

[logo - American Fund®]

The right choice for the long term®

# The Income Fund of America®

## RETIREMENT PLAN

### PROSPECTUS

October 1, 2008

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THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR DISAPPROVED OF THESE SECURITIES. FURTHER, IT HAS NOT DETERMINED THAT THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

#### **Risk/Return summary**

The fund seeks to provide you with current income and, secondarily, to make your investment grow. It invests primarily in a broad range of income-producing securities, including stocks and bonds. Generally, the fund will invest a substantial portion of its assets in equity-type securities.

The fund is designed for investors seeking current income and capital appreciation through a mix of investments that provides above-average price stability. Your investment in the fund is subject to risks, including the possibility that the fund's income and the value of its portfolio holdings may fluctuate in response to economic, political or social events in the United States or abroad.

The prices of, and the income generated by, securities owned by the fund may also be affected by events specifically involving the companies issuing those securities. The values of, and the income generated by, debt securities owned by the fund may be affected by changing interest rates and credit risk assessments as well as by events specifically involving the issuers of those securities. Lower quality or longer maturity debt securities may be subject to greater price fluctuations than higher quality or shorter maturity debt securities. Although all securities in the fund's portfolio may be adversely affected by currency fluctuations or global economic, political or social instability, securities issued by entities based outside the United States may be affected to a greater extent.

Your investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, entity or person.

YOU MAY LOSE MONEY BY INVESTING IN THE FUND. THE LIKELIHOOD OF LOSS MAY BE GREATER IF YOU INVEST FOR A SHORTER PERIOD OF TIME.

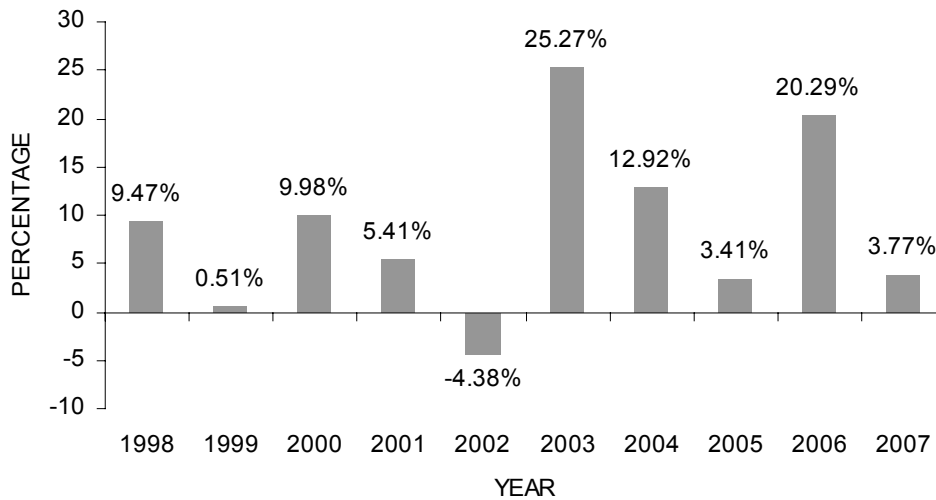
## HISTORICAL INVESTMENT RESULTS

The bar chart below shows how the fund's investment results have varied from year to year, and the Investment Results table on page 3 shows how the fund's average annual total returns for various periods compare with different broad measures of market performance. This information provides some indication of the risks of investing in the fund. All fund results reflect the reinvestment of dividends and capital gain distributions, if any. Unless otherwise noted, fund results reflect any fee waivers and/or expense reimbursements in effect during the period presented. Past results are not predictive of future results.

### CALENDAR YEAR TOTAL RETURNS FOR CLASS A SHARES

(Results do not include a sales charge; if a sales charge were included, results would be lower.)

[begin bar chart]



1998	9.47
1999	0.51
2000	9.98
2001	5.41
2002	-4.38
2003	25.27
2004	12.92
2005	3.41
2006	20.29
2007	3.77

[end bar chart]

Highest/Lowest quarterly results during this time period were:

<b>HIGHEST</b>	11.37% (quarter ended June 30, 2003)
<b>LOWEST</b>	-10.29% (quarter ended September 30, 2002)

The fund's total return for the six months ended June 30, 2008, was -9.11%.

Unlike the bar chart on the previous page, the Investment Results table below reflects, as required by Securities and Exchange Commission rules, the fund's investment results with the following maximum initial sales charge imposed:

- Class A share results reflect the maximum initial sales charge of 5.75%. This charge is reduced for purchases of \$25,000 or more and eliminated for purchases of \$1 million or more.
- Class R shares are sold without any initial sales charge.

Results would be higher if calculated without a sales charge.

**INVESTMENT RESULTS**  
(WITH A MAXIMUM SALES CHARGE)

**AVERAGE ANNUAL TOTAL RETURNS**  
FOR PERIODS ENDED DECEMBER 31, 2007:

	1 YEAR	5 YEARS	10 YEARS	LIFETIME <sup>1</sup>
CLASS A — FIRST SOLD 12/1/73	-2.19%	11.46%	7.70%	12.30%

	1 YEAR	5 YEARS	LIFETIME <sup>1</sup>
CLASS R-1 — FIRST SOLD 6/17/02	2.96%	11.83%	9.35%
CLASS R-2 — FIRST SOLD 5/31/02	2.87	11.80	8.74
CLASS R-3 — FIRST SOLD 6/4/02	3.39	12.34	9.48
CLASS R-4 — FIRST SOLD 6/27/02	3.68	12.68	10.75
CLASS R-5 — FIRST SOLD 5/15/02	3.98	13.02	9.79

	1 YEAR	5 YEARS	10 YEARS	LIFETIME <sup>2</sup>
<b>INDEXES</b>				
S&P 500 <sup>3</sup>	5.49%	12.82%	5.91%	11.87%
Lehman Brothers U.S. Aggregate Index <sup>4</sup>	6.97	4.42	5.97	N/A
Lipper Income Funds Index <sup>5</sup>	5.63	8.53	5.67	N/A

Class A annualized 30-day yield at July 31, 2008: 4.80%<sup>6</sup>  
(For current yield information, please call American FundsLine® at 800/325-3590.)

- 1 Lifetime results for Class A shares are measured from December 1, 1973, when Capital Research and Management Company became the fund's investment adviser. Lifetime results for other share classes are measured from the date the share class was first sold.
- 2 Lifetime results for the index(es) shown are measured from the date Capital Research and Management Company became the fund's investment adviser. The funds or securities that compose each index may vary over time.
- 3 Standard & Poor's 500 Composite Index is a market capitalization-weighted index based on the average weighted performance of 500 widely held common stocks. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses or taxes.
- 4 Lehman Brothers U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses or taxes. This index was not in existence as of the date Capital Research and Management Company became the fund's investment adviser; therefore, lifetime results are not shown.
- 5 Lipper Income Funds Index is an equally weighted index of funds that normally seek a high level of current income through investing in income-producing stocks, bonds and money market instruments. The results of the underlying funds in the index include the reinvestment of dividends and capital gain distributions, as well as brokerage commissions paid by the funds for portfolio transactions, but do not reflect sales charges or taxes. This index was not in existence as of the date Capital Research and Management Company became the fund's investment adviser; therefore, lifetime results are not shown.
- 6 Reflects a fee waiver (4.77% without the waiver) as described in the Annual Fund Operating Expenses table under "Fees and expenses of the fund."

## Fees and expenses of the fund

These tables describe the fees and expenses that you may pay if you buy and hold shares of the fund.

### SHAREHOLDER FEES

(PAID DIRECTLY FROM YOUR INVESTMENT)

	CLASS A	ALL R SHARE CLASSES
Maximum initial sales charge on purchases (as a percentage of offering price)	5.75%*	none
Maximum sales charge on reinvested dividends	none	none
Maximum contingent deferred sales charge	none	none
Redemption or exchange fees	none	none

\* The initial sales charge is reduced for purchases of \$25,000 or more and eliminated for purchases of \$1 million or more.

### ANNUAL FUND OPERATING EXPENSES

(DEDUCTED FROM FUND ASSETS)

	CLASS A	CLASS R-1	CLASS R-2	CLASS R-3	CLASS R-4	CLASS R-5
Management fees <sup>1</sup>	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Distribution and/or service (12b-1) fees <sup>2</sup>	0.24	1.00	0.75	0.50	0.25	none
Other expenses <sup>1</sup>	0.08	0.14	0.44	0.20	0.16	0.11
Total annual fund operating expenses <sup>1</sup>	0.57	1.39	1.44	0.95	0.66	0.36

- The fund's investment adviser is currently waiving 10% of its management fee. The waiver may be discontinued at any time, in consultation with the fund's board, but it is expected to continue at this level until further review. The fund's investment adviser and board intend to review the waiver as circumstances warrant. In addition, the investment adviser paid a portion of the fund's transfer agent fees for certain R share classes. Management fees, other expenses and total annual fund operating expenses in the table do not reflect any waiver or reimbursement. Information regarding the effect of any waiver/reimbursement on total annual fund operating expenses can be found in the Financial Highlights table in this prospectus and in the fund's annual report.
- Class A, R-1, R-2, R-3 and R-4 12b-1 fees may not exceed .25%, 1.00%, 1.00%, .75% and .50%, respectively, of the class's average net assets annually.

### OTHER EXPENSES

The "Other expenses" items in the table above include custodial, legal, transfer agent and subtransfer agent/recordkeeping payments, as well as various other expenses. Subtransfer agent/recordkeeping payments may be made to the fund's investment adviser, affiliates of the adviser and unaffiliated third parties for providing recordkeeping and other administrative services to retirement plans invested in the fund in lieu of the transfer agent providing such services. The amount paid for subtransfer agent/recordkeeping services will vary depending on the share class selected and the entity receiving the payments. The table below shows the maximum payments to entities providing services to retirement plans.

	PAYMENTS TO AFFILIATED ENTITIES	PAYMENTS TO UNAFFILIATED ENTITIES
Class A	.05% of assets or \$12 per participant position <sup>1</sup>	.05% of assets or \$12 per participant position <sup>1</sup>
Class R-1	.10% of assets	.10% of assets
Class R-2	.15% of assets plus \$27 per participant position <sup>2</sup> or .35% of assets <sup>3</sup>	.25% of assets
Class R-3	.10% of assets plus \$12 per participant position <sup>2</sup> or .19% of assets <sup>3</sup>	.15% of assets
Class R-4	.10% of assets	.10% of assets
Class R-5	.05% of assets	.05% of assets

- Payment amount depends on the date upon which services commenced.
- Payment with respect to Recordkeeper Direct<sup>®</sup> program.
- Payment with respect to PlanPremier<sup>®</sup> program.

## EXAMPLES

The examples below are intended to help you compare the cost of investing in the fund with the cost of investing in other mutual funds. The examples assume that you invest \$10,000 in the fund for the time periods indicated, that your investment has a 5% return each year, that all dividends and capital gain distributions are reinvested, and that the fund's operating expenses remain the same as shown above. The examples do not reflect the impact of any fee waivers or expense reimbursements.

Although your actual costs may be higher or lower, based on these assumptions, your cumulative estimated expenses would be:

	1 YEAR	3 YEARS	5 YEARS	10 YEARS
Class A*	\$ 630	\$ 747	\$ 875	\$ 1,248
Class R-1	142	440	761	1,669
Class R-2	147	456	787	1,724
Class R-3	97	303	525	1,166
Class R-4	67	211	368	822
Class R-5	37	116	202	456

\* Reflects the maximum initial sales charge.

## Investment objectives, strategies and risks

The fund's investment objectives are to provide you with current income while secondarily striving for capital growth. Normally, the fund invests primarily in income-producing securities. These include equity securities, such as dividend-paying common stocks, and debt securities, such as interest-paying bonds. Generally, at least 60% of the fund's assets will be invested in equity-type securities. However, the composition of the fund's investments in equity, debt and cash or money market instruments may vary substantially depending on various factors, including market conditions. The fund may also invest up to 25% of its assets in equity securities of issuers domiciled outside the United States and not included in Standard & Poor's 500 Composite Index. In addition, the fund may invest up to 20% of its assets in lower quality, higher yielding nonconvertible debt securities (rated Ba1 and BB+ or below by Moody's Investors Service or Standard & Poor's Corporation or unrated but determined to be of equivalent quality by the fund's investment adviser). The fund may also invest up to 10% of its assets in debt securities of issuers domiciled outside the U.S.; however, these securities must be denominated in U.S. dollars.

The prices of, and the income generated by, securities held by the fund may decline in response to certain events, including those directly involving the companies whose securities are owned by the fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.

The values of, and the income generated by, most debt securities held by the fund may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the values of debt securities in the fund's portfolio generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken 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. Lower quality or longer maturity debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality or shorter maturity debt securities. The fund's investment adviser attempts to reduce these risks through diversification of the portfolio and with ongoing credit analysis of each issuer, as well as by monitoring economic and legislative developments, but there can be no assurance that it will be successful at doing so.

Investments in securities issued by entities based outside the United States may be subject to the risks described above to a greater extent and may also be affected by currency controls; different accounting, auditing, financial reporting, and legal standards and practices in some countries; expropriation; changes in tax policy; greater market volatility; differing securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries.

The fund may also hold cash or money market instruments. The percentage of the fund invested in such holdings varies and depends on various factors, including market conditions and purchases and redemptions of fund shares. A larger percentage of such holdings could moderate the fund's investment results in a period of rising market prices.

A larger percentage of cash or money market instruments could reduce the magnitude of the fund's loss in a period of falling market prices and provide liquidity to make additional investments or to meet redemptions.

The fund relies on the professional judgment of its investment adviser to make decisions about the fund's portfolio investments. The basic investment philosophy of the investment adviser is to seek to invest in attractively valued companies that, in its opinion, represent above-average, long-term investment opportunities. The investment adviser believes that an important way to accomplish this is through fundamental analysis, which may include meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the investment adviser believes that they no longer represent relatively attractive investment opportunities.

Since the fund's primary goal is to provide you with current income, the fund also calculates income it generates and its dividend rates over various periods and compares these results with those of Standard & Poor's 500 Composite Index.

For periods ended July 31, 2008:

#### INCOME GENERATED ON A \$10,000 INVESTMENT<sup>1</sup>

	THE FUND <sup>2</sup>	S&P 500
1 year	\$ 411	\$ 200
5 years	2,602	1,195
10 years	5,083	1,781
Lifetime <sup>3</sup>	60,200	44,017

- 1 Fund results are for Class A shares at net asset value and assume capital gain distributions are reinvested and dividends are taken in cash. Results for Standard & Poor's 500 Composite Index assume dividends on securities in the index are taken in cash.
- 2 The fund currently accrues dividends daily and pays dividends quarterly. Income shown reflects quarterly dividends actually paid during the periods, but does not include dividends accrued but not yet paid.
- 3 For the period beginning December 1, 1973 (when Capital Research and Management Company became the fund's investment adviser).

#### The fund's Class A dividend rates compared with the dividend rates of the S&P 500\*

[begin line chart]

	IFA	S&P
7/31/99	4.86%	1.24%
7/31/00	5.49%	1.15%
7/31/01	4.80%	1.30%
7/31/02	5.49%	1.75%
7/31/03	4.69%	1.66%
7/31/04	3.98%	1.69%
7/31/05	3.44%	1.70%
7/31/06	3.84%	1.83%
7/31/07	4.43%	1.81%
7/31/08	5.23%	2.29%

[end line chart]

\* The 12-month dividend rate is calculated by taking the total of the trailing 12 months' dividends and dividing by the month-end net asset value adjusted for capital gains. All numbers are calculated by Lipper, Inc.

Figures shown are past results and are not predictive of future results.

**INDUSTRY SECTOR DIVERSIFICATION**  
AS OF JULY 31, 2007

[begin pie chart]

U.S. common stocks	42.6%
Common stocks of issuers outside the U.S.	17.9%
Convertible securities & preferred stocks	3.5%
U.S. Treasury & agency bonds & notes	2.4%
Other fixed-income securities	24.6%
Short-term securities & other assets less liabilities	9.0%

[end pie chart]

**FIVE LARGEST SECTORS IN COMMON STOCK HOLDINGS**  
AS OF JULY 31, 2008

PERCENT OF NET ASSETS	
Financials	10.1%
Telecommunication services	8.0
Utilities	7.2
Consumer staples	6.5
Industrials	6.4

**TEN LARGEST COMMON STOCK HOLDINGS**  
AS OF JULY 31, 2008

AT&T	2.3%
Verizon Communications	2.0
Chevron	1.9
General Electric	1.8
Merck	1.2
Bank of America	1.2
Citigroup	1.2
McDonald's	1.1
Kraft Foods	1.0
H.J. Heinz	1.0

**BOND HOLDINGS BY QUALITY CATEGORY**  
AS OF JULY 31, 2008

See the appendix in the statement of additional information for a description of quality categories.

U.S. government obligations*	1.7%
Federal agencies	2.5
AAA/Aaa	3.1
AA/Aa	1.6
A	3.2
BBB/Baa	5.4
BB/Ba	3.6
B	5.2
CCC/Caa and below	1.4

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

Because the fund is actively managed, its holdings will change over time.

For updated information on the fund's portfolio holdings, please visit us at [americanfunds.com](http://americanfunds.com).

## **Management and organization**

### **INVESTMENT ADVISER**

Capital Research and Management Company, an experienced investment management organization founded in 1931, serves as investment adviser to the fund and other funds, including the American Funds. Capital Research and Management Company is a wholly owned subsidiary of The Capital Group Companies, Inc. and is located at 333 South Hope Street, Los Angeles, California 90071, and 6455 Irvine Center Drive, Irvine, California 92618. Capital Research and Management Company manages the investment portfolio and business affairs of the fund. The total management fee paid by the fund, as a percentage of average net assets, for the previous fiscal year appears in the Annual Fund Operating Expenses table under "Fees and expenses of the fund." As described more fully in the fund's statement of additional information, the management fee is based on the daily net assets of the fund and the fund's monthly gross investment income. A discussion regarding the basis for the approval of the fund's investment advisory and service agreement by the fund's board of directors is contained in the fund's semi-annual report to shareholders for the fiscal period ended January 31, 2008.

Capital Research and Management Company manages equity assets through two investment divisions, Capital World Investors and Capital Research Global Investors, and manages fixed-income assets through its Fixed Income division. Capital World Investors and Capital Research Global Investors make investment decisions on an independent basis.

### **EXECUTION OF PORTFOLIO TRANSACTIONS**

The investment adviser places orders with broker-dealers for the fund's portfolio transactions. 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. Subject to best execution, the investment adviser may consider investment research and/or brokerage services provided to the adviser in placing orders for the fund's portfolio transactions. The investment adviser may place orders for the fund's portfolio transactions with broker-dealers who have sold shares of funds managed by the investment adviser or its affiliated companies; however, it does not give consideration to 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. A more detailed description of the investment adviser's policies is included in the fund's statement of additional information.

### **PORTFOLIO HOLDINGS**

Portfolio holdings information for the fund is available on the American Funds website at [americanfunds.com](http://americanfunds.com). To reach this information, access the lower portion of the fund's details page on the website. A list of the fund's top 10 equity holdings, updated as of each month—end, is generally posted to this page within 14 days after the end of the applicable month. A link to the fund's complete list of publicly disclosed portfolio holdings, updated as of each calendar quarter-end, is generally posted to this page within 45 days after the end of the applicable quarter. Both lists remain available on the website until new information for the next month or quarter is posted. Portfolio holdings information for the fund is also contained in reports filed with the Securities and Exchange Commission.

A description of the fund's policies and procedures regarding disclosure of information about its portfolio holdings is available in the statement of additional information.

## MULTIPLE PORTFOLIO COUNSELOR SYSTEM

Capital Research and Management Company uses a system of multiple portfolio counselors in managing mutual fund assets. Under this approach, the portfolio of a fund is divided into segments managed by individual counselors who decide how their respective segments will be invested. In addition, Capital Research and Management Company's investment analysts may make investment decisions with respect to a portion of a fund's portfolio. Investment decisions are subject to a fund's objective(s), policies and restrictions and the oversight of the appropriate investment-related committees of Capital Research and Management Company and its investment divisions.

The primary individual portfolio counselors for The Income Fund of America are:

PORTFOLIO COUNSELOR/ FUND TITLE (IF APPLICABLE)	PORTFOLIO COUNSELOR EXPERIENCE IN THIS FUND	PRIMARY TITLE WITH INVESTMENT ADVISER (OR AFFILIATE) AND INVESTMENT EXPERIENCE	PORTFOLIO COUNSELOR'S ROLE IN MANAGEMENT OF THE FUND
HILDA L. APPLBAUM Vice Chairman of the Board and Director	11 years (plus 3 years of prior experience as an investment analyst for the fund)	Senior Vice President - Capital World Investors  Investment professional for 22 years in total; 14 years with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor
DAVID C. BARCLAY President	12 years	Senior Vice President - Fixed Income, Capital Research and Management Company  Investment professional for 27 years in total; 20 years with Capital Research and Management Company or affiliate	Serves as a fixed-income portfolio counselor
ABNER D. GOLDSTINE Senior Vice President	35 years	Senior Vice President - Fixed Income, Capital Research and Management Company  Investment professional for 56 years in total; 41 years with Capital Research and Management Company or affiliate	Serves as a fixed-income portfolio counselor
DINA N. PERRY Senior Vice President	16 years	Senior Vice President - Capital World Investors  Investment professional for 31 years in total; 17 years with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor
ANDREW B. SUZMAN Senior Vice President	9 years (plus 4 years of prior experience as an investment analyst for the fund)	Senior Vice President - Capital World Investors  Investment professional for 15 years in total; all with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor
JOANNA F. JONSSON Vice President	5 years (plus 9 years of prior experience as an investment analyst for the fund)	Senior Vice President - Capital World Investors  Investment professional for 19 years in total; 18 years with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor
JOHN H. SMET Vice President	16 years	Senior Vice President - Fixed Income, Capital Research and Management Company  Investment professional for 26 years in total; 25 years with Capital Research and Management Company or affiliate	Serves as a fixed-income portfolio counselor
STEVEN T. WATSON Vice President	5 years (plus 6 years of prior experience as an investment analyst for the fund)	Senior Vice President - Capital World Investors  Investment professional for 21 years in total; 19 years with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor
GRANT L. CAMBRIDGE	5 years (plus 5 years of prior experience as an investment analyst for the fund)	Senior Vice President - Capital World Investors  Investment professional for 16 years in total; 11 years with Capital Research and Management Company or affiliate	Serves as an equity portfolio counselor

Information regarding the portfolio counselors' compensation, their ownership of securities in the fund and other accounts they manage can be found in the statement of additional information.

CERTAIN PRIVILEGES AND/OR SERVICES DESCRIBED ON THE FOLLOWING PAGES OF THIS PROSPECTUS AND IN THE STATEMENT OF ADDITIONAL INFORMATION MAY NOT BE AVAILABLE TO YOU DEPENDING ON YOUR INVESTMENT DEALER OR RETIREMENT PLAN RECORDKEEPER. PLEASE SEE YOUR FINANCIAL ADVISER, INVESTMENT DEALER OR PLAN RECORDKEEPER FOR MORE INFORMATION.

### **Purchase, exchange and sale of shares**

AMERICAN FUNDS SERVICE COMPANY, THE FUND'S TRANSFER AGENT, ON BEHALF OF THE FUND AND AMERICAN FUNDS DISTRIBUTORS,<sup>®</sup> THE FUND'S DISTRIBUTOR, IS REQUIRED BY LAW TO OBTAIN CERTAIN PERSONAL INFORMATION FROM YOU OR ANY OTHER PERSON(S) ACTING ON YOUR BEHALF IN ORDER TO VERIFY YOUR OR SUCH PERSON'S IDENTITY. IF YOU DO NOT PROVIDE THE INFORMATION, THE TRANSFER AGENT MAY NOT BE ABLE TO OPEN YOUR ACCOUNT. IF THE TRANSFER AGENT IS UNABLE TO VERIFY YOUR IDENTITY OR THAT OF ANY OTHER PERSON(S) AUTHORIZED TO ACT ON YOUR BEHALF, OR BELIEVES IT HAS IDENTIFIED POTENTIALLY CRIMINAL ACTIVITY, THE FUND AND AMERICAN FUNDS DISTRIBUTORS RESERVE THE RIGHT TO CLOSE YOUR ACCOUNT OR TAKE SUCH OTHER ACTION THEY DEEM REASONABLE OR REQUIRED BY LAW.

### **PURCHASES AND EXCHANGES**

Eligible retirement plans generally may open an account and purchase Class A or R shares by contacting any investment dealer (who may impose transaction charges in addition to those described in this prospectus) authorized to sell the fund's shares. Some or all R share classes may not be available through certain investment dealers. Additional shares may be purchased through a plan's administrator or recordkeeper.

Class A shares are generally not available for retirement plans using the PlanPremier or Recordkeeper Direct recordkeeping programs.

Class R shares generally are available only to 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit-sharing and money purchase pension plans, defined benefit plans and nonqualified deferred compensation plans. Class R shares also are generally available only to retirement plans where plan level or omnibus accounts are held on the books of the fund. Class R-5 shares generally are available only to retirement plans with \$1 million or more in plan assets. In addition, Class R-5 shares are available for investment by American Funds Target Date Retirement Series<sup>®</sup> and other registered investment companies approved by the fund. Class R shares generally are not available to retail nonretirement accounts, traditional and Roth individual retirement accounts (IRAs), Coverdell Education Savings Accounts, SEPs, SARSEPs, SIMPLE IRAs, individual 403(b) plans and 529 college savings plans.

Shares of the fund offered through this prospectus generally may be exchanged into shares of the same class of other American Funds. Exchanges of Class A shares from American Funds money market funds purchased without a sales charge generally will be subject to the appropriate sales charge.

### **FREQUENT TRADING OF FUND SHARES**

The fund and American Funds Distributors reserve the right to reject any purchase order for any reason. The fund is not designed to serve as a vehicle for frequent trading. Frequent trading of fund shares may lead to increased costs to the fund and less efficient management of the fund's portfolio, potentially resulting in dilution of the value of the shares held by long-term shareholders. Accordingly, purchases, including those that are part of exchange activity that the fund or American Funds Distributors has determined could involve actual or potential harm to the fund, may be rejected.

The fund, through its transfer agent, American Funds Service Company, maintains surveillance procedures that are designed to detect frequent trading in fund shares. Under these procedures, various analytics are used to evaluate factors that may be indicative of frequent trading. For example, transactions in fund shares that exceed certain monetary thresholds may be scrutinized. American Funds Service Company also may review transactions that occur close in time to other transactions in the same account or in multiple accounts under common ownership or influence. Trading activity that is identified through these procedures or as a result of any other information available to the fund will be evaluated to determine whether such activity might constitute frequent trading. These procedures may be modified from time to time as appropriate to improve the detection of frequent trading, to facilitate monitoring for frequent trading in particular retirement plans or other accounts, and to comply with applicable laws.

In addition to the fund's broad ability to restrict potentially harmful trading as described above, the fund's board of directors has adopted a "purchase blocking policy" under which any shareholder redeeming shares (including redemptions that are part of an exchange transaction) having a value of \$5,000 or more from the fund will be precluded from investing in the fund (including investments that are part of an exchange transaction) for 30 calendar days after the redemption transaction. Under the fund's purchase blocking policy, certain purchases will not be prevented and certain redemptions will not trigger a purchase block, such as: systematic redemptions and purchases where the entity maintaining the shareholder account is able to identify the transaction as a systematic redemption or purchase; purchases and redemptions of shares having a value of less than \$5,000; transactions in Class 529 shares; purchases and redemptions resulting from reallocations by American Funds Target Date Retirement Series; retirement plan contributions, loans and distributions (including hardship withdrawals) identified as such on the retirement plan recordkeeper's system; and purchase transactions involving transfers of assets, rollovers, Roth IRA conversions and IRA recharacterizations, where the entity maintaining the shareholder account is able to identify the transaction as one of these types of transactions.

The fund reserves the right to waive the purchase blocking policy with respect to specific shareholder accounts in those instances where American Funds Service Company determines that its surveillance procedures are adequate to detect frequent trading in fund shares.

American Funds Service Company will work with certain intermediaries (such as investment dealers holding shareholder accounts in street name, retirement plan recordkeepers, insurance company separate accounts and bank trust companies) to apply their own procedures, provided that American Funds Service Company believes the intermediary's procedures are reasonably designed to enforce the frequent trading policies of the fund. You should refer to disclosures provided by the intermediaries with which you have an account to determine the specific trading restrictions that apply to you.

If American Funds Service Company identifies any activity that may constitute frequent trading, it reserves the right to contact the intermediary and request that the intermediary either provide information regarding an account owner's transactions or restrict the account owner's trading. If American Funds Service Company is not satisfied that the intermediary has taken appropriate action, American Funds Service Company may terminate the intermediary's ability to transact in fund shares.

There is no guarantee that all instances of frequent trading in fund shares will be prevented.

**NOTWITHSTANDING THE FUND'S SURVEILLANCE PROCEDURES AND PURCHASE BLOCKING POLICY, ALL TRANSACTIONS IN FUND SHARES REMAIN SUBJECT TO THE FUND'S AND AMERICAN FUNDS DISTRIBUTORS' RIGHT TO RESTRICT POTENTIALLY ABUSIVE TRADING GENERALLY (INCLUDING THE TYPES OF TRANSACTIONS DESCRIBED ABOVE THAT WILL NOT BE PREVENTED OR TRIGGER A BLOCK UNDER THE PURCHASE BLOCKING POLICY). SEE THE STATEMENT OF ADDITIONAL INFORMATION FOR MORE INFORMATION ABOUT HOW AMERICAN FUNDS SERVICE COMPANY MAY ADDRESS OTHER POTENTIALLY ABUSIVE TRADING ACTIVITY IN THE AMERICAN FUNDS.**

## **SALES**

Please contact your plan administrator or recordkeeper in order to sell shares from your retirement plan.

If you notify American Funds Service Company, you may reinvest proceeds from a redemption, dividend payment or capital gain distribution without a sales charge in the same fund or other American Funds provided the reinvestment occurs within 90 days after the date of the redemption or distribution and is made into the same account from which you redeemed the shares or received the distribution. If the account has been closed, reinvestment can be made without a sales charge if the new receiving account has the same registration as the closed account. Proceeds will be reinvested in the same share class from which the original redemption or distribution was made. Redemption proceeds of Class A shares representing direct purchases in American Funds money market funds that are reinvested in non-money market American Funds will be subject to a sales charge. Proceeds will be reinvested at the next calculated net asset value after your request is received and accepted by American Funds Service Company. For purposes of this right of reinvestment policy, automatic transactions (including, for example, automatic purchases, withdrawals and payroll deductions) and ongoing retirement plan contributions are not eligible for investment without a sales charge. You may not reinvest proceeds in the American Funds as described in this paragraph if such proceeds are subject to a purchase block as described under "Frequent trading of fund shares." This paragraph does not apply to certain rollover investments as described under "Rollovers from retirement plans to IRAs."

## VALUING SHARES

The net asset value of each share class of the fund is the value of a single share. The fund calculates the net asset value each day the New York Stock Exchange is open for trading as of approximately 4 p.m. New York time, the normal close of regular trading. Assets are valued primarily on the basis of market quotations. However, the fund has adopted procedures for making "fair value" determinations if market quotations are not readily available or are not considered reliable. For example, if events occur between the close of markets outside the United States and the close of regular trading on the New York Stock Exchange that, in the opinion of the investment adviser, materially affect the value of any of the fund's securities that principally trade in those international markets, those securities will be valued in accordance with fair value procedures. Use of these procedures is intended to result in more appropriate net asset values. In addition, such use will reduce, if not eliminate, potential arbitrage opportunities otherwise available to short-term investors.

Because the fund may hold securities that are primarily listed on foreign exchanges that trade on weekends or days when the fund does not price its shares, the value of securities held in the fund may change on days when you will not be able to purchase or redeem fund shares.

Your shares will be purchased at the net asset value (plus any applicable sales charge in the case of Class A shares) or sold at the net asset value next determined after American Funds Service Company receives and accepts your request.

## MOVING BETWEEN SHARE CLASSES AND ACCOUNTS

Please see the statement of additional information for details and limitations on moving investments in certain share classes to different share classes, and on moving investments held in certain accounts to different accounts.

### Sales charges

#### CLASS A SHARES

The initial sales charge you pay each time you buy Class A shares differs depending upon the amount you invest and may be reduced or eliminated for larger purchases as indicated below. The "offering price," the price you pay to buy shares, includes any applicable sales charge, which will be deducted directly from your investment. Shares acquired through reinvestment of dividends or capital gain distributions are not subject to an initial sales charge.

INVESTMENT	SALES CHARGE AS A PERCENTAGE OF:		
	OFFERING PRICE	NET AMOUNT INVESTED	DEALER COMMISSION AS A PERCENTAGE OF OFFERING PRICE
Less than \$25,000	5.75%	6.10%	5.00%
\$25,000 but less than \$50,000	5.00	5.26	4.25
\$50,000 but less than \$100,000	4.50	4.71	3.75
\$100,000 but less than \$250,000	3.50	3.63	2.75

INVESTMENT	SALES CHARGE AS A PERCENTAGE OF:		
	OFFERING PRICE	NET AMOUNT INVESTED	DEALER COMMISSION AS A PERCENTAGE OF OFFERING PRICE
\$250,000 but less than \$500,000	2.50	2.56	2.00
\$500,000 but less than \$750,000	2.00	2.04	1.60
\$750,000 but less than \$1 million	1.50	1.52	1.20
\$1 million or more and certain other investments described below	none	none	see below

The sales charge, expressed as a percentage of the offering price or the net amount invested, may be higher or lower than the percentages described in the table above due to rounding. This is because the dollar amount of the sales charge is determined by subtracting the net asset value of the shares purchased from the offering price, which is calculated to two decimal places using standard rounding criteria. The impact of rounding will vary with the size of the investment and the net asset value of the shares.

### CLASS A PURCHASES NOT SUBJECT TO SALES CHARGES

The following investments are not subject to any initial or contingent deferred sales charge if American Funds Service Company is properly notified of the nature of the investment:

- investments made by accounts that are part of certain qualified fee-based programs and that purchased Class A shares before the discontinuation of your investment dealer's load-waived Class A share program with the American Funds; and
- certain rollover investments from retirement plans to IRAs (see "Rollovers from retirement plans to IRAs" in this prospectus for more information).

The distributor may pay dealers up to 1% on investments made in Class A shares with no initial sales charge. The fund may reimburse the distributor for these payments through its plans of distribution (see "Plans of distribution" in this prospectus).

Certain other investors may qualify to purchase shares without a sales charge, such as employees of investment dealers and registered investment advisers authorized to sell American Funds, and employees of The Capital Group Companies. Please see the statement of additional information for more information.

### EMPLOYER-SPONSORED RETIREMENT PLANS

Employer-sponsored retirement plans that are eligible to purchase Class R shares may instead purchase Class A shares and pay the applicable Class A sales charge, provided their recordkeepers can properly apply a sales charge on plan investments. These plans are not eligible to make initial purchases of \$1 million or more in Class A shares and thereby invest in Class A shares without a sales charge, nor are they eligible to establish a statement of intention that qualifies them to purchase Class A shares without a sales charge. More information about statements of intention can be found under "Sales charge reductions" in this prospectus. Plans investing in Class A shares with a sales charge may purchase additional Class A shares in accordance with the sales charge table above.

Employer-sponsored retirement plans that invested in Class A shares without any sales charge on or before March 31, 2004, and that continue to meet the eligibility requirements in effect as of that date for purchasing Class A shares at net asset value, may continue to purchase Class A shares without any initial or contingent deferred sales charge.

### CLASS R SHARES

Class R shares are sold without any initial or contingent deferred sales charge. The distributor will pay dealers annually an asset-based compensation of up to 1.00% for sales of Class R-1 shares, up to .75% for Class R-2 shares, up to .50% for Class R-3 shares and up to .25% for Class R-4 shares. No dealer compensation is paid on sales of Class R-5 shares. The fund may reimburse the distributor for these payments through its plans of distribution (see "Plans of distribution" in this prospectus).

## **Sales charge reductions**

TO RECEIVE A REDUCTION IN YOUR CLASS A INITIAL SALES CHARGE, YOU MUST LET YOUR FINANCIAL ADVISER OR AMERICAN FUNDS SERVICE COMPANY KNOW AT THE TIME YOU PURCHASE SHARES THAT YOU QUALIFY FOR SUCH A REDUCTION. IF YOU DO NOT LET YOUR ADVISER OR AMERICAN FUNDS SERVICE COMPANY KNOW THAT YOU ARE ELIGIBLE FOR A REDUCTION, YOU MAY NOT RECEIVE A SALES CHARGE DISCOUNT TO WHICH YOU ARE OTHERWISE ENTITLED. In order to determine your eligibility to receive a sales charge discount, it may be necessary for you to provide your adviser or American Funds Service Company with information and records (including account statements) of all relevant accounts invested in the American Funds.

IN ADDITION TO THE INFORMATION IN THIS PROSPECTUS, YOU MAY OBTAIN MORE INFORMATION ABOUT SHARE CLASSES, SALES CHARGES AND SALES CHARGE REDUCTIONS THROUGH A LINK ON THE HOME PAGE OF THE AMERICAN FUNDS WEBSITE AT AMERICANFUNDS.COM, FROM THE STATEMENT OF ADDITIONAL INFORMATION OR FROM YOUR FINANCIAL ADVISER.

### **REDUCING YOUR CLASS A INITIAL SALES CHARGE**

Consistent with the policies described in this prospectus, two or more retirement plans of an employer or employer's affiliates may combine all of their American Funds investments to reduce their Class A sales charge. Certain investments in the American Funds Target Date Retirement Series may also be combined for this purpose. Please see the American Funds Target Date Retirement Series prospectus for further information. However, for this purpose, investments representing direct purchases of American Funds money market funds are excluded. Following are different ways that you may qualify for a reduced Class A sales charge:

#### **CONCURRENT PURCHASES**

Simultaneous purchases of any class of shares of two or more American Funds (excluding American Funds money market funds) may be combined to qualify for a reduced Class A sales charge.

#### **RIGHTS OF ACCUMULATION**

You may take into account your accumulated holdings in all share classes of the American Funds (excluding American Funds money market funds) to determine the initial sales charge you pay on each purchase of Class A shares. 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 or (b) the amount you invested (excluding capital appreciation) less any withdrawals. Please see the statement of additional information for details. You should retain any records necessary to substantiate the historical amounts you have invested.

#### **STATEMENT OF INTENTION**

You may reduce your Class A sales charge by establishing a statement of intention. A statement of intention allows you to combine all purchases of all share classes of the American Funds (excluding American Funds money market funds) you intend to make over a 13-month period to determine the applicable sales charge; however, purchases made under a right of reinvestment, appreciation of your holdings, and reinvested dividends and capital gains do not count as purchases made during the statement period. The market value of your existing holdings eligible to be aggregated as of the day immediately before the start of the statement period may be credited toward satisfying the statement. A portion of your account may be held in escrow to cover additional Class A sales charges that may be due if your total purchases over the statement period do not qualify you for the applicable sales charge reduction. Employer-sponsored retirement plans may be restricted from establishing statements of intention. See "Sales charges" in this prospectus for more information.

#### **RIGHT OF REINVESTMENT**

Please see the "Sales" section of "Purchase, exchange and sale of shares" in this prospectus for information on how to reinvest proceeds from a redemption, dividend payment or capital gain distribution without a sales charge.

## **Rollovers from retirement plans to IRAs**

Assets from retirement plans may be invested in Class A, B, C or F shares through an IRA rollover. More information on Class B, C and F shares can be found in the fund's prospectus for nonretirement plan shareholders. Rollovers invested in Class A shares from retirement plans will be subject to applicable sales charges. The following rollovers to Class A shares will be made without a sales charge:

- rollovers to IRAs from 403(b) plans with Capital Bank and Trust Company as custodian; and
- rollovers to IRAs that are attributable to American Funds investments, if they meet the following requirements:
  - the assets being rolled over were invested in American Funds at the time of distribution; and
  - the rolled over assets are contributed to an American Funds IRA with Capital Bank and Trust Company as custodian.

IRA rollover assets that roll over without a sales charge as described above will not be subject to a contingent deferred sales charge and investment dealers will be compensated solely with an annual service fee that begins to accrue immediately. IRA rollover assets invested in Class A shares that are not attributable to American Funds investments, as well as future contributions to the IRA, will be subject to sales charges and the terms and conditions generally applicable to Class A share investments as described in the prospectus and statement of additional information.

## **Plans of distribution**

The fund has plans of distribution or "12b-1 plans" under which it may finance activities primarily intended to sell shares, provided the categories of expenses are approved in advance by the fund's board of directors. The plans provide for payments, based on annualized percentages of average daily net assets, of up to .25% for Class A shares, up to 1.00% for Class R-1 and R-2 shares, up to .75% for Class R-3 shares and up to .50% for Class R-4 shares. For all share classes indicated above, up to .25% of these expenses may be used to pay service fees to qualified dealers for providing certain shareholder services. The amount remaining for each share class may be used for distribution expenses.

The 12b-1 fees paid by the fund, as a percentage of average net assets, for the previous fiscal year are indicated in the Annual Fund Operating Expenses table under "Fees and expenses of the fund." Since these fees are paid out of the fund's assets or income on an ongoing basis, over time they will increase the cost and reduce the return of your investment.

## **Other compensation to dealers**

American Funds Distributors, at its expense, currently provides additional compensation to investment dealers. These payments may be made, at the discretion of American Funds Distributors, to the top 75 dealers (or their affiliates) that have sold shares of the American Funds. The level of payments made to a qualifying firm in any given year will vary and in no case would exceed the sum of (a) .10% of the previous year's American Funds sales by that dealer and (b) .02% of American Funds assets attributable to that dealer. For calendar year 2007, aggregate payments made by American Funds Distributors to dealers were less than .02% of the assets of the American Funds. Aggregate payments may also change from year to year. A number of factors will be considered in determining payments, including the qualifying dealer's sales, assets and redemption rates, and the quality of the dealer's relationship with American Funds Distributors. American Funds Distributors makes these payments to help defray the costs incurred by qualifying dealers in connection with efforts to educate financial advisers about the American Funds so that they can make recommendations and provide services that are suitable and meet shareholder needs. American Funds Distributors will, on an annual basis, determine the advisability of continuing these payments. American Funds Distributors may also pay expenses associated with meetings conducted by dealers outside the top 75 firms to facilitate educating financial advisers and shareholders about the American Funds. If investment advisers, distributors or other affiliates of mutual funds pay additional compensation or other incentives in differing amounts, dealer firms and their advisers may have financial incentives for recommending a particular mutual fund over other mutual funds. You should consult with your financial adviser and review carefully any disclosure by your financial adviser's firm as to compensation received.

## Distributions and taxes

### DIVIDENDS AND DISTRIBUTIONS

The fund declares daily dividends from net investment income and distributes the accrued dividends, which may fluctuate, to shareholders each quarter. Dividends begin accruing one day after payment for shares is received by the fund or American Funds Service Company.

Capital gains, if any, are usually distributed in December. When a capital gain is distributed, the net asset value per share is reduced by the amount of the payment.

All dividends and capital gain distributions paid to retirement plan shareholders will be automatically reinvested.

### TAXES ON DIVIDENDS AND DISTRIBUTIONS

Dividends and capital gains distributed by the fund to tax-deferred retirement plan accounts are not taxable currently.

### TAXES ON TRANSACTIONS

Exchanges within a tax-deferred retirement plan account will not result in a capital gain or loss for federal or state income tax purposes. With limited exceptions, distributions from a retirement plan account are taxable as ordinary income.

PLEASE SEE YOUR TAX ADVISER FOR MORE INFORMATION.

## Financial highlights

The Financial Highlights table is intended to help you understand the fund's results for the past five fiscal years. Certain information reflects financial results for a single share of a particular class. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the fund (assuming reinvestment of all dividends and capital gain distributions). Where indicated, figures in the table reflect the impact, if any, of certain reimbursements/waivers from Capital Research and Management Company. For more information about these reimbursements/waivers, see the footnotes to the Annual Fund Operating Expenses table under "Fees and expenses of the fund" in this prospectus and the fund's annual report. The information in the Financial Highlights table has been audited by Deloitte & Touche LLP, whose report, along with the fund's financial statements, is included in the statement of additional information, which is available upon request.

	<b>(LOSS) INCOME FROM INVESTMENT OPERATIONS<sup>1</sup></b>			
			<b>Net (losses) gains on securities (both realized and unrealized)</b>	
	<b>Net asset value, beginning of year</b>	<b>Net investment income</b>		<b>Total from investment operations</b>
<b>CLASS A:</b>				
Year ended 7/31/2008	\$ 20.54	\$ .87	\$ (2.67)	\$ (1.80)
Year ended 7/31/2007	19.33	.87	1.73	2.60
Year ended 7/31/2006	18.70	.81	.94	1.75
Year ended 7/31/2005	17.10	.77	1.61	2.38
Year ended 7/31/2004	15.44	.70	1.70	2.40
<b>CLASS R-1:</b>				
Year ended 7/31/2008	20.48	.71	(2.67)	(1.96)
Year ended 7/31/2007	19.27	.70	1.72	2.42
Year ended 7/31/2006	18.65	.64	.94	1.58
Year ended 7/31/2005	17.05	.61	1.61	2.22
Year ended 7/31/2004	15.39	.55	1.70	2.25
<b>CLASS R-2:</b>				
Year ended 7/31/2008	20.42	.70	(2.66)	(1.96)
Year ended 7/31/2007	19.22	.69	1.72	2.41
Year ended 7/31/2006	18.60	.64	.94	1.58

	<b>(LOSS) INCOME FROM INVESTMENT OPERATIONS<sup>1</sup></b>			
	<b>Net (losses) gains on securities</b>			
	<b>Net asset value, beginning of year</b>	<b>Net investment income</b>	<b>(both realized and unrealized)</b>	<b>Total from investment operations</b>
Year ended 7/31/2005	17.01	.61	1.60	2.21
Year ended 7/31/2004	15.36	.55	1.69	2.24
<b>CLASS R-3:</b>				
Year ended 7/31/2008	\$ 20.50	\$ .79	\$ (2.66)	\$ (1.87)
Year ended 7/31/2007	19.29	.79	1.73	2.52
Year ended 7/31/2006	18.67	.73	.93	1.66
Year ended 7/31/2005	17.07	.70	1.60	2.30
Year ended 7/31/2004	15.41	.62	1.70	2.32
<b>CLASS R-4:</b>				
Year ended 7/31/2008	20.53	.85	(2.68)	(1.83)
Year ended 7/31/2007	19.31	.85	1.74	2.59
Year ended 7/31/2006	18.69	.79	.93	1.72
Year ended 7/31/2005	17.09	.76	1.60	2.36
Year ended 7/31/2004	15.43	.68	1.70	2.38
<b>CLASS R-5:</b>				
Year ended 7/31/2008	20.54	.91	(2.68)	(1.77)
Year ended 7/31/2007	19.32	.91	1.74	2.65
Year ended 7/31/2006	18.70	.85	.93	1.78
Year ended 7/31/2005	17.10	.80	1.61	2.41
Year ended 7/31/2004	15.44	.73	1.71	2.44

	<b>DIVIDENDS AND DISTRIBUTIONS</b>				
	<b>Dividends (from net investment income)</b>	<b>Distributions (from capital gains)</b>	<b>Total dividends and distributions</b>	<b>Net asset value, end of year</b>	<b>Total return<sup>2,3</sup></b>
<b>CLASS A:</b>					
Year ended 7/31/2008	\$ (.91)	\$ (.85)	\$ (1.76)	\$ 16.98	(9.46)%
Year ended 7/31/2007	(.93)	(.46)	(1.39)	20.54	13.66
Year ended 7/31/2006	(.76)	(.36)	(1.12)	19.33	9.77
Year ended 7/31/2005	(.65)	(.13)	(.78)	18.70	14.12
Year ended 7/31/2004	(.74)	—	(.74)	17.10	15.76
<b>CLASS R-1:</b>					
Year ended 7/31/2008	(.75)	(.85)	(1.60)	16.92	(10.25)
Year ended 7/31/2007	(.75)	(.46)	(1.21)	20.48	12.75
Year ended 7/31/2006	(.60)	(.36)	(.96)	19.27	8.79
Year ended 7/31/2005	(.49)	(.13)	(.62)	18.65	13.15
Year ended 7/31/2004	(.59)	—	(.59)	17.05	14.75
<b>CLASS R-2:</b>					
Year ended 7/31/2008	(.75)	(.85)	(1.60)	16.86	(10.26)
Year ended 7/31/2007	(.75)	(.46)	(1.21)	20.42	12.73
Year ended 7/31/2006	(.60)	(.36)	(.96)	19.22	8.83
Year ended 7/31/2005	(.49)	(.13)	(.62)	18.60	13.16
Year ended 7/31/2004	(.59)	—	(.59)	17.01	14.75
<b>CLASS R-3:</b>					
Year ended 7/31/2008	\$ (.84)	\$ (.85)	\$ (1.69)	\$ 16.94	(9.83)%
Year ended 7/31/2007	(.85)	(.46)	(1.31)	20.50	13.26
Year ended 7/31/2006	(.68)	(.36)	(1.04)	19.29	9.29
Year ended 7/31/2005	(.57)	(.13)	(.70)	18.67	13.68
Year ended 7/31/2004	(.66)	—	(.66)	17.07	15.25
<b>CLASS R-4:</b>					
Year ended 7/31/2008	(.89)	(.85)	(1.74)	16.96	(9.56)
Year ended 7/31/2007	(.91)	(.46)	(1.37)	20.53	13.57
Year ended 7/31/2006	(.74)	(.36)	(1.10)	19.31	9.60
Year ended 7/31/2005	(.63)	(.13)	(.76)	18.69	14.00
Year ended 7/31/2004	(.72)	—	(.72)	17.09	15.64
<b>CLASS R-5:</b>					
Year ended 7/31/2008	(.95)	(.85)	(1.80)	16.97	(9.26)

DIVIDENDS AND DISTRIBUTIONS					
	Dividends (from net investment income)	Distributions (from capital gains)	Total dividends and distributions	Net asset value, end of year	Total return <sup>2,3</sup>
Year ended 7/31/2007	(.97)	(.46)	(1.43)	20.54	13.94
Year ended 7/31/2006	(.80)	(.36)	(1.16)	19.32	9.92
Year ended 7/31/2005	(.68)	(.13)	(.81)	18.70	14.33
Year ended 7/31/2004	(.78)	—	(.78)	17.10	16.01

	Net assets, end of year (in millions)	Ratio of expenses to average net assets before reimbursements/ waivers	Ratio of expenses to average net assets after reimbursements/ waivers <sup>3</sup>	Ratio of net income to average net assets <sup>3</sup>
<b>CLASS A:</b>				
Year ended 7/31/2008	\$ 58,029	.57%	.54%	4.53%
Year ended 7/31/2007	65,713	.56	.54	4.22
Year ended 7/31/2006	53,188	.56	.53	4.35
Year ended 7/31/2005	47,196	.55	.54	4.26
Year ended 7/31/2004	36,075	.57	.57	4.15
<b>CLASS R-1:</b>				
Year ended 7/31/2008	86	1.39	1.37	3.73
Year ended 7/31/2007	75	1.41	1.39	3.41
Year ended 7/31/2006	37	1.45	1.41	3.46
Year ended 7/31/2005	19	1.50	1.45	3.36
Year ended 7/31/2004	8	1.55	1.48	3.27
<b>CLASS R-2:</b>				
Year ended 7/31/2008	516	1.44	1.42	3.66
Year ended 7/31/2007	539	1.44	1.39	3.38
Year ended 7/31/2006	379	1.52	1.40	3.48
Year ended 7/31/2005	271	1.58	1.42	3.39
Year ended 7/31/2004	139	1.75	1.44	3.30
<b>CLASS R-3:</b>				
Year ended 7/31/2008	\$ 1,061	.95%	.93%	4.16%
Year ended 7/31/2007	978	.94	.92	3.86
Year ended 7/31/2006	579	.96	.94	3.94
Year ended 7/31/2005	394	.97	.96	3.85
Year ended 7/31/2004	176	1.02	1.02	3.70
<b>CLASS R-4:</b>				
Year ended 7/31/2008	597	.66	.63	4.49
Year ended 7/31/2007	451	.65	.63	4.15
Year ended 7/31/2006	255	.66	.64	4.22
Year ended 7/31/2005	120	.67	.65	4.17
Year ended 7/31/2004	30	.69	.69	4.05
<b>CLASS R-5:</b>				
Year ended 7/31/2008	559	.36	.33	4.80
Year ended 7/31/2007	350	.36	.33	4.42
Year ended 7/31/2006	168	.36	.34	4.56
Year ended 7/31/2005	81	.37	.35	4.45
Year ended 7/31/2004	57	.37	.37	4.35

	YEAR ENDED JULY 31				
	2008	2007	2006	2005	2004
PORTFOLIO TURNOVER RATE FOR ALL CLASSES OF SHARES	38%	32%	35%	24%	27%

1 Based on average shares outstanding.

2 Total returns exclude any applicable sales charges.

3 This column reflects the impact, if any, of certain reimbursements/waivers from Capital Research and Management Company. During some of the years shown, Capital Research and Management Company reduced fees for investment advisory services. In addition, during some of the years shown, Capital Research and Management Company paid a portion of the fund's transfer agent fees for certain retirement plan share classes.

## NOTES

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<b>FOR SHAREHOLDER SERVICES</b>	American Funds Service Company 800/421-0180
<b>FOR RETIREMENT PLAN SERVICES</b>	Call your employer or plan administrator
<b>FOR ADVISER MARKETING</b>	American Funds Distributors 800/421-9900 americanfunds.com
<b>FOR 24-HOUR INFORMATION</b>	For Class R share information, visit AmericanFundsRetirement.com

Telephone calls you have with the American Funds organization may be monitored or recorded for quality assurance, verification and/or recordkeeping purposes. By speaking with us on the telephone, you are giving your consent to such monitoring and recording.

**MULTIPLE TRANSLATIONS** This prospectus may be translated into other languages. If there is any inconsistency or ambiguity in the meaning of any translated word or phrase, the English text will prevail.

**ANNUAL/SEMI-ANNUAL REPORT TO SHAREHOLDERS** The shareholder reports contain additional information about the fund, including financial statements, investment results, portfolio holdings, a discussion of market conditions and the fund's investment strategies and the independent registered public accounting firm's report (in the annual report).

**STATEMENT OF ADDITIONAL INFORMATION (SAI) AND CODES OF ETHICS** The current SAI, as amended from time to time, contains more detailed information about the fund, including the fund's financial statements, and is incorporated by reference into this prospectus. This means that the current SAI, for legal purposes, is part of this prospectus. The codes of ethics describe the personal investing policies adopted by the fund, the fund's investment adviser and its affiliated companies.

The codes of ethics and current SAI are on file with the Securities and Exchange Commission (SEC). These and other related materials about the fund are available for review or to be copied at the SEC's Public Reference Room in Washington, DC (202/551-8090) or on the EDGAR database on the SEC's website at sec.gov or, after payment of a duplicating fee, via e-mail request to publicinfo@sec.gov or by writing to the SEC's Public Reference Section, 100 F Street, NE, Washington, DC 20549-0102. The codes of ethics, current SAI and shareholder reports are also available, free of charge, on americanfunds.com.

**E-DELIVERY AND HOUSEHOLD MAILINGS** Each year you are automatically sent an updated prospectus and annual and semi-annual reports for the fund. You may also occasionally receive proxy statements for the fund. In order to reduce the volume of mail you receive, when possible, only one copy of these documents will be sent to shareholders who are part of the same family and share the same household address. You may elect to receive these documents electronically in lieu of paper form by enrolling in e-delivery on our website, americanfunds.com.

If you would like to opt out of household-based mailings or receive a complimentary copy of the current SAI, codes of ethics or annual/semi-annual report to shareholders, please call American Funds Service Company at 800/421-0180 or write to the secretary of the fund at P.O. Box 7650, San Francisco, California 94120.

**SECURITIES INVESTOR PROTECTION CORPORATION (SIPC)** Shareholders may obtain information about SIPC on its website at sipc.org or by calling 202/371-8300.

Investment Company File No. 811-01880

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## THE CAPITAL GROUP COMPANIES

American Funds  
Capital Research and Management  
Capital International  
Capital Guardian  
Capital Bank and Trust