s debt ceiling and periodic legislation to fund the government, could increase the risk that the U.S. government may default on its obligations and/or lead to a downgrade of the credit rating of the U.S. government. Such an event could adversely affect the value of investments in securities backed by the full faith and credit of the U.S. government, cause the fund to suffer losses and lead to significant disruptions in U.S. and global markets. Regulatory or market changes or conditions could increase demand for U.S. government securities and affect the availability of such instruments for investment and the fund's ability to pursue its investment strategies.

Other federal agency obligations — Additional federal agency securities are neither direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities. However, they generally involve some form of federal sponsorship: some operate under a congressional charter; some are backed by collateral consisting of “full faith and credit” obligations as described above; some are supported by the issuer’s right to borrow from the Treasury; and others are supported only by the credit of the issuing government agency or entity. These agencies and entities include, but are not limited to: the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation (“Freddie Mac”), the Federal National Mortgage Association (“Fannie Mae”), the Tennessee Valley Authority and the Federal Farm Credit Bank System.

In 2008, Freddie Mac and Fannie Mae were placed into conservatorship by their new regulator, the Federal Housing Finance Agency (“FHFA”). Simultaneously, the U.S. Treasury made a commitment of indefinite duration to maintain the positive net worth of both firms. As conservator, the FHFA has the authority to repudiate any contract either firm has entered into prior to the FHFA’s appointment as conservator (or receiver should either firm go into default) if the FHFA, in its sole discretion determines that performance of the contract is burdensome and repudiation would promote the orderly administration of Fannie Mae’s or Freddie Mac’s affairs. While the FHFA has indicated that it does not intend to repudiate the guaranty obligations of either entity, doing so could adversely affect holders of their mortgage-backed securities. For example, if a contract were repudiated, the liability for any direct compensatory damages would accrue to the entity’s conservatorship estate and could only be satisfied to the extent the estate had available assets. As a result, if interest payments on Fannie Mae or Freddie Mac mortgage-backed securities held by the fund were reduced because underlying borrowers failed to make payments or such payments were not advanced by a loan servicer, the fund’s only recourse might be against the conservatorship estate, which might not have sufficient assets to offset any shortfalls.

The FHFA, in its capacity as conservator, has the power to transfer or sell any asset or liability of Fannie Mae or Freddie Mac. The FHFA has indicated it has no current intention to do this; however, should it do so a holder of a Fannie Mae or Freddie Mac mortgage-backed security would have to rely on another party for satisfaction of the guaranty obligations and would be exposed to the credit risk of that party.

Certain rights provided to holders of mortgage-backed securities issued by Fannie Mae or Freddie Mac under their operative documents may not be enforceable against the FHFA, or enforcement may be delayed during the course of the conservatorship or any future receivership. For example, the operative documents may provide that upon the occurrence of an event of default by Fannie Mae or Freddie Mac, holders of a requisite percentage of the mortgage-backed security may replace the entity as trustee. However, under the Federal Housing Finance Regulatory Reform Act of 2008, holders may not enforce this right if the event of default arises solely because a conservator or receiver has been appointed.

Inflation-linked bonds — The fund may invest in inflation-linked bonds issued by governments, their agencies or instrumentalities and corporations.

The principal amount of an inflation-linked bond is adjusted in response to changes in the level of an inflation index, such as the Consumer Price Index for Urban Consumers ("CPURNSA"). If the index measuring inflation falls, the principal value or coupon of these securities will be adjusted downward. Consequently, the interest payable on these securities will be reduced. Also, if the principal value of these securities is adjusted according to the rate of inflation, the adjusted principal value repaid at maturity may be less than the original principal. In the case of U.S. Treasury Inflation-Protected Securities ("TIPS"), currently the only inflation-linked security that is issued by the U.S. Treasury, the principal amounts are adjusted daily based upon changes in the rate of inflation (as currently represented by the non-seasonally adjusted CPURNSA, calculated with a three-month lag). TIPS may pay interest semi-annually, equal to a fixed percentage of the inflation-adjusted principal amount. The interest rate on these bonds is fixed at issuance, but over the life of the bond this interest may be paid on an increasing or decreasing principal amount that has been adjusted for inflation. The current market value of TIPS is not guaranteed and will fluctuate. However, the U.S. government guarantees that, at maturity, principal will be repaid at the higher of the original face value of the security (in the event of deflation) or the inflation adjusted value.

Other non-U.S. sovereign governments also issue inflation-linked securities that are tied to their own local consumer price indexes and that offer similar deflationary protection. In certain of these non-U.S. jurisdictions, the repayment of the original bond principal upon the maturity of an inflation-linked bond is not guaranteed, allowing for the amount of the bond repaid at maturity to be less than par. Corporations also periodically issue inflation-linked securities tied to CPURNSA or similar inflationary indexes. While TIPS and non-U.S. sovereign inflation-linked securities are currently the largest part of the inflation-linked market, the fund may invest in corporate inflation-linked securities.

The value of inflation-linked securities is expected to change in response to the changes in real interest rates. Real interest rates, in turn, are tied to the relationship between nominal interest rates and the rate of inflation. If inflation were to rise at a faster rate than nominal interest rates, real interest rates would decline, leading to an increase in value of the inflation-linked securities. In contrast, if nominal interest rates were to increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-linked securities. There can be no assurance, however, that the value of inflation-linked securities will be directly correlated to the changes in interest rates. If interest rates rise due to reasons other than inflation, investors in these securities may not be protected to the extent that the increase is not reflected in the security's inflation measure.

The interest rate for inflation-linked bonds is fixed at issuance as a percentage of this adjustable principal. Accordingly, the actual interest income may both rise and fall as the principal amount of the bonds adjusts in response to movements of the consumer price index. For example, typically interest income would rise during a period of inflation and fall during a period of deflation.

The market for inflation-linked securities may be less developed or liquid, and more volatile, than certain other securities markets. There is a limited number of inflation-linked securities currently available for the fund to purchase, making the market less liquid and more volatile than the U.S. Treasury and agency markets.

Derivatives — In pursuing its investment objective(s), the fund may invest in derivative instruments. A derivative is a financial instrument, the value of which depends on, or is otherwise derived from, another underlying variable. Most often, the variable underlying a derivative is the price of a traded asset, such as a traditional cash security (e.g., a stock or bond), a currency or a commodity; however, the value of a derivative can be dependent on almost any variable, from the level of an index or a specified rate to the occurrence (or non-occurrence) of a credit event with respect to a specified reference asset. In addition to investing in forward currency contracts and currency options, as described under "Currency transactions," the fund may take positions in futures contracts and options on futures contracts and swaps, each of which is a derivative instrument described in greater detail below.

Derivative instruments may be distinguished by the manner in which they trade: some are standardized instruments that trade on an organized exchange while others are individually negotiated and traded in the over-the-counter ("OTC") market. Derivatives also range broadly in complexity, from simple derivatives to more complex instruments. As a general matter, however, all derivatives — regardless of the manner in which they trade or their relative complexities — entail certain risks, some of which are different from, and potentially greater than, the risks associated with investing directly in traditional cash securities.

As is the case with traditional cash securities, derivative instruments are generally subject to counterparty credit risk; however, in some cases, derivatives may pose counterparty risks greater than those posed by cash securities. The use of derivatives involves the risk that a loss may be sustained by the fund as a result of the failure of the fund's counterparty to make required payments or otherwise to comply with its contractual obligations. For some derivatives, though, the value of — and, in effect, the return on — the instrument 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 derivative instrument may result in losses. Further, if a fund's counterparty were to default on its obligations, the fund's contractual remedies against such counterparty may be subject to applicable bankruptcy and insolvency laws, which could affect the fund's rights as a creditor and delay or impede the fund's ability to receive the net amount of payments that it is contractually entitled to receive. Derivative instruments are subject to additional risks, including operational risk (such as documentation issues, settlement issues and systems failures) and legal risk (such as insufficient documentation, insufficient capacity or authority of a counterparty, and issues with the legality or enforceability of a contract).

The value of some derivative instruments in which the fund invests may be particularly sensitive to changes in prevailing interest rates, currency exchange rates or other market conditions. Like the fund's other investments, the ability of the fund to successfully utilize such derivative instruments may depend in part upon the ability of the fund's investment adviser to accurately forecast interest rates and other economic factors. The success of the fund's derivative investment strategy will also depend on the investment adviser's ability to assess and predict the impact of market or economic developments on the derivative instruments in which the fund invests, in some cases without having had the benefit of observing the performance of a derivative under all possible market conditions. If the investment adviser incorrectly forecasts such factors and has taken positions in derivative instruments contrary to prevailing market trends, or if the investment adviser incorrectly predicts the impact of developments on a derivative instrument, the fund could suffer losses.

Certain derivatives may also be subject to liquidity and valuation risks. The potential lack of a liquid secondary market for a derivative (and, particularly, for an OTC derivative, including swaps and OTC options) may cause difficulty in valuing or selling the instrument. If a derivative transaction is particularly large or if the relevant market is illiquid, as is often the case with many privately-negotiated OTC derivatives, the fund may not be able to initiate a transaction or to liquidate a position at an advantageous time or price. Particularly when there is no liquid secondary market for the fund's derivative positions, the fund may encounter difficulty in valuing such illiquid positions. The value of a derivative instrument does not always correlate perfectly with its underlying asset, rate or index, and many derivatives, and OTC derivatives in particular, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to the fund.

Because certain derivative instruments may obligate the fund to make one or more potential future payments, which could significantly exceed the value of the fund's initial investments in such instruments, derivative instruments may also have a leveraging effect on the fund's portfolio. Certain derivatives have the potential for unlimited loss, irrespective of the size of the fund's investment in the instrument. When a fund leverages its portfolio, investments in that fund will tend to be more volatile, resulting in larger gains or losses in response to market changes.

The fund's compliance with the SEC's rule applicable to the fund's use of derivatives may limit the ability of the fund to use derivatives as part of its investment strategy. The rule requires that a fund that uses derivatives in more than a limited manner, which is currently the case for the fund, adopt a derivatives risk management program, appoint a derivatives risk manager and comply with an outer limit on leverage based on value at risk, or "VaR". VaR is an estimate of an instrument's or portfolio's potential losses over a given time horizon (i.e., 20 trading days) and at a specified confidence level (i.e., 99%). VaR will not provide, and is not intended to provide, an estimate of an instrument's or portfolio's maximum potential loss amount. For example, a VaR of 5% with a specified confidence level of 99% would mean that a VaR model estimates that 99% of the time a fund would not be expected to lose more than 5% of its total assets over the given time period. However, 1% of the time, the fund would be expected to lose more than 5% of its total assets, and in such a scenario the VaR model does not provide an estimate of the extent of this potential loss. The derivatives rule may not be effective in limiting the fund's risk of loss, as measurements of VaR rely on historical data and may not accurately measure the degree of risk reflected in the fund's derivatives or other investments. A fund is generally required to satisfy the rule's outer limit on leverage by limiting the fund's VaR to 200% of the VaR of a designated reference portfolio that does not utilize derivatives each business day. If a fund does not have an appropriate designated reference portfolio in light of the fund's investments, investment objectives and strategy, a fund must satisfy the rule's outer limit on leverage by limiting the fund's VaR to 20% of the value of the fund's net assets each business day.

Options — The fund may invest in option contracts, including options on futures and options on currencies, as described in more detail under "Futures and Options on Futures" and "Currency Transactions," respectively. An option contract is a contract that gives the holder of the option, in return for a premium payment, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the reference instrument underlying the option (or the cash value of the instrument underlying the option) at a specified exercise price. The writer of an option on a security has the obligation, upon exercise of the option, to cash settle or deliver the underlying currency or instrument upon payment of the exercise price (in the case of a call) or to cash settle or take delivery of the underlying currency or instrument and pay the exercise price (in the case of a put).

By purchasing a put option, the fund obtains the right (but not the obligation) to sell the currency or instrument underlying the option (or to deliver the cash value of the instrument underlying the option) at a specified exercise price, which is also referred to as the strike price. In return for this right, the fund pays the current market price, or the option premium, for the option. The fund may terminate its position in a put option by allowing the option to expire or by exercising the option. If the option is allowed to expire, the fund will lose the entire amount of the option premium paid. If the option is exercised, the fund completes the sale of the underlying instrument (or cash settles) at the strike price. The fund may also terminate a put option position by entering into opposing close-out transactions in advance of the option expiration date.

As a buyer of a put option, the fund can expect to realize a gain if the price of the underlying currency or instrument falls substantially. However, if the price of the underlying currency or instrument does not fall enough to offset the cost of purchasing the option, the fund can expect to suffer a loss, albeit a loss limited to the amount of the option premium plus any applicable transaction costs.

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right (but not the obligation) to purchase, rather than sell, the underlying currency or instrument (or cash settle) at the specified strike price. The buyer of a call option typically attempts to participate in potential price increases of the underlying currency or instrument with risk limited to the cost of the option if the price of the underlying currency or instrument falls. At the same time, the call option buyer can expect to suffer a loss if the price of the underlying currency or instrument does not rise sufficiently to offset the cost of the option.

The writer of a put or call option takes the opposite side of the transaction from the option purchaser. In return for receipt of the option premium, the writer assumes the obligation to pay or receive the strike price for the option's underlying currency or instrument if the other party to the option chooses to exercise it. The writer may seek to terminate a position in a put option before exercise by entering into opposing close-out transactions in advance of the option expiration date. If the market for the relevant put option is not liquid, however, the writer must be prepared to pay the strike price while the option is outstanding, regardless of price changes.

If the price of the underlying currency or instrument rises, a put writer would generally expect to profit, although its gain would be limited to the amount of the premium it received. If the price of the underlying currency or instrument remains the same over time, it is likely that the writer would also profit because it should be able to close out the option at a lower price. This is because an option's value decreases with time as the currency or instrument approaches its expiration date. If the price of the underlying currency or instrument falls, the put writer would expect to suffer a loss. This loss should be less than the loss from purchasing the underlying currency or instrument directly, however, because the premium received for writing the option should mitigate the effects of the decline.

Writing a call option obligates the writer to, upon exercise of the option, deliver the option's underlying currency or instrument in return for the strike price or to make a net cash settlement payment, as applicable. The characteristics of writing call options are similar to those of writing put options, except that writing call options is generally a profitable strategy if prices remain the same or fall. The potential gain for the option seller in such a transaction would be capped at the premium received.

Several risks are associated with transactions in options on currencies, securities and other instruments (referred to as the "underlying instruments"). For example, there may be significant differences between the underlying instruments and options markets that could result in an imperfect correlation between these markets, which could cause a given transaction not to achieve its objectives. When a put or call option on a particular underlying instrument is purchased to hedge against price movements in a related underlying instrument, for example, the price to close out the put or call option may move more or less than the price of the related underlying instrument.

Options prices can diverge from the prices of their underlying instruments for a number of reasons. Options prices are affected by such factors as current and anticipated short-term interest rates, changes in the volatility of the underlying instrument, and the time remaining until expiration of the contract, which may not affect security prices in the same way. Imperfect correlation may also result from differing levels of demand in the options markets and the markets for the underlying instruments, from structural differences in how options and underlying instruments are traded, or from imposition of daily price fluctuation limits or trading halts. The fund may purchase or sell options contracts with a greater or lesser value than the underlying instruments it wishes to hedge or intends to purchase in order to attempt to compensate for differences in volatility between the contract and the underlying instruments, although this may not be successful. If price changes in the fund's options positions are less correlated with its other investments, the positions may fail to produce anticipated gains or result in losses that are not offset by gains in other investments.

There is no assurance that a liquid market will exist for any particular options contract at any particular time. Options may have relatively low trading volumes and liquidity if their strike prices are not close to the current prices of the underlying instruments. In addition, exchanges may establish daily price fluctuation limits for exchange-traded options contracts and may halt trading if a contract's price moves upward or downward more than the limit in a given day. On volatile trading days when the price fluctuation limit is reached or a trading halt is imposed, it may be impossible to enter into new positions or to close out existing positions. If the market for a contract is not liquid because of price fluctuation limits or otherwise, it could prevent prompt liquidation of unfavorable positions and could potentially require the fund to hold a position until delivery or expiration regardless of changes in its value.

Combined positions involve purchasing and writing options in combination with each other, or in combination with futures or forward contracts, in order to adjust the risk and return profile of the fund's overall position. For example, purchasing a put option and writing a call option on the same underlying instrument could construct a combined position with risk and return characteristics similar to selling a futures contract (but with leverage embedded). Another possible combined position would involve writing a call option at one strike price and buying a call option at a lower strike price to reduce the risk of the written call option in the event of a substantial price increase. Because such combined options positions involve multiple trades, they result in higher transaction costs and may be more difficult to open and close out.

Futures and options on futures — The fund may enter into futures contracts and options on futures contracts to seek to manage the fund's interest rate sensitivity by increasing or decreasing the duration of the fund or a portion of the fund's portfolio. A futures contract is an agreement to buy or sell a security or other financial instrument (the "reference asset") for a set price on a future date. An option on a futures contract gives the holder of the option the right to buy or sell a position in a futures contract from or to the writer of the option, at a specified price on or before the specified expiration date. Futures contracts and options on futures contracts are standardized, exchange-traded contracts, and, when such contracts are bought or sold, the fund will incur brokerage fees and will be required to maintain margin deposits.

Unlike when the fund purchases or sells a security, such as a stock or bond, no price is paid or received by the fund upon the purchase or sale of a futures contract. When the fund enters into a futures contract, the fund is required to deposit with its futures broker, known as a futures commission merchant ("FCM"), a specified amount of liquid assets in a segregated account in the name of the FCM at the applicable derivatives clearinghouse or exchange. This amount, known as initial margin, is set by the futures exchange on which the contract is traded and may be significantly modified during the term of the contract. The initial margin is in the nature of a performance bond or good faith deposit on the futures contract, which is returned to the fund upon termination of the contract, assuming all contractual obligations have been satisfied. Additionally, on a daily basis, the fund pays or receives cash, or variation margin, equal to the daily change in value of the futures contract. Variation margin does not represent a borrowing or loan by the fund but is instead a settlement between the fund and the FCM of the amount one party would owe the other if the futures contract expired. In computing daily net asset value, the fund will mark-to-market its open futures positions. A fund is also required to deposit and maintain margin with an FCM with respect to put and call options on futures contracts written by the fund. Such margin deposits will vary depending on the nature of the underlying futures contract (and related initial margin requirements), the current market value of the option, and other futures positions held by the fund. In the event of the bankruptcy or insolvency of an FCM that holds margin on behalf of the fund, the fund may be entitled to return of margin owed to it only in proportion to the amount received by the FCM's other customers, potentially resulting in losses to the fund. An event of bankruptcy or insolvency at a clearinghouse or exchange holding initial margin could also result in losses for the fund.

When the fund invests in futures contracts and options on futures contracts and deposits margin with an FCM, the fund becomes subject to so-called "fellow customer" risk – that is, the risk that one or more customers of the FCM will default on their obligations and that the resulting losses will be so great that the FCM will default on its obligations and margin posted by one customer, such as the fund, will be used to cover a loss caused by a different defaulting customer. Applicable Commodity Futures Trading Commission ("CFTC") rules generally prohibit the use of one customer's funds to meet the obligations of another customer and limit the ability of an FCM to use margin posed by non-defaulting customers to satisfy losses caused by defaulting customers. As a general matter, an FCM is required to use its own funds to meet a defaulting customer's obligations. While a customer's loss would likely need to be substantial before non-defaulting customers would be exposed to loss on account of fellow customer risk, applicable CFTC rules nevertheless permit the commingling of margin and do not limit the mutualization of customer losses from investment losses, custodial failures, fraud or other causes. If the loss is so great that, notwithstanding the application of an FCM's own funds, there is a shortfall in the amount of customer funds required to be held in segregation, the FCM could default and be placed into bankruptcy. Under these circumstances, bankruptcy law provides that non-defaulting customers will share pro rata in any shortfall. A shortfall in customer segregated funds may also make the transfer of the accounts of non-defaulting customers to another FCM more difficult.

Although certain futures contracts, by their terms, require actual future delivery of and payment for the reference asset, in practice, most futures contracts are usually closed out before the delivery date by offsetting purchases or sales of matching futures contracts. Closing out an open futures contract purchase or sale is effected by entering into an offsetting futures contract sale or purchase, respectively, for the same aggregate amount of the identical reference asset and the same delivery date. If the offsetting purchase price is less than the original sale price (in each case taking into account transaction costs, including brokerage fees), the fund realizes a gain; if it is more, the fund realizes a loss. Conversely, if the offsetting sale price is more than the original purchase price (in each case taking into account transaction costs, including brokerage fees), the fund realizes a gain; if it is less, the fund realizes a loss.

The fund may purchase and write call and put options on futures. A futures option gives the holder the right, in return for the premium paid, to assume a long position (call) or short position (put) in a futures contract at a specified exercise price at any time during the period of the option. Upon exercise of a call option, the holder acquires a long position in the futures contract, and the writer is assigned the opposite short position. The opposite is true in the case of a put option. A call option is “in the money” if the value of the futures contract that is the subject of the option exceeds the exercise price. A put option is “in the money” if the exercise price exceeds the value of the futures contract that is the subject of the option. See also “Options” above for a general description of investment techniques and risks relating to options.

The value of a futures contract tends to increase and decrease in tandem with the value of its underlying reference asset. Purchasing futures contracts will, therefore, tend to increase the fund’s exposure to positive and negative price fluctuations in the reference asset, much as if the fund had purchased the reference asset directly. When the fund sells a futures contract, by contrast, the value of its futures position will tend to move in a direction contrary to the market for the reference asset. Accordingly, selling futures contracts will tend to offset both positive and negative market price changes, much as if the reference asset had been sold.

There is no assurance that a liquid market will exist for any particular futures or futures options contract at any particular time. Futures exchanges may establish daily price fluctuation limits for futures contracts and may halt trading if a contract’s price moves upward or downward more than the limit in a given day. On volatile trading days, when the price fluctuation limit is reached and a trading halt is imposed, it may be impossible to enter into new positions or close out existing positions. If the market for a futures contract is not liquid because of price fluctuation limits or other market conditions, the fund may be prevented from promptly liquidating unfavorable futures positions and the fund could be required to continue to hold a position until delivery or expiration regardless of changes in its value, potentially subjecting the fund to substantial losses. Additionally, the fund may not be able to take other actions or enter into other transactions to limit or reduce its exposure to the position. Under such circumstances, the fund would remain obligated to meet margin requirements until the position is cleared. As a result, the fund’s access to other assets posted as margin for its futures positions could also be impaired.

Although futures exchanges generally operate similarly in the United States and abroad, foreign futures exchanges may follow trading, settlement and margin procedures that are different than those followed by futures exchanges in the United States. Futures and futures options contracts traded outside the United States may not involve a clearing mechanism or related guarantees and may involve greater risk of loss than U.S.-traded contracts, including potentially greater risk of losses due to insolvency of a futures broker, exchange member, or other party that may owe initial or variation margin to the fund. Margin requirements on foreign futures exchanges may be different than those of futures exchanges in the United States, and, because initial and variation margin payments may be measured in foreign currency, a futures or futures options contract traded outside the United States may also involve the risk of foreign currency fluctuations.

Swaps — The fund may enter into swaps, which are two-party contracts entered into primarily by institutional investors for a specified time period. In a typical swap, two parties agree to exchange the returns earned or realized from one or more underlying assets or rates of return.

Swaps can be traded on a swap execution facility (“SEF”) and cleared through a central clearinghouse (cleared), traded OTC and cleared, or traded bilaterally and not cleared. For example, standardized interest rate swaps and standardized credit default swap indices are traded on SEFs and cleared. Other forms of swaps, such as total return swaps and certain types of interest rate swaps and credit default swap indices are entered into on a bilateral basis. Because clearing interposes a central clearinghouse as the ultimate counterparty to each participant’s swap, and margin is required to be exchanged under the rules of the clearinghouse, central clearing is intended to decrease (but not eliminate) counterparty risk relative to uncleared bilateral swaps. To the extent the fund enters into bilaterally negotiated swaps, the fund will enter into swaps only with counterparties that meet certain credit standards and have agreed to specific collateralization procedures; however, if the counterparty's creditworthiness deteriorates rapidly and the counterparty defaults on its obligations under the swap or declares bankruptcy, the fund may lose any amount it expected to receive from the counterparty. In addition, bilateral swaps are subject to certain regulatory margin requirements that mandate the posting and collection of minimum margin amounts, which may result in the fund and its counterparties posting higher margin amounts for bilateral swaps than would otherwise be the case.

The term of a swap can be days, months or years and certain swaps may be less liquid than others. If a swap is particularly large or if the relevant market is illiquid, it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price, which may result in significant losses.

Swaps can take different forms. The fund may enter into the following types of swaps:

Interest rate swaps — The fund may enter into interest rate swaps to seek to manage the interest rate sensitivity of the fund by increasing or decreasing the duration of the fund or a portion of the fund's portfolio. An interest rate swap is an agreement between two parties to exchange or swap payments based on changes in an interest rate or rates. Typically, one interest rate is fixed and the other is variable based on a designated short-term interest rate such as the Secured Overnight Financing Rate ("SOFR"), prime rate or other benchmark, or on an inflation index such as the U.S. Consumer Price Index (which is a measure that examines the weighted average of prices of a basket of consumer goods and services and measures changes in the purchasing power of the U.S. dollar and the rate of inflation). In other types of interest rate swaps, known as basis swaps, the parties agree to swap variable interest rates based on different designated short-term interest rates. Interest rate swaps generally do not involve the delivery of securities or other principal amounts. Rather, cash payments are exchanged by the parties based on the application of the designated interest rates to a notional amount, which is the predetermined dollar principal of the trade upon which payment obligations are computed. Accordingly, the fund's current obligation or right under the swap is generally equal to the net amount to be paid or received under the swap based on the relative value of the position held by each party.

In addition to the risks of entering into swaps discussed above, the use of interest rate swaps involves the risk of losses if interest rates change.

Total return swaps — The fund may enter into total return swaps in order to gain exposure to a market or security without owning or taking physical custody of such security or investing directly in such market. A total return swap is an agreement in which one party agrees to make periodic payments to the other party based on the change in market value of the assets underlying the contract during the specified term in exchange for periodic payments based on a fixed or variable interest rate or the total return from other underlying assets. The asset underlying the contract may be a single security, a basket of securities or a securities index. Like other swaps, the use of total return swaps involves certain risks, including potential losses if a counterparty defaults on its payment obligations to the fund or the underlying assets do not perform as anticipated. There is no guarantee that entering into a total return swap will deliver returns in excess of the interest costs involved and, accordingly, the fund's performance may be lower than would have been achieved by investing directly in the underlying assets.

Credit default swap indices — In order to assume exposure to a diversified portfolio of credits or to hedge against existing credit risks, the fund may invest in credit default swap indices, including CDX and iTraxx indices (collectively referred to as “CDSIs”). Additionally, in order to assume exposure to the commercial mortgage-backed security sector or to hedge against existing credit and market risks within such sector, the fund may invest in mortgage-backed security credit default swap indices, including the CMBX index (collectively referred to as “CMBXIs”).

A CDSI is based on a portfolio of credit default swaps with similar characteristics, such as credit default swaps on high-yield bonds. A CMBXI is a tradeable index referencing a basket of commercial mortgage-backed securities. In a typical CDSI or CMBXI transaction, one party — the protection buyer — is obligated to pay the other party — the protection seller — a stream of periodic payments over the term of the contract. If a credit event, such as a default or restructuring, occurs with respect to any of the underlying reference obligations, the protection seller must pay the protection buyer the loss on those credits. Also, if a restructuring credit event occurs in an iTraxx index, the fund as protection buyer may receive a single name credit default swap (“CDS”) representing the relevant constituent.

The fund may enter into a CDSI or CMBXI transaction as either protection buyer or protection seller. If the fund is a protection buyer, it would pay the counterparty a periodic stream of payments over the term of the contract and would not recover any of those payments if no credit events were to occur with respect to any of the underlying reference obligations. However, if a credit event did occur, the fund, as a protection buyer, would have the right to deliver the referenced debt obligations or a specified amount of cash, depending on the terms of the applicable agreement, and to receive the par value of such debt obligations from the counterparty protection seller. As a protection seller, the fund would receive fixed payments throughout the term of the contract if no credit events were to occur with respect to any of the underlying reference obligations. If a credit event were to occur, however, the value of any deliverable obligation received by the fund, coupled with the periodic payments previously received by the fund, may be less than the full notional value that the fund, as a protection seller, pays to the counterparty protection buyer, effectively resulting in a loss of value to the fund. Furthermore, as a protection seller, the fund would effectively add leverage to its portfolio because it would have investment exposure to the notional amount of the swap.

The use of CDSI or CMBXI, like all other swaps, is subject to certain risks, including the risk that the fund’s counterparty will default on its obligations. If such a default were to occur, any contractual remedies that the fund might have may be subject to applicable bankruptcy laws, which could delay or limit the fund’s recovery. Thus, if the fund’s counterparty to a CDSI or CMBXI transaction defaults on its obligation to make payments thereunder, the fund may lose such payments altogether or collect only a portion thereof, which collection could involve substantial costs or delays.

Additionally, when the fund invests in a CDSI or CMBXI as a protection seller, the fund will be indirectly exposed to the creditworthiness of issuers of the underlying reference obligations in the index. If the investment adviser to the fund does not correctly evaluate the creditworthiness of issuers of the underlying instruments on which the CDSI or CMBXI is based, the investment could result in losses to the fund.

Prepayment — Prepayment risk occurs when a debt investment held by the fund can be repaid in whole or in part prior to its maturity. The amount of pre-payable obligations in which the fund invests from time to time will be affected by general business conditions, market interest rates, borrowers’ financial conditions and competitive conditions among lenders. In a period of declining interest rates, borrowers are more likely to prepay investments more quickly than anticipated, reducing the yield to maturity and the average life of the relevant investment. Moreover, when the fund reinvests the proceeds of a prepayment in these circumstances, it will likely receive a rate of interest that is lower than the rate on the security that was prepaid. To the extent that the fund purchases the relevant investment at a premium, prepayments could result in a loss to the extent of the premium paid. If the fund buys such investments at a discount, both scheduled payments and unscheduled prepayments will increase current and total returns and unscheduled prepayments will also accelerate the recognition of income which could be taxable as ordinary income to Shareholders. In a period of rising interest rates, prepayments of investments could occur at a slower than expected rate, creating maturity extension risk. This particular risk could effectively change an investment that was considered short- or intermediate-term at the time of purchase into a longer-term investment. Because the value of longer-term investments generally fluctuates more widely in response to changes in interest rates than shorter-term investments, maturity extension risk could increase the volatility of the fund. When interest rates decline, the value of an investment with prepayment features might not increase as much as that of other fixed-income instruments, and, as noted above, changes in market rates of interest could accelerate or delay prepayments and thus affect maturities.

Currency transactions — The fund may enter into currency transactions on a spot (i.e., cash) basis at the prevailing rate in the currency exchange market to provide for the purchase or sale of a currency needed to purchase a security denominated in such currency. In addition, the fund may enter into forward currency contracts and may purchase and sell options on currencies to protect against changes in currency exchange rates, to increase exposure to a particular foreign currency, to shift exposure to currency fluctuations from one currency to another or to seek to increase returns. A forward currency contract is an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days from the date of the contract agreed upon by the parties, at a price set at the time of the contract. Some forward currency contracts, called non-deliverable forwards or NDFs, do not call for physical delivery of the currency and are instead settled through cash payments. Forward currency contracts are typically privately negotiated and traded in the interbank market between large commercial banks (or other currency traders) and their customers. Although forward contracts entered into by the fund will typically involve the purchase or sale of a currency against the U.S. dollar, the fund also may purchase or sell a non-U.S. currency against another non-U.S. currency.

The fund may also purchase or write put and call options on foreign currencies on exchanges or in the over-the-counter (“OTC”) market. A put option on a foreign currency gives the purchaser of the option the right to sell a foreign currency at the exercise price until the option expires. A call option on a foreign currency gives the purchaser of the option the right to purchase the currency at the exercise price until the option expires. Currency options, to the extent not exercised, will expire and the fund, as the purchaser, would experience a loss to the extent of the premium paid for the option. Instead of purchasing a call option to hedge against an anticipated increase in the dollar cost of securities to be acquired, the fund could write a put option on the relevant currency, which, if exchange rates move in the manner projected, will expire unexercised and allow the fund to hedge such increased cost up to the amount of the premium. As in the case of other types of options, however, writing a currency option will provide a hedge only up to the amount of the premium, and only if exchange rates move in the expected direction. If this does not occur, the option may be exercised and the fund would be required to purchase or sell the underlying currency at a loss that may not be offset by the amount of the premium. Through the writing of options on foreign currencies, the fund also may be required to forego all or a portion of the benefit that might otherwise have been obtained from favorable movements in exchange rates. OTC options are bilateral contracts that are individually negotiated and they are generally less liquid than exchange-traded options. Although this type of arrangement allows the purchaser or writer greater flexibility to tailor an option to its needs, OTC options generally involve credit risk to the counterparty, whereas for exchange-traded options, credit risk is mutualized through the involvement of the applicable clearing house. Currency options traded on exchanges may be subject to position limits, which may limit the ability of the fund to reduce currency risk using such options. To the extent that the U.S. options markets are closed while the markets for the underlying currencies remain open, substantial price and rate movements may take place in the currency markets that cannot be reflected in the U.S. options markets. See also “Options” for a general description of investment techniques and risks relating to options.

Currency exchange rates generally are determined by forces of supply and demand in the foreign exchange markets and the relative merits of investment in different countries as viewed from an international perspective. Currency exchange rates, as well as foreign currency transactions, can also be affected unpredictably by intervention by U.S. or foreign governments or central banks or by currency controls or political developments in the United States or abroad. Such intervention or other events could prevent the fund from entering into foreign currency transactions, force the fund to exit such transactions at an unfavorable time or price or result in penalties to the fund, any of which may result in losses to the fund.

Generally, the fund will not attempt to protect against all potential changes in exchange rates and the use of forward contracts does not eliminate the risk of fluctuations in the prices of the underlying securities. If the value of the underlying securities declines or the amount of the fund’s commitment increases because of changes in exchange rates, the fund may need to provide additional cash or securities to satisfy its commitment under the forward contract. The fund is also subject to the risk that it may be delayed or prevented from obtaining payments owed to it under the forward contract as a result of the insolvency or bankruptcy of the counterparty with which it entered into the forward contract or the failure of the counterparty to comply with the terms of the contract.

The realization of gains or losses on foreign currency transactions will usually be a function of the investment adviser’s ability to accurately estimate currency market movements. Entering into forward currency transactions may change the fund’s exposure to currency exchange rates and could result in losses to the fund if currencies do not perform as expected by the fund’s investment adviser. For example, if the fund’s investment adviser increases the fund’s exposure to a foreign currency using forward contracts and that foreign currency’s value declines, the fund may incur a loss. In addition, while entering into forward currency transactions 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. See also the “Derivatives” section under "Description of certain securities, investment techniques and risks" for a general description of investment techniques and risks relating to derivatives, including certain currency forwards and currency options.

Forward currency contracts may give rise to leverage, or exposure to potential gains and losses in excess of the initial amount invested. Leverage magnifies gains and losses and could cause the fund to be subject to more volatility than if it had not been leveraged, thereby resulting in a heightened risk of loss. Forward currency contracts are considered derivatives. Accordingly, under the SEC’s rule applicable to the fund’s use of derivatives, a fund’s obligations with respect to these instruments will depend on the fund’s aggregate usage of and exposure to derivatives, and the fund’s usage of forward currency contracts is subject to written policies and procedures reasonably designed to manage the fund’s derivatives risk.

Forward currency transactions also may affect the character and timing of income, gain, or loss recognized by the fund for U.S. tax purposes. The use of forward currency contracts could result in the application of the mark-to-market provisions of the Internal Revenue Code of 1986 as amended (the "Code") and may cause an increase (or decrease) in the amount of taxable dividends paid by the fund.

Indirect exposure to cryptocurrencies – Cryptocurrencies are digital assets which may act as a store of wealth, a medium of exchange or an investment asset. There are thousands of cryptocurrencies, such as bitcoin. Although the fund has no current intention of directly investing in cryptocurrencies, some issuers accept cryptocurrency for payment of services, use cryptocurrencies as reserve assets and/or invest in cryptocurrencies, and the fund may have exposure to cryptocurrencies through investments in securities of such issuers. The fund may also invest in securities of issuers which provide cryptocurrency-related services.

Cryptocurrencies are subject to fluctuations in value. Cryptocurrencies are not backed by any government, corporation or other identified body. Rather, the value of a cryptocurrency is determined by other factors, such as the perceived future prospects or the supply and demand for such cryptocurrency in the global market for the trading of cryptocurrency. Cryptocurrencies may trade on platforms which are largely unregulated and may be more exposed to operational or technical issues as well as fraud or manipulation in comparison to established, regulated exchanges for securities, derivatives and traditional currencies. The values of cryptocurrencies have been, and may in the future continue to be, highly volatile and subject to sudden and significant increases and declines. The value of a cryptocurrency may decline precipitously (including to zero) for a variety of reasons, including, but not limited to, regulatory changes, a loss of confidence in its network or a change in user preference to other cryptocurrencies. The value of securities of issuers with significant holdings of cryptocurrencies may be subject to, among other things, fluctuations in the value of such cryptocurrencies, and such issuers may experience custody issues and/or lose their cryptocurrency holdings through theft, hacking, or technical glitches in the applicable blockchain. The fund may experience losses as a result of the decline in value of its securities of issuers that own cryptocurrencies or which provide cryptocurrency-related services. If an issuer that owns cryptocurrencies intends to pay a dividend using such holdings or to otherwise make a distribution of such holdings to its stockholders, such dividends or distributions may face regulatory, operational and technical issues.

Factors affecting the further development, use, and exchange of cryptocurrency include, but are not limited to: continued worldwide growth of, or possible cessation of or reversal in, the adoption and use of cryptocurrencies and other digital assets; the developing regulatory environment relating to cryptocurrencies, including the characterization of cryptocurrencies as currencies, commodities, or securities, the tax treatment of cryptocurrencies, and government and quasi-government regulation or restrictions on, or regulation of access to and operation of, cryptocurrency networks and the exchanges on which cryptocurrencies trade, including anti-money laundering regulations and requirements; perceptions regarding the environmental impact of a cryptocurrency; changes in consumer demographics and public preferences; general economic conditions; maintenance and development of open-source software protocols; the availability and popularity of other forms or methods of buying and selling goods and services; the use of the networks supporting digital assets, such as those for developing smart contracts and distributed applications; and general risks tied to the use of information technologies, including cyber risks. A hack or failure of one cryptocurrency may lead to a loss in confidence in, and thus decreased usage and/or value of, other cryptocurrencies.

Municipal bonds — Municipal bonds are debt obligations that are exempt from federal, state and/or local income taxes. Opinions relating to the validity of municipal bonds, exclusion of municipal bond interest from an investor’s gross income for federal income tax purposes and, where applicable, state and local income tax, are rendered by bond counsel to the issuing authorities at the time of issuance.

The two principal classifications of municipal bonds are general obligation bonds and limited obligation or revenue bonds. General obligation bonds are secured by the issuer’s pledge of its full faith and credit including, if available, its taxing power for the payment of principal and interest. Issuers of general obligation bonds include states, counties, cities, towns and various regional or special districts. The proceeds of these obligations are used to fund a wide range of public facilities, such as the construction or improvement of schools, highways and roads, water and sewer systems and facilities for a variety of other public purposes. Lease revenue bonds or certificates of participation in leases are payable from annual lease rental payments from a state or locality. Annual rental payments are payable to the extent such rental payments are appropriated annually.

Typically, the only security for a limited obligation or revenue bond is the net revenue derived from a particular facility or class of facilities financed thereby or, in some cases, from the proceeds of a special tax or other special revenues. Revenue bonds have been issued to fund a wide variety of revenue-producing public capital projects including: electric, gas, water and sewer systems; highways, bridges and tunnels; port and airport facilities; colleges and universities; hospitals; and convention, recreational, tribal gaming and housing facilities. Although the security behind these bonds varies widely, many provide additional security in the form of a debt service reserve fund which may also be used to make principal and interest payments on the issuer's obligations. In addition, some revenue obligations (as well as general obligations) are insured by a bond insurance company or backed by a letter of credit issued by a banking institution.

Revenue bonds also include, for example, pollution control, health care and housing bonds, which, although nominally issued by municipal authorities, are generally not secured by the taxing power of the municipality but by the revenues of the authority derived from payments by the private entity which owns or operates the facility financed with the proceeds of the bonds. Obligations of housing finance authorities have a wide range of security features, including reserve funds and insured or subsidized mortgages, as well as the net revenues from housing or other public projects. Many of these bonds do not generally constitute the pledge of the credit of the issuer of such bonds. The credit quality of such revenue bonds is usually directly related to the credit standing of the user of the facility being financed or of an institution which provides a guarantee, letter of credit or other credit enhancement for the bond issue.

Municipal inflation-indexed bonds — The fund may invest in inflation-indexed bonds issued by municipalities. Interest payments are made to bondholders semi-annually and are made up of two components: a fixed "real coupon" or spread, and a variable coupon linked to an inflation index. Accordingly, payments will increase or decrease each period as a result of changes in the inflation index. In a period of deflation payments may decrease to zero, but in any event will not be less than zero.

Insured municipal bonds — The fund may invest in municipal bonds that are insured generally as to the timely payment of interest and repayment of principal. The insurance for such bonds may be purchased by the bond issuer, the fund or any other party, and is usually purchased from private, non-governmental insurance companies. Insurance that covers a municipal bond is expected to protect the fund against losses caused by a bond issuer's failure to make interest or principal payments. However, insurance does not guarantee the market value of the bond or the prices of the fund's shares. Also, the investment adviser cannot be certain that the insurance company will make payments it guarantees. The market value of the bond could drop if a bond's insurer fails to fulfill its obligations. Market conditions or changes to ratings criteria could adversely impact the ratings of municipal bond insurers. When rating agencies lower or withdraw the credit rating of the insurer, the insurance may be providing little or no enhancement of credit or resale value to the municipal bond.

U.S. Territories and Commonwealth obligations — The fund may invest in obligations of the territories and Commonwealths of the United States, such as Puerto Rico, the U.S. Virgin Islands, Guam and their agencies and authorities ("territories and Commonwealth"), to the extent such obligations are exempt from federal income taxes. Adverse political and economic conditions and developments affecting any territory or Commonwealth may, in turn, negatively affect the value of the fund's holdings in such obligations. Territories and Commonwealths face significant fiscal challenges, including persistent government deficits, underfunded retirement systems, sizable debt service obligations and a high unemployment rate. A restructuring of some or all of the debt or a decline in market prices of the territories' and Commonwealths' debt obligations, may affect the fund's investment in these securities. If the economic situation in the territories and Commonwealths persists or worsens, the volatility, credit quality and performance of the fund could be adversely affected.

Zero coupon bonds — Municipalities may issue zero coupon securities which are debt obligations that do not entitle the holder to any periodic payments of interest prior to maturity or a specified date when the securities begin paying current interest. They are issued and traded at a discount from their face amount or par value, which discount varies depending on the time remaining until cash payments begin, prevailing interest rates, liquidity of the security, and the perceived credit quality of the issuer.

Pre-refunded/Escrowed to maturity bonds — From time to time, a municipality may refund a bond that it has already issued prior to, or in the case of escrowed to maturity bonds on, the original bond's call or maturity date by issuing a second bond, the proceeds of which are typically used to purchase securities of the U.S. government (including its agencies and instrumentalities). The U.S. government securities are placed in an escrow account. The original bonds then become "pre-refunded" or "escrowed to maturity" and while the security is still tax-exempt, the proceeds of the escrow account act as collateral and the original bonds are considered high-quality in nature as a result. The principal and interest payments on the escrowed securities are then used to pay off the original bondholders on the call or maturity date. The escrow account securities do not guarantee the price movement of the bond before maturity. Investment in pre-refunded and escrowed to maturity bonds held by the fund may subject the fund to interest rate risk, market risk and credit risk. For purposes of diversification, pre-refunded and escrowed to maturity bonds will be treated as U.S. governmental issues.

Forward commitment, when issued and delayed delivery transactions — The fund may enter into commitments to purchase or sell securities at a future date. When the fund agrees to purchase such securities, it assumes the risk of any decline in value of the security from the date of the agreement, and when the fund agrees to sell such securities, it assumes the risk of any increase in value of the security. If the other party to such a transaction fails to deliver or pay for the securities, the fund could miss a favorable price or yield opportunity, or could experience a loss.

The fund may roll such transactions in lieu of taking physical delivery of the contract's underlying assets on the settlement date. When rolling the purchase of these types of transactions, the fund sells mortgage-backed securities for delivery in the current month and simultaneously contracts to repurchase substantially similar (same type, coupon, and maturity) securities on a specified future date, at a pre-determined price. When rolling the sale of these types of transactions, the fund purchases mortgage-backed securities for delivery in the current month and simultaneously contracts to sell substantially similar (same type, coupon, and maturity) securities on a specified future date, at a pre-determined price.

When rolling these types of transactions, during the period between the initial sale (or purchase) and subsequent repurchase (or sale) (the "roll period"), the fund forgoes principal and interest paid on the mortgage-backed securities. The fund is compensated by the price differential between the original and new contracts (often referred to as the "drop"), if any, as well as by the interest earned on the cash proceeds of any sales. The fund also takes the risk that market prices or characteristics of the underlying mortgage-backed securities may move unfavorably between the original and new contracts. The fund could suffer a loss if the contracting party fails to perform the future transaction and the fund is therefore unable to buy or sell back the mortgage-backed securities it initially either sold or purchased, respectively. These transactions are accounted for as purchase and sale transactions, which contribute to the fund's portfolio turnover rate.

With to be announced ("TBA") transactions, the particular securities (i.e., specified mortgage pools) to be delivered or received are not identified at the trade date, but are "to be announced" at a later settlement date. However, securities to be delivered must meet specified criteria, including face value, coupon rate and maturity, and be within industry-accepted "good delivery" standards. The fund will not use these transactions for the purpose of leveraging. Although these transactions will not be entered into for leveraging purposes, the fund temporarily could be in a leveraged position (because it may have an amount greater than its net assets subject to market risk). Should market values of the fund's portfolio securities decline while the fund is in a leveraged position, greater depreciation of its net assets would likely occur than if it were not in such a position. After a transaction is entered into, the fund may still dispose of or renegotiate the transaction. Additionally, prior to receiving delivery of securities as part of a transaction, the fund may sell such securities.

When the fund enters into a TBA commitment for the sale of mortgage-backed securities for a fixed price, with payment and delivery on an agreed upon future settlement date (which may be referred to as having a short position in such TBA securities), the fund may or may not hold the types of mortgage-backed securities required to be delivered. To the extent the fund has sold such a security on a when-issued, delayed delivery, or forward commitment basis, the fund would not participate in future gains or losses with respect to the security if the fund holds such security. If the other party to a transaction fails to pay for the securities, the fund could suffer a loss. Additionally, when selling a security on a when-issued, delayed delivery or forward commitment basis without owning the security, the fund will incur a loss if the security's price appreciates in value such that the security's price is above the agreed-upon price on the settlement date.

Under the SEC's rule applicable to the fund's use of derivatives, when issued, forward-settling and nonstandard settlement cycle securities, as well as TBAs and roll transactions, will be treated as derivatives unless the fund intends to physically settle these transactions and the transactions will settle within 35 days of their respective trade dates.

Inverse floating rate notes — The fund may invest in inverse floating rate notes (a type of derivative instrument). These notes have rates that move in the opposite direction of prevailing interest rates. A change in prevailing interest rates will often result in a greater change in these instruments' interest rates. As a result, these instruments may have a greater degree of volatility than other types of interest-bearing securities.

Real estate investment trusts — Real estate investment trusts ("REITs"), which primarily invest in real estate or real estate-related loans, may issue equity or debt securities. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. The values of REITs may be affected by changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws and regulatory requirements, such as those relating to the environment. Both types of REITs are dependent upon management skill and the cash flows generated by their holdings, the real estate market in general and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Reinsurance related notes and bonds — The fund may invest in reinsurance related notes and bonds. These instruments, which are typically issued by special purpose reinsurance companies, transfer an element of insurance risk to the note or bond holders. For example, such a note or bond could provide that the reinsurance company would not be required to repay all or a portion of the principal value of the note or bond if losses due to a catastrophic event under the policy (such as a major hurricane) exceed certain dollar thresholds. Consequently, the fund may lose the entire amount of its investment in such bonds or notes if such an event occurs and losses exceed certain dollar thresholds. In this instance, investors would have no recourse against the insurance company. These instruments may be issued with fixed or variable interest rates and rated in a variety of credit quality categories by the rating agencies.

Cash and cash equivalents — The fund may hold cash or invest in cash equivalents. Cash equivalents include, but are not limited to: (*a*) shares of money market or similar funds managed by the investment adviser or its affiliates; (*b*) shares of other money market funds; (*c*) commercial paper; (*d*) short-term bank obligations (for example, certificates of deposit, bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity)) or bank notes; (*e*) savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations); (*f*) securities of the U.S. government, its agencies or instrumentalities that mature, or that may be redeemed, in one year or less; and (*g*) higher quality corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Commercial paper — The fund may purchase commercial paper. Commercial paper refers to short-term promissory notes issued by a corporation to finance its current operations. Such securities normally have maturities of thirteen months or less and, though commercial paper is often unsecured, commercial paper may be supported by letters of credit, surety bonds or other forms of collateral. Maturing commercial paper issuances are usually repaid by the issuer from the proceeds of new commercial paper issuances. As a result, investment in commercial paper is subject to rollover risk, or the risk that the issuer cannot issue enough new commercial paper to satisfy its outstanding commercial paper. Like all fixed income securities, commercial paper prices are susceptible to fluctuations in interest rates. If interest rates rise, commercial paper prices will decline and vice versa. However, the short-term nature of a commercial paper investment makes it less susceptible to volatility than many other fixed income securities because interest rate risk typically increases as maturity lengths increase. Commercial paper tends to yield smaller returns than longer-term corporate debt because securities with shorter maturities typically have lower effective yields than those with longer maturities. As with all fixed income securities, there is a chance that the issuer will default on its commercial paper obligations and commercial paper may become illiquid or suffer from reduced liquidity in these or other situations.

Commercial paper in which the fund may invest includes commercial paper issued in reliance on the exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the “1933 Act”). Section 4(a)(2) commercial paper has substantially the same price and liquidity characteristics as commercial paper generally, except that the resale of Section 4(a)(2) commercial paper is limited to institutional investors who agree that they are purchasing the paper for investment purposes and not with a view to public distribution. Technically, such a restriction on resale renders Section 4(a)(2) commercial paper a restricted security under the 1933 Act. In practice, however, Section 4(a)(2) commercial paper typically can be resold as easily as any other unrestricted security held by the fund. Accordingly, Section 4(a)(2) commercial paper has been generally determined to be liquid under procedures adopted by the fund’s board of trustees.

Temporary investments — During the period in which the net proceeds of the offering of shares are being invested or during periods in which the investment adviser determines that economic, market or political conditions are unfavorable to investors and a defensive strategy would benefit the fund, the fund could deviate from its investment objective and strategies. During such periods, the fund invests all or a portion of its assets in certain short-term (less than one year to maturity) and medium-term (not greater than five years to maturity) debt securities or hold cash and cash equivalents. It is likely that the fund would not achieve its investment objective when it does so. It is impossible to predict when, or for how long, the fund will use these alternative strategies. There can be no assurance that such strategies will be successful.

In addition, subject to applicable law, the fund may, in the investment adviser’s sole discretion, hold cash, cash equivalents, other short-term securities or investments in money market funds pending investment by the fund in other securities, in order to fund anticipated repurchases, expenses of the fund or other operational needs, or otherwise.

Restricted or illiquid securities — Certain fund 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. Restricted securities, for example, may only be sold pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “1933 Act”), or in a registered public offering. Where registration is required, the holder of a registered security may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time it may be permitted to sell a security under an effective registration statement. 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 a fund may be unable to sell such holdings when necessary to meet its liquidity needs or may be forced to sell at a loss. The fund may incur significant additional costs in disposing of illiquid securities.

Maturity / duration — There are no restrictions on the maturity or duration composition of the portfolio. The fund invests in debt securities with a wide range of maturities or duration. Under normal market conditions, longer term securities yield more than shorter term securities, but are subject to greater price fluctuations. Duration is a measure used to determine the sensitivity of a security's price to changes in interest rates. The longer a security's duration, the more sensitive it will be to changes in interest rates. For example, the price of a security with a duration of one year would be expected to fall approximately 1% if interest rates rose by one percentage point. Maturity and duration both measure a bond's price sensitivity to a change in interest rates. That said, the maturity of a security measures only the time until a final bond payment is due, whereas duration takes into account the pattern of all payments of interest and principal on a security over time, including how these payments are affected by prepayments and changes in interest rates, as well as the time until an interest rate is reset (in the case of variable-rate securities).

Adjustment of maturities — The investment adviser and sub-adviser seek to anticipate movements in interest rates and may adjust the maturity distribution of the fund's portfolio accordingly, keeping in mind the fund's objective(s).

Cybersecurity risks — With the increased use of technologies such as the Internet to conduct business, the fund 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, "ransomware" attacks, injection of computer viruses or malicious software code, or the use of vulnerabilities in code to gain unauthorized access to digital information systems, networks or devices that are used directly or indirectly by the fund or its service providers through "hacking" or other means. 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, among other things, cause the fund to lose proprietary information, suffer data corruption or lose operational capacity, or may result in the misappropriation, unauthorized release or other misuse of the fund's assets or sensitive information (including shareholder personal information or other confidential information), the inability of fund shareholders to transact business, or the destruction of the fund's physical infrastructure, equipment or operating systems. These, in turn, could cause the fund to violate applicable privacy and other laws and incur or suffer regulatory penalties, reputational damage, additional costs (including 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.

Affiliated investment companies — The fund may purchase shares of certain other investment companies managed by the investment adviser or its affiliates ("Central Funds"). The risks of owning another investment company are similar to the risks of investing directly in the securities in which that investment company invests. Investments in other investment companies could allow the fund to obtain the benefits of a more diversified portfolio than might otherwise be available through direct investments in a particular asset class, and will subject the fund to the risks associated with the particular asset class or asset classes in which an underlying fund invests. However, an investment company may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect the fund's performance. Any investment in another investment company will be consistent with the fund's objective(s) and applicable regulatory limitations. Central Funds do not charge management fees. As a result, the fund does not bear additional management fees when investing in Central Funds, but the fund does bear its proportionate share of Central Fund expenses.

Regulated investment company matters — To qualify and remain eligible for the special tax treatment accorded to regulated investment companies, or RICs, and their shareholders under the Code, the fund must meet certain source-of-income, asset diversification and annual distribution requirements. Very generally, in order to qualify as a RIC, the fund must derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to certain securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in stock or other securities and currencies. The fund must also meet certain asset diversification requirements at the end of each quarter of each of its taxable years. Failure to meet these diversification requirements on the last day of a quarter could result in the fund having to dispose of certain investments quickly in order to prevent the loss of RIC status. Any such dispositions could be made at disadvantageous prices or times and could result in substantial losses to the fund. In addition, in order to be eligible for the special tax treatment accorded RICs, the fund must meet the annual distribution requirement, requiring it to distribute with respect to each taxable year at least 90% of the sum of its "investment company taxable income" (generally its taxable ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and its net tax-exempt income (if any) to its shareholders.

Private funds classified as partnerships for federal income tax purposes may generate income allocable to the fund that is not qualifying income for purposes of the 90% gross income test described above. In order to meet the 90% gross income test, the fund may structure its investments in a way potentially increasing the taxes imposed thereon or in respect thereof. Furthermore, it may not always be clear how the asset diversification rules for RIC qualification will apply to the fund's investments in private funds that are classified as partnerships for federal income tax purposes.

As a result of the considerations described in the preceding paragraphs, the fund's intention to qualify and be eligible for treatment as a RIC can limit its ability to acquire or continue to hold positions in private funds that would otherwise be consistent with its investment strategy or can require it to engage in transactions in which it would otherwise not engage, resulting in additional transaction costs and reducing the fund's return to shareholders.

If the fund fails to qualify as a RIC for any reason and becomes subject to corporate tax, the resulting corporate taxes could substantially reduce its net assets, the amount of income available for distribution and the amount of its distributions. Such a failure would have a material adverse effect on the fund and its shareholders. In addition, the fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions in order to re-qualify as a RIC.

RIC-related risks of investments generating non-cash taxable income -- Certain loans and other debt obligations will be treated as having “market discount” and/or OID for U.S. federal income tax purposes. Because the fund will, from time to time, be required to recognize income in respect of these investments before, or without receiving, cash representing such income, the fund may have difficulty satisfying the annual distribution requirements applicable to RICs and avoiding fund-level U.S. federal income and/or excise taxes in such circumstances. Accordingly, the fund may, from time to time, be required to sell assets, including at potentially disadvantageous times or prices, borrow, raise additional equity capital, make taxable distributions of its shares or debt securities, or reduce new investments, to obtain the cash needed to make these income distributions. If the fund liquidates assets to raise cash, the fund will, from time to time, realize gain or loss on such liquidations; in the event the fund realizes net capital gains from such liquidation transactions, its shareholders could receive larger capital gain distributions than they would in the absence of such transactions.

The fund may invest in private funds that are classified as partnerships for U.S. federal income tax purposes. As such, the fund may be required to recognize items of taxable income and gain prior to the time that the fund receives corresponding cash distributions from the private fund. In such case, the fund might have to borrow money or dispose of investments, including interests in other private funds, including when it is disadvantageous to do so, in order to make the distributions required in order to maintain its status as a RIC and to avoid the imposition of a federal income or excise tax.

* * * * * *

Portfolio turnover — Portfolio changes will be made without regard to the length of time particular investments may have been held, and the fund may engage in frequent and active trading of its portfolio securities. Higher portfolio turnover may involve correspondingly greater transaction costs in the form of dealer spreads, brokerage commissions and other transaction costs on the sale of securities and on reinvestment in other securities. The higher the rate of portfolio turnover, the higher these transaction costs will generally be. In addition, the sale of portfolio securities may result in the realization of net capital gains, which are taxable when distributed to shareholders, unless the shareholder is exempt from taxation or his or her account is tax-favored. These costs and tax effects may adversely affect the fund's returns to shareholders.

Fixed income securities are generally traded on a net basis and usually neither brokerage commissions nor transfer taxes are involved. Transaction costs are usually reflected in the spread between the bid and asked price.

The fund's portfolio turnover rate for the period from April 24, 2025 (seeding date) to December 31, 2025, was 99%. The portfolio turnover rate would equal 100% if each security in the fund's portfolio were replaced once per year.

Fund policies

All percentage limitations in the following fund policies are considered at the time securities are purchased and are based on the fund's net assets unless otherwise indicated. None of the following policies involving a maximum percentage of assets will be considered violated unless the excess occurs immediately after, and is caused by, an acquisition by the fund. In managing the fund, the fund's investment adviser may apply more restrictive policies than those listed below.

Fundamental policies — The fund has adopted the following policies, which may not be changed without approval by holders of a majority of its outstanding shares. Such majority is currently defined in the Investment Company Act of 1940, as amended (the "1940 Act"), as the vote of the lesser of (*a*) 67% or more of the voting securities present at a shareholder meeting, if the holders of more than 50% of the outstanding voting securities are present in person or by proxy, or (*b*) more than 50% of the outstanding voting securities.

1. Except as permitted by (*i*) the 1940 Act and the rules and regulations thereunder, or other successor law governing the regulation of registered investment companies, or interpretations or modifications thereof by the U.S. Securities and Exchange Commission ("SEC"), SEC staff or other authority of competent jurisdiction, or (*ii*) exemptive or other relief or permission from the SEC, SEC staff or other authority of competent jurisdiction, the fund may not:

a. Borrow money;

b. Issue senior securities;

c. Underwrite the securities of other issuers;

d. Purchase or sell real estate or commodities;

e. Make loans; or

f. Purchase the securities of any issuer if, as a result of such purchase, the fund's investments would be concentrated in any particular industry.

2. The fund has adopted a fundamental investment policy to either (i) make quarterly repurchase offers pursuant to Rule 23c-3 under the 1940 Act, as such rule may be amended from time to time ("Rule 23c-3"), to repurchase between 5% and 25% of its outstanding common shares at net asset value per share ("NAV") or (ii) if permitted by SEC exemptive relief or amendments to Rule 23c-3 under the 1940 Act, make monthly repurchase offers to repurchase, at NAV, not less than 5% of its outstanding common shares in any month and not more than 25% of its outstanding common shares in any three-month period, in the case of either (i) or (ii), unless suspended or postponed in accordance with regulatory requirements. When a quarterly repurchase offer commences, the fund will send written notice to each shareholder at least twenty-one (21) days before the date by which shareholders can request that their shares be repurchased in response to a repurchase offer (the "Repurchase Request Deadline").

The Repurchase Request Deadline will be established by the Board in accordance with Rule 23c-3, which requires the Repurchase Request Deadline to be no less than 21 days and no more than 42 days after the fund sends notification to shareholders of the repurchase offer.

The repurchase price will be the NAV of the fund as determined at the close of business on a date (the "Repurchase Pricing Date") that will generally be the same date as the Repurchase Request Deadline, but that may be up to fourteen (14) calendar days following the Repurchase Request Deadline, or on the next business day if the fourteenth day is not a business day.

Additional information about the fund‘s policies — The information below is not part of the fund's fundamental or nonfundamental policies. This information is intended to provide a summary of what is currently required or permitted by the 1940 Act and the rules and regulations thereunder, or by the interpretive guidance thereof by the SEC or SEC staff, for particular fundamental policies of the fund. Information is also provided regarding the fund's current intention with respect to certain investment practices permitted by the 1940 Act.

For purposes of fundamental policy 1a, the fund may borrow money in amounts of up to 33-1/3% of its total assets from banks for any purpose. Additionally, the fund may borrow up to 5% of its total assets from banks or other lenders for temporary purposes (a loan is presumed to be for temporary purposes if it is repaid within 60 days and is not extended or renewed). The percentage limitations in this policy are considered at the time of borrowing and thereafter.

For purposes of fundamental policies 1a and 1e, the fund may borrow money from, or loan money to, other funds managed by Capital Research and Management Company or its affiliates to the extent permitted by applicable law and an exemptive order issued by the SEC.

For purposes of fundamental policy 1b, a senior security does not include any promissory note or evidence of indebtedness if such loan is for temporary purposes only and in an amount not exceeding 5% of the value of the total assets of the fund at the time the loan is made (a loan is presumed to be for temporary purposes if it is repaid within 60 days and is not extended or renewed). Further, the fund is permitted to enter into derivatives and certain other transactions, notwithstanding the prohibitions and restrictions on the issuance of senior securities under the 1940 Act, in accordance with current SEC rules and interpretations.

For purposes of fundamental policy 1c, the policy will not apply to the fund to the extent the fund may be deemed an underwriter within the meaning of the 1933 Act in connection with the purchase and sale of fund portfolio securities in the ordinary course of pursuing its investment objective(s) and strategies.

For purposes of fundamental policy 1e, the fund may not lend more than 33-1/3% of its total assets, provided that this limitation shall not apply to the fund's purchase of debt obligations. Subject to this limitation, the fund may make loans, for example, by: (a) engaging in repurchase agreements; (b) making loans secured by real estate; (c) making loans to affiliated funds as permitted by the SEC; or (d) purchasing non-publicly offered debt securities. For purposes of this limitation, the term "loans" shall not include the purchase of a portion of an issue of publicly distributed bonds, debentures or other securities.

For purposes of fundamental policy 1f, the fund may not invest more than 25% of its total assets in the securities of issuers in a particular industry. This policy does not apply to (i) investments in securities of the U.S. government, its agencies or U.S. government sponsored enterprises or repurchase agreements with respect thereto, or (ii) certain asset-backed securities that are backed by a pool of loans issued to companies in a wide variety of industries unrelated to each other such that the economic characteristics of such a security are not predominantly related to a single industry to the extent permitted by the 1940 Act. In addition, for purposes of this policy, with respect to a private activity municipal bond the principal and interest payments of which are derived primarily from the assets and revenues of a nongovernmental entity, the fund will look to such non-governmental entity to determine the industry to which the investment should be allocated.

Management of the fund

Board of trustees and officers

Independent trustees[1]

The fund’s nominating and governance committee and board select independent trustees with a view toward constituting a board that, as a body, possesses the qualifications, skills, attributes and experience to appropriately oversee the actions of the fund’s service providers, decide upon matters of general policy and represent the long-term interests of fund shareholders. In doing so, they consider the qualifications, skills, attributes and experience of the current board members, with a view toward maintaining a board that is diverse in viewpoint, experience, education and skills.

The fund seeks independent trustees who have high ethical standards and the highest levels of integrity and commitment, who have inquiring and independent minds, mature judgment, good communication skills, and other complementary personal qualifications and skills that enable them to function effectively in the context of the fund’s board and committee structure and who have the ability and willingness to dedicate sufficient time to effectively fulfill their duties and responsibilities.

Each independent trustee has a significant record of accomplishments in governance, business, not-for-profit organizations, government service, academia, law, accounting or other professions. Although no single list could identify all experience upon which the fund’s independent trustees draw in connection with their service, the following table summarizes key experience for each independent trustee. These references to the qualifications, attributes and skills of the trustees are pursuant to the disclosure requirements of the SEC, and shall not be deemed to impose any greater responsibility or liability on any trustee or the board as a whole. Notwithstanding the accomplishments listed below, none of the independent trustees is considered an “expert” within the meaning of the federal securities laws with respect to information in the fund’s registration statement.

Name, year of birth and position with fund (year first elected as a trustee[2])	**Principal occupation(s) during the past five years**	**Number of portfolios in fund complex overseen by trustee**	**Other directorships[3] held by trustee during the past five years**	Other relevant experience
Pablo R. González Guajardo, 1967 Trustee (2025)	CEO, Kimberly-Clark de México, SAB de CV	22	América Móvil, SAB de CV (telecommunications company); Kimberly-Clark de México, SAB de CV (consumer staples) Former director Grupo Lala, SAB de CV (dairy company) (until 2022); Grupo Sanborns, SAB de CV (retail stores and restaurants) (until 2023)	· Service as a chief executive officer · Senior corporate management experience · Corporate board experience · Service on advisory and trustee boards for nonprofit organizations · MBA
William D. Jones, 1955 Chair of the Board (Independent and Non-Executive) (2025)	Managing Member, CityLink LLC (investing and consulting); former President and CEO, CityLink Investment Corporation (acquires, develops and manages real estate ventures in urban communities)	22	Former director of Sempra Energy (until 2022); Biogen Inc. (until 2023)	· Senior investment and management experience, real estate · Corporate board experience · Government service · Service as a city councilmember and deputy mayor · Service as director, Federal Reserve Boards of San Francisco and Los Angeles · Service on advisory and trustee boards for charitable, educational, municipal and nonprofit organizations · MBA
Amy Zegart, PhD, 1967 Trustee (2025)	Morris Arnold and Nona Jean Cox Senior Fellow, Hoover Institution; Senior Fellow and Associate Director, Stanford Institute for Human-Centered Artificial Intelligence, Stanford University	22	Kratos Defense & Security Solutions	· Senior academic leadership positions · Corporate board experience · Author · Consultant · PhD, Political Science

Interested trustee(s)[4,5]

Interested trustees have similar qualifications, skills and attributes as the independent trustees. Interested trustees are senior executive officers and/or directors of Capital Research and Management Company or its affiliates. Such management roles with the fund's service providers also permit the interested trustees to make a significant contribution to the fund's board.

Name, year of birth and position with fund (year first elected as a trustee/officer[2]**)**	**Principal occupation(s) during the past five years and positions held with affiliated entities or the Principal Underwriter of the fund**	**Number of portfolios in fund complex overseen by trustee**	**Other directorships**[3] **held by trustee during the past five years**
Walt Burkley, 1966 Trustee (2025)	Senior Vice President and General Counsel – Legal and Compliance Group, Capital Research and Management Company; Director and General Counsel, The Capital Group Companies, Inc.*; Director, Capital Research and Management Company	3	None

Other officers[5]

Name, year of birth and position with fund (year first elected as an officer[2])	Principal occupation(s) during the past five years and positions held with affiliated entities or the Principal Underwriter of the fund
Robert G. Caldwell, 1977 President (2025)	Partner – Capital Fixed Income Investors, Capital Research and Management Company; Partner – Capital Fixed Income Investors, Capital Bank and Trust Company*
Michael W. Stockton, 1967 Principal Executive Officer and Executive Vice President (2025)	Senior Vice President – Legal and Compliance Group, Capital Research and Management Company
Clara Kang, 1987 Senior Vice President (2025)	Vice President – Legal and Compliance Group, Capital Research and Management Company
Erik A. Vayntrub, 1984 Senior Vice President (2025)	Senior Vice President – Legal and Compliance Group, Capital Research and Management Company; Secretary, Capital Management Services, Inc.*
Michael R. Tom, 1988 Secretary (2025)	Associate – Legal and Compliance Group, Capital Research and Management Company
Brian C. Janssen, 1972 Treasurer (2025)	Senior Vice President – Legal and Compliance Group, Capital Research and Management Company
Susan K. Countess, 1966 Assistant Secretary (2025)	Associate – Legal and Compliance Group, Capital Research and Management Company
Patrick C. Castellani, 1978 Assistant Treasurer (2025)	Assistant Vice President – Investment Operations, Capital Research and Management Company
Sandra Chuon, 1972 Assistant Treasurer (2025)	Vice President – Investment Operations, Capital Research and Management Company

* Company affiliated with Capital Research and Management Company.

[1] The term independent trustee refers to a trustee who is not an “interested person” of the fund within the meaning of the 1940 Act.

[2] Trustees and officers of the fund serve until their resignation, removal or retirement.

[3] This includes all directorships/trusteeships (other than those in the American Funds or other funds managed by Capital Research and Management Company or its affiliates) that are held by each trustee as a director/trustee of a public company or a registered investment company. Unless otherwise noted, all directorships/trusteeships are current.

[4] The term interested trustee refers to a trustee who is an “interested person” of the fund within the meaning of the 1940 Act, on the basis of his or her affiliation with the fund’s investment adviser, Capital Research and Management Company, or affiliated entities (including the fund’s principal underwriter).

[5] All of the trustees and/or officers listed,with the exception for Robert G. Caldwell, are officers and/or directors/trustees of one or more of the other funds for which Capital Research and Management Company serves as investment adviser.

The address for all trustees and officers of the fund is 333 South Hope Street, 55th Floor, Los Angeles, California 90071, Attention: Secretary.

Fund shares owned by trustees as of December 31, 2025:

Name	Dollar range[1] of fund shares owned	Aggregate dollar range[1] of shares owned in all funds overseen by trustee in same family of investment companies as the fund	Dollar range[1,2] of independent trustees deferred compensation[3] allocated to fund	Aggregate dollar range[1,2] of independent trustees deferred compensation[3] allocated to all funds overseen by trustee in same family of investment companies as the fund
Independent trustees				
Pablo R. González Guajardo	None	Over $100,000	N/A	Over $100,000
William D. Jones	$10,001 – $50,000	Over $100,000	N/A	Over $100,000
Amy Zegart	None	Over $100,000	N/A	N/A

Name	Dollar range[1] of fund shares owned	Aggregate dollar range[1] of shares owned in all funds overseen by trustee in same family of investment companies as the fund
Interested trustees		
Walt Burkley	Over $100,000	Over $100,000

[1] Ownership disclosure is made using the following ranges: None; $1 – $10,000; $10,001 – $50,000; $50,001 – $100,000; and Over $100,000. The amounts listed for interested trustees include shares owned through The Capital Group Companies, Inc. retirement plan and/or 401(k) plan, as applicable.

[2] N/A indicates that the listed individual, as of December 31, 2025, was not a trustee of the fund (or, as applicable, other funds in the same family of investment companies as the fund), did not allocate deferred compensation to the fund, or did not participate in the deferred compensation plan.

[3] Eligible trustees may defer their compensation under a nonqualified deferred compensation plan. Amounts deferred by the trustee accumulate at an earnings rate determined by the total return of one or more American Funds as designated by the trustee.

Trustee compensation — No compensation is paid by the fund to any officer or trustee who is a director, officer or employee of the investment adviser or its affiliates. Except for the independent trustees listed in the "Board of trustees and officers — Independent trustees" table under the "Management of the fund" section in this statement of additional information, all other officers and trustees of the fund are directors, officers or employees of the investment adviser or its affiliates. The board typically meets either individually or jointly with the boards of one or more other such funds with substantially overlapping board membership (in each case referred to as a "board cluster"). The fund typically pays each independent trustee an annual retainer fee based primarily on the total number of board clusters which that independent trustee serves. Board and committee chairs receive additional fees for their services.

The fund and the other funds served by each independent trustee each pay a portion of these fees.

No pension or retirement benefits are accrued as part of fund expenses. Generally, independent trustees may elect, on a voluntary basis, to defer all or a portion of their fees through a deferred compensation plan in effect for the fund. The fund also reimburses certain expenses of the independent trustees.

Trustee compensation earned during the fiscal year ended December 31, 2025:

Name	Aggregate compensation (including voluntarily deferred compensation*) from the fund	Total compensation (including voluntarily deferred compensation*) from all funds managed by Capital Research and Management Company or its affiliates
Pablo R. González Guajardo	$51,250	$622,000
William D. Jones	53,750	641,500
Amy Zegart	51,250	459,500

* Amounts may be deferred by eligible trustees under a nonqualified deferred compensation plan adopted by the fund in 2025. Deferred amounts accumulate at an earnings rate determined by the total return of one or more American Funds as designated by the trustees. Compensation shown in this table for the fiscal year ended December 31, 2025 does not include earnings on amounts deferred in previous fiscal years.

Fund organization and the board of trustees — The fund is a nondiversified, closed-end management investment company that continuously offers its common shares and is operated as an "interval fund." The fund was organized as a Delaware statutory trust on October 4, 2024. All fund operations are supervised by the fund's board of trustees which meets periodically and performs duties required by applicable state and federal laws.

Delaware law charges trustees with the duty of managing the business affairs of the trust. Trustees are considered to be fiduciaries of the trust and owe duties of care and loyalty to the trust and its shareholders.

Independent board members are paid certain fees for services rendered to the fund as described above. They may elect to defer all or a portion of these fees through a deferred compensation plan in effect for the fund.

The fund has several different classes of shares. Shares of each class represent an interest in the same investment portfolio. Although the fund is not an open-end investment company, it has undertaken to comply with the terms of Rule 18f-3 as a condition of an exemptive order under the 1940 Act which permits it to have, among other things, a multi-class structure with different distribution and shareholder servicing fees across classes. Each class has pro rata rights as to voting, repurchases, dividends and liquidation, except that each class bears different distribution expenses and may bear different transfer agent fees and other expenses properly attributable to the particular class as approved by the board of trustees and set forth in the fund's rule 18f-3 Plan. Each class's shareholders have exclusive voting rights with respect to the respective class's rule 12b-1 plans adopted in connection with the distribution of shares and on other matters in which the interests of one class are different from interests in another class. Shares of all classes of the fund vote together on matters that affect all classes in substantially the same manner. Each class votes as a class on matters that affect that class alone. In addition, the trustees have the authority to establish new series and classes of shares, and to split or combine outstanding shares into a greater or lesser number, without shareholder approval.

The fund does not hold annual meetings of shareholders. However, significant matters that require shareholder approval, such as certain elections of board members or a change in a fundamental investment policy, will be presented to shareholders at a meeting called for such purpose. Shareholders have one vote per share owned.

The fund's declaration of trust and by-laws, as well as separate indemnification agreements with independent trustees, provide in effect that, subject to certain conditions, the fund will indemnify its officers and trustees against liabilities or expenses actually and reasonably incurred by them relating to their service to the fund. However, trustees are not protected from liability by reason of their willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of their office.

Removal of trustees by shareholders — At any meeting of shareholders, duly called and at which a quorum is present, shareholders may, by the affirmative vote of the holders of two-thirds of the votes entitled to be cast, remove any trustee from office and may elect a successor or successors to fill any resulting vacancies for the unexpired terms of removed trustees. In addition, the trustees of the fund will promptly call a meeting of shareholders for the purpose of voting upon the removal of any trustees when requested in writing to do so by the record holders of at least 10% of the outstanding shares.

Leadership structure — The board's chair is currently an independent trustee who is not an "interested person" of the fund within the meaning of the 1940 Act. The board has determined that an independent chair facilitates oversight and enhances the effectiveness of the board. The independent chair's duties include, without limitation, generally presiding at meetings of the board, approving board meeting schedules and agendas, leading meetings of the independent trustees in executive session, facilitating communication with committee chairs, and serving as the principal independent trustee contact for fund management and counsel to the independent trustees and the fund.

Risk oversight — Day-to-day management of the fund, including risk management, is the responsibility of the fund's contractual service providers, including the fund's investment adviser, sub-adviser, principal underwriter/distributor and transfer agent. Each of these entities is responsible for specific portions of the fund's operations, including the processes and associated risks relating to the fund's investments, integrity of cash movements, financial reporting, operations and compliance. The board of trustees oversees the service providers' discharge of their responsibilities, including the processes they use to manage relevant risks. In that regard, the board receives reports regarding the operations of the fund's service providers, including risks. For example, the board receives reports from investment professionals regarding risks related to the fund's investments and trading. The board also receives compliance reports from the fund's and the investment adviser's chief compliance officers addressing certain areas of risk.

Committees of the fund's board, which are comprised of independent board members, none of whom is an "interested person" of the fund within the meaning of the 1940 Act, as well as joint committees of independent board members of funds managed by Capital Research and Management Company, also explore risk management procedures in particular areas and then report back to the full board. For example, the fund's audit committee oversees the processes and certain attendant risks relating to financial reporting, valuation of fund assets, and related controls. Similarly, a joint review and advisory committee oversees certain risk controls relating to the fund's transfer agency services.

Not all risks that may affect the fund can be identified or processes and controls developed to eliminate or mitigate their effect. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the fund's objectives. As a result of the foregoing and other factors, the ability of the fund's service providers to eliminate or mitigate risks is subject to limitations.

Committees of the board of trustees — The fund has an audit committee comprised of all of its independent board members. The committee provides oversight regarding the fund's accounting and financial reporting policies and practices, its internal controls and the internal controls of the fund's principal service providers. The committee acts as a liaison between the fund's independent registered public accounting firm and the full board of trustees. The audit committee held three meetings during the 2025 fiscal year.

The fund has a contracts committee comprised of all of its independent board members. The committee's principal function is to request, review and consider the information deemed necessary to evaluate the terms of certain agreements with fund service providers, including the investment adviser or the investment adviser's affiliates and third parties. These include the Investment Advisory and Service Agreement, Subadvisory Agreement, Expense Limitation and Reimbursement Agreement, Principal Underwriting Agreement, Administrative Services Agreement, Shareholder Services Agreement, Sub-Administration Agreement and Plans of Distribution adopted pursuant to rule 12b-1 under the 1940 Act, that the fund may enter into, renew or continue, and to make its recommendations to the full board of trustees on these matters. The contracts committee held one meeting during the 2025 fiscal year.

The fund has a nominating and governance committee comprised of all of its independent board members. The committee periodically reviews such issues as the board's composition, responsibilities, committees, compensation and other relevant issues, and recommends any appropriate changes to the full board of trustees. The committee also coordinates annual self-assessments of the board and evaluates, selects and nominates independent trustee candidates to the full board of trustees. While the committee normally is able to identify from its own and other resources an ample number of qualified candidates, it will consider shareholder suggestions of persons to be considered as nominees to fill future vacancies on the board. Such suggestions must be sent in writing to the nominating and governance committee of the fund, addressed to the fund's secretary, and must be accompanied by complete biographical and occupational data on the prospective nominee, along with a written consent of the prospective nominee for consideration of his or her name by the committee. The nominating and governance committee held one meeting during the 2025 fiscal year.

Proxy voting procedures and principles

Investment adviser — The fund's investment adviser, Capital Research and Management Company, in consultation with the fund's board, has adopted Proxy Voting Procedures and Principles (the "Principles") with respect to voting proxies of securities held by the fund and other funds managed by the investment adviser or its affiliates. The Principles are reasonably designed to ensure that proxies are voted solely in accordance with the financial interest of the clients of the investment adviser or its affiliates and the shareholders of the funds advised or managed by the investment adviser or its affiliates. The complete text of the Principles is available at capitalgroup.com. Final voting authority is held by a committee of the appropriate equity investment division of the investment adviser under authority delegated by the funds' boards. The boards of funds advised by Capital Research and Management Company and its affiliates have established a Joint Proxy Committee ("JPC") composed of independent board members who serve as representatives from each board. The JPC's role is to facilitate appropriate oversight of the proxy voting process and provide valuable input on corporate governance and related matters.

The Principles provide an important framework for analysis and decision-making by all funds. However, they are not exhaustive and do not address all potential issues. The Principles provide a certain amount of flexibility so that all relevant facts and circumstances can be considered in connection with every vote. As a result, each proxy received is voted on a case-by-case basis considering the specific circumstances of each proposal. The voting process reflects the funds' understanding of the company's business, its management and its relationship with shareholders over time. In all cases, long-term value creation and the investment objectives and policies of the funds managed by the investment adviser remain the focus.

The investment adviser seeks to vote all U.S. proxies. Proxies for companies outside the United States are also voted where there is sufficient time and information available, taking into account distinct market practices, regulations and laws, and types of proposals presented in each country. Where there is insufficient proxy and meeting agenda information available, the investment adviser will generally vote against such proposals in the interest of encouraging improved disclosure for investors. The investment adviser may not exercise its voting authority if voting would impose costs on clients, including opportunity costs. For example, certain regulators have granted investment limit relief to the investment adviser and its affiliates, conditioned upon limiting voting power to specific voting ceilings. To comply with these voting ceilings, the investment adviser will scale back its votes across all funds and accounts it manages on a pro rata basis based on assets. In addition, certain countries impose restrictions on the ability of shareholders to sell shares during the proxy solicitation period. The investment adviser may choose, due to liquidity issues, not to expose the funds and accounts it manages to such restrictions and may not vote some (or all) shares. Finally, the investment adviser may determine not to recall securities on loan to exercise its voting rights when it determines that the cost of doing so would exceed the benefits to clients or that the vote would not have a material impact on the investment. Proxies with respect to securities on loan through client-directed lending programs are not available to vote and therefore are not voted.

After a proxy statement is received, the investment adviser's stewardship and engagement team prepares a summary of the proposals contained in the proxy statement.

Investment analysts are generally responsible for making voting recommendations for their investment division on significant votes that relate to companies in their coverage areas. Analysts also have the opportunity to review initial recommendations made by the investment adviser's stewardship and engagement team. Depending on the vote recommendation, a second opinion may be made by a proxy coordinator (an investment professional with experience in corporate governance and proxy voting matters) within the appropriate investment division, based on knowledge of the Principles and familiarity with proxy-related issues. Each of the investment adviser's equity investment divisions has its own proxy voting committee, which is made up of investment professionals within each division. Each division's proxy voting committee retains final authority for voting decisions made by such division. In cases where a fund is co-managed and a security is held by more than one of the investment adviser'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, the fund'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.

In addition to its proprietary proxy voting, governance and executive compensation research, Capital Research and Management Company may utilize research provided by third-party advisory firms on a case-by-case basis. It does not, as a policy, follow the voting recommendations provided by these firms. It periodically assesses the information provided by the advisory firms and reports to the applicable governance committees that provide oversight of the application of the Principles.

From time to time, the investment adviser may vote proxies issued by, or on proposals sponsored or publicly supported by, (a) a client with substantial assets managed by the investment adviser or its affiliates, (b) an entity with a significant business relationship with The Capital Group Companies, Inc. or its affiliates, or (c) a company with a director of an American Fund on its board (each referred to as an "Interested Party"). Other persons or entities may also be deemed an Interested Party if facts or circumstances appear to give rise to a potential conflict.

The investment adviser has developed procedures to identify and address instances where a vote could appear to be influenced by such a relationship. Each equity investment division of the investment adviser has established a Special Review Committee ("SRC") of senior investment professionals and legal and compliance professionals with oversight of potentially conflicted matters.

If a potential conflict is identified according to the procedure above, the SRC will take appropriate steps to address the conflict of interest. These steps may include engaging an independent third party to review the proxy and using the Principles to provide an independent voting recommendation to the investment adviser for vote execution. The investment adviser will generally follow the third party's recommendation, except when it believes the recommendation is inconsistent with the investment adviser's fiduciary duty to its clients. Occasionally, it may not be feasible to engage the third party to review the matter due to compressed timeframes or other operational issues. In this case, the SRC will take appropriate steps to address the conflict of interest, including reviewing the proxy after being provided with a summary of any relevant communications with the Interested Party, the rationale for the voting decision, information on the organization's relationship with the Interested Party and any other pertinent information.

The following summary sets forth the general positions of the investment adviser on various proposals. A copy of the full Principles is available upon request, free of charge, by calling American Funds Service Company or visiting the Capital Group website.

Director matters — The election of a company's slate of nominees for director generally is supported. Votes may be withheld for some or all of the nominees if this is determined to be in the best interest of shareholders or if, in the opinion of the investment adviser, such nominee has not fulfilled his or her fiduciary duty. In making this determination, the investment adviser considers, among other things, a nominee's potential conflicts of interest, track record (whether in the current board seat or in previous executive or director roles) with respect to shareholder protection and value creation as well as their capacity for full engagement on board matters. The investment adviser generally supports a breadth of experience and perspectives among board members, and the separation of the chairman and CEO positions.

Governance provisions — Proposals to declassify a board (elect all directors annually) generally are supported based on the belief that this increases the directors' sense of accountability to shareholders. Proposals for cumulative voting generally are supported in order to promote management and board accountability and an opportunity for leadership change. Proposals designed to make director elections more meaningful, either by requiring a majority vote or by requiring any director receiving more withhold votes than affirmative votes to tender his or her resignation, generally are supported.

Shareholder rights — Proposals to repeal an existing poison pill generally are supported. There may be certain circumstances, however, when a proxy voting committee of a fund or an investment division of the investment adviser believes that a company needs to maintain anti-takeover protection. Proposals to eliminate the right of shareholders to act by written consent or to take away a shareholder's right to call a special meeting typically are not supported.

Compensation and benefit plans — Equity incentive plans are complicated, and many factors are considered in evaluating a plan. Each plan is evaluated based on protecting shareholder interests and a knowledge of the company and its management. Considerations include the pricing (or repricing) of options awarded under the plan and the impact of dilution on existing shareholders from past and future equity awards. Compensation packages should be structured to attract, motivate and retain existing employees and qualified directors; in addition, they should be aligned with the long term success of the company and the enhancement of shareholder value.

Routine matters — The ratification of auditors, procedural matters relating to the annual meeting and changes to company name are examples of items considered routine. Such items generally are voted in favor of management's recommendations unless circumstances indicate otherwise.

Shareholder proposals on environmental and social issues — The investment adviser believes environmental and social issues present investment risks and opportunities that can shape a company's long-term financial sustainability. Shareholder proposals, including those relating to social and environmental issues, are evaluated in terms of their materiality to the company and its ability to generate long-term value in light of the company's business model specific operating context. The investment adviser generally supports transparency and standardized disclosure, particularly that which leverages existing regulatory reporting or industry best practices. With respect to environmental matters, this includes disclosures aligned with industry standards and reporting on sustainability issues that are material to investment analysis. With respect to social matters, the investment adviser encourages companies to disclose the composition of the workforce in a regionally appropriate manner. The investment adviser supports relevant reporting and disclosure that is consistent with broadly applicable standards.

<u>Sub-adviser</u> — The sub-adviser will have the responsibility of voting proxies and corporate actions with respect to the portion of the fund managed by the sub-adviser. Proxy proposals received by the sub-adviser and designated in its Proxy Voting Policies and Procedures ("Proxy Policy") as "For" or "Against" will be voted by the sub-adviser in accordance with the Proxy Policy. Proxy proposals

received by the sub-adviser and designated in the Proxy Policy as “Case by Case” (or not addressed in the Proxy Policy) and all corporate actions will be reviewed by the sub-adviser and voted in the best interest of the fund. Notwithstanding the foregoing, the sub-adviser may vote a proxy contrary to the Proxy Policy if the sub-adviser, with the assistance of the analyst who is in charge of the issuer, determines that such action is in the best interest of the fund. In the event that the sub-adviser votes contrary to the Proxy Policy or with respect to “Case by Case” issues, the sub-adviser, with the assistance of the analyst who is in charge of the issuer, will document the basis for the sub-adviser’s decision.

In addition, the sub-adviser may choose not to vote proxies or corporate actions in certain situations, such as: (i) where the fund has informed the sub-adviser that it wishes to retain the right to vote the proxy or corporate action; (ii) where the sub-adviser deems the cost of voting would exceed any anticipated benefit to the fund; or (iii) where a proxy or corporate action is received by the sub-adviser for a security it no longer manages on behalf of the fund. The sub-adviser with the assistance of the analyst who is in charge of the issuer will document for the basis of the sub-adviser’s decision not to vote.

The sub-adviser may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships it maintains with persons having an interest in the outcome of certain votes. The sub-adviser, its affiliates and/or its employees may also occasionally have business or personal relationships with the proponents of proxy proposals, participants in proxy contests, corporate directors and officers or candidates for directorships. If at any time, the sub-adviser becomes aware of an existing or potential conflict of interest relating to a particular proxy proposal, the sub-adviser’s Conflicts Committee (“Conflicts Committee”), or its designee, must be notified. Provided the Conflicts Committee has determined that a conflict or potential for a conflict exists, the proxy must be voted in alignment with the recommendation set forth by Institutional Shareholder Services Inc. Appropriate documentation will be maintained by the Conflicts Committee.

Information regarding how the fund voted proxies relating to portfolio securities during the 12 month period ended June 30 of each year will be available on or about September 1 of such year (a) without charge, upon request by calling American Funds Service Company at (800) 421-4225, (b) on the Capital Group website and (c) on the SEC’s website at sec.gov.

Principal fund shareholders — Shareholders beneficially owning 25% or more of outstanding shares may be in control and may be able to affect the outcome of certain matters presented for a shareholder vote. Except as noted below, no person beneficially owned 5% or more of the outstanding shares of the fund as of March 1, 2026.

Capital Research and Management Company and KKR Credit, or their affiliates, provided the initial seed investments in the fund. For so long as Capital Research and Management Company and KKR Credit, or their affiliates, have a greater than 25% interest in the fund, they may be deemed to be a “control person” of the fund for purposes of the 1940 Act.

Name and address	Ownership	Ownership percentage	
Stifel Nicolaus & Company Inc Exclusive Benefit of Customers Saint Louis, MO	Record	Class A	56.77%
LPL Financial Omnibus customer account San Diego, CA	Record	Class A Class F-2	30.07% 17.58%
Pershing LLC Jersey City, NJ	Record	Class A Class F-3	6.15% 37.59%
Capital Research & Management Co Corporate Account Irvine, CA	Record	Class A-2 Class F-3 Class R-6	100.00% 26.52% 100.00%
Morgan Stanley Smith Barney LLC Account 1 New York, NY	Record Beneficial	Class A-3	20.48%
Morgan Stanley Smith Barney LLC Account 2 New York, NY	Record Beneficial	Class A-3	11.36%
Morgan Stanley Smith Barney LLC Account 3 New York, NY	Record Beneficial	Class A-3	10.62%
Morgan Stanley Smith Barney LLC Account 4 New York, NY	Record Beneficial	Class A-3	10.31%
Morgan Stanley Smith Barney LLC Account 5 New York, NY	Record Beneficial	Class A-3	10.15%
Charles Schwab & Company Inc Account 1 San Francisco, CA	Record	Class F-2	64.18%

Name and address	Ownership	Ownership percentage	
Global Atlantic Limited (Delaware) New York, NY	Record	Class F-3	26.54%
BNY Mellon N A Pittsburgh, PA	Record	Class F-3	9.32%

Investment adviser — Capital Research and Management Company, the fund's investment adviser, founded in 1931, maintains research facilities in the United States and abroad (Geneva, Hong Kong, London, Los Angeles, Mumbai, New York, San Francisco, Singapore, Tokyo, Toronto and Washington, D.C.). These facilities are staffed with experienced investment professionals. The investment adviser is located at 333 South Hope Street, Los Angeles, CA 90071. It is a wholly owned subsidiary of The Capital Group Companies, Inc., a holding company for several investment management subsidiaries (together with its subsidiaries, "Capital Group"). Capital Research and Management Company manages equity assets through three equity investment divisions and fixed income assets through its fixed income investment division, Capital Fixed Income Investors. The three equity investment divisions — Capital World Investors, Capital Research Global Investors and Capital International Investors — make investment decisions independently of one another. Portfolio managers in Capital International Investors rely on a research team that also provides investment services to institutional clients and other accounts advised by affiliates of Capital Research and Management Company. The investment adviser, which is deemed under the Commodity Exchange Act (the "CEA") to be the operator of the fund, has claimed an exclusion from the definition of the term commodity pool operator under the CEA with respect to the fund and, therefore, is not subject to registration or regulation as such under the CEA with respect to the fund.

The investment adviser has adopted policies and procedures that address issues that may arise as a result of an investment professional's management of the fund and other funds and accounts. Potential issues could involve allocation of investment opportunities and trades among funds and accounts, use of information regarding the timing of fund trades, investment professional compensation and voting relating to portfolio securities. The investment adviser believes that its policies and procedures are reasonably designed to address these issues.

The investment adviser has designed policies and procedures reasonably designed to ensure that the sub-adviser complies with the fund's investment objective, strategies and restrictions and provides oversight and monitoring of the sub-adviser's activities and compliance procedures.

Sub-adviser — KKR Credit Advisors (US) LLC ("KKR Credit") is the sub-adviser to the fund with respect to the Private Credit strategy. Launched in 2004, KKR Credit is a subsidiary of KKR & Co. Inc., a leading global investment firm with an extensive history of leadership, innovation and investment excellence. KKR Credit is a leading manager of non-investment grade debt and public equities. KKR Credit currently serves as an investment adviser of certain unregistered private investment companies and several registered investment companies and may in the future serve as an investment adviser of other registered and unregistered investment companies. The sub-adviser's principal office is located at 555 California Street, 50th Floor, San Francisco, CA 94104. The sub-adviser is a subsidiary of KKR & Co. Inc.

Compensation of investment professionals — As described in the prospectus, the investment adviser uses a system of multiple portfolio managers in managing fund assets. In addition, the investment analysts may make investment decisions with respect to a portion of the fund's portfolio within their research coverage.

Portfolio managers and investment analysts are paid competitive salaries by Capital Research and Management Company. In addition, they may receive bonuses based on their individual portfolio results. Investment professionals also may participate in profit-sharing plans. The relative mix of compensation represented by bonuses, salary and profit-sharing plans will vary depending on the individual's portfolio results, contributions to the organization and other factors.

To encourage a long-term focus, bonuses based on investment results are calculated by comparing total investment returns to relevant benchmarks over the most recent one-, three-, five- and eight-year periods, with increasing weight placed on each succeeding measurement period. For portfolio managers, benchmarks may include measures of the marketplaces in which the fund invests and measures of the results of comparable mutual funds. For investment analysts, benchmarks may include relevant market measures and appropriate industry or sector indexes reflecting their areas of expertise. Capital Research and Management Company makes periodic subjective assessments of analysts' contributions to the investment process and this is an element of their overall compensation. The investment results of each of the fund's portfolio managers may be measured against one or more benchmarks, depending on his or her investment focus, such as (i) Bloomberg U.S. Aggregate Index, (ii) Bloomberg U.S. Corporate High Yield Index 2% Issuer Cap, (iii) Bloomberg U.S. Corporate Investment Grade Index, (iv) Bloomberg CMBS Non-Agency ex AAA Index, and (v) Bloomberg ABS Ex AAA Index, and (vi) a peer group average consisting of funds that disclose investment objectives and strategies comparable to those of the fund. From time to time, Capital Research and Management Company may adjust or customize these benchmarks to better reflect the investment objective(s) of the fund and/or the universe of comparably managed funds of competitive investment management firms.

Portfolio managers of the sub-adviser are paid by KKR Credit Advisors (US) LLC. Consistent with KKR's global, integrated culture, KKR has one firm-wide compensation and incentive structure based on a global profit and loss statement, which covers each of the portfolio managers. KKR's compensation structure is designed to align the interests of the investment personnel serving the fund with those of the fund's Shareholders and to give everyone a direct financial incentive to ensure that all of KKR's resources, knowledge and relationships around the world are utilized to maximize risk-adjusted returns for each strategy.

Each of KKR's senior executives, including the portfolio managers responsible for the day-to-day management of its portion of the fund, receives a base salary and is eligible for a cash bonus and equity compensation, as well as additional incentives including "dollars at work" in KKR fund investments (other than the fund) and equity compensation. The cash bonus, equity compensation and "dollars at work" are discretionary, and "dollars at work" and equity awards are typically subject to a vesting period of several years.

All final compensation and other longer-term incentive award decisions are made by the KKR Management Committee based on input from managers. Compensation and other incentives are not formulaic, but rather are judgment and merit driven, and are determined based on a combination of overall firm performance, individual contribution and performance, business unit performance, and relevant market and competitive compensation practices for other businesses and the individual roles/responsibilities within each of the businesses.

Portfolio manager fund holdings and other managed accounts — As described below, portfolio managers may personally own shares of the fund. In addition, portfolio managers of the investment adviser (or the sub-adviser) may manage portions of other registered investment companies or accounts advised by the investment adviser (or the sub-adviser) or its affiliates.

The following tables reflect information as of December 31, 2025:

Portfolio manager	Dollar range of fund shares owned[1]	Number of other registered investment companies (RICs) for which portfolio manager is a manager (assets of RICs in billions)[2]		Number of other pooled investment vehicles (PIVs) for which portfolio manager is a manager (assets of PIVs in billions)[2]		Number of other accounts for which portfolio manager is a manager (assets of other accounts in billions)[2,3]	
Robert G. Caldwell	Over $1,000,000	3	$13.2	2	$2.17	7	$6.72
Xavier Goss	$100,001 - $500,000	7	$52.4	5	$6.11	None	
Sandro Lazzarini	$100,001 - $500,000	3	$24.9	4	$4.76	None	
John R. Queen	$100,001 - $500,000	25	$676.6	4	$13.33	168	$0.32

[1] Ownership disclosure is made using the following ranges: None; $1 – $10,000; $10,001 – $50,000; $50,001 – $100,000; $100,001 – $500,000; $500,001 – $1,000,000; and Over $1,000,000.

[2] Indicates other RIC(s), PIV(s) or other accounts managed by the investment adviser (or the sub-adviser) or its affiliates for which the portfolio manager also has significant day to day management responsibilities. Assets noted are the total net assets of the RIC(s), PIV(s) or other accounts and are not the total assets managed by the individual, which is a substantially lower amount. No RIC, PIV or other account has an advisory fee that is based on the performance of the RIC, PIV or other account, unless otherwise noted.

[3] Personal brokerage accounts of portfolio managers and their families are not reflected.

Portfolio manager	Dollar range of fund shares owned	Number of other registered investment companies (RICs) for which portfolio manager is a manager (assets of RICs in billions)		Number of other pooled investment vehicles (PIVs) for which portfolio manager is a manager (assets of PIVs in billions)		Number of other accounts for which portfolio manager is a manager (assets of other accounts in billions)	
Rony Ma	None	1	$0.09	9	$29.18	18	$5.03
Christopher Mellia	None	3	$1.45	1	$62.27	11	$3.72
Daniel Pietrzak	None	4	$3.07	20	$97.57	28	$5.76
Ryan Wilson	None	1	$0.09	4	$3.40	1	$0.45

Conflicts of interest — Each of the fund's investment adviser and sub-adviser has adopted policies and procedures to mitigate material conflicts of interest that may arise in connection with a portfolio manager's management of the fund, on the one hand, and investments in the other registered investment companies, pooled investment vehicles and other accounts, on the other hand, such as material conflicts relating to the allocation of investment opportunities that may be suitable for both the fund and such other accounts. These material conflicts of interest include, but are not limited to, those described below.

· The investment adviser and/or the sub-adviser will, at times, compete with certain of its affiliates, including other entities it manages or proprietary accounts, for investments for the fund, creating certain conflicts of interest in evaluating the suitability of investment opportunities and making or recommending acquisitions on the fund's behalf. The investment adviser and/or sub-adviser will receive advisory and other fees from the other entities it manages, and due to fee-offset provisions contained in the management agreements for such entities, the fees, at times, will not be proportionate to such entities' investment accounts for any given transaction and will create an incentive to favor entities with higher fees.

· Subject to applicable law, affiliates of the investment adviser or the sub-adviser will, from time to time, invest in one of the fund's portfolio companies and hold a different class of securities than the fund. To the extent that an affiliate of the investment adviser or the sub-adviser holds a different class of securities than the fund, its interests might not be aligned with the fund's. Notwithstanding the foregoing, both the investment adviser and the sub-adviser will act in the best interest of the fund in accordance with its fiduciary duty to the fund.

· The appropriate allocation among the fund and other funds and accounts managed by the investment adviser or the sub-adviser of expenses and fees generated in the course of evaluating and making investments often will not be clear, especially where more than one such fund or account participates. The investment adviser or sub-adviser will determine, in its sole discretion, the appropriate allocation of investment-related expenses, including broken deal expenses incurred in respect of unconsummated investments and expenses more generally relating to a particular investment strategy, among the funds and accounts participating or that would have participated in such investments or that otherwise participate in the relevant investment strategy, as applicable, which could result in the fund bearing more or less of these expenses than other participants or potential participants in the relevant investments.

· The sub-adviser and its affiliates will, at times, provide a broad range of financial services to companies in which the fund invests, in compliance with applicable law, and will generally be paid fees for such services. In addition, affiliates of the sub-adviser could act as an underwriter or placement agent in connection with an offering of securities by one of the companies in the fund's portfolio. Any compensation received by the sub-adviser and its affiliates for providing these services will not be shared with the fund and could be received before the fund realizes a return on its investment. The sub-adviser will face conflicts of interest with respect to services performed for these companies, on the one hand, and investments recommended to the fund, on the other hand.

· The sub-adviser and its affiliates sponsor and advise, and expect in the future to sponsor and advise, a broad range of investment funds, vehicles and other accounts, including proprietary vehicles, that make investments worldwide. The sub-adviser or its affiliates will, from time to time, also make investments for its own account, including, for example, through investment and co-investment vehicles established for personnel and associates. The sub-adviser and its affiliates are not restricted from forming additional investment funds, from entering into other investment advisory relationships (including, among others, relationships with clients that are employee benefit plans subject to ERISA and related regulations) or from engaging in other business activities, even to the extent such activities are in competition with the fund and/or involve substantial time and resources of the sub-adviser. For example, the sub-adviser could invest, on behalf of an affiliated fund, in a company that is a competitor of one of the fund's portfolio companies or that is a service provider, supplier, customer or other counterparty with respect to one of the fund's portfolio companies or the sub-adviser could, on behalf of other entities it manages, acquire assets originated by, or provide financing to, portfolio companies and other issuers in which the fund invests. In providing advice and recommendations to, or with respect to, such investments and in dealing in such investments on behalf of such other affiliated fund, to the extent permitted by law, the sub-adviser or its affiliates will not take into consideration the interests of the fund and its portfolio investments and issuers thereof. Accordingly, such advice, recommendations and dealings will result in conflicts of interest for the sub-adviser. In addition, the sub-adviser's ability to effectively implement the fund's investment strategies will be limited to the extent that contractual obligations relating to these permitted activities restrict the sub-adviser's ability to engage in transactions that it would otherwise be interested in pursuing. Affiliates of the sub-adviser, whose primary business includes the origination of investments, engage in investment advisory business with accounts that compete with the fund.

· While the value of the fund's securities and other instruments are typically based on pricing information from independent sources such as dealers and pricing services, the fund will rely on its own fair valuations with respect to portfolio investments that are not publicly traded and for which no market-based price quotation is available. Fair value pricing involves judgments that are inherently subjective and uncertain. Additionally, the fund or its pricing services may utilize inputs obtained from KKR, their affiliates and/or their agents regarding certain of the fund's portfolio investments. Because the fund's management fee is calculated based on the value of the fund's net assets, the role of the investment adviser in valuation of the fund's securities and other instruments presents a potential conflict of interest – namely, that the investment adviser could be incentivized to value the assets higher than if the management fee were not based on the valuation of such assets. In addition, because the fund's NAV is a critical component in several operational matters including determination of the price at which the fund's shares will be offered and at which a repurchase offer will be made, a variance in the valuation of the fund's investments will impact, positively or negatively, the fees and expenses shareholders will pay, the price a shareholder will receive in connection with a repurchase offer and the number of shares an investor will receive upon investing in the fund.

· As a registered investment company, the fund is limited in its ability to make investments in issuers in which the investment adviser, the sub-adviser or their affiliates' other clients have an investment. The fund is limited in its ability to co-invest with the investment adviser, the sub-adviser or one or more of their affiliates without an exemptive order from the SEC. On January 5, 2021, the SEC issued an exemptive order granting exemptive relief that allows the fund to co-invest with certain funds advised or sub-advised by the sub-adviser in privately negotiated transactions subject to the conditions specified in the exemptive order.

· On February 1, 2021, KKR & Co. Inc. (together with its affiliates, "KKR") acquired control of Global Atlantic Financial Group Limited ("Global Atlantic"), a retirement and life insurance company. KKR, including the sub-adviser, serves as Global Atlantic's investment manager. KKR, including the sub-adviser, generally expects to treat any Global Atlantic account as a client account for the purposes of allocating investment opportunities and related fees and expenses. Certain Global Atlantic accounts may co-invest alongside the fund in some or all investments in the fund's Private Credit strategy. Due to the limited nature of many Private Credit investment opportunities, the sub-adviser expects that participation by Global Atlantic accounts in co-investment transactions will generally reduce the allocations otherwise available to other co-investing accounts, including the fund. The establishment of Global Atlantic accounts investing directly in the Private Credit strategy investments will create a conflict of interest in that KKR will be incentivized to allocate more attractive investments and scarce investment opportunities to these proprietary entities and accounts rather than to the fund. To mitigate this conflict, KKR will allocate investment opportunities in a manner that is consistent with an allocation methodology established by KKR and its affiliates (including the sub-adviser), in a manner designed to ensure allocations of such opportunities are made on a fair and equitable basis over time.

- The nature of the sub-adviser's businesses and the participation by its employees in creditors' committees, steering committees or boards of directors of portfolio companies will, from time to time, result in the sub-adviser receiving material non-public information from time to time with respect to publicly held companies or otherwise becoming an "insider" with respect to such companies. With limited exceptions, KKR does not establish information barriers between its internal investment teams. Trading by KKR on the basis of such information, or improperly disclosing such information, could be restricted pursuant to applicable law and/or internal policies and procedures adopted by KKR to promote compliance with applicable law. Accordingly, the possession of "inside information" or "insider" status with respect to such an issuer by KKR or KKR personnel could, including where an appropriate information barrier does not exist between the relevant investment professionals or has been "crossed" by such professionals, significantly restrict the ability of the sub-adviser to deal in the securities of that issuer on behalf of the fund, which could adversely impact the fund, including by preventing the execution of an otherwise advisable purchase or sale transaction in a particular security until such information ceases to be regarded as material non-public information, which could have an adverse effect on the overall performance of such investment. In addition, affiliates of KKR in possession of such information could be prevented from disclosing such information to the sub-adviser, even where the disclosure of such information would be in the interests of the fund. From time to time, the sub-adviser will also be subject to contractual "stand-still" obligations and/or confidentiality obligations that restrict its ability to trade in certain securities on behalf of the fund. In certain circumstances, the fund or the sub-adviser will engage an independent agent to dispose of securities of issuers in which KKR could be deemed to have material non-public information on behalf of the fund. Such independent agent could dispose of the relevant securities for a price that is lower than the sub-adviser's valuation of such securities which could take into account the material non-public information known to KKR in respect of the relevant issuer.

- The 1940 Act limits the fund's ability to invest in, or hold securities of, companies that are controlled by funds managed by KKR. Any such investments could create conflicts of interest between the fund, the sub-adviser and KKR. The investment adviser and sub-adviser will also have, or enter into, advisory relationships with other advisory clients (including, among others, employee benefit plans subject to ERISA and related regulations) that could lead to circumstances in which a conflict of interest between the investment adviser's or the sub-adviser's advisory clients could exist or develop. In addition, to the extent that another client of the investment adviser, sub-adviser or KKR holds a different class of securities than the fund, the interest of such client and the fund might not be aligned. As a result of these conflicts and restrictions, the investment adviser or sub-adviser could be unable to implement the fund's investment strategies as effectively as it could have in the absence of such conflicts or restrictions. In order to avoid these conflicts and restrictions, the investment adviser or sub-adviser could choose to exit these investments prematurely and, as a result, the fund would forgo any future positive returns associated with such investments.

- Certain other client accounts or proprietary accounts managed by the investment adviser or the sub-adviser have investment objectives, programs, strategies and positions that are similar to, or conflict with, those of the fund, or compete with, or have interests adverse to, the fund. This type of conflict could affect the prices and availability of the securities or interests in which the fund invests. The investment adviser, sub-adviser or their affiliates will, from time to time, give advice or take action with respect to the investments held by, and transactions of, other client accounts or proprietary accounts managed by the investment adviser, sub-adviser or their affiliates that could be different from or otherwise inconsistent with the advice given or timing or nature of any action taken with respect to the investments held by, and timing or nature of any action taken with respect to the investments held by, and transactions of, the fund. Such different advice and/or inconsistent actions could be due to a variety of reasons, including, without limitation, the differences between the investment objective, program, strategy and tax treatment of the other client accounts or proprietary accounts and the fund or the regulatory status of other client accounts and any related restrictions or obligations imposed on the investment adviser, sub-adviser or their affiliate as a fiduciary thereof. Such advice and actions could adversely impact the fund.

- KKR, for its own account or for the account of other KKR clients, could enter into real estate-related transactions with fund portfolio companies. Such transactions could include, for example, buying or selling real estate assets, acquiring or entering into leasing arrangements or amending such arrangements or transferring options or rights of first refusal to acquire real estate assets. Such transactions, which do not involve securities, are not governed by restrictions on principal transactions and cross transactions but are subject to specific policies and procedures established by KKR to manage related conflicts.

Each of the investment adviser, sub-adviser and their affiliates will deal with conflicts of interest using its best judgment, but in its sole discretion. Although the investment adviser and sub-adviser have established procedures and policies addressing conflicts of interest, there can be no assurance that the investment adviser or sub-adviser will be able to resolve all conflicts in a manner that is favorable to the fund.

Investment Advisory and Service Agreement — The Investment Advisory and Service Agreement (the “Agreement”) between the fund and the investment adviser will continue in effect until January 31, 2027, unless sooner terminated, and may be renewed from year to year thereafter, provided that any such renewal has been specifically approved at least annually by (*a*) the board of trustees, or by the vote of a majority (as defined in the 1940 Act) of the outstanding voting securities of the fund, and (*b*) the vote of a majority of trustees who are not parties to the Agreement or interested persons (as defined in the 1940 Act) of any such party, in accordance with applicable laws and regulations. The Agreement provides that the investment adviser has no liability to the fund for its acts or omissions in the performance of its obligations to the fund not involving willful misconduct, bad faith, gross negligence or reckless disregard of its obligations under the Agreement. The Agreement also provides that either party has the right to terminate it, without penalty, upon 60 days’ written notice to the other party, and that the Agreement automatically terminates in the event of its assignment (as defined in the 1940 Act). In addition, the Agreement provides that the investment adviser may delegate all, or a portion of, its investment management responsibilities to one or more sub-advisers approved by the fund’s board. Any such sub-adviser will be paid solely by the investment adviser out of the investment adviser’s fees.

In addition to providing investment advisory services, the investment adviser furnishes certain operational fund administration services, including by furnishing the services of persons to perform related executive, clerical and operational services, and provides suitable office space, necessary small office equipment and utilities, general purpose accounting forms, supplies and postage used at the fund’s offices. The fund pays all expenses not assumed by the investment adviser, including, but not limited to: custodian, stock transfer and dividend disbursing fees and expenses; shareholder recordkeeping and administrative expenses; fund accounting and administration expenses; costs of the designing, printing and mailing of reports, prospectuses, proxy statements and notices to its shareholders; taxes; expenses of the issuance and repurchases of fund shares (including stock certificates, registration and qualification fees and expenses); expenses pursuant to the fund’s plans of distribution (described below); legal and auditing expenses; compensation, fees and expenses paid to independent trustees; association dues; costs of stationery and forms prepared exclusively for the fund; and costs of assembling and storing shareholder account data.

Pursuant to the Agreement, the fund has agreed to pay the investment adviser an annual management fee, payable on a monthly basis, at the annual rate of 0.66% of the fund’s average daily net assets. Management fees are paid monthly and accrued daily.

For the period from April 24, 2025 (seeding date) to December 31, 2025, the investment adviser earned from the fund a management fee of $1,211,000.

Subadvisory Agreement — The sub-adviser is appointed by the investment adviser, and provides services, pursuant to a Subadvisory Agreement. The Subadvisory Agreement between the investment adviser and the sub-adviser will continue in effect until January 31, 2027, unless sooner terminated, and may be renewed from year to year thereafter, provided that any such renewal has been specifically approved at least annually by (a) the board of trustees, or by the vote of a majority (as defined in the 1940 Act) of the outstanding voting securities of the fund, and (b) the vote of a majority of trustees who are not parties to the Subadvisory Agreement or interested persons (as defined in the 1940 Act) of any such party, cast in person at a meeting called for the purpose of voting on such approval. The Subadvisory Agreement also provides that either party has the right to terminate it, without penalty, upon 60 days' written notice to the other party, and that the Subadvisory Agreement automatically terminates in the event of its assignment (as defined in the 1940 Act) or the assignment or termination of the Investment Advisory and Service Agreement. In addition, pursuant to the Subadvisory Agreement, the investment adviser pays the sub-adviser a subadvisory fee (the "Subadvisory Fee") payable monthly in arrears and accrued daily based on the average daily net assets that are managed by the sub-adviser at an annual rate of 0.64%. The Subadvisory Fee will be paid solely by the investment adviser out of the investment adviser's fees.

The investment adviser and sub-adviser are currently reimbursing a portion of the expenses of all share classes of the fund. This reimbursement is expected to be in effect through at least April 22, 2027. This agreement automatically renews for one-year terms unless the investment adviser and sub-adviser provide written notice to the fund at least 30 days prior to the end of the then-current term. For the period from April 24, 2025 (seeding date) to December 31, 2025, the total expenses reimbursed were $264,000.

Administrative services — The investment adviser and its affiliates provide certain administrative services for shareholders of the fund's shares. Administrative services are provided by the investment adviser and its affiliates to help assist third parties providing non-distribution services to fund shareholders. These services include providing in-depth information on the fund and market developments that impact fund investments. Administrative services also include, but are not limited to, coordinating, monitoring and overseeing third parties that provide services to fund shareholders.

These services are provided pursuant to an Administrative Services Agreement (the "Administrative Agreement") between the fund and the investment adviser relating to the fund's Class A, A-2, A-3, F-2, F-3 and R-6 shares. The Administrative Agreement will continue in effect until January 31, 2027, unless sooner renewed or terminated, and may be renewed from year to year thereafter, provided that any such renewal has been specifically approved by the vote of a majority of the members of the fund's board who are not parties to the Administrative Agreement or interested persons (as defined in the 1940 Act) of any such party. The fund may terminate the Administrative Agreement at any time by vote of a majority of independent board members. The investment adviser has the right to terminate the Administrative Agreement upon 60 days' written notice to the fund. The Administrative Agreement automatically terminates in the event of its assignment (as defined in the 1940 Act).

The Administrative Agreement between the fund and the investment adviser provides the fund the ability to charge an administrative services fee of .05% for all share classes. The fund's investment adviser receives an administrative services fee at the annual rate of .03% of the average daily net assets of the fund attributable to each of the share classes (which could be increased as noted above) for its provision of administrative services. Administrative services fees are paid monthly and accrued daily.

For the period from April 24, 2025 (seeding date) to December 31, 2025, administrative services fees were:

	Administrative services fee
Class A	$1,000
Class A-2	—[1]
Class A-3[2]	—[1]
Class F-2	2,000
Class F-3	52,000
Class R-6	—[1]

[1] Amount less than $1,000.

[2] Class A-3 began investment operations on September 2, 2025.

Accounting and other fund administration services — The Bank of New York Mellon ("BNY") provides accounting and other fund administration services to each of the fund's share classes pursuant to a sub-administration agreement. These services include, but are not limited to, fund accounting (including calculation of net asset value), financial reporting and tax services. The fund compensates BNY for providing these services. BNY is not a related party to the fund or the investment adviser.

Principal Underwriter and plans of distribution — Capital Client Group, Inc. (the "Principal Underwriter") is the principal underwriter of the fund's shares. The Principal Underwriter is located at 333 South Hope Street, Los Angeles, CA 90071; 6455 Irvine Center Drive, Irvine, CA 92618; 3500 Wiseman Boulevard, San Antonio, TX 78251; 12811 North Meridian Street, Carmel, IN 46032; 399 Park Avenue, 34th Floor, New York, NY 10022; 444 W. Lake Street, Suite 4600, Chicago, IL 60606; and 78 SW 7th Street, 5th Floor, Suite 06-143, Miami, FL 33130.

The Principal Underwriter receives revenues relating to sales of the fund's shares, as follows:

· For Class A shares, the Principal Underwriter receives commission revenue consisting of the balance of the Class A sales charge remaining after the allowances by the Principal Underwriter to investment dealers.

· For Class A and A-2 shares, the Principal Underwriter receives any contingent deferred sales charges that apply during the first 18 months (in the case of Class A) or 12 months (in the case of A-2) after purchase.

Commissions, revenue or service fees retained by the Principal Underwriter after allowances or compensation to dealers were:

	Fiscal year	Commissions, revenue or fees retained	Allowance or compensation to dealers
Class A	2025	$3,000	$39,000
Class A-2	2025	3,000	—

Plans of distribution — The fund has adopted plans of distribution (the "Plans") in a manner consistent with rule 12b-1 under the 1940 Act, which regulates the manner in which an open-end investment company may directly or indirectly bear the expenses of distributing its Shares. Although the fund is not an open-end investment company, it has undertaken to comply with the terms of Rule 12b-1 as a condition of an exemptive order under the 1940 Act which permits it to have, among other things, a multi-class structure and distribution and shareholder servicing fees. The Plans permit the fund to expend amounts to finance any activity primarily intended to result in the sale of fund shares, provided the fund's board of trustees has approved the category of expenses for which payment is being made.

Each Plan is specific to a particular share class of the fund. As the fund has not adopted a Plan for Class F-2, F-3 or R-6 shares, no 12b-1 fees are paid from Class F-2, F-3 or R-6 share assets and the following disclosure is not applicable to these share classes.

Payments under the Plans may be made for service-related and/or distribution-related expenses. Service-related expenses include paying service fees to qualified dealers. Distribution-related expenses include commissions paid to qualified dealers. The amounts to be paid under the Plans for the fiscal year, expressed as a percentage of the fund's average daily net assets attributable to the applicable share class, are disclosed in the prospectus under "Fees and expenses of the fund." Further information regarding the amounts available under each Plan is in the "Plans of Distribution" section of the prospectus.

Following is a brief description of the Plans:

Class A — For Class A shares, up to 0.25% of the fund's average daily net assets attributable to such shares is reimbursed to the Principal Underwriter for paying service-related expenses, and the balance available under the applicable Plan may be paid to the Principal Underwriter for distribution-related expenses. The fund may annually expend up to 0.30% for Class A shares under the applicable Plan.

Distribution-related expenses for Class A shares include dealer commissions and wholesaler compensation paid on sales of shares of $500,000 or more purchased without a sales charge. Commissions on these “no load” purchases (which are described in further detail under the “Sales Charges” section of this statement of additional information) in excess of the Class A Plan limitations and not reimbursed to the Principal Underwriter during the most recent fiscal quarter are recoverable for 15 months, provided that the reimbursement of such commissions does not cause the fund to exceed the annual expense limit. After 15 months, these commissions are not recoverable. For the period from April 24, 2025 (seeding date) to December 31, 2025, unreimbursed expenses that remained subject to reimbursement under the Plan for Class A shares totaled $24,000 or less than 1% of Class A net assets.

Class A-2 — For Class A-2 shares, up to 0.25% of the fund’s average daily net assets attributable to such shares is reimbursed to the Principal Underwriter for paying service-related expenses, and the balance available under the applicable Plan may be paid for distribution-related expenses. The fund is currently authorized to annually expend up to 0.55% for Class A-2 shares under the applicable Plan. The total amount allowable under such Plan is 0.75%. The fund may annually expend up to this amount with the approval of the board of trustees.

Distribution-related expenses for Class A-2 shares include dealer commissions and wholesaler compensation paid on sales of shares of $250,000 or more purchased without a sales charge. Commissions on these “no load” purchases (which are described in further detail under the “Sales Charges” section of this statement of additional information) in excess of the Class A-2 Plan limitations and not reimbursed to the Principal Underwriter during the most recent fiscal quarter are recoverable for 15 months, provided that the reimbursement of such commissions does not cause the fund to exceed the annual expense limit. After 15 months, these commissions are not recoverable.

Class A-3 — For Class A-3 shares, up to 0.25% of the fund’s average daily net assets attributable to such shares is reimbursed to the Principal Underwriter for paying service-related expenses, and the balance available under the applicable Plan may be paid for distribution-related expenses. The fund may annually expend up to 0.75% for Class A-3 shares under the applicable Plan.

Payment of service fees — For purchases of less than $500,000 of Class A shares, payment of service fees to investment dealers generally begins accruing immediately after establishment of an account in such shares. For purchases of $500,000 or more (in the case of Class A shares) or any purchase of Class A-2 shares, payment of service fees to investment dealers generally begins accruing 12 months after establishment of an account in the applicable shares. Service fees are not paid on certain investments made at net asset value including accounts established by registered representatives and their family members as described in the "Sales charges" section of the prospectus. With respect to purchases of Class A-3 shares, payment of service fees to investment dealers generally begins accruing immediately after establishment of an account in such shares as provided by the applicable financial intermediary.

For the period from April 24, 2025 (seeding date) to December 31, 2025, 12b-1 expenses accrued and paid, and if applicable, unpaid, were:

	12b-1 expenses	**12b-1 unpaid liability outstanding**
Class A	$4,000	$–
Class A-2	–	–
Class A-3*	3,000	–

*Class A-3 began investment operations on September 2, 2025.

Approval of the Plans — As required by rule 12b-1 and the 1940 Act, the Plans (together with the Principal Underwriting Agreement) have been approved by the full board of trustees and separately by a majority of the independent trustees of the fund who have no direct or indirect financial interest in the operation of the Plans or the Principal Underwriting Agreement. In addition, the selection and nomination of independent trustees of the fund are committed to the discretion of the independent trustees during the existence of the Plans.

Potential benefits of the Plans to the fund and its shareholders include enabling shareholders to obtain advice and other services from a financial professional at a reasonable cost, the likelihood that the Plans will stimulate sales of the fund benefiting the investment process through growth or stability of assets and the ability of shareholders to choose among various alternatives in paying for sales and service. The Plans may not be amended to materially increase the amount spent for distribution without shareholder approval. Plan expenses are reviewed quarterly by the board of trustees and the Plans must be renewed annually by the board of trustees.

A portion of the fund’s 12b-1 expense is paid to financial professionals to compensate them for providing ongoing services. If you have questions regarding your investment in the fund or need assistance with your account, please contact your financial professional. If you need a financial professional, please call Capital Client Group, Inc. at (800) 421-4120 for assistance.

Execution of portfolio transactions

Investment adviser

The investment adviser, Capital Research and Management Company, places orders with broker-dealers for portfolio transactions in the portion of the fund managed by the investment adviser. Such portfolio transactions will generally be effected as follows.

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. Generally, commissions relating to securities traded on foreign exchanges will be higher than commissions relating to securities traded on U.S. exchanges and may not be subject to negotiation. Equity securities may also be purchased from underwriters at prices that include underwriting fees. Purchases and sales of fixed income securities are generally made with an issuer or a primary market maker acting as principal with no stated brokerage commission. The price paid to an underwriter for fixed income securities includes underwriting fees. 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.

In selecting broker-dealers, the investment adviser strives to obtain “best execution” (the most favorable total price reasonably attainable under the circumstances) for the fund’s 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. The investment adviser considers these factors, which involve qualitative judgments, when selecting broker-dealers and execution venues for fund portfolio transactions. The investment adviser views best execution as a process that should be evaluated over time as part of an overall relationship with particular broker-dealer firms. The investment adviser and its affiliates negotiate commission rates with broker-dealers based on what they believe is reasonably necessary to obtain best execution. They 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. The fund does not consider the investment adviser 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.

The investment adviser may execute portfolio transactions with broker-dealers who provide certain brokerage and/or investment research services to it but only when in the investment adviser’s judgment the broker-dealer is capable of providing best execution for that transaction. The investment adviser makes 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 the investment adviser to supplement its own research and analysis and makes available the views of, and information from, individuals and the research staffs of other firms. Such views and information may be provided in the form of written reports, telephone contacts and meetings with securities analysts. These services may include, among other things, reports and other communications with respect to individual companies, industries, countries and regions, economic, political and legal developments, as well as scheduling meetings with corporate executives and seminars and conferences related to relevant subject matters. Research services that the investment adviser receives from broker-dealers may be used by the investment adviser in servicing the fund and other funds and accounts that it advises; however, not all such services will necessarily benefit the fund.

The investment adviser bears the cost of all third-party investment research services for all client accounts it advises. However, in order to compensate certain U.S. broker-dealers for research consumed, and valued, by the investment adviser’s investment professionals, the investment adviser continues to operate a limited commission sharing arrangement with commissions on equity trades for certain registered investment companies it advises. The investment adviser voluntarily reimburses such registered investment companies for all amounts collected into the commission sharing arrangement. In order to operate the commission sharing arrangement, the investment adviser 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, the investment adviser has adopted a brokerage allocation procedure consistent with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) permits the investment adviser and its affiliates 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 the investment adviser and its affiliates, if the investment adviser and each affiliate makes a good faith determination that such commissions are reasonable in relation to the value of the services provided by such broker-dealer to the investment adviser and its affiliates in terms of that particular transaction or the investment adviser’s overall responsibility to the fund and other accounts that it advises. Certain brokerage and/or investment research services may not necessarily benefit all accounts paying commissions to each such broker-dealer; therefore, the investment adviser and its affiliates assess the reasonableness of commissions in light of the total brokerage and investment research services provided to the investment adviser and its affiliates. Further, investment research services may be used by all investment associates of the investment adviser and its affiliates, regardless of whether they advise accounts with trading activity that generates eligible commissions.

In accordance with their internal brokerage allocation procedure, the investment adviser and its affiliates periodically assess the brokerage and investment research services provided by each broker-dealer and each other service provider from which they receive such services. As part of its ongoing relationships, the investment adviser 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 the investment adviser and its affiliates receive from broker-dealers and other research providers in connection with its good faith determination of reasonableness, the investment adviser and its affiliates take various factors into consideration, including the quantity, quality and usefulness of the services to the investment adviser and its affiliates. Based on this information and applying their judgment, the investment adviser 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, the investment adviser and its affiliates may, through commission sharing arrangements with certain broker-dealers, direct a portion of commissions paid to a broker-dealer by the fund and other registered investment companies managed by the investment adviser or its affiliates to be used to compensate the broker-dealer and/or other research providers for research services they provide. While the investment adviser 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 the investment adviser, any of its affiliates or any of their clients incurs any obligation to any broker-dealer to pay for research by generating trading commissions. The investment adviser and its affiliates negotiate prices for certain research that may be paid through commission sharing arrangements or by themselves with cash.

When executing portfolio transactions in the same equity security for the funds and accounts, or portions of funds and accounts, over which the investment adviser, through its equity investment divisions, has investment discretion, each investment division within the investment adviser and its affiliates normally aggregates its respective purchases or sales and executes them as part of the same transaction or series of transactions. When executing portfolio transactions in the same fixed income security for the fund and the other funds or accounts over which it or one of its affiliated companies has investment discretion, the investment adviser normally aggregates such purchases or sales and executes them as part of the same transaction or series of transactions. The objective of aggregating purchases and sales of a security is to allocate executions in an equitable manner among the funds and other accounts that have concurrently authorized a transaction in such security. The investment adviser 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. The investment adviser 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 the investment adviser believes doing so will not have a material impact on the price or quality of other transactions.

The investment adviser currently owns a minority interest in IEX Group and alternative trading systems, Luminex ATS and LeveL ATS (through a minority interest in their common parent holding company). The investment adviser, or brokers with whom the investment adviser places orders, 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. The investment adviser is subject to the same best execution obligations when trading on any such exchange or alternative trading systems.

Purchase and sale transactions may be effected directly among and between certain funds or accounts advised by the investment adviser or its affiliates, including the fund. The investment adviser maintains cross-trade policies and procedures and places a cross-trade only when such a trade is in the best interest of all participating clients and is not prohibited by the participating funds' or accounts' investment management agreement or applicable law.

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

Purchases and sales of futures contracts for the fund will be effected through executing brokers and FCMs that specialize in the types of futures contracts that the fund expects to hold. The investment adviser will use reasonable efforts to choose executing brokers and FCMs capable of providing the services necessary to obtain the most favorable price and execution available. The full range and quality of services available will be considered in making these determinations. The investment adviser will monitor the executing brokers and FCMs used for purchases and sales of futures contracts for their ability to execute trades based on many factors, such as the sizes of the orders, the difficulty of executions, the operational facilities of the firm involved and other factors.

Forward currency contracts are traded directly between currency traders (usually large commercial banks) and their customers. The cost to the fund of engaging in such contracts varies with factors such as the currency involved, the length of the contract period and the market conditions then prevailing. Because such contracts are entered into on a principal basis, their prices usually include undisclosed compensation to the market maker reflecting the spread between the bid and ask prices for the contracts. The fund may incur additional fees in connection with the purchase or sale of certain contracts.

No brokerage commissions were paid by the fund on portfolio transactions for the period from April 24, 2025 (seeding date) to December 31, 2025.

Sub-adviser

The sub-adviser places orders with broker-dealers for portfolio transactions in the portion of the fund managed by the sub-adviser. Such portfolio transactions will generally be effected as follows.

With respect to interests in Senior Loans and asset-based finance investments, the fund generally will engage in privately negotiated transactions for purchase or sale in which the sub-adviser will negotiate on behalf of the fund (although a more developed market may exist for certain Senior Loans). Prior to the fund making such investments, the sub-adviser conducts due diligence analysis and a comprehensive review and discussion with respect to the sub-adviser's sourcing advantages, analysis and diligence findings. Once an investment is made by the fund, with respect to such investments, the sub-adviser carefully monitors the relevant position and formally re-underwrites its credit decision approximately every three months. If the sub-adviser is not convinced that capital is still best invested in a position, a plan to intelligently exit is developed and implemented. The central step in the sub-adviser's investment process is the performance of company, industry, capital structure and legal analysis on each such investment. Key elements of this exercise include, but are not limited to, a review of the corporate structure of a target company, defining and understanding the legal, regulatory and tax regimes in which a target company operates, a target company's key valuation drivers, and an examination of the broader macro and tax environments. The fund will, from time to time, be required to pay fees, or give up a portion of interest and any fees payable to the fund, to the lender selling participations or assignments to the fund. The sub-adviser will determine the lenders from whom the fund will purchase assignments and participations by considering their professional ability, level of service, relationship with a borrower, financial condition, credit standards and quality of management. The illiquidity of many Senior Loans may restrict the ability of the sub-adviser to locate in a timely manner persons willing to purchase the fund's interests in Senior Loans at a fair price should the fund desire to sell such interests. Affiliates of the sub-adviser may participate in the primary and secondary market for Senior Loans. Because of certain limitations imposed by the 1940 Act, this may restrict the fund's ability to acquire some Senior Loans. The sub-adviser does not believe that this will have a material effect on the fund's ability to acquire Senior Loans consistent with its investment policies.

The portfolio securities in which the sub-adviser invests on behalf of the fund are normally purchased directly from the issuer or in the over-the-counter ("OTC") market from an underwriter or market maker for the securities. Purchases from underwriters of portfolio securities include a commission or concession paid by the issuer to the underwriter and purchases from dealers serving as market makers include a spread or markup to the dealer between the bid and asked price. Sales to dealers are effected at bid prices.

The fund will, from time to time, also purchase certain money market instruments directly from an issuer, in which case no commissions or discounts are paid (although the fund could indirectly bear fees and expenses of any money market funds in which it invests), or could purchase and sell listed securities on an exchange, which are effected through brokers who charge a commission for their services.

In effecting securities transactions, the sub-adviser will seek to obtain the best execution of orders. Commission rates are a component of price and are considered along with other relevant factors. In determining the broker or dealer to be used and the commission rates to be paid, the sub-adviser will consider the utility and reliability of brokerage services, including execution capability and performance, financial responsibility, investment information, market insights, other research provided by such brokers, and access to analysts, management and idea generation. Accordingly, the commissions charged by any such broker may be greater than the amount another firm might charge if the sub-adviser determines in good faith that the amount of such commissions is reasonable in relation to the value of the brokerage services and research information provided by such brokers. Consistent with the requirements of best execution, brokerage commissions on accounts may be directed to brokers in recognition of investment research and information furnished as well as for services rendered in execution of orders by such brokers. By allocating transactions in this manner, the sub-adviser may be able to supplement its research and analysis with the views and information of brokerage firms. The sub-adviser may also allocate a portion of its brokerage business to firms whose employees participate as brokers in the introduction of investors to the sub-adviser or who agree to bear the expense of capital introduction, marketing or related services by third parties. Eligible research or brokerage services provided by brokers through which portfolio transactions for the sub-adviser are executed may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, online quotations, news and research services, financial publications and other products and services (e.g., software based applications for market quotes and news, database programs providing investment and industry data) providing lawful and appropriate assistance to the portfolio managers and their designees in the performance of their investment decision-making responsibilities on behalf of the sub-adviser and other accounts which their affiliates manage (collectively, “Soft Dollar Items”). The sub-adviser and its affiliates generally use such products and services (if any) for the benefit of all of their accounts. Soft Dollar Items may be provided directly by brokers, by third parties at the direction of brokers or purchased on behalf of the fund and its affiliates with credits or rebates provided by brokers. Any Soft Dollar Items obtained in connection with portfolio transactions for the fund are intended to fall within the “safe harbor” of Section 28(e) of the Exchange Act.

The sub-adviser may also place portfolio transactions, to the extent permitted by law, with brokerage firms affiliated with the fund or the sub-adviser if they reasonably believe that the quality of execution and the commission are comparable to those available from other qualified firms. Similarly, to the extent permitted by law and subject to the same considerations on quality of execution and comparable commission rates, the sub-adviser may direct an executing broker to pay a portion or all of any commissions, concessions or discounts to a firm supplying research or other services. The sub-adviser may place portfolio transactions at or about the same time for other advisory accounts, including other investment companies. The sub-adviser will seek to allocate portfolio transactions equitably whenever concurrent decisions are made to purchase or sell securities for the fund and another advisory account. In some cases, this procedure could have an adverse effect on the price or the amount of securities available to the fund. In making such allocations among the fund and other advisory accounts, the main factors considered by the sub-adviser are the respective sizes of the fund and other advisory accounts, the respective investment objectives, the relative size of portfolio holdings of the same or comparable securities, the availability of cash for investment, the size of investment commitments generally held and opinions of the persons responsible for recommending the investment.

The placing and execution of orders for the fund also is subject to restrictions under U.S. securities laws, including certain prohibitions against trading among the fund and its affiliates (including the sub-adviser or its affiliates). Certain broker-dealers, through which the fund may effect securities transactions, may be affiliated persons (as defined in the 1940 Act) of the fund or affiliated persons of such affiliates. The Board has adopted certain policies incorporating the standards of Rule 17e-1 issued by the SEC under the 1940 Act which require that the commissions paid to affiliates of the fund be reasonable and fair compared to the commissions, fees or other remuneration received or to be received by other brokers in connection with comparable transactions involving similar securities during a comparable period of time. The rule and procedures also contain review requirements and require the sub-adviser to furnish reports to the trustees and to maintain records in connection with such reviews. In addition, the fund will, from time to time, purchase securities in a placement for which affiliates of the sub-adviser have acted as agent to or for issuers, consistent with applicable rules adopted by the SEC or regulatory authorization, if necessary. The fund will not purchase securities from or sell securities to any affiliate of the sub-adviser acting as principal. The sub-adviser is prohibited from directing brokerage transactions on the basis of the referral of clients or the sale of shares of advised investment companies.

Other

The fund is required to disclose information regarding investments in the securities of its “regular” broker-dealers (or parent companies of its regular broker-dealers) that derive more than 15% of their revenue from broker-dealer, underwriter or investment adviser activities. A regular broker-dealer is (*a*) one of the 10 broker-dealers that received from the fund the largest amount of brokerage commissions by participating, directly or indirectly, in the fund’s portfolio transactions during the fund’s most recently completed fiscal year; (*b*) one of the 10 broker-dealers that engaged as principal in the largest dollar amount of portfolio transactions of the fund during the fund’s most recently completed fiscal year; or (*c*) one of the 10 broker-dealers that sold the largest amount of securities of the fund during the fund’s most recently completed fiscal year.

For the period from April 24, 2025 (seeding date) to December 31, 2025, the fund’s regular broker-dealers included Bank of America, N.A., Citigroup Inc., Goldman Sachs Group, Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC. For the period from April 24, 2025 (seeding date) to December 31, 2025, the fund held debt securities of Bank of America, N.A. in the amount of $413,000, Citigroup Inc. in the amount of $252,000, Goldman Sachs Group, Inc. in the amount of $369,000, J.P. Morgan Securities LLC in the amount of $630,000, Morgan Stanley & Co. LLC in the amount of $550,000 and Wells Fargo Securities, LLC in the amount of $422,000.

Price of shares

The fund is a closed-end interval fund and, to provide liquidity and the ability to receive NAV on a disposition of at least a portion of your Shares, makes periodic offers to repurchase Shares. The repurchase price will be the NAV of the fund as determined at the close of business on a date (the “Repurchase Pricing Date”) that will generally be the same date as the Repurchase Request Deadline, but that may be up to fourteen (14) calendar days following the Repurchase Request Deadline, or on the next business day if the fourteenth day is not a business day.

Shares are purchased at the net asset value price next determined after the purchase order is received by the fund or the Transfer Agent provided that your request contains all information and legal documentation necessary to process the transaction.

The offering or net asset value price is effective for orders received prior to the time of determination of the net asset value and, in the case of orders placed with dealers or their authorized designees, accepted by the Principal Underwriter, the Transfer Agent, a dealer or any of their designees. In the case of orders sent directly to the fund or the Transfer Agent, an investment dealer should be indicated. The dealer is responsible for promptly transmitting purchase and sell orders to the Principal Underwriter.

Prices that appear in newspapers and websites do not always indicate prices at which you will be purchasing shares of the fund, since such prices generally reflect the previous day’s closing price, while purchases are made at the next calculated price. The price you pay for shares, the offering price, is based on the net asset value per share. Net asset value is computed by adding a class's share of the value of a fund's investments, cash and other assets, subtracting the class's share of the fund's liabilities allocated to the class, and dividing the result by the number of shares of that class that are outstanding. Realized investment income and gain is included in the fund's net asset value until the ex-dividend date, when the declared dividend amount is treated as a fund liability. The net asset value is calculated once daily as of the close of regular trading on the New York Stock Exchange, normally 4 p.m. New York time, each day the New York Stock Exchange is open. If the New York Stock Exchange makes a scheduled (e.g., the day after Thanksgiving) or an unscheduled close prior to 4 p.m. New York time, the net asset value of the fund will be determined at approximately the time the New York Stock Exchange closes on that day. If on such a day market quotations and prices from third-party pricing services are not based as of the time of the early close of the New York Stock Exchange but are as of a later time (up to approximately 4 p.m. New York time), for example because the market remains open after the close of the New York Stock Exchange, those later market quotations and prices will be used in determining the fund’s net asset value.

Orders in good order received after the New York Stock Exchange closes (scheduled or unscheduled) will be processed at the net asset value (plus any applicable sales charge) calculated on the following business day. The New York Stock Exchange is currently closed on weekends and on the following holidays: New Year’s Day; Martin Luther King Jr. Day; Presidents’ Day; Good Friday; Memorial Day; Juneteenth National Independence Day; Independence Day; Labor Day; Thanksgiving Day; and Christmas Day. Each share class of the fund has a separately calculated net asset value (and share price).

Orders received by the investment dealer or authorized designee, the Transfer Agent or the fund after the time of the determination of the net asset value will be entered at the next calculated offering price. Note that investment dealers or other intermediaries may have their own rules about share transactions and may have earlier cut-off times than those of the fund. For more information about how to purchase through your intermediary, contact your intermediary directly.

All portfolio securities of the fund are valued, and the net asset values per share for each share class are determined, as indicated below. The fund follows standard industry practice by typically reflecting changes in its holdings of portfolio securities on the first business day following a portfolio trade.

Equity securities, including depositary receipts, exchange-traded funds, and certain convertible preferred stocks that trade on an exchange or market, are generally valued at the official closing price of, or the last reported sale price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price. Prices for each security are taken from the principal exchange or market on which the security trades.

Exchange-traded options and futures contracts are generally valued at the official closing price or the official settlement price on the exchange or market on which such instruments are traded, as of the close of business on the day such instruments are being valued. Options not traded on exchanges are generally valued at evaluated prices obtained from third-party pricing vendors.

Fixed income securities, including short-term securities and loans other than directly originated loans, are generally valued at evaluated prices obtained from third-party pricing vendors. Vendors value such securities based on one or more inputs that may include, among other things, benchmark yields, transactions, bids, offers, quotations from dealers and trading systems, new issues, underlying equity of the issuer, interest rate volatilities, spreads and other relationships observed in the markets among comparable securities and proprietary pricing models such as yield measures calculated using factors such as cash flows, prepayment information, default rates, delinquency and loss assumptions, financial or collateral characteristics or performance, credit enhancements, liquidation value calculations, specific deal information and other reference data.

Securities with both fixed-income and equity characteristics, or equity securities traded principally among fixed-income dealers, are generally valued in the manner described for either equity or fixed-income securities, depending on which method is deemed most appropriate by the fund’s investment adviser.

Forward currency contracts are valued based on the spot and forward exchange rates obtained from a third-party pricing vendor.

Swaps, including interest rate swaps, total return swaps and positions in credit default swap indices, are generally valued using evaluated prices obtained from third-party pricing vendors who calculate these values based on market inputs that may include yields of the indices referenced in the instrument and the relevant curve, dealer quotes, default probabilities and recovery rates, other reference data, and terms of the contract.

Securities and other assets for which representative market quotations are not readily available or are considered unreliable by the investment adviser are valued at fair value as determined in good faith under fair value guidelines adopted by the investment adviser and approved by the fund’s board. Subject to board oversight, the fund’s board has designated the fund’s investment adviser to make fair valuation determinations, which are directed by a valuation committee established by the fund’s investment adviser. The board receives regular reports describing fair valued securities and the valuation methods used.

As a general principle, these guidelines consider relevant company, market and other data and considerations to determine the price that the fund might reasonably expect to receive if such fair valued securities were sold in an orderly transaction. Fair valuations may differ materially from valuations that would have been used had greater market activity occurred. The investment adviser’s valuation committee considers relevant indications of value that are reasonably and timely available to it in determining the fair value to be assigned to a particular security, such as the type and cost of the security, restrictions on resale of the security, relevant financial or business developments of the issuer, actively traded similar or related securities and transactions, dealer or broker quotes, conversion or exchange rights on the security, related corporate actions, significant events occurring after the close of trading in the security and changes in overall market conditions. The valuation committee employs additional fair value procedures to address issues related to equity securities that trade principally in markets outside the United States. Such securities may trade in markets that open and close at different times, reflecting time zone differences. If significant events occur after the close of a market (and before the fund's net asset values are next determined) which affect the value of equity securities held in the fund's portfolio, appropriate adjustments from closing market prices may be made to reflect these events. Events of this type could include, for example, earthquakes and other natural disasters or significant price changes in other markets (e.g., U.S. stock markets).

Directly originated loans are valued on an individual loan basis. The fair value of each loan may be informed by the inputs of third-party services. These valuations will incorporate borrower-specific information such as credit performance, significant events affecting the borrower or underlying collateral, and relevant market developments each business day that the New York Stock Exchange is open.

Certain short-term securities, such as variable rate demand notes or repurchase agreements involving securities fully collateralized by cash or U.S. government securities, are valued at par.

Assets and liabilities, including investment securities, denominated in currencies other than U.S. dollars are translated into U.S. dollars, prior to the next determination of the net asset value of the fund's shares, at the exchange rates obtained from a third-party pricing vendor.

Each class of shares represents interests in the same portfolio of investments and is identical in all respects to each other class, except for differences relating to distribution, service and other charges and expenses, certain voting rights, differences relating to eligible investors, the designation of each class of shares, conversion features and exchange privileges. Expenses attributable to the fund, but not to a particular class of shares, are borne by each class pro rata based on the relative aggregate net assets of the classes. Expenses directly attributable to a class of shares are borne by that class of shares. Liabilities attributable to particular share classes, such as liabilities for repurchase of fund shares, are deducted from total assets attributable to such share classes.

Net assets so obtained for each share class are then divided by the total number of shares outstanding of that share class, and the result, rounded to the nearest cent, is the net asset value per share for that class.

Taxes and distributions

Disclaimer: Some of the following information may not apply to certain shareholders, including those holding fund shares in a tax-favored account, such as a retirement plan or education savings account. Shareholders should consult their tax advisors about the application of federal, state and local tax law in light of their particular situation.

Taxation as a regulated investment company — The fund intends to qualify each year as a "regulated investment company" under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"), so that it will not be liable for federal tax on income and capital gains distributed to shareholders. In order to qualify as a regulated investment company, and avoid being subject to federal income taxes, the fund intends to distribute substantially all of its net investment income and realized net capital gains on a fiscal year basis, and intends to comply with other tests applicable to regulated investment companies under Subchapter M, including the asset diversification and qualifying income tests. The asset diversification test requires that at the close of each quarter of the fund's taxable year that (i) at least 50% of the fund's assets be invested in cash and cash items, government securities, securities of other funds and other securities which, with respect to any one issuer, represent neither more than 5% of the assets of the fund nor more than 10% of the voting securities of the issuer, and (ii) no more than 25% of the fund's assets be invested in the securities of any one issuer (other than government securities or the securities of other funds), the securities (other than the securities of other funds) of two or more issuers that the fund controls and are engaged in similar trades or businesses, or the securities of one or more qualified publicly traded partnerships. The qualifying income test requires that the fund derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to loans of certain securities, gains from the sale of stock or other securities, net income from certain "qualified publicly traded partnerships," or other income derived with respect to the fund's business of investing in such stock or securities.

The Code includes savings provisions allowing the fund to cure inadvertent failures of certain qualification tests required under Subchapter M. However, should the fund fail to qualify under Subchapter M, the fund would be subject to federal, and possibly state, corporate taxes on its taxable income and gains.

Amounts not distributed by the fund on a timely basis in accordance with a calendar year distribution requirement may be subject to a nondeductible 4% excise tax. Unless an applicable exception applies, to avoid the tax, the fund must distribute during each calendar year an amount equal to the sum of (*a*) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (*b*) at least 98.2% of its capital gains in excess of its capital losses for the twelve month period ending on October 31, and (*c*) all ordinary income and capital gains for previous years that were not distributed during such years and on which the fund paid no U.S. federal income tax.

Dividends paid by the fund from ordinary income or from an excess of net short-term capital gain over net long-term capital loss are taxable to shareholders as ordinary income dividends. Shareholders of the fund that are individuals and meet certain holding period requirements with respect to their fund shares may be eligible for reduced tax rates on "qualified dividend income," if any, distributed by the fund to such shareholders. In the event the fund's distribution of net investment income exceeds its earnings and profits for tax purposes, a portion of such distribution may be classified as return of capital. Returns of capital distributions decrease your cost basis and are not taxable until your cost basis has been reduced to zero. If your cost basis is zero, returns of capital distributions are treated as capital gains.

The fund may declare a capital gain distribution consisting of the excess of net realized long-term capital gains over net realized short-term capital losses. Net capital gains for a fiscal year are computed by taking into account any capital loss carryforward of the fund.

The fund may retain a portion of net capital gain for reinvestment and may elect to treat such capital gain as having been distributed to shareholders of the fund. Shareholders may receive a credit for the tax that the fund paid on such undistributed net capital gain and would increase the basis in their shares of the fund by the difference between the amount of includible gains and the tax deemed paid by the shareholder.

Distributions of net capital gain that the fund properly reports as a capital gain distribution generally will be taxable as long-term capital gain, regardless of the length of time the shares of the fund have been held by a shareholder. Any loss realized upon the repurchase of shares held at the time of repurchase for six months or less from the date of their purchase will be treated as a long-term capital loss to the extent of any capital gain distributions (including any undistributed amounts treated as distributed capital gains, as described above) during such six-month period.

Capital gain and income distributions by the fund result in a reduction in the net asset value of the fund's shares. Investors should consider the tax implications of buying shares prior to a distribution. The price of shares purchased at that time may include the amount of a forthcoming distribution. Those purchasing fund shares at a time when the fund has realized but not yet distributed income or capital gains that is reflected in the price of the shares will subsequently receive a partial return of their investment capital upon payment of the distribution, which will be taxable to them as a dividend or other fund distribution, as described above.

Certain distributions reported by the fund as Section 163(j) interest dividends may be treated as interest income by shareholders for purposes of the tax rules applicable to interest expense limitations under Section 163(j) of the Code. Such treatment by the shareholder is generally subject to holding period requirements and other potential limitations, although the holding period requirements are generally not applicable to dividends declared by money market funds and certain other funds that declare dividends daily and pay such dividends on a monthly or more frequent basis. The amount that the fund is eligible to report as a Section 163(j) dividend for a tax year is generally limited to the excess of the fund's business interest income over the sum of the fund's (i) business interest expense and (ii) other deductions properly allocable to the fund's business interest income.

Individuals (and certain other non-corporate entities) are generally eligible for a 20% deduction with respect to taxable ordinary REIT dividends through 2025. Applicable Treasury regulations allow the fund to pass through to its shareholders such taxable ordinary REIT dividends. Accordingly, individual (and certain other non-corporate) shareholders of the fund that have received such taxable ordinary REIT dividends may be able to take advantage of this 20% deduction with respect to any such amounts passed through.

Repurchases and exchanges of fund shares — Repurchases of shares, including exchanges for shares of other PPS Funds or American Funds, may result in federal, state and local tax consequences (gain or loss) to the shareholder.

Any loss realized on a redemption or exchange of shares of the fund will be disallowed to the extent substantially identical shares are reacquired within the 61-day period beginning 30 days before and ending 30 days after the shares are disposed of. Any loss disallowed under this rule will be added to the shareholder's tax basis in the new shares purchased.

If a shareholder exchanges or otherwise disposes of shares of the fund within 90 days of having acquired such shares, and if, as a result of having acquired those shares, the shareholder subsequently pays a reduced or no sales charge for shares of the fund, or of a different fund acquired before January 31st of the year following the year the shareholder exchanged or otherwise disposed of the original fund shares, the sales charge previously incurred in acquiring the fund's shares will not be taken into account (to the extent such previous sales charges do not exceed the reduction in sales charges) for the purposes of determining the amount of gain or loss on the exchange, but will be treated as having been incurred in the acquisition of such other fund(s).

Tax consequences of investing in non-U.S. securities — Dividend and interest income received by the fund from sources outside the United States may be subject to withholding and other taxes imposed by such foreign jurisdictions. Tax conventions between certain countries and the United States, however, may reduce or eliminate these foreign taxes. Some foreign countries impose taxes on capital gains with respect to investments by foreign investors.

If more than 50% of the value of the total assets of the fund at the close of the taxable year consists of securities of foreign corporations, the fund may elect to pass through to shareholders the foreign taxes paid by the fund. If such an election is made, shareholders may claim a credit or deduction on their federal income tax returns for, and will be required to treat as part of the amounts distributed to them, their pro rata portion of qualified taxes paid by the fund to foreign countries. The application of the foreign tax credit depends upon the particular circumstances of each shareholder.

Foreign currency gains and losses, including the portion of gain or loss on the sale of debt securities attributable to fluctuations in foreign exchange rates, are generally taxable as ordinary income or loss. These gains or losses may increase or decrease the amount of dividends payable by the fund to shareholders. A fund may elect to treat gain and loss on certain foreign currency contracts as capital gain and loss instead of ordinary income or loss.

If the fund invests in stock of certain passive foreign investment companies (PFICs), the fund intends to mark-to-market these securities and recognize any gains at the end of its fiscal and excise tax years. Deductions for losses are allowable only to the extent of any previously recognized gains. Both gains and losses will be treated as ordinary income or loss, and the fund is required to distribute any resulting income. If the fund is unable to identify an investment as a PFIC security and thus does not make a timely mark-to-market election, the fund may be subject to adverse tax consequences.

Tax consequences of investing in derivatives — The fund may enter into transactions involving derivatives, such as futures, swaps, options and forward contracts. Special tax rules may apply to these types of transactions that could defer losses to the fund, accelerate the fund's income, alter the holding period of certain securities or change the classification of capital gains. These tax rules may therefore impact the amount, timing and character of fund distributions.

Discount — Certain bonds acquired by the fund, such as zero coupon bonds, may be treated as bonds that were originally issued at a discount. Original issue discount represents interest for federal income tax purposes and is generally defined as the difference between the price at which a bond was issued (or the price at which it was deemed issued for federal income tax purposes) and its stated redemption price at maturity. Original issue discount is treated for federal income tax purposes as tax exempt income earned by a fund over the term of the bond, and therefore is subject to the distribution requirements of the Code. The annual amount of income earned on such a bond by a fund generally is determined on the basis of a constant yield to maturity which takes into account the semiannual compounding of accrued interest (including original issue discount). Certain bonds acquired by the fund may also provide for contingent interest and/or principal. In such a case, rules similar to those for original issue discount bonds would require the accrual of income based on an assumed yield that may exceed the actual interest payments on the bond.

Some of the bonds may be acquired by a fund on the secondary market at a discount which exceeds the original issue discount, if any, on such bonds. This additional discount constitutes market discount for federal income tax purposes. Any gain recognized on the disposition of any bond having market discount generally will be treated as taxable ordinary income to the extent it does not exceed the accrued market discount on such bond (unless a fund elects to include market discount in income in the taxable years to which it is attributable). Realized accrued market discount on obligations that pay tax-exempt interest is nonetheless taxable. Generally, market discount accrues on a daily basis for each day the bond is held by a fund at a constant rate over the time remaining to the bond's maturity. In the case of any debt instrument having a fixed maturity date of not more than one year from date of issue, the gain realized on disposition will be treated as short-term capital gain. Some of the bonds acquired by a fund with a fixed maturity date of one year or less from the date of their issuance may be treated as having original issue discount or, in certain cases, "acquisition discount" (generally, the excess of a bond's stated redemption price at maturity over its acquisition price). A fund will be required to include any such original issue discount or acquisition discount in taxable ordinary income. The rate at which such acquisition discount and market discount accrues, and is thus included in a fund's investment company taxable income, will depend upon which of the permitted accrual methods the fund elects.

Other tax considerations — After the end of each calendar year, individual shareholders holding fund shares in taxable accounts will receive a statement of the federal income tax status of all distributions. Shareholders of the fund also may be subject to state and local taxes on distributions received from the fund.

Shareholders may obtain more information about cost basis online at capitalgroup.com/costbasis.

Under the backup withholding provisions of the Code, the fund generally will be required to withhold federal income tax on all payments made to a shareholder if the shareholder either does not furnish the fund with the shareholder's correct taxpayer identification number or fails to certify that the shareholder is not subject to backup withholding. Backup withholding also applies if the IRS notifies the shareholder or the fund that the taxpayer identification number provided by the shareholder is incorrect or that the shareholder has previously failed to properly report interest or dividend income.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. persons (i.e., U.S. citizens and legal residents and U.S. corporations, partnerships, trusts and estates). Each shareholder who is not a U.S. person should consider the U.S. and foreign tax consequences of ownership of shares of the fund, including the possibility that such a shareholder may be subject to U.S. withholding taxes.

Purchase and exchange of shares

Purchases by individuals — As described in the prospectus, you may generally open an account and purchase fund shares by contacting a financial professional or investment dealer authorized to sell the fund's shares. You may make investments by any of the following means:

Contacting your financial professional — Deliver or mail a check to your financial professional.

By mail — For initial investments, you may mail a check, made payable to the fund, directly to the address indicated on the account application. Please indicate an investment dealer on the account application. You may make additional investments by filling out the "Account Additions" form at the bottom of a recent transaction confirmation and mailing the form, along with a check made payable to the fund, using the envelope provided with your confirmation.

The amount of time it takes for us to receive regular U.S. postal mail may vary and there is no assurance that we will receive such mail on the day you expect. Mailing addresses for regular U.S. postal mail can be found in the prospectus. To send investments or correspondence to us via overnight mail or courier service, use either of the following addresses:

American Funds

12711 North Meridian Street

Carmel, IN 46032-9181

American Funds

5300 Robin Hood Road

Norfolk, VA 23513-2407

By telephone — Calling American Funds Service Company. Please see the "Shareholder account services and privileges" section of this statement of additional information for more information regarding this service.

By Internet — Using capitalgroup.com. Please see the "Shareholder account services and privileges" section of this statement of additional information for more information regarding this service.

By wire — If you are making a wire transfer, instruct your bank to wire funds to:

Wells Fargo Bank

ABA Routing No. 121000248

Account No. 4600-076178

Your bank should include the following information when wiring funds:

For credit to the account of:

American Funds Service Company

(fund’s name)

For further credit to:

(shareholder’s fund account number)

(shareholder’s name)

You may contact American Funds Service Company at (800) 421-4225 if you have questions about making wire transfers.

Other purchase information — The fund and the Principal Underwriter reserve the right to reject any purchase order.

Class R-6 shares may be made available to certain charitable foundations organized and maintained by The Capital Group Companies, Inc. or its affiliates. Class R-6 shares are also available to corporate investment accounts established by The Capital Group Companies, Inc. and its affiliates, and to post employment benefit plans.

Purchase minimums and maximums — All investments are subject to the purchase minimums and maximums described in the prospectus. The initial purchase minimum of $1,000 (applicable to all share classes other than Class F-3 shares held and serviced by the fund's transfer agent) may be waived or reduced in certain cases. The following account types may be established without meeting the initial purchase minimum:

· Retirement accounts that are funded with employer contributions; and

· Accounts that are funded with monies set by court decree.

The following account types may be established without meeting the initial purchase minimum, but shareholders wishing to invest in two or more funds must meet the normal initial purchase minimum of each fund:

· Accounts that are funded with (a) transfers of assets, (b) rollovers from retirement plans, (c) rollovers from 529 college savings plans or (d) required minimum distribution exchanges; and

· American Funds U.S. Government Money Market Fund accounts registered in the name of clients of Capital Group Private Client Services.

Certain accounts held on the fund’s books, known as omnibus accounts, contain multiple underlying accounts that are invested in shares of the fund. These underlying accounts are maintained by entities such as financial intermediaries and are subject to the applicable initial purchase minimums as described in the prospectus and this statement of additional information. However, in the case where the entity maintaining these accounts aggregates the accounts' purchase orders for fund shares, such accounts are not required to meet the fund's minimum amount for subsequent purchases.

Exchanges — Any exchange of shares of the fund for shares of another fund as described below will be permitted only in connection with the fund's periodic repurchase offers.

Unless indicated otherwise in this prospectus, you may only exchange shares without a sales charge into other Capital Group KKR Public-Private+ Funds ("PPS") and American Funds (collectively, the "Capital Group Funds") within the same share class. Clients of Capital Group Private Client Services may exchange the shares of the fund for those of any other fund(s) managed by Capital Research and Management Company or its affiliates.

Exchange purchases are subject to the minimum investment requirements of the fund purchased and no sales charge generally applies. However, exchanges of shares from American Funds U.S. Government Money Market Fund are subject to applicable sales charges, unless the American Funds U.S. Government Money Market Fund shares were acquired by an exchange from a fund having a sales charge, or by reinvestment or cross-reinvestment of dividends or capital gain distributions.

Class A-2 shares and Class A-3 shares may be exchanged without a sales charge into the same share class only of other PPS Funds (but not other Capital Group Funds).

Exchanges of Class F shares generally may only be made through fee-based programs of investment firms that have special agreements with the fund's distributor and certain registered investment advisors. Class F-3 shares held by foreign investment companies may generally not be exchanged for any other shares of the fund or other Capital Group Funds.

You may exchange shares of other classes by contacting your financial professional by calling American Funds Service Company at (800) 421-4225 or using capitalgroup.com, or faxing (see "American Funds Service Company service areas" in the prospectus for the appropriate fax numbers) the Transfer Agent. For more information, see "Shareholder account services and privileges" in this statement of additional information. **These transactions have the same tax consequences as ordinary sales and purchases.**

Shares held in employer-sponsored retirement plans may be exchanged into other Capital Group Funds by contacting your plan administrator or recordkeeper. Exchange redemptions and purchases are processed simultaneously at the share prices next determined after the exchange order is received (see "Price of shares" in this statement of additional information).

Moving between share classes

If you wish to "move" your investment between share classes (within the same fund or between different funds), we generally will process your request as an exchange of the shares you currently hold for shares in the new class or fund. Below is more information about how sales charges are handled for various scenarios. For purposes of this section titled "Moving between share classes," references to "Class F" shares include Class F-2 as well as Class F-3 shares while references to "Class A" shares do not include Class A-2 or Class A-3 shares.

Exchanging Class F shares for Class A shares — You can exchange Class F shares held in a qualified fee-based program for Class A shares without paying an initial Class A sales charge if you are leaving or have left the fee-based program. If you have already redeemed your Class F shares, the foregoing requirements apply and you must purchase Class A shares within 90 days after redeeming your Class F shares to receive the Class A shares without paying an initial Class A sales charge.

Exchanging Class A for Class F shares — If you are part of a qualified fee-based program or approved self-directed platform and you wish to exchange your Class A for Class F shares to be held in the program, any Class A sales charges (including contingent deferred sales charges) that you paid or are payable will not be credited back to your account.

Exchanging Class A shares for Class R shares — Provided it is eligible to invest in Class R shares, a retirement plan currently invested in Class A shares may exchange its shares for Class R shares. Any Class A sales charges that the retirement plan previously paid will not be credited back to the plan's account. No contingent deferred sales charge will be assessed as part of the share class conversion.

Moving between Class F shares — If you are part of a qualified fee-based program that offers Class F shares, you may exchange your Class F shares for any other Class F shares to be held in the program. For example, if you hold Class F-2 shares, you may exchange your shares for Class F-3 shares to be held in the program.

Moving between other share classes — If you desire to move your investment between share classes and the particular scenario is not described in this statement of additional information, please contact American Funds Service Company at (800) 421-4225 for more information.

Non-reportable transactions — Automatic conversions described in the prospectus will be non-reportable for tax purposes. In addition, an exchange of shares from one share class of a fund to another share class of the same fund will be treated as a non-reportable exchange for tax purposes, provided that the exchange request is received in writing by American Funds Service Company and processed as a single transaction.

Sales charges

Class A purchases

Class A shares may be offered at net asset value to companies exchanging securities with the fund through a merger, acquisition or exchange offer and to certain individuals meeting the criteria described above who invested in Class A shares before Class F-2 shares were made available under this privilege.

Class F-2 purchases

If requested, Class F-2 shares will be sold to:

(1) current or retired directors, trustees, officers and advisory board members of, and certain lawyers who provide services to the funds managed by Capital Research and Management Company, current or retired employees of The Capital Group Companies, Inc. and its affiliated companies, certain family members of the above persons, and trusts or plans primarily for such persons;
(2) The Capital Group Companies, Inc. and its affiliated companies; and
(3) current employees of KKR & Co. and its affiliates and trusts or plans primarily for such persons.

Once an account in Class F-2 is established under this privilege, additional investments can be made in Class F-2 for the life of the account. Depending on the financial intermediary holding your account, these privileges may be unavailable. Investors should consult their financial intermediary for further information.

Moving between accounts — Investments in this fund or other PPS Funds by certain account types may be moved to other account types without incurring additional Class A sales charges. These transactions include:

· repurchase proceeds from a non-retirement account (for example, a joint tenant account) used to purchase fund shares in an IRA or other individual-type retirement account;

· required minimum distributions from an IRA or other individual-type retirement account used to purchase fund shares in a non-retirement account; and

· death distributions paid to a beneficiary's account that are used by the beneficiary to purchase fund shares in a different account.

These privileges are generally available only if your account is held directly with the fund's transfer agent or if the financial intermediary holding your account has the systems, policies and procedures to support providing the privileges on its systems. Investors should consult their financial intermediary for further information.

Loan repayments — Repayments on loans taken from a retirement plan are not subject to sales charges if American Funds Service Company is notified of the repayment.

Dealer commissions and compensation — Commissions are paid to dealers who initiate and are responsible for certain Class A and A-2 share purchases not subject to initial sales charges.

In the case of Class A shares, commissions (up to 0.75%) are paid on purchases that consist of purchases of $500,000 or more. Commissions on such Class A investments (other than IRA rollover assets that roll over at no sales charge under the fund’s IRA rollover policy as described in the prospectus) are paid to dealers at the following rates: 0.75% on amounts of at least $500,000 but less than $10 million, 0.50% on amounts of at least $10 million but less than $25 million and 0.25% on amounts of at least $25 million.

In the case of Class A-2 shares, commissions of 1.00% are paid on purchases that consist of purchases of $250,000 or more.

Commissions are based on cumulative investments over the life of the account with no adjustment for redemptions, transfers, or market declines. For example, if a shareholder has accumulated investments in Class A shares in excess of $10 million (but less than $25 million) and subsequently redeems all or a portion of the account(s), purchases following the redemption will generate a dealer commission of 0.50%.

Sales charge reductions and waivers

Reducing your Class A or Class A-2 sales charge — As described in the prospectus, there are various ways to reduce your sales charge when purchasing Class A or Class A-2 shares. Additional information about Class A or Class A-2 sales charge reductions is provided below.

Statement of intention — By establishing a statement of intention (the "Statement"), you enter into a nonbinding commitment to purchase eligible shares of certain funds over a 13-month period and receive the same sales charge (expressed as a percentage of your purchases) as if all shares had been purchased at once, unless the Statement is upgraded as described below. With respect to Class A sales charges, a statement of intention may include eligible shares of all Capital Group Funds (excluding American Funds U.S. Government Money Market Fund). In the case of Class A-2 sales charges, a statement of intention may only include eligible shares of the PPS Funds.

The Statement period starts on the date on which your first purchase made toward satisfying the Statement is processed. Your accumulated holdings (as described in the paragraph below titled “Rights of accumulation”) eligible to be aggregated as of the day immediately before the start of the Statement period may be credited toward satisfying the Statement.

You may revise the commitment you have made in your Statement upward at any time during the Statement period. If your prior commitment has not been met by the time of the revision, the Statement period during which purchases must be made will remain unchanged. Purchases made from the date of the revision will receive the reduced sales charge, if any, resulting from the revised Statement. If your prior commitment has been met by the time of the revision, your original Statement will be considered met and a new Statement will be established.

The Statement will be considered completed if the shareholder dies within the 13-month Statement period. Commissions to dealers will not be adjusted or paid on the difference between the Statement amount and the amount actually invested before the shareholder’s death.

When a shareholder elects to use a Statement, shares equal to 5% of the dollar amount specified in the Statement may be held in escrow in the shareholder’s account out of the initial purchase (or subsequent purchases, if necessary) by the Transfer Agent. All dividends and any capital gain distributions on shares held in escrow will be credited to the shareholder’s account in shares (or paid in cash, if requested). If the intended investment is not completed within the specified Statement period the investments made during the statement period will be adjusted to reflect the difference between the sales charge actually paid and the sales charge which would have been paid if the total of such purchases had been made at a single time. Any dealers assigned to the shareholder’s account at the time a purchase was made during the Statement period will receive a corresponding commission adjustment if appropriate.

In addition, if you currently have individual holdings in American Legacy variable annuity contracts or variable life insurance policies that were established on or before March 31, 2007, you may continue to apply purchases under such contracts and policies to a Statement.

Shareholders purchasing shares at a reduced sales charge under a Statement indicate their acceptance of these terms and those in the prospectus with their first purchase.

The Statement period may be extended in cases where the fund’s distributor determines it is appropriate to do so; for example in periods when there are extenuating circumstances such as a natural disaster that may limit an individual's ability to meet the investment required under the Statement.

Aggregation — Class A sales charges may be reduced by combining all of your investments in PPS Funds or the American Funds. Class A-2 sales charges may be reduced by combining your investments in PPS Funds only. Solely with respect to Class A shares, qualifying investments for aggregation include purchases of eligible classes of shares of the Capital Group Funds made by you and your "immediate family" as defined in the prospectus, if all parties are purchasing shares for their own accounts and/or:

· individual-type employee benefit plans, such as an IRA, single-participant Keogh-type plan, or a participant account of a 403(b) plan that is treated as an individual-type plan for sales charge purposes;

· SEP and SIMPLE IRA accounts in plans established after November 15, 2004, by an employer adopting any plan document other than a prototype plan produced by Capital Client Group, Inc. or an affiliate;

· business accounts solely controlled by you or your immediate family (for example, you own the entire business);

· trust accounts established by you or your immediate family (for trusts with only one primary beneficiary, upon the trustor's death the trust account may be aggregated with such beneficiary's own accounts; for trusts with multiple primary beneficiaries, upon the trustor's death the trustees of the trust may instruct American Funds Service Company to establish separate trust accounts for each primary beneficiary; each primary beneficiary's separate trust account may then be aggregated with such beneficiary's own accounts); or

· endowments or foundations established and controlled by you or your immediate family.

Individual purchases by a trustee(s) or other fiduciary(ies) may also be aggregated if the investments are:

· for a single trust estate or fiduciary account, including employee benefit plans other than the individual-type employee benefit plans described above;

· made for two or more employee benefit plans of a single employer or of affiliated employers as defined in the 1940 Act, excluding the individual-type employee benefit plans described above;

· for a diversified common trust fund or other diversified pooled account not specifically formed for the purpose of accumulating fund shares; or

· for nonprofit, charitable or educational organizations, or any endowments or foundations established and controlled by such organizations, or any employer-sponsored retirement plans established for the benefit of the employees of such organizations, their endowments, or their foundations.

Purchases made for nominee or street name accounts (securities held in the name of an investment dealer or another nominee such as a bank trust department instead of the customer) may not be aggregated with those made for other accounts and may not be aggregated with other nominee or street name accounts unless otherwise qualified as described above.

Joint accounts may be aggregated with other accounts belonging to the primary owner and/or his or her immediate family. The primary owner of a joint account is the individual responsible for taxes on the account.

Concurrent purchases — As described in the prospectus, you may reduce your Class A sales charge by combining simultaneous purchases of all eligible classes of shares in Capital Group Funds. Shares of American Funds U.S. Government Money Market Fund purchased through an exchange, reinvestment or cross-reinvestment from a fund having a sales charge also qualify. However, direct purchases of American Funds U.S. Government Money Market Fund Class A shares are excluded. If you currently have individual holdings in American Legacy variable annuity contracts or variable life insurance policies that were established on or before March 31, 2007, you may continue to combine purchases made under such contracts and policies to reduce your Class A sales charge.

Class A-2 sales charge may be reduced by combining simultaneous purchases of all eligible classes of shares in the PPS Funds (but not the American Funds or Emerging Markets Equities Fund, Inc.).

Rights of accumulation — Subject to the limitations described in the aggregation policy, you may take into account your accumulated holdings in all eligible share classes of Capital Group Funds to determine your Class A sales charge on investments in accounts eligible to be aggregated. Direct purchases of American Funds U.S. Government Money Market Fund Class A shares are excluded. Subject to your investment dealer’s or recordkeeper’s capabilities, your accumulated holdings will be calculated as the higher of (*a*) the current value of your existing holdings (the “market value”) as of the day prior to your Capital Group Funds investment or (*b*) the amount you invested (including reinvested dividends and capital gains, but excluding capital appreciation) less any withdrawals (the “cost value”). Depending on the entity on whose books your account is held, the value of your holdings in that account may not be eligible for calculation at cost value. For example, accounts held in nominee or street name may not be eligible for calculation at cost value and instead may be calculated at market value for purposes of rights of accumulation.

Notwithstanding the foregoing, Class A-2 sales charges may be reduced by combining your accumulated holdings of all classes of shares in the PPS Funds (but not the American Funds or Emerging Markets Equities Fund, Inc.).

The value of all of your holdings in accounts established in calendar year 2005 or earlier will be assigned an initial cost value equal to the market value of those holdings as of the last business day of 2005. Thereafter, the cost value of such accounts will increase or decrease according to actual investments or withdrawals.

You must contact your financial professional or American Funds Service Company if you have additional information that is relevant to the calculation of the value of your holdings.

When determining your Class A sales charge, if your investment is not in an employer-sponsored retirement plan, you may also continue to take into account the market value (as of the day prior to your Capital Group Funds investment) of your individual holdings in various American Legacy variable annuity contracts and variable life insurance policies that were established on or before March 31, 2007. An employer-sponsored retirement plan may also continue to take into account the market value of its investments in American Legacy Retirement Investment Plans that were established on or before March 31, 2007.

If you make a gift of Class A shares, upon your request, you may purchase the shares at the sales charge discount allowed under rights of accumulation of all of your Capital Group Funds and applicable American Legacy accounts.

CDSC waivers for Class A shares — As noted in the prospectus, a contingent deferred sales charge ("CDSC") will be waived for repurchases due to death or post-purchase disability of a shareholder (this generally excludes accounts registered in the names of trusts and other entities). In the case of joint tenant accounts, if one joint tenant dies, a surviving joint tenant, at the time he or she notifies the Transfer Agent of the other joint tenant's death and removes the decedent's name from the account, may redeem shares from the account without incurring a CDSC. Repurchases made after the Transfer Agent is notified of the death of a joint tenant will be subject to a CDSC.

In addition, a CDSC will be waived for required minimum distributions taken from retirement accounts in accordance with IRS regulations, if they do not exceed 12% of the value of an "account" (defined below) annually (the "12% limit"). For purposes of this paragraph, "account" means your investment in the applicable class of shares of the particular fund from which you are making the redemption.

The CDSC on Class A shares may be waived in cases where the fund's transfer agent determines the benefit to the fund of collecting the CDSC would be outweighed by the cost of applying it.

CDSC waivers are allowed only in the cases listed here and in the prospectus.

Repurchase of shares

The fund makes quarterly offers to repurchase between 5% and 25% of its outstanding shares at net asset value. The fund currently expects to offer to repurchase 10% of its outstanding shares, subject to approval of the Board. Notices of each repurchase offer are sent to shareholders at least 21 days before the “Repurchase Request Deadline” (i.e., the date by which shareholders must request that their shares be repurchased).

The section titled “Periodic repurchase offers” in the fund’s prospectus discusses the type and timing of notice for repurchase offers, the effects of oversubscribed repurchase offers, the determination of the repurchase price, payment by the fund for shares requested to be repurchased, the consequences of repurchase offers and other details regarding repurchase offers, including associated risks. The fund’s fundamental policy with respect to repurchase offers is discussed in this statement of additional information under “Fund policies."

Repurchases generally are funded from available cash, cash from the sale of Shares or sales of portfolio securities. While the fund does not currently intend to fund repurchases with borrowings in the normal course, it may borrow for temporary and extraordinary purposes, including to fund repurchases. Under the requirements of the 1940 Act, the aggregate amount of the fund’s borrowings will be limited to one third of the total assets of the fund on an aggregate basis, immediately after such borrowings. The fees and expenses of borrowings will be borne entirely by fund shareholders and will reduce the investment return of the shares as well as any net investment income.

A signature guarantee may be required for certain requests for repurchase. In such an event, your signature may be guaranteed by a domestic stock exchange or the Financial Industry Regulatory Authority, bank, savings association or credit union that is an eligible guarantor institution. The Transfer Agent reserves the right to require a signature guarantee on any such requests for repurchase.

Additional documentation may be required for sales of shares held in corporate, partnership or fiduciary accounts. You must include with your written request any shares you wish to have repurchased that are in certificate form.

If you hold multiple funds and a CDSC applies to the shares you are requesting to be repurchased, the CDSC will be calculated based on the applicable class of shares of the particular fund from which you are making such request.

Shareholder account services and privileges

The following services and privileges are generally available to all shareholders. However, certain services and privileges described in the prospectus and this statement of additional information may not be available if your account is held with an investment dealer or through an employer-sponsored retirement plan.

Automatic investment plan — An automatic investment plan enables you to make monthly or quarterly investments in the PPS Funds or American Funds through automatic debits from your bank account. To set up a plan, you must fill out an account application and specify the amount that you would like to invest and the date on which you would like your investments to occur. The plan will begin within 30 days after your account application is received. Your bank account will be debited on the day or a few days before your investment is made, depending on the bank's capabilities. The Transfer Agent will then invest your money into the fund you specified on or around the date you specified. If the date you specified falls on a weekend or holiday, your money will be invested on the following business day. However, if the following business day falls in the next month, your money will be invested on the business day immediately preceding the weekend or holiday. If your bank account cannot be debited due to insufficient funds, a stop-payment or the closing of the account, the plan may be terminated and the related investment reversed. You may change the amount of the investment or discontinue the plan at any time by contacting the Transfer Agent.

Cross-reinvestment of dividends and distributions — For all share classes, you may cross-reinvest dividends and capital gains (distributions) into other funds in the same share class at net asset value, subject to the following conditions:

(1) the aggregate value of your account(s) in the fund(s) paying distributions equals or exceeds $5,000 (this is waived if the value of the account in the fund receiving the distributions equals or exceeds that fund's minimum initial investment requirement);

(2) if the value of the account of the fund receiving distributions is below the minimum initial investment requirement, distributions must be automatically reinvested; and

(3) if you discontinue the cross-reinvestment of distributions, the value of the account of the fund receiving distributions must equal or exceed the minimum initial investment requirement. If you do not meet this requirement within 90 days of notification, the fund has the right to automatically redeem the account.

Depending on the financial intermediary holding your account, your reinvestment privileges may be unavailable or differ from those described in this statement of additional information. Investors should consult their financial intermediary for further information.

Automatic exchanges — For all share classes, you may automatically exchange shares of the same class in amounts of $50 or more among any Capital Group Funds. Such exchanges shall be permitted only in connection with the fund's periodic repurchase offers.

Account statements — Your account is opened in accordance with your registration instructions. Transactions in the account, such as additional investments, will be reflected on regular confirmation statements from the Transfer Agent. Dividend and capital gain reinvestments, purchases through automatic investment plans and certain retirement plans, as well as automatic exchanges, will be confirmed at least quarterly.

American Funds Service Company and capitalgroup.com — You may check your share balance, the price of your shares or your most recent account transaction; or exchange shares by calling American

Funds Service Company at (800) 421-4225 or using capitalgroup.com. Repurchases and exchanges through American Funds Service Company and capitalgroup.com are subject to the conditions noted above and in “Telephone and Internet purchases, repurchases and exchanges” below. You will need your fund number (see the list of American Funds under the “General information — fund numbers” section in this statement of additional information), personal identification number (generally the last four digits of your Social Security number or other tax identification number associated with your account) and account number.

Generally, all shareholders are automatically eligible to use these services. However, if you are not currently authorized to do so, please contact American Funds Service Company for assistance. Once you establish this privilege, you, your financial professional or any person with your account information may use these services.

Telephone and Internet purchases, repurchases and exchanges — By using the telephone or the Internet (including capitalgroup.com), or fax purchase, redemption and/or exchange options, you agree to hold the fund, the investment adviser, the sub-adviser, the Transfer Agent, any of its affiliates or mutual funds managed by such affiliates, and each of their respective directors, trustees, officers, employees and agents harmless from any losses, expenses, costs or liabilities (including attorney fees) that may be incurred in connection with the exercise of these privileges. Generally, all shareholders are automatically eligible to use these services. However, you may elect to opt out of these services by writing the Transfer Agent (you may also reinstate them at any time by writing the Transfer Agent). If the Transfer Agent does not employ reasonable procedures to confirm that the instructions received from any person with appropriate account information are genuine, it and/or the fund may be liable for losses due to unauthorized or fraudulent instructions. In the event that shareholders are unable to reach the fund by telephone because of technical difficulties, market conditions or a natural disaster, repurchase and exchange requests may be made in writing only.

Share certificates — Shares are credited to your account. The fund does not issue share certificates.

General information

Custodian of assets — Securities and cash owned by the fund, including proceeds from the sale of shares of the fund and of securities in the fund's portfolio, are held by The Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286, as custodian. If the fund holds securities of issuers outside the United States, the custodian may hold these securities pursuant to subcustodial arrangements in banks outside the United States or branches of U.S. banks outside the United States.

Transfer agent services — American Funds Service Company, a wholly owned subsidiary of the investment adviser, maintains the records of shareholder accounts, processes purchases and repurchases of the fund's shares, acts as dividend and capital gain distribution disbursing agent, and performs other related shareholder service functions. The principal office of American Funds Service Company is located at 6455 Irvine Center Drive, Irvine, CA 92618. Transfer agent fees are paid according to a fee schedule, based on the number of accounts serviced or a percentage of fund assets, contained in a Shareholder Services Agreement between the fund and American Funds Service Company.

In the case of certain shareholder accounts, third parties who may be unaffiliated with the investment adviser provide transfer agency and shareholder services in place of American Funds Service Company. These services are rendered under agreements with American Funds Service Company or its affiliates and the third parties receive compensation according to such agreements. Compensation for transfer agency and shareholder services, whether paid to American Funds Service Company or such third parties, is ultimately paid from fund assets and is reflected in the expenses of the fund as disclosed in the prospectus.

For the period from April 24, 2025 (seeding date) to December 31, 2025, transfer agent fees, gross of any payments made by American Funds Service Company to third parties, were:

	Transfer agent fee
Class A	$ 2,000
Class A-2	—[1]
Class A-3[2]	—[1]
Class F-2	8,000
Class F-3	2,000
Class R-6	—[1]

[1] Amount less than $1,000.

[2] Class A-3 began investment operations on September 2, 2025.

Independent registered public accounting firm — Deloitte & Touche LLP ("D&T"), 695 Town Center Drive, Costa Mesa, CA 92626, serves as the fund's independent registered public accounting firm, providing audit services and review of certain documents to be filed with the SEC. Deloitte Tax LLP prepares tax returns for the fund. The financial statements and financial highlights of the fund included in this statement of additional information that are from the fund's Form N-CSR for the most recent fiscal year have been audited by D&T, an independent registered public accounting firm, as stated in their report appearing herein. Such financial statements are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The selection of the fund's independent registered public accounting firm is reviewed and determined annually by the board of trustees.

Legal counsel — Stradley Ronon Stevens & Young, LLP, 100 Park Avenue, Suite 2000, New York, NY 10017, serves as legal counsel for the fund.

Prospectuses, reports to shareholders and proxy statements — The fund's fiscal year ends on December 31. A registration statement on Form N-2 relating to the Shares offered hereby, has been filed by the fund with the SEC. The prospectus and this statement of additional information do not contain all of the information set forth in the registration statement, including any exhibits and schedules thereto. For further information with respect to the fund and the Shares offered hereby, reference is made to the registration statement. A copy of the registration statement may be reviewed on the EDGAR database on the SEC's website at http://www.sec.gov. Prospective investors can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address (publicinfo@sec.gov). Shareholders may request a copy of the fund's current prospectus at no cost by calling (800) 421-4225 or by sending an email request to prospectus@americanfunds.com.

Shareholders may also access the fund's current prospectus, statement of additional information and shareholder reports at capitalgroup.com/prospectus. The fund's annual financial statements are audited by the fund's independent registered public accounting firm, D&T. In addition, shareholders may also receive proxy statements for the fund. In an effort to reduce the volume of mail shareholders receive from the fund when a household owns more than one account, the Transfer Agent has taken steps to eliminate duplicate mailings of shareholder reports and proxy statements. To receive additional copies of a report or proxy statement, shareholders should contact the Transfer Agent.

Shareholders may also elect to receive annual reports and semi-annual reports electronically by signing up for electronic delivery on our website, capitalgroup.com. Shareholders who elect to receive documents electronically will receive such documents in electronic form and will not receive documents in paper form by mail. A shareholder who elects electronic delivery is able to cancel this service at any time and return to receiving updated summary prospectuses and other reports in paper form by mail.

Prospectuses, annual reports and semi-annual reports that are mailed to shareholders by the Capital Group organization are printed with ink containing soy and/or vegetable oil on paper containing recycled fibers.

Codes of ethics — The fund and Capital Research and Management Company and its affiliated companies, including the fund's Principal Underwriter, have adopted codes of ethics that allow for personal investments, including securities in which the fund may invest from time to time. These codes include a ban on acquisitions of securities pursuant to an initial public offering; restrictions on acquisitions of private placement securities; preclearance and reporting requirements; review of duplicate confirmation statements; annual recertification of compliance with codes of ethics; blackout periods on personal investing for certain investment personnel; ban on short-term trading profits for investment personnel; limitations on service as a director of publicly traded companies; disclosure of personal securities transactions; and policies regarding political contributions.

The sub-adviser also adopted codes of ethics that establish procedures for personal investments and restrict certain personal securities transactions. Personnel subject to these codes may invest in securities for their personal investment accounts, including securities that may be purchased or held by the fund, so long as such investments are made in accordance with the code's requirements.

The code of ethics is available on the EDGAR Database on the SEC's website at http://www.sec.gov. You may also obtain copies of each code of ethics, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

Other information — The fund reserves the right to modify the privileges described in this statement of additional information at any time.

The fund's financial statements, including the investment portfolio and the report of the fund's independent registered public accounting firm contained in the fund's Form N-CSR, are included in this statement of additional information.

Fund numbers — Here are the fund numbers for use when making share transactions:

Fund	Fund numbers							
	Class A	**Class A-2**	**Class A-3**	**Class C**	**Class T**	**Class F-1**	**Class F-2**	**Class F-3**
Stock and stock/fixed income funds								
AMCAP Fund®	002	N/A	N/A	302	43002	402	602	702
American Balanced Fund®	011	N/A	N/A	311	43011	411	611	711
American Funds® Developing World Growth and Income Fund	30100	N/A	N/A	33100	43100	34100	36100	37100
American Funds® Global Balanced Fund	037	N/A	N/A	337	43037	437	637	737
American Funds® Global Insight Fund	30122	N/A	N/A	33122	43122	34122	36122	37122
American Funds® International Vantage Fund	30123	N/A	N/A	33123	43123	34123	36123	37123
American Mutual Fund®	003	N/A	N/A	303	43003	403	603	703
Capital Group KKR U.S. Equity+	30402	39402	61402	N/A	N/A	N/A	36402	37402
Capital Income Builder®	012	N/A	N/A	312	43012	412	612	712
Capital World Growth and Income Fund®	033	N/A	N/A	333	43033	433	633	733
EUPAC Fund™	016	N/A	N/A	316	43016	416	616	716
Fundamental Investors®	010	N/A	N/A	310	43010	410	610	710
The Growth Fund of America®	005	N/A	N/A	305	43005	405	605	705
The Income Fund of America®	006	N/A	N/A	306	43006	406	606	706
International Growth and Income Fund	034	N/A	N/A	334	43034	434	634	734
The Investment Company of America®	004	N/A	N/A	304	43004	404	604	704
The New Economy Fund®	014	N/A	N/A	314	43014	414	614	714
New Perspective Fund®	007	N/A	N/A	307	43007	407	607	707
New World Fund®	036	N/A	N/A	336	43036	436	636	736
SMALLCAP World Fund®	035	N/A	N/A	335	43035	435	635	735
Washington Mutual Investors Fund	001	N/A	N/A	301	43001	401	601	701
Fixed income funds								
American Funds® Core Plus Bond Fund	30410	N/A	N/A	33410	N/A	34410	36410	37410
American Funds Emerging Markets Bond Fund ®	30114	N/A	N/A	33114	43114	34114	36114	37114
American Funds Corporate Bond Fund ®	032	N/A	N/A	332	43032	432	632	732
American Funds Inflation Linked Bond Fund®	060	N/A	N/A	360	43060	460	660	760
American Funds Mortgage Fund®	042	N/A	N/A	342	43042	442	642	742
American Funds® Multi-Sector Income Fund	30126	N/A	N/A	33126	43126	34126	36126	37126
American Funds Short-Term Tax-Exempt Bond Fund®	039	N/A	N/A	N/A	43039	439	639	739
American Funds® Strategic Bond Fund	30112	N/A	N/A	33112	43112	34112	36112	37112
American Funds Tax-Exempt Fund of New York®	041	N/A	N/A	341	43041	441	641	741
American High-Income Municipal Bond Fund®	040	N/A	N/A	340	43040	440	640	740
American High-Income Trust®	021	N/A	N/A	321	43021	421	621	721
The Bond Fund of America®	008	N/A	N/A	308	43008	408	608	708
Capital Group KKR Core Plus+	30400	39400	61400	N/A	N/A	N/A	36400	37400
Capital Group KKR Multi-Sector+	30401	39401	61401	N/A	N/A	N/A	36401	37401
Capital World Bond Fund®	031	N/A	N/A	331	43031	431	631	731
Intermediate Bond Fund of America®	023	N/A	N/A	323	43023	423	623	723
Limited Term Tax-Exempt Bond Fund of America®	043	N/A	N/A	343	43043	443	643	743
Short-Term Bond Fund of America®	048	N/A	N/A	348	43048	448	648	748
The Tax-Exempt Bond Fund of America®	019	N/A	N/A	319	43019	419	619	719
The Tax-Exempt Fund of California®	020	N/A	N/A	320	43020	420	620	720
U.S. Government Securities Fund®	022	N/A	N/A	322	43022	422	622	722

Fund	Fund numbers							
	Class A	**Class A-2**	**Class A-3**	**Class C**	**Class T**	**Class F-1**	**Class F-2**	**Class F-3**
Money market fund								
American Funds® U.S. Government Money Market Fund	059	N/A	N/A	359	43059	459	659	759

Fund	Fund numbers								
	Class 529-A	**Class 529-C**	**Class 529-E**	**Class 529-T**	**Class 529-F-1**	**Class 529-F-2**	**Class 529-F-3**	**Class ABLE-A**	**Class ABLE-F-2**
Stock and stock/fixed income funds									
AMCAP Fund	1002	1302	1502	46002	1402	1602	1702	N/A	N/A
American Balanced Fund	1011	1311	1511	46011	1411	1611	1711	N/A	N/A
American Funds Developing World Growth and Income Fund	10100	13100	15100	46100	14100	16100	17100	N/A	N/A
American Funds Global Balanced Fund	1037	1337	1537	46037	1437	1637	1737	N/A	N/A
American Funds Global Insight Fund	10122	13122	15122	46122	14122	16122	17122	N/A	N/A
American Funds International Vantage Fund	10123	13123	15123	46123	14123	16123	17123	N/A	N/A
American Mutual Fund	1003	1303	1503	46003	1403	1603	1703	N/A	N/A
Capital Income Builder	1012	1312	1512	46012	1412	1612	1712	N/A	N/A
Capital World Growth and Income Fund	1033	1333	1533	46033	1433	1633	1733	N/A	N/A
EUPAC Fund	1016	1316	1516	46016	1416	1616	1716	N/A	N/A
Fundamental Investors	1010	1310	1510	46010	1410	1610	1710	N/A	N/A
The Growth Fund of America	1005	1305	1505	46005	1405	1605	1705	N/A	N/A
The Income Fund of America	1006	1306	1506	46006	1406	1606	1706	N/A	N/A
International Growth and Income Fund	1034	1334	1534	46034	1434	1634	1734	N/A	N/A
The Investment Company of America	1004	1304	1504	46004	1404	1604	1704	N/A	N/A
The New Economy Fund	1014	1314	1514	46014	1414	1614	1714	N/A	N/A
New Perspective Fund	1007	1307	1507	46007	1407	1607	1707	N/A	N/A
New World Fund	1036	1336	1536	46036	1436	1636	1736	N/A	N/A
SMALLCAP World Fund	1035	1335	1535	46035	1435	1635	1735	N/A	N/A
Washington Mutual Investors Fund	1001	1301	1501	46001	1401	1601	1701	N/A	N/A
Fixed income funds									
American Funds® Core Plus Bond Fund	10410	13410	15410	N/A	14410	16410	17410	N/A	N/A
American Funds Emerging Markets Bond Fund	10114	13114	15114	46114	14114	16114	17114	N/A	N/A
American Funds Corporate Bond Fund	1032	1332	1532	46032	1432	1632	1732	N/A	N/A
American Funds Inflation Linked Bond Fund	1060	1360	1560	46060	1460	1660	1760	N/A	N/A
American Funds Mortgage Fund	1042	1342	1542	46042	1442	1642	1742	N/A	N/A
American Funds Multi-Sector Income Fund	10126	13126	15126	46126	14126	16126	17126	N/A	N/A
American Funds Strategic Bond Fund	10112	13112	15112	46112	14112	16112	17112	N/A	N/A
American High-Income Trust	1021	1321	1521	46021	1421	1621	1721	N/A	N/A
The Bond Fund of America	1008	1308	1508	46008	1408	1608	1708	N/A	N/A
Capital World Bond Fund	1031	1331	1531	46031	1431	1631	1731	N/A	N/A
Intermediate Bond Fund of America	1023	1323	1523	46023	1423	1623	1723	N/A	N/A
Short-Term Bond Fund of America	1048	1348	1548	46048	1448	1648	1748	N/A	N/A
U.S. Government Securities Fund	1022	1322	1522	46022	1422	1622	1722	N/A	N/A
Money market fund									
American Funds U.S. Government Money Market Fund	1059	1359	1559	46059	1459	1659	1759	48059	60059

Fund	Fund numbers							
	Class R-1	**Class R-2**	**Class R-2E**	**Class R-3**	**Class R-4**	**Class R-5E**	**Class R-5**	**Class R-6**
Stock and stock/fixed income funds								
AMCAP Fund	2102	2202	4102	2302	2402	2702	2502	2602
American Balanced Fund	2111	2211	4111	2311	2411	2711	2511	2611
American Funds Developing World Growth and Income Fund	21100	22100	41100	23100	24100	27100	25100	26100
American Funds Global Balanced Fund	2137	2237	4137	2337	2437	2737	2537	2637
American Funds Global Insight Fund	21122	22122	41122	23122	24122	27122	25122	26122
American Funds International Vantage Fund	21123	22123	41123	23123	24123	27123	25123	26123
American Mutual Fund	2103	2203	4103	2303	2403	2703	2503	2603
Capital Group KKR U.S. Equity+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26402
Capital Income Builder	2112	2212	4112	2312	2412	2712	2512	2612
Capital World Growth and Income Fund	2133	2233	4133	2333	2433	2733	2533	2633
EUPAC Fund	2116	2216	4116	2316	2416	2716	2516	2616
Fundamental Investors	2110	2210	4110	2310	2410	2710	2510	2610
The Growth Fund of America	2105	2205	4105	2305	2405	2705	2505	2605
The Income Fund of America	2106	2206	4106	2306	2406	2706	2506	2606
International Growth and Income Fund	2134	2234	41034	2334	2434	27034	2534	2634
The Investment Company of America	2104	2204	4104	2304	2404	2704	2504	2604
The New Economy Fund	2114	2214	4114	2314	2414	2714	2514	2614
New Perspective Fund	2107	2207	4107	2307	2407	2707	2507	2607
New World Fund	2136	2236	4136	2336	2436	2736	2536	2636
SMALLCAP World Fund	2135	2235	4135	2335	2435	2735	2535	2635
Washington Mutual Investors Fund	2101	2201	4101	2301	2401	2701	2501	2601
Fixed income funds								
American Funds® Core Plus Bond Fund	21410	22410	41410	23410	24410	27410	25410	26410
American Funds Emerging Markets Bond Fund	21114	22114	41114	23114	24114	27114	25114	26114
American Funds Corporate Bond Fund	2132	2232	4132	2332	2432	2732	2532	2632
American Funds Inflation Linked Bond Fund	2160	2260	4160	2360	2460	2760	2560	2660
American Funds Mortgage Fund	2142	2242	4142	2342	2442	2742	2542	2642
American Funds Multi-Sector Income Fund	21126	22126	41126	23126	24126	27126	25126	26126
American Funds Strategic Bond Fund	21112	22112	41112	23112	24112	27112	25112	26112
American High-Income Trust	2121	2221	4121	2321	2421	2721	2521	2621
The Bond Fund of America	2108	2208	4108	2308	2408	2708	2508	2608
Capital Group KKR Core Plus+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26400
Capital Group KKR Multi-Sector+	N/A	N/A	N/A	N/A	N/A	N/A	N/A	26401
Capital World Bond Fund	2131	2231	4131	2331	2431	2731	2531	2631
Intermediate Bond Fund of America	2123	2223	4123	2323	2423	2723	2523	2623
Short-Term Bond Fund of America	2148	2248	4148	2348	2448	2748	2548	2648
U.S. Government Securities Fund	2122	2222	4122	2322	2422	2722	2522	2622
Money market fund								
American Funds U.S. Government Money Market Fund	2159	2259	4159	2359	2459	2759	2559	2659

Fund	Fund numbers					
	Class A	Class C	Class T	Class F-1	Class F-2	Class F-3
American Funds Target Date Retirement Series®						
American Funds® 2070 Target Date Retirement Fund	30187	33187	43187	34187	36187	37187
American Funds® 2065 Target Date Retirement Fund	30185	33185	43185	34185	36185	37185
American Funds 2060 Target Date Retirement Fund®	083	383	43083	483	683	783
American Funds 2055 Target Date Retirement Fund®	082	382	43082	482	682	782
American Funds 2050 Target Date Retirement Fund®	069	369	43069	469	669	769
American Funds 2045 Target Date Retirement Fund®	068	368	43068	468	668	768
American Funds 2040 Target Date Retirement Fund®	067	367	43067	467	667	767
American Funds 2035 Target Date Retirement Fund®	066	366	43066	466	36066	766
American Funds 2030 Target Date Retirement Fund®	065	365	43065	465	665	765
American Funds® 2025 Target Date Retirement Income Fund	064	364	43064	464	664	764
American Funds® 2020 Target Date Retirement Income Fund	063	363	43063	463	663	763
American Funds® 2015 Target Date Retirement Income Fund	062	362	43062	462	662	762
American Funds® 2010 Target Date Retirement Income Fund	061	361	43061	461	661	761

Fund	Fund numbers							
	Class R-1	**Class R-2**	**Class R-2E**	**Class R-3**	**Class R-4**	**Class R-5E**	**Class R-5**	**Class R-6**
American Funds Target Date Retirement Series®								
American Funds 2070 Target Date Retirement Fund	21187	22187	41187	23187	24187	27187	25187	26187
American Funds 2065 Target Date Retirement Fund	21185	22185	41185	23185	24185	27185	25185	26185
American Funds 2060 Target Date Retirement Fund	2183	2283	4183	2383	2483	2783	2583	2683
American Funds 2055 Target Date Retirement Fund	2182	2282	4182	2382	2482	2782	2582	2682
American Funds 2050 Target Date Retirement Fund	2169	2269	4169	2369	2469	2769	2569	2669
American Funds 2045 Target Date Retirement Fund	2168	2268	4168	2368	2468	2768	2568	2668
American Funds 2040 Target Date Retirement Fund	2167	2267	4167	2367	2467	2767	2567	2667
American Funds 2035 Target Date Retirement Fund	2166	2266	4166	2366	2466	2766	2566	2666
American Funds 2030 Target Date Retirement Fund	2165	2265	4165	2365	2465	2765	2565	2665
American Funds 2025 Target Date Retirement Income Fund	2164	2264	4164	2364	2464	2764	2564	2664
American Funds 2020 Target Date Retirement Income Fund	2163	2263	4163	2363	2463	2763	2563	2663
American Funds 2015 Target Date Retirement Income Fund	2162	2262	4162	2362	2462	2762	2562	2662
American Funds 2010 Target Date Retirement Income Fund	2161	2261	4161	2361	2461	2761	2561	2661

Fund	Fund numbers						
	Class 529-A	**Class 529-C**	**Class 529-E**	**Class 529-T**	**Class 529-F-1**	**Class 529-F-2**	**Class 529-F-3**
American Funds College Target Date Series®							
American Funds® College 2042 Fund	10144	13144	15144	46144	14144	16144	17144
American Funds® College 2039 Fund	10136	13136	15136	46136	14136	16136	17136
American Funds® College 2036 Fund	10125	13125	15125	46125	14125	16125	17125
American Funds College 2033 Fund®	10103	13103	15103	46103	14103	16103	17103
American Funds College 2030 Fund®	1094	1394	1594	46094	1494	1694	1794
American Funds College 2027 Fund®	1093	1393	1593	46093	1493	1693	1793
American Funds College Enrollment Fund®	1088	1388	1588	46088	1488	1688	1788

Fund	Fund numbers					
	Class A	Class C	Class T	Class F-1	Class F-2	Class F-3
American Funds® Portfolio Series						
American Funds® Global Growth Portfolio	055	355	43055	455	655	755
American Funds® Growth Portfolio	053	353	43053	453	653	753
American Funds® Growth and Income Portfolio	051	351	43051	451	651	751
American Funds® Moderate Growth and Income Portfolio	050	350	43050	450	650	750
American Funds® Conservative Growth and Income Portfolio	047	347	43047	447	647	747
American Funds® Tax-Aware Conservative Growth and Income Portfolio	046	346	43046	446	646	746
American Funds® Preservation Portfolio	045	345	43045	445	645	745
American Funds® Tax-Exempt Preservation Portfolio	044	344	43044	444	644	744

Fund	Fund numbers								
	Class 529-A	**Class 529-C**	**Class 529-E**	**Class 529-T**	**Class 529-F-1**	**Class 529-F-2**	**Class 529-F-3**	**Class ABLE-A**	**Class ABLE-F-2**
American Funds Global Growth Portfolio	1055	1355	1555	46055	1455	1655	1755	48055	60055
American Funds Growth Portfolio	1053	1353	1553	46053	1453	1653	1753	48053	60053
American Funds Growth and Income Portfolio	1051	1351	1551	46051	1451	1651	1751	48051	60051
American Funds Moderate Growth and Income Portfolio	1050	1350	1550	46050	1450	1650	1750	48050	60050
American Funds Conservative Growth and Income Portfolio	1047	1347	1547	46047	1447	1647	1747	48047	60047
American Funds Tax-Aware Conservative Growth and Income Portfolio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
American Funds Preservation Portfolio	1045	1345	1545	46045	1445	1645	1745	48045	60045
American Funds Tax-Exempt Preservation Portfolio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fund	Fund numbers							
	Class R-1	**Class R-2**	**Class R-2E**	**Class R-3**	**Class R-4**	**Class R-5E**	**Class R-5**	**Class R-6**
American Funds Global Growth Portfolio	2155	2255	4155	2355	2455	2755	2555	2655
American Funds Growth Portfolio	2153	2253	4153	2353	2453	2753	2553	2653
American Funds Growth and Income Portfolio	2151	2251	4151	2351	2451	2751	2551	2651
American Funds Moderate Growth and Income Portfolio	2150	2250	4150	2350	2450	2750	2550	2650
American Funds Conservative Growth and Income Portfolio	2147	2247	4147	2347	2447	2747	2547	2647
American Funds Tax-Aware Conservative Growth and Income Portfolio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
American Funds Preservation Portfolio	2145	2245	4145	2345	2445	2745	2545	2645
American Funds Tax-Exempt Preservation Portfolio	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Fund	Fund numbers					
	Class A	Class C	Class T	Class F-1	Class F-2	Class F-3
American Funds® Retirement Income Portfolio Series						
American Funds® Retirement Income Portfolio – Conservative	30109	33109	43109	34109	36109	37109
American Funds® Retirement Income Portfolio – Moderate	30110	33110	43110	34110	36110	37110
American Funds® Retirement Income Portfolio – Enhanced	30111	33111	43111	34111	36111	37111

Fund	Fund numbers							
	Class R-1	**Class R-2**	**Class R-2E**	**Class R-3**	**Class R-4**	**Class R-5E**	**Class R-5**	**Class R-6**
American Funds Retirement Income Portfolio – Conservative	21109	22109	41109	23109	24109	27109	25109	26109
American Funds Retirement Income Portfolio – Moderate	21110	22110	41110	23110	24110	27110	25110	26110
American Funds Retirement Income Portfolio – Enhanced	21111	22111	41111	23111	24111	27111	25111	26111

Appendix

The following descriptions of debt security ratings are based on information provided by Moody's Investors Service, S&P Global Ratings and Fitch Ratings, Inc.

Description of bond ratings

Moody's
Long-term rating scale

Aaa
Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk.

Aa
Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A
Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa
Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

Ba
Obligations rated Ba are judged to be speculative and are subject to substantial credit risk.

B
Obligations rated B are considered speculative and are subject to high credit risk.

Caa
Obligations rated Caa are judged to be speculative and of poor standing and are subject to very high credit risk.

Ca
Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C
Obligations rated C are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. Additionally, a "(hyb)" indicator is appended to all ratings of hybrid securities issued by banks, insurers, finance companies and securities firms.

S&P Global Ratings
Long-term issue credit ratings

AAA
An obligation rated AAA has the highest rating assigned by S&P Global Ratings. The obligor's capacity to meet its financial commitments on the obligation is extremely strong.

AA
An obligation rated AA differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitments on the obligation is very strong.

A
An obligation rated A is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

BBB
An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

BB, B, CCC, CC, and C

Obligations rated BB, B, CCC, CC, and C are regarded as having significant speculative characteristics. BB indicates the least degree of speculation and C the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB
An obligation rated BB is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

B
An obligation rated B is more vulnerable to nonpayment than obligations rated BB, but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

CCC
An obligation rated CCC is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.

CC
An obligation rated CC is currently highly vulnerable to nonpayment. The CC rating is used when a default has not occurred, but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

C
An obligation rated C is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

D
An obligation rated D is in default or in breach of an imputed promise. For non-hybrid capital instruments, the D rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within the next five business days in the absence of a stated grace period or within the earlier of the stated grace period or the next 30 calendar days. The D rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to D if it is subject to a distressed debt restructuring.

Plus (+) or minus (–)

The ratings from AA to CCC may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

NR

Indicates that a rating has not been assigned or is no longer assigned.

Fitch Ratings, Inc.
Long-term credit ratings

AAA
Highest credit quality. AAA ratings denote the lowest expectation of default risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA
Very high credit quality. AA ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A
High credit quality. A ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

BBB
Good credit quality. BBB ratings indicate that expectations of default risk are low. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity.

BB
Speculative. BB ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists which supports the servicing of financial commitments.

B
Highly speculative. B ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

CCC
Substantial credit risk. Default is a real possibility.

CC
Very high levels of credit risk. Default of some kind appears probable.

C
Exceptionally high levels of credit risk. Default is imminent or inevitable, or the issuer is in standstill. Conditions that are indicative of a C category rating for an issuer include:

· The issuer has entered into a grace or cure period following nonpayment of a material financial obligation;

· The issuer has entered into a temporary negotiated waiver or standstill agreement following a payment default on a material financial obligation; or

· Fitch Ratings otherwise believes a condition of RD or D to be imminent or inevitable, including through the formal announcement of a distressed debt exchange.

RD
Restricted default. RD ratings indicate an issuer that in Fitch Ratings' opinion has experienced an uncured payment default on a bond, loan or other material financial obligation but which has not entered into bankruptcy filings, administration, receivership, liquidation or other formal winding up procedure, and which has not otherwise ceased operating. This would include:

· The selective payment default on a specific class or currency of debt;

· The uncured expiry of any applicable grace period, cure period or default forbearance period following a payment default on a bank loan, capital markets security or other material financial obligation;

· The extension of multiple waivers or forbearance periods upon a payment default on one or more material financial obligations, either in series or in parallel; or

· Execution of a distressed debt exchange on one or more material financial obligations.

D
Default. D ratings indicate an issuer that in Fitch Ratings' opinion has entered into bankruptcy filings, administration, receivership, liquidation or other formal winding up procedure, or which has otherwise ceased business.

Default ratings are not assigned prospectively to entities or their obligations; within this context, nonpayment on an instrument that contains a deferral feature or grace period will generally not be considered a default until after the expiration of the deferral or grace period, unless a default is otherwise driven by bankruptcy or other similar circumstance, or by a distressed debt exchange.

Imminent default typically refers to the occasion where a payment default has been intimated by the issuer, and is all but inevitable. This may, for example, be where an issuer has missed a scheduled payment, but (as is typical) has a grace period during which it may cure the payment default. Another alternative would be where an issuer has formally announced a distressed debt exchange, but the date of the exchange still lies several days or weeks in the immediate future.

In all cases, the assignment of a default rating reflects the agency's opinion as to the most appropriate rating category consistent with the rest of its universe of ratings, and may differ from the definition of default under the terms of an issuer's financial obligations or local commercial practice.

Note: The modifiers "+" or "–" may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the AAA long-term rating category, or to categories below B.

Description of commercial paper ratings

Moody’s

Global short-term rating scale

P-1

Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2

Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3

Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP

Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

S&P Global Ratings

Commercial paper ratings (highest three ratings)

A-1

A short-term obligation rated A-1 is rated in the highest category by S&P Global Ratings. The obligor’s capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitments on these obligations is extremely strong.

A-2

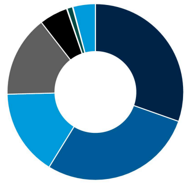
A short-term obligation rated A-2 is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitments on the obligation is satisfactory.

A-3

A short-term obligation rated A-3 exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor's capacity to meet its financial commitments on the obligation.

Investment portfolio December 31, 2025

Portfolio by type of security — Percent of net assets



- Loans 30.41%
- Corporate bonds and notes 28.36%
- Mortgage-backed obligations 15.80%
- Asset-backed obligations 14.92%
- U.S. Treasury bonds & notes 5.19%
- Bonds & notes of governments & government agencies outside the U.S. 0.12%
- Common stock and other investments 0.98%
- Convertible bonds & notes 0.13%
- Options purchased 0.02%
- Short-term securities & other assets less liabilities 4.07%

Portfolio quality summary*	Percent of net assets
U.S. Treasury and agency†	5.19%
AAA/Aaa	1.00
AA/Aa	2.86
A	7.21
BBB/Baa	6.66
Below investment grade	29.04
Unrated	43.97
Short-term securities & other assets less liabilities	4.07

*Bond ratings, which typically range from AAA (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody/s and/or Fitch as an indication of an issuer's creditworthiness. If agency ratings differ, the security will be considered to have received the highest of those ratings, consistent with the fund's investment policies. Securities in the "unrated" category (above) have not been rated by any of the rating agencies noted above; however, the investment adviser or sub-adviser performs its own credit analysis and assigns comparable ratings that are used for compliance with the fund's investment policies. The ratings are not covered by the Report of Independent Registered Public Accounting Firm.

†These securities are guaranteed by the full faith and credit of the U.S. government.

Bonds, notes & other debt instruments 94.80%

	Principal amount (000)	Value (000)
Loans 30.41%		
Industrials 10.82%		
CoreLogic, Inc., Term Loan, (3-month USD CME Term SOFR + 6.614%) 10.331% 6/4/2029 [a][b]	USD115	$ 117
Dispatch Acquisition Holdings, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.589% 11/19/2032 [a][b][c][d]	154	55
Dispatch Acquisition Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 11/19/2032 [a][b][c][d]	846	842
Elk Bidco, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.172% 6/14/2032 [a][b][c]	2,404	2,420
Falconwing Aero Leasing DAC, Term Loan, 6.51% 10/26/2027 [a][c]	552	552
Falconwing Aero Leasing DAC, Term Loan, 6.50% 12/11/2027 [a][c]	552	552
Fortna AR, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.493% 6/1/2029 [a][b][c][d]	3,421	3,421
Horizon CTS Buyer, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 9.555% 3/29/2032 [a][b][c]	127	126
Horizon CTS Buyer, LLC, Term Loan DD, (3-month USD CME Term SOFR + 4.75%) 8.422% 3/29/2032 [a][b][c]	574	573
Horizon CTS Buyer, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.752% 3/29/2032 [a][b][c]	3,035	3,032
Jeppesen Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.59% 10/31/2032 [a][b][c]	1,177	1,173
Low Voltage Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 4/28/2032 [a][b][c][d]	2,583	2,599
Peraton Corp., Term Loan B, (3-month USD CME Term SOFR + 3.85%) 7.69% 2/1/2028 [a][b]	797	741
Pike Group, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.201% 12/17/2032 [a][b][c]	734	732
Railpros, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 10.043% 5/24/2032 [a][b][c][d]	171	171
Saber Parent Holdings Corp., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.206% 12/16/2032 [a][b][c]	707	705
Setna Aero Lease 3 Borrower, LLC, Term Loan, 5.86% 12/2/2031 [a][c]	1,114	1,114
Sunrun Charis Portfolio 2023, LLC, Term Loan, 6.925% 7/30/2053 [a][c]	1,529	1,595
Sunrun Romulus Portfolio 2024, LLC, Term Loan, 6.477% 1/31/2054 [a][c]	1,813	1,859
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.451% 2/13/2032 [a][b][c][d]	44	44
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.477% 2/13/2032 [a][b][c][d]	167	167
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.484% 2/13/2032 [a][b][c][d]	5,260	5,276
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.484% 2/13/2032 [a][b][c][d]	172	173
W. A. Kendall and Co., LLC, Revolver, (3-month USD CME Term SOFR + 5.44%) 10.236% 4/22/2030 [a][b][c]	101	101

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Loans (continued)		
Industrials (continued)		
W. A. Kendall and Co., LLC, Term Loan, (3-month USD CME Term SOFR + 5.75%) 10.043% 4/22/2030 [a][b][c]	USD253	$ 253
W. A. Kendall and Co., LLC, Term Loan, (6-month USD CME Term SOFR + 5.75%) 10.336% 4/22/2030 [a][b][c]	53	53
W. A. Kendall and Co., LLC, Term Loan, (6-month USD CME Term SOFR + 5.75%) 10.379% 4/22/2030 [a][b][c]	871	872
West Star Aviation Acquisition, LLC, Revolver, (3-month USD CME Term SOFR + 4.50%) 8.301% 5/20/2032 [a][b][c]	104	78
West Star Aviation Acquisition, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.416% 5/20/2032 [a][b][c]	3,695	3,718
Woolpert Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.316% 4/5/2032 [a][b][c][d]	2,160	2,177
Woolpert, Inc., Revolver, (3-month USD CME Term SOFR + 4.50%) 8.316% 4/5/2031 [a][b][c][d]	36	36
		35,327
Financials 8.20%		
Ares Secondaries Pbn Finance Co. IV, LLC, Term Loan, (3-month USD CME Term SOFR + 2.90%) 6.885% 4/14/2039 [a][b][c]	8	8
Ares Secondaries Pbn Finance Co. IV, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.735% 4/14/2039 [a][b][c]	6	6
Ares Secondaries Pbn Finance Co. IV, LLC, Term Loan, (3-month USD CME Term SOFR + 8.50%) 12.485% 4/14/2039 [a][b][c]	6	6
ASF Nia, LP, Term Loan, (3-month USD CME Term SOFR + 2.35%) 6.022% 3/27/2031 [a][b][c]	1,116	1,115
ASF Rembrandt, LP, Term Loan, (3-month USD CME Term SOFR + 2.50%) 6.502% 12/31/2028 [a][b][c]	1,610	1,610
Astra Service Partners, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.34% 10/10/2032 [a][b][c]	752	747
Com Laude Group, Ltd., Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.661% 12/30/2032 [a][b][c]	2,367	2,355
Denali Topco, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.59% 8/26/2032 [a][b][c]	411	407
FSS Buyer, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.216% 8/29/2031 [a][b][c][d]	2,471	2,496
Hbwm Intermediate II, LLC, Revolver, (3-month USD CME Term SOFR + 4.50%) 8.475% 8/18/2031 [a][b][c]	213	199
Hbwm Intermediate II, LLC, Term Loan, (1-month USD CME Term SOFR + 4.75%) 8.466% 11/17/2031 [a][b][c]	1,801	1,804
Hbwm Intermediate II, LLC, Term Loan, (1-month USD CME Term SOFR + 4.75%) 8.466% 11/17/2031 [a][b][c]	1,500	1,503
Higginbotham Insurance Agency, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.216% 6/11/2031 [a][b][c][d]	852	853
Integrity Marketing Acquisition, LLC, Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.822% 8/25/2028 [a][b][c][d]	3,184	3,184
Jamestown Funding Trust, Term Loan, (1-month USD CME Term SOFR + 2.20%) 5.86% 6/15/2072 [a][b][c][d]	526	526
Jamestown Funding Trust, Term Loan, (1-month USD CME Term SOFR + 3.15%) 6.81% 6/15/2072 [a][b][c][d]	421	422
KKR Maguire Levered Borrower, LLC, Term Loan, (3-month USD CME Term SOFR + 2.75%) 6.466% 11/22/2032 [a][b][c]	195	195
Koala Investment Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.172% 8/29/2032 [a][b][c][d]	1,660	1,652
Oak Funding, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.287% 12/2/2032 [a][b][c][d]	911	907
PPV Intermediate Holdings, LLC, Revolver, (3-month USD CME Term SOFR + 5.75%) 9.627% 8/31/2029 [a][b][c]	28	28
PPV Intermediate Holdings, LLC, Term Loan B, (3-month USD CME Term SOFR + 5.75%) 9.572% 8/31/2029 [a][b][c]	2,641	2,641
PPV Intermediate Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 6.00%) 9.822% 8/31/2029 [a][b][c]	40	40
Rialto Management Group, LLC, Term Loan, (1-month USD CME Term SOFR + 5.00%) 8.916% 12/5/2030 [a][b][c]	1,765	1,782
Truist Insurance Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 5/6/2032 [a][b]	245	249
VIB Trade Receivable DAC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.445% 4/23/2029 [a][b][c]	2,041	2,041
		26,776
Information technology 6.08%		
Bonterra, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.436% 3/5/2032 [a][b][c][d]	106	106
Bonterra, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 3/5/2032 [a][b][c][d]	5,417	5,417
Bonterra, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.687% 3/5/2032 [a][b][c][d]	708	708
Diamondback Acquisition, Inc., Revolver, (3-month USD CME Term SOFR + 4.50%) 8.216% 9/24/2032 [a][b][c]	19	19
Diamondback Acquisition, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.416% 9/24/2032 [a][b][c]	746	744
Finastra USA, Inc., Term Loan, (1-month USD CME Term SOFR + 4.00%) 7.688% 7/30/2032 [a][b]	485	475
Flexera Software, LLC, Term Loan, (3-month EUR-EURIBOR + 4.75%) 6.384% 8/16/2032 [a][b][c]	EUR635	745
Flexera Software, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.602% 8/16/2032 [a][b][c]	USD2,102	2,101
MEDX Holdings, LLC, Term Loan, (1-month USD CME Term SOFR + 4.75%) 8.466% 7/21/2032 [a][b][c][d]	4,470	4,481
Navex Global Holding Co., (3-month USD CME Term SOFR + 5.00%) 8.912% 10/14/2032 [a][b][c][d]	551	549
Pros Parent, Inc., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.488% 12/9/2032 [a][b][c]	896	895
Safety Borrower Holdings, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 10.50% 12/20/2032 [a][b][c][d]	3	6
Safety Borrower Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.451% 12/20/2032 [a][b][c][d]	668	666
Vamos Bidco, Inc., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 1/30/2032 [a][b][c]	1,435	1,436
Viasat, Inc., Term Loan B, (1-month USD CME Term SOFR + 4.614%) 8.331% 3/2/2029 [a][b]	437	437
Viasat, Inc., Term Loan B, (3-month USD CME Term SOFR + 4.50%) 8.348% 5/30/2030 [a][b]	264	263
Webpros Holding SARL, Revolver, (3-month USD CME Term SOFR + 5.00%) 8.75% 6/4/2032 [a][b][c][d]	82	8

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Loans (continued)		
Information technology (continued)		
Webpros Holding SARL, Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.818% 12/4/2032 [a][b][c][d]	USD816	$ 804
		19,860
Materials 1.66%		
Packaging Coordinators Midco, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.59% 1/22/2032 [a][b][c][d]	5,408	5,420
Consumer staples 1.06%		
TPSI Receivables, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.572% 1/24/2029 [a][b][c][d]	3,458	3,458
Consumer discretionary 0.99%		
ClubCorp Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.672% 7/9/2032 [a][b][c][d]	2,549	2,555
HP TLE Buyer, Inc., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.752% 7/1/2032 [a][b][c]	662	667
		3,222
Health care 0.84%		
AGS Health BCP Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.322% 8/2/2032 [a][b][c]	1,341	1,341
AGS Health BCP, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.322% 8/2/2032 [a][b][c]	704	705
Endo Finance Holdings, Inc., Term Loan B, (3-month USD CME Term SOFR + 3.75%) 7.466% 4/23/2031 [a][b]	189	187
Premise Health Holdings Corp., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.172% 11/8/2032 [a][b][c]	502	497
		2,730
Energy 0.51%		
John Wood Group PLC, Revolver, (3-month USD CME Term SOFR + 5.50%) 9.284% 10/31/2028 [a][b][c][d]	1,684	1,684
Communication services 0.25%		
Medmark Media Communications, Inc., Term Loan, (3-month USD CME Term SOFR + 5.25%) 8.922% 2/16/2030 [a][b][c][d]	827	827
Total loans		99,304
Corporate bonds and notes 28.36%		
Financials 7.05%		
ACF TD Holdings, LLC 6.46% 5/30/2031 [c]	3,111	3,186
AG Issuer, LLC 6.25% 3/1/2028 [e]	310	312
Alliant Holdings Intermediate, LLC 4.25% 10/15/2027 [e]	245	245
Alliant Holdings Intermediate, LLC 5.875% 11/1/2029 [e]	275	276
Alliant Holdings Intermediate, LLC 7.00% 1/15/2031 [e]	363	377
Alliant Holdings Intermediate, LLC 6.50% 10/1/2031 [e]	505	521
Alliant Holdings Intermediate, LLC 7.375% 10/1/2032 [e]	85	88
AmWINS Group, Inc. 4.875% 6/30/2029 [e]	165	162
Ardonagh Finco, Ltd. 7.75% 2/15/2031 [e]	370	388
Aretec Group, Inc. 7.50% 4/1/2029 [e]	200	202
Aretec Group, Inc. 10.00% 8/15/2030 [e]	491	530
Bank of America Corp. 5.162% 1/24/2031 (USD-SOFR + 1.00% on 1/24/2030) [f]	400	413
Block, Inc. 2.75% 6/1/2026	155	154
Block, Inc. 5.625% 8/15/2030 [e]	55	56
Block, Inc. 3.50% 6/1/2031	70	66
Block, Inc. 6.50% 5/15/2032	525	546
Block, Inc. 6.00% 8/15/2033 [e]	70	72
Blue Owl Credit Income Corp. 4.70% 2/8/2027	240	239
Brown & Brown, Inc. 6.25% 6/23/2055	513	534
Chubb INA Holdings, LLC 4.90% 8/15/2035	250	251
Citigroup, Inc. 5.174% 9/11/2036 (USD-SOFR + 1.488% on 9/11/2035) [f]	250	252
Coinbase Global, Inc. 3.375% 10/1/2028 [e]	240	229
Coinbase Global, Inc. 3.625% 10/1/2031 [e]	95	85
Compass Group Diversified Holdings, LLC 5.25% 4/15/2029 [e]	1,009	937
Goldman Sachs Group, Inc. 4.939% 10/21/2036 (USD-SOFR + 1.33% on 10/21/2035) [f]	372	369
Hightower Holding, LLC 6.75% 4/15/2029 [e]	260	259
HSBC Holdings PLC 2.206% 8/17/2029 (USD-SOFR + 1.285% on 8/17/2028) [f]	380	362

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Financials (continued)		
HSBC Holdings PLC 5.45% 3/3/2036 (USD-SOFR + 1.56% on 3/3/2035) [f]	USD200	$ 206
HUB International, Ltd. 7.25% 6/15/2030 [e]	625	657
ION Platform Finance US, Inc. 8.75% 5/1/2029 [e]	1,168	1,184
ION Platform Finance US, Inc. 9.50% 5/30/2029 [e]	1,158	1,174
ION Platform Finance US, Inc. 9.00% 8/1/2029 [e]	200	198
ION Platform Finance US, Inc. 7.875% 9/30/2032 [e]	235	223
JPMorgan Chase & Co. 5.572% 4/22/2036 (USD-SOFR + 1.68% on 4/22/2035) [f]	600	630
Marsh & McLennan Cos., Inc. 5.40% 9/15/2033	162	170
Marsh & McLennan Cos., Inc. 5.00% 3/15/2035	69	70
Marsh & McLennan Cos., Inc. 5.70% 9/15/2053	52	52
Morgan Stanley 5.192% 4/17/2031 (USD-SOFR + 1.51% on 4/17/2030) [f]	248	256
Morgan Stanley 4.892% 10/22/2036 (USD-SOFR + 1.314% on 10/22/2035) [f]	168	167
Morgan Stanley 5.516% 11/19/2055 (USD-SOFR + 1.71% on 11/19/2054) [f]	128	127
Navient Corp. 5.00% 3/15/2027	240	241
Navient Corp. 5.50% 3/15/2029	320	318
Navient Corp. 9.375% 7/25/2030	789	878
Navient Corp. 11.50% 3/15/2031	235	263
Navient Corp. 7.875% 6/15/2032	730	765
Navient Corp. 5.625% 8/1/2033	1,265	1,158
OneMain Finance Corp. 7.125% 3/15/2026	15	15
OneMain Finance Corp. 6.125% 5/15/2030	385	393
OneMain Finance Corp. 7.50% 5/15/2031	300	316
OneMain Finance Corp. 7.125% 11/15/2031	255	266
Osaic Financial Services, Inc. 6.50% 11/30/2027	50	1,182
Osaic Holdings, Inc. 6.75% 8/1/2032 [e]	70	73
Osaic Holdings, Inc. 8.00% 8/1/2033 [e]	59	62
Oxford Finance, LLC 6.375% 2/1/2027 [e]	145	146
Ryan Specialty, LLC 4.375% 2/1/2030 [e]	70	69
Ryan Specialty, LLC 5.875% 8/1/2032 [e]	55	56
Voyager Parent, LLC 9.25% 7/1/2032 [e]	150	159
Wells Fargo & Co. 5.15% 4/23/2031 (USD-SOFR + 1.50% on 4/23/2030) [f]	200	207
Wells Fargo & Co. 5.211% 12/3/2035 (USD-SOFR + 1.38% on 12/3/2034) [f]	210	215
		23,007
Communication services 4.15%		
Altice France 6.50% 3/15/2032 [e]	645	619
AT&T, Inc. 3.50% 9/15/2053	300	201
CCO Holdings, LLC 5.00% 2/1/2028 [e]	295	293
CCO Holdings, LLC 4.75% 3/1/2030 [e]	340	325
CCO Holdings, LLC 4.50% 8/15/2030 [e]	110	104
CCO Holdings, LLC 4.25% 2/1/2031 [e]	1,425	1,310
CCO Holdings, LLC 7.375% 3/1/2031 [e]	361	369
CCO Holdings, LLC 4.50% 6/1/2033 [e]	170	149
CCO Holdings, LLC 4.25% 1/15/2034 [e]	170	145
Charter Communications Operating, LLC 5.85% 12/1/2035	117	117
Charter Communications Operating, LLC 3.70% 4/1/2051	403	255
Charter Communications Operating, LLC 3.90% 6/1/2052	359	232
Charter Communications Operating, LLC 5.25% 4/1/2053	109	86
Charter Communications Operating, LLC 3.85% 4/1/2061	265	158
Comcast Corp. 5.65% 6/1/2054	197	185
Comcast Corp. 6.05% 5/15/2055	40	40
Connect Finco SARL 9.00% 9/15/2029 [e]	1,115	1,184
DIRECTV Financing, LLC 5.875% 8/15/2027 [e]	64	64
DIRECTV Financing, LLC 8.875% 2/1/2030 [e]	240	243
DISH Network Corp. 11.75% 11/15/2027 [e]	806	839
EchoStar Corp. 10.75% 11/30/2029	525	581
EchoStar Corp. 6.75% Cash 11/30/2030 [g]	322	330
Embarq, LLC 7.995% 6/1/2036	240	100
Frontier Communications Holdings, LLC 6.75% 5/1/2029 [e]	170	171
Gray Media, Inc. 10.50% 7/15/2029 [e]	224	241
Gray Media, Inc. 5.375% 11/15/2031 [e]	235	176
Lindblad Expeditions, LLC 7.00% 9/15/2030 [e]	70	73
News Corp. 3.875% 5/15/2029 [e]	70	68
Sirius XM Radio, LLC 3.125% 9/1/2026 [e]	70	70
Sirius XM Radio, LLC 4.00% 7/15/2028 [e]	200	196

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Communication services (continued)		
Sirius XM Radio, LLC 3.875% 9/1/2031 (e)	USD610	$ 562
Snap, Inc. 6.875% 3/1/2033 (e)	170	176
TEGNA, Inc. 5.00% 9/15/2029	555	551
T-Mobile USA, Inc. 3.40% 10/15/2052	109	73
T-Mobile USA, Inc. 5.875% 11/15/2055	46	46
Univision Communications, Inc. 8.00% 8/15/2028 (e)	265	275
Univision Communications, Inc. 4.50% 5/1/2029 (e)	415	399
Univision Communications, Inc. 9.375% 8/1/2032 (e)	575	618
Verizon Communications, Inc. 5.25% 4/2/2035	191	194
Verizon Communications, Inc. 5.00% 1/15/2036	342	339
Versant Media Group, Inc. 7.25% 1/30/2031 (e)	105	108
Virgin Media Secured Finance PLC 4.50% 8/15/2030 (e)	200	186
VMED 02 UK Financing I PLC 4.25% 1/31/2031 (e)	200	183
WarnerMedia Holdings, Inc. 4.054% 3/15/2029	430	418
WarnerMedia Holdings, Inc. 5.05% 3/15/2042	493	348
WarnerMedia Holdings, Inc. 5.141% 3/15/2052	58	38
WMG Acquisition Corp. 3.75% 12/1/2029 (e)	45	44
WMG Acquisition Corp. 3.875% 7/15/2030 (e)	85	82
		13,564
Health care 2.88%		
AbbVie, Inc. 5.20% 3/15/2035	200	207
AdaptHealth, LLC 5.125% 3/1/2030 (e)	85	83
Amgen, Inc. 5.25% 3/2/2033	433	448
Amneal Pharmaceuticals, LLC 6.875% 8/1/2032 (e)	65	69
AthenaHealth Group, Inc. 6.50% 2/15/2030 (e)	340	339
Avantor Funding, Inc. 4.625% 7/15/2028 (e)	315	314
Avantor Funding, Inc. 3.875% 11/1/2029 (e)	170	163
Bristol-Myers Squibb Co. 5.20% 2/22/2034	400	416
Bristol-Myers Squibb Co. 5.55% 2/22/2054	100	98
Centene Corp. 2.45% 7/15/2028	75	70
Centene Corp. 2.50% 3/1/2031	80	69
CHS / Community Health Systems, Inc. 5.25% 5/15/2030 (e)	120	113
CVS Health Corp. 5.70% 6/1/2034	400	419
CVS Health Corp. 6.25% 9/15/2065	67	68
DaVita, Inc. 4.625% 6/1/2030 (e)	240	234
DaVita, Inc. 6.875% 9/1/2032 (e)	130	136
DaVita, Inc. 6.75% 7/15/2033 (e)	235	244
Elevance Health, Inc. 5.20% 2/15/2035	81	83
Elevance Health, Inc. 5.85% 11/1/2064	98	96
Endo Finance Holdings, Inc. 8.50% 4/15/2031 (e)	110	116
Humana, Inc. 5.375% 4/15/2031	200	207
IQVIA, Inc. 6.25% 6/1/2032 (e)	300	314
Medline Borrower, LP 3.875% 4/1/2029 (e)	170	166
Medline Borrower, LP 6.25% 4/1/2029 (e)	160	166
Medline Borrower, LP 5.25% 10/1/2029 (e)	550	553
Molina Healthcare, Inc. 6.50% 2/15/2031 (e)	150	154
Molina Healthcare, Inc. 3.875% 5/15/2032 (e)	270	246
Owens & Minor, Inc. 4.50% 3/31/2029 (e)	760	517
Owens & Minor, Inc. 6.25% 4/1/2030 (e)	320	205
Pfizer Investment Enterprises Pte., Ltd. 5.30% 5/19/2053	382	362
Tenet Healthcare Corp. 4.25% 6/1/2029	795	784
Teva Pharmaceutical Finance Netherlands III BV 6.75% 3/1/2028	335	348
Teva Pharmaceutical Finance Netherlands III BV 5.125% 5/9/2029	330	334
Teva Pharmaceutical Finance Netherlands III BV 7.875% 9/15/2029	200	220
Teva Pharmaceutical Finance Netherlands III BV 6.00% 12/1/2032	200	210
Teva Pharmaceutical Finance Netherlands III BV 4.10% 10/1/2046	85	64
UnitedHealth Group, Inc. 5.15% 7/15/2034	300	307
UnitedHealth Group, Inc. 5.625% 7/15/2054	381	374
UnitedHealth Group, Inc. 5.95% 6/15/2055	98	101
		9,417
Consumer discretionary 2.51%		
Advance Auto Parts, Inc. 3.90% 4/15/2030	420	386

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Consumer discretionary (continued)		
Advance Auto Parts, Inc. 3.50% 3/15/2032	USD190	$ 162
Advance Auto Parts, Inc. 7.375% 8/1/2033 [e]	125	125
Allied Universal Holdco, LLC 6.875% 6/15/2030 [e]	300	313
Allwyn Entertainment Financing (UK) PLC 7.875% 4/30/2029 [e]	200	208
Asbury Automotive Group, Inc. 4.625% 11/15/2029 [e]	260	256
Caesars Entertainment, Inc. 7.00% 2/15/2030 [e]	255	264
Carnival Corp. 5.75% 8/1/2032 [e]	300	308
Carnival Corp. 6.125% 2/15/2033 [e]	395	408
Fertitta Entertainment, LLC 4.625% 1/15/2029 [e]	130	126
Fertitta Entertainment, LLC 6.75% 1/15/2030 [e]	145	138
First Student Bidco, Inc. 4.00% 7/31/2029 [e]	245	239
Ford Motor Co. 3.25% 2/12/2032	815	719
Ford Motor Co. 5.291% 12/8/2046	200	167
Ford Motor Credit Co., LLC 6.798% 11/7/2028	365	383
Ford Motor Credit Co., LLC 7.122% 11/7/2033	800	860
Home Depot, Inc. 4.95% 6/25/2034	400	409
LCM Investments Holdings II, LLC 4.875% 5/1/2029 [e]	250	246
LCM Investments Holdings II, LLC 8.25% 8/1/2031 [e]	180	191
Light and Wonder International, Inc. 7.25% 11/15/2029 [e]	85	87
Newell Brands, Inc. 6.625% 5/15/2032	230	223
Newell Brands, Inc. 7.50% 4/1/2046 [f]	85	71
Nissan Motor Co., Ltd. 7.50% 7/17/2030 [e]	200	210
Nissan Motor Co., Ltd. 8.125% 7/17/2035 [e]	295	314
Royal Caribbean Cruises, Ltd. 5.375% 1/15/2036	187	188
Scientific Games Holdings, LP 6.625% 3/1/2030 [e]	100	89
Sonic Automotive, Inc. 4.625% 11/15/2029 [e]	125	123
Universal Entertainment Corp. 9.875% 8/1/2029 [e]	435	427
Wand NewCo 3, Inc. 7.625% 1/30/2032 [e]	55	58
Wynn Resorts Finance, LLC 5.125% 10/1/2029 [e]	505	508
		8,206
Energy 2.50%		
Ascent Resources Utica Holdings, LLC 5.875% 6/30/2029 [e]	215	216
Borr IHC, Ltd. 10.00% 11/15/2028 [e]	171	172
Caturus Energy, LLC 8.50% 2/15/2030 [e]	530	552
Civitas Resources, Inc. 8.625% 11/1/2030 [e]	55	58
Civitas Resources, Inc. 9.625% 6/15/2033 [e]	75	81
CNX Resources Corp. 7.375% 1/15/2031 [e]	150	156
Comstock Resources, Inc. 5.875% 1/15/2030 [e]	105	102
Constellation Oil Services Holding SA 9.375% 11/7/2029 [e]	200	208
Crescent Energy Finance, LLC 9.25% 2/15/2028 [e]	122	126
Crescent Energy Finance, LLC 7.375% 1/15/2033 [e]	350	332
DT Midstream, Inc. 4.375% 6/15/2031 [e]	210	206
Energy Transfer, LP 6.00% 2/1/2029 [e]	35	35
Energy Transfer, LP 5.20% 4/1/2030	120	124
Enterprise Products Operating, LLC 5.20% 1/15/2036	22	22
EQT Corp. 4.75% 1/15/2031	165	166
EQT Corp. 3.625% 5/15/2031 [e]	170	160
Expand Energy Corp. 5.875% 2/1/2029 [e]	70	70
Genesis Energy, LP 7.875% 5/15/2032	260	271
Harvest Midstream I, LP 7.50% 9/1/2028 [e]	85	86
Harvest Midstream I, LP 7.50% 5/15/2032 [e]	50	52
Hess Midstream Operations, LP 5.875% 3/1/2028 [e]	30	31
Hess Midstream Operations, LP 4.25% 2/15/2030 [e]	395	388
Hess Midstream Operations, LP 5.50% 10/15/2030 [e]	175	178
Hilcorp Energy I, LP 6.00% 2/1/2031 [e]	95	91
Hilcorp Energy I, LP 6.25% 4/15/2032 [e]	100	94
Hilcorp Energy I, LP 8.375% 11/1/2033 [e]	105	108
New Fortress Energy, Inc. 6.50% 9/30/2026 [e]	200	15
NFE Financing, LLC 12.00% 11/15/2029 [e]	2,810	815
NGL Energy Operating, LLC 8.125% 2/15/2029 [e]	105	109
NGL Energy Operating, LLC 8.375% 2/15/2032 [e]	200	207
Noble Finance II, LLC 8.00% 4/15/2030 [e]	100	104
Saturn Oil & Gas, Inc. 9.625% 6/15/2029 [e]	36	36
Summit Midstream Holdings, LLC 8.625% 10/31/2029 [e]	105	109

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Energy (continued)		
Sunoco, LP 4.50% 5/15/2029	USD65	$ 64
Sunoco, LP 5.625% 3/15/2031 (e)	45	45
Sunoco, LP 7.25% 5/1/2032 (e)	245	259
Sunoco, LP 5.875% 3/15/2034 (e)	70	70
Sunoco, LP 7.875% junior subordinated perpetual bonds (5-year UST Yield Curve Rate T Note Constant Maturity + 4.23% on 9/18/2030) (e)(f)	125	129
Superior Plus, LP 4.50% 3/15/2029 (e)	60	59
Transocean International, Ltd. 8.75% 2/15/2030 (e)	71	74
Transocean International, Ltd. 7.875% 10/15/2032 (e)	35	37
Transocean Titan Financing, Ltd. 8.375% 2/1/2028 (e)	77	79
Venture Global Calcasieu Pass, LLC 3.875% 8/15/2029 (e)	170	160
Venture Global Calcasieu Pass, LLC 4.125% 8/15/2031 (e)	825	751
Venture Global LNG, Inc. 8.375% 6/1/2031 (e)	220	219
Venture Global LNG, Inc. 9.875% 2/1/2032 (e)	380	393
Venture Global Plaquemines LNG, LLC 6.125% 12/15/2030 (e)	60	61
Venture Global Plaquemines LNG, LLC 7.50% 5/1/2033 (e)	210	227
Venture Global Plaquemines LNG, LLC 6.50% 6/15/2034 (e)	70	72
		8,179
Real estate 2.29%		
Brookfield Property REIT, Inc. 5.75% 5/15/2026 (e)	212	211
Howard Hughes Corp. (The) 5.375% 8/1/2028 (e)	85	85
Howard Hughes Corp. (The) 4.125% 2/1/2029 (e)	155	151
Howard Hughes Corp. (The) 4.375% 2/1/2031 (e)	290	276
Iron Mountain, Inc. 5.25% 7/15/2030 (e)	525	519
Kennedy-Wilson, Inc. 4.75% 3/1/2029	290	283
Kennedy-Wilson, Inc. 4.75% 2/1/2030	535	505
Kennedy-Wilson, Inc. 5.00% 3/1/2031	210	198
Ladder Capital Finance Holdings LLLP 4.75% 6/15/2029 (e)	45	45
MPT Operating Partnership, LP 5.00% 10/15/2027	1,060	1,027
MPT Operating Partnership, LP 3.50% 3/15/2031	230	168
MPT Operating Partnership, LP 8.50% 2/15/2032 (e)	475	508
Park Intermediate Holdings, LLC 4.875% 5/15/2029 (e)	90	88
Service Properties Trust 4.95% 2/15/2027	415	417
Service Properties Trust 8.00% 9/30/2027 (e)	135	122
Service Properties Trust 3.95% 1/15/2028	1,025	968
Service Properties Trust 8.375% 6/15/2029	375	377
Service Properties Trust 4.95% 10/1/2029	820	715
Service Properties Trust 4.375% 2/15/2030	198	168
Service Properties Trust 8.625% 11/15/2031 (e)	605	637
		7,468
Information technology 2.22%		
Amphenol Corp. 4.40% 2/15/2033	212	210
ams-OSRAM AG 12.25% 3/30/2029 (e)	455	486
Booz Allen Hamilton, Inc. 4.00% 7/1/2029 (e)	80	78
Cisco Systems, Inc. 5.10% 2/24/2035	200	206
Cloud Software Group, Inc. 6.50% 3/31/2029 (e)	85	86
Cloud Software Group, Inc. 9.00% 9/30/2029 (e)	1,075	1,120
Cloud Software Group, Inc. 8.25% 6/30/2032 (e)	1,080	1,129
Cloud Software Group, Inc. 6.625% 8/15/2033 (e)	125	124
CommScope Technologies, LLC 5.00% 3/15/2027 (e)	200	200
CommScope, LLC 9.50% 12/15/2031 (e)	515	521
Diebold Nixdorf, Inc. 7.75% 3/31/2030 (e)	140	149
Fair Isaac Corp. 6.00% 5/15/2033 (e)	250	258
Hughes Satellite Systems Corp. 5.25% 8/1/2026	37	35
Hughes Satellite Systems Corp. 6.625% 8/1/2026	801	732
NCR Atleos Corp. 9.50% 4/1/2029 (e)	115	125
Oracle Corp. 5.50% 8/3/2035	300	294
Oracle Corp. 5.20% 9/26/2035	400	383
Synopsys, Inc. 5.15% 4/1/2035	500	508
UKG, Inc. 6.875% 2/1/2031 (e)	125	129
Unisys Corp. 10.625% 1/15/2031 (e)	179	183
Viasat, Inc. 6.50% 7/15/2028 (e)	110	107

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Information technology (continued)		
WULF Compute, LLC 7.75% 10/15/2030 (e)	USD180	$ 186
		7,249
Industrials 1.54%		
ADT Security Corp. 4.125% 8/1/2029 (e)	65	64
Amentum Holdings, Inc. 7.25% 8/1/2032 (e)	360	380
Avis Budget Car Rental, LLC 4.75% 4/1/2028 (e)	60	59
Avis Budget Car Rental, LLC 5.375% 3/1/2029 (e)	115	112
Axon Enterprise, Inc. 6.125% 3/15/2030 (e)	35	36
Clarivate Science Holdings Corp. 3.875% 7/1/2028 (e)	120	117
Clean Harbors, Inc. 5.75% 10/15/2033 (e)	185	190
CoreLogic, Inc. 4.50% 5/1/2028 (e)	355	349
EquipmentShare.com, Inc. 9.00% 5/15/2028 (e)	120	125
EquipmentShare.com, Inc. 8.625% 5/15/2032 (e)	1,099	1,162
EquipmentShare.com, Inc. 8.00% 3/15/2033 (e)	79	83
Garda World Security Corp. 6.50% 1/15/2031 (e)	110	113
Icahn Enterprises, LP 6.25% 5/15/2026	18	18
Icahn Enterprises, LP 5.25% 5/15/2027	930	918
Icahn Enterprises, LP 9.75% 1/15/2029	280	279
Reworld Holding Corp. 4.875% 12/1/2029 (e)	135	130
RTX Corp. 1.90% 9/1/2031	81	71
Sabre GLBL, Inc. 11.125% 7/15/2030 (e)	235	195
TransDigm, Inc. 6.375% 3/1/2029 (e)	255	263
TransDigm, Inc. 6.625% 3/1/2032 (e)	255	266
Union Pacific Corp. 2.891% 4/6/2036	128	108
		5,038
Materials 1.34%		
Cleveland-Cliffs, Inc. 6.875% 11/1/2029 (e)	90	93
Cleveland-Cliffs, Inc. 6.75% 4/15/2030 (e)	365	376
Cleveland-Cliffs, Inc. 4.875% 3/1/2031 (e)	365	352
Cleveland-Cliffs, Inc. 7.50% 9/15/2031 (e)	145	153
Cleveland-Cliffs, Inc. 7.00% 3/15/2032 (e)	155	159
Cleveland-Cliffs, Inc. 7.375% 5/1/2033 (e)	120	125
Cleveland-Cliffs, Inc. 7.625% 1/15/2034 (e)	140	146
Consolidated Energy Finance SA 12.00% 2/15/2031 (e)	235	166
CVR Partners, LP 6.125% 6/15/2028 (e)	190	191
Dow Chemical Co. (The) 5.95% 3/15/2055	52	47
First Quantum Minerals, Ltd. 9.375% 3/1/2029 (e)	490	517
FXI Holdings, Inc. 16.00% PIK 11/15/2029 (e)(f)(g)	191	109
FXI Holdings, Inc. 11.00% 11/15/2030 (e)	326	293
Methanex Corp. 5.125% 10/15/2027	235	237
Methanex Corp. 5.25% 12/15/2029	85	86
Mineral Resources, Ltd. 9.25% 10/1/2028 (e)	120	126
Mineral Resources, Ltd. 8.50% 5/1/2030 (e)	355	370
Quikrete Holdings, Inc. 6.375% 3/1/2032 (e)	100	104
Quikrete Holdings, Inc. 6.75% 3/1/2033 (e)	45	47
Samarco Mineracao SA 9.00% 6/30/2031 (9.00% PIK on 12/30/2026) (f)(g)	221	224
Samarco Mineracao SA 9.00% 6/30/2031 (9.00% PIK on 12/30/2026) (f)(g)	186	189
Trivium Packaging Finance BV 12.25% 1/15/2031 (e)	230	250
		4,360
Consumer staples 1.14%		
Albertsons Cos., Inc. 3.50% 3/15/2029 (e)	170	164
Anheuser-Busch InBev Worldwide, Inc. 3.50% 6/1/2030	46	45
Anheuser-Busch InBev Worldwide, Inc. 5.00% 6/15/2034	63	65
B&G Foods, Inc. 5.25% 9/15/2027	40	39
B&G Foods, Inc. 8.00% 9/15/2028 (e)	240	236
BAT Capital Corp. 3.557% 8/15/2027	502	499
BAT Capital Corp. 6.25% 8/15/2055	250	259
Imperial Brands Finance PLC 5.625% 7/1/2035 (e)	200	206
Lamb Weston Holdings, Inc. 4.125% 1/31/2030 (e)	245	237
Mars, Inc. 5.00% 3/1/2032 (e)	422	435

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Corporate bonds and notes (continued)		
Consumer staples (continued)		
Mars, Inc. 5.20% 3/1/2035 (e)	USD197	$ 203
Mars, Inc. 5.70% 5/1/2055 (e)	200	199
Philip Morris International, Inc. 2.10% 5/1/2030	86	79
Philip Morris International, Inc. 1.75% 11/1/2030	128	114
Philip Morris International, Inc. 4.875% 4/30/2035	250	251
Post Holdings, Inc. 4.625% 4/15/2030 (e)	280	273
TreeHouse Foods, Inc. 4.00% 9/1/2028	250	249
United Natural Foods, Inc. 6.75% 10/15/2028 (e)	160	161
		3,714
Utilities 0.74%		
Florida Power & Light Co. 5.10% 4/1/2033	191	198
Florida Power & Light Co. 2.875% 12/4/2051	260	166
Florida Power & Light Co. 5.70% 3/15/2055	81	82
Florida Power & Light Co. 5.60% 2/15/2066	125	123
Long Ridge Energy, LLC 8.75% 2/15/2032 (e)	280	298
Pacific Gas and Electric Co. 3.30% 8/1/2040	102	78
Pacific Gas and Electric Co. 3.50% 8/1/2050	170	115
PECO Energy Co. 4.875% 9/15/2035	475	480
PG&E Corp. 5.25% 7/1/2030	310	308
Public Service Electric and Gas Co. 4.90% 8/15/2035	225	227
Talen Energy Supply, LLC 8.625% 6/1/2030 (e)	315	334
		2,409
Total corporate bonds and notes		92,611
Mortgage-backed obligations 15.80%		
Commercial mortgage-backed securities 11.24%		
ALA Trust, Series 2025-OANA, Class C, (1-month USD CME Term SOFR + 2.092%) 5.843% 6/15/2030 (b)(e)(h)	1,143	1,148
Atrium Hotel Portfolio Trust, Series 2024-ATRM, Class C, 6.377% 11/10/2029 (b)(e)(h)	536	544
Atrium Hotel Portfolio Trust, Series 2024-ATRM, Class D, 7.679% 11/10/2029 (b)(e)(h)	2,000	2,047
Bank Commercial Mortgage Trust, Series 2023-5YR1, Class B, 6.457% 4/15/2056 (b)(h)	2,000	2,065
Barclays Commercial Mortgage Securities, LLC, Series 2024-5C27, Class C, 6.70% 7/15/2057 (b)(h)	490	506
Benchmark Mortgage Trust, Series 2018-B7, Class B, 4.842% 5/15/2053 (b)(h)	700	654
Benchmark Mortgage Trust, Series 2020-B22, Class AM, 2.163% 1/15/2054 (h)	407	349
Benchmark Mortgage Trust, Series 2022-B32, Class A5, 3.002% 1/15/2055 (b)(h)	380	341
Benchmark Mortgage Trust, Series 2024-V5, Class C, 6.972% 1/10/2057 (b)(h)	500	514
Benchmark Mortgage Trust, Series 2024-V8, Class C, 6.947%% 7/15/2057 (b)(h)	1,000	1,046
Benchmark Mortgage Trust, Series 2025-V15, Class C, 6.268% 6/15/2030 (h)	1,683	1,712
Benchmark Mortgage Trust, Series 2025-V15, Class B, 6.425% 6/15/2058 (h)	154	161
Benchmark Mortgage Trust, Series 2025-V16, Class C, 5.952% 8/15/2058 (b)(h)	2,000	2,006
BMO Mortgage Trust, Series 2025-5C10, Class B, 6.445% 5/15/2058 (b)(h)	2,000	2,089
BX Trust, Series 2022-CSMO, Class B, (1-month USD CME Term SOFR + 3.141%) 6.891% 6/15/2027 (b)(e)(h)	477	479
BX Trust, Series 2024-AIR2, Class D, (1-month USD CME Term SOFR + 2.79%) 6.541% 10/15/2041 (b)(e)(h)	1,199	1,205
BX Trust, Series 2025-VLT6, Class D, (1-month USD CME Term SOFR + 2.592%) 6.342% 3/15/2042 (b)(e)(h)	490	490
BX Trust, Series 2025-GW, Class D, (1-month USD CME Term SOFR + 2.75%) 6.50% 7/15/2042 (b)(e)(h)	1,000	1,007
BX Trust, Series 2025-VLT7, Class C, (1-month USD CME Term SOFR + 2.35%) 6.10% 7/15/2044 (b)(e)(h)	1,332	1,337
BX Trust, Series 2025-VOLT, Class C, (1-month USD CME Term SOFR + 2.35%) 6.10% 12/15/2044 (b)(e)(h)	1,000	1,004
BXSC Commercial Mortgage Trust, Series 2022-WSS, Class D, (1-month USD CME Term SOFR + 3.188%) 6.939% 3/15/2035 (b)(e)(h)	1,489	1,495
Citigroup Commercial Mortgage Trust, Series 2016-GC36, Class A5, 3.616% 2/10/2049 (h)	662	659
Commercial Mortgage Trust, Series 2019-GC44, Class AM, 3.263% 8/15/2057 (h)	2,000	1,873
Extended Stay America Trust, Series 2025-ESH, Class D, (1-month USD CME Term SOFR + 2.60%) 6.35% 10/15/2042 (b)(e)(h)	874	882
Fontainebleau Miami Beach Trust, Series 2024-FBLU, Class E, (1-month USD CME Term SOFR + 3.15%) 6.90% 12/15/2039 (b)(e)(h)	1,000	1,008
GS Mortgage Securities Trust, Series 2024-70P, Class B, 5.697% 3/10/2041 (b)(e)(h)	100	102
Hawaii Hotel Trust, Series 2025-MAUI, Class B, (1-month USD CME Term SOFR + 1.742%) 5.492% 3/15/2042 (b)(e)(h)	469	470
Hawaii Hotel Trust, Series 2025-MAUI, Class D, (1-month USD CME Term SOFR + 2.591%) 6.341% 3/15/2042 (b)(e)(h)	1,412	1,420
HTL Commercial Mortgage Trust, Series 2024-T53, Class D, 8.198% 5/10/2039 (b)(e)(h)	150	154
KSL Commercial Mortgage Trust, Series 2024-HT2, Class D, (1-month USD CME Term SOFR + 3.29%) 7.04% 12/15/2039 (b)(e)(h)	1,359	1,358
Morgan Stanley Bank of America Merrill Lynch Trust, Series 2025-5C2, Class C, 5.743% 11/15/2058 (b)(h)	53	53

Bonds, notes & other debt instruments (continued)

	Principal amount (000)	Value (000)
Mortgage-backed obligations (continued)		
Commercial mortgage-backed securities (continued)		
Multifamily Connecticut Avenue Securities, Series 2024-01, Class M7, (30-day Average USD-SOFR + 2.75%) 6.624% 7/25/2054 (b)(e)(h)	USD1,932	$ 1,959
Multifamily Connecticut Avenue Securities, Series 2025-01, Class M1, (30-day Average USD-SOFR + 2.40%) 6.274% 5/25/2055 (b)(e)(h)	711	714
Multifamily Connecticut Avenue Securities, Series 2025-01, Class M2, (30-day Average USD-SOFR + 3.10%) 6.974% 5/25/2055 (b)(e)(h)	242	243
NYC Commercial Mortgage Trust, Series 2025-28L, Class D, 6.213% 11/5/2038 (b)(e)(h)	480	484
NYC Commercial Mortgage Trust, Series 2025-3BP, Class C, (1-month USD CME Term SOFR + 1.892%) 5.642% 2/15/2042 (b)(e)(h)	475	474
SWCH Commercial Mortgage Trust, Series 2025-DATA, Class E, (1-month USD CME Term SOFR + 3.29%) 7.09% 2/15/2042 (b)(e)(h)	1,000	996
Wells Fargo Commercial Mortgage Trust, Series 2025-1918, Class A, 5.575% 9/15/2040 (b)(e)(h)	69	70
Wells Fargo Commercial Mortgage Trust, Series 2025-5C4, Class C, 6.284% 5/15/2058 (b)(h)	386	396
Wells Fargo Commercial Mortgage Trust, Series 2025-5C4, Class B, 6.394% 5/15/2058 (b)(h)	172	181
Wells Fargo Commercial Mortgage Trust, Series 2025-5C5, Class C, 6.014% 7/15/2058 (b)(h)	1,000	1,011
		36,706
Collateralized mortgage-backed obligations 4.56%		
Finance of America Structured Securities Trust, Series 2025-PC1, Class A1, 4.50% 5/25/2075 (e)(f)(h)	853	827
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-HQA1, Class B2, (30-day Average USD-SOFR + 5.214%) 9.089% 1/25/2050 (b)(e)(h)	880	979
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-DNA1, Class B2, (30-day Average USD-SOFR + 5.364%) 9.239% 1/25/2050 (b)(e)(h)	300	333
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-DNA2, Class B2, (30-day Average USD-SOFR + 4.914%) 8.789% 2/25/2050 (b)(e)(h)	1,500	1,656
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-DNA4, Class B2, (30-day Average USD-SOFR + 10.114%) 13.989% 8/25/2050 (b)(e)(h)	240	320
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-DNA5, Class B2, (30-day Average USD-SOFR + 11.50%) 15.374% 10/25/2050 (b)(e)(h)	1,285	1,782
Freddie Mac Structured Agency Credit Risk Debt Notes, Series 2020-DNA6, Class B2, (30-day Average USD-SOFR + 5.65%) 9.524% 12/25/2050 (b)(e)(h)	920	1,062
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-NQM6, Class AIOS, 0.331% 7/25/2070 (b)(e)(h)	10,744	61
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-NQM6, Class XS, 1.803% 7/25/2070 (b)(e)(h)	10,744	453
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-NQM6, Class B1, 6.645% 7/25/2070 (b)(e)(h)	216	215
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-NQM6, Class B2, 7.158% 7/25/2070 (b)(e)(h)	250	245
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-NQM6, Class XS, 7.158% 7/25/2070 (b)(e)(h)	142	134
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-DSC3, Class AIOS, 0.327% 9/25/2070 (b)(e)(h)	7,062	43
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-DSC3, Class AIOS, 1.959% 9/25/2070 (b)(e)(h)	7,062	417
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-DSC3, Class B1, 6.432% 9/25/2070 (b)(e)(h)	197	195
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-DSC3, Class B2, 7.134% 9/25/2070 (b)(e)(h)	226	222
Morgan Stanley Residential Mortgage Loan Trust, Series 2025-DSC3, Class B3, 7.134% 9/25/2070 (b)(e)(h)	115	108
Progress Residential Trust, Series 2024-SFR1, Class E2, 3.85% 2/17/2041 (e)(h)	1,328	1,263
Progress Residential Trust, Series 2025-SFR6, Class E, 2.378% 9/17/2042 (4.00% on 1/17/2026) (e)(f)(h)	1,800	1,680
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class AIOS, 0.42% 7/25/2065 (b)(d)(h)	10,937	75
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class XS, 1.515% 7/25/2065 (b)(d)(h)	10,937	391
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B1, 7.056% 7/25/2065 (b)(d)(h)	360	364
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B2, 7.056% 7/25/2065 (b)(d)(h)	303	298
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B3, 7.056% 7/25/2065 (b)(d)(h)	189	180
Verus Securitization Trust, Series 2023-INV3, Class B2, 8.171% 11/25/2068 (b)(e)(h)	809	813
Verus Securitization Trust, Series 2024-1, Class B1, 7.909% 1/25/2069 (b)(e)(h)	771	786
		14,902
Total mortgage-backed obligations		51,608
Asset-backed obligations 14.92%		
Other asset-backed securities 4.27%		
Centersquare Issuer, LLC, Series 2025-5A, Class A2, 5.30% 12/27/2055 (h)	1,103	1,090
CLI Funding IX, LLC, Series 2024-1A, Class C, 6.00% 7/20/2049 (e)(h)	521	524
EquipmentShare, Series 2025-1M, Class B, 6.31% 9/26/2033 (e)(h)	1,105	1,111
Global SC Finance SRL, Series 2025-1H, Class B, 7.848% 9/20/2045 (e)(h)	570	571
Grayrock Fund IV ABS Issuer, LLC, Series 2025-1, Class A, 6.118% 2/15/2041 (c)(d)(h)	2,026	2,026
Grayrock Fund IV ABS Issuer, LLC, Series 2025-1, Class B, 11.243% 2/15/2041 (c)(d)(h)	474	474
MESA Trust, Series 2025-1, Class A, 5.20% 6/25/2060 (c)(e)(h)	1,965	1,965
MESA Trust, Series 2025-1, Class B, 5.70% 6/25/2060 (c)(e)(h)	217	217
MESA Trust, Series 2025-1, Class C, 6.45% 6/25/2060 (c)(e)(h)	183	183

Bonds, notes & other debt instruments (continued)

Asset-backed obligations (continued)	Principal amount (000)	Value (000)
Other asset-backed securities (continued)		
MESA Trust, Series 2025-1, Class A, 15.00% 6/25/2060 (c)(e)(h)	USD135	$ 135
MMP Capital, Series 2025-A, Class B, 5.72% 12/15/2031 (e)(h)	166	170
SSI ABS Issuer, LLC, Series 2025-1, Class A, 6.15% 7/25/2065 (e)(h)	491	498
SSI ABS Issuer, LLC, Series 2025-1, Class B, 7.82% 7/25/2065 (e)(h)	461	468
Sunrun Julius Issuer, Series 2023-2A, Class A1, 6.60% 1/30/2059 (e)(h)	714	724
Sunrun Jupiter Issuer, LLC, Series 2022-1A, Class A, 4.75% 7/30/2057 (e)(h)	416	403
Sunrun Neptune Issuer, LLC, Series 2024-1A, Class A, 6.27% 2/1/2055 (e)(h)	131	130
SunStrong Issuer, LLC, Series 2025-1, Class A2, 5.95% 12/28/2055 (e)(h)	1,223	1,220
VFI ABS, LLC, Series 2025-1A, Class D, 7.69% 4/26/2032 (e)(h)	2,000	2,019
		13,928
Auto loan 4.11%		
American Credit Acceptance Receivables Trust, Series 2023-1, Class E, 9.79% 12/12/2029 (e)(h)	700	717
American Credit Acceptance Receivables Trust, Series 2022-4, Class E, 10.00% 1/14/2030 (e)(h)	700	714
American Credit Acceptance Receivables Trust, Series 2023-4, Class E, 9.79% 8/12/2031 (e)(h)	700	738
American Credit Acceptance Receivables Trust, Series 2023-3, Class E, 9.54% 10/14/2031 (e)(h)	700	730
American Credit Acceptance Receivables Trust, Series 2024-2, Class E, 7.87% 11/12/2031 (e)(h)	700	720
American Credit Acceptance Receivables Trust, Series 2024-1, Class E, 7.98% 11/12/2031 (e)(h)	700	719
Avis Budget Rental Car Funding (AESOP), LLC, Series 2022-1A, Class B, 4.30% 8/21/2028 (e)(h)	840	840
Avis Budget Rental Car Funding (AESOP), LLC, Series 2023-7, Class B, 6.44% 8/21/2028 (e)(h)	200	206
Avis Budget Rental Car Funding (AESOP), LLC, Series 2023-6A, Class D, 7.37% 12/20/2029 (e)(h)	100	103
Avis Budget Rental Car Funding (AESOP), LLC, Series 2023-8A, Class D, 7.52% 2/20/2030 (e)(h)	100	103
CPS Auto Trust, Series 2025-D, Class D, 5.45% 2/17/2032 (e)(h)	1,000	1,011
Exeter Automobile Receivables Trust, Series 2025-2A, Class E, 7.81% 10/15/2032 (e)(h)	2,000	2,070
Exeter Automobile Receivables Trust, Series 2025-5A, Class E, 7.15% 6/15/2033 (e)(h)	1,900	1,909
Hertz Vehicle Financing III, LLC, Series 2023-3, Class D, 9.43% 2/25/2028 (e)(h)	1,000	1,025
Hertz Vehicle Financing, LLC, Series 2021-2A, Class B, 2.12% 12/27/2027 (e)(h)	673	660
Hertz Vehicle Financing, LLC, Series 2024-1A, Class D, 9.22% 1/25/2029 (e)(h)	492	510
Research-Driven Pagaya Motor Asset Trust I, Series 2025-4A, Class B, 5.497% 4/25/2034 (e)(h)	643	649
		13,424
Home equity 4.09%		
HTAP Trust, Series 2025-2, Class A, 6.50% 6/25/2043 (e)(h)	2,929	2,927
HTAP Trust, Series 2025-2, Class B, 8.00% 6/25/2043 (e)(h)	167	166
Unison Trust, Series 2025-1, Class A, 6.00% 7/25/2055 (h)	1,785	1,677
Unlock HEA Trust, Series 2025-2, Class A, 6.00% 11/25/2041 (e)(h)	322	323
Unlock HEA Trust, Series 2025-2, Class B, 7.25% 11/25/2041 (e)(h)	168	166
Unlock HEA Trust, Series 2025-3, Class A, 5.75% 12/25/2041 (e)(h)	1,999	1,994
Unlock HEA Trust, Series 2025-3, Class B, 7.25% 12/25/2041 (e)(h)	501	494
Woodward Capital Management, Series 2024-CES8, Class B2, 8.391% 11/25/2044 (e)(h)	3,000	3,052
Woodward Capital Management, Series 2025-CES1, Class B1, 7.653% 1/25/2045 (b)(e)(h)	2,500	2,567
		13,366
Credit card 0.92%		
Mission Lane Credit Card Master Trust, Series 2025-B, Class E, 8.08% 9/15/2031 (e)(h)	3,000	3,017
Collateralized loan obligations 0.88%		
Fortress Credit BSL, Ltd., CLO, Series 2023-1A, Class BR, (3-month USD CME Term SOFR + 1.85%) 5.710% 4/23/2036 (b)(e)(h)	829	831
Trinitas CLO, Ltd., Series 2020-12A, Class B1R2, (3-month USD CME Term SOFR + 1.55%) 5.408% 4/25/2033 (b)(e)(h)	659	659
Trinitas CLO, Ltd., Series 2020-12A, Class CR2, (3-month USD CME Term SOFR + 1.80%) 5.658% 4/25/2033 (b)(e)(h)	750	751
Trinitas CLO, Ltd., Series 2021-17A, Class CR, (3-month USD CME Term SOFR + 2.00%) 5.884% 10/20/2034 (b)(e)(h)	634	635
		2,876
Student loan 0.65%		
DRB Prime Student Loan Trust, Series 2017-B, Class R, 0% 8/25/2042 (c)(e)(h)	—(i)	162
JPTR Trust, Series 2025-1, Class R, 0% 12/25/2055 (c)(h)	30	30
JPTR Trust, Series 2025-1, Class A-FX, 4.95% 12/25/2055 (c)(h)	248	247

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
Asset-backed obligations (continued)		
Student loan (continued)		
JPTR Trust, Series 2025-1, Class A-FL, (3-month USD CME Term SOFR + 1.20%) 5.077% 12/25/2055 [b][c][h]	USD19	$ 19
JPTR Trust, Series 2025-1, Class B, 5.45% 12/25/2055 [c][h]	42	42
JPTR Trust, Series 2025-1, Class C, 5.65% 12/25/2055 [c][h]	10	10
JPTR Trust, Series 2025-1, Class D, 6.25% 12/25/2055 [c][h]	7	7
Navient Education Loan Trust, Series 2025-A, Class D, 6.03% 7/15/2055 [e][h]	315	318
SMB Private Education Loan Trust, Series 2025-B, Class D, 6.63% 3/17/2053 [e][h]	1,177	1,207
SMB Private Education Loan Trust, Series 2022-D, Class C, 6.58% 10/15/2058 [e][h]	71	74
		2,116
Total asset-backed obligations		48,727
U.S. Treasury bonds & notes 5.19%		
U.S. Treasury 5.19%		
U.S. Treasury 3.375% 11/30/2027	—[i]	—[i]
U.S. Treasury 3.375% 12/31/2027	727	726
U.S. Treasury 3.625% 12/31/2030	1,101	1,096
U.S. Treasury 4.00% 11/15/2035 [j]	9,637	9,506
U.S. Treasury 4.75% 8/15/2055 [j]	5,720	5,636
		16,964
Total U.S. Treasury bonds & notes		16,964
Bonds & notes of governments & government agencies outside the U.S. 0.12%		
Mexico 0.12%		
United Mexican States 5.625% 9/22/2035	400	395
Total bonds & notes of governments & government agencies outside the U.S.		395
Total bonds, notes & other debt instruments (cost: $307,039,000)		309,609

Common stock and other investments 0.98%	Shares	
Industrials 0.52%		
KSC I Aircraft, LP [c][k][l]	1,701,081	1,701
Financials 0.46%		
Kasper 2, LP [c][k][l]	13,139,000	1,365
KKR Maguire Aggregator, LLC [c][k][l]	140,058	140
		1,505
Energy 0.00%		
New Fortress Energy, Inc., Class A [k]	10,819	13
Total common stock and other investments (cost: $3,220,000)		3,219

Convertible bonds & notes 0.13%	Principal amount (000)	
Communication services 0.05%		
EchoStar Corp., convertible notes, 3.875% Cash 11/30/2030 [g]	USD51	171
Information technology 0.08%		
Strategy, Inc., 0% 12/1/2029	310	255
Total convertible bonds & notes (cost: $341,000)		426

Short-term securities 3.88%	Shares	
Money market investments 3.88%		
Capital Group Central Cash Fund 3.79% [m][n]	126,667	12,668
Total short-term securities (cost: $12,666,000)		12,668

Options purchased (equity style) 0.02%

	Value (000)
Options purchased (equity style)*	$ 59
Total options purchased (equity style) (cost: $92,000)	59
Total investment securities 99.81% (cost: $323,358,000)	325,981
Total options written (equity style)† (0.01)% (premium received: $51,000)	(33)
Other assets less liabilities 0.20%	655
Net assets 100.00%	$ 326,603

***Options purchased (equity style)**

Option on futures

Description	Number of contracts	Expiration date	Exercise price	Notional amount (000)	Value at 12/31/2025 (000)
Call					
3 Month SOFR Futures Option	593	3/13/2026	USD96.63	USD1,483	$ 59

†Options written (equity style)

Option on futures

Description	Number of contracts	Expiration date	Exercise price	Notional amount (000)	Value at 12/31/2025 (000)
Call					
3 Month SOFR Futures Option	593	3/13/2026	USD96.81	USD(1,483)	$ (33)

Futures contracts

Contracts	Type	Number of contracts	Expiration date	Notional amount (000)	Value and unrealized appreciation (depreciation) at 12/31/2025 (000)
2 Year U.S. Treasury Note Futures	Long	161	3/31/2026	USD33,615	$ (12)
5 Year U.S. Treasury Note Futures	Long	122	3/31/2026	13,335	(37)
10 Year U.S. Treasury Note Futures	Long	73	3/20/2026	8,208	(56)
10 Year Ultra U.S. Treasury Note Futures	Short	70	3/20/2026	(8,051)	21
					$ (84)

Forward currency contracts

Contract amount						
Currency purchased (000)		Currency sold (000)		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2025 (000)
USD	1,313	NOK	13,270	JPMorgan Chase & Co.	1/7/2026	$ (4)
USD	747	EUR	635	Morgan Stanley	1/30/2026	—[o]
						$ (4)

Swap contracts

Credit default swaps

Centrally cleared credit default swaps on credit indices — sell protection

Reference index	Financing rate received	Payment frequency	Expiration date	Notional amount[p] (000)	Value at 12/31/2025[q] (000)	Upfront premium paid (received) (000)	Unrealized appreciation (depreciation) at 12/31/2025 (000)
CDX.NA.HY.45	5.00%	Quarterly	12/20/2030	USD3,000	$ 228	$ 217	$ 11

Investments in affiliates[n]

	Value at 4/24/2025 (000)	Additions (000)	Reductions (000)	Net realized gain (loss) (000)	Net unrealized appreciation (depreciation) (000)	Value at 12/31/2025 (000)	Dividend or interest income (000)
Short-term securities 3.88%							
Money market investments 3.88%							
Capital Group Central Cash Fund 3.79%[m]	$—	$ 287,381	$ 274,735	$ 20	$ 2	$ 12,668	$ 444

Restricted securities[d]

	Acquisition date(s)	Cost (000)	Value (000)	Percent of net assets
Bonterra, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 3/5/2032 [a][b][c]	4/24/2025 - 8/27/2025	$ 5,366	$ 5,417	1.66%
Bonterra, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.687% 3/5/2032 [a][b][c]	5/29/2025	705	708	0.22
Bonterra, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.436% 3/5/2032 [a][b][c]	4/24/2025	105	106	0.03
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.484% 2/13/2032 [a][b][c]	6/17/2025 - 8/27/2025	5,256	5,276	1.62
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.484% 2/13/2032 [a][b][c]	6/17/2025 - 7/25/2025	171	173	0.05
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.477% 2/13/2032 [a][b][c]	6/17/2025	165	167	0.05
Truck-Lite Co., LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.451% 2/13/2032 [a][b][c]	6/17/2025	44	44	0.01
Packaging Coordinators Midco, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.59% 1/22/2032 [a][b][c]	8/27/2025	5,385	5,420	1.66
MEDX Holdings, LLC, Term Loan, (1-month USD CME Term SOFR + 4.75%) 8.466% 7/21/2032 [a][b][c]	7/21/2025 - 8/27/2025	4,437	4,481	1.37
TPSI Receivables, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.572% 1/24/2029 [a][b][c]	4/24/2025	3,406	3,458	1.06
Fortna AR, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.493% 6/1/2029 [a][b][c]	4/24/2025	3,377	3,421	1.05
Integrity Marketing Acquisition, LLC, Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.822% 8/25/2028 [a][b][c]	4/24/2025	3,178	3,184	0.97
Low Voltage Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 4/28/2032 [a][b][c]	4/30/2025 - 5/29/2025	2,566	2,599	0.80
ClubCorp Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.672% 7/9/2032 [a][b][c]	7/10/2025	2,532	2,555	0.78
Grayrock Fund IV ABS Issuer, LLC, Series 2025-1, Class A, 6.118% 2/15/2041 [c][h]	12/29/2025	2,026	2,026	0.62
Grayrock Fund IV ABS Issuer, LLC, Series 2025-1, Class B, 11.243% 2/15/2041 [c][h]	12/29/2025	474	474	0.14

Restricted securities[d] (continued)

	Acquisition date(s)	Cost (000)	Value (000)	Percent of net assets
FSS Buyer, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.216% 8/29/2031 [a][b][c]	4/24/2025	$ 2,461	$ 2,496	0.76%
Woolpert Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.316% 4/5/2032 [a][b][c]	9/26/2025	2,160	2,177	0.67
Woolpert, Inc., Revolver, (3-month USD CME Term SOFR + 4.50%) 8.316% 4/5/2031 [a][b][c]	9/26/2025	36	36	0.01
John Wood Group PLC, Revolver, (3-month USD CME Term SOFR + 5.50%) 9.284% 10/31/2028 [a][b][c]	9/9/2025	1,680	1,684	0.52
Koala Investment Holdings, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.172% 8/29/2032 [a][b][c]	8/29/2025	1,652	1,652	0.51
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class XS, 1.515% 7/25/2065 [b][h]	8/7/2025	402	391	0.12
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B1, 7.056% 7/25/2065 [b][h]	8/7/2025	358	364	0.11
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B2, 7.056% 7/25/2065 [b][h]	8/7/2025	292	298	0.09
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class B3, 7.056% 7/25/2065 [b][h]	8/7/2025	176	180	0.06
Santander Mortgage Asset Receivable Trust, Series 2025-NQM4, Class AIOS, 0.42% 7/25/2065 [b][h]	8/7/2025	97	75	0.02
Jamestown Funding Trust, Term Loan, (1-month USD CME Term SOFR + 2.20%) 5.86% 6/15/2072 [a][b][c]	6/13/2025	526	526	0.16
Jamestown Funding Trust, Term Loan, (1-month USD CME Term SOFR + 3.15%) 6.81% 6/15/2072 [a][b][c]	6/13/2025	422	422	0.13
Oak Funding, LLC, Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.287% 12/2/2032 [a][b][c]	12/2/2025	907	907	0.28
Dispatch Acquisition Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.422% 11/19/2032 [a][b][c]	11/19/2025	842	842	0.26
Dispatch Acquisition Holdings, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 8.589% 11/19/2032 [a][b][c]	11/19/2025	55	55	0.01
Higginbotham Insurance Agency, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 8.216% 6/11/2031 [a][b][c]	12/11/2025	852	853	0.26
Medmark Media Communications, Inc., Term Loan, (3-month USD CME Term SOFR + 5.25%) 8.922% 2/16/2030 [a][b][c]	12/4/2025	827	827	0.25
Webpros Holding SARL, Term Loan, (3-month USD CME Term SOFR + 5.00%) 8.818% 12/4/2032 [a][b][c]	12/5/2025	804	804	0.25
Webpros Holding SARL, Revolver, (3-month USD CME Term SOFR + 5.00%) 8.75% 6/4/2032 [a][b][c]	12/5/2025	8	8	0.00[r]
Safety Borrower Holdings, LLC, Term Loan, (3-month USD CME Term SOFR + 4.75%) 8.451% 12/20/2032 [a][b][c]	12/19/2025	667	666	0.21
Safety Borrower Holdings, LLC, Revolver, (3-month USD CME Term SOFR + 4.75%) 10.50% 12/20/2032 [a][b][c]	12/19/2025	6	6	0.00[r]
Navex Global Holding Co., (3-month USD CME Term SOFR + 5.00%) 8.912% 10/14/2032 [a][b][c]	10/14/2025	548	549	0.17
Railpros, Inc., Term Loan, (3-month USD CME Term SOFR + 4.50%) 10.043% 5/24/2032 [a][b][c]	8/4/2025	171	171	0.05
Total		$ 55,142	$ 55,498	16.99%

[a] Loan participations and assignments; may be subject to legal or contractual restrictions on resale.
[b] Coupon rate may change periodically. Reference rate and spread are as of the most recent information available. Some coupon rates are determined by the issuer or agent based on current market conditions; therefore, the reference rate and spread are not available.
[c] Value determined using significant unobservable inputs.
[d] Restricted security, other than Rule 144A securities or commercial paper issued pursuant to Section 4(a)(2) of the Securities Act of 1933.
[e] Acquired in a transaction exempt from registration under Rule 144A or, for commercial paper, Section 4(a)(2) of the Securities Act of 1933. May be resold in the U.S. in transactions exempt from registration, normally to qualified institutional buyers. The total value of all such securities was $129,591,000, which represented 39.68% of the net assets of the fund.
[f] Step bond; coupon rate may change at a later date.
[g] Payment in kind; the issuer has the option of paying additional securities in lieu of cash. Payment methods and rates are as of the most recent payment when available.
[h] Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.
[i] Amount less than one thousand.
[j] All or a portion of this security was pledged as collateral. The total value of pledged collateral was $694,000, which represented 0.21% of the net assets of the fund.
[k] Non-income producing.
[l] Special purpose vehicle.
[m] Rate represents the seven-day yield at 12/31/2025.
[n] Affiliate of the fund or part of the same “group of investment companies“ as the fund, as defined under the Investment Company Act of 1940, as amended.
[o] Amount less than one thousand.
[p] The maximum potential amount the fund may pay as a protection seller should a credit event occur.
[q] The prices and resulting values for credit default swap indices serve as an indicator of the current status of the payment/performance risk. As the value of a sell protection credit default swap increases or decreases, when compared to the notional amount of the swap, the payment/performance risk may decrease or increase, respectively.
[r] Amount less than 0.01%.

Key to abbreviation(s)
CLO = Collateralized Loan Obligations
CME = CME Group
DAC = Designated Activity Company
EUR = Euro
EURIBOR = Euro Interbank Offered Rate
NOK = Norwegian Krone
PIK = Payment In Kind
REIT = Real Estate Investment Trust
SOFR = Secured Overnight Financing Rate
USD = U.S. Dollar
UST = U.S. Treasury

Refer to the notes to financial statements.

Financial statements

Statement of assets and liabilities at December 31, 2025

		(dollars in thousands)
Assets:		
Investment securities, at value:		
Unaffiliated issuers (cost: $310,692)	$ 313,313	
Affiliated issuers (cost: $12,666)	12,668	$ 325,981
Cash		1,366
Net unrealized appreciation on unfunded commitments*		89
Receivables for:		
Sales of fund's shares	2,375	
Dividends and interest	2,507	
Variation margin on futures contracts	13	4,895
		332,331
Liabilities:		
Unrealized depreciation on open forward currency contracts		4
Options written, at value (premium received: $51)		33
Payables for:		
Purchases of investments	80	
Dividends on fund's shares	4,361	
Investment advisory services	179	
Services provided by related parties	615	
Trustees' deferred compensation	52	
Variation margin on futures contracts	41	
Variation margin on centrally cleared swap contracts	2	
Other	361	5,691
Commitments and contingencies*		
Net assets at December 31, 2025		$ 326,603
Net assets consist of:		
Capital paid in on shares of beneficial interest		$ 323,514
Total distributable earnings (accumulated loss)		3,089
Net assets at December 31, 2025		$ 326,603

*Refer to Note 5 for further information on unfunded commitments and Note 7 for further information on the expense recoupment.

(dollars and shares in thousands, except per-share amounts)

Shares of beneficial interest issued and outstanding (no stated par value) — unlimited shares authorized (32,005 total shares outstanding)

	Net assets	Shares outstanding	Net asset value per share
Class A	$ 5,794	568	$ 10.21
Class A-2	10	1	10.21
Class A-3	3,138	308	10.20
Class F-2	34,369	3,368	10.21
Class F-3	283,282	27,759	10.21
Class R-6	10	1	10.21

Refer to the notes to financial statements.

Financial statements (continued)

Statement of operations for the period ended December 31, 2025[1]

		(dollars in thousands)
Investment income:		
Income:		
Interest from unaffiliated issuers	$ 12,888	
Dividends from affiliated issuers	444	$ 13,332
Fees and expenses[2]:		
Investment advisory services	1,211	
Distribution services	7	
Transfer agent services	12	
Administrative services	55	
Reports to shareholders	—[3]	
Accounting and administrative services	170	
Trustees' compensation	156	
Auditing and legal	196	
Registration statement and prospectus	66	
Custodian	1	
Independent valuation services	27	
Other	16	
Total fees and expenses before waivers/reimbursements	1,917	
Less:		
Expense reimbursement	(866)	
Recoupment of expense reimbursement	602	
Net expense reimbursement	(264)	
Total fees and expenses after waivers/reimbursements		1,653
Net investment income		11,679
Net realized gain (loss) and unrealized appreciation (depreciation):		
Net realized gain (loss) on:		
Investments:		
Unaffiliated issuers	1,149	
Affiliated issuers	20	
Options written	11	
Futures contracts	47	
Forward currency contracts	26	
Swap contracts	2,439	
Currency transactions	1	3,693
Net unrealized appreciation (depreciation) on:		
Investments:		
Unaffiliated issuers	2,710	
Affiliated issuers	2	
Options written	18	
Futures contracts	(84)	
Forward currency contracts	(4)	
Swap contracts	11	2,653
Net realized gain (loss) and unrealized appreciation (depreciation):		6,346
Net increase (decrease) in net assets resulting from operations		$ 18,025

[1] For the period April 24, 2025 through December 31, 2025.
[2] Additional information related to class-specific fees and expenses is included in the notes to financial statements.
[3] Amount less than one thousand.

Refer to the notes to financial statements.

Financial statements (continued)

Statement of changes in net assets

(dollars in thousands)

	Period ended December 31, 2025*
Operations:	
Net investment income	$ 11,679
Net realized gain (loss)	3,693
Net unrealized appreciation (depreciation)	2,653
Net increase (decrease) in net assets resulting from operations	18,025
Distributions paid or accrued to shareholders	(14,936)
Net capital share transactions	323,514
Total increase (decrease) in net assets	326,603
Net Assets:	
Beginning of period	—
End of period	$ 326,603

*For the period April 24, 2025 through December 31, 2025.

Refer to the notes to financial statements.

Financial statements (continued)

Statement of cash flows for the period ended December 31, 2025*

	(dollars in thousands)
Cash flows from operating activities:	
Net increase in net assets resulting from operations	$ 18,025
Adjustments to reconcile net increase in net assets resulting from operations to net cash used in operating activities:	
Purchases of investment securities	(559,845)
Proceeds from sales and repayments of investment securities	252,353
Net purchases, sales and maturities of short-term investments	(14,245)
Payment-in-kind income	(36)
Proceeds received from written options	51
Net realized (gain) loss on investments	(1,169)
Net unrealized (appreciation) depreciation on investments and forward currency contracts	(2,708)
Net unrealized (appreciation) depreciation on written options	(18)
Net amortization of premium (accretion of discount)	(416)
Changes in assets and liabilities:	
(Increase) decrease in receivables for dividends and interest	(2,507)
(Increase) decrease in receivables for variation margin on futures contracts	(13)
Increase (decrease) in payables for purchases of investments	80
Increase (decrease) in payables for investment advisory services	179
Increase (decrease) in payables for services provided by related parties	615
Increase (decrease) in payables for trustees' deferred compensation	52
Increase (decrease) in payables for variation margin on futures contracts	41
Increase (decrease) in payables for variation margin on centrally cleared swap contracts	2
Increase (decrease) in other payables	361
Net cash provided by (used in) operating activities	(309,198)
Cash flows from financing activities:	
Distributions paid to shareholders	(10,423)
Proceeds from sales of fund's shares	322,207
Payments on shares repurchased	(1,220)
Net cash provided by (used in) financing activities	310,564
Net increase (decrease) in cash	1,366
Cash at beginning of period	—
Cash at end of period	1,366
Supplemental disclosure of cash flow information:	
Reinvestment of distributions	$ 152

*For the period April 24, 2025 through December 31, 2025.

Refer to the notes to financial statements.

Notes to financial statements

1. Organization

Capital Group KKR Multi-Sector+ (the "fund") was organized on October 4, 2024 as a Delaware statutory trust. The fund is registered under the Investment Company Act of 1940, as amended (the "1940 Act") as a nondiversified, closed-end management investment company operating as an interval fund, and its shares are registered under the Securities Act of 1933. The fund's investment objective is to provide a high level of current income. The fund will seek to allocate approximately 60% of its net assets to public credit assets and approximately 40% to private credit assets. Capital Research and Management Company ("CRMC") is the fund's investment adviser. KKR Credit Advisors (US) LLC ("KKR") is the fund's sub-adviser and primarily manages private credit assets held by the fund.

The fund has six share classes consisting of five retail share classes (Classes A, A-2, A-3, F-2 and F-3) and one retirement plan share class (Class R-6). The retirement plan share class is generally offered only through eligible employer-sponsored retirement plans. The fund's share classes are described further in the following table:

Share class	Initial sales charge	Contingent deferred sales charge upon redemption
Class A	Up to 3.75%	0.75% for redemptions within 18 months of purchase for investments of $500,000 or more
Class A-2	Up to 2.00%	1.00% for redemptions within one year of purchase for investments of $250,000 or more
Class A-3	None	None
Classes F-2 and F-3	None	None
Class R-6	None	None

Holders of all share classes have equal pro rata rights to the assets, dividends and liquidation proceeds of the fund. Each share class has identical voting rights, except for the exclusive right to vote on matters affecting only its class. Share classes have different fees and expenses ("class-specific fees and expenses"), primarily due to different arrangements for distribution, transfer agent and administrative services. Differences in class-specific fees and expenses will result in differences in net investment income and, therefore, the payment of different per-share dividends by each share class.

2. Significant accounting policies

The fund is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board ("FASB"). The fund's financial statements have been prepared to comply with U.S. generally accepted accounting principles ("U.S. GAAP"). These principles require the fund's investment adviser to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. The fund follows the significant accounting policies described in this section, as well as the valuation policies described in the next section on valuation.

Operating segments — The fund represents a single operating segment as the operating results of the fund are monitored as a whole and its long-term asset allocation is determined in accordance with the terms of its prospectus, based on defined investment objectives that are executed by the fund's portfolio management team. A senior executive team comprised of the fund's Principal Executive Officer and Principal Financial Officer, serves as the fund's chief operating decision maker ("CODM"), who act in accordance with Board of Trustee reviews and approvals. The CODM uses financial information, such as changes in net assets from operations, changes in net assets from fund share transactions, and income and expense ratios, consistent with that presented within the accompanying financial statements and financial highlights to assess the fund's profits and losses and to make resource allocation decisions. Segment assets are reflected in the statement of assets and liabilities as net assets, which consists primarily of investment securities, at value, and significant segment expenses are listed in the accompanying statement of operations.

Security transactions and related investment income — Security transactions are recorded by the fund as of the date the trades are executed with brokers. Realized gains and losses from security transactions are determined based on the specific identified cost of the securities. In the event a security is purchased with a delayed payment date, the fund will segregate liquid assets sufficient to meet its payment obligations. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Market discounts, premiums and original issue discounts on fixed-income securities are amortized daily over the expected life of the security.

Class allocations — Income, fees and expenses (other than class-specific fees and expenses) are allocated daily among the various share classes based on the relative value of their settled shares. Realized gains and losses and unrealized appreciation and depreciation are allocated daily among the various share classes based on their relative net assets. Class-specific fees and expenses, such as distribution, transfer agent and administrative services, are charged directly to the respective share class.

Distributions paid or accrued to shareholders — Income dividends are declared daily after the determination of the fund's net investment income and are paid to shareholders monthly. Capital gain distributions are recorded on the ex-dividend date.

Currency translation — Assets and liabilities, including investment securities, denominated in currencies other than U.S. dollars are translated into U.S. dollars at the exchange rates supplied by one or more pricing vendors on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the exchange rates on the dates of such transactions. The effects of changes in exchange rates on investment securities are included with the net realized gain or loss and net unrealized appreciation or depreciation on investments in the fund's statement of operations. The realized gain or loss and unrealized appreciation or depreciation resulting from all other transactions denominated in currencies other than U.S. dollars are disclosed separately.

3. Valuation

CRMC, the fund's investment adviser, values the fund's investments at fair value as defined by U.S. GAAP. The net asset value per share is calculated once daily as of the close of regular trading on the New York Stock Exchange, normally 4 p.m. New York time, each day the New York Stock Exchange is open.

Methods and inputs — The fund's investment adviser uses the following methods and inputs to establish the fair value of the fund's assets and liabilities. Use of particular methods and inputs may vary over time based on availability and relevance as market and economic conditions evolve.

Equity securities, including depositary receipts, exchange-traded funds, and certain convertible preferred stocks that trade on an exchange or market, are generally valued at the official closing price of, or the last reported sale price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price. Prices for each security are taken from the principal exchange or market on which the security trades.

Fixed-income securities, including short-term securities and loans other than directly originated loans, are generally valued at evaluated prices obtained from third-party pricing vendors. Vendors value such securities based on one or more of the inputs described in the following table. The table provides examples of inputs that are commonly relevant for valuing particular classes of fixed-income securities in which the fund is authorized to invest. However, these classifications are not exclusive, and any of the inputs may be used to value any other class of fixed-income security.

Fixed-income class	Example of standard inputs
All	Benchmark yields, transactions, bids, offers, quotations from dealers and trading systems, new issues, spreads and other relationships observed in the markets among comparable securities; and proprietary pricing models such as yield measures calculated using factors such as cash flows, financial or collateral characteristics or performance and other reference data (collectively referred to as "standard inputs")
Corporate bonds, notes & loans; convertible securities	Standard inputs and underlying equity of the issuer
Bonds & notes of governments & government agencies	Standard inputs and interest rate volatilities
Mortgage-backed; asset-backed obligations	Standard inputs and cash flows, prepayment information, default rates, delinquency and loss assumptions, credit enhancements and specific deal information
Municipal securities	Standard inputs and, for certain distressed securities, cash flows or liquidation values using a net present value calculation based on inputs that include, but are not limited to, financial statements and debt contracts

Securities with both fixed-income and equity characteristics, or equity securities traded principally among fixed-income dealers, are generally valued in the manner described for either equity or fixed-income securities, depending on which method is deemed most appropriate by the fund's investment adviser. The Capital Group Central Cash Fund ("CCF"), a fund within the Capital Group Central Fund Series ("Central Funds"), is valued based upon a floating net asset value, which fluctuates with changes in the value of CCF's portfolio securities. The underlying securities are valued based on the policies and procedures in CCF's statement of additional information.

Exchange-traded options and futures are generally valued at the official closing price for options and official settlement price for futures on the exchange or market on which such instruments are traded, as of the close of business on the day such instruments are being valued. Forward currency contracts are valued based on the spot and forward exchange rates obtained from a third-party pricing vendor. Swaps are generally valued using evaluated prices obtained from third-party pricing vendors who calculate these values based on market inputs that may include the yields of the indices referenced in the instrument and the relevant curve, dealer quotes, default probabilities and recovery rates, and terms of the contract.

Securities and other assets for which representative market quotations are not readily available or are considered unreliable by the fund's investment adviser are fair valued as determined in good faith under fair valuation guidelines adopted by the fund's investment adviser and approved by the board of trustees as further described. The investment adviser follows fair valuation guidelines, consistent with U.S. Securities and Exchange Commission rules and guidance, to consider relevant principles and factors when making fair value determinations. The investment adviser considers relevant indications of value that are reasonably and timely available to it in determining the fair value to be assigned to a particular security, such as the type and cost of the security, restrictions on resale of the security, relevant financial or business developments of the issuer, actively traded similar or related securities, dealer or broker quotes, conversion or exchange rights on the security, related corporate actions, significant events occurring after the close of trading in the security, and changes in overall market conditions. Directly originated loans are valued on an individual loan basis. The fair value of each loan may be informed by the inputs of third-party services. These valuations will incorporate borrower-specific information such as credit performance, significant events affecting the borrower or underlying collateral, and relevant market developments each business day that the New York Stock Exchange is open. In addition, the closing prices of equity securities that trade in markets outside U.S. time zones may be adjusted to reflect significant events that occur after the close of local trading but before the net asset value of each share class of the fund is determined. Fair valuations of investments that are not actively trading involve judgment and may differ materially from valuations that would have been used had greater market activity occurred.

Processes and structure — The fund's board of trustees has designated the fund's investment adviser to make fair value determinations, subject to board oversight. The investment adviser has established a Joint Fair Valuation Committee (the "Committee") to administer, implement and oversee the fair valuation process and to make fair value decisions. The Committee regularly reviews its own fair value decisions, as well as decisions made under its standing instructions to the investment adviser's valuation team. The Committee reviews changes in fair value measurements from period to period, pricing vendor information and market data, and may, as deemed appropriate, update the fair valuation guidelines to better reflect the results of back testing and address new or evolving issues. Pricing decisions, processes and controls over security valuation are also subject to additional internal reviews facilitated by the investment adviser's global risk management group. The Committee reports changes to the fair valuation guidelines to the board of trustees. The fund's board and audit committee also regularly review reports that describe fair value determinations and methods.

Classifications — The fund's investment adviser classifies the fund's assets and liabilities into three levels based on the inputs used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Certain securities trading outside the U.S. may transfer between Level 1 and Level 2 due to valuation adjustments resulting from significant market movements following the close of local trading. Level 3 values are based on significant unobservable inputs that reflect the investment adviser's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. For example, U.S. government securities are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market. The fund's valuation levels as of December 31, 2025, were as follows (dollars in thousands):

	Investment securities			
	Level 1	Level 2	Level 3	Total
Assets:				
Bonds, notes & other debt instruments:				
Loans	$ —	$ 2,469	$ 96,835	$ 99,304
Corporate bonds and notes	—	89,425	3,186	92,611
Mortgage-backed obligations	—	51,608	—	51,608
Asset-backed obligations	—	43,210	5,517	48,727
U.S. Treasury bonds & notes	—	16,964	—	16,964
Bonds & notes of governments & government agencies outside the U.S.	—	395	—	395
Common stock and other investments	13	—	3,206	3,219
Convertible bonds & notes	—	426	—	426
Short-term securities	12,668	—	—	12,668
Options purchased on futures (equity style)	59	—	—	59
Total	$ 12,740	$ 204,497	$ 108,744	$ 325,981

	Other investments[1]			
	Level 1	Level 2	Level 3	Total
Assets:				
Unrealized appreciation on futures contracts	$ 21	$ —	$—	$ 21
Unrealized appreciation on centrally cleared credit default swaps	—	11	—	11
Liabilities:				
Value of options written (equity style)	(33)	—	—	(33)
Unrealized depreciation on futures contracts	(105)	—	—	(105)
Unrealized depreciation on forward currency contracts	—	(4)	—	(4)
Total	$ (117)	$ 7	$—	$ (110)

[1]Options written, futures contracts, forward currency contracts and credit default swaps are not included in the fund's investment portfolio.

The following table reconciles the valuation of the fund's Level 3 investment securities and related transactions for the period April 24, 2025 through December 31, 2025 (dollars in thousands):

	Beginning value at April 24, 2025	Transfers into Level 3[2]	Purchases	Sales and paydowns	Accrued premiums/ discounts	Net realized gain (loss)[3]	Unrealized appreciation (depreciation)[3]	Transfers out of Level 3[2]	Ending value at 12/31/2025
Loans	$—	$—	$ 97,487	$ (1,414)	43	$ 1	$ 718	$—	$ 96,835
Corporate bonds and notes	—	—	3,112	—	—	—	74	—	3,186
Asset-backed obligations	—	—	5,506	—	(35)	—	46	—	5,517
Common stock and other investments	—	—	3,158	—	—	—	48	—	3,206
Total	$—	$—	$ 109,263	$ (1,414)	$ 8	$ 1	$ 886	$—	$ 108,744

Net unrealized appreciation (depreciation) on Level 3 investment securities held at December 31, 2025	$ 886

[2]Transfers into or out of Level 3 are based on the beginning market value of the quarter in which they occurred. These transfers are the result of changes in the availability of pricing sources and/or in the observability of significant inputs used in valuing the securities.
[3]Net realized gain (loss) and unrealized appreciation (depreciation) are included in the related amounts on investments in the fund's statement of operations.

Unobservable inputs — Valuation of the fund's Level 3 securities is based on significant unobservable inputs that reflect the investment adviser's determination of assumptions that market participants might reasonably use in valuing the securities. The following table provides additional information used by the fund's investment adviser to fair value the fund's Level 3 securities (dollars in thousands):

	Value at 12/31/2025	Valuation technique(s)	Unobservable inputs	Range (if applicable)	Weighted average*	Impact to valuation from an increase in input†
Loans	$96,835	Yield analysis	Yield	6%-10%	8%	Decrease
			Discount Margin	2%-9%	5%	Decrease
		Transaction	Transaction price	Not applicable	Not applicable	Not applicable
Corporate bonds and notes	3,186	Yield analysis	Yield	6%	6%	Decrease
Asset-backed obligations	5,517	Yield analysis	Yield	5%-18%	6%	Decrease
		Transaction	Transaction price	Not applicable	Not applicable	Not applicable
Common stock and other investments	3,206	Yield analysis	Yield	9%-10%	9%	Decrease
		Transaction	Transaction price	Not applicable	Not applicable	Not applicable
Total	$108,744					

*Weighted average is by relative fair value.
†This column represents the directional change in fair value of the Level 3 securities that would result in an increase from the corresponding input. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

4. Risk factors

Investing in the fund may involve certain risks including, but not limited to, those described below.

Market conditions — The prices of, and the income generated by, the securities held by the fund may decline — sometimes rapidly or unpredictably — due to various factors, including events or conditions affecting the general economy or particular industries or companies; overall market changes; local, regional or global political, social or economic instability; governmental, governmental agency or central bank responses to economic conditions; levels of public debt and deficits; changes in inflation rates; 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), bank failures 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.

Repurchase offers risk — The fund is an interval fund and, in order to provide liquidity to shareholders, the fund, subject to applicable law, will conduct periodic repurchase offers of 5% to 25% of its outstanding shares at net asset value, subject to approval of the board. The fund expects initially to conduct quarterly repurchase offers for 10% of its outstanding shares under ordinary circumstances. As a result, shareholders may be unable to liquidate all or a given percentage of their investment in the fund during a particular repurchase offer. Some shareholders, in anticipation of proration, may request that more shares be repurchased than they wish to have repurchased in a particular month, thereby increasing the likelihood that proration will occur. A shareholder may be subject to market and other risks, and the net asset value per share of shares subject of a repurchase request in a repurchase offer may decline to the extent there is any delay between the repurchase request deadline and the date on which the net asset value for tendered shares is determined. Such fluctuations may be exacerbated by currency fluctuations to the extent the fund invests in securities denominated in currencies other than the U.S. dollar. The net asset value on the repurchase request deadline or the repurchase pricing date may be higher or lower than on the date a shareholder submits a repurchase request.

The fund believes that these repurchase offers are generally beneficial to the fund’s shareholders, and repurchases generally will be funded from available cash, cash from the sale of shares or sales of portfolio securities. However, repurchase offers and the need to fund repurchase obligations may affect the ability of the fund to be fully invested or force the fund to maintain a higher percentage of its assets in liquid investments than would otherwise be the case, which could adversely affect the fund’s investment performance. In addition, diminution in the size of the fund through repurchases may result in an increased expense ratio for shareholders who do not submit a repurchase request, may result in untimely sales of portfolio securities (with associated imputed transaction costs, which may be significant) and, unless offset by sufficient sales of fund shares, may limit the ability of the fund to participate in new investment opportunities or to achieve its investment objective.

Issuer risks — The prices of, and the income generated by, securities held by the fund 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 the issuer’s financial condition or credit rating, 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. An individual security may also be affected by factors relating to the industry or sector of the issuer or the securities markets as a whole, and conversely an industry or sector or the securities markets may be affected by a change in financial condition or other event affecting a single issuer. To the extent that the market prices of securities of issuers in the same or related industries or sectors tend to move in the same direction at the same time, and these issuers make up a sizeable portion of the market, events affecting one issuer, industry or sector or the securities markets generally may have a larger impact. If such issuers represent a substantial portion of major market indices, or the economy, a downturn in the prices of their securities may have a disproportionate adverse effect on the overall market, even if other segments of the market perform well. The fund’s portfolio managers invest in issuers based on their level of investment conviction. At times, the fund may invest more significantly in a single issuer, which could increase the fund’s volatility and the risk of loss arising from the factors described above.

Investing in debt instruments — The prices of, and the income generated by, bonds, loans and other debt securities held by the fund may be affected by factors such as the interest rates, maturities and credit quality of these securities.

Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Also, when interest rates rise, issuers of debt securities that may be prepaid at any time, such as mortgage- or other asset-backed securities, are less likely to refinance existing debt securities, causing the average life of such securities to extend. A general change 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 repurchase requests from fund shareholders. 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 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. Changes in actual or perceived creditworthiness may occur quickly. 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. The investment adviser and the sub-adviser rely on their own credit analysts to research issuers and issues in assessing credit and default risks.

Investing in lower rated debt instruments — Lower rated debt securities or instruments, rated Ba1/BB+ or below by Nationally Recognized Statistical Rating Organizations (also known as “junk bonds”), 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.

Investing in illiquid investments and liquidity risk — The sub-adviser expects to invest primarily in private, illiquid securities. Illiquid assets may be more difficult to value, especially in changing markets. In addition, illiquid securities are typically subject to restrictions on resale and the fund may be legally, contractually or otherwise prohibited from selling or disposing certain investments for a period of time. 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 to try to limit losses, or may be forced to sell at a loss.

Fund holdings in general may be or may become difficult or impossible to sell, particularly during times of market turmoil. In addition legal or contractual restrictions on resale, liquidity may be impacted by the lack of an active market for a holding 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 or difficult to determine, and reduced liquidity may have an adverse impact on the market price of such holdings.

Investing outside the U.S. — Securities of issuers domiciled outside the U.S. or with significant operations or revenues outside the U.S., and securities tied economically to countries outside the U.S., 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 are domiciled, operate or generate revenue or to which the securities are tied economically. 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, sanctions, 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 U.S. Investments outside the U.S. may also be subject to different regulatory, legal, accounting, auditing, financial reporting and recordkeeping requirements, than those in the U.S.. As a result, the fund's investments outside the U.S. may be subject to limited available information and, may be more difficult to value than investments in the U.S.; the fund may be unable to pursue legal remedies or obtain and enforce judgments in local courts; and repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval. In addition, the value of investments outside the U.S. 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, which could impact the liquidity of the fund's portfolio. The risks of investing outside the U.S. may be heightened in connection with investments in emerging markets.

Exposure to country, region, industry or sector — Subject to the fund's investment limitations, the fund may have significant exposure to a particular country, region, industry or sector. Such exposure may cause the fund 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 without such levels of exposure. For example, if the fund 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 mortgage-related and other asset-based finance securities — Mortgage-related securities, such as mortgage-backed securities, and other asset-based finance securities, include debt obligations that represent interests in pools of mortgages or other income-bearing assets, such as residential mortgage loans, home equity loans, mortgages on commercial buildings, consumer loans and equipment leases. Investments in such securities may include collateralized debt obligations, such as collateralized loan obligations and collateralized mortgage obligations, and may, from time to time, include lower-rated tranches of these instruments. While such securities are subject to the risks associated with investments in debt instruments generally (for example, credit, extension and interest rate risks), they are also subject to other and different risks. Mortgage-backed and other asset-based finance securities are subject to changes in the payment patterns of borrowers of the underlying debt, potentially increasing the volatility of the securities and the 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-based finance 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-based finance securities are subject to similar risks, as well as additional risks associated with the assets underlying those securities.

Interest rate risk — The values and liquidity of the securities held by the fund 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 or total return and, in relatively low interest rate environments, there are heightened risks associated with rising interest rates.

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 cause the fund to lose significantly more than 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, or even impossible, 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. In certain cases, the fund may be hindered or delayed in exercising remedies against or closing out derivative instruments with a counterparty, which may result in additional losses. Derivatives are also subject to operational risk (such as documentation issues, settlement issues and systems failures) and legal risk (such as insufficient documentation, insufficient capacity or authority of a counterparty, and issues with the legality or enforceability of a contract).

Investing in subordinated and unsecured or partially secured loans — The fund will, from time to time, invest in unsecured loans and secured subordinated loans, including second and lower lien loans. Second lien loans are generally second in line in terms of repayment priority. A second lien loan could have a claim on the same collateral pool as the first lien or it could be secured by a separate set of assets. Second lien loans generally give investors priority over general unsecured creditors in the event of an asset sale. The priority of the collateral claims of third or lower lien loans ranks below holders of second lien loans and so on. Such junior loans are subject to the same general risks inherent to any loan investment, including credit risk, market and liquidity risk and interest rate risk. Due to their lower place in the borrower's capital structure and possible unsecured or partially secured status, such loans involve a higher degree of overall risk than Senior Loans of the same borrower.

Investing in securities backed by the U.S. government — U.S. government securities are subject to market risk, interest rate risk and credit risk. 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. Notwithstanding that these securities are backed by the full faith and credit of the U.S. government, circumstances could arise that would prevent or delay the payment of interest or principal on these securities, which could adversely affect their value and cause the fund to suffer losses. Such an event could lead to significant disruptions in U.S. and global markets.

Securities issued by U.S. 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.

Valuation risk — Unlike publicly traded common stock which trades on national exchanges, there is no central place or exchange for loans or fixed-income instruments to trade. Loans and fixed-income instruments are generally valued at evaluated prices obtained from third-party pricing vendors and generally trade on an OTC market which could be anywhere in the world where the buyer and seller can settle on a price. Due to the lack of centralized information and trading, the valuation of loans or fixed-income instruments generally carries more risk than that of common stock. In addition, other market participants may value securities differently than the fund. As a result, the fund may be subject to the risk that when a loan or fixed-income instrument is sold in the market, the amount received by the fund is less than the value carried on the fund's books. These risks are heightened with respect to private fixed-income instruments, which rarely have readily available market quotations. As a result, such securities require the investment adviser to estimate, in accordance with their valuation policies, the fair value of such investments on the valuation date. Fair value pricing is based on subjective judgments, significant unobservable inputs and may differ materially from the value that would be realized if the security were to be sold. Absent bad faith or manifest error, valuation determinations of the investment adviser will be conclusive and binding on shareholders of the fund.

Nondiversification — As a nondiversified fund, the fund may invest a greater percentage of its assets in fewer issuers than a diversified fund. A fund that invests in a relatively smaller number of issuers is more susceptible to risks associated with a single economic, political, geographic or regulatory occurrence than a diversified fund might be. In addition, poor performance by a single issuer could adversely affect fund performance more than if the fund were invested in a larger number of issuers. The value of the fund's shares can be expected to fluctuate more than might be the case if the fund were more broadly diversified.

Dependence on investment adviser and sub-adviser — The fund's strategy to invest in publicly-traded fixed income securities and private credit loans and securities is highly dependent on the strategic partnership between, and the investment advisory services provided by, both the investment adviser and the sub-adviser. As a result, the investment adviser and sub-adviser have agreed that the investment adviser will terminate its own Investment Advisory and Service Agreement with the fund if it or the board of the fund provides notice of termination or non-renewal of the investment adviser's Subadvisory Agreement with KKR Credit with respect to the fund without cause. If the Subadvisory Agreement and/or the Investment Advisory and Service Agreement is terminated for any reason, the fund would incur costs in order to find a replacement adviser and, in the event it were unable to find a replacement adviser, may be forced to liquidate.

Management — The investment adviser and sub-adviser to the fund actively manage the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses, including models, tools and data, employed by the investment adviser or sub-adviser in this process may be flawed or incorrect and may not produce the desired results. This could cause the fund to lose value or its investment results to lag relevant benchmarks or other funds with similar objectives.

5. Certain investment techniques

Loans — The fund has entered into loan transactions in which the fund acquires a loan either through an agent, by assignment from another holder, or as a participation interest in another holder's portion of a loan. These loans are often administered by a financial institution that acts as agent for the holders of the loan, and the fund may be required to receive approval from the agent and/or borrower prior to the sale of the investment. The fund also invests in loans originated or negotiated by non-bank lenders in private markets, including first-lien loans, unsecured loans and secured subordinated loans (such as second and lower lien loans). Due to their unsecured or partially secured status, lower lien loans involve a higher degree of risk overall than senior loans of the same borrower. A loan's interest rate and maturity date may change based on the terms of the loan, including potential early payments of principal. There may be no active trading market for some loans, and the fund may not be able to readily dispose of certain loans at desired prices.

Unfunded commitments — The fund has participated in transactions that involve unfunded commitments, which may obligate the fund to make certain investments, including unsettled bank loan purchase transactions. The table below presents the fund's unfunded commitments as of December 31, 2025 (dollars in thousands). Net unrealized appreciation is disclosed as net unrealized appreciation on unfunded commitments in the fund's statement of assets and liabilities and is included in net unrealized appreciation or depreciation on investments in unaffiliated issuers in the fund's statement of operations.

Loan commitment	Unfunded commitment	Unrealized appreciation (depreciation)
AGS Health BCP Holdings, Inc.	$ 613	$ 1
AGS Health BCP, LLC	340	1
Ares Secondaries Pbn Finance Co. IV, LLC	2,131	17
Astra Service Partners, LLC	247	(1)
Bonterra, LLC	596	6
ClubCorp Holdings, Inc.	443	2
Com Laude Group, Ltd.	631	—
Denali Topco, LLC	178	(1)
Diamondback Acquisition, Inc.	234	—*
Dispatch Acquisition Holdings, LLC	98	—*
Elk Bidco, Inc.	952	6
Falconwing Aero Leasing DAC	654	10
Flexera Software, LLC	170	—*
FSS Buyer, LLC	230	1
Hbwm Intermediate II, LLC	162	1
Higginbotham Insurance Agency, Inc.	145	—*
Horizon CTS Buyer, LLC	587	5
HP TLE Buyer, Inc.	146	—
Jeppesen Holdings, LLC	61	—*
John Wood Group PLC	1,820	5
KKR Maguire Levered Borrower, LLC	375	—
Koala Investment Holdings, Inc.	461	(1)
Low Voltage Holdings, Inc.	357	2
Medmark Media Communications, Inc.	171	—
Med-Metrix, LLC	1,113	5
Navex Global Holding Co.	263	—*
Oak Funding, LLC	88	—*
Packaging Coordinators Midco, Inc.	612	6
Pike Group, Inc.	266	—*
PPV Intermediate Holdings, LLC	198	—*
Premise Health Holdings Corp.	261	(2)
Pros Parent, Inc.	104	—
Railpros, Inc.	79	—
Rialto Management Group, LLC	65	1
Saber Parent Holdings Corp.	292	—*
Safety Borrower Holdings, LLC	135	—
Setna Aero Lease 3 Borrower, LLC	17	—*
TPSI Receivables, LLC	84	1
Truck-Lite Co., LLC	1,316	5
Vamos Bidco, Inc.	777	5
VIB Trade Receivable DAC	959	—
W. A. Kendall and Co., LLC	1,139	1
Webpros Holding SARL	173	—*
West Star Aviation Acquisition, LLC	437	3
Woolpert, Inc.	788	10
Total	$ 20,968	$ 89

*Amount less than one thousand.

Option contracts — The fund has entered into option contracts, which give the purchaser of the option, in return for a premium payment, the right to buy from (in the case of a call) or sell to (in the case of a put) the writer of the option the reference instrument underlying the option (or the cash value of the instrument underlying the option) at a specified exercise price. The writer of an option on a security has the obligation, upon exercise of the option, to cash settle or deliver the underlying currency or instrument upon payment of the exercise price (in the case of a call) or to cash settle or take delivery of the underlying currency or instrument and pay the exercise price (in the case of a put).

By purchasing a put option, the fund obtains the right (but not the obligation) to sell the currency or instrument underlying the option (or to deliver the cash value of the instrument underlying the option) at a specified exercise price. In return for this right, the fund pays the current market price, or the option premium, for the option. The fund may terminate its position in a put option by allowing the option to expire or by exercising the option. If the option is allowed to expire, the fund will lose the entire amount of the premium paid. If the option is exercised, the fund completes the sale of the underlying instrument (or cash settles) at the exercise price. The fund may also terminate a put option position by entering into opposing close-out transactions in advance of the option expiration date.

The features of call options are essentially the same as those of put options, except that the purchaser of a call option obtains the right (but not the obligation) to purchase, rather than sell, the underlying currency or instrument (or cash settle) at the specified exercise price. The buyer of a call option typically attempts to participate in potential price increases of the underlying currency or instrument with risk limited to the cost of the option if the price of the underlying currency or instrument falls. At the same time, the call option buyer can expect to suffer a loss if the price of the underlying currency or instrument does not rise sufficiently to offset the cost of the option.

The writer of a put or call option takes the opposite side of the transaction from the option purchaser. In return for receipt of the option premium, the writer assumes the obligation to pay or receive the exercise price for the option's underlying currency or instrument if the other party to the option chooses to exercise it. The writer may seek to terminate a position in a put option before exercise by entering into opposing close-out transactions in advance of the option expiration date. If the market for the relevant put option is not liquid, however, the writer must be prepared to pay the exercise price while the option is outstanding, regardless of price changes. Writing a call option obligates the writer to, upon exercise of the option, deliver the option's underlying currency or instrument in return for the exercise price or to make a net cash settlement payment, as applicable. The characteristics of writing call options are similar to those of writing put options, except that writing call options is generally a profitable strategy if prices remain the same or fall. The potential gain for the option seller in such a transaction would be capped at the premium received.

Option contracts can be either equity style (premium is paid in full when the option is opened) or futures style (premium moves as part of variation margin over the life of the option, and is paid in full when the option is closed). For equity style options, premiums paid on options purchased, as well as the daily fluctuation in market value, are included in investment securities in the fund's statement of asset and liabilities, and premiums received on options written, as well as the daily fluctuation in market value, are included in options written at value in the fund's statement of assets and liabilities. The net realized gains or losses and net unrealized appreciation or depreciation from equity style options are recorded in investments for purchased options and in options written for written options in the fund's statement of operations.

Option contracts can take different forms. The fund has entered into the following types of option contract:

Options on futures — The fund has entered into options on futures contracts to seek to manage the fund's interest rate sensitivity by increasing or decreasing the duration of the fund or a portion of the fund's portfolio. An option on a futures contract gives the holder of the option the right to buy or sell a position in a futures contract from or to the writer of the option, at a specified price on or before the specified expiration date. The average month-end notional amount of options on futures while held was $2,558,000.

Futures contracts — The fund has entered into futures contracts, which provide for the future sale by one party and purchase by another party of a specified amount of a specific financial instrument for a specified price, date, time and place designated at the time the contract is made. Futures contracts are used to strategically manage the fund's interest rate sensitivity by increasing or decreasing the duration of the fund or a portion of the fund's portfolio.

Upon entering into futures contracts, and to maintain the fund's open positions in futures contracts, the fund is required to deposit with a futures broker, known as a futures commission merchant ("FCM"), in a segregated account in the name of the FCM an amount of cash, U.S. government securities or other liquid securities, known as initial margin. The margin required for a particular futures contract is set by the exchange on which the contract is traded to serve as collateral, and may be significantly modified from time to time by the exchange during the term of the contract.

On a daily basis, the fund pays or receives variation margin based on the increase or decrease in the value of the futures contracts and records variation margin on futures contracts in the statement of assets and liabilities. Futures contracts may involve a risk of loss in excess of the variation margin shown on the fund's statement of assets and liabilities. The fund records realized gains or losses at the time the futures contract is closed or expires. Net realized gains or losses and net unrealized appreciation or depreciation from futures contracts are recorded in the fund's statement of operations. The average month-end notional amount of futures contracts while held was $70,737,000.

Forward currency contracts — The fund has entered into forward currency contracts, which represent agreements to exchange currencies on specific future dates at predetermined rates. The fund's investment adviser uses forward currency contracts to manage the fund's exposure to changes in exchange rates. Upon entering into these contracts, risks may arise from the potential inability of counterparties to meet the terms of their contracts and from possible movements in exchange rates.

On a daily basis, the fund’s investment adviser values forward currency contracts and records unrealized appreciation or depreciation for open forward currency contracts in the fund’s statement of assets and liabilities. Realized gains or losses are recorded at the time the forward currency contract is closed or offset by another contract with the same broker for the same settlement date and currency.

Closed forward currency contracts that have not reached their settlement date are included in the respective receivables or payables for closed forward currency contracts in the fund’s statement of assets and liabilities. Net realized gains or losses from closed forward currency contracts and net unrealized appreciation or depreciation from open forward currency contracts are recorded in the fund’s statement of operations. The average month-end notional amount of open forward currency contracts while held was $3,101,000.

Swap contracts — The fund has entered into swap agreements, which are two-party contracts entered into primarily by institutional investors for a specified time period. In a typical swap transaction, two parties agree to exchange the returns earned or realized from one or more underlying assets or rates of return. Swap agreements can be traded on a swap execution facility (SEF) and cleared through a central clearinghouse (cleared), traded over-the-counter (OTC) and cleared, or traded bilaterally and not cleared. Because clearing interposes a central clearinghouse as the ultimate counterparty to each participant’s swap, and margin is required to be exchanged under the rules of the clearinghouse, central clearing is intended to decrease (but not eliminate) counterparty risk relative to uncleared bilateral swaps. To the extent the fund enters into bilaterally negotiated swap transactions, the fund will enter into swap agreements only with counterparties that meet certain credit standards and subject to agreed collateralized procedures. The term of a swap can be days, months or years and certain swaps may be less liquid than others.

Upon entering into a centrally cleared swap contract, the fund is required to deposit cash, U.S. government securities or other liquid securities, which is known as initial margin. Generally, the initial margin required for a particular swap is set and held as collateral by the clearinghouse on which the contract is cleared. The amount of initial margin required may be significantly modified from time to time by the clearinghouse during the term of the contract.

On a daily basis, interest accruals related to the exchange of future payments are recorded as a receivable and payable in the fund’s statement of assets and liabilities for centrally cleared swaps and as unrealized appreciation or depreciation in the fund’s statement of assets and liabilities for bilateral swaps. For centrally cleared swaps, the fund also pays or receives a variation margin based on the increase or decrease in the value of the swaps, including accrued interest as applicable, and records variation margin in the statement of assets and liabilities. The fund records realized gains and losses on both the net accrued interest and any gain or loss recognized at the time the swap is closed or expires. Net realized gains or losses, as well as any net unrealized appreciation or depreciation, from swaps are recorded in the fund’s statement of operations.

Swap agreements can take different forms. The fund has entered into the following types of swap agreements:

Credit default swap indices — The fund has entered into centrally cleared credit default swap indices, including CDX and iTraxx indices (collectively referred to as “CDSI”), in order to assume exposure to a diversified portfolio of credits or to hedge against existing credit risks. A CDSI is based on a portfolio of credit default swaps with similar characteristics, such as credit default swaps on high-yield bonds. In a typical CDSI transaction, one party (the protection buyer) is obligated to pay the other party (the protection seller) a stream of periodic payments over the term of the contract. If a credit event, such as a default or restructuring, occurs with respect to any of the underlying reference obligations, the protection seller must pay the protection buyer the loss on those credits.

The fund may enter into a CDSI transaction as either protection buyer or protection seller. If the fund is a protection buyer, it would pay the counterparty a periodic stream of payments over the term of the contract and would not recover any of those payments if no credit events were to occur with respect to any of the underlying reference obligations. However, if a credit event did occur, the fund,as a protection buyer, would have the right to deliver the referenced debt obligations or a specified amount of cash, depending on the terms of the applicable agreement, and to receive the par value of such debt obligations from the counterparty protection seller. As a protection seller, the fund would receive fixed payments throughout the term of the contract if no credit events were to occur with respect to any of the underlying reference obligations. If a credit event were to occur, however, the value of any deliverable obligation received by the fund, coupled with the periodic payments previously received by the fund, may be less than the full notional value that the fund, as a protection seller, pays to the counterparty protection buyer, effectively resulting in a loss of value to the fund. Furthermore, as a protection seller, the fund would effectively add leverage to its portfolio because it would have investment exposure to the notional amount of the swap transaction. The average month-end notional amount of credit default swaps while held was $26,367,000.

The following tables identify the location and fair value amounts on the fund's statement of assets and liabilities and the effect on the fund's statement of operations resulting from the fund's use of option contracts, futures contracts, forward currency contracts and credit default swaps as of December 31, 2025, or for the period April 24, 2025 through December 31, 2025 (dollars in thousands):

		Assets		Liabilities	
Contracts	Risk type	Location on statement of assets and liabilities	Value	Location on statement of assets and liabilities	Value
Options purchased (equity style)	Interest	Investment securities	$ 59	Investment securities	$ —
Options written (equity style)	Interest	Options written, at value	—	Options written, at value	33
Futures	Interest	Unrealized appreciation*	21	Unrealized depreciation*	105
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	—	Unrealized depreciation on open forward currency contracts	4
Swap (centrally cleared)	Credit	Unrealized appreciation*	11	Unrealized depreciation*	—
			$ 91		$ 142

		Net realized gain (loss)		Net unrealized appreciation (depreciation)	
Contracts	Risk Type	Location on statement of operations	Value	Location on statement of operations	Value
Options purchased (equity style)	Interest	Net realized gain (loss) on investments	$ (33)	Net unrealized appreciation (depreciation) on investments	$ (32)
Options written (equity style)	Interest	Net realized gain (loss) on options written	11	Net unrealized appreciation (depreciation) on options written	18
Futures	Interest	Net realized gain (loss) on futures contracts	47	Net unrealized appreciation (depreciation) on futures contracts	(84)
Forward currency	Currency	Net realized gain (loss) on forward currency contracts	26	Net unrealized appreciation (depreciation) on forward currency contracts	(4)
Swap	Credit	Net realized gain (loss) on swap contracts	2,439	Net unrealized appreciation (depreciation) on swap contracts	11
			$ 2,490		$ (91)

*Includes cumulative appreciation/depreciation on futures contracts and centrally cleared credit default swaps as reported in the applicable tables following the fund's investment portfolio. Only current day's variation margin is reported within the fund's statement of assets and liabilities.

Collateral — The fund receives or pledges highly liquid assets, such as cash or U.S. government securities, as collateral due to its use of option contracts, futures contracts, forward currency contracts and credit default swaps. For options on futures, futures contracts and centrally cleared credit default swaps, the fund pledges collateral for initial and variation margin by contract. For forward currency contracts, the fund either receives or pledges collateral based on the net gain or loss on unsettled contracts by counterparties. The purpose of the collateral is to cover potential losses that could occur in the event that either party cannot meet its contractual obligation. Non-cash collateral pledged by the fund, if any, is disclosed in the fund's investment portfolio, and cash collateral pledged by the fund, if any, is held in a segregated account with the fund's custodian, which is reflected as pledged cash collateral in the fund's statement of assets and liabilities.

Rights of offset — The fund has entered into enforceable master netting agreements with certain counterparties for forward currency contracts, where on any date amounts payable by each party to the other (in the same currency with respect to the same transaction) may be closed or offset by each party's payment obligation. If an early termination date occurs under these agreements following an event of default or termination event, all obligations of each party to its counterparty are settled net through a single payment in a single currency ("close-out netting"). For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to these master netting arrangements in the statement of assets and liabilities.

The following table presents the fund's forward currency contracts by counterparty that are subject to master netting agreements but that are not offset in the fund's statement of assets and liabilities. The net amount column shows the impact of offsetting on the fund's statement of assets and liabilities as of December 31, 2025, if close-out netting was exercised (dollars in thousands):

		Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			
Counterparty	**Gross amounts recognized in the statement of assets and liabilities**	**Available to offset**	**Non-cash collateral***	**Cash collateral***	**Net amount**
Liabilities:					
JPMorgan Chase & Co.	$ 4	$—	$—	$—	$ 4
Morgan Stanley	—†	—	—	—	—†
Total	$ 4	$—	$—	$—	$ 4

*Collateral is shown on a settlement basis.
†Amount less than one thousand.

6. Taxation and distributions

Federal income taxation — The fund complies with the requirements under Subchapter M of the Internal Revenue Code applicable to regulated investment companies and intends to distribute substantially all of its net taxable income and net capital gains each year. The fund is not subject to income taxes to the extent such distributions are made. Therefore, no federal income tax provision is required.

As of and during the period ended December 31, 2025, the fund did not have a liability for any unrecognized tax benefits. The fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the fund did not incur any significant interest or penalties.

The fund's tax returns are generally not subject to examination by federal, state and, if applicable, non-U.S. tax authorities after the expiration of each jurisdiction's statute of limitations, which is typically three years after the date of filing but can be extended in certain jurisdictions.

Non-U.S. taxation — Dividend and interest income are recorded net of non-U.S. taxes paid. The fund may file withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. These reclaims are recorded when the amount is known and there are no significant uncertainties on collectability. Gains realized by the fund on the sale of securities in certain countries, if any, may be subject to non-U.S. taxes. The fund generally records an estimated deferred tax liability based on unrealized gains to provide for potential non-U.S. taxes payable upon the sale of these securities.

Distributions — Distributions determined on a tax basis may differ from net investment income and net realized gains for financial reporting purposes. These differences are due primarily to different treatment for items such as currency gains and losses, short-term capital gains and losses; capital losses related to sales of certain securities within 30 days of purchase; cost of investments sold; and income on certain investments. The fiscal year in which amounts are distributed may differ from the year in which the net investment income and net realized gains are recorded by the fund for financial reporting purposes. The fund may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

During the period ended December 31, 2025, the fund reclassified $1,000 from total distributable earnings to capital paid in on shares of beneficial interest to align financial reporting with tax reporting.

As of December 31, 2025, the tax basis components of distributable earnings, unrealized appreciation (depreciation) and cost of investments were as follows (dollars in thousands):

Undistributed ordinary income	$ 413
Gross unrealized appreciation on investment securities	4,359
Gross unrealized depreciation on investment securities	(1,797)
Net unrealized appreciation on investment securities	2,562
Cost of investment securities	323,419

Tax-basis distributions paid or accrued to shareholders from ordinary income were as follows (dollars in thousands):

Share class	Period ended December 31, 2025*
Class A	$ 164
Class A-2	1
Class A-3†	48
Class F-2	850
Class F-3	13,872
Class R-6	1
Total	$ 14,936

*For the period April 24, 2025 through December 31, 2025.
†Class A-3 shares began investment operations on September 2, 2025.

7. Fees and transactions with related parties

CRMC, the fund's investment adviser, is the parent company of Capital Client Group, Inc. ("CCG"), the principal underwriter of the fund's shares, and American Funds Service Company® ("AFS"), the fund's transfer agent. CRMC, CCG and AFS are considered related parties to the fund.

Investment advisory services — The fund has an investment advisory and service agreement with CRMC that provides for monthly fees, accrued daily. These fees are based on an annual rate of 0.66% of daily net assets. Sub-advisory fees for the fund are paid by CRMC to KKR. The fund is not responsible for paying any sub-advisory fees.

Class-specific fees and expenses — Expenses that are specific to individual share classes are accrued directly to the respective share class. The principal class-specific fees and expenses are further described below:

Distribution services — The fund has plans of distribution for the share classes indicated below. Under the plans, the board of trustees approves certain categories of expenses that are used to finance activities primarily intended to sell fund shares and service existing accounts. The plans provide for payments, based on an annualized percentage of average daily net assets, ranging from 0.30% to 0.75% as noted in this section. In some cases, the board of trustees has limited the amounts that may be paid to less than the maximum allowed by the plans. All share classes with a plan may use up to 0.25% of average daily net assets to pay service fees, or to compensate CCG for paying service fees, to firms that have entered into agreements with CCG to provide certain shareholder services. The remaining amounts available to be paid under each plan are paid to dealers to compensate them for their sales activities.

Share class	Currently approved limits	Plan limits
Class A	0.30%	0.30%
Class A-2	0.55	0.75
Class A-3	0.75	0.75

For Class A and A-2 shares, distribution-related expenses include the reimbursement of dealer and wholesaler commissions paid by CCG for certain shares sold without a sales charge. These share classes reimburse CCG for amounts billed within the prior 15 months but only to the extent that the overall annual expense limits are not exceeded. As of December 31, 2025, unreimbursed expenses subject to reimbursement totaled $24,000 for Class A shares. There were no unreimbursed expenses subject to reimbursement for Class A-2 shares.

Transfer agent services — The fund has a shareholder services agreement with AFS under which the fund compensates AFS for providing transfer agent services to each of the fund's share classes. These services include recordkeeping, shareholder communications and transaction processing. Under this agreement, the fund also pays sub-transfer agency fees to AFS. These fees are paid by AFS to third parties for performing transfer agent services on behalf of fund shareholders.

Administrative services — The fund has an administrative services agreement with CRMC under which the fund compensates CRMC for providing administrative services to all share classes. Administrative services are provided by CRMC and its affiliates to help assist third parties providing non-distribution services to fund shareholders. These services include providing in-depth information on the fund and market developments that impact fund investments. Administrative services also include, but are not limited to, coordinating, monitoring and overseeing third parties that provide services to fund shareholders. The agreement provides the fund the ability to charge an administrative services fee at the annual rate of 0.05% of the average daily net assets attributable to each share class of the fund. Currently the fund pays CRMC an administrative services fee at the annual rate of 0.03% of the average daily net assets attributable to each share class of the fund for CRMC's provision of administrative services.

For the period April 24, 2025 through December 31, 2025, class-specific expenses under the agreements were as follows (dollars in thousands):

Share class	Distribution services	Transfer agent services	Administrative services
Class A	$ 4	$ 2	$ 1
Class A-2	—	—*	—*
Class A-3†	3	—*	—*
Class F-2	Not applicable	8	2
Class F-3	Not applicable	2	52
Class R-6	Not applicable	—*	—*
Total class-specific expenses	$ 7	$ 12	$ 55

*Amount less than one thousand.
†Class A-3 shares began investment operations on September 2, 2025.

Expense reimbursement — CRMC and KKR have entered into an expense limitation agreement under which CRMC and KKR have agreed to reimburse the fund to the extent certain fund offering and operating expenses ("specified expenses") exceed 0.20% of the average daily net assets of each share class ("expense limit"). The expense limit is calculated on a class-by-class basis and is exclusive of (i) advisory fees, including sub-advisory fees and administrative services fees, (ii) distribution or shareholder servicing fees, (iii) transfer agency fees, (iv) certain portfolio transaction and other investment-related costs, (v) interest expense and other financing costs, (vi) taxes, (vii) acquired fund fees and expenses, (viii) litigation and indemnification expenses, (ix) judgments, and (x) extraordinary expenses. CRMC and KKR may recoup their respective share of amounts reimbursed during the previous thirty-six months, to the extent the fund's estimated annualized specified expenses, calculated on a monthly basis, is less than the expense limit for such month. The reimbursement may be adjusted or discontinued, subject to any restrictions in the fund's prospectus. Fees and expenses in the statement of operations are presented gross of any reimbursement from CRMC and KKR. Expense reimbursement of $264,000 in the fund's statement of operations reflects $866,000 of reimbursements and $602,000 in recoupments during the period April 24, 2025 through December 31, 2025.

Organizational and initial offering expenses — CRMC and KKR have agreed to bear the organizational and initial offering expenses incurred with respect to the fund. CRMC and KKR do not intend to recoup these expenses.

Accounting and administrative services — The fund has a sub-administration agreement with Bank of New York ("BNY") under which the fund compensates BNY for providing accounting and administrative services to each of the fund's share classes. These services include, but are not limited to, fund accounting (including calculation of net asset value), financial reporting and tax services. BNY is not a related party to the fund.

Trustees deferred compensation — The board of trustees has adopted a deferred compensation plan. Trustees who are unaffiliated with CRMC may elect to defer the cash payment of part or all of their compensation. These deferred amounts, which remain as liabilities of the fund, are treated as if invested in shares of the fund or other Capital Group Funds. These amounts represent general, unsecured liabilities of the fund and vary according to the total returns of the selected funds. Trustees' compensation of $156,000 in the fund's statement of operations reflects current fees.

Affiliated officers and trustees — Officers and certain trustees of the fund are or may be considered to be affiliated with CRMC, CCG and AFS. No affiliated officers or trustees will receive any compensation directly from the fund.

Investment in CCF — The fund holds shares of CCF, an institutional prime money market fund managed by CRMC. CCF invests in high-quality, short-term money market instruments. CCF is used as the primary investment vehicle for the fund's short-term instruments. CCF shares are only available for purchase by CRMC, its affiliates, and other funds managed by CRMC or its affiliates, and are not available to the public. CRMC does not receive an investment advisory services fee from CCF.

Security transactions with related funds — The fund may purchase investment securities from, or sell investment securities to, other funds managed by CRMC (or funds managed by certain affiliates of CRMC) under procedures adopted by the fund's board of trustees. The funds involved in such transactions are considered related by virtue of having a common investment adviser (or affiliated investment advisers), common trustees and/or common officers. When such transactions occur, each transaction is executed at the current market price of the security and no brokerage commissions or fees are paid in accordance with Rule 17a-7 of the 1940 Act. During the period ended December 31, 2025, the fund did not engage in any such purchase or sale transactions with any related funds.

8. Indemnifications

The fund's organizational documents provide board members and officers with indemnification against certain liabilities or expenses in connection with the performance of their duties to the fund. In the normal course of business, the fund may also enter into contracts that provide general indemnifications. The fund's maximum exposure under these arrangements is unknown since it is dependent on future claims that may be made against the fund. The risk of material loss from such claims is considered remote. Insurance policies are also available to the fund's board members and officers.

9. Capital share transactions

Capital share transactions in the fund were as follows (dollars and shares in thousands):

	Sales[1]		Reinvestment of distributions		Repurchases[1]		Net increase (decrease)	
Share class	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**
For the period April 24, 2025 through December 31, 2025								
Class A	$ 5,813	567	$ 14	1	$ —	—	$ 5,827	568
Class A-2	10	1	—	—	—	—	10	1
Class A-3[2]	3,130	305	34	3	—	—	3,164	308
Class F-2	34,722	3,378	104	10	(203)	(20)	34,623	3,368
Class F-3	280,897	27,858	—	—	(1,017)	(99)	279,880	27,759
Class R-6	10	1	—	—	—	—	10	1
Total net increase (decrease)	$ 324,582	32,110	$ 152	14	$ (1,220)	(119)	$ 323,514	32,005

[1]Includes exchanges between share classes of the fund.
[2]Class A-3 shares began investment operations on September 2, 2025.

10. Repurchase offers

As a closed-end interval fund, pursuant to Rule 23c-3 under the Investment Company Act of 1940, as amended ("Rule 23c-3"), the fund has adopted a fundamental policy to either conduct quarterly repurchase offers of between 5% and 25% of its outstanding shares at net asset value per share or, if permitted by SEC exemptive relief or amendments to Rule 23c-3, make monthly repurchase offers to repurchase not less than 5% of its outstanding shares in any month and not more than 25% of its outstanding shares in any three-month period, in each case unless suspended or postponed in accordance with regulatory requirements. The fund currently conducts quarterly repurchase offers for up to10% of its outstanding shares under ordinary circumstances, subject to approval of the board of trustees.

Repurchases generally are funded from available cash, cash from the sale of shares or sales of portfolio securities. While the fund believes repurchases are generally beneficial to shareholders, repurchase offers and the need to fund repurchase obligations may affect the ability of the fund to be fully invested, which may reduce returns. In addition, diminution in the size of the fund through repurchases without offsetting new sales, may result in untimely sales of portfolio securities (with imputed transaction costs, which may be significant) and a higher expense ratio, and may limit the ability of the fund to participate in new investment opportunities. The fund may also sell portfolio securities to meet repurchase obligations which, in certain circumstances, may adversely affect the market for loans and reduce the fund's value.

The fund will initially make quarterly repurchase offers. The date on which the repurchase price for shares is determined will occur no later than the 14th day after the repurchase request deadline (or the next business day, if the 14th day is not a business day). When a repurchase offer commences, the fund sends written notice to each shareholder at least 21 business days before the repurchase request deadline. The purchase price will be the net asset value of the fund as determined at the close of business on the repurchase pricing date.

In the event a repurchase offer is oversubscribed, the fund may but is not required to repurchase additional shares up to a maximum amount of 2% of the outstanding shares of the fund in any three-month period. If the fund determines not to repurchase additional shares beyond the repurchase offer amount, or if shareholders request that the fund repurchase an amount of shares greater than that which the fund is entitled to repurchase, the fund will repurchase such shares on a pro rata basis.

For the period April 24, 2025 through December 31, 2025, repurchase offers were as follows (dollars and shares in thousands):

Commencement Date	Repurchase request deadline /pricing date	Percentage of outstanding shares requested for repurchase	Repurchase price	Amount repurchased	Number of outstanding shares repurchased	Percentage of outstanding shares repurchased
10/20/2025	11/19/2025	0.38%	$10.25	$ 1,220	119	0.38%

11. Investment transactions

The fund engaged in purchases and sales of investment securities, excluding in-kind transactions, short-term securities and U.S. government obligations, if any, of $331,820,000 and $47,241,000, respectively, during the period April 24, 2025 through December 31, 2025.

12. Ownership concentration

On April 24, 2025, CRMC and KKR each made equal seed capital investments in exchange for fund shares. As of December 31, 2025, CRMC and KKR each held 23%, and collectively held 46%, of the fund’s outstanding shares.

13. Subsequent events

Subsequent events have been evaluated through February 27, 2026, the date the financial statements were available to be issued. On February 18, 2026, the fund completed a quarterly repurchase offer, which resulted in 31,327 repurchased shares for $320,000. The shares repurchased represented 0.09% of the fund’s outstanding shares on the repurchase pricing date.

Financial highlights

Period ended	Net asset value, beginning of period	Net investment income (loss)	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends (from net investment income)	Distributions (from capital gains)	Total dividends and distributions	Net assets value, end of period	Total return[2,3,4]	Net assets, end of year (in millions)	Ratio of expenses to average net assets before waivers/ reimburse ments[5,6]	Ratio of expenses to average net assets after waivers/ reimburse ments[2,5,6]	Ratio of net income (loss) to average net assets[2,5]
	Income (loss) from investment operations[1]				Dividends and distributions								
Class A:													
12/31/2025[7,8]	$ 10.00	$ 0.43	$ 0.30	$ 0.73	$ (0.48)	$ (0.04)	$ (0.52)	$ 10.21	6.40%	$ 6	1.41%	1.29%	6.16%
Class A-2:													
12/31/2025[7,8]	10.00	0.43	0.31	0.74	(0.49)	(0.04)	(0.53)	10.21	6.47[9]	—[10]	1.26[9]	1.14[9]	6.07[9]
Class A-3:													
12/31/2025[8,11]	10.28	0.20	0.02	0.22	(0.26)	(0.04)	(0.30)	10.20	2.16	3	1.76	1.64	6.01
Class F-2:													
12/31/2025[7,8]	10.00	0.45	0.30	0.75	(0.50)	(0.04)	(0.54)	10.21	6.57	35	1.10	0.98	6.53
Class F-3:													
12/31/2025[7,8]	10.00	0.45	0.31	0.76	(0.51)	(0.04)	(0.55)	10.21	6.65	283	1.01	0.89	6.36
Class R-6:													
12/31/2025[7,8]	10.00	0.45	0.31	0.76	(0.51)	(0.04)	(0.55)	10.21	6.65	—[10]	1.02	0.90	6.32

	Period ended December 31, 2025[3,7,8,12]
Portfolio turnover rate for all share classes[13]	99%

[1]Based on average shares outstanding.
[2]This column reflects the impact of certain fee waivers and/or expense reimbursements less recoupments.
[3]Not annualized.
[4]Total returns exclude any applicable sales charges, including contingent deferred sales charges.
[5]Annualized.
[6]Ratios do not include expenses of any Central Funds. The fund indirectly bears its proportionate share of the expenses of any Central Funds.
[7]For the period April 24, 2025 through December 31, 2025, except total return. Total return shown is measured from April 29, 2025, when shares were first offered to the public, and does not include performance during the seed period. If performance during the seed period were included, total return would be approximately 0.85% higher than amounts shown.
[8]Based on operations for a period that is less than a full year.
[9]All or a significant portion of assets in this class consisted of seed capital invested by CRMC and KKR. Certain fees (including, where applicable, fees for distribution services) are not charged or accrued on these seed capital assets. If such fees were paid by the fund on seed capital assets, fund expenses would have been higher and net income and total return would have been lower.
[10]Amount less than $1 million.
[11]Class A-3 shares began investment operations on September 2, 2025.
[12]Rates exclude in-kind transactions, if any.
[13]Rates do not include the fund's portfolio activity with respect to any Central Funds.

Refer to the notes to financial statements.

Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Trustees of Capital Group KKR Multi-Sector+:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Capital Group KKR Multi-Sector+ (the “Fund”), including the investment portfolio, as of December 31, 2025, the related statements of operations, changes in net assets, cash flows, and financial highlights for the period from April 24, 2025 through December 31, 2025, and the related notes (collectively referred to as the ”financial statements and financial highlights”). In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2025, and the results of its operations, its cash flows, the changes in its net assets, and the financial highlights for the period from April 24, 2025 through December 31, 2025 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements and financial highlights based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of December 31, 2025, by correspondence with the custodian, brokers, and agent banks; when replies were not received from brokers or agent banks, we performed other auditing procedures. We believe that our audit provides a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Costa Mesa, California

February 27, 2026

We have served as the auditor of one or more Capital Group investment companies since 1956.