

FRS Investment Plan Detailed Fund Operations
American Funds Investment Company of America Fund (S35)

Asset Class and Objective	Specialty U.S. stock fund, focusing on value-oriented large capitalization stocks
Fund Benchmark	S&P 500 Index
Investment Manager	Capital Research & Management Company, 333 South Hope Street, Los Angeles, CA 90071
Marketing Company	Prudential Retirement Services
Restrictions on Transfers	Investment funds in the FRS Investment Plan are subject to excessive trading restrictions as detailed in the FRS Investment Plan Summary Plan Description and FRS Excessive Fund Trading Policy.
How mutual fund fees work	<p>On an annual basis, marketing companies estimate the fees that FRS Investment Plan participants will pay as a percentage of their mutual fund account assets; e.g., 0.50% per year. These figures reflect any rebates or reductions negotiated by the State Board of Administration and are published in the <i>Fund Profiles</i> and other plan materials.</p> <p>However, the actual fees you would pay as an investor in a mutual fund are not guaranteed and will vary over time when expressed as a percent of asset values. Mutual fund boards of directors can change fees without the FRS's permission. Changes occur throughout the year in the day-to-day expenditures made by mutual funds to cover their operating expenses and these changes are passed through to shareholders. The amount of assets under management changes from period to period and so fees expressed as a ratio of assets will vary, even if the actual dollar expenditures do not. Also, some mutual funds have fees that can rise or fall depending on performance compared to a benchmark.</p> <p>The actual expenses paid for mutual funds included in the FRS Investment Plan are detailed in their annual or semi-annual reports for previous periods. These reports are available free of charge by calling the MyFRS Financial Guidance Line (1-866-466-9377). Please note that these reports will not reflect any rebates or reductions negotiated by the State Board of Administration.</p>
Investment Philosophy	Capital Research and Management Company (CRMC) utilizes a value-oriented, fundamental investment approach guided by thorough, detailed internal research and analysis based on extensive field work and direct company contact.
Research Process	CRMC's research professionals gather information, working out of offices in Los Angeles, San Francisco, Washington, D.C., New York, London, Geneva, Hong Kong, Singapore and Tokyo. They collect research on companies and industries, in addition to economic, regulatory and political trends. Ultimately, research analysts try to identify the difference between the underlying value of a company and the market price of its securities. They talk with corporate executives, competitors, suppliers and large customers, and often observe production methods. They meet regularly with economists, government officials, consultants and industry specialists. In addition, the research staff sifts through company reports, financial statements and trade publications. It is the analysts' responsibility to determine how much to pay to acquire the entire company by focusing on P/E, yield, ROE, EPS growth, and balance sheet. In addition, the analysts manage money with their industry as part of the Analysts' Portfolio.
Security Selection	Each portfolio manager has sole responsibility for selecting securities for his/her portion of the portfolio. Regarding individual security selection, once the future prospects for individual companies are well understood on a fundamental level, value is identified in a number of ways. The relationship of a stock's current price to book value, cash flow, earnings, and future income must be reasonable. Portfolio counselors and research analysts usually discount the prospects for earnings growth 2-3 years out only. They often invest in asset-rich companies with strong balance sheets or where asset values are understated, companies that can meet capital needs from internal sources, and companies that maintain reasonable dividend payments.



IMPORTANT NOTE: The information on investment philosophy, research process, security selection, portfolio construction, sell discipline and personnel was provided to the FRS by product marketing companies or investment managers. The FRS has taken this information as given for the purposes of this document.

Portfolio Construction	Portfolios typically consist of 190 securities with an annual average turnover of 25%. The maximum weighting per company is 5%. CRCM follows their proprietary "Multiple Portfolio Counselor System." This approach means that they divide each mutual fund portfolio into a series of smaller sub-portfolios and make a different portfolio counselor responsible for each of these sub-portfolios. In effect, that portfolio counselor runs his or her sub-portfolio, by deciding when to buy and sell these stocks. Supervised by the Director of Research, research analysts also manage a portion of each fund portfolio.	
Sell Discipline	The Fund's sell discipline is not defined under rigid standards, such as selling when a stock has increased or decreased a predetermined percentage. Instead, a stock is sold simply when superior value or opportunity exists in other issues.	
Portfolio Managers	Investment Experience	Experience Last 5 Years
Dina Perry	24 years	Senior Vice President with 8 years experience with fund
Donald O'Neal	17 years	Senior Vice President with 10 years experience with fund
Gregg Ireland	31 years	Senior Vice President with 10 years experience with fund
James Drasdo	30 years	Senior Vice President with 15 years experience with fund
James Rothenberg	32 years	President and Director with 8 years experience with the fund
R. Michael Shanahan	37 years	Chairman of the Board and Principal Executive Officer with 11 years experience with the fund
C. Ross Sappenfield	10 years	Vice President and Director with 2 years experience with fund
Joyce Gordon	28 years	Not Available