The federal securities laws subject mutual funds and their advisers to a comprehensive regulatory regime that governs fund structure, operations and disclosure. The regulatory system operates in the interest of all fund shareholders, including those investing through 401(k) plans and IRAs, to help ensure that fund expenses are transparent and reasonable.

**Disclosure**

The return that an investor receives on a mutual fund investment depends on the investment performance of the fund’s portfolio (which is represented by the fund’s market returns minus the costs associated with the fund’s trading) and fund fees and expenses. Mutual funds provide investors with disclosure on all of these matters.

_Expense ratio and fee example._ The prospectus fee table provides standardized information about the fund expense ratio (covering the investment management fee, distribution, and other expenses) and a quantitative example of the impact of fees on a hypothetical $10,000 investment. (_Risk/Return Summary_ at front of prospectus.)

_Total return._ The prospectus includes a bar chart showing fund annual total returns for the last 10 calendar years. Total return presents fund performance net of all fund fees and costs. (_Risk/Return Summary_ at front of prospectus.)

_Brokerage costs._ Costs associated with trading fund portfolio securities are taken into account in the valuation of portfolio securities and thus are reflected in fund total return. The prospectus includes the fund’s portfolio turnover rate. (_Financial Highlights_ table.) Investors can understand how trading costs might affect the return on their investment by comparing fund portfolio turnover rates in fund prospectuses. Interested investors can receive additional information about fund brokerage expenses by requesting the fund’s _Statement of Additional Information._

**Director Oversight of Mutual Fund Operations and Fees and Expenses**

Each mutual fund’s board of directors, including a majority of independent directors on the board, must approve the fund’s advisory contract. The board must determine that the advisory contract is reasonable and must explain in fund annual and semi-annual reports to shareholders its rationale for approving the contract. The board also must approve any plan using fund assets to pay expenses associated with distributing fund shares (“12b-1 plan”), based on a finding that the plan will benefit the fund and its shareholders.

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1 The Securities Act of 1933 requires that investors receive accurate financial information concerning securities being offered for public sale, including shares of mutual funds. The Securities Exchange Act of 1934 empowers the SEC to oversee the securities market and prohibits practices that impair the operation of securities markets. The Investment Company Act of 1940 comprehensively regulates the operation of mutual funds. The Investment Advisers Act of 1940 regulates the investment advisers that mutual funds engage to manage fund assets.

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The Investment Company Institute (ICI) is the national association of the U.S. mutual fund industry, which manages about half of 401(k) assets and advocates policies to make retirement savings more effective and secure.

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