



AMERICAN  
FUNDS®

From Capital Group

American Funds  
Insurance Series®

Annual report  
for the year ended  
December 31, 2017

**We believe in  
investing in global  
companies for  
the long term.**

American Funds Insurance Series, from Capital Group, is the underlying investment vehicle for many variable annuities and insurance products. For more than 85 years, Capital has invested with a long-term focus based on thorough research and attention to risk.

**Investing for short periods makes losses more likely. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries. Investing in small-capitalization stocks can involve greater risk than is customarily associated with investing in stocks of larger, more established companies. The return of principal for bond funds and for funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. High-yield bonds are subject to greater fluctuations in value and risk of loss of income and principal than investment-grade bonds. Bond ratings, which typically range from AAA/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. Futures contracts may not provide an effective hedge of the underlying securities because changes in the prices of futures contracts may not track those of the securities they are intended to hedge. In addition, the managed risk strategy may not effectively protect the funds from market declines and will limit the funds' participation in market gains. The use of the managed risk strategy could cause the funds' returns to lag those of the applicable underlying funds in certain rising market conditions. Refer to the funds' prospectuses and the Risk Factors section of this report for more information on these and other risks associated with investing in the funds.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

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## Fellow investors:

Equity markets rallied in 2017, with the MSCI ACWI (All Country World Index)<sup>1</sup> advancing 23.97%. Against a backdrop of widespread macroeconomic stability, a majority of countries benefited from strong corporate earnings and accommodative monetary policy. Financial markets remained resilient despite challenges stemming from volatile politics in Western democracies, uncertainty in the Middle East, and tensions between the U.S. and North Korea.

The MSCI USA Index<sup>1</sup> rose 21.90%, with Gross Domestic Product (GDP) growing an annualized 3.2% in the third quarter. On the whole, the picture remained bright, reflecting an improving jobs market, rising consumer confidence, a surge in retail sales and healthy corporate profits. On the policy front, the Trump administration followed through on its pledge of delivering tax reforms as Congress approved a \$1.5 trillion tax bill. Meanwhile, the Federal Reserve raised the benchmark federal funds rate by a quarter percentage point three times over the 12 months and announced it would begin to reduce the size of its balance sheet as the economy continues to strengthen.

European markets improved, diminishing investor concerns about political risk as election victories for Emmanuel Macron in France and Angela Merkel in Germany helped restore a degree of stability. The MSCI Europe Index<sup>1</sup> climbed 25.51%, reversing last year's weakness, with France (+28.75%), Italy (+28.43%), Germany (+27.70%) and the U.K.

See page 2 for footnotes.

(+22.30%) all registering double-digit gains. Central bank stimulus measures helped lift Europe's markets, as officials from the European Central Bank announced they would extend quantitative easing until at least September 2018 to help keep the economy on track. Ultra-low or negative interest rates and a broad-based recovery across the continent, particularly in countries that have engaged in fiscal reform in the past several years, facilitated Europe's growth trajectory while helping combat deflationary pressures. GDP climbed at an annualized rate of 2.6% in the euro zone as the unemployment rate fell to 8.9%, its lowest level since 2009.

Elsewhere among developed markets, Japanese equities rose 23.99%, buoyed by the country's longest streak of economic expansion in more than a decade and a weaker yen. On the political front, Prime Minister Shinzo Abe won a majority for his party in a parliamentary election held a year earlier than expected.

Emerging markets recorded some of the most impressive gains with the MSCI EM (Emerging Markets) Index<sup>1</sup> up 37.28%. Chinese equities advanced 54.07%, allaying fears about the nation's debt load. Higher commodity prices, an uptick in industrial activity and government policy measures designed to stimulate the economy boosted the country's growth. President Xi Jinping's re-election confirmed support for his policies aimed at hastening development and improving international relations. China continues to build a rich digital ecosystem around e-commerce as it strengthens its position

as a global competitor. Elsewhere, government leaders in Brazil (+24.11%) and India (+38.76%) unveiled additional plans designed to stoke their respective economies, which expanded at an improving tempo. Russian stocks climbed a more modest 5.20% as oil prices rebounded. OPEC and Russia agreed to extend oil production cuts until the end of 2018 to accelerate rebalancing of inventories around the world.

In bond markets, U.S. investment-grade (as measured by the Bloomberg Barclays U.S. Corporate Investment Grade Index<sup>2</sup>) and high-yield corporates (as measured by the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index<sup>2</sup>) advanced 6.42% and 7.50%, respectively, as investors sought higher yields than those offered by U.S. Treasuries amid tightening monetary policy. The Bloomberg Barclays Global Aggregate Index<sup>2</sup>, a measure of global investment-grade bonds (rated BBB/Baa and above), was up 7.39%, while the Bloomberg Barclays U.S. Aggregate Index<sup>2</sup> (which measures U.S. investment-grade bonds) improved 3.54%. The 10-year Treasury yield, which stood at 2.45% on December 31, 2016, was little changed by year-end finishing at 2.40%. U.S. dollar-denominated emerging markets bonds, as measured by the J.P. Morgan EMBI (Emerging Markets Bond Index) Global<sup>3</sup>, rose 9.32% as their higher yields were popular in a low-rate environment.

In currency markets, the U.S. dollar depreciated against most currencies. The euro (+13.85%), British pound (+9.48%) and Canadian dollar (+7.03%)

all benefited from a weaker U.S. dollar. Gainers among developing markets included the Chinese renminbi (+6.72%), Indian rupee (+6.33%) and Russian ruble (+6.03%). The Brazilian real declined 1.88%.

#### Looking ahead

As the global economy continues to gather momentum, we remain optimistic about the long-term outlook. Lower corporate taxes combined with the prospects of greater infrastructure spending and regulatory reform could help the U.S. set the pace for expansion.

While Europe and Japan are in the midst of a recovery, many emerging markets are enjoying even faster growth amid rising commodities prices, a weakening U.S. dollar and increased consumer spending as the standard of living improves in a number of developing countries. We closely monitor key indicators such as inflation and wage growth, while evaluating the potential impact of a return to more normalized monetary policy from central banks in the future. All these factors are likely to cause interest rates to edge higher. A backdrop of good growth and modestly increasing rates should be positive for equities.

In the short term, we develop some caution whenever the market stages an impressive rally, as it has recently. It would not be uncommon to see a correction or pause after such gains. At these higher levels of valuation, we believe it is particularly important to conduct fundamental research and remain confident in our investment approach.

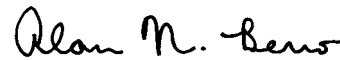
After a period of record low volatility, we are not surprised to see it pick up again recently. As stock pickers, we believe volatile share prices may present an opportunity to invest in individual companies with sound fundamentals that can ride out short-term turbulence.

Our time-tested approach – based on extensive research, a long-term outlook and close attention to valuation – has served investors well over time. We continue to have confidence this will remain the case. We thank you for your support and look forward to reporting to you again in six months' time.

Sincerely,



Donald D. O'Neal  
Vice Chairman of the Board



Alan N. Berro  
President

February 9, 2018

All market indexes referenced in this report are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Country returns are based on MSCI indexes, which reflect reinvestment of distributions and dividends net of withholding taxes, except for the MSCI USA Index, which reflects dividends gross of withholding taxes. Source: MSCI.

<sup>2</sup>Source: Bloomberg Index Services Ltd.

<sup>3</sup>This report, and any product, index or fund referred to herein, is not sponsored, endorsed or promoted in any way by J.P. Morgan or any of its affiliates who provide no warranties whatsoever, express or implied, and shall have no liability to any prospective investor in connection with this report. J.P. Morgan disclaimer: <http://www.jpmorgan.com/pages/jpmorgan/ib/girg>.

# Summary investment portfolios

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Summary investment portfolios are designed to streamline this report and help investors better focus on the funds' principal holdings. Ultra-Short Bond Fund, Managed Risk Growth Fund, Managed Risk International Fund, Managed Risk Blue Chip Income and Growth Fund, Managed Risk Growth-Income Fund and Managed Risk Asset Allocation Fund show a complete listing of portfolio holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings for each fund in the series.

Unless otherwise indicated, American Funds Insurance Series investment results are for Class 2 shares (Class P2 shares for managed risk funds). Class 1A shares began operations on January 6, 2017. Class 2 shares began operations on April 30, 1997. Class 3 shares began operations on January 16, 2004. Class 4 shares began operations on December 14, 2012. Results encompassing periods prior to those dates assume a hypothetical investment in Class 1 shares and include the deduction of additional annual expenses (0.25% for Class 1A shares, 0.25% for Class 2 shares, 0.18% for Class 3 shares and 0.50% for Class 4 shares).

The variable annuities and life insurance contracts that use the series funds contain certain fees and expenses not reflected in this report. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The series investment adviser waived a portion of its management fees for all existing funds from September 1, 2004, through December 31, 2008, for U.S. Government/AAA-Rated Securities Fund from July 1, 2010, through December 31, 2010, and for Blue Chip Income and Growth Fund from February 1, 2014, through January 31, 2015.

For the managed risk funds, the investment adviser is currently waiving a portion of its management fee equal to 0.05% of the funds' net assets. In addition, the investment adviser is currently reimbursing a portion of miscellaneous expenses for all managed risk funds except Managed Risk Asset Allocation Fund. The funds' investment results and net expense ratios shown reflect the waivers and reimbursements, without which the results would have been lower and the expenses would have been higher. The waivers and reimbursements will be in effect through at least May 1, 2019, unless modified or terminated by the series board. See the Financial Highlights tables in the report for details.

The Managed Risk Growth Fund pursues its objective by investing in shares of American Funds Insurance Series – Growth Fund<sup>SM</sup> and American Funds Insurance Series – Bond Fund<sup>SM</sup>. The Managed Risk International Fund pursues its objective by investing in shares of American Funds Insurance Series – International Fund<sup>SM</sup> and American Funds Insurance Series – Bond Fund<sup>SM</sup>. The Managed Risk Blue Chip Income and Growth Fund pursues its objective by investing in shares of American Funds Insurance Series – Blue Chip Income and Growth Fund<sup>SM</sup> and American Funds Insurance Series – U.S. Government/AAA-Rated Securities Fund<sup>SM</sup>. The Managed Risk Growth-Income Fund pursues its objective by investing in shares of American Funds Insurance Series – Growth-Income Fund<sup>SM</sup> and American Funds Insurance Series – Bond Fund<sup>SM</sup>. The Managed Risk Asset Allocation Fund pursues its objective by investing in shares of American Funds Insurance Series – Asset Allocation Fund<sup>SM</sup>. The funds seek to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the funds' managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the funds' results can be expected to lag those of the underlying fund.

Funds are listed in the report as follows: equity, balanced, fixed income and managed risk.

# Global Growth Fund

**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

Global Growth Fund rose 31.47% for the 12 months ended December 31, 2017, compared with a 23.97% increase for the MSCI ACWI (All Country World Index)<sup>1</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving job market provided a boost to the economy. European stocks rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Emerging markets advanced as well, led by rising prices for most commodities and robust profits from leading technology companies.

Larger-than-index investments and strong stock selection in information technology and consumer discretionary benefited fund results. An eclectic mix of stocks boosted the fund's returns. Nintendo soared as the company's second-quarter revenues and earnings topped estimates, led by strong sales of the Nintendo Switch console. Amazon reported strong third-quarter earnings and acquired Whole Foods, which helped strengthen its retail platform and contributed to its stock price appreciation.

Investments in energy companies detracted from the fund's results. OPEC's production cuts aimed at propping up oil prices had done little for Canadian energy stocks as Seven Generations declined.

On a geographic basis, stocks of companies domiciled in the U.S., China and the Netherlands were additive to relative results, while stocks of companies based in Canada, Spain and Denmark lagged.

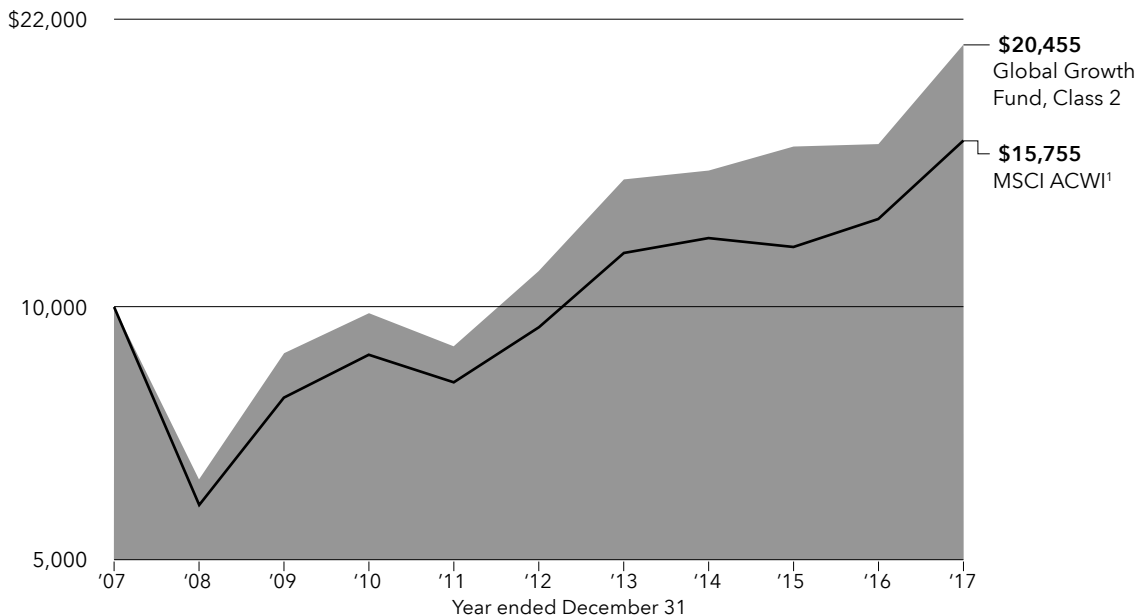
Despite soaring valuations, the fund's portfolio managers are optimistic they will continue to find good companies globally that offer high-quality products, and whose values are not yet fully reflected in their share prices.

				Percent of net assets
<b>Country diversification</b>	<b>The Americas</b>		<b>Europe (continued)</b>	<b>Other regions</b>
	United States	38.2%	Italy	1.0%
	Other	2.0	Other	2.2
		<u>40.2</u>		<u>29.8</u>
				Short-term securities & other assets less liabilities
				3.3
				Total
				<u>100.0%</u>

				Percent of net assets
<b>Largest equity securities</b>	Amazon	5.47%	Facebook	2.54%
	ASML	3.60	British American Tobacco	2.17
	TSMC	3.53	AIA Group	2.05
	Alphabet	3.39	Microsoft	1.86
	Nintendo	2.88	Alibaba Group	1.86

# Global Growth Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since April 30, 1997)	Expense ratio
Class 1	31.80%	13.61%	7.68%	10.12%	.55%
Class 1A	31.54	13.34	7.42	9.85	.80 <sup>2</sup>
Class 2	31.47	13.33	7.42	9.84	.80
Class 4	31.11	13.13	7.19	9.59	1.05

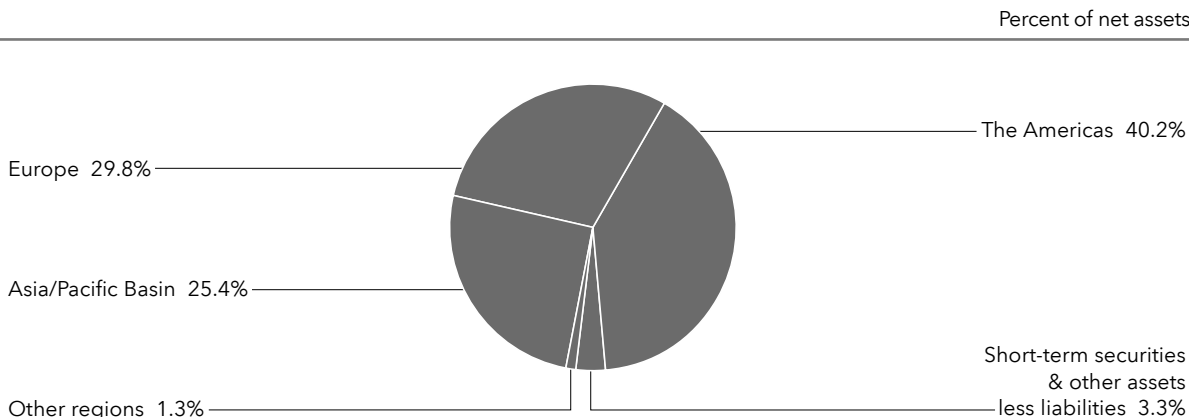
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Global Small Capitalization Fund

**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

Global Small Capitalization Fund increased 25.89% for the 12 months ended December 31, 2017. Its benchmark, the MSCI All Country World Small Cap Index<sup>1</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results of smaller capitalization companies in both developed and emerging markets, gained 23.81%.

Global stocks advanced on the back of strong corporate earnings, accommodative monetary policy and macroeconomic stability across most regions. Numerous equity market indexes achieved or neared multiyear highs in 2017. European and emerging market equities outpaced U.S. stock markets, as investors set aside concerns about politics and focused on the global economic recovery.

Holdings in the information technology, consumer discretionary and health care sectors – the fund's largest sectors by concentration – aided returns. Kite Pharma rose as the company was acquired by Gilead for \$11.9 billion in an all-cash deal. Sunny surged to all-time highs led by robust demand for technology-related components that helped contribute to earnings growth. Investments in energy stocks, such as Laredo Petroleum and Carrizo, hurt results.

While investments in U.S. companies were additive to relative returns, larger-than-index investments in U.K.-domiciled companies detracted from relative results.

We continue to think powerful long-term investments can be found among companies with innovative products and services that are changing the way people live around the globe. We also continue to believe there are better values outside the U.S. stock market that grow more compelling every day.

While geopolitical uncertainties may result in volatility, the fund's portfolio managers are optimistic that our investment process can help identify companies outside the U.S. with innovative products and services that are changing the way people live around the globe.

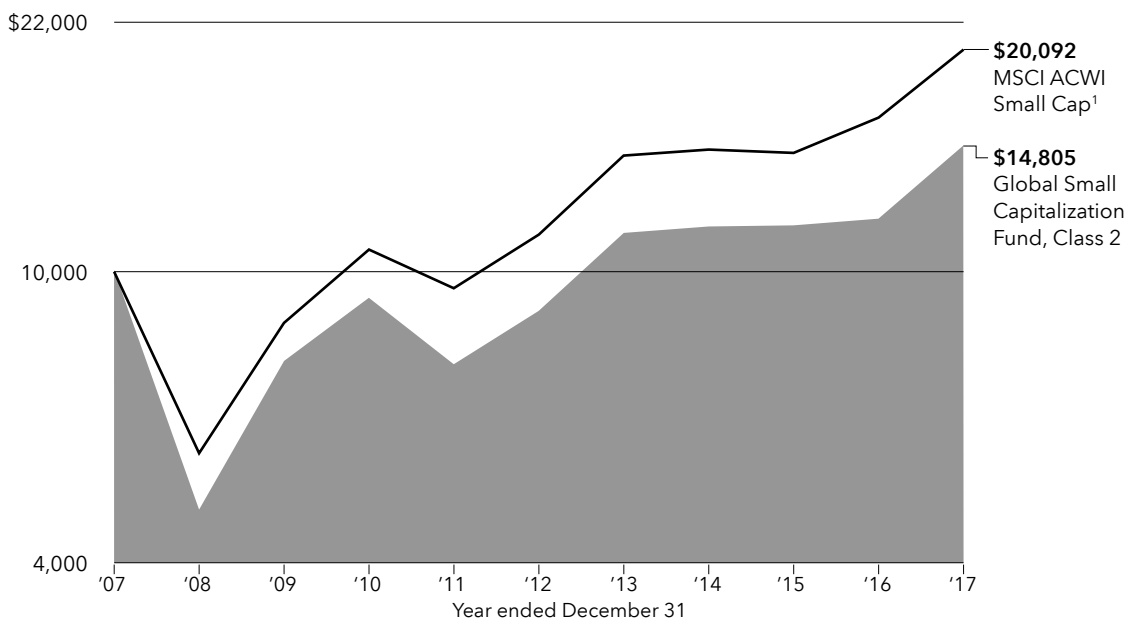
				Percent of net assets		
<b>Country diversification</b>	<b>The Americas</b>		<b>Asia/Pacific Basin (continued)</b>		<b>Europe (continued)</b>	
	United States	40.3%	Taiwan	2.4%	Switzerland	1.0%
	Canada	2.7	Philippines	1.8	Other	4.1
	Brazil	1.0	Thailand	1.7		<u>21.1</u>
	Other	<u>.2</u>	South Korea	1.4		
		<u>44.2</u>	Other	1.6	Short-term securities & other	
				<u>28.3</u>	assets less liabilities	<u>6.4</u>
	<b>Asia/Pacific Basin</b>		<b>Europe</b>		Total	<u>100.0%</u>
	Japan	7.2	United Kingdom	12.3		
	China	4.6	Germany	2.6		
	India	4.4	France	1.1		
	Hong Kong	3.2				

				Percent of net assets	
<b>Largest equity securities</b>	GW Pharmaceuticals	2.28%	Hilton Grand Vacations	1.19%	
	Insulet	1.83	Melco International Development	1.18	
	Qorvo	1.73	GVC Holdings	1.17	
	WIN Semiconductors	1.43	Illumina	1.17	
	Kotak Mahindra Bank	1.20	Integra LifeSciences Holdings	1.14	



# Global Small Capitalization Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since April 30, 1998)	Expense ratio
Class 1	26.22%	11.31%	4.26%	9.80%	.74%
Class 1A	25.99	11.05	4.01	9.53	.99 <sup>2</sup>
Class 2	25.89	11.04	4.00	9.53	.99
Class 4	25.62	10.78	3.76	9.26	1.24

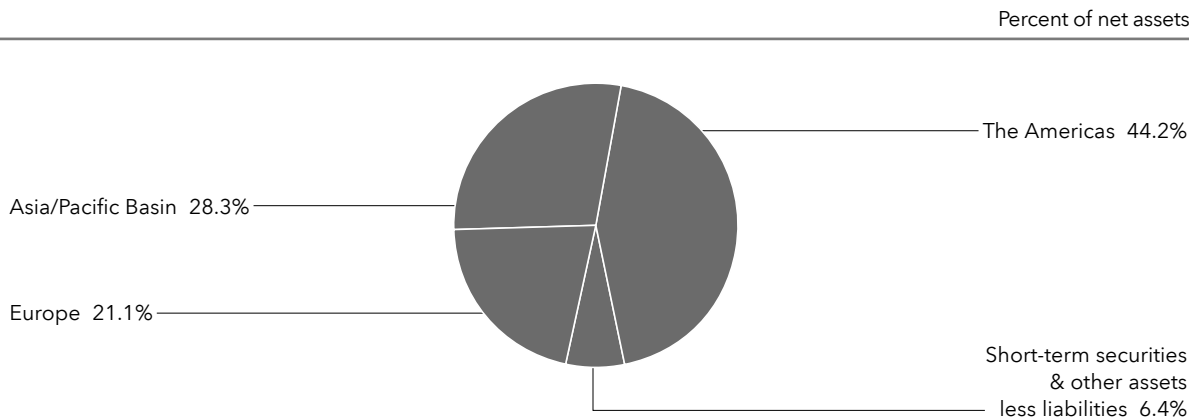
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Growth Fund

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Growth Fund gained 28.28% for the 12 months ended December 31, 2017, compared with a 21.83% increase in its benchmark, the Standard & Poor's 500 Composite Index,<sup>1</sup> a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving job market provided a boost to the economy. Strong consumer demand and rising optimism fueled the information technology sector higher. European stocks rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Emerging markets also advanced, led by rising prices for most commodities and robust profits from leading technology companies.

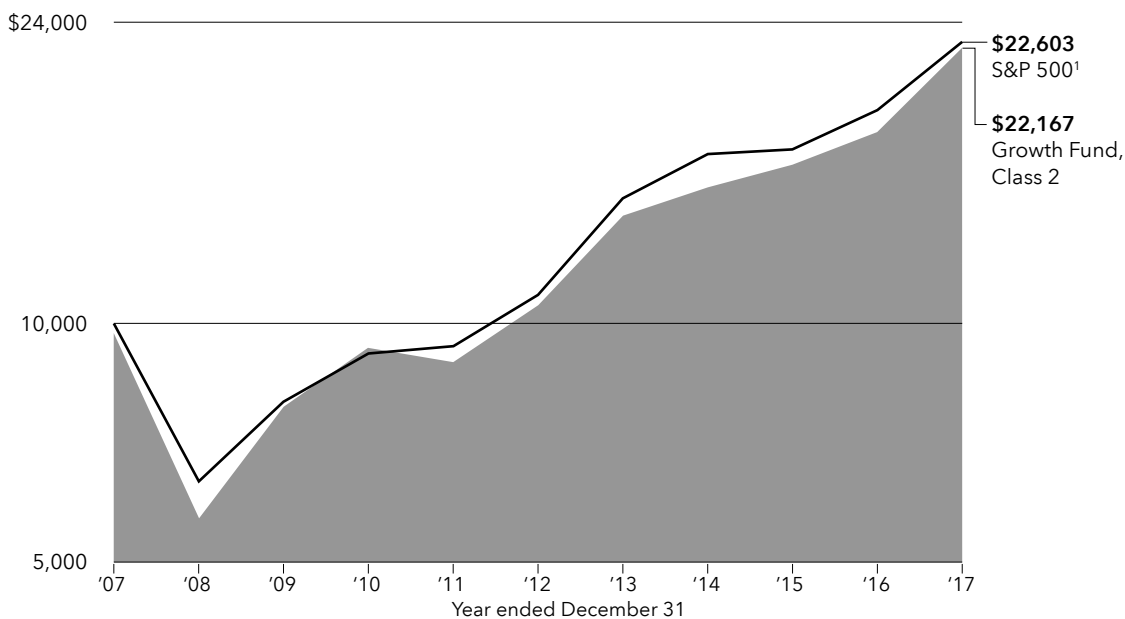
Larger-than-index investments and stock selection in information technology and consumer discretionary boosted the fund's returns. Among the fund's top contributors to returns (posting double-digit gains) was consumer discretionary company Amazon and information technology company Facebook. Exposure to the energy sector detracted from fund results, despite OPEC's decision to extend production cuts into 2018. Energy exploration and production company Noble Energy and oil-field services company Schlumberger detracted from returns.

Although U.S. economic growth remained strong with GDP growing at an annualized pace of 3.2% in the third quarter, the fund's portfolio managers are keeping a close watch on economic indicators, such as wage growth and fiscal policy, including outcomes of the recent U.S. tax bill. Portfolio managers continue to favor well-positioned, growth-oriented companies that are capable of generating free cash flow in myriad economic environments, and remain optimistic that our global research will help us identify attractive long-term investment opportunities.

				Percent of net assets
<b>Largest equity securities</b>	Amazon	6.39%	Broadcom	2.92%
	Facebook	5.89	ASML	2.49
	Microsoft	4.00	Apple	2.18
	Alphabet	3.71	Netflix	1.96
	UnitedHealth Group	3.10	Tesla	1.88

# Growth Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since February 8, 1984)	Expense ratio
Class 1	28.62%	16.50%	8.56%	12.83%	.35%
Class 1A	28.36	16.22	8.29	12.55	.60 <sup>2</sup>
Class 2	28.28	16.21	8.29	12.55	.60
Class 3	28.39	16.29	8.36	12.63	.53
Class 4	27.99	15.95	8.03	12.27	.85

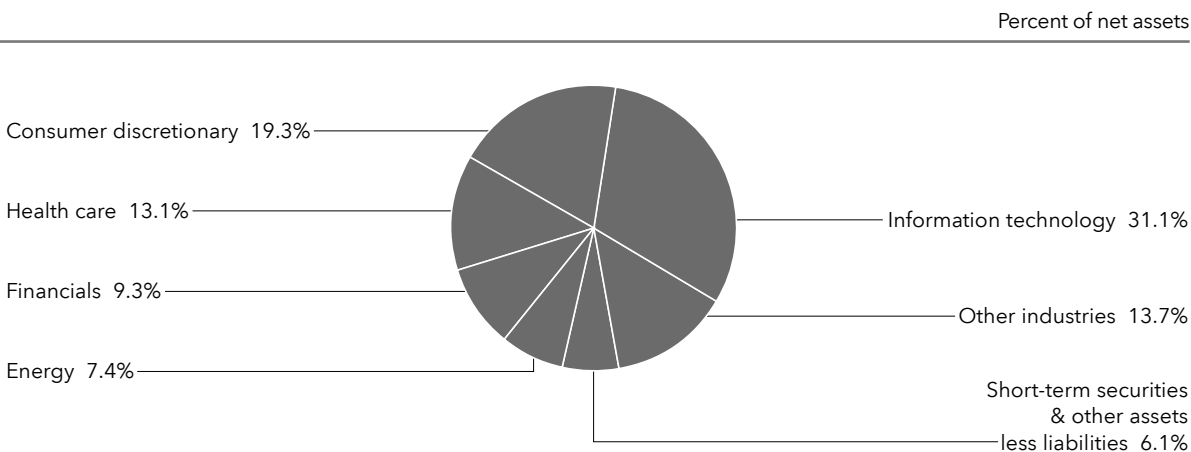
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source: S&P Dow Jones Indices LLC.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# International Fund

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International Fund gained 32.14% for the 12 months ended December 31, 2017. Its benchmark, the MSCI ACWI (All Country World Index) ex USA<sup>1</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes excluding the U.S., rose 27.19%.

Global stocks rallied, led by strong corporate earnings growth and accommodative monetary policy amid a backdrop of macroeconomic stability across most regions. A broad-based recovery and ultra-low interest rates across Europe, particularly in countries that have engaged in fiscal reform over the past few years, facilitated the continent's growth trajectory while helping combat deflationary pressures. Political fighting in the U.S. and elsewhere was essentially ignored by resilient financial markets.

Investments in the information technology sector contributed most to absolute and relative returns. The fund took advantage of the rally in the information technology sector, helped by investments in Tencent and Alibaba Group. Accelerated revenue growth and strong Chinese consumption promoted an increase in both companies' stock prices, respectively. Investments in the financials sector were also among the top contributors to the fund's returns. HDFC Bank surged after the company reported healthy second-quarter profits as the bank continued to gain market share from state-owned banks. Investments in the health care sector hindered the fund's returns the most on a relative basis. Teva Pharmaceutical was among the top detractors to relative returns, as the company's share price declined due to worse-than-expected results for the second quarter.

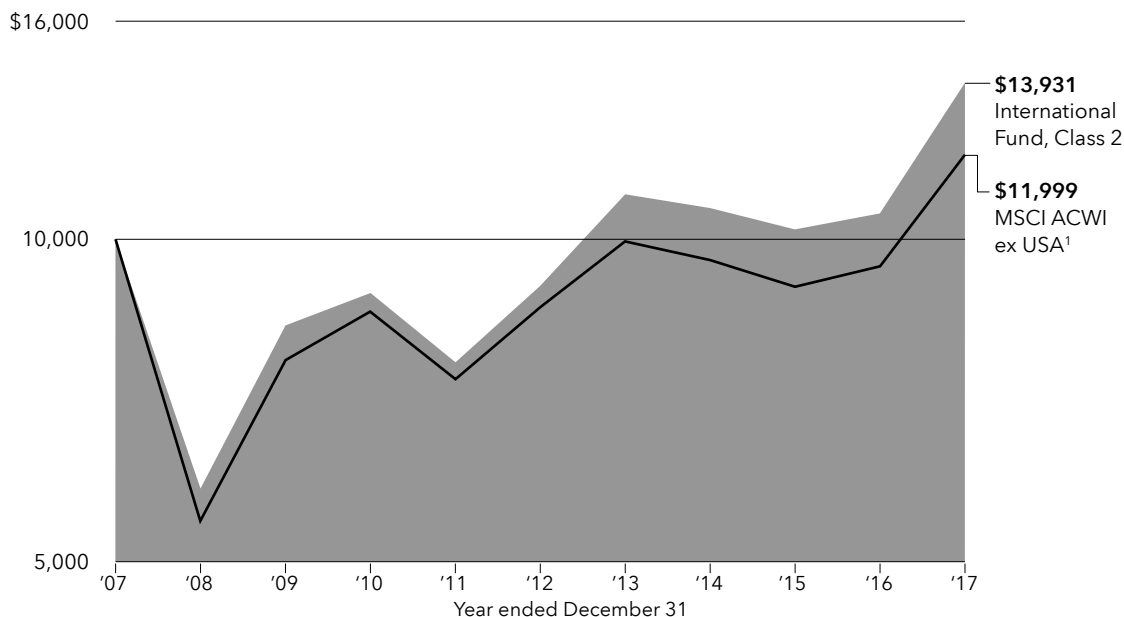
The fund's portfolio managers continue to monitor key indicators in advanced countries – from wage growth and inflation dynamics to the impact of technology and demographics on productivity – as they seek the flexibility to pivot to areas of opportunity. That is why we take a multilayered approach to research, and invest in different geographies, industries and companies that can control their own destiny through efficiencies or innovative products.

				Percent of net assets		
<b>Country diversification</b>	<b>Asia/Pacific Basin</b>		<b>Europe (continued)</b>		<b>Other regions</b>	
	Japan	14.1%	Germany	2.8%	South Africa	1.0%
	Hong Kong	10.0	Netherlands	2.2	Israel	.8
	India	7.4	Spain	1.9		<u>1.8</u>
	China	7.3	Italy	1.6		
	South Korea	7.1	Denmark	.9	Short-term securities & other	
	Australia	1.6	Other	1.4	assets less liabilities	<u>8.4</u>
	Thailand	1.1		<u>35.2</u>		
	Philippines	1.1	<b>The Americas</b>		Total	<u>100.0%</u>
		<u>49.7</u>	Canada	2.8		
	<b>Europe</b>		Brazil	1.6		
	United Kingdom	12.6	United States	.5		
	France	7.3		<u>4.9</u>		
	Switzerland	4.5				

				Percent of net assets	
<b>Largest equity securities</b>	AIA Group	3.50%	Alibaba Group	2.41%	
	Samsung Electronics	3.12	Royal Dutch Shell	1.92	
	Airbus Group	2.98	Novartis	1.70	
	HDFC Bank	2.69	Galaxy Entertainment Group	1.37	
	Tencent	2.46	Prudential	1.36	

# International Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since May 1, 1990)	Expense ratio
Class 1	32.46%	9.38%	3.63%	8.55%	.54%
Class 1A	32.15	9.11	3.37	8.28	.79 <sup>2</sup>
Class 2	32.14	9.11	3.37	8.28	.79
Class 3	32.23	9.18	3.44	8.36	.72
Class 4	31.89	8.88	3.13	8.02	1.04

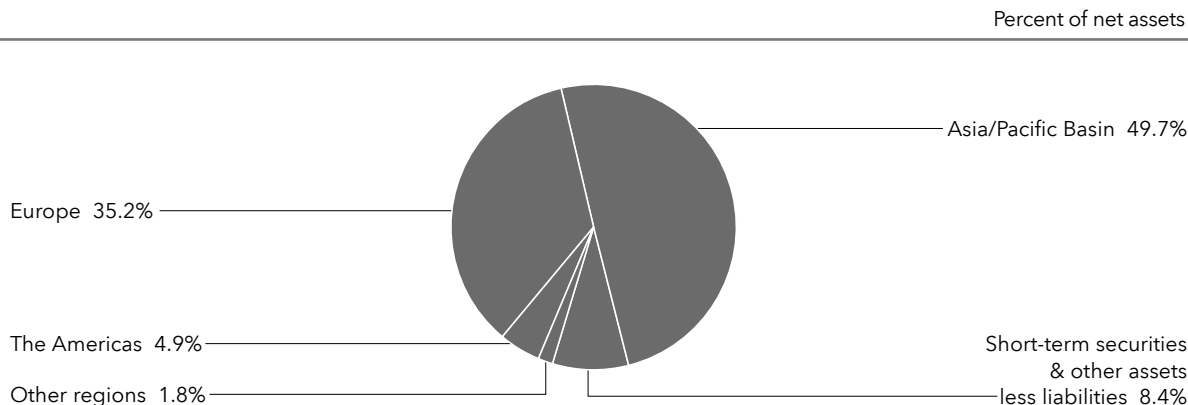
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

New World Fund gained 29.44% for the 12 months ended December 31, 2017. Its benchmark indexes are the MSCI ACWI (All Country World Index),<sup>1</sup> a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes, and the MSCI Emerging Markets Index,<sup>1</sup> a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes. They rose 23.97% and 37.28%, respectively.

Global stocks rallied, led by strong corporate earnings growth and accommodative monetary policy amid a backdrop of macroeconomic stability across most regions. A broad-based recovery and ultra-low interest rates across Europe, particularly in countries that have engaged in fiscal reform over the past few years, facilitated the continent's growth trajectory while helping combat deflationary pressures. Political fighting in the U.S. and elsewhere was essentially ignored by resilient financial markets. Numerous indexes achieved or neared multiyear highs during the year, led in part by information technology stocks.

Select holdings in the financials and information technology sectors were beneficial to the fund. HDFC Bank surged after the company reported healthy second-quarter profits as the bank continued to gain market share from state-owned banks, while AAC Technologies Holdings jumped to a record high on strong third-quarter earnings. Among detractors, technology company Murata Manufacturing hindered relative returns, hurt by high costs of mass production for a key iPhone component.

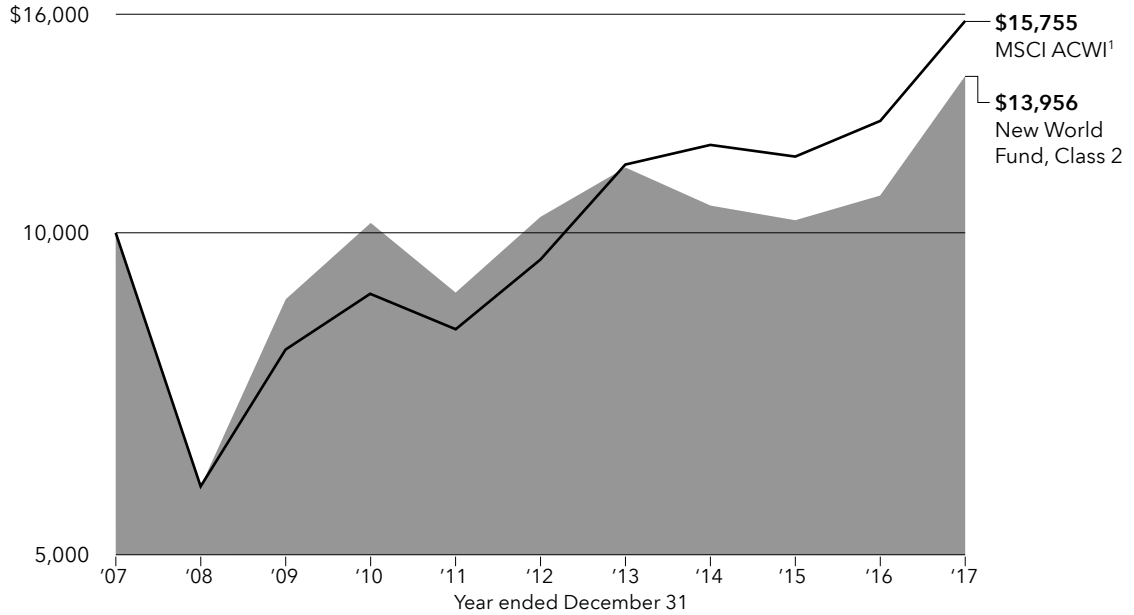
While the broad stock market has rallied amid a global economic recovery, new populist policies and tax reform, how it responds to the U.S. presidential administration on matters including trade and spending is worth monitoring. As the fund invests in many different geographies, the fund's managers continue to carefully monitor the portfolio while searching for undervalued companies with solid foundations around the world.

						Percent of net assets
<b>Country diversification</b>	<b>Asia/Pacific Basin</b>		<b>The Americas (continued)</b>		<b>Other regions</b>	
	India	13.2%	Argentina	3.8%	South Africa	1.5%
	China	11.9	Mexico	2.7	Other	.6
	Japan	6.8	Canada	1.0		<u>2.1</u>
	Taiwan	5.9	Other	.6		
	Australia	1.7		<u>29.8</u>	Short-term securities & other	
	South Korea	1.7			assets less liabilities	<u>4.4</u>
	Hong Kong	1.4	<b>Europe</b>			
	Thailand	1.2	United Kingdom	8.1	Total	<u>100.0%</u>
	Other	.7	France	3.6		
		<u>44.5</u>	Russian Federation	3.4		
			Switzerland	1.8		
			Other	2.3		
				<u>19.2</u>		
			<b>The Americas</b>			
			United States	15.0		
		Brazil	6.7			

				Percent of net assets
<b>Largest equity securities</b>	Reliance Industries	5.40%	HDFC Bank	2.24%
	TSMC	2.94	Murata Manufacturing	2.21
	British American Tobacco	2.85	Baidu	2.21
	United Microelectronics	2.79	Grupo Financiero Galicia	2.09
	Alphabet	2.69	Foshan Haitian Flavouring and Food	1.77

# New World Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since June 17, 1999)	Expense ratio
Class 1	29.73%	6.52%	3.65%	8.80%	.76%
Class 1A	29.42	6.25	3.39	8.53	1.01 <sup>2</sup>
Class 2	29.44	6.25	3.39	8.53	1.01
Class 4	29.06	6.00	3.14	8.26	1.26

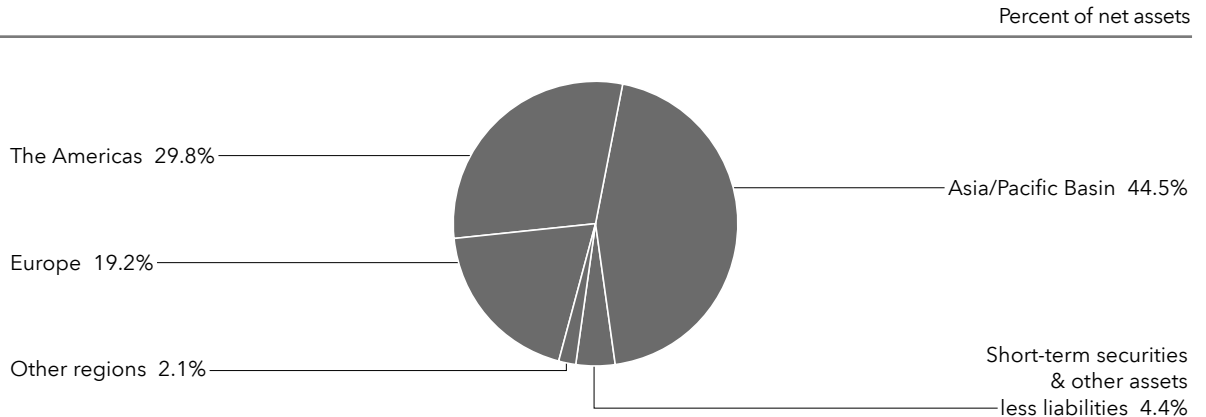
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: MSCI. Results for MSCI indexes reflect dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Blue Chip Income and Growth Fund

**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

Blue Chip Income and Growth Fund gained 17.04% for the 12 months ended December 31, 2017, trailing its benchmark, the Standard & Poor's 500 Composite Index (a market capitalization-weighted index based on the results of approximately 500 widely held common stocks), which rose 21.83%.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving job market provided a boost to the economy. Strong consumer demand and rising optimism pushed the information technology sector higher. Outside the U.S., European stocks rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Emerging markets also advanced, led by rising prices for most raw materials and robust profits from leading technology companies.

Investments in information technology and health care companies boosted the fund's returns. Among the fund's top contributors to returns (posting double-digit gains) was health care company AbbVie, which reported third-quarter earnings above analyst estimates due in part to sales of its flagship drug, Humira. Intel's stock price also rose as the company reported better-than-expected third-quarter earnings and revenue from its data center.

Investments in the energy sector hindered returns, despite OPEC's production cuts aimed at bolstering oil prices. Energy exploration and production company Halliburton hindered results. Telecommunication services company CenturyLink was also a drag, as the company missed third-quarter earnings and revenue estimates.

Given the fund's focus on investing in dividend-paying stocks, a lack of investments in certain growth stocks in the information technology sector, such as Facebook, hampered relative returns. On a country basis, lower-than-index investments in U.S. domiciled companies also detracted from the fund's relative returns.

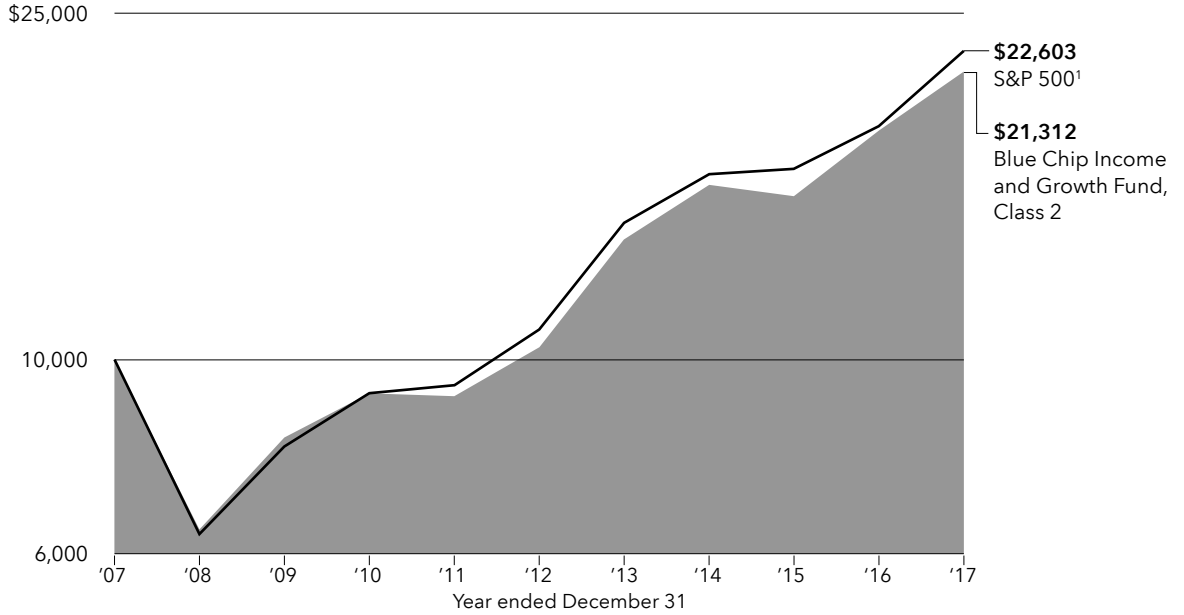
The fund's portfolio managers are keeping a close watch on the U.S. economy. Portfolio managers continue to favor well-managed, high-quality companies that are capable of generating positive cash flow in myriad economic environments, and remain optimistic that our global research will help us identify attractive long-term investment opportunities.

				Percent of net assets
<b>Largest equity securities</b>	AbbVie	6.97%	Wells Fargo	3.89%
	Verizon Communications	5.42	Prudential Financial	3.25
	JPMorgan Chase	4.43	Texas Instruments	2.93
	Amgen	4.39	CSX	2.71
	Intel	4.15	Canadian Natural Resources	2.39



# Blue Chip Income and Growth Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since July 5, 2001)	Expense ratio
Class 1	17.30%	15.93%	8.13%	6.85%	.41%
Class 1A	17.08	15.66	7.87	6.59	.66 <sup>2</sup>
Class 2	17.04	15.65	7.86	6.58	.66
Class 4	16.70	15.48	7.65	6.35	.91

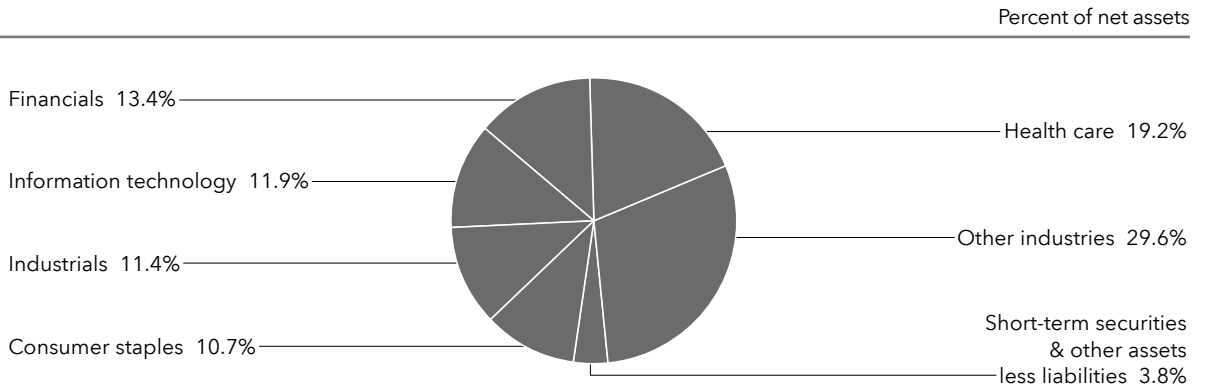
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008, and from February 1, 2014, through January 31, 2015. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source: S&P Dow Jones Indices LLC.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Global Growth and Income Fund

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Global Growth and Income Fund gained 26.06% for the 12 months ended December 31, 2017, compared with a 23.97% increase in its benchmark, the MSCI ACWI (All Country World Index),<sup>1</sup> a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes.

Global stocks advanced on the back of strong corporate earnings, accommodative monetary policy and macroeconomic stability across most regions. Numerous indexes achieved or neared multiyear highs in 2017. European and emerging market equities outpaced U.S. stock markets, as investors set aside concerns about politics and focused on the global economic recovery.

Information technology was one of several sectors that contributed to the fund's absolute returns. The fund's holdings in Nintendo and Broadcom were among the top contributors to absolute results. Nintendo shares soared as the company's second-quarter revenues and earnings beat market expectations, led by strong sales of the Nintendo Switch console. Semiconductor manufacturer Broadcom also rose as the company's fiscal fourth-quarter earnings topped analyst estimates. On the downside, stock selection in materials and financials hindered relative returns.

On a country basis, holdings in the U.S., Japan and India contributed to relative returns, and holdings in Canada, the U.K. and Italy were a drag on relative returns.

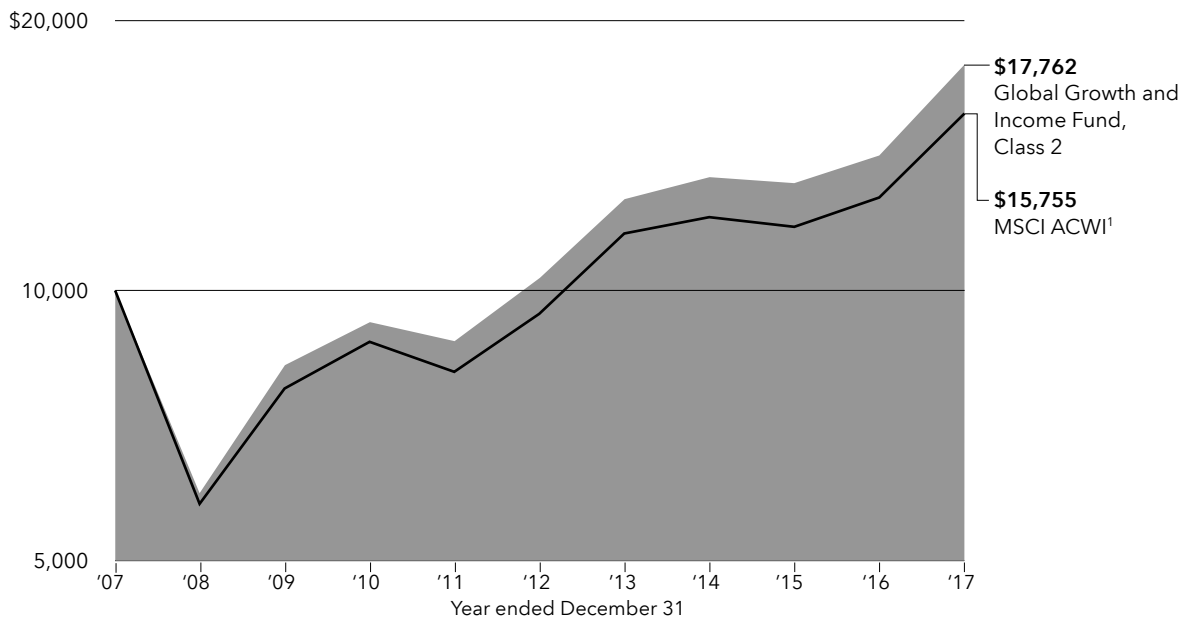
The fund's cash position enables portfolio managers to better navigate a challenging environment by focusing on opportunities when stock prices are favorable. The fund's portfolio managers are also optimistic they can uncover promising long-term investment opportunities and companies with sustainable dividends and income.

				Percent of net assets
<b>Country diversification</b>	<b>The Americas</b>		<b>Europe (continued)</b>	<b>Other regions</b>
	United States	34.4%	Netherlands	1.0%
	Brazil	3.0	Other	1.1
	Mexico	2.9		<u>30.8</u>
	Other	.8		Short-term securities & other assets less liabilities
		<u>41.1</u>	<b>Asia/Pacific Basin</b>	<u>4.0</u>
			Japan	7.0
	<b>Europe</b>		Taiwan	6.0
	United Kingdom	12.2	India	4.3
	France	5.8	China	2.4
	Switzerland	4.4	Hong Kong	1.2
	Germany	3.5	Australia	1.1
	Denmark	1.6	Other	1.8
	Ireland	1.2		<u>23.8</u>
				<u>100.0%</u>

				Percent of net assets
<b>Largest equity securities</b>	Nintendo	4.31%	Nestlé	2.28%
	British American Tobacco	4.13	UnitedHealth Group	2.25
	TSMC	3.37	Reliance Industries	2.00
	Microsoft	3.28	Broadcom	1.67
	Airbus Group	2.38	United Microelectronics	1.55

# Global Growth and Income Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since May 1, 2006)	Expense ratio
Class 1	26.40%	11.85%	6.17%	7.29%	.63%
Class 1A	26.35	11.61	5.93	7.04	.88 <sup>2</sup>
Class 2	26.06	11.56	5.91	7.02	.88
Class 4	25.83	11.36	5.67	6.78	1.13

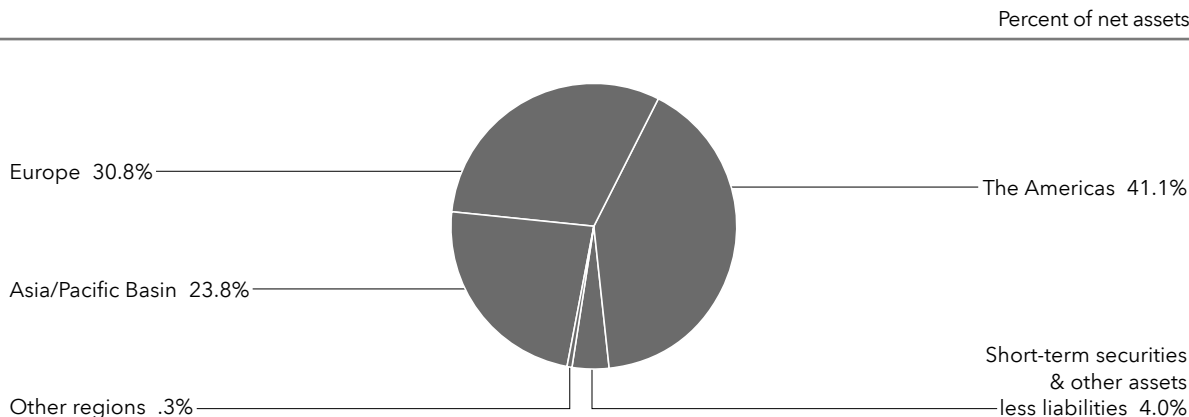
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from May 1, 2006, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Growth-Income Fund

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Growth-Income Fund gained 22.38% for the 12 months ended December 31, 2017. The Standard & Poor's 500 Composite Index,<sup>1</sup> a market capitalization-weighted index based on the results of approximately 500 widely held common stocks, rose 21.83%.

U.S. stocks staged an impressive rally as the economic picture remained bright. GDP grew an annualized 3.2% in the third quarter. Repeating a common theme, information technology companies advanced, supported by better-than-expected corporate earnings in the sector. Outside the U.S., European stocks rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Emerging markets also advanced, led by rising prices for most commodities and robust profits from leading technology companies.

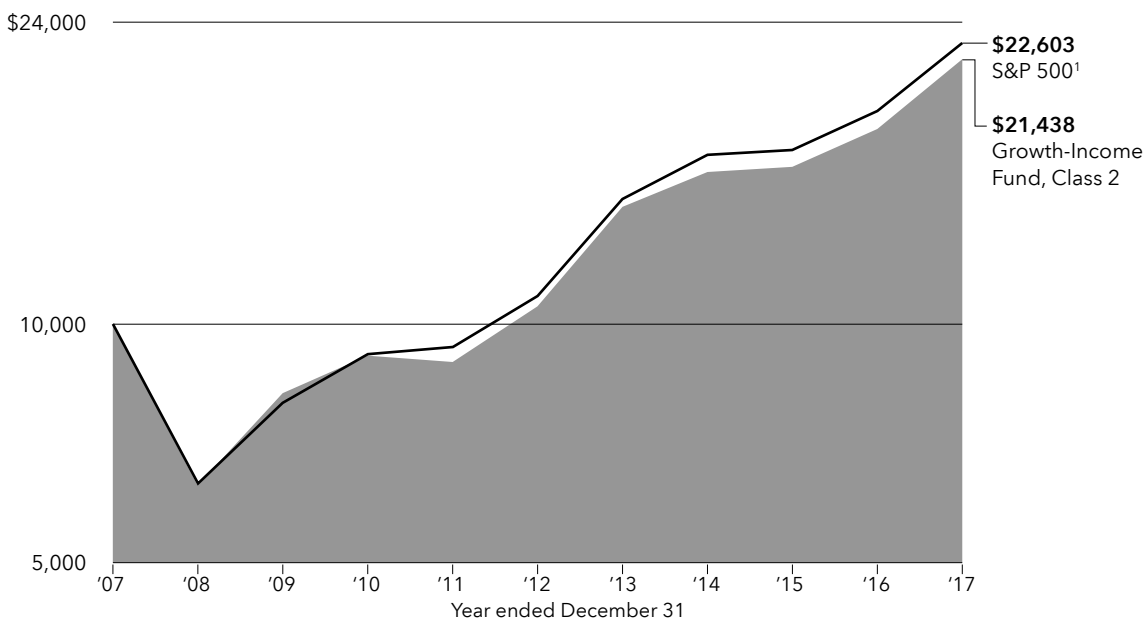
Fund investments in the consumer discretionary and health care sectors contributed the most to relative returns. Among consumer discretionary companies, Amazon reported strong third-quarter earnings and acquired Whole Foods, which helped strengthen its retail platform and contributed to an increase in its stock price. Health care company AbbVie reported third-quarter earnings above analyst estimates due in part to sales of its flagship drug, Humira. Despite OPEC's production cuts aimed at propping up oil prices, investments in the energy sector hindered absolute results. Energy exploration and production company Noble Energy and oil-field services company Schlumberger detracted from returns.

As equity markets continue to advance, valuations for many companies are up – calling into question the sustainability of this remarkable bull market. The fund's portfolio managers exercise caution and continue to conduct global research and fundamental analysis to identify companies that are reasonably valued for their growth prospects, while maintaining a long-term perspective on investing.

				Percent of net assets
<b>Largest equity securities</b>	Amazon	3.98%	Verizon Communications	1.88%
	AbbVie	2.64	JPMorgan Chase	1.62
	Microsoft	2.48	Texas Instruments	1.61
	Alphabet	2.34	Amgen	1.56
	Netflix	2.21	Broadcom	1.44

# Growth-Income Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since February 8, 1984)	Expense ratio
Class 1	22.68%	15.67%	8.19%	11.45%	.28%
Class 1A	22.47	15.40	7.93	11.18	.53 <sup>2</sup>
Class 2	22.38	15.38	7.92	11.17	.53
Class 3	22.47	15.46	8.00	11.25	.46
Class 4	22.08	15.12	7.67	10.90	.78

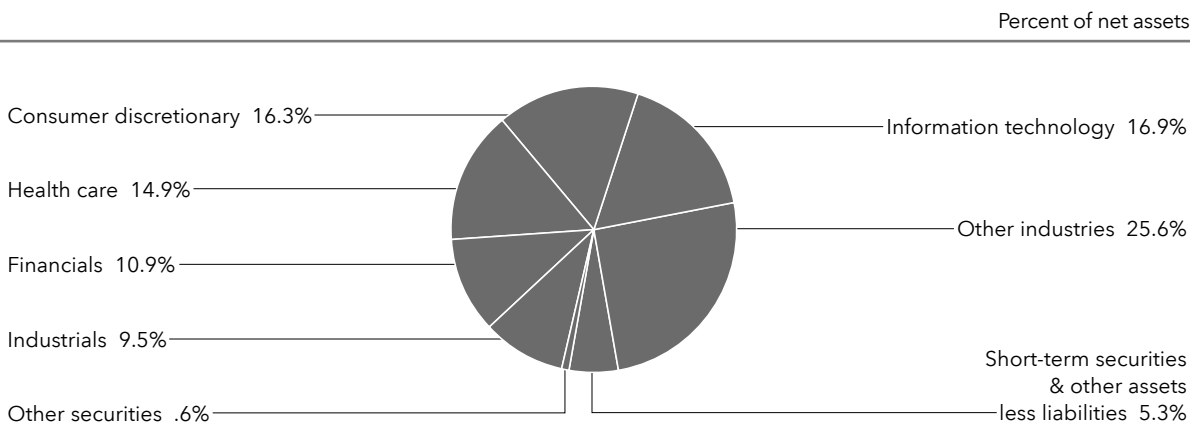
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<sup>1</sup>Source: S&P Dow Jones Indices LLC.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# International Growth and Income Fund

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International Growth and Income Fund rose 25.03% for the 12 months ended December 31, 2017, slightly trailing its benchmark, the MSCI ACWI (All Country World Index) ex USA,<sup>1</sup> a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes excluding the U.S., which rose 27.19%

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving job market provided a boost to the economy. European stocks also rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Rising prices for most commodities and robust profits from leading technology companies lifted emerging markets.

The best contributors to the fund's relative returns were the financials and industrials sectors, due in part to good stock selection. Among financials, HDFC Bank surged after the company reported healthy second-quarter profits as the bank continued to gain market share from state-owned banks.

On the downside, investment selection in the health care sector hindered relative returns. Teva Pharmaceutical was among the top detractors, as the company's share price declined due to worse-than-expected results for the second quarter.

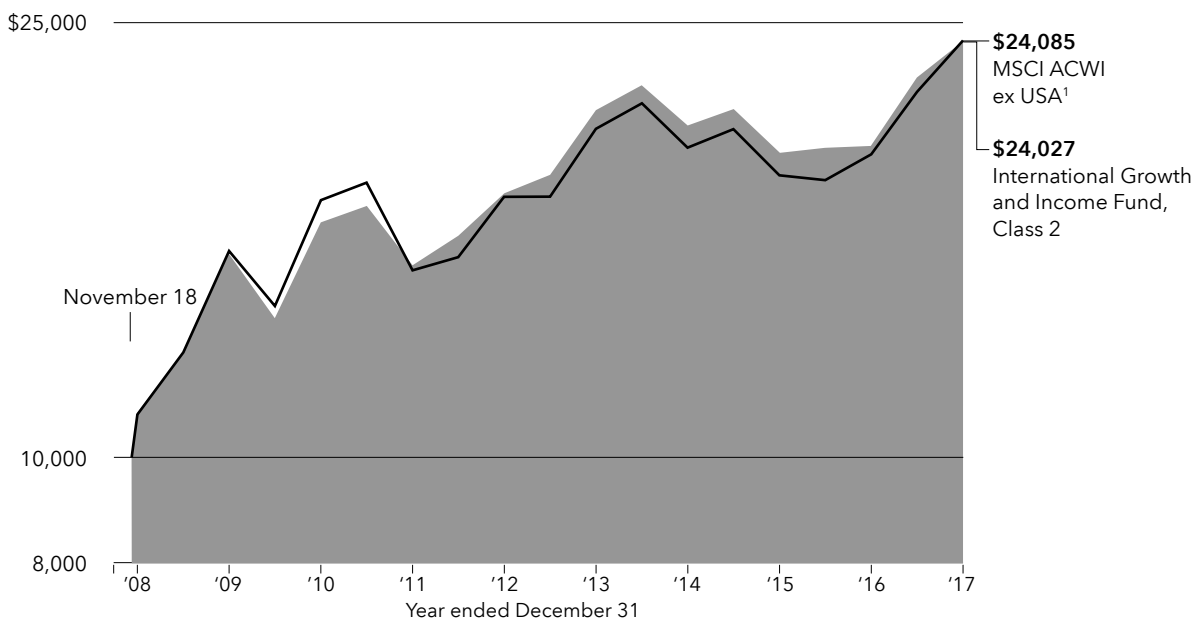
The fund's portfolio managers continue to monitor global geopolitics that may derail economic growth, but are optimistic that global research combined with the fund's flexible mandate will help us identify attractive investment opportunit

						Percent of net assets
<b>Country diversification</b>	<b>Europe</b>		<b>Asia/Pacific Basin</b>		<b>Other regions</b>	
	United Kingdom	18.9%	Hong Kong	8.2%	Israel	1.0%
	France	7.8	Japan	8.0	Other	1.2
	Switzerland	4.9	South Korea	5.4		<u>2.2</u>
	Spain	3.8	China	4.5		
	Italy	2.5	India	2.8	Short-term securities & other	
	Portugal	2.2	Taiwan	2.0	assets less liabilities	<u>6.5</u>
	Germany	2.1	Thailand	1.6		
	Russian Federation	2.0	Other	<u>1.1</u>	Total	<u>100.0%</u>
	Netherlands	2.0		<u>33.6</u>		
	Denmark	1.9	<b>The Americas</b>			
	Norway	1.4	Brazil	2.2		
	Sweden	1.0	United States	1.9		
	Other	<u>1.5</u>	Other	<u>1.6</u>		
		<u>52.0</u>		<u>5.7</u>		

				Percent of net assets
<b>Largest equity securities</b>	Royal Dutch Shell	4.08%	British American Tobacco	2.02%
	HDFC Bank	2.49	TSMC	2.02
	Samsung Electronics	2.44	Banco Santander	2.01
	Shanghai International Airport	2.43	Sun Hung Kai Properties	2.01
	CK Asset Holdings	2.29	Novartis	1.97

# International Growth and Income Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years (since November 18, 2008)	Lifetime	Expense ratio
Class 1	25.31%	6.93%	10.37%	.65%
Class 1A	25.14	6.69	10.11	.90 <sup>2</sup>
Class 2	25.03	6.67	10.09	.90
Class 4	24.72	6.47	9.86	1.15

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from November 18, 2008, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

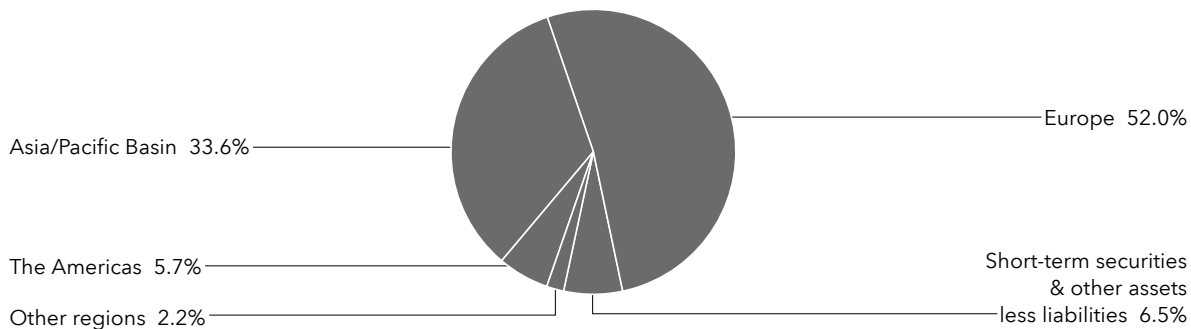
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<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Capital Income Builder®

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Capital Income Builder, a mix of stocks and bonds, rose 13.04% for the 12 months ended December 31, 2017. During the same period, the MSCI ACWI (All Country World Index)<sup>1</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes, rose 23.97%. The Bloomberg Barclays U.S. Aggregate Index<sup>2</sup>, which measures investment-grade U.S. bonds (rated BBB/Baa and above), gained 3.54%. The index blend of 70%/30% MSCI ACWI/Bloomberg Barclays U.S. Aggregate Index<sup>3</sup> rose 17.50%. The Lipper Global Equity Income Funds Average<sup>4</sup>, a measure of similar funds, increased 17.29%.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving jobs market provided a boost to the economy. European stocks also rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings. Emerging markets advanced, led by rising prices for most commodities and robust profits from leading technology companies.

The strongest contributors to the equity portfolio's relative returns were the industrials and real estate sectors due to good stock selection. Boeing boosted returns and registered double-digit gains as the company beat third-quarter earnings.

On the downside, the energy sector detracted from the fund's returns. Contract drilling services provider Helmerich & Payne hindered returns as the company reported a loss for the fourth quarter. While the fixed income portfolio detracted from relative returns, investments in bonds continue to provide the opportunity for downside protection.

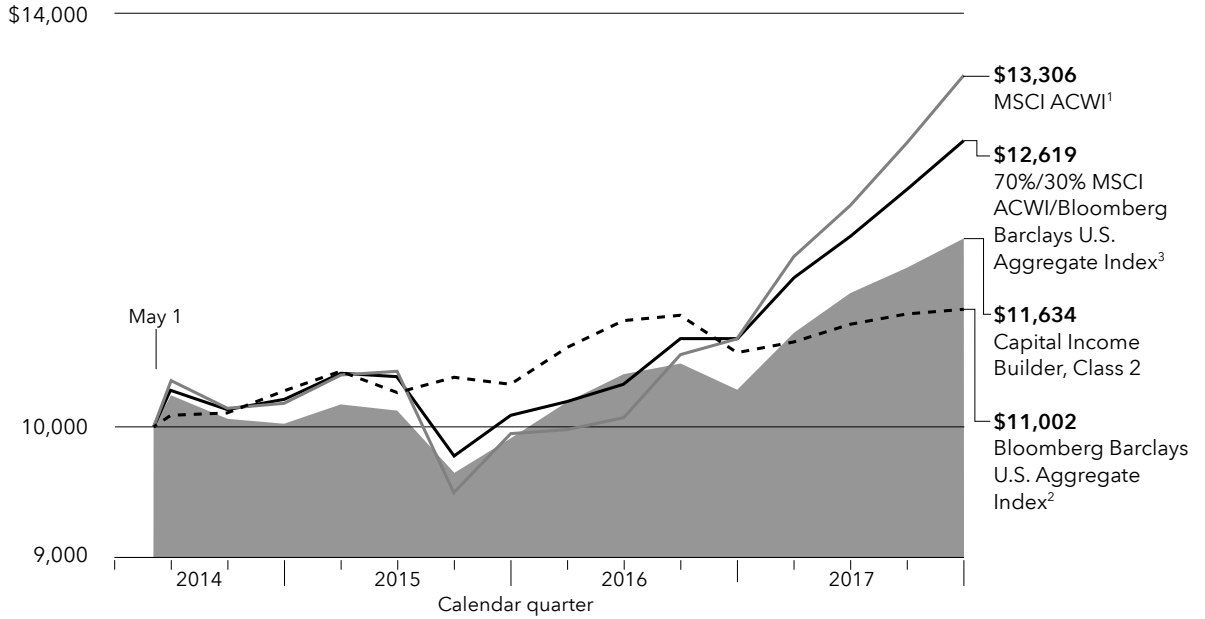
Portfolio managers expect the current administration to reduce regulation, which should boost companies' return on equity and result in higher dividends. Greater demand and signs of ebbing U.S. product are expected to help energy prices, which in turn will improve dividend prospects for holdings in the energy sector. While portfolio managers do not expect the new administration to affect legislation that will impact drug pricing, drug prices are a potential headline risk for health care stocks. The portfolio managers are optimistic that our global research will help us identify attractive long-term investment opportunities.

				Percent of net assets	
<b>Country diversification</b>	<b>The Americas</b>		<b>Asia/Pacific Basin</b>	<b>Other regions</b>	
	United States	56.0%	Hong Kong	3.4%	
	Canada	2.7	Taiwan	2.4	
		<u>58.7</u>	Other	2.4	
				<u>8.2</u>	
	<b>Europe</b>			Short-term securities & other assets less liabilities	
	United Kingdom	15.1		<u>4.9</u>	
	France	3.6			
	Switzerland	2.9			
	Netherlands	1.7			
	Italy	1.3			
	Sweden	1.1			
	Other	2.4			
		<u>28.1</u>			
				Total	<u>100.0%</u>



# Capital Income Builder

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	Lifetime (since May 1, 2014)	Expense ratio
Class 1	13.29%	4.30%	.54%
Class 1A	13.02	4.04	.79 <sup>5</sup>
Class 2	13.04	4.21	.79
Class 4	12.65	3.78	1.04

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

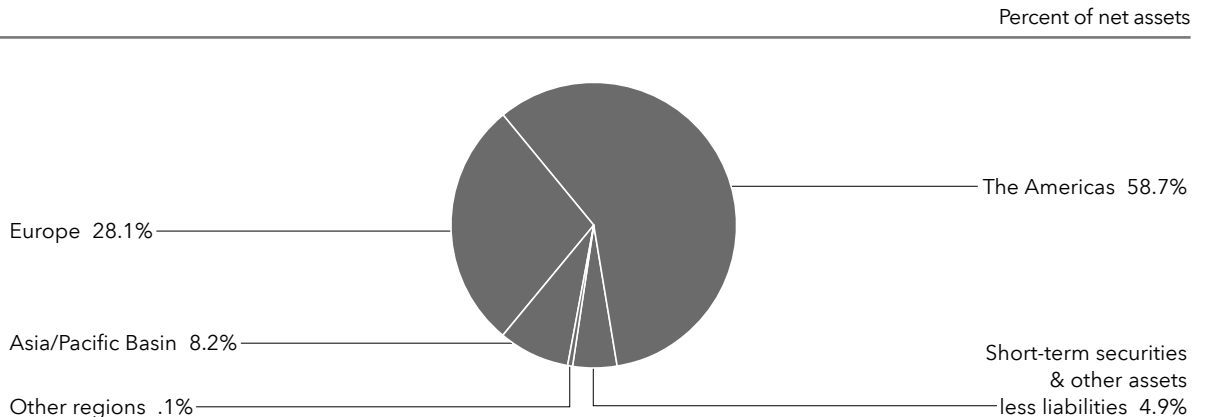
<sup>2</sup>Source: Bloomberg Index Services Ltd.

<sup>3</sup>Data sources: MSCI and Bloomberg Index Services Ltd. The 70%/30% MSCI ACWI/Bloomberg Barclays U.S. Aggregate Index blends the MSCI ACWI (All Country World Index) with the Bloomberg Barclays U.S. Aggregate Index by weighting their total returns at 70% and 30%, respectively. Its result assumes the blend is rebalanced monthly.

<sup>4</sup>Source: Thomson Reuters Lipper. Lipper averages reflect the current composition of all eligible mutual funds (all share classes) within a given category. Lipper categories are dynamic and averages may have few funds, especially over longer periods. To see the number of funds included in the Lipper category for each fund's lifetime, please see the Quarterly Statistical Update, available on our website.

<sup>5</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Asset Allocation Fund

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Asset Allocation Fund, which is a mix of stocks and bonds, rose 16.23% for the 12 months ended December 31, 2017. In comparison, the Standard & Poor's 500 Composite Index,<sup>1</sup> a market capitalization-weighted index based on the results of approximately 500 widely held common stocks and the fund's benchmark for equity holdings, gained 21.83% over the same period. The Bloomberg Barclays U.S. Aggregate Index,<sup>2</sup> which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%. A blend of the two indexes, the 60%/40% S&P 500/Bloomberg Barclays U.S. Aggregate Index,<sup>3</sup> advanced 14.21%.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving jobs market provided a boost to the economy. Repeating a common theme, information technology companies advanced, supported by better than expected corporate earnings in the sector. Bonds also advanced, led by high-yield corporates.

Investments in the industrials and information technology sectors contributed the most to the fund's relative returns. Boeing was additive to the fund's returns as the company's strong earnings beat third-quarter analyst estimates. TSMC, a chip contract manufacturer for Apple, was also additive, as the company beat third-quarter sales and earnings estimates.

Investments in the energy sector detracted from the fund's absolute and relative returns. Within the sector, energy exploration and production company Noble Energy, as well as oil and natural gas services company Weatherford International, detracted from the fund's returns as both companies reported third-quarter losses.

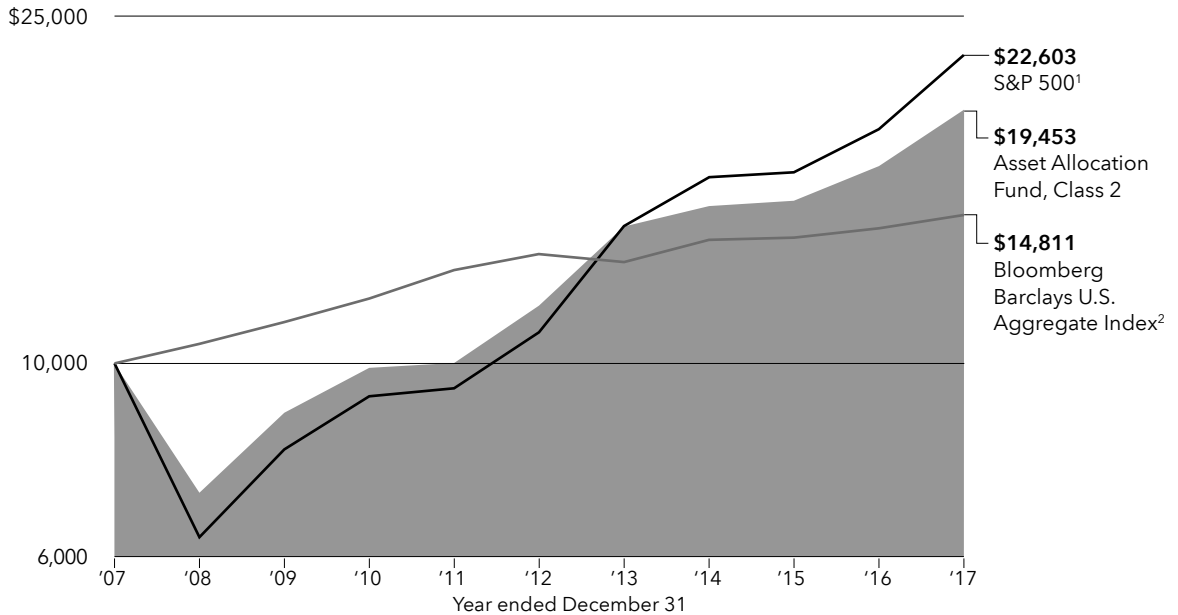
The fund's fixed income holdings advanced due to an overweight position in high-yield corporate bonds. The fund's exposure to short interest duration, or the fund's relatively low sensitivity to interest rates compared with the benchmark, also helped.

The fund's portfolio managers continue to evaluate the economic and market sector implications of the Trump administration's policy decisions regarding health care, infrastructure, fiscal policy, taxes and trade. The fund's cash position allows portfolio managers to remain flexible and better navigate uncertainty by focusing on opportunities when stock prices are favorable.

				Percent of net assets
<b>Largest equity securities</b>	Microsoft	3.51%	Lockheed Martin	1.58%
	TSMC	2.58	Johnson & Johnson	1.55
	UnitedHealth Group	2.18	Comcast	1.46
	ASML	1.69	Boeing	1.42
	DowDuPont	1.63	VeriSign	1.40

# Asset Allocation Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since August 1, 1989)	Expense ratio
Class 1	16.51%	11.23%	7.15%	8.69%	.29%
Class 1A	16.31	10.97	6.89	8.42	.54 <sup>4</sup>
Class 2	16.23	10.95	6.88	8.42	.54
Class 3	16.29	11.02	6.96	8.50	.47
Class 4	15.91	10.76	6.66	8.17	.79

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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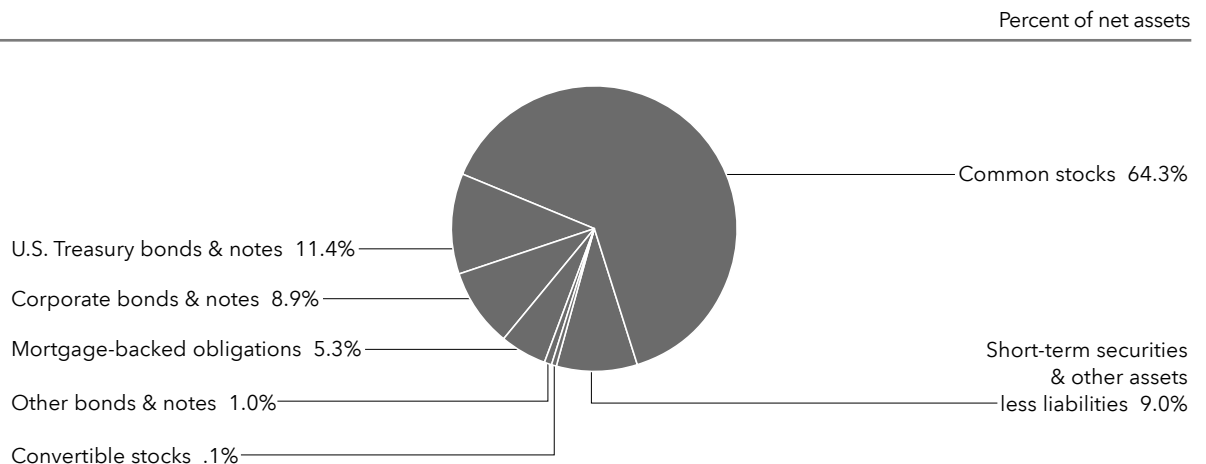
<sup>1</sup>Source: S&P Dow Jones Indices LLC.

<sup>2</sup>Source: Bloomberg Index Services Ltd.

<sup>3</sup>Data sources: S&P Dow Jones Indices LLC and Bloomberg Index Services Ltd. The 60%/40% S&P 500/Bloomberg Barclays U.S. Aggregate Index blends the S&P 500 with the Bloomberg Barclays U.S. Aggregate Index by weighting their total returns at 60% and 40%, respectively. Its result assumes the blend is rebalanced monthly.

<sup>4</sup>Based on estimated amounts for the current fiscal year.

Where the fund's assets were invested as of December 31, 2017



# Global Balanced Fund

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Global Balanced Fund rose 19.57% for the 12 months ended December 31, 2017. The MSCI ACWI (All Country World Index)<sup>1</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes, gained 23.97%, while the Bloomberg Barclays Global Aggregate Index<sup>2</sup>, a measure of investment-grade bonds (rated BBB/Baa and above), increased 7.39%. The 60%/40% MSCI ACWI/ Bloomberg Barclays Global Aggregate Index<sup>3</sup> rose 17.09%.

U.S. equity markets continued to stage an impressive rally as consumer optimism, healthy corporate earnings and an improving job market provided a boost to the economy. The U.S. has been the pacesetter for growth, and it looks likely that it will continue in that role. As such, the Federal Reserve continued to raise rates and additional hikes are anticipated if the economy continues its positive trajectory.

Overseas, emerging markets advanced led by rising prices for most commodities and robust profits from leading technology companies. In Europe, stocks also rose, driven by a powerful combination of central bank stimulus and accelerating corporate earnings.

Investments in the information technology sector boosted the fund's returns, with Nintendo among the top contributors. Nintendo soared as the company's second-quarter revenues and earnings topped estimates, led by strong sales of the Nintendo Switch console. Investments in the telecommunications services sector hindered returns, led by Inmarsat. The company indicated market conditions remain challenging and provided a narrower revenue guidance for the year. Holdings in the fixed income portfolio were additive to results.

The fund's portfolio managers exercise caution and continue to monitor geopolitics that may derail the global economic recovery. Portfolio managers continue to stay the course of focusing on global research and bottom-up analysis.

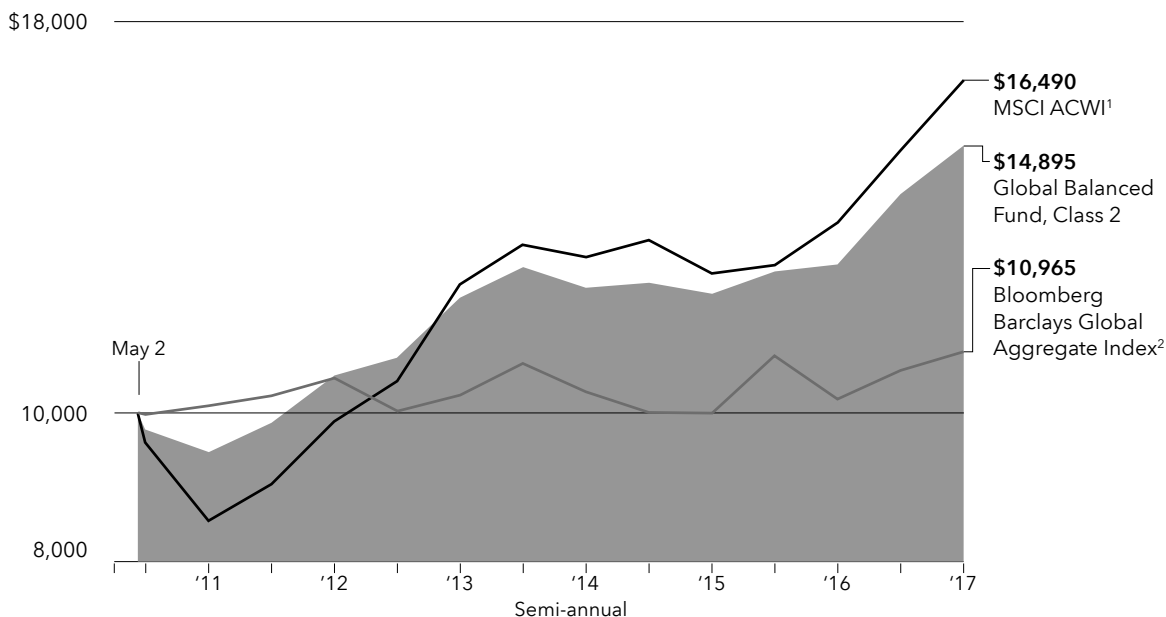
		Percent of net assets				Percent of net assets	
<b>Largest sectors in common stock holdings</b>	Information technology	11.2%		<b>Largest fixed income holdings (by issuer)</b>	U.S. Treasury	9.6%	
	Industrials	8.3			Japanese Government	2.6	
	Financials	8.0			Polish Government	1.1	
	Consumer staples	7.2			Mexican Government	1.0	
	Health care	5.0			Italian Government	.8	

<b>Currency diversification</b>					Percent of net assets	
	Equity securities	Bonds & notes	Forward currency contracts	Short-term securities & other assets less liabilities	Total	
U.S. dollars	28.9%	17.9%	.8%	6.8%	54.4%	
Euros	9.0	3.8	.5	–	13.3	
Japanese yen	4.7	2.7	1.3	–	8.7	
British pounds	6.7	.7	(.7)	–	6.7	
Swedish krona	2.0	–	.3	–	2.3	
Swiss francs	2.1	–	.1	–	2.2	
Hong Kong dollars	2.1	–	–	–	2.1	
New Taiwan dollars	1.4	–	–	–	1.4	
Other currencies	4.6	6.6	(2.3)	–	8.9	
					<u>100.0%</u>	

		Percent of net assets		
<b>Largest equity securities</b>	British American Tobacco	2.42%	Humana	1.46%
	Nintendo	2.04	TSMC	1.44
	Microsoft	1.72	Boeing	1.40
	ASML	1.67	JPMorgan Chase	1.29
	HSBC	1.57	DowDuPont	1.27

# Global Balanced Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	Lifetime (since May 2, 2011)	Expense ratio
Class 1	19.91%	7.42%	6.43%	.71%
Class 1A	19.78	7.18	6.19	.96 <sup>4</sup>
Class 2	19.57	7.13	6.16	.96
Class 4	19.38	7.14	6.08	1.21

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source: MSCI. The MSCI index result reflects dividends net of withholding taxes and reinvestment of distributions.

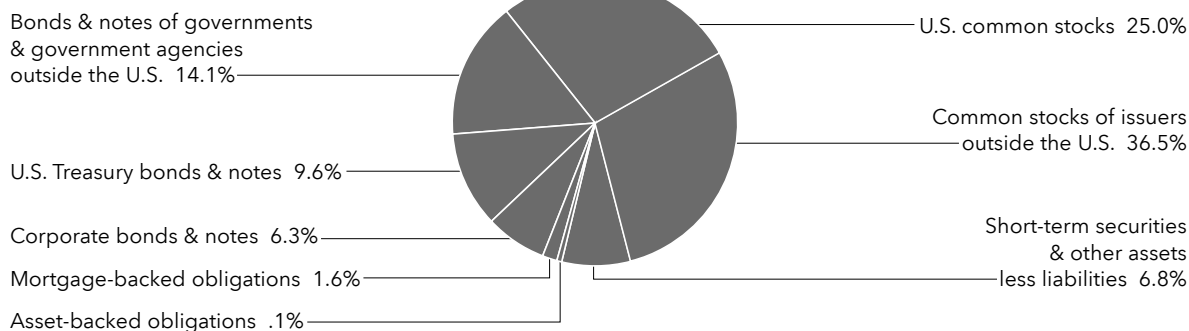
<sup>2</sup>Source: Bloomberg Index Services Ltd.

<sup>3</sup>Data sources: MSCI and Bloomberg Index Services Ltd. The 60%/40% MSCI ACWI/Bloomberg Barclays Global Aggregate Index blends the MSCI ACWI (All Country World Index) with the Bloomberg Barclays Global Aggregate Index by weighting their cumulative total returns at 60% and 40%, respectively. Its result assumes the blend is rebalanced monthly.

<sup>4</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Bond Fund

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Bond Fund gained 3.67% for the 12 months ended December 31, 2017. In comparison, the fund's benchmark, the Bloomberg Barclays U.S. Aggregate Index,<sup>1</sup> which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%.

Bond returns were strong across most sectors. The U.S. Treasury yield curve flattened, as shorter term rates rose and longer term rates fell. This could be attributed in part to the Federal Reserve hiking short-term interest rates by 75 basis points over the course of the year as well as strong demand for longer dated Treasuries. Credit flourished as corporate bond spreads also tightened 30 basis points to 93 basis points, nearing the lowest levels of the recovery. High-yield bonds returned 7.50% and investment-grade bonds rose 6.42%.

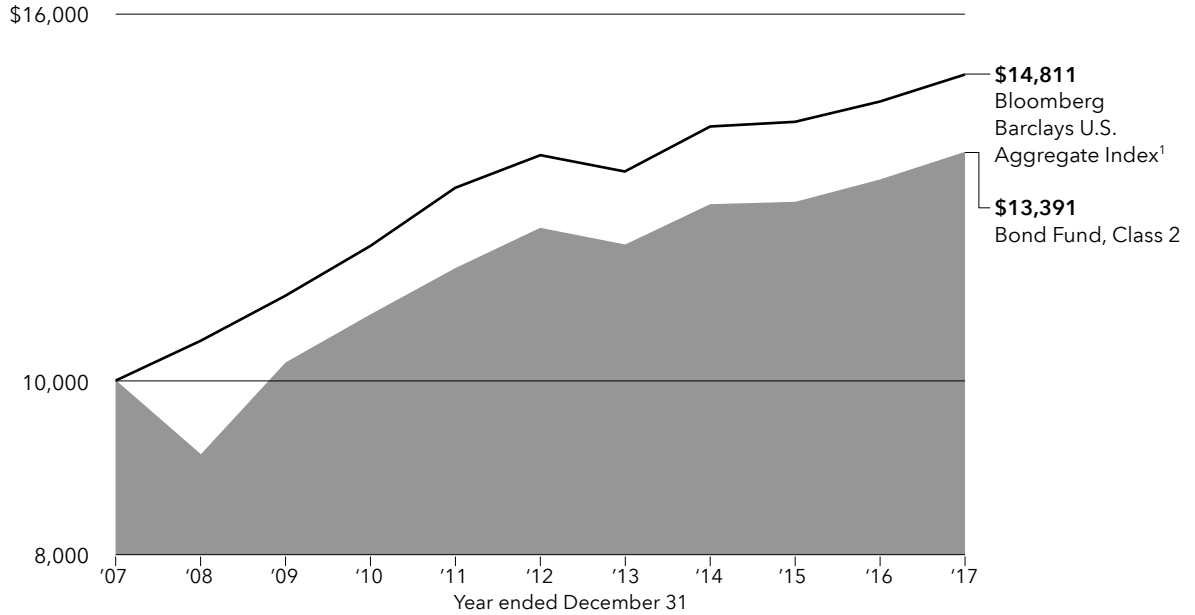
Duration management throughout the year contributed significantly to the fund's relative returns. The fund also benefited from sector allocation, with U.S. Treasuries contributing most to the fund's relative returns.

On the whole, the U.S. economy appears to be in good shape and is expected to grow at a moderate pace. As U.S. interest rates increase, investors have the opportunity of reinvesting at higher yields. The fund's portfolio managers expect continued demand for relatively safe, income-producing securities.

				Percent of net assets
<b>Largest holdings (by issuer)</b>	U.S. Treasury	27.2%	Teva Pharmaceutical	1.6%
	Fannie Mae	15.5	Portuguese Government	1.6
	Freddie Mac	6.7	State of Illinois	1.5
	Ginnie Mae	3.4	Japanese Government	1.5
	Mexican Government	1.8	AT&T	1.1

# Bond Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since January 2, 1996)	Expense ratio
Class 1	3.88%	2.22%	3.21%	4.74%	.38%
Class 1A	3.64	1.97	2.96	4.48	.63 <sup>2</sup>
Class 2	3.67	1.97	2.96	4.48	.63
Class 4	3.29	1.73	2.71	4.23	.88

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

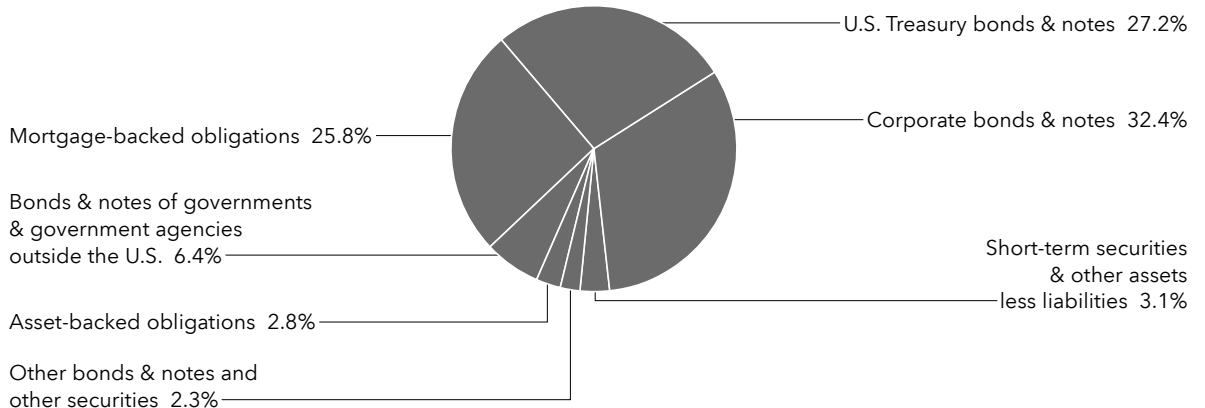
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<sup>1</sup>Source: Bloomberg Index Services Ltd.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Global Bond Fund

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Global Bond Fund rose 6.86% for the 12 months ended December 31, 2017, while the Bloomberg Barclays Global Aggregate Index,<sup>1</sup> which measures global investment-grade bonds (rated BBB/Baa and above), rose 7.39%.

Bonds generated solid returns across the board, including developed and emerging markets debt. The U.S. Federal Reserve raised interest rates three times during the year, boosting short-term rates. Long-term rates generally declined amid strong investor demand and massive bond-buying stimulus programs in Europe and Japan. Outside the U.S., the European Central Bank and the Bank of Japan left interest rates unchanged, despite signs of improving economic growth and higher inflation. The euro, the yen and most other currencies appreciated relative to the U.S. dollar.

Low exposure to euro-zone denominated debt combined with above-benchmark investments in Mexican and Polish debt contributed notably to relative returns. On the downside, currency exposure hampered results with the euro hindering relative returns the most.

The fund's portfolio managers maintain a cautious approach to investing in global bond markets and believe that our global research can help identify attractive long-term investments around the world. Having the flexibility to diversify and adjust exposure by country, sector and currency continues to serve as a hallmark of the fund's approach to global investing.

Percent of net assets

Currency weighting (after hedging) by country		Non-U.S. government bonds by country	
United States <sup>2</sup>	45.7%	Euro zone <sup>3</sup> :	
Japan	17.3	Germany	3.4%
Euro zone <sup>3</sup>	16.4	Italy	3.4
Poland	3.5	Portugal	2.3
Mexico	3.4	Other	<u>3.1</u>
Malaysia	2.3	Japan	12.2%
Norway	2.0	Poland	8.1
India	1.3	Mexico	4.1
United Kingdom	1.2	India	3.9
Thailand	1.2	Malaysia	2.5
Other	5.7	Norway	2.3
Total	<u>100.0%</u>	Australia	1.6
		United Kingdom	1.4
		Thailand	1.2
		Other	1.2
		Total	<u>8.0</u>
			<u>46.5%</u>

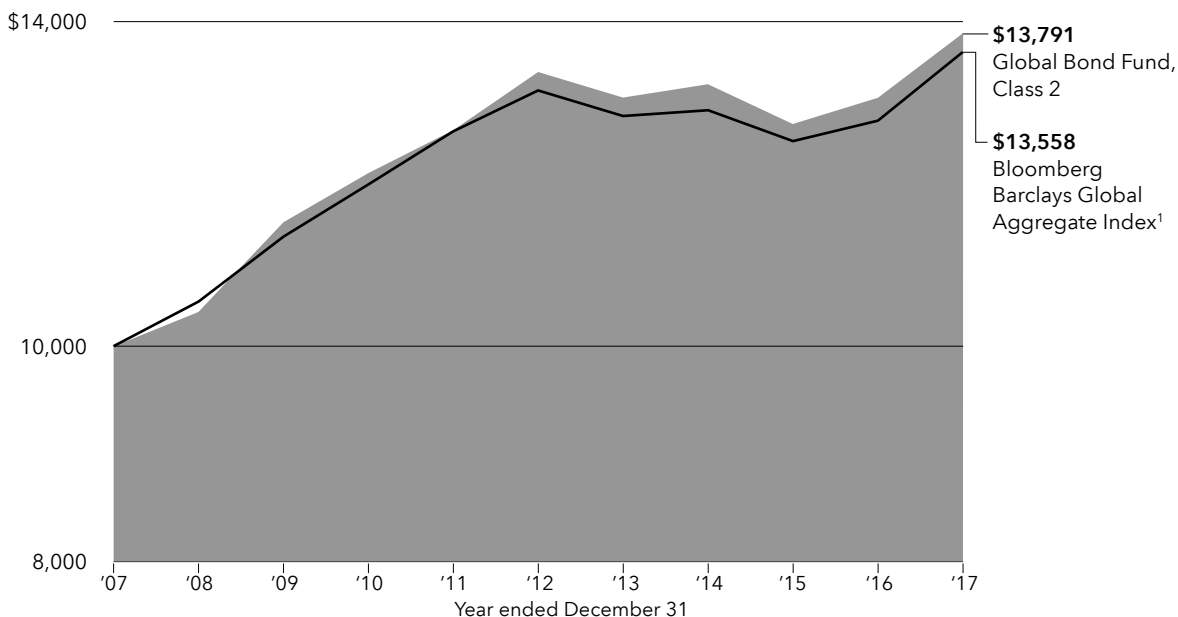
Percent of net assets

Largest holdings (by issuer)		Largest holdings (by issuer)	
U.S. Treasury	18.9%	German Government	3.2%
Japanese Government	8.1	Indian Government	2.4
Polish Government	4.1	Portuguese Government	2.3
Mexican Government	3.9	Malaysian Government	2.3
Italian Government	3.4	Norwegian Government	1.6



# Global Bond Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since October 4, 2006)	Expense ratio
Class 1	7.11%	1.05%	3.52%	4.19%	.56%
Class 1A	7.00	.82	3.28	3.95	.81 <sup>4</sup>
Class 2 <sup>5</sup>	6.86	.79	3.27	3.93	.81
Class 4	6.63	.63	3.05	3.71	1.06

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from October 4, 2006, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

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<sup>1</sup>Source: Bloomberg Index Services Ltd.

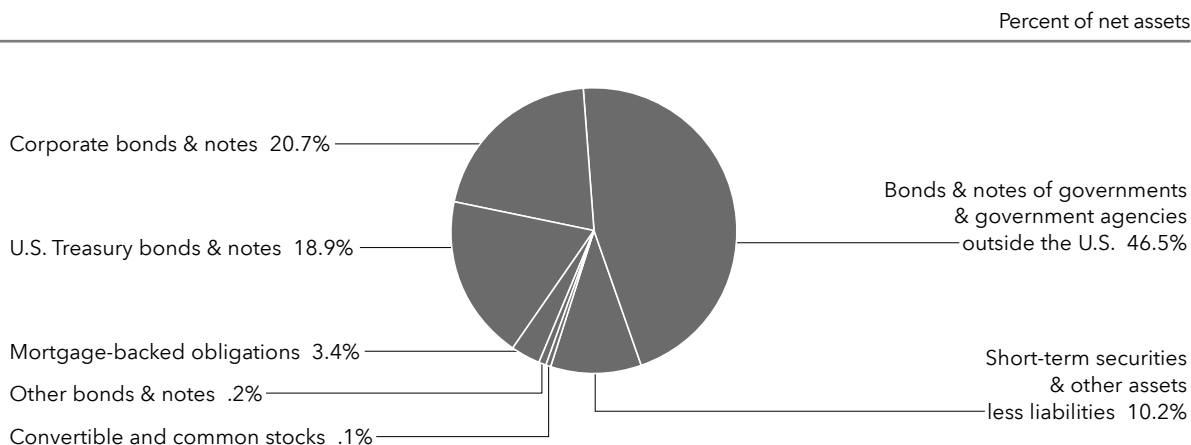
<sup>2</sup>Includes U.S. dollar-denominated debt of other countries, totaling 14.4%.

<sup>3</sup>Countries using the euro as a common currency; those represented in the fund's portfolio are Belgium, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Portugal and Spain.

<sup>4</sup>Based on estimated amounts for the current fiscal year.

<sup>5</sup>Global Bond Fund Class 2 shares were first sold on November 6, 2006. Results prior to that date are hypothetical based on Class 1 share results adjusted for estimated additional annual expenses of 0.25%.

Where the fund's assets were invested as of December 31, 2017



# High-Income Bond Fund

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High-Income Bond Fund gained 6.89% for the 12 months ended December 31, 2017. In comparison, the fund's benchmark, the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index,<sup>1</sup> which measures non-investment-grade bonds and limits the exposure of an issuer to 2%, rose 7.50%.

Renewed investor expectations of more rapid economic growth led to higher short-term interest rates as the Federal Reserve increased the benchmark federal funds rate by 75 basis points over the course of the year. Bond returns were strong across most credit sectors as corporate bond spreads declined to nearly the lowest levels of the recovery.

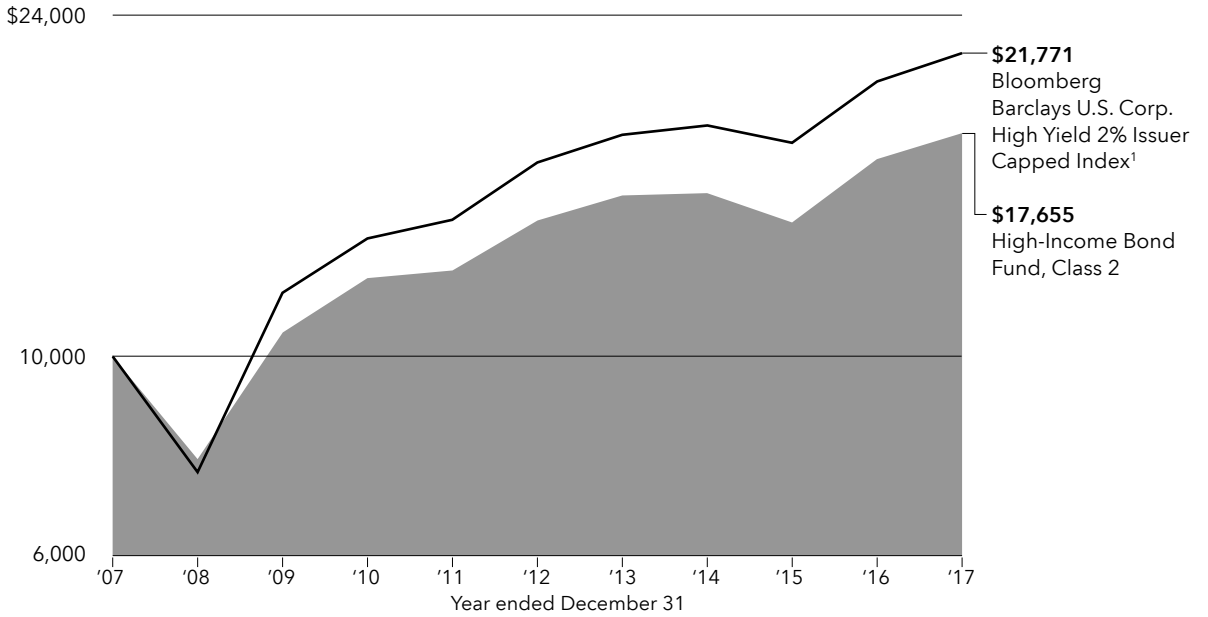
Sector allocation and debt exposure across a mix of credit ratings were beneficial to the fund's relative returns. The fund's allocation to non-U.S. high-yield debt was also additive on a relative basis. Among individual issuers, Valeant Pharmaceuticals International and First Quantum Minerals boosted results, while Argos Merger Sub Inc detracted from returns. Although exposure to U.S. Treasuries and agency debt detracted from relative returns, it is important to note these investments provide an important source of liquidity and are generally not expected to outperform the market.

The fund's portfolio managers continue to believe current fundamentals support a constructive high-yield market environment. While we are monitoring the Federal Reserve's tightening monetary policy, maturities in the high-yield market have tended to be relatively shorter than those in some other markets, which should help dampen the effect of rising rates.

	Percent of net assets			
<b>Largest holdings (by issuer)</b>	Valeant Pharmaceuticals International	2.8%	Sprint Nextel	1.6%
	First Quantum Minerals	1.8	Blackstone	1.6
	Charter Communications	1.8	AES	1.5
	Tenet Healthcare	1.7	Weatherford International	1.2
	Chesapeake Energy	1.6	Frontier Communications	1.2

# High-Income Bond Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years	Lifetime (since February 8, 1984)	Expense ratio
Class 1	7.25%	4.85%	6.11%	8.88%	.49%
Class 1A	7.05	4.60	5.85	8.61	.74 <sup>2</sup>
Class 2	6.89	4.58	5.85	8.61	.74
Class 3	7.02	4.67	5.93	8.69	.67
Class 4	6.63	4.41	5.63	8.35	.99

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

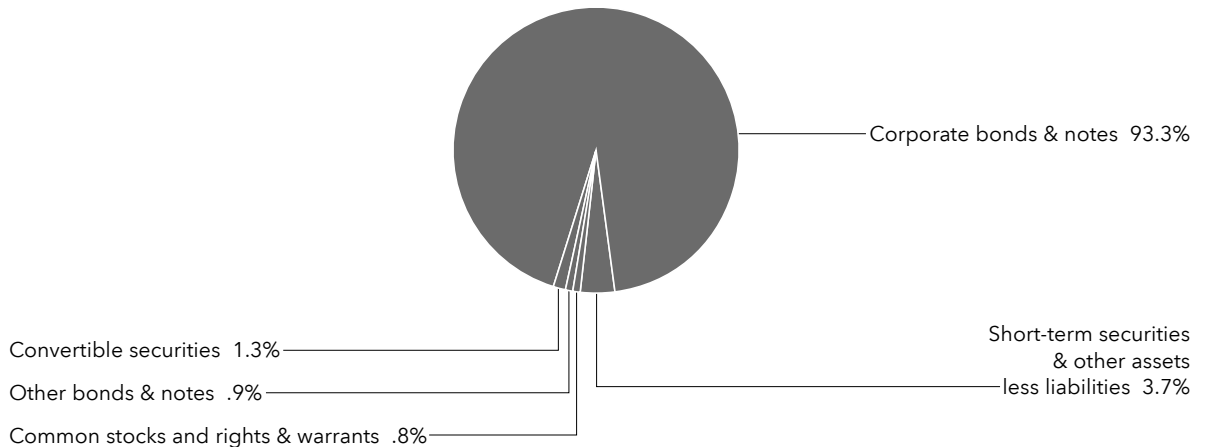
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<sup>1</sup>Source: Bloomberg Index Services Ltd.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Mortgage Fund

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Mortgage Fund gained 1.22% for the 12 months ended December 31, 2017, while the Bloomberg Barclays U.S. Mortgage-Backed Securities Index,<sup>1</sup> which covers the mortgage-backed pass-through securities of Ginnie Mae, Fannie Mae and Freddie Mac, rose 2.47%.

The Federal Reserve increased the benchmark federal funds overnight lending rate by 75 basis points over the course of the year. Long maturity U.S. Treasury yields modestly declined, pushing their prices higher. The housing market had a relatively strong year as housing starts continued to pick up. Home prices in most major housing markets rose, supported by low inventories and increasing sales.

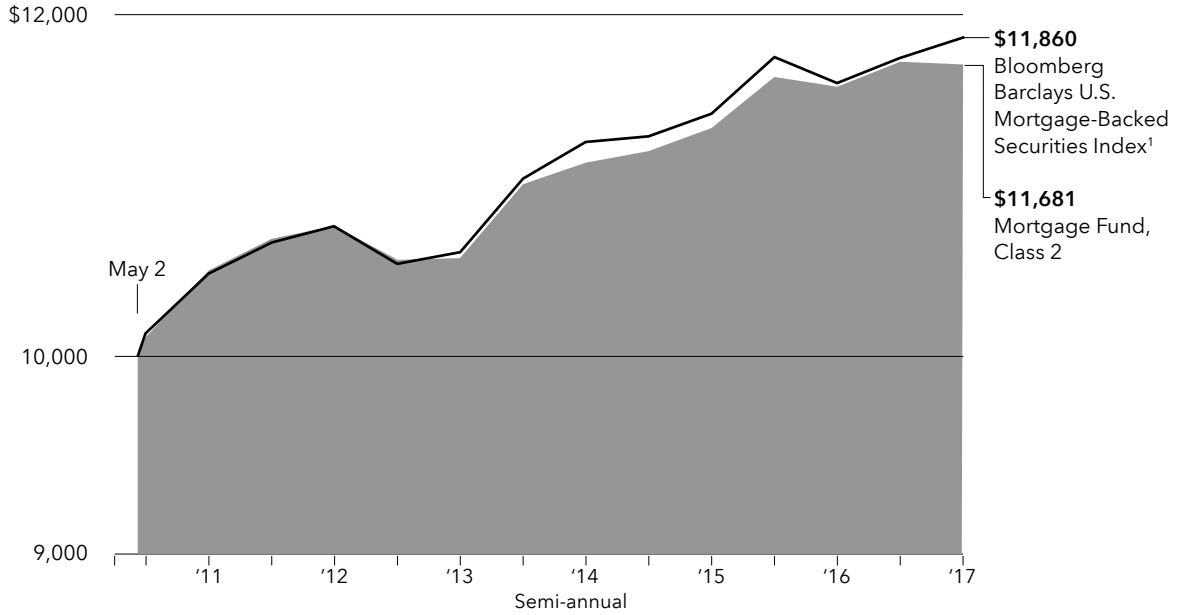
The fund's investments in the agency mortgage-backed securities sector and investment grade securities detracted from relative returns. As the yield curve flattened, the fund's curve positioning also hampered results.

The fund's portfolio managers seek to identify high-quality mortgage-backed securities based on our bottom-up approach to investing. In the current environment, demand for flight-to-safety assets and the fund's low correlation to equities should help investors navigate macroeconomic and geopolitical uncertainty and remain well diversified.

			Percent of net assets
<b>Breakdown of mortgage-backed obligations</b>	30-year pass-throughs:		
	Freddie Mac	20.2%	
	Ginnie Mae	13.3	
	Fannie Mae	10.7	44.2%
	Other	<u>          </u>	<u>19.3</u>
Total		<u>63.5%</u>	

# Mortgage Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	Lifetime (since May 2, 2011)	Expense ratio
Class 1	1.47%	2.01%	2.61%	.47%
Class 1A	1.21	1.76	2.35	.72 <sup>2</sup>
Class 2	1.22	1.75	2.36	.72
Class 4	.97	1.62	2.19	.97

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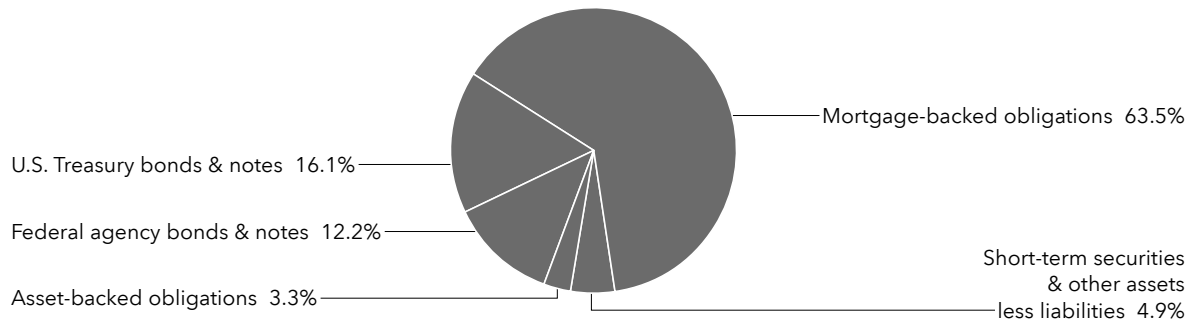
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<sup>1</sup>Source: Bloomberg Index Services Ltd.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Ultra-Short Bond Fund

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Ultra-Short Bond Fund gained 0.46% for the 12 months ended December 31, 2017, while the Bloomberg Barclays Short-Term Government/Corporate Index,<sup>1</sup> which consists of government and corporate sector securities with remaining maturity from one to 12 months, gained 0.98%.

The fund's returns were higher over the course of 2017 than last year. During the same period, yields on three-month Treasury bills were up by more than 80 basis points since the end of last year.

The Federal Reserve raised the benchmark federal funds rate by a quarter percentage point three times this year, reassuring investors of persistent U.S. economic strength. Given these increases in interest rates, the fund's portfolio managers believe the fund has the potential to provide current income.

# Ultra-Short Bond Fund

**Average annual total returns based on a \$1,000 investment**

For periods ended December 31, 2017

	<b>1 year</b>	<b>5 years</b>	<b>10 years</b>	<b>Lifetime</b> (since February 8, 1984)	<b>Expense ratio</b>
Class 1	.66%	.01%	.15%	3.49%	.35%
Class 1A	.67	-.19	-.07	3.24	.60 <sup>2</sup>
Class 2	.46	-.23	-.10	3.24	.60
Class 3	.54	-.18	-.03	3.31	.53
Class 4	.16	-.36	-.28	3.00	.85

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: Bloomberg Index Services Ltd.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

		Percent of net assets
<b>Where the fund's assets were invested as of December 31, 2017</b>	Commercial paper	82.9%
	Federal agency discount notes	17.4
	Other assets less liabilities	(.3)
	Total	<u>100.0%</u>

# U.S. Government/AAA-Rated Securities Fund

**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

U.S. Government/AAA-Rated Securities Fund gained 1.59% for the 12 months ended December 31, 2017, while the Bloomberg Barclays U.S. Government/Mortgage-Backed Securities Index<sup>1</sup>, which covers obligations issued by the U.S. Treasury and U.S. government agencies, rose 2.37%.

Bond returns were strong across most sectors, including U.S. government debt. The U.S. Treasury yield curve flattened, as shorter term rates rose and longer term rates fell. This occurred in part through the Federal Reserve hiking short-term interest rates by 75 basis points over the course of the year and strong demand persisting for longer dated Treasuries.

During the period, the fund's duration contributed to relative returns. As the yield curve flattened, yield curve positioning detracted from relative returns. A lower-than-index allocation to agency mortgage-backed securities dampened returns as well.

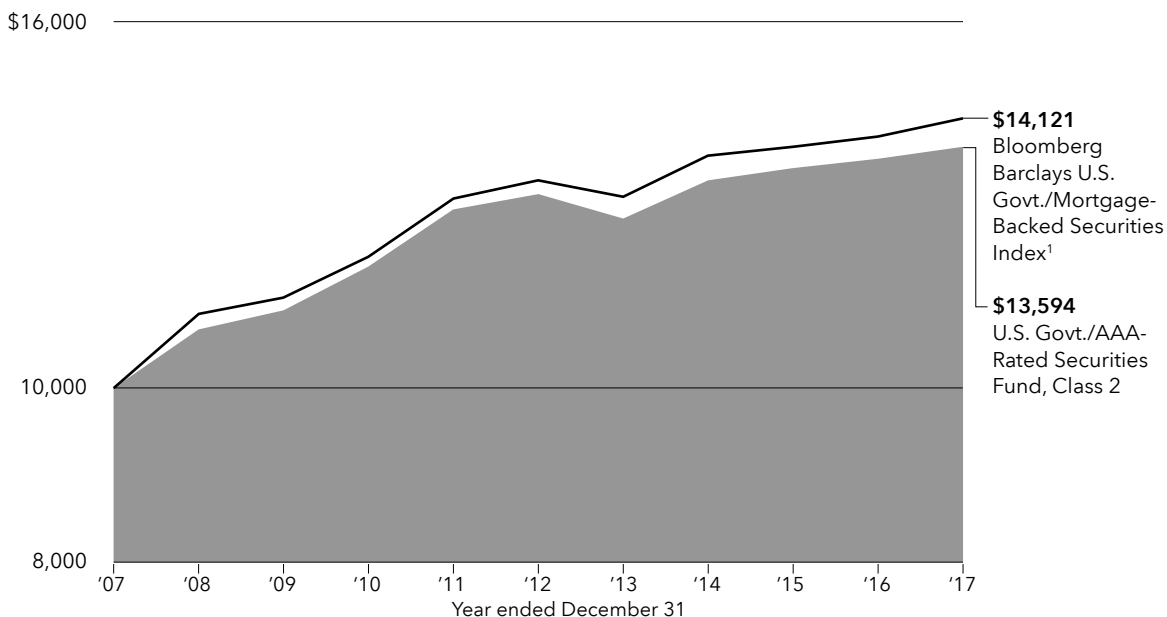
The fund strives to meet its objective of providing a high level of current income consistent with the preservation of capital. The fund's portfolio managers have positioned the fund with the expectation that rate hikes over the next two to three years will be at a slower pace than is currently priced into the market. They believe this can lead to a steepening yield curve and higher inflation expectations.

			Percent of net assets
<b>Breakdown of mortgage-backed obligations</b>	30-year pass-throughs:		
	Fannie Mae	9.5%	
	Freddie Mac	5.7	
	Ginnie Mac	4.6	19.8%
	15-year pass-throughs		1.0
	Other		4.5
	Total		<u>25.3%</u>



# U.S. Government/AAA-Rated Securities Fund

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	5 years	10 years (since December 2, 1985)	Lifetime	Expense ratio
Class 1	1.83%	1.48%	3.37%	5.86%	.36%
Class 1A	1.72	1.26	3.13	5.61	.61 <sup>2</sup>
Class 2	1.59	1.23	3.12	5.60	.61
Class 3	1.72	1.31	3.19	5.67	.54
Class 4	1.28	1.04	2.90	5.35	.86

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The fund's investment adviser waived a portion of its management fees from September 1, 2004, through December 31, 2008, and from July 1, 2010, through December 31, 2010. Applicable fund results shown reflect the waiver, without which they would have been lower. Expense ratios are as of the fund's prospectus dated May 1, 2018 (unaudited). See the Financial Highlights table in this report for details.

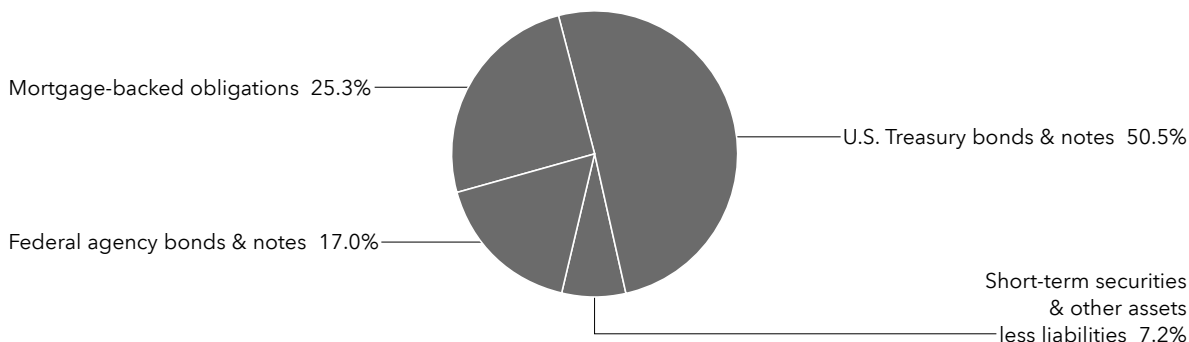
Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: Bloomberg Index Services Ltd.

<sup>2</sup>Based on estimated amounts for the current fiscal year.

Percent of net assets

Where the fund's assets were invested as of December 31, 2017



# Managed Risk Growth Fund<sup>1</sup>

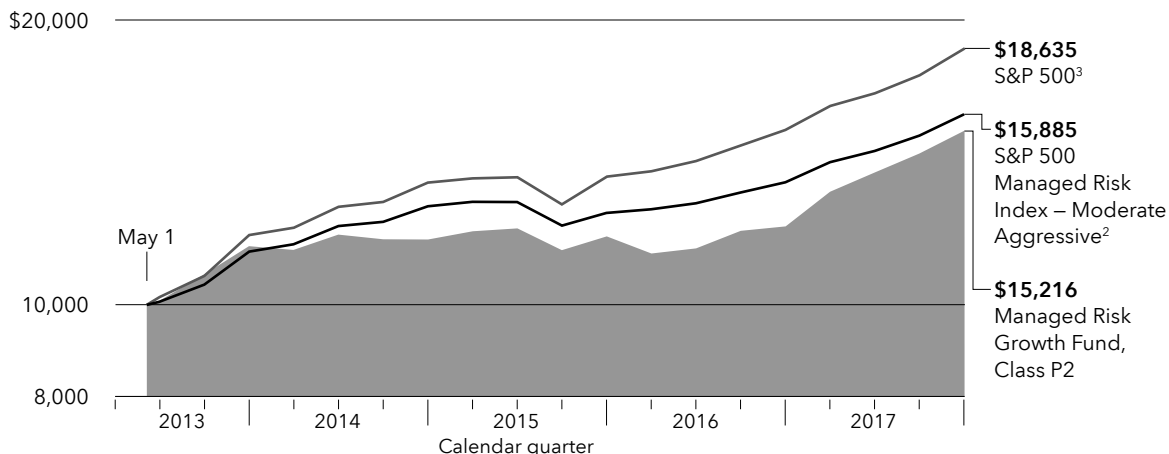
**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

The fund gained 25.99% for the 12 months ended December 31, 2017, outpacing the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive<sup>2</sup> which rose 17.94%. In comparison, the Standard & Poor's 500 Composite Index,<sup>3</sup> a market capitalization-weighted index based on the results of approximately 500 widely held common stocks, gained 21.83%. The Bloomberg Barclays U.S. Aggregate Index,<sup>4</sup> which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%.

The fund pursues its objective by investing in shares of American Funds Insurance Series – Growth Fund<sup>SM</sup> while seeking to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the fund's managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the fund's results can be expected to lag those of the underlying fund.

The underlying American Funds Insurance Series – Growth Fund's larger-than-index investments and strong stock selection in information technology and consumer discretionary added to returns, while energy stocks detracted from the fund's results.

**How a \$10,000 investment has grown**



**Average annual total returns based on a \$1,000 investment**

For periods ended December 31, 2017

	1 year	Lifetime (since May 1, 2013)	Gross expense ratio	Net expense ratio
Class P1	26.23%	9.73%	.88%	.72%
Class P2	25.99	9.41	1.13	.97

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Effective November 30, 2017, the Managed Risk Growth Fund also invests in shares of the Bond Fund.

<sup>2</sup>Source: S&P Dow Jones Indices LLC. Standard & Poor's Managed Risk Index Series is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indexes, while maintaining a fixed allocation to the underlying bond index. These indexes are generated and published under agreements between Standard & Poor's Dow Jones Indices and Milliman Financial Risk Management LLC.

<sup>3</sup>Source: S&P Dow Jones Indices LLC.

<sup>4</sup>Source: Bloomberg Index Services Ltd.

Milliman Financial Risk Management LLC serves as the subadviser with respect to the management of the fund's managed risk strategy.

# Managed Risk International Fund<sup>1</sup>

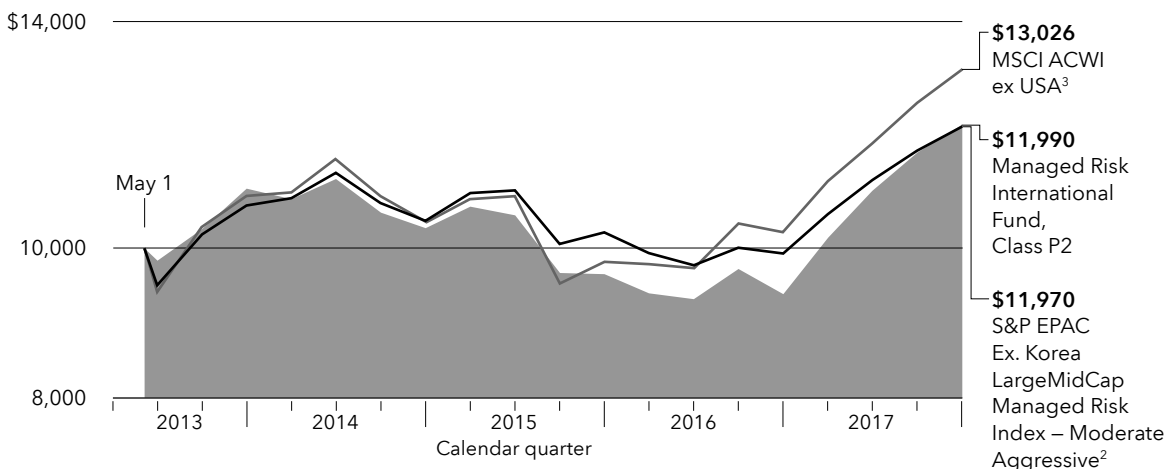
Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.

The fund advanced 28.69% for the 12 months ended December 31, 2017, outpacing the Standard & Poor's EPAC Ex. Korea LargeMidCap Managed Risk Index – Moderate Aggressive<sup>2</sup>, which rose 20.74%. In comparison, the MSCI ACWI (All Country World Index) ex USA<sup>3</sup>, a free float-adjusted market capitalization-weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes excluding the U.S., rose 27.19%. The Bloomberg Barclays U.S. Aggregate Index<sup>4</sup>, which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%.

The fund pursues its objective by investing in shares of American Funds Insurance Series – International Fund<sup>SM</sup> while seeking to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the fund's managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the fund's results can be expected to lag those of the underlying fund.

The underlying American Funds Insurance Series – International Fund's investments in the information technology sector added to returns, while health care stocks hindered the fund's relative results.

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	Lifetime (since May 1, 2013)	Gross expense ratio	Net expense ratio
Class P1	29.28%	4.37%	1.03%	.87%
Class P2	28.69	3.96	1.28	1.12

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Effective November 30, 2017, the Managed Risk International Fund also invests in shares of the Bond Fund.

<sup>2</sup>Source: S&P Dow Jones Indices LLC. Standard & Poor's Managed Risk Index Series is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indexes, while maintaining a fixed allocation to the underlying bond index. These indexes are generated and published under agreements between Standard & Poor's Dow Jones Indices and Milliman Financial Risk Management LLC.

<sup>3</sup>Source: MSCI. The MSCI index result reflects reinvestment of distributions and dividends net of withholding taxes.

<sup>4</sup>Source: Bloomberg Index Services Ltd.

Milliman Financial Risk Management LLC serves as the subadviser with respect to the management of the fund's managed risk strategy.

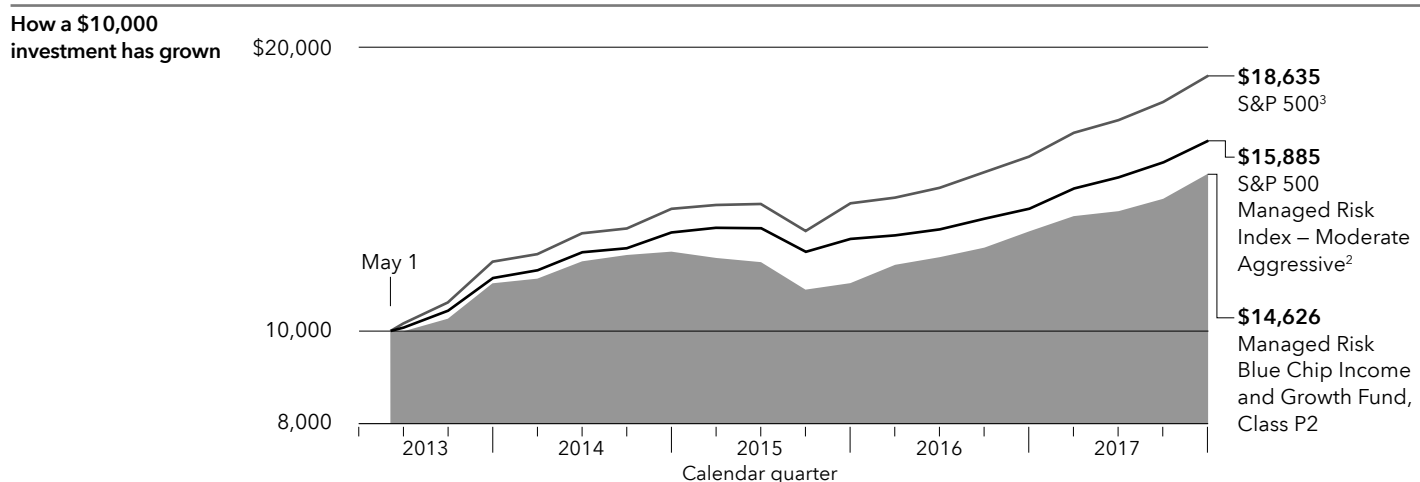
# Managed Risk Blue Chip Income and Growth Fund<sup>1</sup>

**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

The fund gained 15.03% for the 12 months ended December 31, 2017, trailing the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive<sup>2</sup> which rose 17.94%. In comparison, the Standard & Poor's 500 Composite Index<sup>3</sup>, a market capitalization-weighted index based on the results of approximately 500 widely held common stocks, gained 21.83%. The Bloomberg Barclays U.S. Government/Mortgage-Backed Securities Index<sup>4</sup>, which covers obligations issued by the U.S. Treasury and U.S. government agencies, rose 2.37%.

The fund pursues its objective by investing in shares of American Funds Insurance Series – Blue Chip Income and Growth Fund<sup>SM</sup> while seeking to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the fund's managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the fund's results can be expected to lag those of the underlying fund.

The underlying American Funds Insurance Series – Blue Chip Income and Growth Fund's investments in the health care sector added to returns, while energy stocks hindered the fund's results.



Average annual total returns based on a \$1,000 investment	For periods ended December 31, 2017			
	1 year	Lifetime (since May 1, 2013)	Gross expense ratio	Net expense ratio
Class P1	15.48%	8.87%	.93%	.77%
Class P2	15.03	8.48	1.18	1.02

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Effective November 30, 2017, the Managed Risk Blue Chip Income and Growth Fund also invests in shares of the U.S. Government/AAA-Rated Securities Fund.

<sup>2</sup>Source: S&P Dow Jones Indices LLC. Standard & Poor's Managed Risk Index Series is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indexes, while maintaining a fixed allocation to the underlying bond index. These indexes are generated and published under agreements between Standard & Poor's Dow Jones Indices and Milliman Financial Risk Management LLC.

<sup>3</sup>Source: S&P Dow Jones Indices LLC.

<sup>4</sup>Source: Bloomberg Index Services Ltd.

Milliman Financial Risk Management LLC serves as the subadviser with respect to the management of the fund's managed risk strategy.

# Managed Risk Growth-Income Fund<sup>1</sup>

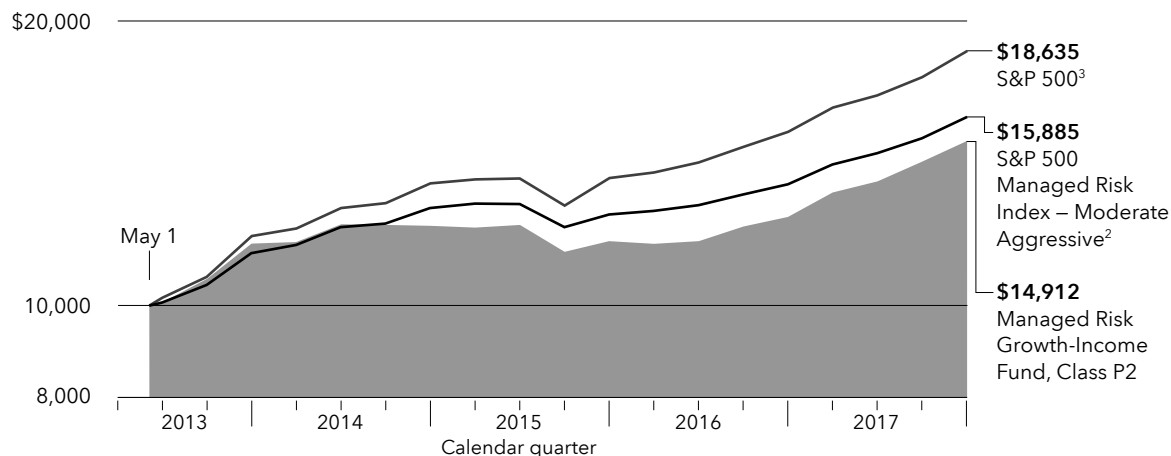
**Fund results shown are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Unit prices and returns will vary, so investors may lose money. For current information and month-end results, visit [americanfunds.com/afis](http://americanfunds.com/afis). For information about your insurance contract and month-end results, go to the website of the company that issued your contract.**

The fund gained 20.40% for the 12 months ended December 31, 2017, outpacing the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive<sup>2</sup>, which rose 17.94%. In comparison, the Standard & Poor's 500 Composite Index<sup>3</sup>, a market capitalization-weighted index based on the results of approximately 500 widely held common stocks, gained 21.83%. The Bloomberg Barclays U.S. Aggregate Index<sup>4</sup>, which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%.

The fund pursues its objective by investing in shares of American Funds Insurance Series – Growth-Income Fund<sup>SM</sup> while seeking to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the fund's managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the fund's results can be expected to lag those of the underlying fund.

The underlying American Funds Insurance Series – Growth-Income Fund's investments in the consumer discretionary and health care sectors added the most to relative returns, while energy stocks detracted from the fund's absolute results.

How a \$10,000 investment has grown



Average annual total returns based on a \$1,000 investment

For periods ended December 31, 2017

	1 year	Lifetime (since May 1, 2013)	Gross expense ratio	Net expense ratio
Class P1	20.64%	9.28%	.33%	.67%
Class P2	20.40	8.94	1.08	.92

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Effective November 30, 2017, the Managed Risk Growth-Income Fund also invests in shares of the Bond Fund.

<sup>2</sup>Source: S&P Dow Jones Indices LLC. Standard & Poor's Managed Risk Index Series is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indexes, while maintaining a fixed allocation to the underlying bond index. These indexes are generated and published under agreements between Standard & Poor's Dow Jones Indices and Milliman Financial Risk Management LLC.

<sup>3</sup>Source: S&P Dow Jones Indices LLC.

<sup>4</sup>Source: Bloomberg Index Services Ltd.

Milliman Financial Risk Management LLC serves as the subadviser with respect to the management of the fund's managed risk strategy.

# Managed Risk Asset Allocation Fund

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The fund rose 14.80% for the 12 months ended December 31, 2017, trailing the Standard & Poor's 500 Managed Risk Index – Moderate,<sup>1</sup> which rose 16.02%. In comparison, the Standard & Poor's 500 Composite Index,<sup>2</sup> a market capitalization-weighted index based on the results of approximately 500 widely held common stocks, gained 21.83%, while the Bloomberg Barclays U.S. Aggregate Index,<sup>3</sup> which measures investment-grade U.S. bonds (rated BBB/Baa and above), rose 3.54%.

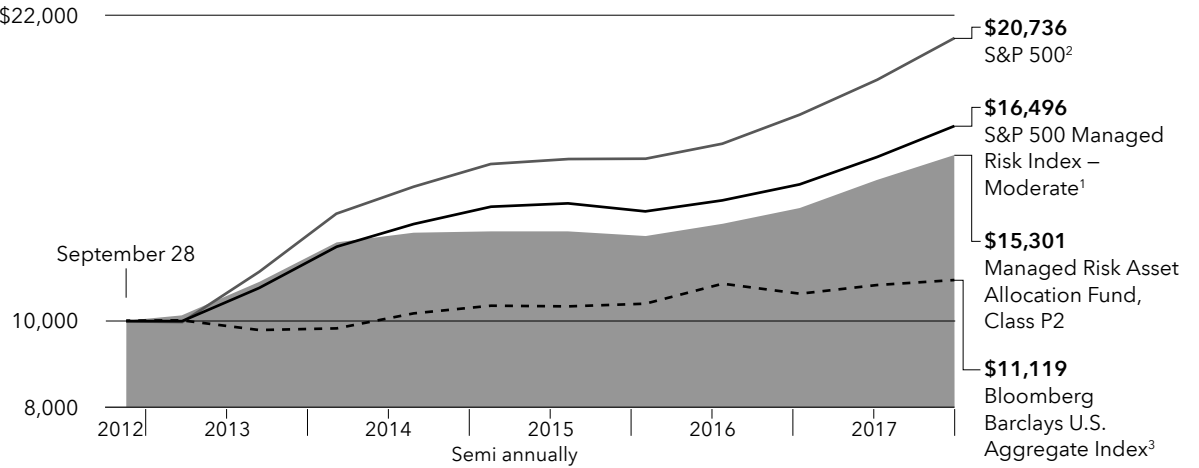
The fund pursues its objective by investing in shares of American Funds Insurance Series – Asset Allocation Fund<sup>SM</sup> while seeking to manage portfolio volatility and provide downside protection, primarily through the use of exchange-traded futures. The benefit of the fund's managed risk strategy should be most apparent during periods of high volatility and in down markets. In steady or rising markets, the fund's results can be expected to lag those of the underlying fund.

The underlying American Funds Insurance Series – Asset Allocation Fund's investments in the industrials and information technology sectors contributed the most to relative returns. Holdings in the energy sector hindered absolute and relative returns as oil prices slumped on concerns of oversupply.

# Managed Risk Asset Allocation Fund

How a \$10,000

investment has grown



**Average annual total returns based on a \$1,000 investment**

For periods ended December 31, 2017

	1 year	5 years	Lifetime (since September 28, 2012)	Gross expense ratio	Net expense ratio
Class P1	15.06%	8.89%	8.69%	.71%	.66%
Class P2	14.80	8.62	8.43	.96	.91

Any market index shown is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

<sup>1</sup>Source: S&P Dow Jones Indices LLC. Standard & Poor's Managed Risk Index Series is designed to simulate a dynamic protective portfolio that allocates between the underlying equity index and cash, based on realized volatilities of the underlying equity and bond indexes, while maintaining a fixed allocation to the underlying bond index. These indexes are generated and published under agreements between Standard & Poor's Dow Jones Indices and Milliman Financial Risk Management LLC.

<sup>2</sup>Source: S&P Dow Jones Indices LLC.

<sup>3</sup>Source: Bloomberg Index Services Ltd.

Milliman Financial Risk Management LLC serves as the subadvisor with respect to the management of the fund's managed risk strategy.

# Global Growth Fund

Summary investment portfolio December 31, 2017

Common stocks 96.68%		Shares	Value (000)
<b>Information technology</b> 32.07%	ASML Holding NV <sup>1</sup>	648,442	\$ 112,497
	ASML Holding NV (New York registered)	643,900	111,923
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	26,955,000	207,124
	Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	335,000	13,283
	Alphabet Inc., Class A <sup>2</sup>	130,000	136,942
	Alphabet Inc., Class C <sup>2</sup>	71,052	74,349
	Nintendo Co., Ltd. <sup>1</sup>	492,400	179,259
	Facebook, Inc., Class A <sup>2</sup>	898,500	158,549
	Microsoft Corp.	1,355,900	115,984
	Alibaba Group Holding Ltd. (ADR) <sup>2</sup>	671,050	115,709
	Visa Inc., Class A	998,800	113,883
	Broadcom Ltd.	373,700	96,003
	Tencent Holdings Ltd. <sup>1</sup>	1,800,000	93,051
	Samsung Electronics Co., Ltd. <sup>1</sup>	15,740	37,396
	Samsung Electronics Co., Ltd., nonvoting preferred <sup>1</sup>	15,845	30,888
	AAC Technologies Holdings Inc. <sup>1</sup>	3,806,540	67,697
	Just Eat PLC <sup>1,2</sup>	5,292,000	55,515
	Murata Manufacturing Co., Ltd. <sup>1</sup>	409,000	54,665
	Intel Corp.	1,000,000	46,160
	TEMENOS Group AG (Switzerland) <sup>1</sup>	318,000	40,696
Other securities		137,838	
			<u>1,999,411</u>
<b>Consumer discretionary</b> 18.17%	Amazon.com, Inc. <sup>2</sup>	291,900	341,368
	Priceline Group Inc. <sup>2</sup>	39,000	67,772
	Home Depot, Inc.	350,000	66,335
	Peugeot SA <sup>1</sup>	3,180,000	64,597
	Industria de Diseño Textil, SA <sup>1</sup>	1,723,000	59,929
	Naspers Ltd., Class N <sup>1</sup>	190,820	53,168
	McDonald's Corp.	293,000	50,431
	NIKE, Inc., Class B	671,000	41,971
	Other securities		387,314
<b>Health care</b> 11.96%	Regeneron Pharmaceuticals, Inc. <sup>2</sup>	214,000	80,455
	UnitedHealth Group Inc.	324,200	71,473
	Express Scripts Holding Co. <sup>2</sup>	768,500	57,361
	Bayer AG <sup>1</sup>	421,600	52,436
	Straumann Holding AG <sup>1</sup>	67,500	47,644
	AstraZeneca PLC <sup>1</sup>	652,300	44,763
	Sartorius AG, non-registered shares, nonvoting preferred <sup>1</sup>	444,000	42,371
	Eurofins Scientific SE, non-registered shares <sup>1</sup>	68,145	41,492
	Boston Scientific Corp. <sup>2</sup>	1,638,200	40,611
	Mettler-Toledo International Inc. <sup>2</sup>	65,000	40,269
Other securities		227,014	
			<u>745,889</u>
<b>Financials</b> 10.44%	AIA Group Ltd. <sup>1</sup>	15,004,900	127,967
	JPMorgan Chase & Co.	853,600	91,284
	Kotak Mahindra Bank Ltd. <sup>1</sup>	3,471,000	54,891
	Prudential PLC <sup>1</sup>	1,906,884	49,026
	Société Générale <sup>1</sup>	923,000	47,588
	MarketAxess Holdings Inc.	188,000	37,929
	Other securities		242,198
			<u>650,883</u>



# Global Growth Fund

Common stocks		Shares	Value (000)
<b>Consumer staples</b> 7.46%	British American Tobacco PLC <sup>1</sup>	2,002,000	\$ 135,116
	Nestlé SA <sup>1</sup>	739,650	63,560
	Altria Group, Inc.	770,000	54,986
	Other securities		211,752
			<u>465,414</u>
<b>Industrials</b> 6.17%	Airbus SE, non-registered shares <sup>1</sup>	1,109,500	110,180
	KONE Oyj, Class B <sup>1</sup>	880,000	47,222
	Caterpillar Inc.	287,000	45,226
	Other securities		181,998
			<u>384,626</u>
<b>Materials</b> 2.24%	Sherwin-Williams Co.	116,000	47,565
	Other securities		92,334
			<u>139,899</u>
<b>Telecommunication services</b> 1.12%	SoftBank Group Corp. <sup>1</sup>	776,000	61,307
	Other securities		8,238
			<u>69,545</u>
<b>Other</b> 2.09%	Other securities		<u>130,519</u>
<b>Miscellaneous</b> 4.96%	Other common stocks in initial period of acquisition		<u>309,116</u>
	<b>Total common stocks</b> (cost: \$3,842,087,000)		<u>6,028,187</u>
<b>Bonds, notes &amp; other debt instruments 0.03%</b>		Principal amount (000)	
<b>U.S. Treasury bonds &amp; notes 0.03%</b>			
<b>U.S. Treasury</b> 0.03%	Other securities		<u>1,998</u>
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$1,998,000)		<u>1,998</u>
<b>Short-term securities 3.57%</b>			
	Federal Home Loan Bank 1.14%-1.31% due 1/17/2018-3/28/2018	\$ 97,500	97,371
	Prudential Funding, LLC 1.35% due 1/12/2018	39,500	39,478
	Other securities		85,475
	<b>Total short-term securities</b> (cost: \$222,335,000)		<u>222,324</u>
	<b>Total investment securities 100.28%</b> (cost: \$4,066,420,000)		6,252,509
	Other assets less liabilities (0.28)%		<u>(17,433)</u>
	<b>Net assets 100.00%</b>		<u>\$6,235,076</u>

# Global Growth Fund

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. "Other securities" also includes securities (with an aggregate value of \$80,835,000, which represented 1.30% of the net assets of the fund) which were acquired in transactions exempt from registration under Rule 144A or Section 4(2) of the Securities Act of 1933 and may be resold in the U.S. in transactions exempt from registration, normally to qualified institutional buyers.

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD5,180	JPY581,294	Bank of America, N.A.	1/22/2018	\$15

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$3,140,563,000, which represented 50.37% of the net assets of the fund. This amount includes \$3,130,602,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

### Key to abbreviations and symbol

ADR = American Depositary Receipts

JPY = Japanese yen

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Global Small Capitalization Fund

Summary investment portfolio December 31, 2017

Common stocks 93.34%		Shares	Value (000)
<b>Consumer discretionary</b> 20.64%	Hilton Grand Vacations Inc. <sup>1</sup>	1,219,200	\$ 51,145
	Melco International Development Ltd. <sup>2</sup>	17,379,000	50,976
	GVC Holdings PLC <sup>2</sup>	4,048,748	50,555
	Five Below, Inc. <sup>1</sup>	684,000	45,363
	Cedar Fair, LP	531,000	34,510
	Domino's Pizza, Inc.	181,100	34,221
	Entertainment One Ltd. <sup>2</sup>	7,563,697	33,123
	Hostelworld Group PLC <sup>2,3</sup>	6,212,000	32,175
	Tele Columbus AG <sup>1,2</sup>	2,743,000	30,384
	Caesars Entertainment Corp. <sup>1</sup>	2,375,836	30,054
	Ladbrokes Coral Group PLC <sup>2</sup>	11,120,100	27,199
	Ted Baker PLC <sup>2</sup>	686,500	25,026
Other securities		445,813	
		890,544	
<b>Health care</b> 16.56%	GW Pharmaceuticals PLC (ADR) <sup>1</sup>	746,460	98,540
	Insulet Corp. <sup>1</sup>	1,145,900	79,067
	Illumina, Inc. <sup>1</sup>	230,200	50,296
	Integra LifeSciences Holdings Corp. <sup>1</sup>	1,025,423	49,077
	Bluebird Bio, Inc. <sup>1</sup>	267,765	47,689
	iRhythm Technologies, Inc. <sup>1</sup>	807,980	45,287
	China Biologic Products Holdings, Inc. <sup>1</sup>	503,000	39,621
	athenahealth, Inc. <sup>1</sup>	236,000	31,397
	WuXi Biologics (Cayman) Inc. <sup>1,2</sup>	4,926,300	27,591
	Other securities		245,806
		714,371	
<b>Information technology</b> 16.55%	Qorvo, Inc. <sup>1</sup>	1,118,753	74,509
	WIN Semiconductors Corp. <sup>2</sup>	6,538,400	61,796
	Mellanox Technologies, Ltd. <sup>1</sup>	653,000	42,249
	Topcon Corp. <sup>2</sup>	1,707,510	36,888
	Paycom Software, Inc. <sup>1</sup>	428,885	34,452
	AAC Technologies Holdings Inc. <sup>2</sup>	1,786,561	31,773
	VTech Holdings Ltd. <sup>2</sup>	2,189,000	28,687
	ZPG PLC <sup>2</sup>	6,260,620	27,928
	Hamamatsu Photonics KK <sup>2</sup>	785,753	26,323
	Other securities		349,647
		714,252	
<b>Industrials</b> 10.33%	International Container Terminal Services, Inc. <sup>2</sup>	20,180,000	42,610
	Nabtesco Corp. <sup>2</sup>	728,500	27,943
	Welbilt Inc. <sup>1</sup>	1,050,000	24,685
	Other securities		350,602
		445,840	
<b>Financials</b> 9.38%	Kotak Mahindra Bank Ltd. <sup>2</sup>	3,282,732	51,914
	Essent Group Ltd. <sup>1</sup>	1,058,841	45,975
	Texas Capital Bancshares, Inc. <sup>1</sup>	496,623	44,150
	Webster Financial Corp.	553,000	31,056
	Other securities		231,813
		404,908	
<b>Materials</b> 4.09%	Lundin Mining Corp.	6,172,000	41,048
	Other securities		135,256
		176,304	

# Global Small Capitalization Fund

Common stocks (continued)		Shares	Value (000)
<b>Consumer staples</b> 3.40%	COSMOS Pharmaceutical Corp. <sup>2</sup>	148,500	\$ 31,014
	Varun Beverages Ltd. <sup>2</sup>	2,504,974	25,528
	Other securities		90,249
			<u>146,791</u>
<b>Energy</b> 2.77%	Whitecap Resources Inc.	3,404,880	24,243
	Whitecap Resources Inc. <sup>2,4</sup>	270,000	1,865
	SM Energy Co.	1,111,000	24,531
	Other securities		68,876
			<u>119,515</u>
<b>Real estate</b> 2.56%	WHA Corp. PCL <sup>2</sup>	372,370,250	45,697
	MGM Growth Properties LLC REIT, Class A	1,323,600	38,583
	Other securities		26,059
			<u>110,339</u>
<b>Utilities</b> 1.74%	ENN Energy Holdings Ltd. <sup>2</sup>	4,991,400	35,414
	Other securities		39,704
			<u>75,118</u>
<b>Telecommunication services</b> 0.43%	Other securities		<u>18,660</u>
<b>Miscellaneous</b> 4.89%	Other common stocks in initial period of acquisition		210,986
	<b>Total common stocks</b> (cost: \$3,076,327,000)		<u>4,027,628</u>
<b>Rights &amp; warrants 0.01%</b>			
<b>Real estate</b> 0.01%	WHA Corp. PCL, warrants, expire 2020 <sup>1</sup>	1,075,182	376
	<b>Total rights &amp; warrants</b> (cost: \$0)		<u>376</u>
<b>Convertible bonds 0.20%</b>		Principal amount (000)	
<b>Consumer discretionary</b> 0.20%	Other securities		8,667
	<b>Total convertible bonds</b> (cost: \$8,541,000)		<u>8,667</u>
<b>Bonds, notes &amp; other debt instruments 0.09%</b>			
<b>U.S. Treasury bonds &amp; notes 0.09%</b>			
<b>U.S. Treasury</b> 0.09%	U.S. Treasury 0.875% 2018 <sup>5</sup>	\$ 4,125	4,110
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$4,110,000)		<u>4,110</u>

# Global Small Capitalization Fund

## Short-term securities 6.36%

	Principal amount (000)	Value (000)
Bank of Montreal 1.70% due 3/15/2018	\$ 50,000	\$ 50,004
Federal Home Loan Bank 1.05%-1.21% due 1/2/2018-1/16/2018	75,100	75,078
Mizuho Bank, Ltd. 1.37%-1.38% due 1/19/2018-1/22/2018 <sup>4</sup>	49,000	48,953
U.S. Treasury Bills 1.41%-1.50% due 5/31/2018-6/28/2018	101,100	100,436
<b>Total short-term securities</b> (cost: \$274,490,000)		<u>274,471</u>
<b>Total investment securities 100.00%</b> (cost: \$3,363,468,000)		4,315,252
Other assets less liabilities (0.00)%		<u>(214)</u>
<b>Net assets 100.00%</b>		<u><u>\$4,315,038</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. One security in "Other securities" (with a value of \$10,408,000, an aggregate cost of \$8,280,000, and which represented .24% of the net assets of the fund) was acquired on 5/1/2015 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject it to legal or contractual restrictions on resale.

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized (depreciation) appreciation at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD45,066	GBP34,000	HSBC Bank	1/22/2018	\$ (878)
USD15,775	JPY1,765,175	JPMorgan Chase	1/23/2018	89
USD16,375	GBP12,190	Citibank	2/23/2018	(113)
USD10,114	INR663,163	Citibank	2/26/2018	(201)
				<u><u>\$(1,103)</u></u>

# Global Small Capitalization Fund

## Investments in affiliates

A company is an affiliate of the fund under the Investment Company Act of 1940 if the fund's holdings in that company represent 5% or more of the outstanding voting shares. The value of the fund's affiliated-company holdings is shown in the summary investment portfolio. Further details on such holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized gain (loss) (000)	Net unrealized appreciation (000)	Dividend income (000)	Value of affiliates at 12/31/2017 (000)
<b>Common stocks 0.75%</b>								
<b>Consumer discretionary 0.75%</b>								
Hostelworld Group PLC <sup>2</sup>	–	6,212,000	–	6,212,000	\$ –	\$ 6,656	\$1,346	\$32,175
<b>Materials 0.00%</b>								
Time Technoplast Ltd. <sup>6</sup>	11,888,000	–	11,888,000	–	5,933	107	–	–
Indochine Mining Ltd. <sup>1,2,6</sup>	182,998	–	182,998	–	(8,032)	8,032	–	–
<b>Energy 0.00%</b>								
Victoria Oil & Gas PLC <sup>1,2,6</sup>	6,966,560	–	6,966,560	–	(1,438)	3,759	–	–
<b>Total 0.75%</b>					<u>\$(3,537)</u>	<u>\$18,554</u>	<u>\$1,346</u>	<u>\$32,175</u>

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Security did not produce income during the last 12 months.

<sup>2</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$1,969,093,000, which represented 45.63% of the net assets of the fund. This amount includes \$1,942,046,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>3</sup>Represents an affiliated company as defined under the Investment Company Act of 1940.

<sup>4</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$66,572,000, which represented 1.54% of the net assets of the fund.

<sup>5</sup>A portion of this security was pledged as collateral. The total value of pledged collateral was \$677,000, which represented .02% of the net assets of the fund.

<sup>6</sup>Unaffiliated issuer at 12/31/2017.

### Key to abbreviations and symbol

ADR = American Depositary Receipts

GBP = British pounds

INR = Indian rupees

JPY = Japanese yen

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Growth Fund

Summary investment portfolio December 31, 2017

Common stocks 93.87%		Shares	Value (000)
<b>Information technology</b> 31.06%	Facebook, Inc., Class A <sup>1</sup>	8,340,500	\$1,471,765
	Microsoft Corp.	11,676,000	998,765
	Alphabet Inc., Class C <sup>1</sup>	613,000	641,443
	Alphabet Inc., Class A <sup>1</sup>	271,500	285,998
	Broadcom Ltd.	2,838,300	729,159
	ASML Holding NV (New York registered)	2,382,000	414,039
	ASML Holding NV <sup>2</sup>	1,199,568	208,111
	Apple Inc.	3,224,000	545,598
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>2</sup>	41,360,000	317,813
	Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	2,975,392	117,974
	Visa Inc., Class A	2,955,000	336,929
	Intel Corp.	4,790,000	221,106
	ServiceNow, Inc. <sup>1</sup>	1,583,263	206,442
	Paycom Software, Inc. <sup>1</sup>	1,855,600	149,060
Other securities		1,116,674	
			<u>7,760,876</u>
<b>Consumer discretionary</b> 19.34%	Amazon.com, Inc. <sup>1</sup>	1,364,416	1,595,644
	Netflix, Inc. <sup>1</sup>	2,546,000	488,730
	Tesla, Inc. <sup>1</sup>	1,506,200	468,955
	Home Depot, Inc.	2,300,000	435,919
	Comcast Corp., Class A	7,525,000	301,376
	NIKE, Inc., Class B	4,255,000	266,150
	Ulta Beauty, Inc. <sup>1</sup>	1,120,000	250,499
	Charter Communications, Inc., Class A <sup>1</sup>	698,680	234,729
	Priceline Group Inc. <sup>1</sup>	131,531	228,567
	Starbucks Corp.	2,895,000	166,260
	Other securities		395,829
			<u>4,832,658</u>
<b>Health care</b> 13.05%	UnitedHealth Group Inc.	3,517,500	775,468
	Intuitive Surgical, Inc. <sup>1</sup>	940,500	343,226
	Humana Inc.	993,200	246,383
	Hologic, Inc. <sup>1</sup>	5,413,398	231,423
	Regeneron Pharmaceuticals, Inc. <sup>1</sup>	609,500	229,148
	Centene Corp. <sup>1</sup>	2,243,000	226,274
	Thermo Fisher Scientific Inc.	995,000	188,931
	Aetna Inc.	1,024,600	184,828
	Boston Scientific Corp. <sup>1</sup>	7,255,000	179,851
	Illumina, Inc. <sup>1</sup>	775,000	169,330
Other securities		484,614	
			<u>3,259,476</u>
<b>Financials</b> 9.34%	Wells Fargo & Co.	7,150,000	433,790
	Goldman Sachs Group, Inc.	922,400	234,991
	JPMorgan Chase & Co.	1,947,000	208,212
	PNC Financial Services Group, Inc.	1,083,600	156,353
	BlackRock, Inc.	289,000	148,462
	Legal & General Group PLC <sup>2</sup>	40,158,246	147,823
	Other securities		1,004,043
			<u>2,333,674</u>

# Growth Fund

Common stocks (continued)		Shares	Value (000)
<b>Energy</b> 7.37%	Concho Resources Inc. <sup>1</sup>	1,870,000	\$ 280,911
	EOG Resources, Inc.	2,402,400	259,243
	Suncor Energy Inc.	4,588,116	168,450
	Noble Energy, Inc.	5,663,000	165,020
	Chevron Corp.	1,200,000	150,228
	Other securities		818,012
			<u>1,841,864</u>
<b>Industrials</b> 6.62%	Boeing Co.	1,035,000	305,232
	MTU Aero Engines AG <sup>2</sup>	941,034	168,310
	Other securities		1,180,463
			<u>1,654,005</u>
<b>Consumer staples</b> 2.26%	Constellation Brands, Inc., Class A	815,000	186,285
	Kerry Group PLC, Class A <sup>2</sup>	1,300,000	145,792
	Other securities		231,411
			<u>563,488</u>
<b>Other</b> 2.30%	Other securities		<u>574,854</u>
<b>Miscellaneous</b> 2.53%	Other common stocks in initial period of acquisition		632,462
	<b>Total common stocks</b> (cost: \$13,998,793,000)		<u>23,453,357</u>
<b>Convertible stocks 0.04%</b>			
<b>Consumer discretionary</b> 0.04%	Other securities		9,173
	<b>Total convertible stocks</b> (cost: \$10,650,000)		<u>9,173</u>
<b>Short-term securities 6.31%</b>		Principal amount (000)	
	Federal Home Loan Bank 1.10%-1.30% due 1/12/2018-2/28/2018	\$ 477,100	476,535
	Procter & Gamble Co. 1.20%-1.30% due 1/2/2018-2/13/2018 <sup>3</sup>	196,000	195,793
	U.S. Treasury Bills 1.17%-1.56% due 2/1/2018-11/8/2018	253,200	252,016
	Other securities		652,388
	<b>Total short-term securities</b> (cost: \$1,576,948,000)		<u>1,576,732</u>
	<b>Total investment securities 100.22%</b> (cost: \$15,586,391,000)		25,039,262
	Other assets less liabilities (0.22)%		(53,804)
	<b>Net assets 100.00%</b>		<u><u>\$24,985,458</u></u>

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As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. One security in "Other securities" (with a value of \$9,173,000, an aggregate cost of \$10,650,000, and which represented .04% of the net assets of the fund) was acquired on 5/22/2015 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject it to legal or contractual restrictions on resale.



# Growth Fund

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Security did not produce income during the last 12 months.

<sup>2</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$1,648,959,000, which represented 6.60% of the net assets of the fund. This amount includes \$1,614,318,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>3</sup>Acquired in a transaction exempt from registration under Section 4(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, including those in "Other securities," was \$720,144,000, which represented 2.88% of the net assets of the fund.

## **Key to abbreviation**

ADR = American Depositary Receipts

See Notes to Financial Statements

# International Fund

Summary investment portfolio December 31, 2017

Common stocks 90.84%		Shares	Value (000)
<b>Financials</b> 17.81%	AIA Group Ltd. <sup>1</sup>	40,078,700	\$ 341,804
	HDFC Bank Ltd. <sup>1</sup>	8,416,569	248,893
	HDFC Bank Ltd. (ADR)	130,800	13,298
	Prudential PLC <sup>1</sup>	5,142,265	132,208
	UniCredit SpA <sup>1,2</sup>	6,989,092	130,202
	Kotak Mahindra Bank Ltd. <sup>1</sup>	6,186,048	97,828
	Barclays PLC <sup>1</sup>	34,317,708	93,571
	Credit Suisse Group AG <sup>1</sup>	4,798,789	85,420
	BNP Paribas SA <sup>1</sup>	1,002,776	74,781
	Sberbank of Russia PJSC (ADR) <sup>1</sup>	4,290,850	72,627
	Axis Bank Ltd. <sup>1,3,4</sup>	8,530,055	68,289
Other securities		379,123	
			1,738,044
<b>Information technology</b> 12.06%	Samsung Electronics Co., Ltd. <sup>1</sup>	128,338	304,909
	Tencent Holdings Ltd. <sup>1</sup>	4,644,687	240,107
	Alibaba Group Holding Ltd. (ADR) <sup>2</sup>	1,361,800	234,815
	ASML Holding NV <sup>1</sup>	628,834	109,095
	Other securities		287,922
			1,176,848
<b>Consumer discretionary</b> 11.34%	Galaxy Entertainment Group Ltd. <sup>1</sup>	16,681,000	133,389
	Techtronic Industries Co. Ltd. <sup>1</sup>	15,689,500	102,262
	Kering SA <sup>1</sup>	208,638	98,357
	Hyundai Motor Co. <sup>1</sup>	672,100	97,915
	Naspers Ltd., Class N <sup>1</sup>	334,100	93,090
	Altice NV, Class A <sup>1,2</sup>	7,541,269	78,890
	Other securities		503,026
			1,106,929
<b>Health care</b> 9.80%	Novartis AG <sup>1</sup>	1,967,000	166,294
	Grifols, SA, Class B, preferred nonvoting, non-registered shares <sup>1</sup>	3,304,730	75,819
	Grifols, SA, Class A, non-registered shares <sup>1</sup>	881,000	25,761
	Grifols, SA, Class B (ADR)	793,690	18,191
	Takeda Pharmaceutical Co. Ltd. <sup>1</sup>	1,704,000	96,475
	Systemex Corp. <sup>1</sup>	1,055,000	83,074
	Fresenius SE & Co. KGaA <sup>1</sup>	1,040,000	80,975
	Teva Pharmaceutical Industries Ltd. (ADR)	4,217,300	79,918
	Other securities		329,344
			955,851
<b>Industrials</b> 9.17%	Airbus SE, non-registered shares <sup>1</sup>	2,926,849	290,653
	Komatsu Ltd. <sup>1</sup>	3,339,000	120,950
	Rolls-Royce Holdings PLC <sup>1,2</sup>	10,478,900	119,259
	Nidec Corp. <sup>1</sup>	503,200	70,636
	Other securities		292,827
			894,325
<b>Consumer staples</b> 8.15%	Pernod Ricard SA <sup>1</sup>	717,437	113,564
	Nestlé SA <sup>1</sup>	1,317,700	113,233
	AMOREPACIFIC Corp. <sup>1</sup>	349,892	99,376
	British American Tobacco PLC <sup>1</sup>	1,401,000	94,554
	Associated British Foods PLC <sup>1</sup>	2,250,488	85,555
	Treasury Wine Estates Ltd. <sup>1</sup>	6,529,100	81,210
	Other securities		207,476
			794,968

# International Fund

Common stocks		Shares	Value (000)
<b>Materials</b> 5.72%	Asahi Kasei Corp. <sup>1</sup>	7,293,000	\$ 93,949
	Nitto Denko Corp. <sup>1</sup>	893,000	79,374
	First Quantum Minerals Ltd.	5,407,000	75,750
	Vale SA, ordinary nominative (ADR)	6,023,339	73,665
	Vale SA, ordinary nominative	102,481	1,244
	Other securities		233,697
			<u>557,679</u>
<b>Utilities</b> 5.28%	Power Grid Corp. of India Ltd. <sup>1</sup>	33,878,213	106,142
	Ørsted AS <sup>1</sup>	1,580,324	86,097
	ENN Energy Holdings Ltd. <sup>1</sup>	10,716,000	76,029
	Other securities		247,089
			<u>515,357</u>
<b>Energy</b> 4.71%	Royal Dutch Shell PLC, Class B <sup>1</sup>	3,359,624	113,310
	Royal Dutch Shell PLC, Class A <sup>1</sup>	2,219,608	74,305
	Other securities		272,062
			<u>459,677</u>
<b>Telecommunication services</b> 2.50%	Nippon Telegraph and Telephone Corp. <sup>1</sup>	2,323,000	109,310
	SoftBank Group Corp. <sup>1</sup>	911,900	72,043
	Other securities		62,916
			<u>244,269</u>
<b>Real estate</b> 1.95%	CK Asset Holdings Ltd. <sup>1</sup>	12,918,528	112,920
	Other securities		77,784
			<u>190,704</u>
<b>Miscellaneous</b> 2.35%	Other common stocks in initial period of acquisition		229,314
	<b>Total common stocks</b> (cost: \$6,662,362,000)		<u>8,863,965</u>
<b>Rights &amp; warrants 0.07%</b>			
<b>Miscellaneous</b> 0.07%	Other rights & warrants in initial period of acquisition		6,390
	<b>Total rights &amp; warrants</b> (cost: \$5,434,000)		<u>6,390</u>
<b>Bonds, notes &amp; other debt instruments 0.73%</b>			Principal amount (000)
<b>Corporate bonds &amp; notes 0.40%</b>			
<b>Materials</b> 0.39%	First Quantum Minerals Ltd. 7.00%-7.25% 2021-2022 <sup>4</sup>	\$ 29,445	30,965
	Other securities		7,014
			<u>37,979</u>
<b>Energy</b> 0.01%	Other securities		991
	<b>Total corporate bonds &amp; notes</b>		<u>38,970</u>
<b>U.S. Treasury bonds &amp; notes 0.20%</b>			
<b>U.S. Treasury</b> 0.20%	Other securities		<u>19,983</u>

# International Fund

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
<b>Bonds &amp; notes of governments &amp; government agencies outside the U.S. 0.13%</b>		
Other securities		\$ 12,485
<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$60,483,000)		<u>71,438</u>

## Short-term securities 8.34%

BNP Paribas Finance Inc. 1.72% due 2/22/2018 <sup>4</sup>	\$ 50,000	49,875
Federal Home Loan Bank 1.19%-1.29% due 1/9/2018-2/9/2018	170,000	169,813
Toronto-Dominion Bank 1.45% due 3/16/2018 <sup>4</sup>	71,200	70,941
Other securities		523,191
<b>Total short-term securities</b> (cost: \$813,936,000)		<u>813,820</u>
<b>Total investment securities 99.98%</b> (cost: \$7,542,215,000)		9,755,613
Other assets less liabilities 0.02%		2,209
<b>Net assets 100.00%</b>		<u><u>\$9,757,822</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized depreciation at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD26,911	INR1,744,071	Bank of America, N.A.	1/16/2018	\$(355)

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$7,999,131,000, which represented 81.98% of the net assets of the fund. This amount includes \$7,669,394,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Acquired through a private placement transaction exempt from registration under the Securities Act of 1933. May be subject to legal or contractual restrictions on resale. Further details on this holding appear below.

<sup>4</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$604,006,000, which represented 6.19% of the net assets of the fund.

Private placement security	Acquisition dates	Cost (000)	Value (000)	Percent of net assets
Axis Bank Ltd.	11/14/2017-12/18/2017	\$60,701	\$68,289	.70%

### Key to abbreviations and symbol

ADR = American Depositary Receipts

INR = Indian rupees

USD/\$ = U.S. dollars

See Notes to Financial Statements

# New World Fund

Summary investment portfolio December 31, 2017

Common stocks 91.02%		Shares	Value (000)
<b>Information technology</b> 25.59%	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	9,887,000	\$ 75,972
	Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	700,000	27,755
	United Microelectronics Corp. <sup>1</sup>	207,154,634	98,512
	Alphabet Inc., Class C <sup>2</sup>	73,700	77,120
	Alphabet Inc., Class A <sup>2</sup>	16,900	17,802
	Murata Manufacturing Co., Ltd. <sup>1</sup>	584,000	78,054
	Baidu, Inc., Class A (ADR) <sup>2</sup>	332,600	77,898
	Samsung Electronics Co., Ltd. <sup>1</sup>	18,500	43,953
	Samsung Electronics Co., Ltd., nonvoting preferred <sup>1</sup>	7,750	15,108
	Intel Corp.	1,279,460	59,060
	Alibaba Group Holding Ltd. (ADR) <sup>2</sup>	336,537	58,029
	Broadcom Ltd.	159,750	41,040
	Microsoft Corp.	369,000	31,564
	Renesas Electronics Corp. <sup>1,2</sup>	2,461,800	28,496
	AAC Technologies Holdings Inc. <sup>1</sup>	1,316,563	23,415
TravelSky Technology Ltd., Class H <sup>1</sup>	7,580,456	22,717	
Other securities		127,658	
			<u>904,153</u>
<b>Financials</b> 11.18%	HDFC Bank Ltd. <sup>1</sup>	1,964,100	58,082
	HDFC Bank Ltd. (ADR)	208,400	21,188
	Grupo Financiero Galicia SA, Class B (ADR)	1,123,355	73,973
	BM&FBOVESPA SA - Bolsa de Valores, Mercadorias e Futuros, ordinary nominative	7,928,300	54,447
	AIA Group Ltd. <sup>1</sup>	4,611,600	39,329
	Sberbank of Russia PJSC (ADR) <sup>1</sup>	1,150,000	19,465
	Sberbank of Russia PJSC (ADR)	682,500	11,623
	Industrial and Commercial Bank of China Ltd., Class H <sup>1</sup>	27,600,000	22,133
	Other securities		94,647
			<u>394,887</u>
<b>Consumer discretionary</b> 9.02%	Maruti Suzuki India Ltd. <sup>1</sup>	244,640	37,232
	Kroton Educacional SA, ordinary nominative	6,457,000	35,817
	Sony Corp. <sup>1</sup>	700,000	31,443
	Naspers Ltd., Class N <sup>1</sup>	111,519	31,073
	MakeMyTrip Ltd., non-registered shares <sup>2</sup>	871,500	26,014
	Other securities		157,138
			<u>318,717</u>
<b>Energy</b> 8.62%	Reliance Industries Ltd. <sup>1</sup>	13,230,790	190,875
	Royal Dutch Shell PLC, Class B <sup>1</sup>	1,050,000	35,413
	Royal Dutch Shell PLC, Class A <sup>1</sup>	21,628	724
	Other securities		77,508
			<u>304,520</u>
<b>Consumer staples</b> 8.07%	British American Tobacco PLC <sup>1</sup>	1,494,000	100,831
	CP ALL PCL <sup>1</sup>	17,121,500	40,421
	Nestlé SA <sup>1</sup>	312,196	26,828
	Lenta Ltd. (GDR) <sup>1,2</sup>	4,126,200	24,008
	Lenta Ltd. (GDR) <sup>1,2,3</sup>	244,500	1,423
	Foshan Haitian Flavouring and Food Co. Ltd., Class A <sup>1</sup>	2,250,000	18,584
	Other securities		73,058
			<u>285,153</u>

# New World Fund

Common stocks (continued)		Shares	Value (000)
<b>Materials</b> 7.77%	Randgold Resources Ltd. <sup>1</sup>	529,600	\$ 52,539
	Vale SA, ordinary nominative	4,093,786	49,687
	First Quantum Minerals Ltd.	2,580,100	36,146
	En+ Group PLC (GDR) <sup>1,3</sup>	1,886,800	26,038
	Glencore PLC <sup>1</sup>	4,840,000	25,465
	Klabin SA, units	4,219,400	22,387
	Other securities		62,187
			<u>274,449</u>
<b>Industrials</b> 6.22%	Airbus SE, non-registered shares <sup>1</sup>	612,229	60,798
	Eicher Motors Ltd. <sup>1</sup>	118,200	56,103
	Grupo Aeroportuario del Sureste, SA de CV, Series B	1,315,200	23,951
	Other securities		78,759
			<u>219,611</u>
<b>Health care</b> 4.44%	Hypermarcas SA, ordinary nominative	4,168,700	45,242
	CSL Ltd. <sup>1</sup>	268,500	29,552
	Other securities		82,021
			<u>156,815</u>
<b>Telecommunication services</b> 2.49%	SoftBank Group Corp. <sup>1</sup>	738,000	58,304
	Other securities		29,559
			<u>87,863</u>
<b>Utilities</b> 1.88%	Infraestructura Energética Nova, SAB de CV	6,831,495	33,510
	Other securities		32,956
			<u>66,466</u>
<b>Real estate</b> 1.08%	American Tower Corp. REIT	236,800	33,784
	Other securities		4,281
			<u>38,065</u>
<b>Miscellaneous</b> 4.66%	Other common stocks in initial period of acquisition		164,831
	<b>Total common stocks</b> (cost: \$2,398,030,000)		<u>3,215,530</u>

## Preferred securities 0.04%

<b>Miscellaneous</b> 0.04%	Meituan Corp., Series C, 8.00% noncumulative <sup>1,2,4</sup>	239,754	1,340
	<b>Total preferred securities</b> (cost: \$1,340,000)		<u>1,340</u>

## Rights & warrants 1.78%

<b>Consumer staples</b> 1.58%	Hypermarcas SA, ordinary nominative <sup>1,3</sup>	5,330,000	44,024
	Other securities		11,891
			<u>55,915</u>
<b>Consumer discretionary</b> 0.20%	Other securities		6,895
	<b>Total rights &amp; warrants</b> (cost: \$40,814,000)		<u>62,810</u>

# New World Fund

		Principal amount (000)	Value (000)
Bonds, notes & other debt instruments 2.75%			
<b>Bonds &amp; notes of governments &amp; government agencies outside the U.S. 2.27%</b>			
	Other securities		\$ 80,078
<b>Corporate bonds &amp; notes 0.45%</b>			
<b>Materials</b> 0.01%	Vale SA 6.25% 2026	\$ 405	470
<b>Other</b> 0.44%	Other securities		15,552
<b>U.S. Treasury bonds &amp; notes 0.03%</b>			
<b>U.S. Treasury</b> 0.03%	Other securities		999
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$93,990,000)		<u>97,099</u>
<b>Short-term securities 4.85%</b>			
	Bank of Montreal 1.70% due 3/15/2018	25,000	25,002
	Federal Home Loan Bank 1.25%-1.31% due 2/5/2018-3/28/2018	76,900	76,758
	Liberty Street Funding Corp. 1.78% due 3/21/2018 <sup>3</sup>	25,000	24,901
	Other securities		44,711
	<b>Total short-term securities</b> (cost: \$171,305,000)		<u>171,372</u>
	<b>Total investment securities 100.44%</b> (cost: \$2,705,479,000)		3,548,151
	Other assets less liabilities (0.44)%		(15,438)
	<b>Net assets 100.00%</b>		<u><u>\$3,532,713</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

# New World Fund

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD116	MXN2,100	JPMorgan Chase	1/4/2018	\$ 9
USD910	BRL3,000	JPMorgan Chase	1/5/2018	6
USD4,477	INR289,525	JPMorgan Chase	1/5/2018	(55)
USD1,426	BRL4,600	JPMorgan Chase	1/11/2018	42
USD514	BRL1,700	JPMorgan Chase	1/16/2018	3
USD687	INR44,350	Citibank	1/16/2018	(7)
USD1,224	ZAR16,605	Goldman Sachs	1/17/2018	(115)
USD314	EUR265	HSBC Bank	1/18/2018	(4)
USD450	TRY1,775	Bank of America, N.A.	1/18/2018	(15)
USD1,452	ZAR19,250	Barclays Bank PLC	1/24/2018	(97)
USD1,369	JPY153,000	Bank of America, N.A.	2/15/2018	8
USD562	JPY63,000	UBS AG	2/23/2018	1
USD633	EUR530	HSBC Bank	2/23/2018	(5)
USD1,807	INR120,000	Citibank	3/26/2018	(52)
USD151	EUR125	Bank of America, N.A.	12/13/2018	(2)
USD1,828	EUR1,520	Bank of America, N.A.	12/13/2018	(40)
				<u>\$(323)</u>

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$2,022,785,000, which represented 57.26% of the net assets of the fund. This amount includes \$1,899,212,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$160,176,000, which represented 4.53% of the net assets of the fund.

<sup>4</sup>Value determined using significant unobservable inputs.

### Key to abbreviations and symbol

ADR = American Depositary Receipts

BRL = Brazilian reais

EUR = Euros

GDR = Global Depositary Receipts

INR = Indian rupees

JPY = Japanese yen

MXN = Mexican pesos

TRY = Turkish lira

USD/\$ = U.S. dollars

ZAR = South African rand

See Notes to Financial Statements



# Blue Chip Income and Growth Fund

Summary investment portfolio December 31, 2017

Common stocks 96.25%		Shares	Value (000)
<b>Health care</b> 19.17%	AbbVie Inc.	6,761,500	\$ 653,905
	Amgen Inc.	2,366,500	411,534
	Teva Pharmaceutical Industries Ltd. (ADR)	10,833,800	205,300
	Abbott Laboratories	2,945,000	168,071
	Gilead Sciences, Inc.	1,808,012	129,526
	Medtronic PLC	900,000	72,675
	Bristol-Myers Squibb Co.	1,125,000	68,940
	Other securities		87,621
			<u>1,797,572</u>
<b>Financials</b> 13.44%	JPMorgan Chase & Co.	3,884,900	415,451
	Wells Fargo & Co.	6,013,000	364,809
	Prudential Financial, Inc.	2,649,000	304,582
	American International Group, Inc.	1,506,300	89,745
	Other securities		85,952
			<u>1,260,539</u>
<b>Information technology</b> 11.95%	Intel Corp.	8,432,200	389,230
	Texas Instruments Inc.	2,630,000	274,677
	Microsoft Corp.	2,184,000	186,819
	Apple Inc.	694,180	117,476
	Western Union Co.	5,375,000	102,179
	Other securities		50,629
			<u>1,121,010</u>
<b>Industrials</b> 11.36%	CSX Corp.	4,616,500	253,954
	General Electric Co.	10,209,000	178,147
	General Dynamics Corp.	861,000	175,170
	Illinois Tool Works Inc.	650,000	108,453
	Union Pacific Corp.	750,000	100,575
	Boeing Co.	329,000	97,025
	Rockwell Automation	450,000	88,358
	United Technologies Corp.	500,000	63,785
			<u>1,065,467</u>
<b>Consumer staples</b> 10.68%	Altria Group, Inc.	2,754,000	196,663
	Kimberly-Clark Corp.	1,395,800	168,417
	Kellogg Co.	2,152,800	146,347
	Philip Morris International Inc.	1,250,000	132,063
	Mondelez International, Inc.	1,580,000	67,624
	Kraft Heinz Co.	776,666	60,394
	Other securities		229,727
			<u>1,001,235</u>
<b>Telecommunication services</b> 8.47%	Verizon Communications Inc.	9,609,171	508,614
	AT&T Inc.	4,181,000	162,557
	CenturyLink, Inc.	7,398,800	123,412
			<u>794,583</u>
<b>Energy</b> 7.82%	Canadian Natural Resources, Ltd.	6,284,000	224,464
	Exxon Mobil Corp.	2,054,000	171,797
	EOG Resources, Inc.	1,555,000	167,800
	Halliburton Co.	2,419,700	118,251
	Other securities		51,217
			<u>733,529</u>

# Blue Chip Income and Growth Fund

Common stocks (continued)		Shares	Value (000)
<b>Consumer discretionary</b> 5.55%	Twenty-First Century Fox, Inc., Class A	3,955,900	\$ 136,597
	Marriott International, Inc., Class A	671,000	91,075
	McDonald's Corp.	500,000	86,060
	General Motors Co.	2,000,000	81,980
	Viacom Inc., Class B	2,112,850	65,097
	Royal Caribbean Cruises Ltd.	500,000	59,640
			<u>520,449</u>
<b>Materials</b> 2.77%	Freeport-McMoRan Inc. <sup>1</sup>	6,163,000	116,851
	Other securities		142,876
			<u>259,727</u>
<b>Other</b> 1.19%	Other securities		<u>112,331</u>
<b>Miscellaneous</b> 3.85%	Other common stocks in initial period of acquisition		361,132
	<b>Total common stocks</b> (cost: \$6,732,682,000)		<u>9,027,574</u>
Short-term securities 3.72%		Principal amount (000)	
	Cisco Systems, Inc. 1.23%-1.60% due 1/10/2018-3/6/2018 <sup>2</sup>	\$ 104,400	104,238
	Federal Home Loan Bank 1.09%-1.24% due 1/10/2018-1/26/2018	75,800	75,772
	General Electric Co. 1.42% due 1/2/2018	21,200	21,197
	Microsoft Corp. 1.41% due 2/14/2018 <sup>2</sup>	25,300	25,252
	Other securities		122,735
	<b>Total short-term securities</b> (cost: \$349,269,000)		<u>349,194</u>
	<b>Total investment securities 99.97%</b> (cost: \$7,081,951,000)		9,376,768
	Other assets less liabilities 0.03%		3,081
	<b>Net assets 100.00%</b>		<u><u>\$9,379,849</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Security did not produce income during the last 12 months.

<sup>2</sup>Acquired in a transaction exempt from registration under Section 4(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, including those in "Other securities," was \$166,417,000, which represented 1.77% of the net assets of the fund.

## Key to abbreviation

ADR = American Depositary Receipts

See Notes to Financial Statements

# Global Growth and Income Fund

Summary investment portfolio December 31, 2017

Common stocks 93.68%		Shares	Value (000)
<b>Information technology</b> 23.74%	Nintendo Co., Ltd. <sup>1</sup>	249,000	\$ 90,649
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	9,226,800	70,899
	Microsoft Corp.	807,000	69,031
	Broadcom Ltd.	137,000	35,195
	United Microelectronics Corp. <sup>1</sup>	68,320,000	32,489
	AAC Technologies Holdings Inc. <sup>1</sup>	1,503,500	26,739
	Murata Manufacturing Co., Ltd. <sup>1</sup>	190,000	25,395
	Facebook, Inc., Class A <sup>2</sup>	120,000	21,175
	Apple Inc.	118,000	19,969
	TE Connectivity Ltd.	200,000	19,008
	Alibaba Group Holding Ltd. (ADR) <sup>2</sup>	104,000	17,933
	TEMENOS Group AG (Switzerland) <sup>1</sup>	128,000	16,381
	Alphabet Inc., Class C <sup>2</sup>	9,000	9,418
	Alphabet Inc., Class A <sup>2</sup>	6,000	6,320
	MediaTek Inc. <sup>1</sup>	1,465,000	14,442
	Other securities		24,047
			<u>499,090</u>
<b>Financials</b> 10.79%	Prudential PLC <sup>1</sup>	765,000	19,668
	Wells Fargo & Co.	272,000	16,502
	Blackstone Group LP	453,250	14,513
	Other securities		176,199
			<u>226,882</u>
<b>Industrials</b> 10.63%	Airbus SE, non-registered shares <sup>1</sup>	503,000	49,951
	Grupo Aeroportuario del Pacifico SAB de CV	2,930,000	30,114
	Lockheed Martin Corp.	82,300	26,422
	Boeing Co.	87,000	25,657
	Deutsche Post AG <sup>1</sup>	523,000	24,845
	Aeroflot - Russian Airlines PJSC <sup>1</sup>	6,632,000	15,914
	Ryanair Holdings PLC (ADR) <sup>2</sup>	141,375	14,730
	Other securities		35,956
			<u>223,589</u>
<b>Consumer staples</b> 8.80%	British American Tobacco PLC <sup>1</sup>	1,285,000	86,725
	Nestlé SA <sup>1</sup>	558,700	48,010
	Other securities		50,309
			<u>185,044</u>
<b>Consumer discretionary</b> 8.45%	Home Depot, Inc.	122,000	23,123
	Vivendi SA <sup>1</sup>	715,200	19,232
	Amazon.com, Inc. <sup>2</sup>	16,000	18,711
	Sony Corp. <sup>1</sup>	375,000	16,845
	Nitori Holdings Co., Ltd. <sup>1</sup>	105,000	14,972
	Other securities		84,714
			<u>177,597</u>
<b>Health care</b> 7.15%	UnitedHealth Group Inc.	215,100	47,421
	Centene Corp. <sup>2</sup>	212,000	21,387
	Hypermarcas SA, ordinary nominative	1,662,000	18,037
	Other securities		63,489
			<u>150,334</u>

# Global Growth and Income Fund

Common stocks (continued)		Shares	Value (000)
<b>Energy</b> 6.18%	Reliance Industries Ltd. <sup>1</sup>	2,915,148	\$ 42,056
	BP PLC <sup>1</sup>	4,570,206	32,231
	Royal Dutch Shell PLC, Class B (ADR)	242,000	16,526
	Royal Dutch Shell PLC, Class B <sup>1</sup>	325,000	10,961
	Royal Dutch Shell PLC, Class A (ADR)	7,395	494
	Coal India Ltd. <sup>1</sup>	4,310,000	17,756
	Other securities		9,987
			<u>130,011</u>
<b>Materials</b> 5.87%	Century Aluminum Co. <sup>2</sup>	1,650,000	32,406
	Randgold Resources Ltd. <sup>1</sup>	271,100	26,895
	James Hardie Industries PLC (CDI) <sup>1</sup>	850,000	14,963
	Other securities		49,157
			<u>123,421</u>
<b>Real estate</b> 3.48%	Gaming and Leisure Properties, Inc. REIT	604,000	22,348
	MGM Growth Properties LLC REIT, Class A	676,200	19,711
	Other securities		31,028
			<u>73,087</u>
<b>Utilities</b> 2.24%	Ørsted AS <sup>1</sup>	491,552	26,780
	Other securities		20,311
			<u>47,091</u>
<b>Telecommunication services</b> 1.74%	Verizon Communications Inc.	415,000	21,966
	Other securities		14,635
			<u>36,601</u>
<b>Miscellaneous</b> 4.61%	Other common stocks in initial period of acquisition		96,833
	<b>Total common stocks</b> (cost: \$1,460,247,000)		<u>1,969,580</u>
Convertible bonds 0.31%		Principal amount (000)	
<b>Miscellaneous</b> 0.31%	Other convertible bonds in initial period of acquisition		6,622
	<b>Total convertible bonds</b> (cost: \$6,003,000)		<u>6,622</u>
Bonds, notes & other debt instruments 2.00%			
<b>Corporate bonds &amp; notes 1.95%</b>			
<b>Telecommunication services</b> 1.67%	Sprint Corp. 7.25% 2021	\$ 33,000	<u>35,021</u>
<b>Health care</b> 0.28%	Other securities		<u>5,975</u>
<b>U.S. Treasury bonds &amp; notes 0.05%</b>			
<b>U.S. Treasury</b> 0.05%	Other securities		999
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$38,839,000)		<u>41,995</u>

# Global Growth and Income Fund

Short-term securities 4.19%	Principal amount (000)	Value (000)
Caisse d'Amortissement de la Dette Sociale 1.35% due 1/4/2018 <sup>3</sup>	\$15,000	\$ 14,997
Canadian Imperial Holdings Inc. 1.52% due 3/8/2018	25,000	24,926
Federal Home Loan Bank 1.28% due 2/5/2018	34,700	34,660
Other securities		13,546
<b>Total short-term securities</b> (cost: \$88,134,000)		<u>88,129</u>
<b>Total investment securities 100.18%</b> (cost: \$1,593,223,000)		2,106,326
Other assets less liabilities (0.18)%		<u>(3,880)</u>
<b>Net assets 100.00%</b>		<u><u>\$2,102,446</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$1,083,748,000, which represented 51.55% of the net assets of the fund. This entire amount relates to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Acquired in a transaction exempt from registration under Section 4(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, including those in "Other securities," was \$18,995,000, which represented .90% of the net assets of the fund.

## Key to abbreviations

ADR = American Depositary Receipts

CDI = CREST Depository Interest

See Notes to Financial Statements

# Growth-Income Fund

Summary investment portfolio December 31, 2017

Common stocks 94.11%		Shares	Value (000)
<b>Information technology</b> 16.93%	Microsoft Corp.	8,905,427	\$ 761,770
	Alphabet Inc., Class A <sup>1</sup>	373,700	393,655
	Alphabet Inc., Class C <sup>1</sup>	309,284	323,635
	Texas Instruments Inc.	4,723,259	493,297
	Broadcom Ltd.	1,715,390	440,684
	Intel Corp.	9,418,000	434,735
	Apple Inc.	1,793,300	303,480
	Accenture PLC, Class A	1,654,500	253,287
	QUALCOMM Inc.	3,519,175	225,298
	Other securities		1,566,268
			<u>5,196,109</u>
<b>Consumer discretionary</b> 16.28%	Amazon.com, Inc. <sup>1</sup>	1,044,100	1,221,044
	Netflix, Inc. <sup>1</sup>	3,533,077	678,209
	Twenty-First Century Fox, Inc., Class A	8,541,000	294,921
	Twenty-First Century Fox, Inc., Class B	595,000	20,301
	Comcast Corp., Class A	6,346,200	254,165
	Home Depot, Inc.	1,243,000	235,586
	NIKE, Inc., Class B	2,954,200	184,785
	Other securities		2,107,272
			<u>4,996,283</u>
<b>Health care</b> 14.86%	AbbVie Inc.	8,376,600	810,101
	Amgen Inc.	2,761,983	480,309
	UnitedHealth Group Inc.	1,513,596	333,687
	Stryker Corp.	2,006,441	310,677
	Gilead Sciences, Inc.	4,284,100	306,913
	Express Scripts Holding Co. <sup>1</sup>	3,627,500	270,757
	Humana Inc.	938,500	232,814
	Abbott Laboratories	3,808,000	217,323
	Merck & Co., Inc.	3,714,380	209,008
	Illumina, Inc. <sup>1</sup>	867,550	189,551
	Other securities		1,198,546
			<u>4,559,686</u>
<b>Financials</b> 10.94%	JPMorgan Chase & Co.	4,639,300	496,127
	Wells Fargo & Co.	4,306,000	261,245
	Bank of New York Mellon Corp.	4,599,400	247,724
	Intercontinental Exchange, Inc.	2,541,065	179,298
	Other securities		2,172,144
			<u>3,356,538</u>
<b>Industrials</b> 9.48%	CSX Corp.	5,387,000	296,339
	BWX Technologies, Inc.	4,772,174	288,669
	General Dynamics Corp.	1,342,100	273,050
	Airbus SE, non-registered shares <sup>2</sup>	2,117,764	210,306
	Textron Inc.	3,456,100	195,581
	Union Pacific Corp.	1,404,933	188,402
	General Electric Co.	10,538,000	183,888
Other securities		1,274,657	
			<u>2,910,892</u>

# Growth-Income Fund

Common stocks		Shares	Value (000)
<b>Consumer staples</b> 7.51%	British American Tobacco PLC <sup>2</sup>	3,746,100	\$ 252,826
	British American Tobacco PLC (ADR)	494,440	33,122
	Philip Morris International Inc.	2,702,430	285,512
	Coca-Cola Co.	5,964,900	273,670
	Other securities		1,459,289
			<u>2,304,419</u>
<b>Energy</b> 6.38%	TOTAL SA <sup>2</sup>	4,561,625	251,689
	EOG Resources, Inc.	2,277,300	245,743
	Chevron Corp.	1,646,900	206,175
	Other securities		1,254,386
			<u>1,957,993</u>
<b>Materials</b> 4.46%	Celanese Corp., Series A	2,573,233	275,542
	Vale SA, ordinary nominative (ADR)	17,367,884	212,409
	Vale SA, ordinary nominative	4,147,848	50,343
	DowDuPont Inc.	3,554,100	253,123
	Freeport-McMoRan Inc. <sup>1</sup>	9,055,000	171,683
	Other securities		405,702
			<u>1,368,802</u>
<b>Telecommunication services</b> 1.96%	Verizon Communications Inc.	10,912,400	577,593
	Other securities		23,231
			<u>600,824</u>
<b>Real estate</b> 1.74%	Other securities		<u>535,421</u>
<b>Utilities</b> 0.82%	Sempra Energy	1,824,600	195,086
	Other securities		56,171
			<u>251,257</u>
<b>Mutual funds</b> 0.18%	Other securities		<u>55,129</u>
<b>Miscellaneous</b> 2.57%	Other common stocks in initial period of acquisition		<u>789,777</u>
	<b>Total common stocks</b> (cost: \$20,214,067,000)		<u>28,883,130</u>

## Convertible stocks 0.04%

<b>Financials</b> 0.02%	Other securities		<u>5,450</u>
<b>Miscellaneous</b> 0.02%	Other convertible stocks in initial period of acquisition		<u>6,192</u>
	<b>Total convertible stocks</b> (cost: \$11,900,000)		<u>11,642</u>

## Convertible bonds 0.35%

		Principal amount (000)	
<b>Other</b> 0.35%	Other securities		<u>107,354</u>
	<b>Total convertible bonds</b> (cost: \$71,028,000)		<u>107,354</u>

# Growth-Income Fund

Bonds, notes & other debt instruments 0.18%

## U.S. Treasury bonds & notes 0.18%

	Principal amount (000)	Value (000)
U.S. Treasury		\$ 56,489
Other securities		
<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$60,201,000)		<b>56,489</b>

## Short-term securities 5.38%

Apple Inc. 1.50% due 2/20/2018 <sup>3</sup>	\$ 50,000	49,892
Chariot Funding, LLC 1.45%-1.50% due 3/14/2018-3/19/2018 <sup>3</sup>	48,000	47,822
Coca-Cola Co. 1.26% due 1/31/2018 <sup>3</sup>	50,000	49,932
Federal Home Loan Bank 1.12%-1.31% due 1/3/2018-3/2/2018	323,700	323,272
Freddie Mac 1.08%-1.28% due 1/26/2018-4/6/2018	223,948	223,415
Microsoft Corp. 1.30% due 1/23/2018 <sup>3</sup>	59,300	59,241
Other securities		897,684
<b>Total short-term securities</b> (cost: \$1,651,541,000)		<b>1,651,258</b>
<b>Total investment securities 100.06%</b> (cost: \$22,008,737,000)		<b>30,709,873</b>
Other assets less liabilities (0.06)%		(17,511)
<b>Net assets 100.00%</b>		<b>\$30,692,362</b>

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As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. One security in "Other securities" (with a value of \$5,450,000, an aggregate cost of \$6,000,000, and which represented .02% of the net assets of the fund) was acquired on 6/28/2012 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject it to legal or contractual restrictions on resale.

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Security did not produce income during the last 12 months.

<sup>2</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$2,958,273,000, which represented 9.64% of the net assets of the fund. This amount includes \$2,749,134,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>3</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$1,049,318,000, which represented 3.42% of the net assets of the fund.

### Key to abbreviation

ADR = American Depositary Receipts

See Notes to Financial Statements



# International Growth and Income Fund

Summary investment portfolio December 31, 2017

Common stocks 90.99%		Shares	Value (000)
<b>Financials</b>	HDFC Bank Ltd. <sup>1</sup>	1,228,800	\$ 36,338
<b>22.93%</b>	Banco Santander, SA <sup>1</sup>	4,488,061	29,430
	Zurich Insurance Group AG <sup>1</sup>	92,200	28,041
	KB Financial Group Inc. <sup>1</sup>	356,500	21,078
	Intesa Sanpaolo SpA <sup>1</sup>	5,900,000	19,568
	Sberbank of Russia PJSC (ADR) <sup>1</sup>	1,141,660	19,324
	Prudential PLC <sup>1</sup>	738,000	18,974
	St. James's Place PLC <sup>1</sup>	1,048,000	17,323
	UniCredit SpA <sup>1,2</sup>	914,400	17,035
	AIA Group Ltd. <sup>1</sup>	1,833,000	15,632
	Sumitomo Mitsui Financial Group, Inc. <sup>1</sup>	308,000	13,302
	Itaú Unibanco Holding SA, preferred nominative (ADR)	991,300	12,887
	Sampo Oyj, Class A <sup>1</sup>	203,000	11,152
	Lloyds Banking Group PLC <sup>1</sup>	11,968,000	10,959
	Other securities		64,168
			<u>335,211</u>
<b>Consumer staples</b>	British American Tobacco PLC <sup>1</sup>	437,600	29,534
<b>9.11%</b>	Pernod Ricard SA <sup>1</sup>	128,650	20,364
	Philip Morris International Inc.	153,475	16,215
	Imperial Brands PLC <sup>1</sup>	316,016	13,505
	Other securities		53,616
			<u>133,234</u>
<b>Industrials</b>	Shanghai International Airport Co., Ltd., Class A <sup>1</sup>	5,134,562	35,457
<b>8.38%</b>	Airbus SE, non-registered shares <sup>1</sup>	253,960	25,220
	ASSA ABLOY AB, Class B <sup>1</sup>	681,100	14,133
	Other securities		47,672
			<u>122,482</u>
<b>Utilities</b>	Ørsted AS <sup>1</sup>	497,000	27,077
<b>8.02%</b>	EDP - Energias de Portugal, SA <sup>1</sup>	6,947,820	24,049
	Korea Electric Power Corp. <sup>1</sup>	346,800	12,358
	Power Assets Holdings Ltd. <sup>1</sup>	1,313,000	11,081
	CK Infrastructure Holdings Ltd. <sup>1</sup>	1,282,000	11,006
	Other securities		31,740
			<u>117,311</u>
<b>Information technology</b>	Samsung Electronics Co., Ltd. <sup>1</sup>	14,996	35,628
<b>7.86%</b>	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	3,840,000	29,507
	ASML Holding NV <sup>1</sup>	68,600	11,901
	Flex Ltd. <sup>2</sup>	647,500	11,648
	Other securities		26,180
			<u>114,864</u>
<b>Health care</b>	Novartis AG <sup>1</sup>	341,145	28,841
<b>7.72%</b>	Hikma Pharmaceuticals PLC <sup>1</sup>	1,317,700	20,164
	Fresenius SE & Co. KGaA <sup>1</sup>	165,000	12,847
	Teva Pharmaceutical Industries Ltd. (ADR)	662,000	12,545
	Daiichi Sankyo Co., Ltd. <sup>1</sup>	451,900	11,770
	Other securities		26,718
			<u>112,885</u>

# International Growth and Income Fund

Common stocks (continued)		Shares	Value (000)
<b>Consumer discretionary</b> 7.36%	Toyota Motor Corp. <sup>1</sup>	226,000	\$ 14,472
	LVMH Moët Hennessy-Louis Vuitton SE <sup>1</sup>	48,000	14,100
	Naspers Ltd., Class N <sup>1</sup>	41,000	11,424
	Other securities		67,608
			<u>107,604</u>
<b>Real estate</b> 6.09%	CK Asset Holdings Ltd. <sup>1</sup>	3,833,348	33,507
	Sun Hung Kai Properties Ltd. <sup>1</sup>	1,760,000	29,318
	Daito Trust Construction Co., Ltd. <sup>1</sup>	95,500	19,453
	Other securities		6,799
			<u>89,077</u>
<b>Energy</b> 5.53%	Royal Dutch Shell PLC, Class A <sup>1</sup>	1,780,359	59,601
	TOTAL SA <sup>1</sup>	297,739	16,428
	Other securities		4,763
			<u>80,792</u>
<b>Materials</b> 5.03%	Rio Tinto PLC <sup>1</sup>	475,800	25,111
	Yara International ASA <sup>1</sup>	343,000	15,700
	Other securities		32,641
			<u>73,452</u>
<b>Telecommunication services</b> 2.96%	BT Group PLC <sup>1</sup>	5,623,761	20,591
	Nippon Telegraph and Telephone Corp. <sup>1</sup>	409,800	19,283
	Other securities		3,419
			<u>43,293</u>
	<b>Total common stocks</b> (cost: \$1,140,729,000)		<u>1,330,205</u>

Bonds, notes & other debt instruments 2.52%		Principal amount (000)
<b>Corporate bonds &amp; notes 1.26%</b>		
<b>Other</b> 1.26%	Other securities	18,499
	<b>Total corporate bonds &amp; notes</b>	<u>18,499</u>
<b>Bonds &amp; notes of governments &amp; government agencies outside the U.S. 1.23%</b>		
	Other securities	17,993
<b>U.S. Treasury bonds &amp; notes 0.03%</b>		
<b>U.S. Treasury</b> 0.03%	U.S. Treasury 0.875% 2018	\$ 420
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$33,615,000)	<u>36,911</u>

# International Growth and Income Fund

Short-term securities 6.39%	Principal amount (000)	Value (000)
Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.53% due 1/18/2018	\$21,000	\$ 20,982
U.S. Treasury Bills 1.50% due 6/28/2018	26,300	26,105
United Parcel Service Inc. 1.62% due 3/19/2018 <sup>3</sup>	20,000	19,933
Victory Receivables Corp. 1.43% due 1/16/2018 <sup>3</sup>	20,900	20,884
Other securities		5,493
<b>Total short-term securities</b> (cost: \$93,402,000)		<u>93,397</u>
<b>Total investment securities 99.90%</b> (cost: \$1,267,746,000)		1,460,513
Other assets less liabilities 0.10%		1,454
<b>Net assets 100.00%</b>		<u><u>\$1,461,967</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. One security in "Other securities" (with a value of \$4,549,000, an aggregate cost of \$4,634,000, and which represented .31% of the net assets of the fund) was acquired on 12/18/2017 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject it to legal or contractual restrictions on resale.

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Other securities," was \$1,229,130,000, which represented 84.07% of the net assets of the fund. This amount includes \$1,188,243,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$61,360,000, which represented 4.20% of the net assets of the fund.

## Key to abbreviation

ADR = American Depositary Receipts

See Notes to Financial Statements

# Capital Income Builder

Summary investment portfolio December 31, 2017

Common stocks 68.87%		Shares	Value (000)
<b>Energy</b> 10.19%	Occidental Petroleum Corp.	146,900	\$10,820
	Schlumberger Ltd.	119,800	8,073
	Royal Dutch Shell PLC, Class B <sup>1</sup>	213,240	7,192
	Royal Dutch Shell PLC, Class B (ADR)	8,500	581
	Royal Dutch Shell PLC, Class A <sup>1</sup>	101	3
	Enbridge Inc. (CAD denominated)	174,970	6,843
	Enbridge Inc. (CAD denominated) <sup>1,2</sup>	12,969	497
	Williams Companies, Inc.	215,800	6,580
	Kinder Morgan, Inc.	359,000	6,487
	Inter Pipeline Ltd.	260,000	5,384
	Helmerich & Payne, Inc.	76,300	4,932
Other securities		3,170	
			<u>60,562</u>
<b>Financials</b> 10.13%	Wells Fargo & Co.	124,600	7,559
	CME Group Inc., Class A	39,416	5,757
	Sampo Oyj, Class A <sup>1</sup>	95,858	5,266
	Zurich Insurance Group AG <sup>1</sup>	16,306	4,959
	Other securities		36,663
			<u>60,204</u>
<b>Consumer staples</b> 8.82%	Diageo PLC <sup>1</sup>	259,500	9,497
	Philip Morris International Inc.	86,020	9,088
	Coca-Cola Co.	129,500	5,942
	British American Tobacco PLC <sup>1</sup>	79,700	5,379
	Imperial Brands PLC <sup>1</sup>	123,800	5,291
	Other securities		17,225
			<u>52,422</u>
<b>Information technology</b> 8.46%	Microsoft Corp.	132,120	11,302
	QUALCOMM Inc.	172,400	11,037
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	1,005,800	7,729
	Intel Corp.	151,900	7,012
	Other securities		13,193
			<u>50,273</u>
<b>Consumer discretionary</b> 6.27%	Las Vegas Sands Corp.	176,600	12,272
	Greene King PLC <sup>1</sup>	948,000	7,101
	Sands China Ltd. <sup>1</sup>	944,000	4,859
	Other securities		13,041
			<u>37,273</u>
<b>Telecommunication services</b> 5.93%	Vodafone Group PLC <sup>1</sup>	4,255,100	13,442
	HKT Trust and HKT Ltd., units <sup>1</sup>	4,775,340	6,090
	Koninklijke KPN NV <sup>1</sup>	1,553,475	5,420
	Other securities		10,311
			<u>35,263</u>
<b>Real estate</b> 4.88%	Crown Castle International Corp. REIT	76,900	8,537
	Link REIT <sup>1</sup>	690,500	6,398
	Digital Realty Trust, Inc. REIT	51,200	5,832
	Other securities		8,255
			<u>29,022</u>

# Capital Income Builder

Common stocks		Shares	Value (000)
<b>Utilities</b> 4.44%	SSE PLC <sup>1</sup>	397,689	\$ 7,085
	PG&E Corp.	115,756	5,189
	Other securities		14,125
			<u>26,399</u>
<b>Health care</b> 3.93%	AstraZeneca PLC (ADR)	113,500	3,939
	AstraZeneca PLC <sup>1</sup>	39,300	2,697
	Roche Holding AG, non-registered shares, nonvoting <sup>1</sup>	23,575	5,963
	Other securities		10,752
			<u>23,351</u>
<b>Industrials</b> 3.54%	Airbus SE, non-registered shares <sup>1</sup>	82,392	8,182
	Boeing Co.	17,600	5,190
	Other securities		7,680
			<u>21,052</u>
<b>Materials</b> 2.06%	DowDuPont Inc.	84,800	6,040
	Other securities		6,231
			<u>12,271</u>
<b>Miscellaneous</b> 0.22%	Other common stocks in initial period of acquisition		1,290
	<b>Total common stocks</b> (cost: \$377,538,000)		<u>409,382</u>

## Convertible stocks 2.52%

<b>Real estate</b> 2.52%	American Tower Corp., Series B, 5.50% depository share, convertible preferred 2018	100,400	12,625
	Crown Castle International Corp., Series A, 7.00% convertible preferred 2020	2,231	2,342
			<u>14,967</u>
	<b>Total convertible stocks</b> (cost: \$14,048,000)		<u>14,967</u>

## Bonds, notes & other debt instruments 23.70%

		Principal amount (000)	
<b>U.S. Treasury bonds &amp; notes 14.63%</b>			
<b>U.S. Treasury</b> 13.42%	U.S. Treasury 8.00% 2021	\$ 5,500	6,704
	U.S. Treasury 8.125% 2021	8,200	9,933
	U.S. Treasury 1.625% 2022	6,050	5,901
	U.S. Treasury 1.75% 2022	5,015	4,925
	U.S. Treasury 1.875% 2022	9,000	8,879
	U.S. Treasury 2.00% 2022	15,000	14,872
	U.S. Treasury 2.00% 2025	9,400	9,175
	U.S. Treasury 0%-2.88% 2020-2047	24,078	19,350
			<u>79,739</u>
<b>U.S. Treasury inflation-protected securities</b> 1.21%	U.S. Treasury Inflation-Protected Securities 0.38%-0.63% 2025-2027 <sup>3</sup>	7,202	7,206
	<b>Total U.S. Treasury bonds &amp; notes</b>		<u>86,945</u>

# Capital Income Builder

Bonds, notes & other debt instruments (continued)		Principal amount (000)	Value (000)
<b>Mortgage-backed obligations 4.78%</b>			
<b>Federal agency mortgage-backed obligations 4.70%</b>	Fannie Mae 4.00% 2047 <sup>4</sup>	\$13,899	\$ 14,559
	Fannie Mae 4.50% 2048 <sup>4,5</sup>	6,270	6,664
	Fannie Mae 4.00% 2046-2047 <sup>4</sup>	2,043	2,140
	Other securities		4,609
			<u>27,972</u>
<b>Other 0.08%</b>	Other securities		461
	<b>Total mortgage-backed obligations</b>		<u>28,433</u>
<b>Corporate bonds &amp; notes 3.62%</b>			
<b>Financials 1.19%</b>	Wells Fargo & Co. 3.58%-4.60% 2021-2028	385	406
	Other securities		6,647
			<u>7,053</u>
<b>Energy 0.52%</b>	Kinder Morgan, Inc. 5.55% 2045	200	219
	Schlumberger BV 3.625% 2022 <sup>2</sup>	200	206
	Other securities		2,653
			<u>3,078</u>
<b>Consumer staples 0.35%</b>	British American Tobacco PLC 3.557% 2027 <sup>2</sup>	600	602
	Reynolds American Inc. 6.875% 2020	300	329
	Other securities		1,161
			<u>2,092</u>
<b>Industrials 0.09%</b>	General Electric Capital Corp. 5.50% 2020	150	160
	Other securities		395
			<u>555</u>
<b>Information technology 0.09%</b>	Microsoft Corp. 4.00% 2021	500	525
<b>Other 1.38%</b>	Other securities		8,211
	<b>Total corporate bonds &amp; notes</b>		<u>21,514</u>
<b>Asset-backed obligations 0.67%</b>			
	Other securities		3,981
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$141,713,000)		<u>140,873</u>
<b>Short-term securities 5.71%</b>			
	Cisco Systems, Inc. 1.23%-1.60% due 1/10/2018-3/6/2018 <sup>2</sup>	13,100	13,081
	Federal Home Loan Bank 1.14% due 1/26/2018	8,500	8,493
	General Electric Co. 1.42% due 1/2/2018	12,400	12,398
	<b>Total short-term securities</b> (cost: \$33,975,000)		<u>33,972</u>
	<b>Total investment securities 100.80%</b> (cost: \$567,274,000)		599,194
	Other assets less liabilities (0.80)%		(4,737)
	<b>Net assets 100.00%</b>		<u>\$594,457</u>

# Capital Income Builder

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$207,660,000, which represented 34.93% of the net assets of the fund. This amount includes \$207,107,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$18,622,000, which represented 3.13% of the net assets of the fund.

<sup>3</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>4</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>5</sup>Purchased on a TBA basis.

## Key to abbreviations

ADR = American Depositary Receipts

CAD = Canadian dollars

TBA = To-be-announced

See Notes to Financial Statements

# Asset Allocation Fund

Summary investment portfolio December 31, 2017

Common stocks 64.31%		Shares	Value (000)
<b>Information technology</b> 17.88%	Microsoft Corp.	10,520,000	\$ 899,881
	Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	15,001,000	594,790
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	8,600,000	66,083
	ASML Holding NV (New York registered)	2,502,100	434,915
	VeriSign, Inc. <sup>2</sup>	3,140,000	359,342
	Intel Corp.	6,945,000	320,581
	Broadcom Ltd.	1,245,000	319,840
	Facebook, Inc., Class A <sup>2</sup>	1,385,000	244,397
	Intuit Inc.	1,100,000	173,558
	Western Digital Corp.	2,100,000	167,013
	Other securities		1,008,412
			<u>4,588,812</u>
<b>Health care</b> 9.26%	UnitedHealth Group Inc.	2,542,000	560,409
	Johnson & Johnson	2,850,000	398,202
	Aetna Inc.	1,600,000	288,624
	Humana Inc.	965,000	239,388
	Express Scripts Holding Co. <sup>2</sup>	3,100,000	231,384
	Other securities		659,219
			<u>2,377,226</u>
<b>Financials</b> 9.12%	Chubb Ltd.	2,410,000	352,173
	JPMorgan Chase & Co.	2,600,000	278,044
	Arch Capital Group Ltd. <sup>2</sup>	2,632,000	238,907
	First Republic Bank	2,480,000	214,867
	Wells Fargo & Co.	3,406,400	206,666
	Bank of America Corp.	7,000,000	206,640
	Citigroup Inc.	2,750,000	204,628
	Other securities		638,415
			<u>2,340,340</u>
<b>Consumer discretionary</b> 6.76%	Comcast Corp., Class A	9,350,000	374,467
	Home Depot, Inc.	1,500,000	284,295
	Newell Brands Inc.	7,168,500	221,507
	Amazon.com, Inc. <sup>2</sup>	160,225	187,378
	VF Corp.	2,250,000	166,500
	General Motors Co.	3,500,000	143,465
	Other securities		357,289
			<u>1,734,901</u>
<b>Energy</b> 5.61%	Noble Energy, Inc.	10,500,000	305,970
	Weatherford International PLC <sup>2,3</sup>	56,000,000	233,520
	Royal Dutch Shell PLC, Class B (ADR)	2,412,000	164,716
	Chevron Corp.	1,279,750	160,212
	Suncor Energy Inc.	4,000,000	146,858
	Other securities		427,574
			<u>1,438,850</u>
<b>Consumer staples</b> 4.47%	Nestlé SA <sup>1</sup>	2,908,230	249,910
	Nestlé SA (ADR)	900,000	77,373
	Philip Morris International Inc.	2,375,000	250,919
	Associated British Foods PLC <sup>1</sup>	4,600,000	174,876
	British American Tobacco PLC <sup>1</sup>	2,357,400	159,102
	Other securities		233,411
			<u>1,145,591</u>



# Asset Allocation Fund

Common stocks		Shares	Value (000)
<b>Materials</b> 3.59%	DowDuPont Inc.	5,877,000	\$ 418,560
	LyondellBasell Industries NV	2,200,000	242,704
	Other securities		260,758
			<u>922,022</u>
<b>Industrials</b> 3.38%	Lockheed Martin Corp.	1,262,000	405,165
	Boeing Co.	1,239,000	365,393
	Other securities		95,622
			<u>866,180</u>
<b>Real estate</b> 1.28%	Other securities		<u>329,533</u>
<b>Telecommunication services</b> 0.39%	Other securities		<u>99,225</u>
<b>Miscellaneous</b> 2.57%	Other common stocks in initial period of acquisition		<u>660,297</u>
	<b>Total common stocks</b> (cost: \$11,282,199,000)		<u>16,502,977</u>

## Convertible stocks 0.05%

<b>Industrials</b> 0.05%	Other securities		<u>12,787</u>
	<b>Total convertible stocks</b> (cost: \$19,828,000)		<u>12,787</u>

## Bonds, notes & other debt instruments 26.66%

		Principal amount (000)	
<b>U.S. Treasury bonds &amp; notes 11.42%</b>			
<b>U.S. Treasury</b> 9.31%	U.S. Treasury 1.50% 2019	\$ 400,000	398,592
	U.S. Treasury 1.25% 2020 <sup>4</sup>	318,117	313,985
	U.S. Treasury 2.875% 2046	147,158	150,997
	U.S. Treasury 0.63%-4.75% 2018-2047	1,531,262	1,524,916
			<u>2,388,490</u>
<b>U.S. Treasury inflation-protected securities</b> 2.11%	U.S. Treasury Inflation-Protected Security 0.625% 2024 <sup>5</sup>	215,862	219,605
	U.S. Treasury Inflation-Protected Security 1.375% 2044 <sup>5</sup>	135,765	156,816
	U.S. Treasury Inflation-Protected Securities 0.13%-2.38% 2021-2047 <sup>5</sup>	163,593	164,355
			<u>540,776</u>
	<b>Total U.S. Treasury bonds &amp; notes</b>		<u>2,929,266</u>
<b>Corporate bonds &amp; notes 8.93%</b>			
<b>Energy</b> 1.77%	Noble Energy, Inc. 3.85%-4.95% 2028-2047	11,535	11,662
	Other securities		441,692
			<u>453,354</u>
<b>Financials</b> 1.37%	ACE INA Holdings Inc. 2.30%-4.35% 2020-2045	6,905	7,082
	Citigroup Inc. 1.70%-3.20% 2018-2026	15,011	14,938
	JPMorgan Chase & Co. 2.55%-5.30% 2020-2049	12,277	12,517
	Other securities		316,261
			<u>350,798</u>

# Asset Allocation Fund

Bonds, notes & other debt instruments (continued)		Principal amount (000)	Value (000)
<b>Corporate bonds &amp; notes (continued)</b>			
<b>Health care 1.23%</b>	Aetna Inc. 1.70% 2018	\$ 855	\$ 854
	Johnson & Johnson 2.25%-3.75% 2022-2047	6,785	6,861
	Other securities		307,172
			<u>314,887</u>
<b>Consumer discretionary 0.79%</b>	Comcast Corp. 1.63%-5.88% 2018-2036	9,285	8,908
	Home Depot, Inc. 1.80%-4.25% 2020-2046	6,915	7,304
	Other securities		187,027
			<u>203,239</u>
<b>Consumer staples 0.52%</b>	Philip Morris International Inc. 1.88%-4.25% 2020-2044	19,155	19,258
	Other securities		113,383
			<u>132,641</u>
<b>Industrials 0.45%</b>	Lockheed Martin Corp. 2.50%-3.55% 2020-2026	15,050	15,440
	Other securities		100,152
			<u>115,592</u>
<b>Information technology 0.41%</b>	Broadcom Ltd. 2.38%-3.88% 2020-2027 <sup>6</sup>	10,300	10,188
	Microsoft Corp. 4.10%-4.20% 2035-2037	7,000	7,934
	Other securities		86,459
			<u>104,581</u>
<b>Other 2.39%</b>	Other securities		615,194
	<b>Total corporate bonds &amp; notes</b>		<u>2,290,286</u>
<b>Mortgage-backed obligations 5.29%</b>			
<b>Federal agency mortgage-backed obligations 5.14%</b>	Fannie Mae 0%-7.50% 2021-2048 <sup>7,8,9</sup>	600,155	624,707
	Freddie Mac 1.69%-6.50% 2022-2048 <sup>7,8,9</sup>	497,009	513,878
	Other securities		178,667
			<u>1,317,252</u>
<b>Other 0.15%</b>	Other securities		40,640
	<b>Total mortgage-backed obligations</b>		<u>1,357,892</u>
<b>Federal agency bonds &amp; notes 0.20%</b>			
	Fannie Mae 1.88%-2.00% 2022-2026	16,000	15,269
	Federal Home Loan Bank 0.875% 2018	17,140	17,084
	Freddie Mac 0.75% 2018	18,768	18,741
	<b>Total federal agency bonds &amp; notes</b>		<u>51,094</u>
<b>Other 0.82%</b>	Other securities		211,780
	<b>Total bonds, notes &amp; other debt instruments (cost: \$6,788,125,000)</b>		<u>6,840,318</u>

# Asset Allocation Fund

Short-term securities 10.93%	Principal amount (000)	Value (000)
CAFCO, LLC 1.52% due 2/27/2018 <sup>6</sup>	\$ 50,000	\$ 49,863
Chariot Funding, LLC 1.50%-1.85% due 3/14/2018-6/19/2018 <sup>6</sup>	137,300	136,335
Fannie Mae 1.30% due 3/28/2018	25,000	24,917
Federal Home Loan Bank 1.08%-1.36% due 1/10/2018-3/28/2018	1,089,945	1,088,477
Freddie Mac 1.06%-1.28% due 2/7/2018-4/6/2018	375,000	374,036
Procter & Gamble Co. 1.21%-1.30% due 1/12/2018-2/13/2018 <sup>6</sup>	151,000	150,819
U.S. Treasury Bills 1.02%-1.44% due 1/2/2018-6/14/2018	360,000	359,419
Other securities		619,433
<b>Total short-term securities</b> (cost: \$2,803,685,000)		<u>2,803,299</u>
<b>Total investment securities 101.95%</b> (cost: \$20,893,837,000)		26,159,381
Other assets less liabilities (1.95)%		(499,287)
<b>Net assets 100.00%</b>		<u><u>\$25,660,094</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. "Other securities" also includes loan participations and assignments, which may be subject to legal or contractual restrictions on resale. The total value of all such loans was \$49,647,000, which represented .19% of the net assets of the fund. Some securities in "Other securities" (with an aggregate value of \$40,857,000, an aggregate cost of \$62,607,000, and which represented .15% of the net assets of the fund) were acquired from 3/10/2010 to 8/9/2017 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject them to legal or contractual restrictions on resale.

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>10</sup> (000)	Value at 12/31/2017 <sup>11</sup> (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
10 Year Ultra U.S. Treasury Note Futures	Short	250	March 2018	\$(25,000)	\$(33,391)	\$(235)
30 Year Ultra U.S. Treasury Bond Futures	Short	250	March 2018	(25,000)	(41,914)	(278)
5 Year U.S. Treasury Note Futures	Long	614	April 2018	61,400	71,325	(313)
2 Year U.S. Treasury Note Futures	Short	179	April 2018	(35,800)	(38,325)	73
						<u><u>\$(753)</u></u>

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized appreciation (depreciation) at 12/31/2017 (000)
3-month USD-LIBOR	1.501%	6/8/2019	\$100,000	\$ 658	\$-	\$ 658
1.336%	U.S. EFFR	6/8/2019	100,000	(605)	-	(605)
1.6365%	3-month USD-LIBOR	10/16/2019	124,000	(866)	-	(866)
3-month USD-LIBOR	3.402%	6/23/2044	18,000	(3,124)	-	(3,124)
3-month USD-LIBOR	2.945%	10/16/2044	28,000	(2,311)	-	(2,311)
					<u><u>\$-</u></u>	<u><u>\$(6,248)</u></u>

# Asset Allocation Fund

## Investments in affiliates

A company is an affiliate of the fund under the Investment Company Act of 1940 if the fund's holdings in that company represent 5% or more of the outstanding voting shares. The value of the fund's affiliated-company holdings is shown in the summary investment portfolio. Further details on such holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized gain (000)	Net unrealized depreciation (000)	Dividend income (000)	Value of affiliate at 12/31/2017 (000)
<b>Common stocks 0.91%</b>								
<b>Energy 0.91%</b>								
Weatherford International PLC <sup>2</sup>	42,200,000	13,800,000	–	56,000,000	\$–	\$(35,533)	\$–	\$233,520

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$1,001,357,000, which represented 3.90% of the net assets of the fund. This amount includes \$957,800,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Represents an affiliated company as defined under the Investment Company Act of 1940.

<sup>4</sup>A portion of this security was pledged as collateral. The total value of pledged collateral was \$8,119,000, which represented .03% of the net assets of the fund.

<sup>5</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>6</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$1,510,770,000, which represented 5.89% of the net assets of the fund.

<sup>7</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>8</sup>Coupon rate may change periodically.

<sup>9</sup>Purchased on a TBA basis.

<sup>10</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>11</sup>Value is calculated based on the notional amount and current market price.

### Key to abbreviations and symbol

ADR = American Depositary Receipts

EFFR = Federal Funds Effective Rate

LIBOR = London Interbank Offered Rate

TBA = To-be-announced

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Global Balanced Fund

Summary investment portfolio December 31, 2017

Common stocks 61.54%		Shares	Value (000)
<b>Information technology</b> 11.18%	Nintendo Co., Ltd. <sup>1</sup>	19,800	\$ 7,208
	Microsoft Corp.	71,100	6,082
	ASML Holding NV <sup>1</sup>	34,000	5,899
	Taiwan Semiconductor Manufacturing Co., Ltd. <sup>1</sup>	664,000	5,102
	Keyence Corp. <sup>1</sup>	4,400	2,457
	Amphenol Corp., Class A	24,000	2,107
	Alphabet Inc., Class C <sup>2</sup>	2,005	2,098
	Other securities		8,623
			<u>39,576</u>
<b>Industrials</b> 8.31%	Boeing Co.	16,750	4,940
	Harmonic Drive Systems Inc. <sup>1</sup>	50,300	2,935
	Flughafen Zürich AG <sup>1</sup>	12,235	2,798
	ASSA ABLOY AB, Class B <sup>1</sup>	118,000	2,448
	BAE Systems PLC <sup>1</sup>	303,000	2,330
	AB Volvo, Class B <sup>1</sup>	102,000	1,898
	Other securities		12,055
			<u>29,404</u>
<b>Financials</b> 8.04%	HSBC Holdings PLC (GBP denominated) <sup>1</sup>	539,633	5,565
	JPMorgan Chase & Co.	42,700	4,567
	BM&FBOVESPA SA - Bolsa de Valores, Mercadorias e Futuros, ordinary nominative	376,000	2,582
	Wells Fargo & Co.	40,200	2,439
	HDFC Bank Ltd. (ADR)	21,605	2,197
	AIA Group Ltd. <sup>1</sup>	250,000	2,132
	Sberbank of Russia PJSC (ADR) <sup>1</sup>	123,000	2,082
	Other securities		6,876
			<u>28,440</u>
<b>Consumer staples</b> 7.20%	British American Tobacco PLC <sup>1</sup>	104,700	7,066
	British American Tobacco PLC (ADR)	22,146	1,484
	Philip Morris International Inc.	36,700	3,877
	Nestlé SA <sup>1</sup>	43,800	3,764
	Altria Group, Inc.	51,000	3,642
	Coca-Cola European Partners PLC	48,000	1,913
	Other securities		3,734
			<u>25,480</u>
<b>Health care</b> 5.01%	Humana Inc.	20,830	5,167
	Merck & Co., Inc.	56,120	3,158
	Mettler-Toledo International Inc. <sup>2</sup>	3,500	2,168
	Fisher & Paykel Healthcare Corp. Ltd. <sup>1</sup>	204,000	2,069
	Other securities		5,186
			<u>17,748</u>
<b>Materials</b> 4.42%	DowDuPont Inc.	63,075	4,492
	Linde AG, non-registered shares <sup>1,2</sup>	8,900	2,082
	Croda International PLC <sup>1</sup>	31,900	1,905
	Other securities		7,149
			<u>15,628</u>
<b>Energy</b> 4.37%	Royal Dutch Shell PLC, Class B <sup>1</sup>	109,200	3,683
	Royal Dutch Shell PLC, Class A <sup>1</sup>	585	20
	ConocoPhillips	49,506	2,717
	Enbridge Inc. (CAD denominated)	50,594	1,979

# Global Balanced Fund

Common stocks (continued)		Shares	Value (000)
<b>Energy (continued)</b>	Enbridge Inc. (CAD denominated) <sup>1,3</sup>	16,157	\$ 619
	LUKOIL Oil Co. PJSC (ADR) <sup>1</sup>	39,800	2,277
	Other securities		4,156
			15,451
<b>Consumer discretionary 4.31%</b>	Amazon.com, Inc. <sup>2</sup>	3,400	3,976
	Peugeot SA <sup>1</sup>	136,500	2,773
	Nokian Renkaat Oyj <sup>1</sup>	50,634	2,294
	Home Depot, Inc.	10,000	1,895
	Other securities		4,333
			15,271
<b>Utilities 2.11%</b>	Enel Américas SA (ADR)	197,000	2,201
	Other securities		5,269
			7,470
<b>Real estate 1.73%</b>	Daito Trust Construction Co., Ltd. <sup>1</sup>	11,000	2,241
	Link REIT <sup>1</sup>	211,697	1,962
	Equinix, Inc. REIT	4,240	1,921
			6,124
<b>Miscellaneous 4.86%</b>	Other common stocks in initial period of acquisition		17,202
	<b>Total common stocks</b> (cost: \$160,781,000)		217,794

## Bonds, notes & other debt instruments 31.65%

Principal amount  
(000)

### Bonds & notes of governments & government agencies outside the U.S. 14.13%

	Japan 0.10%-2.30% 2018-2046 <sup>4</sup>	¥1,000,339	9,538
	Poland (Republic of) 3.25%-5.75% 2020-2025	PLN12,590	3,930
	Other securities		36,549
			50,017

### U.S. Treasury bonds & notes 9.59%

<b>U.S. Treasury 7.38%</b>	U.S. Treasury 1.625% 2022	\$ 3,850	3,755
	U.S. Treasury 2.125% 2024	2,025	2,001
	U.S. Treasury 2.25% 2027	2,800	2,762
	U.S. Treasury 0.75%-3.13% 2018-2046	17,788	17,587
			26,105

<b>U.S. Treasury inflation-protected securities 2.21%</b>	U.S. Treasury Inflation-Protected Securities 0.13%-2.38% 2021-2044 <sup>4</sup>	7,731	7,837
	<b>Total U.S. Treasury bonds &amp; notes</b>		33,942

### Corporate bonds & notes 6.33%

<b>Financials 1.43%</b>	HSBC Holdings PLC 3.375% 2024	€ 100	124
	HSBC Holdings PLC 3.90%-4.30% 2026	\$ 400	421
	JPMorgan Chase & Co. 2.55%-6.75% 2021-2049	389	407
	Other securities		4,100
			5,052

# Global Balanced Fund

Bonds, notes & other debt instruments		Principal amount (000)	Value (000)
<b>Utilities</b> 1.05%	Other securities		\$ 3,704
<b>Consumer discretionary</b> 0.79%	Amazon.com, Inc. 2.80%-3.15% 2024-2027 <sup>3</sup>	\$ 265	265
	Other securities		2,516
			2,781
<b>Health care</b> 0.67%	Humana Inc. 3.15% 2022	100	101
	Other securities		2,275
			2,376
<b>Consumer staples</b> 0.40%	Altria Group, Inc. 2.63%-4.75% 2020-2042	400	420
	British American Tobacco PLC 3.56%-4.39% 2027-2037 <sup>3</sup>	185	189
	Philip Morris International Inc. 2.00%-4.25% 2020-2044	195	197
	Reynolds American Inc. 4.00%-4.45% 2022-2025	120	128
	Other securities		478
			1,412
<b>Information technology</b> 0.34%	Microsoft Corp. 2.40%-3.30% 2026-2027	640	653
	Other securities		543
			1,196
<b>Other</b> 1.65%	Other securities		5,862
	<b>Total corporate bonds &amp; notes</b>		22,383
<b>Mortgage-backed obligations</b> 1.54%			
<b>Other</b> 1.54%	Other securities		5,463
	<b>Total mortgage-backed obligations</b>		5,463
<b>Asset-backed obligations</b> 0.06%			
	Other securities		200
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$111,365,000)		112,005
<b>Short-term securities 7.47%</b>			
	Mitsubishi UFJ Trust and Banking Corp. 1.52% due 1/19/2018 <sup>3</sup>	5,000	4,996
	Mizuho Bank, Ltd. 1.59% due 1/25/2018 <sup>3</sup>	8,300	8,290
	Royal Bank of Canada 1.34%-1.53% due 1/8/2018-1/16/2018	7,500	7,494
	Thunder Bay Funding, LLC 1.70% due 3/6/2018 <sup>3</sup>	475	473
	Victory Receivables Corp. 1.42% due 1/17/2018 <sup>3</sup>	4,200	4,197
	Other securities		998
	<b>Total short-term securities</b> (cost: \$26,451,000)		26,448
	<b>Total investment securities 100.66%</b> (cost: \$298,597,000)		356,247
	Other assets less liabilities (0.66)%		(2,348)
	<b>Net assets 100.00%</b>		\$353,899

# Global Balanced Fund

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD419	MXN7,600	JPMorgan Chase	1/4/2018	\$ 33
JPY21,922	AUD250	UBS AG	1/5/2018	— <sup>5</sup>
USD207	INR13,400	Citibank	1/5/2018	(3)
USD274	CAD350	Bank of America, N.A.	1/5/2018	(4)
USD571	INR36,900	JPMorgan Chase	1/5/2018	(7)
USD205	ZAR2,900	UBS AG	1/5/2018	(29)
EUR266	USD312	Goldman Sachs	1/8/2018	8
USD428	ILS1,500	Bank of America, N.A.	1/9/2018	(3)
USD651	EUR550	HSBC Bank	1/9/2018	(10)
EUR502	USD600	Bank of America, N.A.	1/10/2018	3
USD234	CAD300	Bank of America, N.A.	1/10/2018	(5)
JPY96,672	USD863	JPMorgan Chase	1/10/2018	(5)
USD228	AUD300	Goldman Sachs	1/10/2018	(6)
USD327	PLN1,158	JPMorgan Chase	1/10/2018	(6)
USD251	AUD330	JPMorgan Chase	1/10/2018	(7)
USD1,103	JPY125,000	JPMorgan Chase	1/10/2018	(7)
JPY63,535	USD573	JPMorgan Chase	1/10/2018	(8)
USD468	CAD600	Goldman Sachs	1/10/2018	(9)
JPY90,073	USD811	Barclays Bank PLC	1/10/2018	(11)
JPY40,289	USD357	Bank of America, N.A.	1/11/2018	1
USD730	AUD970	Citibank	1/12/2018	(27)
USD478	INR31,000	Bank of America, N.A.	1/16/2018	(6)
JPY134,232	USD1,190	JPMorgan Chase	1/17/2018	2
USD297	EUR250	Bank of America, N.A.	1/17/2018	(3)
USD550	CAD700	Bank of America, N.A.	1/17/2018	(7)
USD361	AUD475	JPMorgan Chase	1/17/2018	(9)
USD399	MXN7,700	Bank of America, N.A.	1/18/2018	9
CHF385	USD391	Goldman Sachs	1/18/2018	5
JPY22,275	USD198	Goldman Sachs	1/18/2018	— <sup>5</sup>
NOK2,700	USD322	Bank of America, N.A.	1/19/2018	7
USD766	EUR650	Bank of America, N.A.	1/19/2018	(14)
EUR645	USD760	Citibank	1/22/2018	15
EUR349	USD413	UBS AG	1/22/2018	6
EUR227	GBP200	Goldman Sachs	1/22/2018	2
JPY31,929	USD284	Citibank	1/22/2018	(1)
JPY69,685	USD623	Barclays Bank PLC	1/22/2018	(4)
USD2,253	GBP1,700	Barclays Bank PLC	1/22/2018	(44)
SEK3,609	USD430	Citibank	1/23/2018	11
EUR357	USD422	Citibank	1/23/2018	6
JPY57,092	USD506	UBS AG	1/23/2018	1
USD171	ILS600	JPMorgan Chase	1/23/2018	(2)
USD448	PLN1,600	Citibank	1/23/2018	(12)
SEK1,625	USD192	Barclays Bank PLC	1/24/2018	7
USD216	MXN4,250	JPMorgan Chase	1/31/2018	1
EUR482	USD573	Bank of America, N.A.	2/6/2018	6
USD421	PLN1,500	Bank of America, N.A.	2/7/2018	(9)
SEK1,270	USD151	Bank of America, N.A.	2/15/2018	4
USD250	JPY28,000	Bank of New York Mellon	2/15/2018	1
JPY22,250	USD198	HSBC Bank	2/15/2018	— <sup>5</sup>



# Global Balanced Fund

Contract amount		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)			
SEK1,613	USD191	UBS AG	2/23/2018	\$ 7
JPY34,577	USD306	HSBC Bank	2/23/2018	1
USD375	INR24,900	Citibank	3/26/2018	(11)
USD371	BRL1,250	Citibank	11/29/2018	8
				<u>\$(125)</u>

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$114,391,000, which represented 32.32% of the net assets of the fund. This amount includes \$112,907,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

<sup>2</sup>Security did not produce income during the last 12 months.

<sup>3</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$28,319,000, which represented 8.00% of the net assets of the fund.

<sup>4</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>5</sup>Amount less than one thousand.

## Key to abbreviations and symbols

ADR = American Depositary Receipts

AUD = Australian dollars

BRL = Brazilian reais

CAD = Canadian dollars

CHF = Swiss francs

EUR/€ = Euros

GBP = British pounds

ILS = Israeli shekels

INR = Indian rupees

JPY/¥ = Japanese yen

MXN = Mexican pesos

NOK = Norwegian kroner

PLN = Polish zloty

SEK = Swedish kronor

USD/\$ = U.S. dollars

ZAR = South African rand

See Notes to Financial Statements

# Bond Fund

Summary investment portfolio December 31, 2017

Bonds, notes & other debt instruments 96.91%		Principal amount (000)	Value (000)
<b>Corporate bonds &amp; notes 32.37%</b>			
<b>Financials</b> 7.60%	Bank of America Corp. 2.33%-3.59% 2021-2028 <sup>1</sup> Intesa Sanpaolo SpA 5.017% 2024 <sup>1</sup> Other securities	\$107,869 54,615	\$ 108,473 55,987 648,915
			<u>813,375</u>
<b>Health care</b> 5.06%	Teva Pharmaceutical Finance Company BV 2.80% 2023 Teva Pharmaceutical Finance Company BV 3.15% 2026 Teva Pharmaceutical Finance Company BV 2.20%-4.10% 2021-2046 Other securities	72,471 73,918 64,348	63,178 61,126 50,104 366,891
			<u>541,299</u>
<b>Energy</b> 4.94%	Other securities		<u>528,887</u>
<b>Consumer discretionary</b> 3.64%	Other securities		<u>389,447</u>
<b>Utilities</b> 3.43%	Other securities		<u>366,875</u>
<b>Consumer staples</b> 2.65%	Procter & Gamble Co. 3.50% 2047 Other securities	750	759 282,353
			<u>283,112</u>
<b>Telecommunication services</b> 1.78%	AT&T Inc. 3.40%-5.30% 2024-2058 Other securities	114,118	114,697 76,288
			<u>190,985</u>
<b>Information technology</b> 1.07%	Apple Inc. 1.55%-3.35% 2021-2027 Other securities	27,562	27,092 87,012
			<u>114,104</u>
<b>Other</b> 2.20%	Other securities		<u>235,072</u>
<b>Total corporate bonds &amp; notes</b>			<u>3,463,156</u>
<b>U.S. Treasury bonds &amp; notes 27.17%</b>			
<b>U.S. Treasury</b> 24.87%	U.S. Treasury 2.125% 2022 U.S. Treasury 2.125% 2022 U.S. Treasury 2.25% 2023 U.S. Treasury 2.125% 2024 U.S. Treasury 2.125% 2024 U.S. Treasury 2.125% 2024 U.S. Treasury 2.25% 2024 U.S. Treasury 2.25% 2024 U.S. Treasury 2.25% 2024 U.S. Treasury 2.25% 2027 U.S. Treasury 2.25% 2027 U.S. Treasury 2.25% 2027 U.S. Treasury 2.375% 2027	172,737 150,000 115,000 260,000 200,000 159,445 80,000 77,542 266,623 226,075 150,000 200,000	172,069 149,736 114,802 257,452 197,500 157,576 79,831 77,148 262,999 223,315 147,993 199,582

# Bond Fund

Bonds, notes & other debt instruments		Principal amount (000)	Value (000)
	U.S. Treasury 2.75% 2047	\$ 304,179	\$ 304,608
	U.S. Treasury 2.75% 2047	71,680	71,820
	U.S. Treasury 0.75%-8.75% 2019-2046	230,631	244,662
			<u>2,661,093</u>
<b>U.S. Treasury inflation-protected securities 2.30%</b>	U.S. Treasury Inflation-Protected Security 0.375% 2027 <sup>2</sup>	151,257	150,475
	U.S. Treasury Inflation-Protected Securities 0.38%-2.00% 2025-2026 <sup>2</sup>	90,669	95,441
			<u>245,916</u>
	<b>Total U.S. Treasury bonds &amp; notes</b>		<u>2,907,009</u>
<b>Mortgage-backed obligations 25.85%</b>			
<b>Federal agency mortgage-backed obligations 25.54%</b>	Fannie Mae 3.50% 2033 <sup>3,4</sup>	59,300	61,169
	Fannie Mae 3.00% 2046 <sup>3</sup>	75,036	75,112
	Fannie Mae 3.50% 2047 <sup>3</sup>	80,119	82,381
	Fannie Mae 4.00% 2047 <sup>3</sup>	88,762	93,005
	Fannie Mae 3.50% 2048 <sup>3,4</sup>	100,000	102,574
	Fannie Mae 3.50% 2048 <sup>3,4</sup>	77,040	79,149
	Fannie Mae 4.00% 2048 <sup>3,4</sup>	275,000	287,754
	Fannie Mae 4.00% 2048 <sup>3,4</sup>	171,162	178,860
	Fannie Mae 4.50% 2048 <sup>3,4</sup>	300,000	319,217
	Fannie Mae 4.50% 2048 <sup>3,4</sup>	148,375	157,694
	Fannie Mae 2.89%-9.25% 2023-2048 <sup>3,4,5</sup>	203,834	213,825
	Freddie Mac 3.50% 2047 <sup>3</sup>	74,888	77,080
	Freddie Mac 4.00% 2048 <sup>3,4</sup>	275,000	287,699
	Freddie Mac 4.00% 2048 <sup>3,4</sup>	76,000	79,403
	Freddie Mac 0%-5.50% 2021-2048 <sup>3,4</sup>	268,392	276,461
	Government National Mortgage Assn. 4.00% 2048 <sup>3,4</sup>	125,150	130,541
	Government National Mortgage Assn. 4.00% 2048 <sup>3,4</sup>	51,450	53,648
	Government National Mortgage Assn. 4.50% 2048 <sup>3,4</sup>	75,550	79,256
	Government National Mortgage Assn. 4.00%-4.50% 2040-2048 <sup>3,4</sup>	92,971	97,490
			<u>2,732,318</u>
<b>Other 0.31%</b>	Other securities		<u>32,614</u>
	<b>Total mortgage-backed obligations</b>		<u>2,764,932</u>
<b>Bonds &amp; notes of governments &amp; government agencies outside the U.S. 6.38%</b>			
	Japan, Series 19, 0.10% 2024 <sup>2</sup>	¥ 5,366,380	50,151
	Japan, Series 20, 0.10% 2025 <sup>2</sup>	11,317,500	106,018
	Portuguese Republic 5.125% 2024	\$ 101,050	108,779
	Portuguese Republic 5.65% 2024	€ 20,000	30,550
	Portuguese Republic 2.88%-4.10% 2025-2045	24,375	32,318
	United Mexican States, Series M, 6.50% 2021	MXN3,132,700	154,042
	United Mexican States, Series M, 5.75% 2026	527,500	23,742
	United Mexican States 3.60%-4.35% 2025-2047	\$ 17,000	16,980
	Other securities		<u>159,400</u>
			<u>681,980</u>
<b>Asset-backed obligations 2.78%</b>			
	Other securities		<u>297,847</u>
<b>Municipals 2.25%</b>			
<b>Illinois 1.82%</b>	G.O. Bonds, Pension Funding Series 2003, 4.95% 2023	24,805	25,903
	G.O. Bonds, Pension Funding Series 2003, 5.10% 2033 <sup>3</sup>	93,475	93,483
	G.O. Bonds, Pension Funding Series 2013, 5.877% 2019	400	413
	G.O. Bonds, Series 2013-B, 3.65% 2020	1,000	1,001
	G.O. Bonds, Series 2013-B, 4.11% 2022	750	758

# Bond Fund

Bonds, notes & other debt instruments (continued)		Principal amount (000)	Value (000)
<b>Municipals (continued)</b>			
	G.O. Bonds, Series 2013-B, 4.31% 2023	\$ 2,125	\$ 2,140
	G.O. Bonds, Series 2013-B, 4.91% 2027	1,450	1,447
	G.O. Bonds, Taxable Build America Bonds, Series 2010-1, 6.63% 2035	13,780	15,316
	G.O. Bonds, Taxable Build America Bonds, Series 2010-2, 5.65% 2020	250	260
	G.O. Bonds, Taxable Build America Bonds, Series 2010-2, 5.85% 2022	2,370	2,544
	G.O. Bonds, Taxable Build America Bonds, Series 2010-2, 5.95% 2023	2,950	3,181
	G.O. Bonds, Taxable Build America Bonds, Series 2010-2, 6.15% 2025	3,955	4,274
	G.O. Bonds, Taxable Build America Bonds, Series 2010-3, 5.547% 2019	335	344
	G.O. Bonds, Taxable Build America Bonds, Series 2010-3, 5.727% 2020	2,400	2,503
	G.O. Bonds, Taxable Build America Bonds, Series 2010-5, 6.20% 2021 <sup>3</sup>	7,784	8,148
	Other securities		32,912
			194,627
<b>Other 0.43%</b>	Other securities		45,699
	Total municipals		240,326
<b>Federal agency bonds &amp; notes 0.11%</b>			
	Fannie Mae 2.125% 2026	12,410	12,036
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$10,316,353,000)		10,367,286
<b>Common stocks 0.01%</b>			
		Shares	
<b>Other 0.01%</b>	Other securities		1,242
	<b>Total common stocks</b> (cost: \$956,000)		1,242
<b>Rights &amp; warrants 0.00%</b>			
<b>Utilities 0.00%</b>	Other securities		55
	<b>Total rights &amp; warrants</b> (cost: \$96,000)		55
<b>Short-term securities 22.13%</b>			
		Principal amount (000)	
	Apple Inc. 1.21%-1.50% due 1/4/2018-2/20/2018 <sup>1</sup>	\$131,000	130,833
	Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.36%-1.49% due 1/5/2018-1/10/2018	61,100	61,071
	Cisco Systems, Inc. 1.43%-1.52% due 2/15/2018-2/20/2018 <sup>1</sup>	100,000	99,794
	Coca-Cola Co. 1.24%-1.27% due 1/12/2018-1/30/2018 <sup>1</sup>	101,400	101,292
	Federal Home Loan Bank 1.07%-1.32% due 1/8/2018-3/16/2018	620,350	619,459
	Freddie Mac 1.16%-1.28% due 4/3/2018-4/6/2018	141,900	141,388
	IBM Credit LLC 1.50% due 3/13/2018 <sup>1</sup>	80,000	79,752
	Microsoft Corp. 1.26% due 1/16/2018 <sup>1</sup>	67,500	67,452
	Pfizer Inc. 1.30%-1.50% due 2/20/2018-3/12/2018 <sup>1</sup>	100,000	99,741
	Procter & Gamble Co. 1.21%-1.30% due 1/12/2018-2/22/2018 <sup>1</sup>	125,000	124,848
	U.S. Treasury Bills 1.09%-1.44% due 1/2/2018-6/14/2018	237,300	236,407
	Walt Disney Co. 1.29%-1.42% due 1/25/2018-1/26/2018 <sup>1</sup>	100,000	99,888
	Other securities		504,869
	<b>Total short-term securities</b> (cost: \$2,367,157,000)		2,366,794
	<b>Total investment securities 119.05%</b> (cost: \$12,684,562,000)		12,735,377
	Other assets less liabilities (19.05)%		(2,037,683)
	<b>Net assets 100.00%</b>		\$10,697,694

# Bond Fund

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. "Other securities" includes securities which were valued under fair value procedures adopted by authority of the board of trustees. The total value of securities which were valued under fair value procedures was \$4,276,000, which represented .04% of the net assets of the fund. "Other securities" also includes loan participations and assignments, which may be subject to legal or contractual restrictions on resale. The total value of all such loans was \$21,361,000, which represented .20% of the net assets of the fund. Some securities in "Other securities" (with an aggregate value of \$1,241,000, an aggregate cost of \$780,000, and which represented .01% of the net assets of the fund) were acquired on 8/31/2015 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject them to legal or contractual restrictions on resale.

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>6</sup> (000)	Value at 12/31/2017 <sup>7</sup> (000)	Unrealized appreciation (depreciation) at 12/31/2017 (000)
10 Year Euro-Bund Futures	Short	128	March 2018	\$ (12,800)	\$ (24,831)	\$ (16)
10 Year U.S. Treasury Note Futures	Long	3,256	March 2018	325,600	403,897	(2,045)
30 Year Ultra U.S. Treasury Bond Futures	Short	51	March 2018	(5,100)	(8,551)	(59)
10 Year Ultra U.S. Treasury Note Futures	Short	53	March 2018	(5,300)	(7,079)	25
5 Year U.S. Treasury Note Futures	Long	6,048	April 2018	604,800	702,560	(1,350)
2 Year U.S. Treasury Note Futures	Long	2,099	April 2018	419,800	449,416	(711)
						<u>\$(4,156)</u>

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD64,742	MXN1,220,000	Bank of America, N.A.	1/9/2018	\$2,829
USD13,016	JPY1,445,000	Bank of America, N.A.	1/10/2018	183
USD455	EUR385	Citibank	1/10/2018	(7)
USD30,924	JPY3,430,000	UBS AG	1/11/2018	462
USD43,780	JPY4,925,000	JPMorgan Chase	1/11/2018	41
USD128,051	MXN2,400,000	JPMorgan Chase	1/12/2018	6,331
USD13,141	MXN252,000	Citibank	1/17/2018	374
USD19,850	EUR16,750	Citibank	1/17/2018	(272)
USD64,745	JPY7,300,000	HSBC Bank	1/22/2018	(121)
USD4,767	EUR4,000	JPMorgan Chase	1/23/2018	(40)
USD26,460	EUR22,350	JPMorgan Chase	1/23/2018	(399)
USD57,793	EUR48,800	Citibank	1/23/2018	(852)
USD57,533	AUD75,000	JPMorgan Chase	1/23/2018	(987)
				<u>\$7,542</u>

# Bond Fund

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
1.39%	3-month Canada BA	7/13/2018	C\$1,460,000	\$(1,637)	\$-	\$(1,637)
1.77%	3-month Canada BA	9/26/2018	975,000	186	-	186
1.669%	3-month USD-LIBOR	10/28/2019	\$ 112,000	(729)	-	(729)
1.6915%	3-month USD-LIBOR	6/3/2020	1,600	(15)	-	(15)
1.7345%	3-month USD-LIBOR	12/31/2020	120,000	(1,496)	-	(1,496)
3-month USD-LIBOR	1.975%	4/27/2022	15,000	148	-	148
3-month USD-LIBOR	2.1305%	7/17/2022	100,000	400	-	400
1.9375%	3-month USD-LIBOR	12/18/2022	150,000	(2,128)	-	(2,128)
3-month USD-LIBOR	2.701%	6/9/2024	60,000	(1,498)	-	(1,498)
3-month USD-LIBOR	2.6815%	9/24/2024	1,600	(38)	-	(38)
3-month USD-LIBOR	2.54%	10/3/2024	400	(6)	-	(6)
6-month EURIBOR	0.9852%	10/17/2024	€ 25,000	(914)	-	(914)
3-month USD-LIBOR	2.342%	10/21/2024	\$ 290	(1)	-	(1)
3-month USD-LIBOR	2.326%	10/22/2024	800	(1)	-	(1)
3-month USD-LIBOR	2.372%	10/24/2024	1,150	(5)	-	(5)
3-month USD-LIBOR	2.438%	11/19/2024	2,750	(24)	-	(24)
3-month USD-LIBOR	2.4585%	11/24/2024	23,000	(233)	-	(233)
3-month USD-LIBOR	2.4295%	11/25/2024	800	(7)	-	(7)
3-month USD-LIBOR	2.353%	12/8/2024	700	(2)	-	(2)
3-month USD-LIBOR	2.2845%	12/12/2024	330	- <sup>8</sup>	-	- <sup>8</sup>
3-month USD-LIBOR	1.8185%	1/20/2025	900	29	-	29
3-month USD-LIBOR	1.9365%	1/22/2025	1,500	37	-	37
3-month USD-LIBOR	2.192%	3/18/2025	1,850	15	-	15
3-month USD-LIBOR	2.0475%	3/23/2025	450	8	-	8
3-month USD-LIBOR	2.3175%	5/8/2025	1,500	- <sup>8</sup>	-	- <sup>8</sup>
3-month USD-LIBOR	2.339%	5/13/2025	375	(1)	-	(1)
3-month USD-LIBOR	2.351%	5/15/2025	590	(2)	-	(2)
3-month USD-LIBOR	2.287%	5/20/2025	500	1	-	1
3-month USD-LIBOR	2.227%	5/28/2025	260	2	-	2
3-month USD-LIBOR	2.2125%	5/29/2025	465	3	-	3
3-month USD-LIBOR	2.451%	6/5/2025	650	(6)	-	(6)
3-month USD-LIBOR	2.46%	6/10/2025	2,536	(25)	-	(25)
3-month USD-LIBOR	2.455%	6/24/2025	235	(2)	-	(2)
3-month USD-LIBOR	2.428%	7/2/2025	2,000	(15)	-	(15)
3-month USD-LIBOR	2.397%	7/13/2025	900	(5)	-	(5)
3-month USD-LIBOR	2.535%	7/15/2025	800	(12)	-	(12)
3-month USD-LIBOR	2.4615%	7/22/2025	1,300	(13)	-	(13)
3-month USD-LIBOR	2.312%	7/29/2025	1,000	1	-	1
3-month USD-LIBOR	2.331%	7/30/2025	435	- <sup>8</sup>	-	- <sup>8</sup>
3-month USD-LIBOR	2.228%	9/4/2025	12,000	82	-	82
3-month USD-LIBOR	2.2135%	9/4/2025	5,000	39	-	39
6-month JPY-LIBOR	0.282%	2/2/2026	¥ 5,500,000	(175)	-	(175)
3-month USD-LIBOR	1.6705%	3/4/2026	\$ 248,000	12,454	-	12,454
6-month JPY-LIBOR	0.0875%	3/10/2026	¥11,100,000	1,242	-	1,242
3-month USD-LIBOR	1.5925%	5/9/2026	\$ 1,000	58	-	58
3-month USD-LIBOR	1.595%	5/12/2026	8,500	489	-	489
3-month USD-LIBOR	1.592%	5/12/2026	4,000	231	-	231
3.0865%	3-month USD-LIBOR	8/18/2034	2,250	184	-	184
2.913%	3-month USD-LIBOR	11/24/2034	10,000	579	-	579
2.844%	3-month USD-LIBOR	6/11/2035	3,250	158	-	158
2.9535%	3-month USD-LIBOR	6/30/2035	2,500	161	-	161
2.773%	3-month USD-LIBOR	7/13/2035	500	19	-	19
2.589%	3-month USD-LIBOR	9/4/2035	3,100	35	-	35
3-month USD-LIBOR	3.0515%	11/14/2044	1,000	(105)	-	(105)
3-month USD-LIBOR	2.925%	12/3/2044	1,230	(97)	-	(97)

# Bond Fund

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
3-month USD-LIBOR	2.6695%	12/19/2044	\$ 200	\$ (5)	\$-	\$ (5)
3-month USD-LIBOR	2.5755%	3/5/2045	1,470	(12)	-	(12)
2.377%	3-month USD-LIBOR	4/29/2045	1,910	(63)	-	(63)
3-month USD-LIBOR	2.757%	5/8/2045	1,500	(68)	-	(68)
6-month JPY-LIBOR	0.58295%	3/23/2046	¥ 2,000,000	1,673	-	1,673
0.64355%	6-month JPY-LIBOR	4/27/2046	2,000,000	(1,396)	-	(1,396)
3-month USD-LIBOR	2.1155%	5/13/2046	\$ 2,400	214	-	214
					\$-	\$ 7,712

## Credit default swaps

### Centrally cleared credit default swaps on credit indices – buy protection

Receive	Pay/ Payment frequency	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments (000)	Unrealized depreciation at 12/31/2017 (000)
CDX.NA.IG.29	1.00%/Quarterly	12/20/2022	\$65,000	\$(1,550)	\$(1,366)	\$(184)

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$2,046,793,000, which represented 19.13% of the net assets of the fund.

<sup>2</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>3</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>4</sup>Purchased on a TBA basis.

<sup>5</sup>Coupon rate may change periodically.

<sup>6</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>7</sup>Value is calculated based on the notional amount and current market price.

<sup>8</sup>Amount less than one thousand.

## Key to abbreviations and symbols

AUD = Australian dollars

C\$ = Canadian dollars

EUR/€ = Euros

EURIBOR = Euro Interbank Offered Rate

G.O. = General Obligation

JPY/¥ = Japanese yen

LIBOR = London Interbank Offered Rate

MXN = Mexican pesos

TBA = To-be-announced

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Global Bond Fund

Summary investment portfolio December 31, 2017

Bonds, notes & other debt instruments 89.68%		Principal amount (000)	Value (000)
<b>Euros</b> 14.40%	French Republic O.A.T. 1.85% 2027 <sup>1</sup>	€ 8,228	\$ 12,539
	Germany (Federal Republic of) 0.10% 2026 <sup>1</sup>	31,541	41,791
	Germany (Federal Republic of) 2.50% 2046	10,770	16,972
	Germany (Federal Republic of) 0.10%-6.25% 2023-2048 <sup>1</sup>	15,925	21,065
	Italy (Republic of) 0.90% 2022	10,900	13,181
	Italy (Republic of) 1.45% 2022	10,575	13,100
	Italy (Republic of) 0.95% 2023	36,575	43,972
	Italy (Republic of) 1.50%-4.75% 2023-2025	9,750	12,975
	Portuguese Republic 2.875% 2025	12,500	16,556
	Portuguese Republic 2.875% 2026	4,200	5,502
	Portuguese Republic 4.125% 2027	25,015	35,655
	Spain (Kingdom of) 1.30% 2026	10,400	12,465
	Other securities		109,670
			355,443
<b>Japanese yen</b> 8.11%	Japan, Series 18, 0.10% 2024 <sup>1</sup>	¥4,731,720	44,073
	Japan, Series 19, 0.10% 2024 <sup>1</sup>	2,685,700	25,099
	Japan, Series 344, 0.10% 2026	1,355,000	12,125
	Japan, Series 346, 0.10% 2027	2,335,000	20,877
	Japan, Series 116, 2.20% 2030	1,735,000	19,191
	Japan, Series 145, 1.70% 2033	2,465,000	26,412
	Japan 0.10%-2.30% 2022-2044 <sup>1</sup>	5,353,885	52,321
<b>Polish zloty</b> 3.94%	Poland (Republic of), Series 0420, 1.50% 2020	PLN60,575	17,268
	Poland (Republic of), Series 1021, 5.75% 2021	128,830	41,721
	Poland (Republic of), Series 0922, 5.75% 2022	46,600	15,295
	Poland (Republic of) 3.25%-5.25% 2020-2025	75,440	22,885
			97,169
<b>Mexican pesos</b> 3.91%	United Mexican States, Series M, 6.50% 2021	MXN660,800	32,493
	United Mexican States, Series M20, 10.00% 2024	209,500	12,021
	United Mexican States, Series M, 5.75% 2026	717,000	32,270
	United Mexican States 4.00%-10.00% 2019-2042 <sup>1</sup>	379,751	19,716
			96,500
<b>Indian rupees</b> 2.54%	India (Republic of) 7.80% 2021	INR1,117,600	17,937
	India (Republic of) 8.83% 2023	1,284,200	21,441
	India (Republic of) 6.97%-7.88% 2023-2030	1,223,470	19,105
	Other securities		4,181
			62,664
<b>Malaysian ringgits</b> 2.25%	Malaysia (Federation of), Series 0116, 3.80% 2023	MYR47,413	11,729
	Malaysia (Federation of) 3.58%-4.50% 2018-2030	177,177	43,917
			55,646
<b>Norwegian kroner</b> 1.62%	Norway (Kingdom of) 3.75% 2021	NKr299,750	39,988
<b>Australian dollars</b> 1.39%	Australia (Commonwealth of), Series 124, 5.75% 2021	A\$22,900	19,929
	Australia (Commonwealth of), Series 128, 5.75% 2022	16,150	14,465
			34,394



# Global Bond Fund

Bonds, notes & other debt instruments		Principal amount (000)	Value (000)
<b>British pounds</b> 1.33%	United Kingdom 3.25% 2044	£ 6,500	\$ 11,432
	United Kingdom 1.75%-4.25% 2022-2045	10,590	18,004
	Other securities		3,319
			<u>32,755</u>
<b>Thai baht</b> 1.16%	Thailand (Kingdom of) 1.49% 2019	THB491,100	15,073
	Thailand (Kingdom of) 1.88%-3.85% 2022-2026	433,200	13,516
			<u>28,589</u>
<b>Danish kroner</b> 1.05%	Nykredit Realkredit AS, Series 01E, 2.00% 2037 <sup>2</sup>	DKr69,099	11,607
	Realkredit Danmark AS, Series 22S, 2.00% 2037 <sup>2</sup>	68,140	11,451
	Other securities		2,748
			<u>25,806</u>
<b>Chilean pesos</b> 0.89%	Chile (Banco Central de) 4.50% 2021	CLP13,200,000	<u>21,977</u>
<b>Israeli shekels</b> 0.85%	Israel (State of) 5.50% 2042	ILS29,300	12,512
	Other securities		8,381
			<u>20,893</u>
<b>Canadian dollars</b> 0.77%	Canada 2.25% 2025	C\$19,600	15,870
	Other securities		3,097
			<u>18,967</u>
<b>U.S. dollars</b> 43.07%	Fannie Mae 4.00% 2048 <sup>2,3</sup>	\$ 24,800	25,915
	Fannie Mae 2.18%-4.50% 2022-2048 <sup>2,3</sup>	12,330	12,682
	Poland (Republic of) 3.25% 2026	4,100	4,195
	U.S. Treasury 1.375% 2020	41,900	41,300
	U.S. Treasury 1.625% 2020	38,900	38,560
	U.S. Treasury 1.125% 2021 <sup>4</sup>	43,160	41,977
	U.S. Treasury 2.00% 2021	23,450	23,374
	U.S. Treasury 2.00% 2026	46,785	45,312
	U.S. Treasury 2.25% 2027	18,700	18,446
	U.S. Treasury 1.38%-2.13% 2021-2024	29,650	29,098
	U.S. Treasury Inflation-Protected Security 0.125% 2022 <sup>1</sup>	122,652	121,800
	U.S. Treasury Inflation-Protected Security 0.625% 2024 <sup>1</sup>	33,010	33,582
	U.S. Treasury Inflation-Protected Security 0.25% 2025 <sup>1</sup>	11,560	11,457
	U.S. Treasury Inflation-Protected Security 1.00% 2046 <sup>1</sup>	21,550	23,018
	U.S. Treasury Inflation-Protected Securities 0.13%-2.38% 2024-2045 <sup>1</sup>	36,940	38,151
Other securities		554,003	
			<u>1,062,870</u>
<b>Other</b> 2.40%	Other securities		59,260
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$2,173,424,000)		<u>2,213,019</u>
<b>Convertible stocks</b> 0.05%		Shares	
<b>U.S. dollars</b> 0.05%	Other securities		1,210
	<b>Total convertible stocks</b> (cost: \$1,202,000)		<u>1,210</u>

# Global Bond Fund

Common stocks 0.03%		Shares	Value (000)
<b>U.S. dollars</b>	Other securities		\$ 696
<b>0.03%</b>	<b>Total common stocks</b> (cost: \$2,528,000)		<u>696</u>

Short-term securities 11.25%		Principal amount (000)	
	American Honda Finance Corp. 1.43% due 1/24/2018	\$ 36,000	35,962
	Japanese Treasury Discount Bills (0.16)% due 5/21/2018	¥15,300,000	135,869
	Liberty Street Funding Corp. 1.78% due 3/21/2018 <sup>5</sup>	\$ 25,000	24,901
	Mitsubishi UFJ Trust and Banking Corp. 1.52% due 1/19/2018 <sup>5</sup>	35,400	35,369
	Royal Bank of Canada 1.53% due 1/16/2018	16,000	15,988
	Victory Receivables Corp. 1.43% due 1/16/2018 <sup>5</sup>	12,200	12,191
	Other securities		17,268
	<b>Total short-term securities</b> (cost: \$276,867,000)		<u>277,548</u>
	<b>Total investment securities 101.01%</b> (cost: \$2,454,021,000)		2,492,473
	Other assets less liabilities (1.01)%		(24,895)
	<b>Net assets 100.00%</b>		<u><u>\$2,467,578</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. "Other securities" includes securities which were valued under fair value procedures adopted by authority of the board of trustees. The total value of securities which were valued under fair value procedures was \$2,478,000, which represented .10% of the net assets of the fund. "Other securities" also includes loan participations and assignments, which may be subject to legal or contractual restrictions on resale. The total value of all such loans was \$5,582,000, which represented .23% of the net assets of the fund. Some securities in "Other securities" (with an aggregate value of \$4,647,000, an aggregate cost of \$5,346,000, and which represented .19% of the net assets of the fund) were acquired from 3/10/2010 to 8/9/2017 through private placement transactions exempt from registration under the Securities Act of 1933, which may subject them to legal or contractual restrictions on resale.

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>6</sup> (000)	Value at 12/31/2017 <sup>7</sup> (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
10 Year Ultra U.S. Treasury Note Futures	Long	101	March 2018	\$ 10,100	\$ 13,490	\$ (78)
10 Year U.S. Treasury Note Futures	Long	77	March 2018	7,700	9,552	(48)
30 Year Ultra U.S. Treasury Bond Futures	Long	13	March 2018	1,300	2,179	25
5 Year U.S. Treasury Note Futures	Long	1,524	April 2018	152,400	177,034	(428)
90 Day Euro Dollar Futures	Short	366	September 2018	(91,500)	(89,634)	170
						<u><u>\$(359)</u></u>

## Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)			
USD7,771	MXN140,900	JPMorgan Chase	1/4/2018	\$ 613
USD3,058	CAD3,900	Bank of America, N.A.	1/5/2018	(45)
USD4,126	INR267,100	Citibank	1/5/2018	(55)
USD7,869	AUD10,200	UBS AG	1/5/2018	(90)
USD14,560	INR941,650	JPMorgan Chase	1/5/2018	(180)

# Global Bond Fund

Contract amount				Unrealized appreciation (depreciation) at 12/31/2017 (000)
Purchases (000)	Sales (000)	Counterparty	Settlement date	
USD2,774	ZAR39,200	UBS AG	1/5/2018	\$ (391)
EUR5,084	USD5,951	Goldman Sachs	1/8/2018	153
USD4,970	ILS17,400	Bank of America, N.A.	1/9/2018	(32)
USD13,666	EUR11,550	HSBC Bank	1/9/2018	(202)
EUR10,463	USD12,500	Bank of America, N.A.	1/10/2018	63
USD3,153	CAD4,050	Bank of America, N.A.	1/10/2018	(70)
JPY1,392,273	USD12,434	JPMorgan Chase	1/10/2018	(70)
USD5,035	PLN17,827	JPMorgan Chase	1/10/2018	(86)
USD4,029	AUD5,300	Goldman Sachs	1/10/2018	(106)
JPY2,265,955	USD20,240	Bank of America, N.A.	1/10/2018	(117)
USD5,171	AUD6,800	Bank of America, N.A.	1/10/2018	(135)
USD7,691	CAD9,850	Goldman Sachs	1/10/2018	(147)
JPY1,346,098	USD12,121	Barclays Bank PLC	1/10/2018	(167)
JPY3,321,365	USD29,938	JPMorgan Chase	1/10/2018	(442)
JPY835,989	USD7,411	Bank of America, N.A.	1/11/2018	13
USD1,710	AUD2,250	Bank of America, N.A.	1/11/2018	(46)
JPY2,218,752	USD20,004	UBS AG	1/11/2018	(299)
EUR17,250	USD20,075	UBS AG	1/12/2018	640
USD3,762	MXN72,500	HSBC Bank	1/12/2018	85
USD12,610	AUD16,760	Citibank	1/12/2018	(467)
USD5,694	INR369,000	Bank of America, N.A.	1/16/2018	(75)
EUR14,702	USD17,356	JPMorgan Chase	1/17/2018	305
JPY2,756,764	USD24,449	JPMorgan Chase	1/17/2018	41
JPY1,698,519	USD15,121	Citibank	1/17/2018	(32)
USD3,568	EUR3,000	Bank of America, N.A.	1/17/2018	(36)
JPY3,324,831	USD29,698	HSBC Bank	1/17/2018	(162)
CHF5,774	USD5,864	Goldman Sachs	1/18/2018	70
JPY445,496	USD3,951	Goldman Sachs	1/18/2018	7
NOK37,200	USD4,441	Bank of America, N.A.	1/19/2018	92
EUR2,833	GBP2,500	HSBC Bank	1/19/2018	26
USD9,255	EUR7,850	Bank of America, N.A.	1/19/2018	(176)
EUR6,645	USD7,833	Bank of America, N.A.	1/22/2018	153
JPY351,002	USD3,128	Citibank	1/22/2018	(9)
JPY995,097	USD8,894	Barclays Bank PLC	1/22/2018	(52)
SEK51,198	USD6,101	Citibank	1/23/2018	151
EUR5,439	USD6,441	Citibank	1/23/2018	95
JPY1,655,674	USD14,688	UBS AG	1/23/2018	25
USD9,075	ILS31,900	JPMorgan Chase	1/23/2018	(101)
USD6,140	PLN21,950	Citibank	1/23/2018	(166)
SEK60,114	USD7,094	Barclays Bank PLC	1/24/2018	247
JPY933,211	USD8,249	Goldman Sachs	1/24/2018	45
EUR2,082	USD2,500	Citibank	2/5/2018	4
USD6,121	ILS21,303	Bank of America, N.A.	2/6/2018	(11)
JPY1,310,000	USD11,635	HSBC Bank	2/15/2018	19
NOK32,573	DKK24,600	Citibank	2/15/2018	(4)
JPY392,473	USD3,499	Citibank	2/15/2018	(8)
SEK30,059	USD3,588	Barclays Bank PLC	2/22/2018	88
JPY376,335	USD3,336	HSBC Bank	2/23/2018	13
USD7,605	INR504,900	Citibank	3/26/2018	(221)
USD5,942	BRL19,300	Citibank	4/23/2018	196
USD138,524	JPY15,300,000	Citibank	5/21/2018	1,645
USD5,348	BRL18,000	Citibank	11/29/2018	117
USD169	EUR140	Bank of America, N.A.	12/13/2018	(3)
USD2,008	EUR1,670	Bank of America, N.A.	12/13/2018	(43)
				<u>\$ 660</u>

# Global Bond Fund

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
7.46%	28-day MXN-TIIE	11/6/2018	MXN1,356,000	\$(335)	\$-	\$ (335)
7.455%	28-day MXN-TIIE	11/7/2018	1,099,000	(274)	-	(274)
7.44%	28-day MXN-TIIE	11/7/2018	3,045,000	(779)	-	(779)
1.6505%	3-month USD-LIBOR	3/21/2019	\$85,000	(290)	-	(290)
3-month USD-LIBOR	2.0335%	12/19/2019	35,000	18	-	18
9.145%	DI-OVER-EXTRA Grupo	1/4/2021	BRL108,000	244	-	244
6.775%	28-day MXN-TIIE	6/20/2022	MXN280,000	(590)	-	(590)
3-month SEK-STIBOR	0.425%	8/4/2022	SKr140,000	(16)	-	(16)
3-month USD-LIBOR	2.4275%	10/31/2027	\$ 7,050	(27)	-	(27)
3-month USD-LIBOR	2.556%	11/27/2045	10,000	(40)	-	(40)
3-month USD-LIBOR	1.909%	10/11/2046	5,750	772	-	772
3-month USD-LIBOR	2.659%	2/8/2047	6,000	(159)	-	(159)
1.4898%	6-month EURIBOR	11/24/2047	€ 2,150	(3)	-	(3)
					\$-	\$(1,479)

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>2</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>3</sup>Purchased on a TBA basis.

<sup>4</sup>A portion of this security was pledged as collateral. The total value of pledged collateral was \$8,305,000, which represented .34% of the net assets of the fund.

<sup>5</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$259,235,000, which represented 10.51% of the net assets of the fund.

<sup>6</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>7</sup>Value is calculated based on the notional amount and current market price.

#### Key to abbreviations and symbols

AUD/A\$ = Australian dollars

BRL = Brazilian reais

CAD/C\$ = Canadian dollars

CHF = Swiss francs

CLP = Chilean pesos

DI-OVER-EXTRA Grupo = Overnight Brazilian Interbank Deposit Rate

DKK/DKr = Danish kroner

EUR/€ = Euros

EURIBOR = Euro Interbank Offered Rate

GBP/£ = British pounds

ILS = Israeli shekels

INR = Indian rupees

JPY/¥ = Japanese yen

LIBOR = London Interbank Offered Rate

MXN = Mexican pesos

MYR = Malaysian ringgits

NKr = Norwegian kroner

PLN = Polish zloty

SEK/SKr = Swedish kronor

STIBOR = Stockholm Interbank Offered Rate

TBA = To-be-announced

THB = Thai baht

TIIE = Equilibrium Interbank Interest Rate

USD/\$ = U.S. dollars

ZAR = South African rand

See Notes to Financial Statements

# High-Income Bond Fund

Summary investment portfolio December 31, 2017

Bonds, notes & other debt instruments 94.25%		Principal amount (000)	Value (000)
<b>Corporate bonds &amp; notes 93.34%</b>			
<b>Energy 19.39%</b>	American Energy (Marcellus), Term Loan B, (3-month USD-LIBOR + 4.25%) 5.710% 2020 <sup>1,2,3,4</sup>	\$ 7,533	\$ 5,574
	American Energy (Permian Basin) 7.125% 2020 <sup>5</sup>	7,445	6,068
	American Energy (Permian Basin) 7.375% 2021 <sup>5</sup>	6,770	5,484
	Blackstone CQP Holdco LP, 6.00% 2021 <sup>5,6</sup>	1,600	1,612
	Blackstone CQP Holdco LP, 6.50% 2021 <sup>5,6</sup>	20,685	21,099
	Chesapeake Energy Corp. 8.00% 2025 <sup>5</sup>	10,025	10,138
	Chesapeake Energy Corp. 4.61%-8.00% 2019-2027 <sup>4,5</sup>	13,838	13,716
	CONSOL Energy Inc. 5.875% 2022	11,299	11,596
	NGL Energy Partners LP 6.875% 2021	6,415	6,575
	Southwestern Energy Co. 4.10% 2022	8,915	8,804
	Teekay Corp. 8.50% 2020	11,168	11,419
	Weatherford International PLC 6.75% 2040	7,755	6,398
	Weatherford International PLC 4.50%-9.88% 2021-2042	12,680	11,458
	Other securities		161,929
			<u>281,870</u>
<b>Health care 12.43%</b>	Centene Corp. 4.75% 2022	6,515	6,792
	Molina Healthcare, Inc. 5.375% 2022	10,285	10,774
	Molina Healthcare, Inc. 4.875% 2025 <sup>5</sup>	3,975	3,985
	Rotech Healthcare Inc., Term Loan, (3-month USD-LIBOR + 11.00%) 13.00% 2020 (84.62% PIK) <sup>2,3,4,7,8,9</sup>	6,709	6,343
	Tenet Healthcare Corp. 4.38%-8.13% 2021-2025 <sup>5</sup>	12,272	12,161
	Tenet Healthcare Corp., First Lien, 6.00% 2020	6,490	6,886
	Tenet Healthcare Corp., First Lien 4.50%-4.75% 2020-2021	5,405	5,510
	Valeant Pharmaceuticals International, Inc. 5.875% 2023 <sup>5</sup>	8,860	8,229
	Valeant Pharmaceuticals International, Inc. 6.125% 2025 <sup>5</sup>	17,245	15,844
	Valeant Pharmaceuticals International, Inc. 5.38%-9.00% 2020-2025 <sup>5</sup>	15,503	15,897
	Other securities		88,292
			<u>180,713</u>
<b>Consumer discretionary 12.12%</b>	CCO Holdings LLC and CCO Holdings Capital Corp. 5.75% 2026 <sup>5</sup>	10,320	10,746
	CCO Holdings LLC and CCO Holdings Capital Corp. 5.00% 2028 <sup>5</sup>	6,025	5,889
	CCO Holdings LLC and CCO Holdings Capital Corp. 4.00%-5.88% 2023-2027 <sup>5</sup>	9,450	9,547
	Clear Channel Worldwide Holdings, Inc. 7.625% 2020	12,563	12,359
	iHeartCommunications, Inc. 9.00% 2019	10,385	7,763
	Petsmart, Inc. 5.875% 2025 <sup>5</sup>	11,175	8,633
	Petsmart, Inc. 7.13%-8.88% 2023-2025 <sup>5</sup>	7,785	4,702
	Petsmart, Inc., Term Loan B-2, (3-month USD-LIBOR + 3.00%) 4.57% 2022 <sup>2,3,4</sup>	1,952	1,573
	Sotheby's 4.875% 2025 <sup>5</sup>	6,870	6,793
	Wynn Las Vegas, LLC and Wynn Capital Corp. 5.50% 2025 <sup>5</sup>	6,525	6,737
	Other securities		101,530
			<u>176,272</u>
<b>Materials 12.00%</b>	Cleveland-Cliffs Inc. 4.875% 2024 <sup>5</sup>	1,800	1,800
	Cliffs Natural Resources Inc. 5.75% 2025 <sup>5</sup>	14,550	13,932
	Cliffs Natural Resources Inc. 6.25% 2040	1,735	1,366
	First Quantum Minerals Ltd. 7.00% 2021 <sup>5</sup>	8,505	8,845
	First Quantum Minerals Ltd. 7.50% 2025 <sup>5</sup>	12,400	13,500
	First Quantum Minerals Ltd. 7.25% 2022-2023 <sup>5</sup>	3,900	4,141
	Freeport-McMoRan Inc. 3.55% 2022	6,715	6,656
	Ryerson Inc. 11.00% 2022 <sup>5</sup>	6,336	7,104
	Other securities		117,113
			<u>174,457</u>

# High-Income Bond Fund

Bonds, notes & other debt instruments (continued)		Principal amount (000)	Value (000)
<b>Corporate bonds &amp; notes (continued)</b>			
<b>Telecommunication services</b> <b>9.34%</b>	Cequel Communications Holdings I, LLC and Cequel Capital Corp. 6.375% 2020 <sup>5</sup>	\$ 5,367	\$ 5,461
	Frontier Communications Corp. 11.00% 2025	11,850	8,769
	Frontier Communications Corp. 8.50%-10.50% 2020-2022	11,405	9,156
	Ligado Networks, Term Loan, (3-month USD-LIBOR + 8.75%) 10.07% 2020 (100% PIK) <sup>2,3,4,7</sup>	8,690	8,082
	SoftBank Group Corp. 4.50% 2020 <sup>5</sup>	8,550	8,755
	Sprint Capital Corp. 8.75% 2032	1,025	1,166
	Sprint Corp. 11.50% 2021	5,880	7,130
	Sprint Nextel Corp. 6.88%-7.88% 2021-2028	14,295	14,861
	Wind Tre SpA 5.00% 2026 <sup>5</sup>	6,675	6,381
	Other securities		65,969
			<u>135,730</u>
<b>Industrials</b> <b>8.54%</b>	Associated Materials, LLC 9.00% 2024 <sup>5</sup>	7,125	7,713
	Brand Energy 8.5% 2025 <sup>5</sup>	6,005	6,320
	Corporate Risk Holdings LLC 9.50% 2019 <sup>5</sup>	12,782	13,373
	Corporate Risk Holdings LLC 13.50% 2020 (100% PIK) <sup>5,7,8,9</sup>	1,112	1,190
	DAE Aviation Holdings, Inc. 10.00% 2023 <sup>5</sup>	7,065	7,771
	Other securities		87,784
			<u>124,151</u>
<b>Information technology</b> <b>8.03%</b>	Camelot Finance SA 7.875% 2024 <sup>5</sup>	5,630	6,024
	Gogo Inc. 12.50% 2022 <sup>5</sup>	11,050	12,500
	Infor Software 7.125% 2021 <sup>5,7</sup>	5,785	5,944
	Kronos Inc., Term Loan B, (3-month USD-LIBOR + 8.25%) 9.627% 2024 <sup>2,3,4</sup>	7,870	8,187
	Unisys Corp. 10.75% 2022 <sup>5</sup>	7,275	8,166
	Other securities		75,875
			<u>116,696</u>
<b>Utilities</b> <b>4.10%</b>	AES Corp. 7.375% 2021	5,925	6,680
	AES Corp. 4.88%-8.00% 2020-2027 <sup>5</sup>	13,506	14,412
	Other securities		38,456
			<u>59,548</u>
<b>Financials</b> <b>3.23%</b>	CIT Group Inc. 3.875% 2019	6,835	6,921
	Other securities		40,079
			<u>47,000</u>
<b>Real estate</b> <b>2.11%</b>	Iron Mountain Inc. 5.75% 2024	5,975	6,080
	Other securities		24,604
			<u>30,684</u>
<b>Consumer staples</b> <b>2.05%</b>	Other securities		29,872
	<b>Total corporate bonds &amp; notes</b>		<u>1,356,993</u>
<b>Other bonds &amp; notes 0.91%</b>			
	U.S. Treasury 1.25% 2019	10,000	9,921
	Other securities		3,417
			<u>13,338</u>
	<b>Total bonds, notes &amp; other debt instruments (cost: \$1,356,968,000)</b>		<u>1,370,331</u>

# High-Income Bond Fund

Convertible bonds 0.40%		Principal amount (000)	Value (000)
<b>Energy</b> 0.08%	Weatherford International PLC 5.875% 2021	\$ 527	\$ 572
	Other securities		585
			<u>1,157</u>
<b>Other</b> 0.15%	Other securities		<u>2,159</u>
<b>Miscellaneous</b> 0.17%	Other convertible bonds in initial period of acquisition		2,544
	<b>Total convertible bonds</b> (cost: \$5,582,000)		<u>5,860</u>

Convertible stocks 0.91%		Shares	
<b>Industrials</b> 0.68%	Associated Materials, LLC, 14.00% convertible preferred 2020 <sup>8,9</sup>	4,850	5,553
	Other securities		4,257
			<u>9,810</u>
<b>Information technology</b> 0.04%	Other securities		<u>643</u>
<b>Telecommunication services</b> 0.01%	Frontier Communications Corp., Series A, convertible preferred	10,000	<u>108</u>
<b>Miscellaneous</b> 0.18%	Other convertible stocks in initial period of acquisition		2,619
	<b>Total convertible stocks</b> (cost: \$15,788,000)		<u>13,180</u>

Common stocks 0.75%			
<b>Information technology</b> 0.26%	Corporate Risk Holdings I, Inc. <sup>6,8,9,10</sup>	218,504	3,863
	Other securities		–
			<u>3,863</u>
<b>Other</b> 0.32%	Other securities		<u>4,531</u>
<b>Miscellaneous</b> 0.17%	Other common stocks in initial period of acquisition		2,462
	<b>Total common stocks</b> (cost: \$26,386,000)		<u>10,856</u>

Rights & warrants 0.00%			
<b>Utilities</b> 0.00%	Other securities		36
	<b>Total rights &amp; warrants</b> (cost: \$63,000)		<u>36</u>

# High-Income Bond Fund

	Principal amount (000)	Value (000)
Short-term securities 1.68%		
General Electric Co. 1.42% due 1/2/2018	\$13,600	\$ 13,598
U.S. Treasury Bills 1.11% due 1/11/2018	10,800	10,796
<b>Total short-term securities</b> (cost: \$24,396,000)		<u>24,394</u>
<b>Total investment securities 97.99%</b> (cost: \$1,429,183,000)		1,424,657
Other assets less liabilities 2.01%		29,223
<b>Net assets 100.00%</b>		<u><u>\$1,453,880</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

As permitted by U.S. Securities and Exchange Commission regulations, "Miscellaneous" securities include holdings in their first year of acquisition that have not previously been publicly disclosed.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized appreciation (depreciation) at 12/31/2017 (000)
3-month USD-LIBOR	2.0745%	11/21/2026	\$18,600	\$431	\$-	\$431
3-month USD-LIBOR	2.2825%	4/13/2027	10,700	81	-	81
2.2865%	3-month USD-LIBOR	10/2/2027	10,100	(90)	-	(90)
					<u>\$-</u>	<u>\$422</u>

### Credit default swaps

#### Centrally cleared credit default swaps on credit indices – buy protection

Receive	Pay/ Payment frequency	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments (000)	Unrealized depreciation at 12/31/2017 (000)
CDX.NA.HY.29	5.00%/Quarterly	12/20/2022	\$108,000	\$(8,915)	\$(8,496)	\$(419)

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Scheduled interest and/or principal payment was not received.

<sup>2</sup>Loan participations and assignments; may be subject to legal or contractual restrictions on resale. The total value of all such loans, including those in "Other securities," was \$89,280,000, which represented 6.14% of the net assets of the fund.

<sup>3</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>4</sup>Coupon rate may change periodically.

<sup>5</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$745,292,000, which represented 51.26% of the net assets of the fund.

<sup>6</sup>Acquired through a private placement transaction exempt from registration under the Securities Act of 1933. May be subject to legal or contractual restrictions on resale. Further details on these holdings appear on the next page.

<sup>7</sup>Payment in kind; the issuer has the option of paying additional securities in lieu of cash. Most recent payment was 100% cash unless otherwise noted.

<sup>8</sup>Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Miscellaneous" and "Other securities," was \$32,234,000, which represented 2.22% of the net assets of the fund.

<sup>9</sup>Value determined using significant unobservable inputs.

<sup>10</sup>Security did not produce income during the last 12 months.



# High-Income Bond Fund

Private placement securities	Acquisition date(s)	Cost (000)	Value (000)	Percent of net assets
Blackstone CQP Holdco LP, 6.50% 2021	3/6/2017	\$ 20,695	\$ 21,099	1.45%
Blackstone CQP Holdco LP, 6.00% 2021	8/9/2017	1,600	1,612	.11
Corporate Risk Holdings I, Inc.	8/31/2015	2,428	3,863	.27
Corporate Risk Holdings Corp.	8/31/2015	–	–	.00
Other securities	12/13/2012-11/15/2016	17,830	8,493	.58
<b>Total private placement securities</b>		<b><u>\$42,553</u></b>	<b><u>\$35,067</u></b>	<b><u>2.41%</u></b>

**Key to abbreviations and symbol**

LIBOR = London Interbank Offered Rate

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Mortgage Fund

Summary investment portfolio December 31, 2017

		Principal amount (000)	Value (000)
Bonds, notes & other debt instruments 95.14%			
<b>Mortgage-backed obligations 63.46%</b>			
<b>Federal agency mortgage-backed obligations 60.15%</b>	Fannie Mae 4.00% 2047 <sup>1</sup>	\$ 7,816	\$ 8,189
	Fannie Mae 4.00% 2047 <sup>1</sup>	4,844	5,075
	Fannie Mae 4.00% 2048 <sup>1,2</sup>	17,250	18,026
	Fannie Mae 4.50% 2048 <sup>1,2</sup>	3,700	3,932
	Fannie Mae 4.00%-5.00% 2036 <sup>1</sup>	1,133	1,196
	Freddie Mac 4.00% 2036 <sup>1</sup>	5,848	6,186
	Freddie Mac 4.00% 2047 <sup>1</sup>	9,510	9,960
	Freddie Mac 4.00% 2048 <sup>1,2</sup>	25,000	26,154
	Freddie Mac 4.00% 2048 <sup>1,2</sup>	22,854	23,877
	Freddie Mac Pool #760014 2.969% 2045 <sup>1,3</sup>	2,989	3,001
	Freddie Mac, Series KJ02, Class A2, Multi Family 2.597% 2020 <sup>1</sup>	3,704	3,722
	Freddie Mac, Series K031, Class A2, Multi Family 3.30% 2023 <sup>1,3</sup>	4,722	4,914
	Freddie Mac 3.31%-5.00% 2023-2036 <sup>1,3</sup>	3,696	3,916
	Freddie Mac Seasoned Credit Risk Transfer Trust, Series 2017-2, Class HA, 2.00% 2056 <sup>1</sup>	1,814	1,803
	Freddie Mac Seasoned Credit Risk Transfer Trust, Series 2017-2, Class MA, 3.00% 2056 <sup>1</sup>	1,675	1,675
	Freddie Mac Seasoned Credit Risk Transfer Trust, Series 2017-4, Class HT, 2.25% 2057 <sup>1</sup>	13,810	13,780
	Freddie Mac Seasoned Credit Risk Transfer Trust, Series 2017-4, Class MT, 3.50% 2057 <sup>1</sup>	8,325	8,518
	Government National Mortgage Assn. 5.50% 2040 <sup>1</sup>	2,246	2,499
	Government National Mortgage Assn. 3.50% 2043 <sup>1</sup>	2,453	2,558
	Government National Mortgage Assn. 3.50% 2043 <sup>1</sup>	1,754	1,816
	Government National Mortgage Assn. 3.50% 2043 <sup>1</sup>	1,714	1,783
	Government National Mortgage Assn. 4.25% 2044 <sup>1</sup>	1,764	1,867
	Government National Mortgage Assn. 4.00% 2047 <sup>1</sup>	17,763	18,613
	Government National Mortgage Assn. 4.50% 2048 <sup>1,2</sup>	4,950	5,193
	Government National Mortgage Assn. 4.737% 2065 <sup>1</sup>	1,697	1,769
	Government National Mortgage Assn. 4.62% 2066 <sup>1</sup>	1,792	1,900
	Government National Mortgage Assn. 3.50%-6.50% 2034-2066 <sup>1</sup>	15,339	15,981
	Vendee Mortgage Trust, Series 2011-2, Class V, 3.75% 2028 <sup>1</sup>	4,544	4,557
	Vendee Mortgage Trust, Series 2010-1, Class DA, 4.25% 2035 <sup>1</sup>	680	700
	Other securities		1,473
			<u>204,633</u>
<b>Collateralized mortgage-backed (privately originated) 3.28%</b>	Towd Point Mortgage Trust, Series 2015-2, Class 2A11, 3.00% 2057 <sup>1,3,4</sup>	2,160	2,175
	Other securities		8,985
			<u>11,160</u>
<b>Commercial mortgage-backed securities 0.03%</b>	Other securities		91
	<b>Total mortgage-backed obligations</b>		<u>215,884</u>
<b>U.S. Treasury bonds &amp; notes 16.09%</b>			
<b>U.S. Treasury 10.57%</b>	U.S. Treasury 1.875% 2022	19,800	19,515
	U.S. Treasury 1.875% 2022 <sup>5</sup>	5,000	4,941
	U.S. Treasury 2.00% 2022	7,300	7,238
	U.S. Treasury 2.50% 2024	2,500	2,528
	U.S. Treasury 1.50%-2.13% 2020-2022	1,744	1,735
			<u>35,957</u>

# Mortgage Fund

Bonds, notes & other debt instruments		Principal amount (000)	Value (000)
<b>U.S. Treasury inflation-protected securities 5.52%</b>	U.S. Treasury Inflation-Protected Security 0.375% 2025 <sup>5,6</sup>	\$ 7,489	\$ 7,501
	U.S. Treasury Inflation-Protected Security 2.125% 2041 <sup>6</sup>	124	163
	U.S. Treasury Inflation-Protected Security 0.75% 2042 <sup>6</sup>	7,025	7,095
	U.S. Treasury Inflation-Protected Security 1.375% 2044 <sup>6</sup>	3,466	4,004
			<u>18,763</u>
	<b>Total U.S. Treasury bonds &amp; notes</b>		<u>54,720</u>
<b>Federal agency bonds &amp; notes 12.22%</b>			
	Fannie Mae 1.88%-2.00% 2022	21,800	21,617
	Federal Home Loan Bank 1.38%-1.88% 2021	13,000	12,852
	United States Agency for International Development, Jordan (Kingdom of) 2.503% 2020	7,000	7,087
			<u>41,556</u>
<b>Asset-backed obligations 3.32%</b>			
	Hertz Vehicle Financing LLC, Rental Car Asset-backed Notes, Series 2015-1, Class A, 2.73% 2021 <sup>1,4</sup>	1,823	1,829
	Other securities		<u>9,456</u>
			<u>11,285</u>
<b>Corporate bonds &amp; notes 0.05%</b>			
<b>Financials 0.05%</b>	Other securities		<u>187</u>
	<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$322,647,000)		<u>323,632</u>

## Short-term securities 27.27%

	Apple Inc. 1.22% due 1/12/2018 <sup>4</sup>	4,000	3,998
	Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.49% due 1/10/2018	7,000	6,996
	CAFCO, LLC 1.39% due 2/2/2018 <sup>4</sup>	3,900	3,894
	Eli Lilly and Co. 1.28% due 1/8/2018 <sup>4</sup>	9,000	8,996
	Emerson Electric Co. 1.27% due 1/29/2018 <sup>4</sup>	5,500	5,493
	Federal Farm Credit Banks 1.32% due 4/19/2018	5,000	4,978
	Federal Home Loan Bank 1.15%-1.30% due 1/5/2018-2/14/2018	25,750	25,731
	General Electric Co. 1.42% due 1/2/2018	6,000	5,999
	National Rural Utilities Cooperative Finance Corp. 1.51% due 1/17/2018	5,000	4,996
	Paccar Financial Corp. 1.26% due 1/12/2018	5,500	5,497
	Private Export Funding Corp. 1.25% due 1/4/2018 <sup>4</sup>	8,210	8,208
	Toronto-Dominion Bank 1.45% due 3/16/2018 <sup>4</sup>	8,000	7,971
	<b>Total short-term securities</b> (cost: \$92,772,000)		<u>92,757</u>
	<b>Total investment securities 122.41%</b> (cost: \$415,419,000)		<u>416,389</u>
	Other assets less liabilities (22.41)%		<u>(76,219)</u>
	<b>Net assets 100.00%</b>		<u><u>\$340,170</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio. "Other securities" includes securities which were valued under fair value procedures adopted by authority of the board of trustees. The total value of securities which were valued under fair value procedures was \$1,579,000, which represented .46% of the net assets of the fund.

# Mortgage Fund

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>7</sup> (000)	Value at 12/31/2017 <sup>8</sup> (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
10 Year Ultra U.S. Treasury Note Futures	Long	95	March 2018	\$ 9,500	\$ 12,689	\$ (73)
20 Year U.S. Treasury Bond Futures	Long	48	March 2018	4,800	7,344	8
30 Year Ultra U.S. Treasury Bond Futures	Long	11	March 2018	1,100	1,844	13
5 Year U.S. Treasury Note Futures	Long	1,136	April 2018	113,600	131,962	(580)
						<u>\$(632)</u>

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized appreciation (depreciation) at 12/31/2017 (000)
3-month USD-LIBOR	1.217%	9/22/2021	\$11,500	\$ 406	\$-	\$ 406
3-month USD-LIBOR	1.225%	9/22/2021	11,500	402	-	402
3-month USD-LIBOR	1.2796%	10/11/2021	14,500	485	-	485
2.0135%	3-month USD-LIBOR	10/20/2021	30,000	(202)	-	(202)
2.012%	3-month USD-LIBOR	10/4/2022	9,000	(91)	-	(91)
2.00%	3-month USD-LIBOR	10/5/2022	41,500	(441)	-	(441)
2.1045%	3-month USD-LIBOR	10/31/2022	4,000	(23)	-	(23)
3-month USD-LIBOR	2.24%	12/5/2026	10,500	104	-	104
3-month USD-LIBOR	2.27%	12/5/2026	8,500	63	-	63
3-month USD-LIBOR	3.34%	6/27/2044	3,500	(564)	-	(564)
3-month USD-LIBOR	3.206%	7/31/2044	2,000	(270)	-	(270)
3-month USD-LIBOR	3.238%	8/8/2044	2,000	(283)	-	(283)
3-month USD-LIBOR	3.2265%	9/25/2044	3,000	(418)	-	(418)
3-month USD-LIBOR	2.5055%	1/9/2045	2,000	14	-	14
3-month USD-LIBOR	2.454%	1/15/2045	3,200	55	-	55
3-month USD-LIBOR	2.52822%	11/23/2045	3,560	6	-	6
3-month USD-LIBOR	2.59125%	12/16/2045	2,250	(25)	-	(25)
U.S. EFFR	2.145%	11/9/2047	2,200	4	-	4
U.S. EFFR	2.153%	11/10/2047	2,200	- <sup>9</sup>	-	- <sup>9</sup>
U.S. EFFR	2.155%	11/10/2047	1,280	- <sup>9</sup>	-	- <sup>9</sup>
U.S. EFFR	2.17%	11/13/2047	2,320	(8)	-	(8)
					<u>\$-</u>	<u>\$(786)</u>

# Mortgage Fund

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>2</sup>Purchased on a TBA basis.

<sup>3</sup>Coupon rate may change periodically.

<sup>4</sup>Acquired in a transaction exempt from registration under Rule 144A or Section 4(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, including those in "Other securities," was \$57,740,000, which represented 16.97% of the net assets of the fund.

<sup>5</sup>A portion of this security was pledged as collateral. The total value of pledged collateral was \$7,383,000, which represented 2.17% of the net assets of the fund.

<sup>6</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>7</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>8</sup>Value is calculated based on the notional amount and current market price.

<sup>9</sup>Amount less than one thousand.

## Key to abbreviations and symbol

EFFR = Federal Funds Effective Rate

LIBOR = London Interbank Offered Rate

TBA = To-be-announced

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Ultra-Short Bond Fund

Investment portfolio December 31, 2017

	Principal amount (000)	Value (000)
Short-term securities 100.30%		
<b>Commercial paper 82.90%</b>		
American Honda Finance Corp. 1.43% due 1/24/2018	\$ 8,100	\$ 8,092
Bank of Tokyo-Mitsubishi UFJ, Ltd. 1.56% due 2/14/2018 <sup>1</sup>	9,000	8,980
BMW U.S. Capital LLC 1.59% due 3/19/2018 <sup>1</sup>	5,000	4,983
British Columbia (Province of) 1.27% due 1/16/2018	11,000	10,992
CAFCO, LLC 1.41% due 2/13/2018 <sup>1</sup>	10,500	10,479
Cisco Systems, Inc. 1.50% due 2/15/2018 <sup>1</sup>	8,000	7,984
DBS Bank Ltd. 1.42%-1.46% due 2/2/2018-2/15/2018 <sup>1</sup>	10,600	10,581
Estée Lauder Companies Inc. 1.49% due 1/22/2018 <sup>1</sup>	5,000	4,995
ExxonMobil Corp. 1.40% due 1/23/2018	6,300	6,294
General Electric Co. 1.42% due 1/2/2018	11,000	10,998
IBM Credit LLC 1.62% due 3/13/2018 <sup>1</sup>	8,600	8,573
John Deere Canada ULC 1.32% due 1/5/2018 <sup>1</sup>	2,200	2,199
KfW 1.32% due 1/12/2018 <sup>1</sup>	12,000	11,994
Liberty Street Funding Corp. 1.40% due 2/1/2018 <sup>1</sup>	10,000	9,985
Mizuho Bank, Ltd. 1.40% due 2/15/2018 <sup>1</sup>	10,000	9,978
National Australia Bank Ltd. 1.65% due 4/4/2018 <sup>1</sup>	8,900	8,860
Nordea Bank AB 1.37% due 2/14/2018 <sup>1</sup>	10,500	10,480
Old Line Funding, LLC 1.36% due 1/22/2018 <sup>1</sup>	4,400	4,395
Paccar Financial Corp. 1.28% due 1/9/2018	5,100	5,098
Province of Alberta 1.45% due 1/10/2018 <sup>1</sup>	3,700	3,698
Prudential Funding, LLC 1.35% due 1/12/2018	10,500	10,494
Qualcomm Inc. 1.32% due 2/6/2018 <sup>1</sup>	7,800	7,787
Québec (Province of) 1.49% due 1/18/2018 <sup>1</sup>	11,000	10,991
Royal Bank of Canada 1.34% due 1/8/2018	6,000	5,998
Simon Property Group, L.P. 1.54% due 3/15/2018 <sup>1</sup>	6,100	6,080
Société Générale 1.41% due 1/31/2018 <sup>1</sup>	10,400	10,385
Swedbank AB 1.51% due 3/21/2018	5,000	4,984
Total Capital Canada Ltd. 1.66% due 3/16/2018 <sup>1</sup>	10,100	10,066
Toyota Industries Commercial Finance, Inc. 1.37% due 1/22/2018 <sup>1</sup>	6,200	6,194
Unilever Capital Corp. 1.43% due 2/26/2018 <sup>1</sup>	9,600	9,577
Walt Disney Co. 1.45% due 1/29/2018 <sup>1</sup>	10,500	10,487
		<u>252,681</u>
<b>Federal agency discount notes 17.40%</b>		
Federal Home Loan Bank 1.08%-1.32% due 1/5/2018-2/28/2018	53,100	53,046
<b>Total short-term securities</b> (cost: \$305,768,000)		<u>305,727</u>
<b>Total investment securities 100.30%</b> (cost: \$305,768,000)		305,727
Other assets less liabilities (0.30)%		(922)
<b>Net assets 100.00%</b>		<u>\$304,805</u>

<sup>1</sup>Acquired in a transaction exempt from registration under Section 4(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 \$189,731,000, which represented 62.25% of the net assets of the fund.

See Notes to Financial Statements

# U.S. Government/AAA-Rated Securities Fund

Summary investment portfolio December 31, 2017

Bonds, notes & other debt instruments 92.82%		Principal amount (000)	Value (000)
<b>U.S. Treasury bonds &amp; notes 50.54%</b>			
<b>U.S. Treasury 40.71%</b>	U.S. Treasury 1.125% 2021	\$ 31,950	\$ 30,869
	U.S. Treasury 1.75% 2021 <sup>1</sup>	40,540	39,981
	U.S. Treasury 2.00% 2021	46,300	46,077
	U.S. Treasury 2.00% 2021	44,350	44,207
	U.S. Treasury 2.00% 2021	26,500	26,461
	U.S. Treasury 2.125% 2021	23,450	23,475
	U.S. Treasury 2.25% 2021	64,745	65,141
	U.S. Treasury 2.25% 2021	38,000	38,258
	U.S. Treasury 1.75% 2022	198,300	194,846
	U.S. Treasury 1.875% 2022	63,000	62,254
	U.S. Treasury 1.875% 2022	45,000	44,395
	U.S. Treasury 2.00% 2022	80,000	79,316
	U.S. Treasury 2.00% 2022	43,510	43,121
	U.S. Treasury 1.50% 2023	26,020	25,111
	U.S. Treasury 1.625% 2023	38,150	36,961
	U.S. Treasury 2.125% 2023	64,095	63,582
	U.S. Treasury 2.125% 2024	115,975	114,525
	U.S. Treasury 2.25% 2024	40,550	40,365
	U.S. Treasury 2.50% 2024	44,000	44,502
	U.S. Treasury 2.75% 2047	50,501	50,572
	U.S. Treasury 1.13%-6.25% 2021-2047	148,817	149,234
			<u>1,263,253</u>
<b>U.S. Treasury inflation-protected securities 9.83%</b>	U.S. Treasury Inflation-Protected Security 0.25% 2025 <sup>2</sup>	27,223	26,981
	U.S. Treasury Inflation-Protected Security 0.375% 2025 <sup>2</sup>	86,645	86,784
	U.S. Treasury Inflation-Protected Security 2.375% 2025 <sup>2</sup>	24,864	28,333
	U.S. Treasury Inflation-Protected Security 0.375% 2027 <sup>2</sup>	68,267	67,914
	U.S. Treasury Inflation-Protected Security 1.375% 2044 <sup>1,2</sup>	45,728	52,818
	U.S. Treasury Inflation-Protected Securities 0.13%-2.13% 2020-2047 <sup>2</sup>	41,535	42,269
			<u>305,099</u>
	<b>Total U.S. Treasury bonds &amp; notes</b>		<u>1,568,352</u>
<b>Mortgage-backed obligations 25.34%</b>			
<b>Federal agency mortgage-backed obligations 25.34%</b>	Fannie Mae 3.50% 2033 <sup>3,4</sup>	30,000	30,946
	Fannie Mae 3.00% 2036 <sup>3</sup>	29,057	29,534
	Fannie Mae 4.00% 2047 <sup>3</sup>	34,100	35,730
	Fannie Mae 4.00% 2047 <sup>3</sup>	23,761	24,893
	Fannie Mae 4.50% 2047 <sup>3</sup>	25,443	27,113
	Fannie Mae 4.50% 2048 <sup>3,4</sup>	75,000	79,804
	Fannie Mae 0%-9.50% 2022-2048 <sup>3,4,5</sup>	105,743	110,011
	Freddie Mac 4.00% 2047 <sup>3</sup>	23,965	25,098
	Freddie Mac 4.00% 2048 <sup>3,4</sup>	50,000	52,309
	Freddie Mac 0%-5.50% 2020-2048 <sup>3,4,5</sup>	113,700	117,766
	Government National Mortgage Assn. 4.00% 2047 <sup>3</sup>	63,961	67,023
	Government National Mortgage Assn. 4.50% 2048 <sup>3,4</sup>	30,525	32,022
	Government National Mortgage Assn. 1.99%-6.64% 2034-2065 <sup>3,5</sup>	90,528	94,637
	Other securities		59,617
			<u>786,503</u>
<b>Federal agency bonds &amp; notes 16.94%</b>			
	Fannie Mae 1.25%-7.13% 2019-2030	31,400	32,762
	Federal Home Loan Bank 1.75%-5.50% 2018-2036	91,315	92,402
	Freddie Mac 3.75% 2019	12,750	13,040
	Tennessee Valley Authority 2.88%-5.88% 2021-2060	47,305	50,606
	TVA Southaven 3.846% 2033 <sup>3</sup>	1,418	1,444
	U.S. Department of Housing and Urban Development 1.33%-3.70% 2018-2034	83,632	84,747
	United States Agency for International Development, Iraq (Republic of), 2.149% 2022	6,670	6,634

# U.S. Government/AAA-Rated Securities Fund

Bonds, notes & other debt instruments (continued)	Principal amount (000)	Value (000)
<b>Federal agency bonds &amp; notes (continued)</b>		
United States Agency for International Development, Jordan (Kingdom of) 1.95%-3.00% 2019-2025	\$194,000	\$ 196,981
United States Agency for International Development, Morocco (Kingdom of) 7.55% 2026 <sup>3</sup>	3,621	4,311
United States Agency for International Development, Tunisia (Kingdom of) 1.416% 2021	3,000	2,904
United States Agency for International Development, Ukraine 1.47%-1.84% 2019-2021	5,855	5,742
Other securities		34,007
		<u>525,580</u>
<b>Total bonds, notes &amp; other debt instruments</b> (cost: \$2,881,337,000)		<u>2,880,435</u>

## Short-term securities 14.77%

Apple Inc. 1.24% due 1/30/2018 <sup>6</sup>	35,000	34,955
Cisco LLC 1.87% due 6/25/2018 <sup>6</sup>	50,000	49,544
Cisco Systems, Inc. 1.36% due 3/8/2018 <sup>6</sup>	45,000	44,872
ExxonMobil Corp. 1.40% due 1/23/2018	31,400	31,370
Federal Home Loan Bank 1.16% due 2/2/2018	25,000	24,974
Kimberly-Clark Corp. 1.48% due 1/16/2018 <sup>6</sup>	25,000	24,981
Microsoft Corp. 1.27%-1.30% due 1/16/2018-1/23/2018 <sup>6</sup>	70,000	69,945
Paccar Financial Corp. 1.22%-1.28% due 1/8/2018-1/16/2018	42,400	42,375
Sumitomo Mitsui Banking Corp. 1.44% due 1/11/2018 <sup>6</sup>	40,000	39,979
Walt Disney Co. 1.25% due 1/19/2018 <sup>6</sup>	35,000	34,970
Other securities		60,315
<b>Total short-term securities</b> (cost: \$458,355,000)		<u>458,280</u>
<b>Total investment securities 107.59%</b> (cost: \$3,339,692,000)		3,338,715
Other assets less liabilities (7.59)%		(235,400)
<b>Net assets 100.00%</b>		<u><u>\$3,103,315</u></u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>7</sup> (000)	Value at 12/31/2017 <sup>8</sup> (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
10 Year U.S. Treasury Note Futures	Long	2,734	March 2018	\$ 273,400	\$ 339,144	\$ (813)
20 Year U.S. Treasury Bond Futures	Long	195	March 2018	19,500	29,835	31
10 Year Ultra U.S. Treasury Note Futures	Short	175	March 2018	(17,500)	(23,373)	110
30 Year Ultra U.S. Treasury Bond Futures	Short	219	March 2018	(21,900)	(36,717)	(23)
5 Year U.S. Treasury Note Futures	Long	14,014	April 2018	1,401,400	1,627,923	(6,730)
2 Year U.S. Treasury Note Futures	Long	2,111	April 2018	422,200	451,985	(380)
90 Day Euro Dollar Futures	Short	905	September 2018	(226,250)	(221,635)	245
90 Day Euro Dollar Futures	Long	1,595	December 2018	398,750	390,197	(242)
90 Day Euro Dollar Futures	Short	1,920	December 2019	(480,000)	(468,816)	357
						<u><u>\$(7,445)</u></u>



# U.S. Government/AAA-Rated Securities Fund

## Swap contracts

### Interest rate swaps

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
1.345%	U.S. EFFR	1/31/2018	\$1,078,000	\$ (56)	\$-	\$ (56)
1.3475%	U.S. EFFR	1/31/2018	1,747,000	(86)	-	(86)
1.329%	U.S. EFFR	3/27/2019	131,000	(632)	-	(632)
1.32625%	U.S. EFFR	4/5/2019	68,800	(345)	-	(345)
1.34875%	U.S. EFFR	4/5/2019	120,000	(568)	-	(568)
1.337%	U.S. EFFR	6/8/2019	121,000	(730)	-	(730)
1.367%	U.S. EFFR	6/12/2019	60,500	(341)	-	(341)
1.37%	U.S. EFFR	6/14/2019	60,500	(341)	-	(341)
1.362%	U.S. EFFR	6/21/2019	60,500	(355)	-	(355)
1.351%	U.S. EFFR	6/28/2019	60,500	(372)	-	(372)
1.9425%	3-month USD-LIBOR	3/17/2020	165,000	(526)	-	(526)
1.8005%	3-month USD-LIBOR	9/28/2020	48,000	(444)	-	(444)
3-month USD-LIBOR	1.217%	9/22/2021	60,000	2,116	-	2,116
3-month USD-LIBOR	1.225%	9/22/2021	60,000	2,099	-	2,099
3-month USD-LIBOR	1.2255%	9/23/2021	5,000	175	-	175
3-month USD-LIBOR	2.01215%	2/2/2022	119,000	915	-	915
3-month USD-LIBOR	1.9665%	2/2/2022	50,000	474	-	474
3-month USD-LIBOR	2.0025%	2/7/2022	59,000	477	-	477
3-month USD-LIBOR	2.2175%	3/17/2022	52,000	(10)	-	(10)
3-month USD-LIBOR	1.8675%	4/19/2022	70,000	1,002	-	1,002
3-month USD-LIBOR	1.75918%	4/29/2022	58,000	1,092	-	1,092
3-month USD-LIBOR	1.948%	7/28/2022	20,000	239	-	239
2.80%	3-month USD-LIBOR	9/2/2022	280,000	2,280	-	2,280
2.75%	3-month USD-LIBOR	9/2/2022	280,000	2,020	-	2,020
2.009%	3-month USD-LIBOR	10/4/2022	50,000	(511)	-	(511)
2.00965%	3-month USD-LIBOR	10/6/2022	49,000	(498)	-	(498)
1.9855%	3-month USD-LIBOR	10/17/2022	29,500	(331)	-	(331)
1.98%	3-month USD-LIBOR	10/17/2022	29,500	(339)	-	(339)
2.08613%	3-month USD-LIBOR	11/17/2022	38,300	(257)	-	(257)
2.08934%	3-month USD-LIBOR	11/17/2022	40,700	(267)	-	(267)
2.2025%	3-month USD-LIBOR	12/4/2022	20,000	(28)	-	(28)
3-month USD-LIBOR	2.2455%	12/21/2022	25,000	(6)	-	(6)
2.27403%	3-month USD-LIBOR	12/29/2022	60,000	92	-	92
3-month USD-LIBOR	2.0815%	2/10/2024	28,700	321	-	321
3-month USD-LIBOR	2.0955%	2/10/2024	14,300	148	-	148
3-month USD-LIBOR	2.3875%	3/17/2024	160,700	(998)	-	(998)
3-month USD-LIBOR	2.12813%	10/3/2024	65,000	712	-	712
3-month USD-LIBOR	1.798%	2/2/2026	35,000	1,408	-	1,408
3-month USD-LIBOR	2.24%	12/5/2026	55,100	545	-	545
3-month USD-LIBOR	2.27%	12/5/2026	44,900	335	-	335
2.579%	3-month USD-LIBOR	3/14/2027	53,000	929	-	929
2.333%	3-month USD-LIBOR	3/29/2027	42,000	(144)	-	(144)
3-month USD-LIBOR	2.31934%	11/17/2027	21,200	127	-	127
3-month USD-LIBOR	2.31613%	11/17/2027	19,800	124	-	124
3-month USD-LIBOR	2.97125%	9/2/2030	62,000	(2,240)	-	(2,240)
3-month USD-LIBOR	3.005%	9/2/2030	62,000	(2,418)	-	(2,418)
3-month USD-LIBOR	3.34%	6/27/2044	45,000	(7,252)	-	(7,252)
3-month USD-LIBOR	3.206%	7/31/2044	16,000	(2,160)	-	(2,160)
3-month USD-LIBOR	3.238%	8/8/2044	16,000	(2,262)	-	(2,262)
3-month USD-LIBOR	2.7045%	1/2/2045	12,000	(404)	-	(404)
3-month USD-LIBOR	2.5055%	1/9/2045	11,000	75	-	75
3-month USD-LIBOR	2.4945%	1/9/2045	2,000	18	-	18
3-month USD-LIBOR	2.7025%	9/10/2045	30,000	(1,030)	-	(1,030)
3-month USD-LIBOR	2.52822%	11/23/2045	13,350	24	-	24
2.44345%	3-month USD-LIBOR	6/29/2047	21,000	(422)	-	(422)

# U.S. Government/AAA-Rated Securities Fund

## Swap contracts (continued)

### Interest rate swaps (continued)

Receive	Pay	Expiration date	Notional (000)	Value at 12/31/2017 (000)	Upfront payments/receipts (000)	Unrealized (depreciation) appreciation at 12/31/2017 (000)
3-month USD-LIBOR	2.5015%	8/17/2047	\$ 4,600	\$ 33	\$—	\$ 33
3-month USD-LIBOR	2.5095%	8/17/2047	4,400	24	—	24
3-month USD-LIBOR	2.436%	9/19/2047	10,500	230	—	230
2.53563%	3-month USD-LIBOR	10/3/2047	20,000	(4)	—	(4)
3-month USD-LIBOR	2.56315%	10/6/2047	11,000	(65)	—	(65)
3-month USD-LIBOR	2.495%	10/17/2047	6,300	56	—	56
3-month USD-LIBOR	2.4975%	10/17/2047	6,300	52	—	52
U.S. EFFR	2.166%	10/23/2047	10,000	(28)	—	(28)
U.S. EFFR	2.145%	11/9/2047	15,400	29	—	29
U.S. EFFR	2.153%	11/10/2047	15,300	1	—	1
U.S. EFFR	2.155%	11/10/2047	8,640	(3)	—	(3)
U.S. EFFR	2.17%	11/13/2047	15,660	(57)	—	(57)
2.5735%	3-month USD-LIBOR	12/21/2047	5,400	45	—	45
3-month USD-LIBOR	2.57553%	12/29/2047	13,000	(115)	—	(115)
					\$—	\$ (8,428)

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

<sup>1</sup>A portion of this security was pledged as collateral. The total value of pledged collateral was \$61,762,000, which represented 1.99% of the net assets of the fund.

<sup>2</sup>Index-linked bond whose principal amount moves with a government price index.

<sup>3</sup>Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

<sup>4</sup>Purchased on a TBA basis.

<sup>5</sup>Coupon rate may change periodically.

<sup>6</sup>Acquired in a transaction exempt from registration under Section 4(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, including those in "Other securities," was \$339,563,000, which represented 10.94% of the net assets of the fund.

<sup>7</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>8</sup>Value is calculated based on the notional amount and current market price.

#### Key to abbreviations and symbol

EFFR = Federal Funds Effective Rate

LIBOR = London Interbank Offered Rate

TBA = To-be-announced

USD/\$ = U.S. dollars

See Notes to Financial Statements

# Managed Risk Growth Fund

Investment portfolio December 31, 2017

Growth funds 80.05%	Shares	Value (000)
American Funds Insurance Series - Growth Fund, Class 1	2,960,791	\$230,498
<b>Total growth funds</b> (cost: \$200,842,000)		<u>230,498</u>

## Fixed income funds 15.11%

American Funds Insurance Series - Bond Fund, Class 1	4,022,202	43,520
<b>Total fixed income funds</b> (cost: \$44,022,000)		<u>43,520</u>

## Short-term securities 4.89%

Government Cash Management Fund	14,078,452	14,078
<b>Total short-term securities</b> (cost: \$14,078,000)		<u>14,078</u>
<b>Total investment securities 100.05%</b> (cost: \$258,942,000)		288,096
Other assets less liabilities (0.05)%		(137)
<b>Net assets 100.00%</b>		<u><u>\$287,959</u></u>

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>1</sup> (000)	Value at 12/31/2017 <sup>2</sup> (000)	Unrealized depreciation at 12/31/2017 (000)
5 Year U.S. Treasury Note Futures	Long	130	March 2018	\$13,000	\$15,101	\$(38)

## Investments in affiliates

These holdings are affiliates of the fund under the Investment Company Act of 1940 since they are controlled by the same board of trustees as the series. Further details on these holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized loss (000)	Net unrealized appreciation (depreciation) (000)	Dividend income (000)	Value of affiliates at 12/31/2017 (000)
<b>Growth funds 80.05%</b>								
American Funds Insurance Series - Growth Fund, Class 1	2,821,842	902,012	763,063	2,960,791	\$(2,465)	\$35,900	\$1,621	\$230,498
<b>Fixed income funds 15.11%</b>								
American Funds Insurance Series - Bond Fund, Class 1	—	4,068,037	45,835	4,022,202	(5)	(502)	674	43,520
<b>Total 95.16%</b>					<u>\$(2,470)</u>	<u>\$35,398</u>	<u>\$2,295</u>	<u>\$274,018</u>

<sup>1</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>2</sup>Value is calculated based on the notional amount and current market price.

See Notes to Financial Statements

# Managed Risk International Fund

Investment portfolio December 31, 2017

Growth funds 80.15%	Shares	Value (000)
American Funds Insurance Series - International Fund, Class 1	5,479,657	\$118,964
<b>Total growth funds</b> (cost: \$99,690,000)		<u>118,964</u>

Fixed income funds 15.04%		
American Funds Insurance Series - Bond Fund, Class 1	2,063,150	22,323
<b>Total fixed income funds</b> (cost: \$22,581,000)		<u>22,323</u>

Short-term securities 4.85%		
Government Cash Management Fund	7,200,311	7,200
<b>Total short-term securities</b> (cost: \$7,200,000)		<u>7,200</u>
<b>Total investment securities 100.04%</b> (cost: \$129,471,000)		148,487
Other assets less liabilities (0.04)%		<u>(64)</u>
<b>Net assets 100.00%</b>		<u><u>\$148,423</u></u>

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>1</sup> (000)	Value at 12/31/2017 <sup>2</sup> (000)	Unrealized depreciation at 12/31/2017 (000)
5 Year U.S. Treasury Note Futures	Long	66	March 2018	\$6,600	\$7,667	\$(19)

## Investments in affiliates

These holdings are affiliates of the fund under the Investment Company Act of 1940 since they are controlled by the same board of trustees as the series. Further details on these holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized loss (000)	Net unrealized appreciation (depreciation) (000)	Dividend income (000)	Value of affiliates at 12/31/2017 (000)
<b>Growth funds 80.15%</b>								
American Funds Insurance Series - International Fund, Class 1	5,381,857	1,475,679	1,377,879	5,479,657	\$(584)	\$29,000	\$1,667	\$118,964
<b>Fixed income funds 15.04%</b>								
American Funds Insurance Series - Bond Fund, Class 1	—	2,098,231	35,081	2,063,150	(2)	(258)	345	22,323
<b>Total 95.19%</b>					<u>\$(586)</u>	<u>\$28,742</u>	<u>\$2,012</u>	<u>\$141,287</u>

<sup>1</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>2</sup>Value is calculated based on the notional amount and current market price.

See Notes to Financial Statements

# Managed Risk Blue Chip Income and Growth Fund

Investment portfolio December 31, 2017

Growth-and-income funds 80.32%	Shares	Value (000)
American Funds Insurance Series - Blue Chip Income and Growth Fund, Class 1	19,699,331	\$294,702
<b>Total growth-and-income funds</b> (cost: \$263,402,000)		<u>294,702</u>

Fixed income funds 14.92%		
American Funds Insurance Series - U.S. Government/AAA-Rated Securities Fund, Class 1	4,530,491	54,729
<b>Total fixed income funds</b> (cost: \$55,397,000)		<u>54,729</u>

Short-term securities 4.82%		
Government Cash Management Fund	17,696,252	17,696
<b>Total short-term securities</b> (cost: \$17,696,000)		<u>17,696</u>
<b>Total investment securities 100.06%</b> (cost: \$336,495,000)		367,127
Other assets less liabilities (0.06)%		(223)
<b>Net assets 100.00%</b>		<u><u>\$366,904</u></u>

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>1</sup> (000)	Value at 12/31/2017 <sup>2</sup> (000)	Unrealized depreciation at 12/31/2017 (000)
5 Year U.S. Treasury Note Futures	Long	167	March 2018	\$16,700	\$19,399	\$(49)

## Investments in affiliates

These holdings are affiliates of the fund under the Investment Company Act of 1940 since they are controlled by the same board of trustees as the series. Further details on these holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized gain (000)	Net unrealized appreciation (depreciation) (000)	Dividend income (000)	Value of affiliates at 12/31/2017 (000)
<b>Growth-and-income funds 80.32%</b>								
American Funds Insurance Series - Blue Chip Income and Growth Fund, Class 1	20,295,700	6,791,546	7,387,915	19,699,331	\$228	\$31,593	\$6,425	\$294,702
<b>Fixed income funds 14.92%</b>								
American Funds Insurance Series - U.S. Government/AAA-Rated Securities Fund, Class 1	-	4,549,444	18,953	4,530,491	1	(668)	690	54,729
<b>Total 95.24%</b>					<u>\$229</u>	<u>\$30,925</u>	<u>\$7,115</u>	<u>\$349,431</u>

<sup>1</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>2</sup>Value is calculated based on the notional amount and current market price.

See Notes to Financial Statements

# Managed Risk Growth-Income Fund

Investment portfolio December 31, 2017

Growth-and-income funds 80.07%	Shares	Value (000)
American Funds Insurance Series - Growth-Income Fund, Class 1	3,331,787	\$167,322
<b>Total growth-and-income funds</b> (cost: \$153,163,000)		<u>167,322</u>

## Fixed income funds 15.10%

American Funds Insurance Series - Bond Fund, Class 1	2,916,097	31,552
<b>Total fixed income funds</b> (cost: \$31,921,000)		<u>31,552</u>

## Short-term securities 4.88%

Government Cash Management Fund	10,195,681	10,196
<b>Total short-term securities</b> (cost: \$10,196,000)		<u>10,196</u>
<b>Total investment securities 100.05%</b> (cost: \$195,280,000)		209,070
Other assets less liabilities (0.05)%		(102)
<b>Net assets 100.00%</b>		<u><u>\$208,968</u></u>

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>1</sup> (000)	Value at 12/31/2017 <sup>2</sup> (000)	Unrealized depreciation at 12/31/2017 (000)
5 Year U.S. Treasury Note Futures	Long	95	March 2018	\$9,500	\$11,036	\$(28)

## Investments in affiliates

These holdings are affiliates of the fund under the Investment Company Act of 1940 since they are controlled by the same board of trustees as the series. Further details on these holdings and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized loss (000)	Net unrealized appreciation (depreciation) (000)	Dividend income (000)	Value of affiliates at 12/31/2017 (000)
<b>Growth-and-income funds 80.07%</b>								
American Funds Insurance Series - Growth-Income Fund, Class 1	3,415,529	831,566	915,308	3,331,787	\$(2,960)	\$24,457	\$2,622	\$167,322
<b>Fixed income funds 15.10%</b>								
American Funds Insurance Series - Bond Fund, Class 1	—	2,928,337	12,240	2,916,097	(1)	(369)	492	31,552
<b>Total 95.17%</b>					<u>\$(2,961)</u>	<u>\$24,088</u>	<u>\$3,114</u>	<u>\$198,874</u>

<sup>1</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>2</sup>Value is calculated based on the notional amount and current market price.

See Notes to Financial Statements

# Managed Risk Asset Allocation Fund

**Investment portfolio** December 31, 2017

Asset allocation funds 95.19%	Shares	Value (000)
American Funds Insurance Series - Asset Allocation Fund, Class 1	178,833,494	\$4,240,142
<b>Total asset allocation funds</b> (cost: \$3,901,495,000)		<u>4,240,142</u>

## Short-term securities 4.87%

Government Cash Management Fund	217,109,926	217,110
<b>Total short-term securities</b> (cost: \$217,110,000)		<u>217,110</u>
<b>Total investment securities 100.06%</b> (cost: \$4,118,605,000)		4,457,252
Other assets less liabilities (0.06)%		(2,842)
<b>Net assets 100.00%</b>		<u><u>\$4,454,410</u></u>

## Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount <sup>1</sup> (000)	Value at 12/31/2017 <sup>2</sup> (000)	Unrealized depreciation at 12/31/2017 (000)
5 Year U.S. Treasury Note Futures	Long	2,033	March 2018	\$203,300	\$236,162	\$(592)

## Investment in affiliates

This holding is an affiliate of the fund under the Investment Company Act of 1940 since it is controlled by the same board of trustees as the series. Further details on this holding and related transactions during the year ended December 31, 2017, appear below.

	Beginning shares	Additions	Reductions	Ending shares	Net realized gain (000)	Net unrealized appreciation (000)	Dividend income (000)	Value of affiliate at 12/31/2017 (000)
<b>Asset allocation funds 95.19%</b>								
American Funds Insurance Series - Asset Allocation Fund, Class 1	153,453,622	27,323,215	1,943,343	178,833,494	\$4,957	\$329,625	\$70,949	\$4,240,142

<sup>1</sup>Notional amount is calculated based on the number of contracts and notional contract size.

<sup>2</sup>Value is calculated based on the notional amount and current market price.

See Notes to Financial Statements

# Financial statements

Statements of assets and liabilities at December 31, 2017

	Global Growth Fund	Global Small Capitalization Fund	Growth Fund	International Fund	New World Fund
<b>Assets:</b>					
Investment securities, at value:					
Unaffiliated issuers	\$6,252,509	\$4,283,077	\$25,039,262	\$9,755,613	\$3,548,151
Affiliated issuers	–	32,175	–	–	–
Cash	826	285	5,966	224	267
Cash denominated in currencies other than U.S. dollars	77	–*	–*	1,557	17
Unrealized appreciation on open forward currency contracts	15	89	–	–	69
Receivables for:					
Sales of investments	244	6,683	–	10,136	4,948
Sales of fund's shares	2,175	780	5,686	2,305	1,438
Dividends and interest	6,980	4,576	9,570	18,169	5,876
Closed forward currency contracts	–	44	–	–	–
Variation margin on futures contracts	–	–	–	–	–
Variation margin on swap contracts	–	–	–	–	–
Other	91	77	40	325	10
	6,262,917	4,327,786	25,060,524	9,788,329	3,560,776
<b>Liabilities:</b>					
Unrealized depreciation on open forward currency contracts	–	1,192	–	355	392
Payables for:					
Purchases of investments	5,023	4,588	19,283	9,764	7,084
Repurchases of fund's shares	14,501	2,894	43,820	10,041	1,590
Investment advisory services	2,734	2,529	6,875	4,021	2,064
Services provided by related parties	943	599	3,764	1,069	337
Trustees' deferred compensation	71	48	517	220	31
Closed forward currency contracts	–	–	–	–	–
Variation margin on futures contracts	–	–	–	–	–
Variation margin on swap contracts	–	–	–	–	–
Non-U.S. taxes	4,352	754	219	4,753	16,164
Other	217	144	588	284	401
	27,841	12,748	75,066	30,507	28,063
<b>Net assets at December 31, 2017</b>	<b>\$6,235,076</b>	<b>\$4,315,038</b>	<b>\$24,985,458</b>	<b>\$9,757,822</b>	<b>\$3,532,713</b>
<b>Net assets consist of:</b>					
Capital paid in on shares of beneficial interest	\$3,621,863	\$3,116,123	\$13,105,139	\$7,085,727	\$2,609,444
Undistributed (distributions in excess of) net investment income	3,242	10,507	41,109	2,852	4,643
Undistributed (accumulated) net realized gain (loss)	427,988	238,153	2,386,299	458,991	92,357
Net unrealized appreciation (depreciation)	2,181,983	950,255	9,452,911	2,210,252	826,269
<b>Net assets at December 31, 2017</b>	<b>\$6,235,076</b>	<b>\$4,315,038</b>	<b>\$24,985,458</b>	<b>\$9,757,822</b>	<b>\$3,532,713</b>
<b>Investment securities, at cost:</b>					
Unaffiliated issuers	\$4,066,420	\$3,337,949	\$15,586,391	\$7,542,215	\$2,705,479
Affiliated issuers	–	25,519	–	–	–
Cash denominated in currencies other than U.S. dollars, at cost	77	–*	–*	1,552	17

See end of statements of assets and liabilities for footnote.

See Notes to Financial Statements



(dollars in thousands)

Blue Chip Income and Growth Fund	Global Growth and Income Fund	Growth- Income Fund	International Growth and Income Fund	Capital Income Builder	Asset Allocation Fund	Global Balanced Fund	Bond Fund	Global Bond Fund
\$9,376,768	\$2,106,326	\$30,709,873	\$1,460,513	\$599,194	\$25,925,861	\$356,247	\$12,735,377	\$2,492,473
–	–	–	–	–	233,520	–	–	–
74	327	2,827	190	387	13,225	88	6,703	48
–	–*	82	305	99	575	32	8,467	1,392
–	–	–	–	–	–	144	10,220	4,906
–	9,418	14	420	14,350	242,667	3,300	901,567	48,509
1,782	665	8,715	339	760	30,699	621	5,401	1,723
11,389	4,262	38,831	4,986	2,318	60,752	1,283	66,255	18,888
–	–	–	–	–	–	11	–	253
–	–	–	–	–	58	–	1,377	192
–	–	–	–	–	68	–	651	367
30	113	225	60	12	365	21	335	286
9,390,043	2,121,111	30,760,567	1,466,813	617,120	26,507,790	361,747	13,736,353	2,569,037
–	–	–	–	–	–	269	2,678	4,246
–	13,327	20,032	204	22,077	827,715	7,055	3,028,664	94,178
5,780	1,249	34,294	2,188	8	9,032	54	1,676	162
3,073	1,048	6,737	740	248	5,754	195	3,275	1,101
877	358	3,401	82	75	2,124	57	992	274
78	22	591	9	2	253	2	115	24
–	–	–	–	–	–	2	–	899
–	–	–	–	–	191	–	37	9
–	–	–	–	–	181	–	1,058	282
220	2,563	2,618	1,528	11	131	150	–	235
166	98	532	95	242	2,315	64	164	49
10,194	18,665	68,205	4,846	22,663	847,696	7,848	3,038,659	101,459
\$9,379,849	\$2,102,446	\$30,692,362	\$1,461,967	\$594,457	\$25,660,094	\$353,899	\$10,697,694	\$2,467,578
\$6,329,001	\$1,433,416	\$19,750,659	\$1,270,668	\$560,897	\$19,078,377	\$295,581	\$10,588,572	\$2,421,281
37,271	6,666	88,048	4,347	261	92,516	(671)	35,376	2,784
718,730	151,697	2,154,031	(4,704)	1,369	1,230,620	1,590	11,921	6,180
2,294,847	510,667	8,699,624	191,656	31,930	5,258,581	57,399	61,825	37,333
\$9,379,849	\$2,102,446	\$30,692,362	\$1,461,967	\$594,457	\$25,660,094	\$353,899	\$10,697,694	\$2,467,578
\$7,081,951	\$1,593,223	\$22,008,737	\$1,267,746	\$567,274	\$20,455,210	\$298,597	\$12,684,562	\$2,454,021
–	–	–	–	–	438,627	–	–	–
–	–*	82	305	99	575	32	8,384	1,371

**Statements of assets and liabilities** at December 31, 2017

	High- Income Bond Fund	Mortgage Fund	Ultra-Short Bond Fund	U.S. Government/ AAA-Rated Securities Fund	Managed Risk Growth Fund
<b>Assets:</b>					
Investment securities, at value:					
Unaffiliated issuers	\$1,424,657	\$416,389	\$305,727	\$3,338,715	\$ 14,078
Affiliated issuers	—	—	—	—	274,018
Cash	7,789	184	78	1,154	—
Cash denominated in currencies other than U.S. dollars	—*	—	—	—	—
Receivables for:					
Sales of investments	5,688	69,814	—	93,294	—
Sales of fund's shares	231	159	129	791	424
Dividends and interest	22,421	1,001	—	13,174	14
Deposits at brokers for futures contracts	—	—	—	—	81
Variation margin on futures contracts	—	152	—	2,137	12
Variation margin on swap contracts	23	86	—	1,629	—
Other	168	1	—	21	—
	1,460,977	487,786	305,934	3,450,915	288,627
<b>Liabilities:</b>					
Payables for:					
Purchases of investments	5,131	147,041	—	342,862	396
Repurchases of fund's shares	499	240	924	488	7
Investment advisory services	581	121	84	886	24
Services provided by related parties	186	19	60	353	233
Trustees' deferred compensation	53	2	19	61	1
Variation margin on futures contracts	—	—	—	264	—
Variation margin on swap contracts	184	153	—	2,614	—
Bank overdraft	—	—	—	—	5
Other	463	40	42	72	2
	7,097	147,616	1,129	347,600	668
<b>Net assets at December 31, 2017</b>	<b>\$1,453,880</b>	<b>\$340,170</b>	<b>\$304,805</b>	<b>\$3,103,315</b>	<b>\$287,959</b>
<b>Net assets consist of:</b>					
Capital paid in on shares of beneficial interest	\$1,608,594	\$339,464	\$304,384	\$3,108,660	\$245,388
Undistributed (distributions in excess of) net investment income	13,377	1,052	462	9,726	1,399
Undistributed (accumulated) net realized gain (loss)	(163,565)	101	—	1,780	12,056
Net unrealized appreciation (depreciation)	(4,526)	(447)	(41)	(16,851)	29,116
<b>Net assets at December 31, 2017</b>	<b>\$1,453,880</b>	<b>\$340,170</b>	<b>\$304,805</b>	<b>\$3,103,315</b>	<b>\$287,959</b>
Investment securities, at cost:					
Unaffiliated issuers	\$1,429,183	\$415,419	\$305,768	\$3,339,692	\$ 14,078
Affiliated issuers	—	—	—	—	244,864
Cash denominated in currencies other than U.S. dollars, at cost	—*	—	—	—	—

See end of statements of assets and liabilities for footnote.

See Notes to Financial Statements

(dollars in thousands)

Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth-Income Fund	Managed Risk Asset Allocation Fund
\$ 7,200	\$ 17,696	\$ 10,196	\$ 217,110
141,287	349,431	198,874	4,240,142
—	—	—	—
—	—	—	—
—	233	12	347
390	19	276	20,891
7	17	10	206
41	104	59	1,271
6	16	9	191
—	—	—	—
—	—	—	—
148,931	367,516	209,436	4,480,158
367	13	258	19,185
3	250	16	1,062
12	31	18	374
120	301	171	3,317
1	1	1	20
—	—	—	—
—	—	—	—
5	6	3	72
—*	10	1	1,718
508	612	468	25,748
\$148,423	\$366,904	\$208,968	\$4,454,410
\$134,213	\$320,903	\$188,490	\$3,888,542
1,323	5,669	2,167	53,091
(6,110)	9,749	4,549	174,722
18,997	30,583	13,762	338,055
\$148,423	\$366,904	\$208,968	\$4,454,410
\$ 7,200	\$ 17,696	\$ 10,196	\$ 217,110
122,271	318,799	185,084	3,901,495
—	—	—	—

**Statements of assets and liabilities** at December 31, 2017

		Global Growth Fund	Global Small Capitalization Fund	Growth Fund	International Fund	New World Fund
Shares of beneficial interest issued and outstanding (no stated par value) – unlimited shares authorized						
<b>Class 1:</b>	Net assets	\$2,009,765	\$1,639,002	\$8,100,634	\$5,013,606	\$2,049,765
	Shares outstanding	65,876	64,573	104,059	230,943	81,020
	Net asset value per share	\$30.51	\$25.38	\$77.85	\$21.71	\$25.30
<b>Class 1A:</b>	Net assets	\$2,331	\$194	\$2,815	\$1,637	\$662
	Shares outstanding	77	8	36	76	26
	Net asset value per share	\$30.46	\$25.36	\$77.74	\$21.67	\$25.25
<b>Class 2:</b>	Net assets	\$4,012,273	\$2,550,887	\$15,716,541	\$4,422,688	\$1,055,043
	Shares outstanding	132,692	103,187	203,181	204,479	42,082
	Net asset value per share	\$30.24	\$24.72	\$77.35	\$21.63	\$25.07
<b>Class 3:</b>	Net assets			\$211,654	\$31,264	
	Shares outstanding			2,702	1,437	
	Net asset value per share			\$78.32	\$21.75	
<b>Class 4:</b>	Net assets	\$210,707	\$124,955	\$953,814	\$288,627	\$427,243
	Shares outstanding	6,993	5,017	12,459	13,478	17,094
	Net asset value per share	\$30.13	\$24.91	\$76.56	\$21.42	\$24.99

		High- Income Bond Fund	Mortgage Fund	Ultra-Short Bond Fund	U.S. Government/ AAA-Rated Securities Fund	Managed Risk Growth Fund
Shares of beneficial interest issued and outstanding (no stated par value) – unlimited shares authorized						
<b>Class 1:</b>	Net assets	\$631,391	\$265,116	\$37,092	\$1,557,932	
	Shares outstanding	61,972	25,328	3,286	128,979	
	Net asset value per share	\$10.19	\$10.47	\$11.29	\$12.08	
<b>Class 1A:</b>	Net assets	\$398	\$104	\$10	\$303	
	Shares outstanding	39	10	1	25	
	Net asset value per share	\$10.18	\$10.46	\$11.29	\$12.08	
<b>Class 2:</b>	Net assets	\$775,849	\$62,581	\$248,306	\$1,472,985	
	Shares outstanding	77,355	5,990	22,562	123,162	
	Net asset value per share	\$10.03	\$10.45	\$11.01	\$11.96	
<b>Class 3:</b>	Net assets	\$12,095		\$4,180	\$10,219	
	Shares outstanding	1,182		376	844	
	Net asset value per share	\$10.23		\$11.12	\$12.11	
<b>Class 4:</b>	Net assets	\$34,147	\$12,369	\$15,217	\$61,876	
	Shares outstanding	3,156	1,192	1,367	5,163	
	Net asset value per share	\$10.82	\$10.38	\$11.13	\$11.98	
<b>Class P1:</b>	Net assets					\$1,672
	Shares outstanding					126
	Net asset value per share					\$13.22
<b>Class P2:</b>	Net assets					\$286,287
	Shares outstanding					21,794
	Net asset value per share					\$13.14

\*Amount less than one thousand.

See Notes to Financial Statements

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

Blue Chip Income and Growth Fund	Global Growth and Income Fund	Growth- Income Fund	International Growth and Income Fund	Capital Income Builder	Asset Allocation Fund	Global Balanced Fund	Bond Fund	Global Bond Fund
\$5,580,689	\$485,159	\$15,765,468	\$1,120,622	\$254,064	\$16,556,359	\$93,180	\$6,434,289	\$1,272,735
373,041	30,679	313,948	63,244	24,427	698,250	7,310	594,607	107,164
\$14.96	\$15.81	\$50.22	\$17.72	\$10.40	\$23.71	\$12.75	\$10.82	\$11.88
\$630	\$132	\$2,169	\$2,151	\$906	\$4,226	\$251	\$1,072	\$75
42	8	43	122	87	178	20	99	6
\$14.94	\$15.81	\$50.15	\$17.70	\$10.39	\$23.69	\$12.74	\$10.80	\$11.87
\$3,551,426	\$1,537,698	\$13,930,265	\$275,757	\$1,470	\$5,479,790	\$209,277	\$3,965,674	\$1,164,070
240,001	97,416	280,230	15,612	141	233,306	16,448	371,033	98,747
\$14.80	\$15.78	\$49.71	\$17.66	\$10.40	\$23.49	\$12.72	\$10.69	\$11.79
		\$167,461			\$37,683			
		3,330			1,588			
		\$50.29			\$23.73			
\$247,104	\$79,457	\$826,999	\$63,437	\$338,017	\$3,582,036	\$51,191	\$296,659	\$30,698
16,735	5,094	16,773	3,609	32,558	153,077	4,055	27,773	2,624
\$14.77	\$15.60	\$49.31	\$17.58	\$10.38	\$23.40	\$12.63	\$10.68	\$11.70

Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth- Income Fund	Managed Risk Asset Allocation Fund
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\$138	\$217	\$2,485	\$1,655,955
12	17	196	121,880
\$11.25	\$13.04	\$12.66	\$13.59
\$148,285	\$366,687	\$206,483	\$2,798,455
13,298	28,293	16,411	206,542
\$11.15	\$12.96	\$12.58	\$13.55

**Statements of operations** for the year ended December 31, 2017

	Global Growth Fund	Global Small Capitalization Fund	Growth Fund	International Fund	New World Fund
<b>Investment income:</b>					
Income (net of non-U.S. taxes*):					
Dividends	\$ 85,149	\$ 48,804	\$ 246,805	\$ 150,915	\$ 51,286
Interest	2,573	3,295	13,115	12,542	10,886
	87,722	52,099	259,920	163,457	62,172
<b>Fees and expenses*:</b>					
Investment advisory services	30,510	28,827	77,148	43,433	23,033
Distribution services	9,963	6,320	39,735	10,764	3,328
Insurance administrative services	354	171	1,544	305	821
Transfer agent services	1	– <sup>†</sup>	3	1	– <sup>†</sup>
Administrative services	587	413	2,369	877	327
Reports to shareholders	284	191	1,195	426	157
Registration statement and prospectus	68	87	341	67	43
Trustees' compensation	50	36	203	73	28
Auditing and legal	68	64	60	63	193
Custodian	888	596	531	1,552	1,271
Other	37	82	17	28	53
Total fees and expenses before waivers/reimbursements	42,810	36,787	123,146	57,589	29,254
Less waivers/reimbursements of fees and expenses:					
Investment advisory services waivers	–	–	–	–	–
Miscellaneous fee reimbursements	–	–	–	–	–
Total waivers/reimbursements of fees and expenses	–	–	–	–	–
Total fees and expenses after waivers/reimbursements	42,810	36,787	123,146	57,589	29,254
Net investment income	44,912	15,312	136,774	105,868	32,918
<b>Net realized gain (loss) and unrealized appreciation (depreciation):</b>					
Net realized gain (loss) on:					
Investments					
Unaffiliated issuers	434,542	215,857	2,561,326	449,195	239,723
Affiliated issuers*	–	(3,537)	–	–	–
Futures contracts	–	–	–	–	–
Forward currency contracts	241	(4,263)	–	(9,021)	(881)
Swap contracts	–	–	–	–	–
Currency transactions	(1,592)	(154)	(253)	(1,490)	(1,852)
	433,191	207,903	2,561,073	438,684	236,990
Net unrealized appreciation (depreciation) on:					
Investments					
Unaffiliated issuers	1,102,369	714,910	3,159,720	1,848,284	568,118
Affiliated issuers	–	18,554	–	–	–
Futures contracts	–	–	–	–	–
Forward currency contracts	(344)	(2,489)	–	1,789	(333)
Swap contracts	–	–	–	–	–
Currency translations	491	111	77	463	(197)
	1,102,516	731,086	3,159,797	1,850,536	567,588
Net realized gain (loss) and unrealized appreciation (depreciation)	1,535,707	938,989	5,720,870	2,289,220	804,578
<b>Net increase in net assets resulting from operations</b>	<b>\$1,580,619</b>	<b>\$954,301</b>	<b>\$5,857,644</b>	<b>\$2,395,088</b>	<b>\$837,496</b>

See end of statements of operations for footnotes.

See Notes to Financial Statements

(dollars in thousands)

Blue Chip Income and Growth Fund	Global Growth and Income Fund	Growth- Income Fund	International Growth and Income Fund	Capital Income Builder	Asset Allocation Fund	Global Balanced Fund	Bond Fund	Global Bond Fund
\$ 237,559	\$ 56,575	\$ 539,680	\$ 41,062	\$16,366	\$ 306,873	\$ 4,463	\$ 1	\$ 86
3,900	4,539	22,816	3,660	2,435	210,080	2,617	279,063	69,977
241,459	61,114	562,496	44,722	18,801	516,953	7,080	279,064	70,063
35,032	12,085	74,641	8,016	2,505	63,395	1,958	39,232	12,626
9,060	3,813	35,480	779	748	21,595	552	10,290	2,929
440	79	1,515	123	747	8,084	65	360	42
1	- <sup>†</sup>	3	- <sup>†</sup>	- <sup>†</sup>	3	- <sup>†</sup>	1	- <sup>†</sup>
901	203	2,848	131	50	2,366	30	1,085	238
345	64	1,221	29	11	1,108	6	456	87
205	16	269	27	28	407	8	211	20
78	18	243	11	4	200	3	96	21
40	112	54	53	51	47	55	46	47
80	346	534	279	43	310	35	268	353
7	9	22	15	7	146	25	91	54
46,189	16,745	116,830	9,463	4,194	97,661	2,737	52,136	16,417
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
46,189	16,745	116,830	9,463	4,194	97,661	2,737	52,136	16,417
195,270	44,369	445,666	35,259	14,607	419,292	4,343	226,928	53,646
686,740	151,815	2,103,780	6,272	9,027	1,240,250	9,394	17,539	(633)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	376	-	17,742	349
-	(157)	-	(143)	(16)	-	(136)	(46,710)	(18,259)
-	-	-	-	-	3,089	-	627	(5,432)
(20)	(372)	(1,163)	(493)	(47)	(251)	18	292	(2,850)
686,720	151,286	2,102,617	5,636	8,964	1,243,464	9,276	(10,510)	(26,825)
550,418	281,665	3,222,476	242,530	35,686	1,919,245	38,441	191,050	128,539
-	-	-	-	-	(35,533)	-	-	-
-	-	-	-	-	(995)	-	(3,048)	(359)
-	(147)	-	105	5	-	(227)	5,615	6,025
-	-	-	-	-	(2,619)	-	(933)	(2,601)
43	120	170	133	18	133	25	357	583
550,461	281,638	3,222,646	242,768	35,709	1,880,231	38,239	193,041	132,187
1,237,181	432,924	5,325,263	248,404	44,673	3,123,695	47,515	182,531	105,362
\$1,432,451	\$477,293	\$5,770,929	\$283,663	\$59,280	\$3,542,987	\$51,858	\$409,459	\$159,008

**Statements of operations** for the year ended December 31, 2017

	High-Income Bond Fund	Mortgage Fund	Ultra-Short Bond Fund	U.S. Government/AAA-Rated Securities Fund	Managed Risk Growth Fund
<b>Investment income:</b>					
Income (net of non-U.S. taxes*):					
Dividends	\$ 1,001	\$ –	\$ –	\$ –	\$ 2,295
Interest	105,683	6,820	3,240	61,344	120
	106,684	6,820	3,240	61,344	2,415
Fees and expenses*:					
Investment advisory services	7,701	1,436	1,017	10,190	371
Distribution services	2,084	180	704	3,883	616
Insurance administrative services	67	25	38	144	619
Transfer agent services	–	– <sup>†</sup>	– <sup>†</sup>	– <sup>†</sup>	– <sup>†</sup>
Administrative services	165	34	32	301	–
Accounting and administrative services	–	–	–	–	56
Reports to shareholders	58	6	10	97	4
Registration statement and prospectus	15	4	5	26	10
Trustees' compensation	15	3	3	26	2
Auditing and legal	56	44	42	43	6
Custodian	27	43	1	67	12
Other	38	42	– <sup>†</sup>	64	4
Total fees and expenses before waivers/reimbursements	10,226	1,817	1,852	14,841	1,700
Less waivers/reimbursements of fees and expenses:					
Investment advisory services waivers	–	–	–	–	124
Miscellaneous fee reimbursements	–	–	–	–	20
Total waivers/reimbursements of fees and expenses	–	–	–	–	144
Total fees and expenses after waivers/reimbursements	10,226	1,817	1,852	14,841	1,556
Net investment income	96,458	5,003	1,388	46,503	859
<b>Net realized gain (loss) and unrealized appreciation (depreciation):</b>					
Net realized gain (loss) on:					
Investments					
Unaffiliated issuers	27,103	(460)	9	(2,118)	–
Affiliated issuers*	–	–	–	–	(2,470)
Futures contracts	–	587	–	(2,897)	–
Swap contracts	(2,615)	281	–	16,684	–
Currency transactions	(46)	–	–	–	–
Capital gain distributions received from affiliated issuers	–	–	–	–	21,738
	24,442	408	9	11,669	19,268
Net unrealized appreciation (depreciation) on:					
Investments					
Unaffiliated issuers	(2,755)	1,326	(64)	12,612	–
Affiliated issuers	–	–	–	–	35,398
Futures contracts	–	(315)	–	(1,030)	(38)
Swap contracts	(1,068)	(1,442)	–	(18,456)	–
	(3,823)	(431)	(64)	(6,874)	35,360
Net realized gain (loss) and unrealized appreciation (depreciation)	20,619	(23)	(55)	4,795	54,628
<b>Net increase in net assets resulting from operations</b>	<b>\$117,077</b>	<b>\$ 4,980</b>	<b>\$1,333</b>	<b>\$ 51,298</b>	<b>\$55,487</b>

\*Additional information related to non-U.S. taxes, class-specific fees and expenses and affiliated transactions is included in the Notes to Financial Statements.

<sup>†</sup>Amount less than one thousand.

See Notes to Financial Statements



(dollars in thousands)

Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth-Income Fund	Managed Risk Asset Allocation Fund
\$ 2,012	\$ 7,115	\$ 3,114	\$ 70,949
55	159	88	1,887
2,067	7,274	3,202	72,836
187	530	281	6,118
311	883	463	6,556
311	883	467	10,196
- <sup>+</sup>	- <sup>+</sup>	- <sup>+</sup>	- <sup>+</sup>
-	-	-	-
53	58	54	142
2	6	4	86
4	19	6	124
1	3	2	34
6	6	6	7
12	12	12	12
2	11	3	818
889	2,411	1,298	24,093
62	177	94	2,039
43	9	30	-
105	186	124	2,039
784	2,225	1,174	22,054
1,283	5,049	2,028	50,782
-	-	-	-
(586)	229	(2,961)	4,957
(506)	- <sup>+</sup>	- <sup>+</sup>	-
-	-	-	-
7	- <sup>+</sup>	-	-
1,333	12,606	11,244	172,372
248	12,835	8,283	177,329
-	-	-	-
28,742	30,925	24,088	329,625
(1)	(49)	(28)	(592)
-	-	-	-
28,741	30,876	24,060	329,033
28,989	43,711	32,343	506,362
\$30,272	\$48,760	\$34,371	\$557,144

## Statements of changes in net assets

	Global Growth Fund		Global Small Capitalization Fund		Growth Fund	
	Year ended December 31		Year ended December 31		Year ended December 31	
	2017	2016	2017	2016	2017	2016
<b>Operations:</b>						
Net investment income (loss)	\$ 44,912	\$ 43,253	\$ 15,312	\$ 16,207	\$ 136,774	\$ 179,970
Net realized gain (loss)	433,191	182,760	207,903	(26,426)	2,561,073	2,252,045
Net unrealized appreciation (depreciation)	1,102,516	(192,438)	731,086	93,893	3,159,797	(489,479)
Net increase (decrease) in net assets resulting from operations	1,580,619	33,575	954,301	83,674	5,857,644	1,942,536
<b>Dividends and distributions paid to shareholders:</b>						
Dividends from net investment income	(42,742)	(51,522)	(21,019)	(13,487)	(136,164)	(177,667)
Distributions from net realized gain on investments	(174,096)	(443,911)	–	(724,863)	(2,251,429)	(1,900,853)
Total dividends and distributions paid to shareholders	(216,838)	(495,433)	(21,019)	(738,350)	(2,387,593)	(2,078,520)
<b>Net capital share transactions</b>	(335,425)	134,946	(495,098)	300,027	(34,343)	(111,950)
<b>Total increase (decrease) in net assets</b>	1,028,356	(326,912)	438,184	(354,649)	3,435,708	(247,934)
<b>Net assets:</b>						
Beginning of year	5,206,720	5,533,632	3,876,854	4,231,503	21,549,750	21,797,684
End of year	\$6,235,076	\$5,206,720	\$4,315,038	\$3,876,854	\$24,985,458	\$21,549,750
Undistributed (distributions in excess of) net investment income	\$3,242	\$(4,119)	\$10,507	\$14,387	\$41,109	\$41,075

	International Growth and Income Fund		Capital Income Builder		Asset Allocation Fund	
	Year ended December 31		Year ended December 31		Year ended December 31	
	2017	2016	2017	2016	2017	2016
<b>Operations:</b>						
Net investment income (loss)	\$ 35,259	\$ 30,357	\$ 14,607	\$ 10,171	\$ 419,292	\$ 356,748
Net realized gain (loss)	5,636	(11,768)	8,964	(5,074)	1,243,464	1,072,096
Net unrealized appreciation (depreciation)	242,768	(534)	35,709	5,120	1,880,231	360,724
Net increase (decrease) in net assets resulting from operations	283,663	18,055	59,280	10,217	3,542,987	1,789,568
<b>Dividends and distributions paid to shareholders:</b>						
Dividends from net investment income	(32,772)	(30,394)	(14,010)	(11,031)	(405,124)	(347,205)
Distributions from net realized gain on investments	–	(4,687)	–	–	(1,069,604)	(465,866)
Total dividends and distributions paid to shareholders	(32,772)	(35,081)	(14,010)	(11,031)	(1,474,728)	(813,071)
<b>Net capital share transactions</b>	109,624	125,599	137,152	175,844	2,543,934	1,700,837
<b>Total increase (decrease) in net assets</b>	360,515	108,573	182,422	175,030	4,612,193	2,677,334
<b>Net assets:</b>						
Beginning of year	1,101,452	992,879	412,035	237,005	21,047,901	18,370,567
End of year	\$1,461,967	\$1,101,452	\$594,457	\$412,035	\$25,660,094	\$21,047,901
Undistributed (distributions in excess of) net investment income	\$4,347	\$1,519	\$261	\$(948)	\$92,516	\$71,334

(dollars in thousands)

<b>International Fund</b>		<b>New World Fund</b>		<b>Blue Chip Income and Growth Fund</b>		<b>Global Growth and Income Fund</b>		<b>Growth-Income Fund</b>	
Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
\$ 105,868	\$ 107,613	\$ 32,918	\$ 30,850	\$ 195,270	\$ 173,682	\$ 44,369	\$ 37,944	\$ 445,666	\$ 406,211
438,684	174,210	236,990	(49,262)	686,720	340,410	151,286	63,152	2,102,617	1,870,618
1,850,536	486	567,588	165,410	550,461	803,943	281,638	36,088	3,222,646	478,434
2,395,088	282,309	837,496	146,998	1,432,451	1,318,035	477,293	137,184	5,770,929	2,755,263
(124,236)	(112,086)	(34,131)	(26,290)	(188,626)	(170,997)	(42,795)	(36,671)	(435,451)	(395,167)
(100,924)	(637,485)	–	–	(328,660)	(595,206)	(33,692)	–	(1,807,557)	(2,694,334)
(225,160)	(749,571)	(34,131)	(26,290)	(517,286)	(766,203)	(76,487)	(36,671)	(2,243,008)	(3,089,501)
133,019	439,487	(164,517)	79,376	(178,554)	1,193,132	(289,969)	114,314	1,071,251	2,214,035
2,302,947	(27,775)	638,848	200,084	736,611	1,744,964	110,837	214,827	4,599,172	1,879,797
7,454,875	7,482,650	2,893,865	2,693,781	8,643,238	6,898,274	1,991,609	1,776,782	26,093,190	24,213,393
\$9,757,822	\$7,454,875	\$3,532,713	\$2,893,865	\$9,379,849	\$8,643,238	\$2,102,446	\$1,991,609	\$30,692,362	\$26,093,190
\$2,852	\$29,116	\$4,643	\$(14,553)	\$37,271	\$30,648	\$6,666	\$6,361	\$88,048	\$79,383

<b>Global Balanced Fund</b>		<b>Bond Fund</b>		<b>Global Bond Fund</b>		<b>High-Income Bond Fund</b>		<b>Mortgage Fund</b>	
Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31		Year ended December 31	
2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
\$ 4,343	\$ 3,667	\$ 226,928	\$ 188,699	\$ 53,646	\$ 49,208	\$ 96,458	\$ 106,342	\$ 5,003	\$ 4,590
9,276	1,518	(10,510)	163,219	(26,825)	(11,548)	24,442	(82,614)	408	4,966
38,239	5,219	193,041	(52,479)	132,187	25,290	(3,823)	262,380	(431)	(1,322)
51,858	10,404	409,459	299,439	159,008	62,950	117,077	286,108	4,980	8,234
(3,252)	(3,285)	(220,546)	(197,417)	(11,164)	(15,576)	(98,414)	(106,140)	(5,571)	(6,310)
(10,070)	–	(157,395)	(35,948)	(14,449)	(4,207)	–	–	(2,214)	(3,532)
(13,322)	(3,285)	(377,941)	(233,365)	(25,613)	(19,783)	(98,414)	(106,140)	(7,785)	(9,842)
63,483	25,497	(223,341)	898,544	85,999	(40,534)	(346,424)	(193,559)	2,570	(117)
102,019	32,616	(191,823)	964,618	219,394	2,633	(327,761)	(13,591)	(235)	(1,725)
251,880	219,264	10,889,517	9,924,899	2,248,184	2,245,551	1,781,641	1,795,232	340,405	342,130
\$353,899	\$251,880	\$10,697,694	\$10,889,517	\$2,467,578	\$2,248,184	\$1,453,880	\$1,781,641	\$340,170	\$340,405
\$(671)	\$(1,060)	\$35,376	\$59,835	\$2,784	\$(5,646)	\$13,377	\$17,830	\$1,052	\$1,033

## Statements of changes in net assets

	Ultra-Short Bond Fund		U.S. Government/ AAA-Rated Securities Fund		Managed Risk Growth Fund	
	Year ended December 31		Year ended December 31		Year ended December 31	
	2017	2016	2017	2016	2017	2016
<b>Operations:</b>						
Net investment income (loss)	\$ 1,388	\$ (452)	\$ 46,503	\$ 36,028	\$ 859	\$ 731
Net realized gain (loss)	9	–	11,669	9,371	19,268	(560)
Net unrealized appreciation (depreciation)	(64)	(3)	(6,874)	(5,718)	35,360	6,120
Net increase (decrease) in net assets resulting from operations	1,333	(455)	51,298	39,681	55,487	6,291
<b>Dividends and distributions paid to shareholders:</b>						
Dividends from net investment income	(906)	–	(43,993)	(46,049)	(734)	(330)
Distributions from net realized gain on investments	–	–	–	(60,973)	(4,142)	(15,012)
Total dividends and distributions paid to shareholders	(906)	–	(43,993)	(107,022)	(4,876)	(15,342)
<b>Net capital share transactions</b>	(46,638)	(11,965)	58,286	43,179	36,220	64,347
<b>Total increase (decrease) in net assets</b>	(46,211)	(12,420)	65,591	(24,162)	86,831	55,296
<b>Net assets:</b>						
Beginning of year	351,016	363,436	3,037,724	3,061,886	201,128	145,832
End of year	\$304,805	\$351,016	\$3,103,315	\$3,037,724	\$287,959	\$201,128
Undistributed (distributions in excess of) net investment income	\$462	\$(20)	\$9,726	\$7,697	\$1,399	\$729

See Notes to Financial Statements

(dollars in thousands)

<b>Managed Risk International Fund</b>		<b>Managed Risk Blue Chip Income and Growth Fund</b>		<b>Managed Risk Growth-Income Fund</b>		<b>Managed Risk Asset Allocation Fund</b>	
Year ended December 31 2017		Year ended December 31 2016		Year ended December 31 2017		Year ended December 31 2016	
\$ 1,283	\$ 884	\$ 5,049	\$ 4,012	\$ 2,028	\$ 1,562	\$ 50,782	\$ 41,207
248	(4,433)	12,835	5,539	8,283	5,070	177,329	37,559
28,741	1,071	30,876	15,029	24,060	2,438	329,033	148,316
30,272	(2,478)	48,760	24,580	34,371	9,070	557,144	227,082
(900)	(843)	(5,161)	(3,375)	(1,867)	(1,707)	(31,722)	(44,188)
(1,403)	(2,185)	(5,568)	(5,923)	(7,726)	(8,465)	(38,742)	(93,578)
(2,303)	(3,028)	(10,729)	(9,298)	(9,593)	(10,172)	(70,464)	(137,766)
22,849	19,951	37,657	138,529	23,434	39,189	408,750	804,645
50,818	14,445	75,688	153,811	48,212	38,087	895,430	893,961
97,605	83,160	291,216	137,405	160,756	122,669	3,558,980	2,665,019
\$148,423	\$97,605	\$366,904	\$291,216	\$208,968	\$160,756	\$4,454,410	\$3,558,980
\$1,323	\$891	\$5,669	\$4,274	\$2,167	\$1,865	\$53,091	\$31,585

# Notes to financial statements

## 1. Organization

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American Funds Insurance Series (the “series”) is registered under the Investment Company Act of 1940 as an open-end, diversified management investment company with 28 different funds (the “funds”). Twenty-three funds in the series are covered in this report. The other five funds in the series, American Funds Insurance Series - Portfolio Series, are covered in a separate report. The assets of each fund are segregated, with each fund accounted for separately. Capital Research and Management Company (“CRMC”) is the series’ investment adviser. Milliman Financial Risk Management LLC (“Milliman FRM”) is the subadviser for the risk management strategy for eight of the funds (the “managed risk funds”), five of which are covered in this report.

The managed risk funds covered in this report are Managed Risk Growth Fund, Managed Risk International Fund, Managed Risk Blue Chip Income and Growth Fund, Managed Risk Growth-Income Fund and Managed Risk Asset Allocation Fund. The managed risk funds invest in other funds within the series (the “underlying funds”) and employ Milliman FRM to implement the risk management strategy, which consists of using hedging instruments – primarily short positions on exchange-traded futures contracts – to attempt to stabilize the volatility of the funds around target volatility levels and reduce the downside exposure of the funds during periods of significant market declines.

Shareholders approved a proposal to reorganize the series from a Massachusetts business trust to a Delaware statutory trust. The reorganization may be completed in the next 12 months; however, the series reserves the right to delay the implementation.

The investment objectives for each fund covered in this report are as follows:

**Global Growth Fund** – Seeks to provide long-term growth of capital.

**Global Small Capitalization Fund** – Seeks to provide long-term growth of capital.

**Growth Fund** – Seeks to provide growth of capital.

**International Fund** – Seeks to provide long-term growth of capital.

**New World Fund** – Seeks long-term capital appreciation.

**Blue Chip Income and Growth Fund** – Seeks to produce income exceeding the average yield on U.S. stocks generally and to provide an opportunity for growth of principal consistent with sound common stock investing.

**Global Growth and Income Fund** – Seeks to provide long-term growth of capital while providing current income.

**Growth-Income Fund** – Seeks to achieve long-term growth of capital and income.

**International Growth and Income Fund** – Seeks to provide long-term growth of capital while providing current income.

**Capital Income Builder** – Seeks to provide a level of current income that exceeds the average yield on U.S. stocks generally and to provide a growing stream of income over the years. Secondly, seeks to provide growth of capital.

**Asset Allocation Fund** – Seeks to provide high total return consistent with preservation of capital over the long term.

**Global Balanced Fund** – Seeks the balanced accomplishment of three objectives: long-term growth of capital, conservation of principal and current income.

**Bond Fund** – Seeks to provide as high a level of current income as is consistent with the preservation of capital.

**Global Bond Fund** – Seeks to provide, over the long term, a high level of total return consistent with prudent investment management.

**High-Income Bond Fund** – Seeks to provide a high level of current income and, secondarily, capital appreciation.

**Mortgage Fund** – Seeks to provide current income and preservation of capital.

**Ultra-Short Bond Fund** – Seeks to provide current income, consistent with the maturity and quality standards applicable to the fund, and preservation of capital and liquidity.

**U.S. Government/AAA-Rated Securities Fund** – Seeks to provide a high level of current income consistent with preservation of capital.

**Managed Risk Growth Fund** – Seeks to provide growth of capital while seeking to manage volatility and provide downside protection.

**Managed Risk International Fund** – Seeks to provide long-term growth of capital while seeking to manage volatility and provide downside protection.

**Managed Risk Blue Chip Income and Growth Fund** – Seeks to produce income exceeding the average yield on U.S. stocks generally and to provide an opportunity for growth of principal consistent with sound common stock investing, in each case while seeking to manage volatility and provide downside protection.

**Managed Risk Growth-Income Fund** – Seeks to achieve long-term growth of capital and income while seeking to manage volatility and provide downside protection.

**Managed Risk Asset Allocation Fund** – Seeks to provide high total return consistent with preservation of capital over the long term while seeking to manage volatility and provide downside protection.

Each fund in the series, except the managed risk funds, offers either four or five share classes (Classes 1, 1A, 2, 3 or 4); the managed risk funds offer two share classes (Classes P1 and P2). Holders of all share classes of each fund have equal pro rata rights to assets, dividends and liquidation proceeds of each fund held. Each share class of each fund 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 certain distribution expenses. 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 class of each fund.

## 2. Significant accounting policies

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Each fund is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board. Each fund’s financial statements have been prepared to comply with U.S. generally accepted accounting principles (“U.S. GAAP”). These principles require the series’ investment adviser to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. Subsequent events, if any, have been evaluated through the date of issuance in the preparation of the financial statements. The funds follow the significant accounting policies described in this section, as well as the valuation policies described in the next section on valuation.

**Security transactions and related investment income** – Security transactions are recorded by the funds 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 funds will segregate liquid assets sufficient to meet their 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.

**Fees and expenses** – The fees and expenses of the underlying funds held by the managed risk funds are not included in the fees and expenses reported for each of the managed risk funds; however, they are indirectly reflected in the valuation of each of the underlying funds. These fees are included in the net effective expense ratios that are provided as supplementary information in the financial highlights tables.

**Class allocations** – Income, fees and expenses (other than class-specific fees and expenses) and realized and unrealized gains and losses are allocated daily among the various share classes of each fund based on their relative net assets. Class-specific fees and expenses, such as distribution expenses, are accrued daily and charged directly to the respective share class of each fund.

**Dividends and distributions to shareholders** – Dividends and distributions to shareholders are recorded on each fund’s 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 funds’ statements 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 series’ investment adviser, values the funds’ investments at fair value as defined by U.S. GAAP. The net asset value of each share class of each fund is generally determined as of approximately 4:00 p.m. New York time each day the New York Stock Exchange is open.

**Methods and inputs** – The series’ investment adviser uses the following methods and inputs to establish the fair value of each 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 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. The value of an underlying fund is based on its reported net asset value.

Fixed-income securities, including short-term securities, are generally valued at prices obtained from one or more 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 funds are 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	Examples 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 performance and other reference data (collectively referred to as “standard inputs”)
Corporate bonds & notes; 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, collateral characteristics, 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

When the series’ investment adviser deems it appropriate to do so (such as when vendor prices are unavailable or not deemed to be representative), fixed-income securities will be valued in good faith at the mean quoted bid and ask prices that are reasonably and timely available (or bid prices, if ask prices are not available) or at prices for securities of comparable maturity, quality and type.



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 series' investment adviser. The Government Cash Management Fund held by the managed risk funds is managed to maintain a \$1.00 net asset value per share. The net asset value of each share class of each managed risk fund is calculated based on the reported net asset values of the underlying funds in which each fund invests.

Exchange-traded futures are generally valued at the official settlement price of, or the last reported sale price on, the exchange or market on which such instruments are traded, as of the close of business on the day the futures are being valued or, lacking any sales, at the last available bid price. Prices for each future are taken from the exchange or market on which the security trades. Forward currency contracts are valued at the mean of representative quoted bid and ask prices, generally based on prices supplied by one or more pricing vendors. Interest rate swaps and credit default swaps are generally valued by pricing vendors based on market inputs that include the index and term of index, reset frequency, payer/receiver, currency and pay frequency.

Securities and other assets for which representative market quotations are not readily available or are considered unreliable by the series' investment adviser are fair valued as determined in good faith under fair value guidelines adopted by authority of the series' 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; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded similar or related securities; 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. In addition, the closing prices of equity securities and futures 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 each fund is determined. Fair valuations and valuations of investments and futures 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 series' board of trustees has delegated authority to the series' investment adviser to make fair value determinations, subject to board oversight. The investment adviser has established a Joint Fair Valuation Committee (the "Fair Valuation Committee") to administer, implement and oversee the fair valuation process, and to make fair value decisions. The Fair Valuation Committee regularly reviews its own fair value decisions, as well as decisions made under its standing instructions to the investment adviser's valuation teams. The Fair Valuation Committee reviews changes in fair value measurements from period to period and may, as deemed appropriate, update the fair valuation guidelines to better reflect the results of back testing and address new or evolving issues. The Fair Valuation Committee reports any changes to the fair valuation guidelines to the board of trustees with supplemental information to support the changes. The series' board and audit committee also regularly review reports that describe fair value determinations and methods.

The series' investment adviser has also established a Fixed-Income Pricing Review Group to administer and oversee the fixed-income valuation process, including the use of fixed-income pricing vendors. This group regularly reviews pricing vendor information and market data. Pricing decisions, processes and controls over security valuation are also subject to additional internal reviews, including an annual control self-evaluation program facilitated by the investment adviser's compliance group.

**Classifications** – The series' investment adviser classifies the funds' 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 following tables present the funds' valuation levels as of December 31, 2017 (dollars in thousands):

### Global Growth Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$1,081,264	\$ 918,147	\$—	\$1,999,411
Consumer discretionary	694,629	438,256	—	1,132,885
Health care	382,457	363,432	—	745,889
Financials	218,654	432,229	—	650,883
Consumer staples	145,849	319,565	—	465,414
Industrials	130,560	254,066	—	384,626
Materials	79,260	60,639	—	139,899
Telecommunication services	—	69,545	—	69,545
Other	54,064	76,455	—	130,519
Miscellaneous	100,887	208,229	—	309,116
Bonds, notes & other debt instruments	—	1,998	—	1,998
Short-term securities	—	222,324	—	222,324
<b>Total</b>	<b>\$2,887,624</b>	<b>\$3,364,885</b>	<b>\$—</b>	<b>\$6,252,509</b>

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on open forward currency contracts	\$—	\$15	\$—	\$15

\*Securities with a value of \$3,130,602,000, which represented 50.21% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Forward currency contracts are not included in the investment portfolio.

### Global Small Capitalization Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Consumer discretionary	\$ 329,356	\$ 551,760	\$ 9,428	\$ 890,544
Health care	603,611	110,760	—	714,371
Information technology	412,279	301,973	—	714,252
Industrials	151,501	294,339	—	445,840
Financials	214,438	190,470	—	404,908
Materials	104,305	71,999	—	176,304
Consumer staples	3,788	143,003	—	146,791
Energy	84,263	24,844	10,408	119,515
Real estate	41,034	69,305	—	110,339
Utilities	11,606	63,512	—	75,118
Telecommunication services	—	18,660	—	18,660
Miscellaneous	102,354	108,632	—	210,986
Rights & warrants	376	—	—	376
Convertible bonds	—	8,667	—	8,667
Bonds, notes & other debt instruments	—	4,110	—	4,110
Short-term securities	—	274,471	—	274,471
<b>Total</b>	<b>\$2,058,911</b>	<b>\$2,236,505</b>	<b>\$19,836</b>	<b>\$4,315,252</b>

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on open forward currency contracts	\$–	\$ 89	\$–	\$ 89
Liabilities:				
Unrealized depreciation on open forward currency contracts	–	(1,192)	–	(1,192)
Total	\$–	\$(1,103)	\$–	\$(1,103)

\*Securities with a value of \$1,942,046,000, which represented 45.01% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Forward currency contracts are not included in the investment portfolio.

## Growth Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$ 6,845,509	\$ 915,367	\$ –	\$ 7,760,876
Consumer discretionary	4,738,236	94,422	–	4,832,658
Health care	3,259,476	–	–	3,259,476
Financials	2,185,851	147,823	–	2,333,674
Energy	1,816,396	25,468	–	1,841,864
Industrials	1,358,459	295,546	–	1,654,005
Consumer staples	417,696	145,792	–	563,488
Other	574,854	–	–	574,854
Miscellaneous	617,094	15,368	–	632,462
Convertible stocks	–	–	9,173	9,173
Short-term securities	–	1,576,732	–	1,576,732
Total	\$21,813,571	\$3,216,518	\$9,173	\$25,039,262

\*Securities with a value of \$1,614,318,000, which represented 6.46% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

## International Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Financials	\$ 41,115	\$1,696,929	\$–	\$1,738,044
Information technology	234,815	942,033	–	1,176,848
Consumer discretionary	93,697	1,013,232	–	1,106,929
Health care	98,109	857,742	–	955,851
Industrials	32,143	862,182	–	894,325
Consumer staples	25,429	769,539	–	794,968
Materials	195,900	361,779	–	557,679
Utilities	–	515,357	–	515,357
Energy	143,691	315,986	–	459,677
Telecommunication services	–	244,269	–	244,269
Real estate	–	190,704	–	190,704
Miscellaneous	6,325	222,989	–	229,314
Rights & warrants	–	6,390	–	6,390
Bonds, notes & other debt instruments	–	71,438	–	71,438
Short-term securities	–	813,820	–	813,820
Total	\$871,224	\$8,884,389	\$–	\$9,755,613

See next page for footnote.

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Liabilities:				
Unrealized depreciation on open forward currency contracts	\$–	\$(355)	\$–	\$(355)

\*Securities with a value of \$7,669,394,000, which represented 78.60% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Forward currency contracts are not included in the investment portfolio.

## New World Fund

	Investment securities			
	Level 1	Level 2*	Level 3	Total
Assets:				
Common stocks:				
Information technology	\$ 456,159	\$ 447,994	\$ –	\$ 904,153
Financials	161,231	233,656	–	394,887
Consumer discretionary	147,598	171,119	–	318,717
Energy	44,789	259,731	–	304,520
Consumer staples	37,317	247,836	–	285,153
Materials	133,930	140,519	–	274,449
Industrials	53,846	165,765	–	219,611
Health care	77,782	79,033	–	156,815
Telecommunication services	4,339	83,524	–	87,863
Utilities	54,367	12,099	–	66,466
Real estate	38,038	–	27	38,065
Miscellaneous	47,500	117,331	–	164,831
Preferred securities	–	–	1,340	1,340
Rights & warrants	–	62,810	–	62,810
Bonds, notes & other debt instruments	–	97,099	–	97,099
Short-term securities	–	171,372	–	171,372
Total	\$1,256,896	\$2,289,888	\$1,367	\$3,548,151

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on open forward currency contracts	\$–	\$ 69	\$–	\$ 69
Liabilities:				
Unrealized depreciation on open forward currency contracts	–	(392)	–	(392)
Total	\$–	\$(323)	\$–	\$(323)

\*Securities with a value of \$1,899,212,000, which represented 53.76% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Forward currency contracts are not included in the investment portfolio.

## Blue Chip Income and Growth Fund

	Investment securities			Total
	Level 1	Level 2	Level 3	
Assets:				
Common stocks:				
Health care	\$1,797,572	\$ –	\$–	\$1,797,572
Financials	1,260,539	–	–	1,260,539
Information technology	1,121,010	–	–	1,121,010
Industrials	1,065,467	–	–	1,065,467
Consumer staples	1,001,235	–	–	1,001,235
Telecommunication services	794,583	–	–	794,583
Energy	733,529	–	–	733,529
Consumer discretionary	520,449	–	–	520,449
Materials	259,727	–	–	259,727
Other	112,331	–	–	112,331
Miscellaneous	361,132	–	–	361,132
Short-term securities	–	349,194	–	349,194
<b>Total</b>	<b>\$9,027,574</b>	<b>\$349,194</b>	<b>\$–</b>	<b>\$9,376,768</b>

## Global Growth and Income Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$203,616	\$ 295,474	\$–	\$ 499,090
Financials	120,856	106,026	–	226,882
Industrials	96,923	126,666	–	223,589
Consumer staples	46,060	138,984	–	185,044
Consumer discretionary	77,851	99,746	–	177,597
Health care	131,217	19,117	–	150,334
Energy	23,032	106,979	–	130,011
Materials	53,553	69,868	–	123,421
Real estate	61,482	11,605	–	73,087
Utilities	11,028	36,063	–	47,091
Telecommunication services	21,966	14,635	–	36,601
Miscellaneous	38,248	58,585	–	96,833
Convertible bonds	–	6,622	–	6,622
Bonds, notes & other debt instruments	–	41,995	–	41,995
Short-term securities	–	88,129	–	88,129
<b>Total</b>	<b>\$885,832</b>	<b>\$1,220,494</b>	<b>\$–</b>	<b>\$2,106,326</b>

\*Securities with a value of \$1,083,748,000, which represented 51.55% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

## Growth-Income Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$ 5,040,128	\$ 155,981	\$—	\$ 5,196,109
Consumer discretionary	4,770,317	225,966	—	4,996,283
Health care	4,376,528	183,158	—	4,559,686
Financials	2,910,454	446,084	—	3,356,538
Industrials	2,578,432	332,460	—	2,910,892
Consumer staples	1,489,742	814,677	—	2,304,419
Energy	1,559,365	398,628	—	1,957,993
Materials	1,277,722	91,080	—	1,368,802
Telecommunication services	600,824	—	—	600,824
Real estate	535,421	—	—	535,421
Utilities	250,402	855	—	251,257
Mutual funds	55,129	—	—	55,129
Miscellaneous	480,393	309,384	—	789,777
Convertible stocks	6,192	5,450	—	11,642
Convertible bonds	—	107,354	—	107,354
Bonds, notes & other debt instruments	—	56,489	—	56,489
Short-term securities	—	1,651,258	—	1,651,258
<b>Total</b>	<b>\$25,931,049</b>	<b>\$4,778,824</b>	<b>\$—</b>	<b>\$30,709,873</b>

\*Securities with a value of \$2,749,134,000, which represented 8.96% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

## International Growth and Income Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Financials	\$ 21,988	\$ 313,223	\$—	\$ 335,211
Consumer staples	16,215	117,019	—	133,234
Industrials	—	122,482	—	122,482
Utilities	—	117,311	—	117,311
Information technology	25,969	88,895	—	114,864
Health care	12,545	100,340	—	112,885
Consumer discretionary	8,917	98,687	—	107,604
Real estate	—	89,077	—	89,077
Energy	4,763	76,029	—	80,792
Materials	10,678	62,774	—	73,452
Telecommunication services	—	43,293	—	43,293
Bonds, notes & other debt instruments	—	36,911	—	36,911
Short-term securities	—	93,397	—	93,397
<b>Total</b>	<b>\$101,075</b>	<b>\$1,359,438</b>	<b>\$—</b>	<b>\$1,460,513</b>

\*Securities with a value of \$1,188,243,000, which represented 81.28% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

## Capital Income Builder

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Energy	\$ 52,870	\$ 7,692	\$—	\$ 60,562
Financials	18,600	41,604	—	60,204
Consumer staples	19,698	32,724	—	52,422
Information technology	33,208	17,065	—	50,273
Consumer discretionary	16,007	21,266	—	37,273
Telecommunication services	5,072	30,191	—	35,263
Real estate	18,738	10,284	—	29,022
Utilities	5,189	21,210	—	26,399
Health care	14,691	8,660	—	23,351
Industrials	8,324	12,728	—	21,052
Materials	9,381	2,890	—	12,271
Miscellaneous	—	1,290	—	1,290
Convertible stocks	14,967	—	—	14,967
Bonds, notes & other debt instruments:				
U.S. Treasury bonds & notes	—	86,945	—	86,945
Mortgage-backed obligations	—	28,433	—	28,433
Corporate bonds & notes	—	21,514	—	21,514
Asset-backed obligations	—	3,981	—	3,981
Short-term securities	—	33,972	—	33,972
<b>Total</b>	<b>\$216,745</b>	<b>\$382,449</b>	<b>\$—</b>	<b>\$599,194</b>

\*Securities with a value of \$207,107,000, which represented 34.84% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

## Asset Allocation Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$ 4,377,468	\$ 208,359	\$ 2,985	\$ 4,588,812
Health care	2,376,858	—	368	2,377,226
Financials	2,219,696	120,644	—	2,340,340
Consumer discretionary	1,734,901	—	—	1,734,901
Energy	1,436,851	1,999	—	1,438,850
Consumer staples	561,703	583,888	—	1,145,591
Materials	922,022	—	—	922,022
Industrials	863,216	2,948	16	866,180
Real estate	329,533	—	—	329,533
Telecommunication services	99,225	—	—	99,225
Miscellaneous	606,605	53,692	—	660,297
Convertible stocks	—	7,062	5,725	12,787
Bonds, notes & other debt instruments:				
U.S. Treasury bonds & notes	—	2,929,266	—	2,929,266
Corporate bonds & notes	—	2,277,205	13,081	2,290,286
Mortgage-backed obligations	—	1,357,892	—	1,357,892
Federal agency bonds & notes	—	51,094	—	51,094
Other	—	211,780	—	211,780
Short-term securities	—	2,803,299	—	2,803,299
<b>Total</b>	<b>\$15,528,078</b>	<b>\$10,609,128</b>	<b>\$22,175</b>	<b>\$26,159,381</b>

See next page for footnote.

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on futures contracts	\$ 73	\$ –	\$–	\$ 73
Unrealized appreciation on interest rate swaps	–	658	–	658
Liabilities:				
Unrealized depreciation on futures contracts	(826)	–	–	(826)
Unrealized depreciation on interest rate swaps	–	(6,906)	–	(6,906)
Total	\$(753)	\$(6,248)	\$–	\$(7,001)

\*Securities with a value of \$957,800,000, which represented 3.73% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Futures contracts and interest rate swaps are not included in the investment portfolio.

## Global Balanced Fund

	Investment securities			Total
	Level 1	Level 2*	Level 3	
Assets:				
Common stocks:				
Information technology	\$ 16,700	\$ 22,876	\$–	\$ 39,576
Industrials	11,393	18,011	–	29,404
Financials	15,563	12,877	–	28,440
Consumer staples	13,257	12,223	–	25,480
Health care	13,467	4,281	–	17,748
Materials	7,529	8,099	–	15,628
Energy	7,323	8,128	–	15,451
Consumer discretionary	7,808	7,463	–	15,271
Utilities	2,201	5,269	–	7,470
Real estate	1,921	4,203	–	6,124
Miscellaneous	6,241	10,961	–	17,202
Bonds, notes & other debt instruments:				
Bonds & notes of governments & government agencies outside the U.S.	–	50,017	–	50,017
U.S. Treasury bonds & notes	–	33,942	–	33,942
Corporate bonds & notes	–	22,383	–	22,383
Mortgage-backed obligations	–	5,463	–	5,463
Asset-backed obligations	–	200	–	200
Short-term securities	–	26,448	–	26,448
Total	\$103,403	\$252,844	\$–	\$356,247

	Other investments <sup>†</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on open forward currency contracts	\$–	\$ 144	\$–	\$ 144
Liabilities:				
Unrealized depreciation on open forward currency contracts	–	(269)	–	(269)
Total	\$–	\$(125)	\$–	\$(125)

\*Securities with a value of \$112,907,000, which represented 31.90% of the net assets of the fund, were classified as Level 2 due to significant market movements following the close of local trading.

<sup>†</sup>Forward currency contracts are not included in the investment portfolio.



## Bond Fund

	Investment securities			Total
	Level 1	Level 2	Level 3	
Assets:				
Bonds, notes & other debt instruments:				
Corporate bonds & notes	\$–	\$ 3,460,122	\$3,034	\$ 3,463,156
U.S. Treasury bonds & notes	–	2,907,009	–	2,907,009
Mortgage-backed obligations	–	2,764,932	–	2,764,932
Bonds & notes of governments & government agencies outside the U.S.	–	681,980	–	681,980
Asset-backed obligations	–	297,847	–	297,847
Municipals	–	240,326	–	240,326
Federal agency bonds & notes	–	12,036	–	12,036
Common stocks	–	–	1,242	1,242
Rights & warrants	–	55	–	55
Short-term securities	–	2,366,794	–	2,366,794
<b>Total</b>	<b>\$–</b>	<b>\$12,731,101</b>	<b>\$4,276</b>	<b>\$12,735,377</b>

	Other investments*			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on futures contracts	\$ 25	\$ –	\$–	\$ 25
Unrealized appreciation on open forward currency contracts	–	10,220	–	10,220
Unrealized appreciation on interest rate swaps	–	18,448	–	18,448
Liabilities:				
Unrealized depreciation on futures contracts	(4,181)	–	–	(4,181)
Unrealized depreciation on open forward currency contracts	–	(2,678)	–	(2,678)
Unrealized depreciation on interest rate swaps	–	(10,736)	–	(10,736)
Unrealized depreciation on credit default swaps	–	(184)	–	(184)
<b>Total</b>	<b>\$(4,156)</b>	<b>\$ 15,070</b>	<b>\$–</b>	<b>\$ 10,914</b>

\*Futures contracts, forward currency contracts, interest rate swaps and credit default swaps are not included in the investment portfolio.

## Global Bond Fund

	Investment securities			Total
	Level 1	Level 2	Level 3	
Assets:				
Bonds, notes & other debt instruments:				
Euros	\$ –	\$ 355,443	\$ –	\$ 355,443
Japanese yen	–	200,098	–	200,098
Polish zloty	–	97,169	–	97,169
Mexican pesos	–	96,500	–	96,500
Indian rupees	–	62,664	–	62,664
Malaysian ringgits	–	55,646	–	55,646
Norwegian kroner	–	39,988	–	39,988
Australian dollars	–	34,394	–	34,394
British pounds	–	32,755	–	32,755
Thai baht	–	28,589	–	28,589
Danish kroner	–	25,806	–	25,806
Chilean pesos	–	21,977	–	21,977
Israeli shekels	–	20,893	–	20,893
Canadian dollars	–	18,967	–	18,967
U.S. dollars	–	1,062,266	604	1,062,870
Other	–	59,260	–	59,260
Convertible stocks	–	237	973	1,210
Common stocks	32	207	457	696
Short-term securities	–	277,548	–	277,548
<b>Total</b>	<b>\$32</b>	<b>\$2,490,407</b>	<b>\$2,034</b>	<b>\$2,492,473</b>

	Other investments*			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on futures contracts	\$ 195	\$ –	\$–	\$ 195
Unrealized appreciation on open forward currency contracts	–	4,906	–	4,906
Unrealized appreciation on interest rate swaps	–	1,034	–	1,034
Liabilities:				
Unrealized depreciation on futures contracts	(554)	–	–	(554)
Unrealized depreciation on open forward currency contracts	–	(4,246)	–	(4,246)
Unrealized depreciation on interest rate swaps	–	(2,513)	–	(2,513)
Total	\$(359)	\$ (819)	\$–	\$(1,178)

\*Futures contracts, forward currency contracts and interest rate swaps are not included in the investment portfolio.

### High-Income Bond Fund

	Investment securities			Total
	Level 1	Level 2	Level 3	
Assets:				
Bonds, notes & other debt instruments:				
Corporate bonds & notes	\$ –	\$1,344,219	\$12,774	\$1,356,993
Other	–	13,338	–	13,338
Convertible bonds	–	5,860	–	5,860
Convertible stocks	2,727	4,900	5,553	13,180
Common stocks	2,744	2,698	5,414	10,856
Rights & warrants	–	36	–	36
Short-term securities	–	24,394	–	24,394
Total	\$5,471	\$1,395,445	\$23,741	\$1,424,657

	Other investments <sup>1</sup>			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on interest rate swaps	\$–	\$ 512	\$–	\$ 512
Liabilities:				
Unrealized depreciation on interest rate swaps	–	(90)	–	(90)
Unrealized depreciation on credit default swaps	–	(419)	–	(419)
Total	\$–	\$ 3	\$–	\$ 3

<sup>1</sup>Interest rate swaps and credit default swaps are not included in the investment portfolio.

The following table reconciles the valuation of the fund's Level 3 investment securities and related transactions for the year ended December 31, 2017 (dollars in thousands):

	Beginning value at 1/1/2017	Transfers into Level 3 <sup>2</sup>	Purchases	Sales	Net realized gain <sup>3</sup>	Unrealized appreciation <sup>3</sup>	Transfers out of Level 3 <sup>2</sup>	Ending value at 12/31/2017
Investment securities	\$22,631	\$47	\$859	\$(340)	\$5	\$585	\$(46)	\$23,741
Net unrealized appreciation during the period on Level 3 investment securities held at December 31, 2017								\$ 585

<sup>2</sup>Transfers into or out of Level 3 are based on the beginning market value of the quarter in which they occurred.

<sup>3</sup>Net realized gain and unrealized appreciation are included in the related amounts on investments in the 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 12/31/2017	Valuation techniques	Unobservable inputs	Range	Impact to valuation from an increase in input*
Bonds, notes & other debt instruments	\$12,774	Yield analysis	Yield risk premium	75 - 700 bps	Decrease
Convertible stocks	5,553	Market comparable companies	EBITDA multiple	13.3x	Increase
			EBITDA multiple	5.3x - 10.6x	Increase
			DLOM	24% - 35%	Decrease
Common stocks	5,414	Inputs to market comparables and transaction price	Weight ascribed to market comparables	50%	N/A
			Weight ascribed to transaction price	50%	N/A
	<u>\$23,741</u>				

\*This column represents the directional change in fair value of the Level 3 securities that would result in an increase from the corresponding input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these inputs in isolation could result in significantly higher or lower fair value measurements.

#### Key to abbreviations

EBITDA = Earnings before income taxes, depreciation and amortization

DLOM = Discount for lack of marketability

#### Mortgage Fund

	Investment securities			
	Level 1	Level 2	Level 3	Total
Assets:				
Bonds, notes & other debt instruments:				
Mortgage-backed obligations	\$–	\$215,884	\$ –	\$215,884
U.S. Treasury bonds & notes	–	54,720	–	54,720
Federal agency bonds & notes	–	41,556	–	41,556
Asset-backed obligations	–	11,285	–	11,285
Corporate bonds & notes	–	–	187	187
Short-term securities	–	92,757	–	92,757
Total	\$–	\$416,202	\$187	\$416,389

	Other investments*			
	Level 1	Level 2	Level 3	Total
Assets:				
Unrealized appreciation on futures contracts	\$ 21	\$ –	\$–	\$ 21
Unrealized appreciation on interest rate swaps	–	1,539	–	1,539
Liabilities:				
Unrealized depreciation on futures contracts	(653)	–	–	(653)
Unrealized depreciation on interest rate swaps	–	(2,325)	–	(2,325)
Total	\$(632)	\$ (786)	\$–	\$(1,418)

\*Futures contracts and interest rate swaps are not included in the investment portfolio.

#### Ultra-Short Bond Fund

At December 31, 2017, all of the fund’s investment securities were classified as Level 2.

## U.S. Government/AAA-Rated Securities Fund

	Investment securities			
	Level 1	Level 2	Level 3	Total
Assets:				
Bonds, notes & other debt instruments:				
U.S. Treasury bonds & notes	\$–	\$1,568,352	\$–	\$1,568,352
Mortgage-backed obligations	–	786,503	–	786,503
Federal agency bonds & notes	–	525,580	–	525,580
Short-term securities	–	458,280	–	458,280
Total	\$–	\$3,338,715	\$–	\$3,338,715
	Other investments*			
	Level 1	Level 2	Level 3	Total
Assets:				
Unrealized appreciation on futures contracts	\$ 743	\$ –	\$–	\$ 743
Unrealized appreciation on interest rate swaps	–	18,217	–	18,217
Liabilities:				
Unrealized depreciation on futures contracts	(8,188)	–	–	(8,188)
Unrealized depreciation on interest rate swaps	–	(26,645)	–	(26,645)
Total	\$(7,445)	\$ (8,428)	\$–	\$(15,873)

\*Futures contracts and interest rate swaps are not included in the investment portfolio.

### Managed Risk Growth Fund

At December 31, 2017, all of the fund's investments were classified as Level 1.

### Managed Risk International Fund

At December 31, 2017, all of the fund's investments were classified as Level 1.

### Managed Risk Blue Chip Income and Growth Fund

At December 31, 2017, all of the fund's investments were classified as Level 1.

### Managed Risk Growth-Income Fund

At December 31, 2017, all of the fund's investments were classified as Level 1.

### Managed Risk Asset Allocation Fund

At December 31, 2017, all of the fund's investments were classified as Level 1.

## 4. Risk factors

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

**Market conditions** – The prices of, and the income generated by, the common stocks, bonds and other securities held by a fund may decline – sometimes rapidly or unpredictably – due to various factors, including events or conditions affecting the general economy or particular industries; overall market changes; local, regional or global political, social or economic instability; governmental or governmental agency responses to economic conditions; and currency exchange rate, interest rate and commodity price fluctuations.

**Issuer risks** – The prices of, and the income generated by, securities held by a 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 and strategic initiatives such as mergers, acquisitions or dispositions and the market response to any such initiatives.

**Investing in growth-oriented stocks** – Growth-oriented common stocks and other equity-type securities (such as preferred stocks, convertible preferred stocks and convertible bonds) may involve larger price swings and greater potential for loss than other types of investments. These risks may be even greater in the case of smaller capitalization stocks.

**Investing in income-oriented stocks** – Income provided by a fund may be reduced by changes in the dividend policies of, and the capital resources available for dividend payments at, the companies in which the fund invests.

**Investing in small companies** – Investing in smaller companies may pose additional risks. For example, it is often more difficult to value or dispose of small company stocks and more difficult to obtain information about smaller companies than about larger companies. Furthermore, smaller companies often have limited product lines, operating histories, markets and/or financial resources, may be dependent on one or a few key persons for management, and can be more susceptible to losses. Moreover, the prices of their stocks may be more volatile than stocks of larger, more established companies.

**Investing outside the U.S.** – Securities of issuers domiciled outside the U.S., or with significant operations or revenues 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 operate or generate revenue. 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 the imposition of price controls or punitive taxes, that 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 accounting practices and different regulatory, legal and reporting standards and practices, and may be more difficult to value, than those in the U.S. 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. The risks of investing outside the U.S. may be heightened in connection with investments in emerging markets.

**Investing in developing countries** – Investing in countries with developing economies and/or markets may involve risks in addition to and greater than those generally associated with investing in developed countries. For instance, developing countries may have less developed legal and accounting systems than those in developed countries. The governments of these countries may be less stable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect the prices of securities. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. 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, and may be 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, there may be increased settlement risks for transactions in local securities.

**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, developing countries may have less developed legal and accounting systems than those in developed countries. The governments of these countries may be less stable and more likely to impose capital controls, nationalize a company or industry, place restrictions on foreign ownership and on withdrawing sale proceeds of securities from the country, and/or impose punitive taxes that could adversely affect the prices of securities. In addition, the economies of these countries may be dependent on relatively few industries that are more susceptible to local and global changes. 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, and may be 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 a fund's net asset value. Additionally, there may be increased settlement risks for transactions in local securities.

**Investing in debt instruments** – The prices of, and the income generated by, bonds and other debt securities held by a fund may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities.

Rising interest rates will generally cause the prices of bonds and other debt securities to fall. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in a 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 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 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 a 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 funds' investment adviser relies on its own credit analysts to research issuers and issues in seeking to mitigate various credit and default risks.

**Investing in lower rated debt instruments** – Lower rated bonds and other lower rated debt securities 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. These risks may be increased with respect to investments in junk bonds.

**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 cash 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 expose a fund to losses in excess of its initial investment. Derivatives may be difficult for a fund to buy or sell at an opportune time or price and may be difficult to terminate or otherwise offset. A fund’s use of derivatives may result in losses to the fund, and investing in derivatives may reduce a fund’s returns and increase a fund’s price volatility. A 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.

**Currency** – The prices of, and the income generated by, most debt securities held by a fund may also be affected by changes in relative currency values. If the U.S. dollar appreciates against foreign currencies, the value in U.S. dollars of a fund’s securities denominated in such currencies would generally fall and vice versa. U.S. dollar-denominated securities of foreign issuers may also be affected by changes in relative currency values.

**Investing in mortgage-related and other asset-backed securities** – Mortgage-related securities, such as mortgage-backed securities, and other asset-backed securities, include debt obligations that represent interests in pools of mortgages or other income-bearing assets, such as consumer loans or receivables. Such securities often involve risks that are different from or more acute than the risks associated with investing in other types of debt securities. Mortgage-backed and other asset-backed securities are subject to changes in the payment patterns of borrowers of the underlying debt. When interest rates fall, borrowers are more likely to refinance or prepay their debt before its stated maturity. This may result in a fund having to reinvest the proceeds in lower yielding securities, effectively reducing a 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-backed securities are paid off could be extended, reducing a fund’s cash available for reinvestment in higher yielding securities.

**Investing in future delivery contracts** – A fund may enter into contracts, such as to-be-announced contracts and mortgage dollar rolls, that involve a fund selling mortgage-related securities and simultaneously contracting to repurchase similar securities for delivery at a future date at a predetermined price. This can increase a fund’s market exposure, and the market price of the securities that the fund contracts to repurchase could drop below their purchase price. While a fund can preserve and generate capital through the use of such contracts by, for example, realizing the difference between the sale price and the future purchase price, the income generated by the fund may be reduced by engaging in such transactions. In addition, these transactions may increase the turnover rate of a fund.

**Investing in inflation linked bonds** – The values of inflation linked bonds generally fluctuate in response to changes in real interest rates – i.e., rates of interest after factoring in inflation. A rise in real interest rates may cause the prices of inflation linked securities to fall, while a decline in real interest rates may cause the prices to increase. Inflation linked bonds may experience greater losses than other debt securities with similar durations when real interest rates rise faster than nominal interest rates. There can be no assurance that the value of an inflation linked security will be directly correlated to changes in interest rates; for example, if interest rates rise for reasons other than inflation, the increase may not be reflected in the security’s inflation measure.

Investing in inflation linked bonds may also reduce a fund’s distributable income during periods of extreme deflation. If prices for goods and services decline throughout the economy, the principal and income on inflation linked securities may decline and result in losses to a fund.

**Investing in securities backed by the U.S. government** – 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. Securities issued by 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.

**Investing in repurchase agreements** – Upon entering into a repurchase agreement, a fund purchases a security from a bank or broker-dealer, which simultaneously commits to repurchase the security within a specified time at the fund’s cost with interest. The security purchased by the fund constitutes collateral for the seller’s repurchase obligation. If the party agreeing to repurchase should default, the fund may seek to sell the security it holds as collateral. The fund may incur a loss if the value of the collateral securing the

repurchase obligation falls below the repurchase price. The fund may also incur disposition costs and encounter procedural delays in connection with liquidating the collateral.

**Interest rate risk** – The values and liquidity of the securities held by a 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. A fund may invest in variable and floating rate securities. 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 general 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, a fund may not be able to maintain a positive yield and, given the current historically low interest rate environment, risks associated with rising rates are currently heightened.

**Credit and liquidity support** – Changes in the credit quality of banks and financial institutions providing credit and liquidity support features with respect to securities held by a fund could cause the values of these securities to decline.

**Asset allocation** – A fund's percentage allocation to equity securities, debt securities and money market instruments could cause the fund to underperform relative to relevant benchmarks and other funds with similar investment objectives.

**Nondiversification risk** – As nondiversified funds, certain funds have the ability to invest a larger percentage of their assets in the securities of a smaller number of issuers than diversified funds. Although the funds do not intend to limit their investments to the securities of a small number of issuers, if they were to do so, poor performance by a single large holding could adversely impact the funds' investment results more than if the funds were invested in a larger number of issuers.

**Liquidity risk** – Certain fund holdings may be deemed to be less liquid or illiquid because they cannot be readily sold without significantly impacting the value of the holdings. Liquidity risk may result from 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. 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 the fund may be unable to sell such holdings when necessary to meet its liquidity needs.

**Management** – The investment adviser to the funds actively manages the funds' investments. Consequently, the funds are subject to the risk that the methods and analyses employed by the investment adviser in this process may not produce the desired results. This could cause the funds to lose value or their investment results to lag relevant benchmarks or other funds with similar objectives.

Investing in the managed risk funds may involve additional risks including, but not limited to, those described below.

**Fund structure** – The managed risk funds invest in underlying funds and incur expenses related to those underlying funds. In addition, investors in the managed risk funds will incur fees to pay for certain expenses related to the operations of the managed risk funds. An investor holding the underlying fund directly would incur lower overall expenses but would not receive the benefit of the managed risk strategy.

**Management** – The managed risk funds are subject to the risk that the managed risk strategy or the methods employed by the subadviser in implementing the managed risk strategy may not produce the desired results. This could cause the managed risk funds to lose value or their investment results to lag relevant benchmarks or other funds with similar objectives.

**Underlying fund risks** – Because the managed risk funds' investments consist of investments in underlying funds, the managed risk funds' risks are directly related to the risks of the respective underlying fund in which each managed fund invests. For this reason, it is important to understand the risks associated with investing both in the managed risk fund and in each of the underlying funds.

**Investing in futures contracts** – In addition to the risks generally associated with investing in derivative instruments, futures contracts are subject to the creditworthiness of the clearing organizations, exchanges and futures commission merchants with which a fund transacts. Additionally, although futures require only a small initial investment in the form of a deposit of initial margin, the amount of a potential loss on a futures contract could greatly exceed the initial amount invested. While futures contracts are generally liquid instruments, under certain market conditions, futures may be deemed to be illiquid. For example, a fund may be temporarily prohibited from closing out its position in a futures contract if intraday price change limits or limits on trading volume imposed by the applicable futures exchange are triggered. If a fund is unable to close out a position on a futures contract, the fund would remain subject to the risk of adverse price movements until the fund is able to close out the futures position. The ability of a fund to successfully utilize futures contracts may depend in part upon the ability of the fund's investment adviser or subadviser to accurately forecast interest rates and other economic factors and to assess and predict the impact of such economic factors on the futures in which the fund invests. If the

investment adviser or subadviser incorrectly forecasts economic developments or incorrectly predicts the impact of such developments on the futures in which it invests, a fund could be exposed to the risk of loss.

**Hedging** – There may be imperfect or even negative correlation between the prices of the futures contracts and the prices of the underlying securities. For example, futures contracts may not provide an effective hedge because changes in futures contract prices may not track those of the underlying securities or indexes they are intended to hedge. In addition, there are significant differences between the securities and futures markets that could result in an imperfect correlation between the markets, causing a given hedge not to achieve its objectives. The degree of imperfection of correlation depends on circumstances such as variations in speculative market demand for futures, including technical influences in futures trading, and differences between the financial instruments being hedged and the instruments underlying the standard contracts available for trading. A decision as to whether, when and how to hedge involves the exercise of skill and judgment, and even a well-conceived hedge may be unsuccessful to some degree because of market behavior or unexpected interest rate trends. In addition, the fund's investment in exchange-traded futures and their resulting costs could limit the fund's gains in rising markets relative to those of the underlying funds, or to those of unhedged funds in general.

**Short positions** – Losses from short positions in futures contracts occur when the underlying index increases in value. As the underlying index increases in value, the holder of the short position in the corresponding futures contract is required to pay the difference in value of the futures contract resulting from the increase in the index on a daily basis. Losses from a short position in an index futures contract could potentially be very large if the value of the underlying index rises dramatically in a short period of time.

## 5. Certain investment techniques

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**Index-linked bonds** – Some of the funds have invested in index-linked bonds, which are fixed-income securities whose principal value is periodically adjusted to a government price index. Over the life of an index-linked bond, interest is paid on the adjusted principal value. Increases or decreases in the principal value of index-linked bonds are recorded as interest income in the fund's statement of operations.

**Mortgage dollar rolls** – Some of the funds have entered into mortgage dollar roll transactions in which the fund sells a mortgage-backed security to a counterparty and simultaneously enters into an agreement with the same counterparty to buy back a similar security on a specific future date at a predetermined price. Mortgage dollar rolls are accounted for as purchase and sale transactions, which may increase the funds' portfolio turnover rates.

**Loan transactions** – Some of the funds have 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. The loan is 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 loan's interest rate and maturity date may change based on the terms of the loan, including potential early payments of principal.

**Short-term securities** – The managed risk funds hold shares of the Government Cash Management Fund, a cash management vehicle offered by the Bank of New York Mellon ("BNY Mellon"), the funds' custodian bank. The Government Cash Management Fund is managed by the Dreyfus Corporation.

**Futures contracts** – Some of the funds have 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 portfolio volatility and downside equity risk.

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, or FCM, in a segregated account in the name of the FCM an amount of cash, U.S. government securities, suitable money market instruments, 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. When initial margin is deposited with brokers, a receivable is recorded in the fund's statement of assets and liabilities.

On a daily basis, each 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 each fund's statement of assets and liabilities. In addition, each fund segregates liquid assets equivalent to the fund's outstanding obligations under the contract in excess of the initial margin and variation margin, if any. Futures contracts may involve a risk of loss in excess of the variation margin shown on each fund's statement of assets and liabilities.



Each 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 each fund's statement of operations.

**Forward currency contracts** – Some of the funds have entered into forward currency contracts, which represent agreements to exchange currencies on specific future dates at predetermined rates. The series' 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 series' investment adviser values forward currency contracts based on the applicable exchange rates and records unrealized appreciation or depreciation for open forward currency contracts in each fund's statement of assets and liabilities. Realized gains or losses are recorded at the time the forward 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 each 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 each fund's statement of operations.

**Interest rate swaps** – Some of the funds have entered into interest rate swaps, which are agreements to exchange one stream of future interest payments for another based on a specified notional amount. Typically, interest rate swaps exchange a fixed interest rate for a payment that floats relative to a benchmark or vice versa. The series' investment adviser uses interest rate swaps 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. Risks may arise as a result of the series' investment adviser incorrectly anticipating changes in interest rates, increased volatility, reduced liquidity and the potential inability of counterparties to meet the terms of their agreements.

Upon entering into an interest rate 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 interest rate 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, the series' investment adviser records daily interest accruals related to the exchange of future payments as a receivable and payable in each fund's statement of assets and liabilities. Each fund also pays or receives a "variation margin" based on the increase or decrease in the value of the interest rate swaps, including accrued interest, and records variation margin on interest rate swaps in each fund's statement of assets and liabilities. Each fund records realized gains and losses on both the net accrued interest and any gain or loss recognized at the time the interest rate swap is closed or expires. Net realized gains or losses, as well as any net unrealized appreciation or depreciation, from interest rate swaps are recorded in each fund's statement of operations.

**Credit default swap indices** – Some of the funds have entered into centrally cleared credit default swap agreements on credit indices ("CDSI") that involve one party (the protection buyer) making a stream of payments to another party (the protection seller) in exchange for the right to receive a specified return upon the occurrence of a credit event, such as a default or restructuring, with respect to any of the underlying issuers (reference obligations) in the referenced index. The series' investment adviser uses credit default swaps to assume exposure to a diversified portfolio of credits or to hedge against existing credit risks.

CDSI are portfolios of credit instruments or exposures designed to be representative of some part of the credit market, such as the high-yield or investment-grade credit market. CDSI are generally traded using standardized terms, including a fixed spread and standard maturity dates, and reference all the names in the index. If there is a credit event, it is settled based on that name's weight in the index. The composition of the underlying issuers or obligations within a particular index may change periodically, usually every six months. A specified credit event may affect all or individual underlying reference obligations included in the index, and will be settled based upon the relative weighting of the affected obligation(s) within the index. The value of each CDSI can be used as a measure of the current payment/performance risk of the CDSI and represents the likelihood of an expected liability or profit should the notional amount of the CDSI be closed or sold as of the period end. An increasing value, as compared to the notional amount of the CDSI, represents a deterioration of the referenced indices' credit soundness and a greater likelihood of risk of default or other credit event occurring as defined under the terms of the agreement. When a fund provides sell protection, its maximum exposure is the notional amount of the credit default swap agreement.

Upon entering into a centrally cleared CDSI contract, the fund is required to deposit with a derivatives clearing member ("DCM") in a segregated account in the name of the DCM an amount of cash, U.S. government securities or other liquid securities, which is known as initial margin. Generally, the initial margin required for a particular credit default 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. Securities deposited as initial margin are designated on the investment portfolio.

On a daily basis, interest accruals related to the exchange of future payments are recorded as a receivable and payable in each fund's statement of assets and liabilities. Each fund also pays or receives a variation margin based on the increase or decrease in the value of the centrally cleared swaps, and records variation margin in each fund's statement of assets and liabilities. Each 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 credit default swaps are recorded in each fund's statement of operations.

The following table presents the average month-end notional amounts of futures contracts, forward currency contracts, interest rate swaps and credit default swaps while held for each fund (dollars in thousands):

	Futures	Forwards	Interest rate swaps	Credit default swaps
Global Growth Fund	Not applicable	\$ 5,216	Not applicable	Not applicable
Global Small Capitalization Fund	Not applicable	92,699	Not applicable	Not applicable
International Fund	Not applicable	75,210	Not applicable	Not applicable
New World Fund	Not applicable	16,057	Not applicable	Not applicable
Global Growth and Income Fund	Not applicable	4,243*	Not applicable	Not applicable
International Growth and Income Fund	Not applicable	14,332*	Not applicable	Not applicable
Capital Income Builder Fund	Not applicable	382*	Not applicable	Not applicable
Asset Allocation Fund	\$ 258,722	Not applicable	\$ 2,104,283	Not applicable
Global Balanced Fund	Not applicable	20,573	Not applicable	Not applicable
Bond Fund	1,981,823	500,381	2,184,779	\$65,000
Global Bond Fund	139,311	655,462	508,390	Not applicable
High-Income Bond Fund	Not applicable	Not applicable	30,592	74,354
Mortgage Fund	252,976	Not applicable	1,144,902	Not applicable
U.S. Government/AAA-Rated Securities Fund	2,770,411	Not applicable	12,472,783	Not applicable
Managed Risk Growth Fund	13,000	Not applicable	Not applicable	Not applicable
Managed Risk International Fund	6,600	Not applicable	Not applicable	Not applicable
Managed Risk Blue Chip Income and Growth Fund	16,700	Not applicable	Not applicable	Not applicable
Managed Risk Growth-Income Fund	9,500	Not applicable	Not applicable	Not applicable
Managed Risk Asset Allocation Fund	203,300	Not applicable	Not applicable	Not applicable

\*No contracts were held at the end of the reporting period; amount represents the average month-end notional amount of contracts while they were held.

The following tables present the financial statement impacts resulting from the funds' use of futures contracts, forward currency contracts, interest rate swaps and/or credit default swaps as of, or for the year ended, December 31, 2017 (dollars in thousands):

			Global Growth Fund	Global Small Capitalization Fund	International Fund
<b>Assets</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ –	\$ –	\$ –
Futures contracts	Equity	Net unrealized appreciation*	–	–	–
Futures contracts	Currency	Net unrealized appreciation*	–	–	–
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	15	89	–
Forward currency	Currency	Receivables for closed forward currency contracts	–	44	–
Swap contracts	Interest	Net unrealized appreciation*	–	–	–
Swap contracts	Credit	Net unrealized appreciation*	–	–	–
			\$ 15	\$ 133	\$ –
<b>Liabilities</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ –	\$ –	\$ –
Futures contracts	Equity	Net unrealized depreciation*	–	–	–
Futures contracts	Currency	Net unrealized depreciation*	–	–	–
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	–	1,192	355
Forward currency	Currency	Payables for closed forward currency contracts	–	–	–
Swap contracts	Interest	Net unrealized depreciation*	–	–	–
Swap contracts	Credit	Net unrealized depreciation*	–	–	–
			\$ –	\$ 1,192	\$ 355
<b>Net realized gain (loss)</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized gain on futures contracts	\$ –	\$ –	\$ –
Futures contracts	Equity	Net realized gain on futures contracts	–	–	–
Futures contracts	Currency	Net realized gain on futures contracts	–	–	–
Forward currency	Currency	Net realized gain (loss) on forward currency contracts	241	(4,263)	(9,021)
Swap contracts	Interest	Net realized gain on swap contracts	–	–	–
Swap contracts	Credit	Net realized gain on swap contracts	–	–	–
			\$ 241	\$(4,263)	\$(9,021)
<b>Net unrealized (depreciation) appreciation</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized appreciation on futures contracts	\$ –	\$ –	\$ –
Futures contracts	Equity	Net unrealized appreciation on futures contracts	–	–	–
Futures contracts	Currency	Net unrealized appreciation on futures contracts	–	–	–
Forward currency	Currency	Net unrealized (depreciation) appreciation on forward currency contracts	(344)	(2,489)	1,789
Swap contracts	Interest	Net unrealized appreciation on swap contracts	–	–	–
Swap contracts	Credit	Net unrealized appreciation on swap contracts	–	–	–
			\$(344)	\$(2,489)	\$ 1,789

See end of tables for footnotes.

			New World Fund	Global Growth and Income Fund	International Growth and Income Fund
<b>Assets</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ -	\$ -	\$ -
Futures contracts	Equity	Net unrealized appreciation*	-	-	-
Futures contracts	Currency	Net unrealized appreciation*	-	-	-
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	69	-	-
Forward currency	Currency	Receivables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized appreciation*	-	-	-
Swap contracts	Credit	Net unrealized appreciation*	-	-	-
			\$ 69	\$ -	\$ -
<b>Liabilities</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ -	\$ -	\$ -
Futures contracts	Equity	Net unrealized depreciation*	-	-	-
Futures contracts	Currency	Net unrealized depreciation*	-	-	-
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	392	-	-
Forward currency	Currency	Payables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized depreciation*	-	-	-
Swap contracts	Credit	Net unrealized depreciation*	-	-	-
			\$ 392	\$ -	\$ -
<b>Net realized loss</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized gain on futures contracts	\$ -	\$ -	\$ -
Futures contracts	Equity	Net realized gain on futures contracts	-	-	-
Futures contracts	Currency	Net realized gain on futures contracts	-	-	-
Forward currency	Currency	Net realized loss on forward currency contracts	(881)	(157)	(143)
Swap contracts	Interest	Net realized gain on swap contracts	-	-	-
Swap contracts	Credit	Net realized gain on swap contracts	-	-	-
			\$(881)	\$(157)	\$(143)
<b>Net unrealized (depreciation) appreciation</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized appreciation on futures contracts	\$ -	\$ -	\$ -
Futures contracts	Equity	Net unrealized appreciation on futures contracts	-	-	-
Futures contracts	Currency	Net unrealized appreciation on futures contracts	-	-	-
Forward currency	Currency	Net unrealized (depreciation) appreciation on forward currency contracts	(333)	(147)	105
Swap contracts	Interest	Net unrealized appreciation on swap contracts	-	-	-
Swap contracts	Credit	Net unrealized appreciation on swap contracts	-	-	-
			\$(333)	\$(147)	\$ 105

			Capital Income Builder	Asset Allocation Fund	Global Balanced Fund
<b>Assets</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ –	\$ 73	\$ –
Futures contracts	Equity	Net unrealized appreciation*	–	–	–
Futures contracts	Currency	Net unrealized appreciation*	–	–	–
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	–	–	144
Forward currency	Currency	Receivables for closed forward currency contracts	–	–	11
Swap contracts	Interest	Net unrealized appreciation*	–	658	–
Swap contracts	Credit	Net unrealized appreciation*	–	–	–
			\$ –	\$ 731	\$ 155
<b>Liabilities</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ –	\$ 826	\$ –
Futures contracts	Equity	Net unrealized depreciation*	–	–	–
Futures contracts	Currency	Net unrealized depreciation*	–	–	–
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	–	–	269
Forward currency	Currency	Payables for closed forward currency contracts	–	–	2
Swap contracts	Interest	Net unrealized depreciation*	–	6,906	–
Swap contracts	Credit	Net unrealized depreciation*	–	–	–
			\$ –	\$ 7,732	\$ 271
<b>Net realized gain (loss)</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized gain on futures contracts	\$ –	\$ 376	\$ –
Futures contracts	Equity	Net realized gain on futures contracts	–	–	–
Futures contracts	Currency	Net realized gain on futures contracts	–	–	–
Forward currency	Currency	Net realized loss on forward currency contracts	(16)	–	(136)
Swap contracts	Interest	Net realized gain on swap contracts	–	3,089	–
Swap contracts	Credit	Net realized gain on swap contracts	–	–	–
			\$(16)	\$ 3,465	\$(136)
<b>Net unrealized (depreciation) appreciation</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized depreciation on futures contracts	\$ –	\$ (995)	\$ –
Futures contracts	Equity	Net unrealized appreciation on futures contracts	–	–	–
Futures contracts	Currency	Net unrealized appreciation on futures contracts	–	–	–
Forward currency	Currency	Net unrealized appreciation (depreciation) on forward currency contracts	5	–	(227)
Swap contracts	Interest	Net unrealized depreciation on swap contracts	–	(2,619)	–
Swap contracts	Credit	Net unrealized appreciation on swap contracts	–	–	–
			\$ 5	\$(3,614)	\$(227)

See end of tables for footnotes.

			Bond Fund	Global Bond Fund	High-Income Bond Fund
<b>Assets</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ 25	\$ 195	\$ –
Futures contracts	Equity	Net unrealized appreciation*	–	–	–
Futures contracts	Currency	Net unrealized appreciation*	–	–	–
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	10,220	4,906	–
Forward currency	Currency	Receivables for closed forward currency contracts	–	253	–
Swap contracts	Interest	Net unrealized appreciation*	18,448	1,034	512
Swap contracts	Credit	Net unrealized appreciation*	–	–	–
			\$ 28,693	\$ 6,388	\$ 512
<b>Liabilities</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ 4,181	\$ 554	\$ –
Futures contracts	Equity	Net unrealized depreciation*	–	–	–
Futures contracts	Currency	Net unrealized depreciation*	–	–	–
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	2,678	4,246	–
Forward currency	Currency	Payables for closed forward currency contracts	–	899	–
Swap contracts	Interest	Net unrealized depreciation*	10,736	2,513	90
Swap contracts	Credit	Net unrealized depreciation*	184	–	419
			\$ 17,779	\$ 8,212	\$ 509
<b>Net realized gain (loss)</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized gain on futures contracts	\$ 17,742	\$ 349	\$ –
Futures contracts	Equity	Net realized gain on futures contracts	–	–	–
Futures contracts	Currency	Net realized gain on futures contracts	–	–	–
Forward currency	Currency	Net realized loss on forward currency contracts	(46,710)	(18,259)	–
Swap contracts	Interest	Net realized gain (loss) on swap contracts	30,366	(5,432)	(349)
Swap contracts	Credit	Net realized loss on swap contracts	(29,739)	–	(2,266)
			\$(28,341)	\$(23,342)	\$(2,615)
<b>Net unrealized (depreciation) appreciation</b>	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized (depreciation) on futures contracts	\$ (3,048)	\$ (359)	\$ –
Futures contracts	Equity	Net unrealized appreciation on futures contracts	–	–	–
Futures contracts	Currency	Net unrealized appreciation on futures contracts	–	–	–
Forward currency	Currency	Net unrealized appreciation on forward currency contracts	5,615	6,025	–
Swap contracts	Interest	Net unrealized depreciation on swap contracts	(749)	(2,601)	(5)
Swap contracts	Credit	Net unrealized depreciation on swap contracts	(184)	–	(1,063)
			\$ 1,634	\$ 3,065	\$(1,068)

			Mortgage Fund	U.S. Government/AAA-Rated Securities Fund	Managed Risk Growth Fund
<b>Assets</b>					
	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ 21	\$ 743	\$ -
Futures contracts	Equity	Net unrealized appreciation*	-	-	-
Futures contracts	Currency	Net unrealized appreciation*	-	-	-
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	-	-	-
Forward currency	Currency	Receivables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized appreciation*	1,539	18,217	-
Swap contracts	Credit	Net unrealized appreciation*	-	-	-
			\$ 1,560	\$ 18,960	\$ -
<b>Liabilities</b>					
	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ 653	\$ 8,188	\$ 38
Futures contracts	Equity	Net unrealized depreciation*	-	-	-
Futures contracts	Currency	Net unrealized depreciation*	-	-	-
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	-	-	-
Forward currency	Currency	Payables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized depreciation*	2,325	26,645	-
Swap contracts	Credit	Net unrealized depreciation*	-	-	-
			\$ 2,978	\$ 34,833	\$ 38
<b>Net realized gain (loss)</b>					
	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized gain (loss) on futures contracts	\$ 587	\$ (2,897)	\$ -
Futures contracts	Equity	Net realized gain on futures contracts	-	-	-
Futures contracts	Currency	Net realized loss on futures contracts	-	-	-
Forward currency	Currency	Net realized gain on forward currency contracts	-	-	-
Swap contracts	Interest	Net realized gain on swap contracts	281	16,684	-
Swap contracts	Credit	Net realized gain on swap contracts	-	-	-
			\$ 868	\$ 13,787	\$ -
<b>Net unrealized depreciation</b>					
	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized depreciation on futures contracts	\$ (315)	\$ (1,030)	\$(38)
Futures contracts	Equity	Net unrealized depreciation on futures contracts	-	-	-
Futures contracts	Currency	Net unrealized appreciation on futures contracts	-	-	-
Forward currency	Currency	Net unrealized appreciation on forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized depreciation on swap contracts	(1,442)	(18,456)	-
Swap contracts	Credit	Net unrealized appreciation on swap contracts	-	-	-
			\$(1,757)	\$(19,486)	\$(38)

See end of tables for footnotes.

			Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth- Income Fund
<b>Assets</b>					
	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized appreciation*	\$ -	\$ -	\$ -
Futures contracts	Equity	Net unrealized appreciation*	-	-	-
Futures contracts	Currency	Net unrealized appreciation*	-	-	-
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	-	-	-
Forward currency	Currency	Receivables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized appreciation*	-	-	-
Swap contracts	Credit	Net unrealized appreciation*	-	-	-
			\$ -	\$ -	\$ -
<b>Liabilities</b>					
	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>			
Futures contracts	Interest	Net unrealized depreciation*	\$ 19	\$ 49	\$ 28
Futures contracts	Equity	Net unrealized depreciation*	-	-	-
Futures contracts	Currency	Net unrealized depreciation*	-	-	-
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	-	-	-
Forward currency	Currency	Payables for closed forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized depreciation*	-	-	-
Swap contracts	Credit	Net unrealized depreciation*	-	-	-
			\$ 19	\$ 49	\$ 28
<b>Net realized loss</b>					
	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net realized loss on futures contracts	\$(506)	\$ - <sup>†</sup>	\$ - <sup>†</sup>
Futures contracts	Equity	Net realized gain on futures contracts	-	-	-
Futures contracts	Currency	Net realized gain on futures contracts	-	-	-
Forward currency	Currency	Net realized gain on forward currency contracts	-	-	-
Swap contracts	Interest	Net realized gain on swap contracts	-	-	-
Swap contracts	Credit	Net realized gain on swap contracts	-	-	-
			\$(506)	\$ - <sup>†</sup>	\$ - <sup>†</sup>
<b>Net unrealized depreciation</b>					
	<b>Risk type</b>	<b>Location on statements of operations</b>			
Futures contracts	Interest	Net unrealized depreciation on futures contracts	\$ (1)	\$(49)	\$(28)
Futures contracts	Equity	Net unrealized appreciation on futures contracts	-	-	-
Futures contracts	Currency	Net unrealized appreciation (depreciation) on futures contracts	-	-	-
Forward currency	Currency	Net unrealized appreciation on forward currency contracts	-	-	-
Swap contracts	Interest	Net unrealized appreciation on swap contracts	-	-	-
Swap contracts	Credit	Net unrealized appreciation on swap contracts	-	-	-
			\$ (1)	\$(49)	\$(28)



**Managed  
Risk  
Asset  
Allocation  
Fund**

<b>Assets</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>	
Futures contracts	Interest	Net unrealized appreciation*	\$ -
Futures contracts	Equity	Net unrealized appreciation*	-
Futures contracts	Currency	Net unrealized appreciation*	-
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	-
Forward currency	Currency	Receivables for closed forward currency contracts	-
Swap contracts	Interest	Net unrealized appreciation*	-
Swap contracts	Credit	Net unrealized appreciation*	-
			\$ -
			-
<b>Liabilities</b>	<b>Risk type</b>	<b>Location on statements of assets and liabilities</b>	
Futures contracts	Interest	Net unrealized depreciation*	\$ 592
Futures contracts	Equity	Net unrealized depreciation*	-
Futures contracts	Currency	Net unrealized depreciation*	-
Forward currency	Currency	Unrealized depreciation on open forward currency contracts	-
Forward currency	Currency	Payables for closed forward currency contracts	-
Swap contracts	Interest	Net unrealized depreciation*	-
Swap contracts	Credit	Net unrealized depreciation*	-
			\$ 592
			-
<b>Net realized gain</b>	<b>Risk type</b>	<b>Location on statements of operations</b>	
Futures contracts	Interest	Net realized gain on futures contracts	\$ -
Futures contracts	Equity	Net realized gain on futures contracts	-
Futures contracts	Currency	Net realized loss on futures contracts	-
Forward currency	Currency	Net realized gain on forward currency contracts	-
Swap contracts	Interest	Net realized gain on swap contracts	-
Swap contracts	Credit	Net realized gain on swap contracts	-
			\$ -
			-
<b>Net unrealized depreciation</b>	<b>Risk type</b>	<b>Location on statements of operations</b>	
Futures contracts	Interest	Net unrealized depreciation on futures contracts	\$(592)
Futures contracts	Equity	Net unrealized appreciation on futures contracts	-
Futures contracts	Currency	Net unrealized depreciation on futures contracts	-
Forward currency	Currency	Net unrealized appreciation on forward currency contracts	-
Swap contracts	Interest	Net unrealized appreciation on swap contracts	-
Swap contracts	Credit	Net unrealized appreciation on swap contracts	-
			\$(592)
			-

\*Includes cumulative appreciation/depreciation on futures contracts, interest rate swaps and/or credit default swaps as reported in the applicable table(s) following each fund's investment portfolio. Only current day's variation margin is reported within the statements of assets and liabilities.

†Amount less than one thousand.

**Collateral** – Funds that invest in futures contracts, forward currency contracts, interest rate swaps, credit default swaps and/or future delivery contracts participate in a collateral program. For futures contracts, interest rate swaps and credit default swaps, the program calls for the fund to pledge highly liquid assets, such as cash or U.S. Treasury bills, as collateral for initial and variation margin by contract. For forward currency contracts, the program calls for the fund to either receive or pledge collateral based on the net gain or loss on unsettled forward currency contracts by counterparty. For future delivery contracts, the program calls for the fund to either receive or pledge collateral based on the net gain or loss on unsettled contracts by certain counterparties. The purpose of the collateral is to cover potential losses that could occur in the event that either party cannot meet its contractual obligations.

**Rights of offset** – Funds that hold forward currency contracts have enforceable master netting agreements with certain counterparties, where amounts payable by each party to the other in the same currency (with the same settlement date and with the same counterparty) are settled net of 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 funds do not offset financial assets and financial liabilities that are subject to these master netting arrangements in the statements of assets and liabilities.

The following tables present each fund's forward currency contracts by counterparty that are subject to master netting agreements but that are not offset in the funds' statements of assets and liabilities. The net amount column shows the impact of offsetting on the funds' statement of assets and liabilities as of December 31, 2017, if close-out netting was exercised (dollars in thousands):

#### Global Growth Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
Bank of America, N.A.	\$15	\$–	\$–	\$–	\$15

#### Global Small Capitalization Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
JPMorgan Chase	\$ 89	\$–	\$ –	\$–	\$ 89
UBS AG	44	–	–	–	44
Total	\$ 133	\$–	\$ –	\$–	\$133
Liabilities:					
Citibank	\$ 314	\$–	\$(152)	\$–	\$162
HSBC Bank	878	–	(521)	–	357
Total	\$1,192	\$–	\$(673)	\$–	\$519

#### International Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Liabilities:					
Bank of America, N.A.	\$355	\$–	\$(228)	\$–	\$127

## New World Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
Bank of America, N.A.	\$ 8	\$ (8)	\$—	\$—	\$ —
JPMorgan Chase	60	(55)	—	—	5
UBS AG	1	—	—	—	1
<b>Total</b>	<b>\$ 69</b>	<b>\$(63)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ 6</b>
Liabilities:					
Bank of America, N.A.	\$ 57	\$ (8)	\$—	\$—	\$ 49
Barclays Bank PLC	97	—	—	—	97
Citibank	59	—	—	—	59
Goldman Sachs	115	—	—	—	115
HSBC Bank	9	—	—	—	9
JPMorgan Chase	55	(55)	—	—	—
<b>Total</b>	<b>\$392</b>	<b>\$(63)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$329</b>

## Global Balanced Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
Bank of America, N.A.	\$ 30	\$ (30)	\$—	\$—	\$ —
Bank of New York Mellon	1	—	—	—	1
Barclays Bank PLC	7	(7)	—	—	—
Citibank	40	(40)	—	—	—
Goldman Sachs	15	(15)	—	—	—
HSBC Bank	2	(2)	—	—	—
JPMorgan Chase	46	(46)	—	—	—
UBS AG	14	(14)	—	—	—
<b>Total</b>	<b>\$155</b>	<b>\$(154)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$ 1</b>
Liabilities:					
Bank of America, N.A.	\$ 52	\$ (30)	\$—	\$—	\$ 22
Barclays Bank PLC	59	(7)	—	—	52
Citibank	54	(40)	—	—	14
Goldman Sachs	15	(15)	—	—	—
HSBC Bank	10	(2)	—	—	8
JPMorgan Chase	52	(46)	—	—	6
UBS AG	29	(14)	—	—	15
<b>Total</b>	<b>\$271</b>	<b>\$(154)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$117</b>

See end of tables for footnote.

## Bond Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
Bank of America, N.A.	\$ 3,012	\$ –	\$(2,182)	\$(830)	\$ –
Citibank	374	(374)	–	–	–
JPMorgan Chase	6,372	(1,426)	(4,946)	–	–
UBS AG	462	–	(382)	–	80
Total	\$10,220	\$(1,800)	\$(7,510)	\$(830)	\$ 80
Liabilities:					
Citibank	\$ 1,131	\$ (374)	\$ (280)	\$ –	\$477
HSBC Bank	121	–	–	–	121
JPMorgan Chase	1,426	(1,426)	–	–	–
Total	\$ 2,678	\$(1,800)	\$ (280)	\$ –	\$598

## Global Bond Fund

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral	
Assets:					
Bank of America, N.A.	\$ 321	\$ (321)	\$ –	\$ –	\$ –
Barclays Bank PLC	335	(219)	–	–	116
Citibank	2,208	(1,250)	–	(958)	–
Goldman Sachs	275	(275)	–	–	–
HSBC Bank	143	(143)	–	–	–
JPMorgan Chase	1,212	(1,130)	–	–	82
UBS AG	665	(665)	–	–	–
Total	\$5,159	\$(4,003)	\$ –	\$(958)	\$198
Liabilities:					
Bank of America, N.A.	\$ 789	\$ (321)	\$ (468)	\$ –	\$ –
Barclays Bank PLC	219	(219)	–	–	–
Citibank	1,250	(1,250)	–	–	–
Goldman Sachs	569	(275)	(260)	–	34
HSBC Bank	408	(143)	(250)	–	15
JPMorgan Chase	1,130	(1,130)	–	–	–
UBS AG	780	(665)	(115)	–	–
Total	\$5,145	\$(4,003)	\$(1,093)	\$ –	\$ 49

\*Non-cash collateral is shown on a settlement basis.

## 6. Taxation and distributions

**Federal income taxation** – Each fund complies with the requirements under Subchapter M of the Internal Revenue Code applicable to mutual funds and each intends to distribute substantially all of its net taxable income and net capital gains each year. The funds are 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, 2017, none of the funds had a liability for any unrecognized tax benefits. Each fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statements of operations. During the period, none of the funds incurred any significant interest or penalties.

Each fund's tax returns are 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 generally three years after the date of filing but can be extended in certain jurisdictions.

**Non-U.S. taxation** – Dividend and interest income, if any, are recorded net of non-U.S. taxes paid. The funds may file withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. As a result of rulings from European courts, the funds filed for additional reclaims related to prior years. These reclaims are recorded when the amount is known and there are no significant uncertainties on collectability. Gains realized by the funds on the sale of securities in certain countries, if any, may be subject to non-U.S. taxes. If applicable, the funds record 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 paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which 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; unrealized appreciation of certain investments in securities outside the U.S.; deferred expenses; cost of investments sold; paydowns on fixed-income securities; net capital losses; non-U.S. taxes on capital gains 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 funds for financial reporting purposes. The funds may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

Additional tax basis disclosures for each fund as of December 31, 2017, were as follows (dollars in thousands):

	Global Growth Fund	Global Small Capitalization Fund	Growth Fund	International Fund	New World Fund	Blue Chip Income and Growth Fund
Undistributed ordinary income	\$ 31,444	\$ 44,103	\$ 112,122	\$ 158,459	\$ 8,129	\$ 233,361
Undistributed long-term capital gain	402,492	147,040	2,434,009	324,550	93,323	502,967
Capital loss carryforward utilized	–	55,253	–	–	123,342	–
Gross unrealized appreciation on investments	2,228,168	1,203,855	9,792,218	2,530,645	890,201	2,526,460
Gross unrealized depreciation on investments	(44,698)	(195,609)	(457,553)	(338,548)	(52,274)	(211,893)
Net unrealized appreciation (depreciation) on investments	2,183,470	1,008,246	9,334,665	2,192,097	837,927	2,314,567
Cost of investments	4,069,054	3,305,903	15,704,597	7,563,161	2,709,901	7,062,201
Reclassification to (from) undistributed/distributions in excess of net investment income from (to) undistributed net realized gain/accumulated net realized loss	5,191	1,827	(576)	(7,896)	20,408	(21)
Reclassification to (from) undistributed/distributions in excess of net investment income from (to) capital paid in on shares of beneficial interest	–	–	–	–	1	–



	Managed Risk Growth Fund	Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth-Income Fund	Managed Risk Asset Allocation Fund
Undistributed ordinary income	\$ 1,399	\$ 1,323	\$ 5,669	\$ 2,167	\$ 53,091
Undistributed long-term capital gain	20,518	732	12,104	9,926	174,185
Gross unrealized appreciation on investments	29,694	19,293	31,349	14,187	339,240
Gross unrealized depreciation on investments	(9,040)	(7,137)	(3,121)	(5,803)	(648)
Net unrealized appreciation (depreciation) on investments	20,654	12,156	28,228	8,384	338,592
Cost of investments	267,404	136,312	338,850	200,658	4,118,068
Reclassification to (from) undistributed/distributions in excess of net investment income from (to) undistributed net realized gain/accumulated net realized loss	545	49	1,507	141	2,446

\*These deferrals are considered incurred in the subsequent year.

†Capital loss carryforwards will be used to offset any capital gains realized by the funds in future years. Funds with capital loss carryforwards will not make distributions from capital gains while a capital loss carryforwards remains.

Distributions paid by each fund were characterized for tax purposes as follows (dollars in thousands):

#### Global Growth Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$16,830	\$ 55,298	\$ 72,128	\$24,109	\$126,735	\$150,844
Class 1A*	15	16	31			
Class 2	24,835	114,893	139,728	44,725	291,772	336,497
Class 4	1,062	3,889	4,951	945	7,147	8,092
Total	\$42,742	\$174,096	\$216,838	\$69,779	\$425,654	\$495,433

#### Global Small Capitalization Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$10,151	\$—	\$10,151	\$11,807	\$273,687	\$285,494
Class 1A*	1	—	1			
Class 2	10,597	—	10,597	12,193	433,806	445,999
Class 4	270	—	270	142	6,715	6,857
Total	\$21,019	\$—	\$21,019	\$24,142	\$714,208	\$738,350

See end of tables for footnotes.

## Growth Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$ 75,247	\$ 713,987	\$ 789,234	\$ 68,458	\$ 603,135	\$ 671,593
Class 1A*	15	63	78			
Class 2	110,909	1,409,266	1,520,175	105,243	1,244,603	1,349,846
Class 3	1,601	18,484	20,085	1,482	16,336	17,818
Class 4	4,893	53,128	58,021	2,484	36,779	39,263
Total	\$192,665	\$2,194,928	\$2,387,593	\$177,667	\$1,900,853	\$2,078,520

## International Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$ 70,384	\$49,783	\$120,167	\$ 59,237	\$296,124	\$355,361
Class 1A*	17	3	20			
Class 2	53,513	46,642	100,155	51,666	334,251	385,917
Class 3	396	331	727	389	2,445	2,834
Class 4	3,025	1,066	4,091	794	4,665	5,459
Total	\$127,335	\$97,825	\$225,160	\$112,086	\$637,485	\$749,571

## New World Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends paid
Class 1	\$21,960	\$-	\$21,960	\$17,725	\$-	\$17,725
Class 1A*	6	-	6			
Class 2	9,149	-	9,149	7,100	-	7,100
Class 4	3,016	-	3,016	1,465	-	1,465
Total	\$34,131	\$-	\$34,131	\$26,290	\$-	\$26,290

## Blue Chip Income and Growth Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$140,306	\$170,748	\$311,054	\$137,434	\$292,079	\$429,513
Class 1A*	12	5	17			
Class 2	82,680	113,013	195,693	92,301	236,696	328,997
Class 4	4,917	5,605	10,522	2,759	4,934	7,693
Total	\$227,915	\$289,371	\$517,286	\$232,494	\$533,709	\$766,203



## Global Growth and Income Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends paid
Class 1	\$10,516	\$ 7,109	\$17,625	\$11,131	\$–	\$11,131
Class 1A*	2	–*	2			
Class 2	30,799	26,178	56,977	25,283	–	25,283
Class 4	1,478	405	1,883	257	–	257
<b>Total</b>	<b>\$42,795</b>	<b>\$33,692</b>	<b>\$76,487</b>	<b>\$36,671</b>	<b>\$–</b>	<b>\$36,671</b>

## Growth-Income Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$250,221	\$ 884,958	\$1,135,179	\$263,296	\$1,172,060	\$1,435,356
Class 1A*	24	16	40			
Class 2	195,450	853,292	1,048,742	250,881	1,329,722	1,580,603
Class 3	2,421	10,140	12,561	3,141	16,262	19,403
Class 4	9,973	36,513	46,486	8,305	45,834	54,139
<b>Total</b>	<b>\$458,089</b>	<b>\$1,784,919</b>	<b>\$2,243,008</b>	<b>\$525,623</b>	<b>\$2,563,878</b>	<b>\$3,089,501</b>

## International Growth and Income Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$25,860	\$–	\$25,860	\$23,268	\$3,458	\$26,726
Class 1A*	14	–	14			
Class 2	5,714	–	5,714	6,231	1,080	7,311
Class 4	1,184	–	1,184	895	149	1,044
<b>Total</b>	<b>\$32,772</b>	<b>\$–</b>	<b>\$32,772</b>	<b>\$30,394</b>	<b>\$4,687</b>	<b>\$35,081</b>

## Capital Income Builder

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$ 6,303	\$–	\$ 6,303	\$ 4,372	\$–	\$ 4,372
Class 1A*	8	–	8			
Class 2	23	–	23	2	–	2
Class 4	7,676	–	7,676	6,657	–	6,657
<b>Total</b>	<b>\$14,010</b>	<b>\$–</b>	<b>\$14,010</b>	<b>\$11,031</b>	<b>\$–</b>	<b>\$11,031</b>

See end of tables for footnotes.

## Asset Allocation Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$287,347	\$ 666,425	\$ 953,772	\$229,739	\$280,306	\$510,045
Class 1A*	50	70	120			
Class 2	84,847	241,077	325,924	81,019	120,303	201,322
Class 3	601	1,646	2,247	580	860	1,440
Class 4	47,458	145,207	192,665	38,591	61,673	100,264
Total	\$420,303	\$1,054,425	\$1,474,728	\$349,929	\$463,142	\$813,071

## Global Balanced Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends paid
Class 1	\$1,298	\$2,309	\$ 3,607	\$ 939	\$-	\$ 939
Class 1A*	3	5	8			
Class 2	2,516	5,414	7,930	2,225	-	2,225
Class 4	582	1,195	1,777	121	-	121
Total	\$4,399	\$8,923	\$13,322	\$3,285	\$-	\$3,285

## Bond Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$211,473	\$25,594	\$237,067	\$138,255	\$11,305	\$149,560
Class 1A*	19	1	20			
Class 2	119,175	15,280	134,455	74,576	7,465	82,041
Class 4	5,958	441	6,399	1,614	150	1,764
Total	\$336,625	\$41,316	\$377,941	\$214,445	\$18,920	\$233,365

## Global Bond Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$14,181	\$103	\$14,284	\$10,101	\$ 872	\$10,973
Class 1A*	- <sup>+</sup>	- <sup>+</sup>	- <sup>+</sup>			
Class 2	11,033	99	11,132	7,811	923	8,734
Class 4	196	1	197	68	8	76
Total	\$25,410	\$203	\$25,613	\$17,980	\$1,803	\$19,783

## High-Income Bond Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$43,976	\$-	\$43,976	\$ 57,104	\$-	\$ 57,104
Class 1A*	12	-	12			
Class 2	51,640	-	51,640	47,007	-	47,007
Class 3	805	-	805	746	-	746
Class 4	1,981	-	1,981	1,283	-	1,283
Total	\$98,414	\$-	\$98,414	\$106,140	\$-	\$106,140

## Mortgage Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$5,106	\$1,186	\$6,292	\$7,780	\$152	\$7,932
Class 1A*	2	- <sup>†</sup>	2			
Class 2	1,025	262	1,287	1,648	35	1,683
Class 4	165	39	204	222	5	227
Total	\$6,298	\$1,487	\$7,785	\$9,650	\$192	\$9,842

## Ultra-Short Bond Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends paid
Class 1	\$184	\$-	\$184	\$-	\$-	\$-
Class 1A*	- <sup>†</sup>	-	- <sup>†</sup>			
Class 2	697	-	697	-	-	-
Class 3	15	-	15	-	-	-
Class 4	10	-	10	-	-	-
Total	\$906	\$-	\$906	\$-	\$-	\$-

## U.S. Government/AAA-Rated Securities Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class 1	\$23,690	\$-	\$23,690	\$44,429	\$ 7,982	\$ 52,411
Class 1A*	1	-	1			
Class 2	19,498	-	19,498	43,530	8,728	52,258
Class 3	141	-	141	307	60	367
Class 4	663	-	663	1,615	371	1,986
Total	\$43,993	\$-	\$43,993	\$89,881	\$17,141	\$107,022

See end of tables for footnotes.

## Managed Risk Growth Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class P1	\$ 7	\$ 22	\$ 29	\$ 3	\$ 57	\$ 60
Class P2	727	4,120	4,847	327	14,955	15,282
Total	\$734	\$4,142	\$4,876	\$330	\$15,012	\$15,342

## Managed Risk International Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class P1	\$ 1	\$ 1	\$ 2	\$ 2	\$ 4	\$ 6
Class P2	899	1,402	2,301	841	2,181	3,022
Total	\$900	\$1,403	\$2,303	\$843	\$2,185	\$3,028

## Managed Risk Blue Chip Income and Growth Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class P1	\$ 4	\$ 3	\$ 7	\$ 5	\$ 8	\$ 13
Class P2	5,157	5,565	10,722	3,370	5,915	9,285
Total	\$5,161	\$5,568	\$10,729	\$3,375	\$5,923	\$9,298

## Managed Risk Growth-Income Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class P1	\$ 19	\$ 73	\$ 92	\$ 15	\$ 64	\$ 79
Class P2	1,848	7,653	9,501	1,692	8,401	10,093
Total	\$1,867	\$7,726	\$9,593	\$1,707	\$8,465	\$10,172

## Managed Risk Asset Allocation Fund

Share class	Year ended December 31, 2017			Year ended December 31, 2016		
	Ordinary income	Long-term capital gains	Total dividends and distributions paid	Ordinary income	Long-term capital gains	Total dividends and distributions paid
Class P1	\$11,453	\$13,811	\$25,264	\$16,330	\$29,417	\$ 45,747
Class P2	20,269	24,931	45,200	27,858	64,161	92,019
Total	\$31,722	\$38,742	\$70,464	\$44,188	\$93,578	\$137,766

\*Class 1A shares began investment operations on January 6, 2017.

†Amount less than one thousand.

## 7. Fees and transactions

CRMC, the series' investment adviser, is the parent company of American Funds Distributors,<sup>®</sup> Inc. ("AFD"), the distributor of the series' shares, and American Funds Service Company<sup>®</sup> ("AFS"), the series' transfer agent. CRMC, AFD and AFS are considered related parties to the series.

**Investment advisory services** – The series has an investment advisory and service agreement with CRMC that provides for monthly fees accrued daily. These fees are based on annual rates that generally decrease as average net asset levels increase. CRMC receives investment advisory fees from the underlying funds held by the managed risk funds. These fees are included in the net effective expense ratios that are provided as supplementary information in the financial highlights tables. Subadvisory fees for the managed risk funds are paid by CRMC to Milliman FRM. The managed risk funds are not responsible for paying any subadvisory fees.

**Investment advisory services waivers** – On December 4, 2017, the series' board of trustees approved amended agreements effective February 1, 2018, decreasing the annual rate to 0.580% on average daily net assets in excess of \$4 billion for New World Fund, decreasing the annual rate to 0.350% on average daily net assets in excess of \$10.5 billion for Blue Chip Income and Growth Fund, and decreasing the annual rate to 0.320% on average daily net assets in excess of \$13 billion for Bond Fund. CRMC is waiving a portion of its investment advisory services fees for each of the managed risk funds. Investment advisory services fees are presented in each fund's statement of operations gross of the waivers from CRMC. For the year ended December 31, 2017, total investment advisory services fees waived by CRMC were \$2,496,000.

The range of rates, net asset levels and the current annualized rates of average net assets for each fund before and after any investment advisory services waivers (if applicable), are as follows:

Fund	Rates		Net asset level (in billions)		For the year ended December 31, 2017, before waiver	For the year ended December 31, 2017, after waiver
	Beginning with	Ending with	Up to	In excess of		
Global Growth Fund	.690%	.460%	\$ .6	\$ 5.0	.520%	.520%
Global Small Capitalization Fund	.800	.635	.6	5.0	.697	.697
Growth Fund	.500	.280	.6	34.0	.326	.326
International Fund	.690	.430	.5	21.0	.495	.495
New World Fund	.850	.620	.5	2.5	.704	.704
Blue Chip Income and Growth Fund	.500	.360	.6	6.5	.389	.389
Global Growth and Income Fund	.690	.480	.6	3.0	.594	.594
Growth-Income Fund	.500	.219	.6	34.0	.262	.262
International Growth and Income Fund	.690	.530	.5	1.0	.614	.614
Capital Income Builder Fund	.500		all		.500	.500
Asset Allocation Fund	.500	.240	.6	21.0	.268	.268
Global Balanced Fund	.660	.510	.5	1.0	.660	.660
Bond Fund	.480	.330	.6	8.0	.362	.362
Global Bond Fund	.570	.450	1.0	3.0	.529	.529
High-Income Bond Fund	.500	.420	.6	2.0	.467	.467
Mortgage Fund	.420	.290	.6	3.0	.420	.420
Ultra-Short Bond Fund	.320	.270	1.0	2.0	.320	.320
U.S. Government/AAA-Rated Securities Fund	.420	.290	.6	3.0	.338	.338
Managed Risk Growth Fund	.150		all		.150	.100
Managed Risk International Fund	.150		all		.150	.100
Managed Risk Blue Chip Income and Growth Fund	.150		all		.150	.100
Managed Risk Growth-Income Fund	.150		all		.150	.100
Managed Risk Asset Allocation Fund	.150		all		.150	.100

**Distribution services** – The series has plans of distribution for all share classes except Class 1. Under the plans, the board of trustees approves certain categories of expenses that are used to finance activities primarily intended to sell fund shares. The plans provide for payments to pay service fees to firms that have entered into agreements with the series. These payments, based on an annualized percentage of average daily net assets, range from 0.18% to 0.50% as noted in the table below. In some cases, the board of trustees has limited the amounts that may be paid to less than the maximum allowed by the plans.

Share class	Currently approved limits	Plan limits
Class 1A	0.00%	0.25%
Class 2	0.25	0.25
Class 3	0.18	0.18
Class 4	0.25	0.25
Class P1	0.00	0.25
Class P2	0.25	0.50

**Insurance administrative services** – The series has an insurance administrative services plan for Class 1A, 4, P1 and P2 shares. Under the plan, these share classes pay 0.25% of each insurance company's respective average daily net assets in each share class to compensate the insurance companies for services provided to their separate accounts and contractholders for which the shares of the fund are beneficially owned as underlying investments of such contractholders' annuities. These services include, but are not limited to, maintenance, shareholder communications and transactional services. The insurance companies are not related parties to the series.

**Transfer agent services** – The series has a shareholder services agreement with AFS under which the funds compensate AFS for providing transfer agent services to all of the funds' share classes. These services include recordkeeping, shareholder communications and transaction processing. In addition, the managed risk funds reimburse AFS for amounts paid to third parties for performing transfer agent services on behalf of fund shareholders.

**Administrative services** – The series has an administrative services agreement with CRMC to provide administrative services to all of the funds' share classes. The services include, but are not limited to, coordinating, monitoring, assisting and overseeing third parties that provide services to fund shareholders. Under the agreement, each share class of each fund, except the managed risk funds, pays an annual fee of 0.01% based on its respective average daily net assets to compensate CRMC for providing administrative services. For the managed risk funds, CRMC receives administrative services fees of 0.01% of average daily net assets from Class 1 shares of the underlying funds for administrative services provided to the series.

**Accounting and administrative services** – The managed risk funds have a subadministration agreement with BNY Mellon under which the fund compensates BNY Mellon for providing accounting and administrative services to each of the managed risk funds' share classes. These services include, but are not limited to, fund accounting (including calculation of net asset value), financial reporting and tax services. BNY Mellon is not a related party to the managed risk funds.

**Miscellaneous fee reimbursements** – CRMC is currently reimbursing a portion of miscellaneous fees and expenses for Managed Risk Growth Fund, Managed Risk International Fund, Managed Risk Blue Chip Income and Growth Fund and Managed Risk Growth-Income Fund. Miscellaneous expenses exclude investment advisory services and distribution services fees. For the year ended December 31, 2017, total expenses reimbursed by CRMC were \$102,000.

Class-specific expenses under the agreements described above were as follows (dollars in thousands):

#### Global Growth Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$188
Class 1A*	\$ –	\$ 2	– <sup>†</sup>
Class 2	9,611	Not applicable	385
Class 4	352	352	14
Total class-specific expenses	\$9,963	\$354	\$587

#### Global Small Capitalization Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$160
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	6,149	Not applicable	246
Class 4	171	171	7
Total class-specific expenses	\$6,320	\$171	\$413

## Growth Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 774
Class 1A*	\$ –	\$ 2	– <sup>†</sup>
Class 2	37,831	Not applicable	1,513
Class 3	362	Not applicable	20
Class 4	1,542	1,542	62
Total class-specific expenses	\$39,735	\$1,544	\$2,369

## International Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$446
Class 1A*	\$ –	\$ 1	– <sup>†</sup>
Class 2	10,407	Not applicable	416
Class 3	53	Not applicable	3
Class 4	304	304	12
Total class-specific expenses	\$10,764	\$305	\$877

## New World Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$194
Class 1A*	\$ –	\$ 1	– <sup>†</sup>
Class 2	2,507	Not applicable	100
Class 4	821	820	33
Total class-specific expenses	\$3,328	\$821	\$327

## Blue Chip Income and Growth Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$538
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	8,620	Not applicable	345
Class 4	440	440	18
Total class-specific expenses	\$9,060	\$440	\$901

See end of tables for footnotes.

## Global Growth and Income Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 51
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	3,734	Not applicable	149
Class 4	79	79	3
Total class-specific expenses	\$3,813	\$79	\$203

## Growth-Income Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$1,424
Class 1A*	\$ –	\$ 2	– <sup>†</sup>
Class 2	33,675	Not applicable	1,347
Class 3	292	Not applicable	16
Class 4	1,513	1,513	61
Total class-specific expenses	\$35,480	\$1,515	\$2,848

## International Growth and Income Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$100
Class 1A*	\$ –	\$ 1	– <sup>†</sup>
Class 2	656	Not applicable	26
Class 4	123	122	5
Total class-specific expenses	\$779	\$123	\$131

## Capital Income Builder

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$20
Class 1A*	\$ –	\$ 1	– <sup>†</sup>
Class 2	2	Not applicable	– <sup>†</sup>
Class 4	746	746	30
Total class-specific expenses	\$748	\$747	\$50

### Asset Allocation Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$1,501
Class 1A*	\$ –	\$ 4	– <sup>†</sup>
Class 2	13,450	Not applicable	538
Class 3	66	Not applicable	4
Class 4	8,079	8,080	323
Total class-specific expenses	\$21,595	\$8,084	\$2,366

### Global Balanced Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 8
Class 1A*	\$ –	\$ –	– <sup>†</sup>
Class 2	487	Not applicable	19
Class 4	65	65	3
Total class-specific expenses	\$552	\$65	\$30

### Bond Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 673
Class 1A*	\$ –	\$ 1	– <sup>†</sup>
Class 2	9,931	Not applicable	397
Class 4	359	359	15
Total class-specific expenses	\$10,290	\$360	\$1,085

### Global Bond Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$121
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	2,887	Not applicable	115
Class 4	42	42	2
Total class-specific expenses	\$2,929	\$42	\$238

### High-Income Bond Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 81
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	1,994	Not applicable	80
Class 3	23	Not applicable	1
Class 4	67	67	3
Total class-specific expenses	\$2,084	\$67	\$165

### Mortgage Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$27
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	156	Not applicable	6
Class 4	24	25	1
Total class-specific expenses	\$180	\$25	\$34

### Ultra-Short Bond Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$ 4
Class 1A*	\$ –	\$ –	–
Class 2	659	Not applicable	26
Class 3	7	Not applicable	– <sup>†</sup>
Class 4	38	38	2
Total class-specific expenses	\$704	\$38	\$32

### U.S. Government/AAA-Rated Securities Fund

Share class	Distribution services	Insurance administrative services	Administrative services
Class 1	Not applicable	Not applicable	\$145
Class 1A*	\$ –	\$ – <sup>†</sup>	– <sup>†</sup>
Class 2	3,721	Not applicable	149
Class 3	19	Not applicable	1
Class 4	143	144	6
Total class-specific expenses	\$3,883	\$144	\$301



### Managed Risk Growth Fund

Share class	Distribution services	Insurance administrative services
Class P1	Not applicable	\$ 3
Class P2	\$616	616
Total class-specific expenses	\$616	\$619

### Managed Risk International Fund

Share class	Distribution services	Insurance administrative services
Class P1	Not applicable	\$ - <sup>†</sup>
Class P2	\$311	311
Total class-specific expenses	\$311	\$311

### Managed Risk Blue Chip Income and Growth Fund

Share class	Distribution services	Insurance administrative services
Class P1	Not applicable	\$ - <sup>†</sup>
Class P2	\$883	883
Total class-specific expenses	\$883	\$883

\*Class 1A shares began investment operations on January 6, 2017.

<sup>†</sup>Amount less than one thousand.

### Managed Risk Growth-Income Fund

Share class	Distribution services	Insurance administrative services
Class P1	Not applicable	\$ 5
Class P2	\$463	463
Total class-specific expenses	\$463	\$468

### Managed Risk Asset Allocation Fund

Share class	Distribution services	Insurance administrative services
Class P1	Not applicable	\$ 3,640
Class P2	\$6,556	6,556
Total class-specific expenses	\$6,556	\$10,196

**Trustees' deferred compensation** – 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 funds, are treated as if invested in one or more of the American Funds. These amounts represent general, unsecured liabilities of the funds and vary according to the total returns of the selected funds. Trustees' compensation, shown on the accompanying financial statements, reflects current fees (either paid in cash or deferred) and a net increase in the value of the deferred amounts as follows (dollars in thousands):

	Current fees	Increase in value of deferred amounts	Total trustees' compensation
Global Growth Fund	\$ 36	\$14	\$ 50
Global Small Capitalization Fund	26	10	36
Growth Fund	146	57	203
International Fund	52	21	73
New World Fund	20	8	28
Blue Chip Income and Growth Fund	56	22	78
Global Growth and Income Fund	13	5	18
Growth-Income Fund	175	68	243
International Growth and Income Fund	8	3	11
Capital Income Builder	3	1	4
Asset Allocation Fund	144	56	200
Global Balanced Fund	2	1	3
Bond Fund	70	26	96
Global Bond Fund	15	6	21
High-Income Bond Fund	11	4	15
Mortgage Fund	2	1	3
Ultra-Short Bond Fund	2	1	3
U.S. Government/AAA-Rated Securities Fund	19	7	26
Managed Risk Growth Fund	1	1	2
Managed Risk International Fund	1	–*	1
Managed Risk Blue Chip Income and Growth Fund	2	1	3
Managed Risk Growth-Income Fund	2	–*	2
Managed Risk Asset Allocation Fund	24	10	34

\*Amount less than one thousand.

**Affiliated officers and trustees** – Officers and certain trustees of the series are or may be considered to be affiliated with CRMC, AFD and AFS. No affiliated officers or trustees received any compensation directly from any fund in the series.

**Security transactions with related funds** – The funds may purchase from, or sell securities to, other CRMC-managed funds (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.

The following table presents purchase and sales transactions between each fund and related funds as of December 31, 2017 (dollars in thousands):

	Purchases	Sales
Global Small Capitalization Fund	\$15,273	\$109,018
Blue Chip Income and Growth Fund	80,277	170,978

## 8. Committed line of credit

Global Small Capitalization Fund, New World Fund and High-Income Bond Fund participate with other funds managed by CRMC in a \$1 billion credit facility (the "line of credit") to be utilized for temporary purposes to fund shareholder redemptions. Each fund has agreed to pay commitment fees on its pro-rata portion of the line of credit, which are reflected in other expenses in each fund's statement of operations. None of the funds borrowed on this line of credit at any time during the year ended December 31, 2017.

## 9. Capital share transactions

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

### Global Growth Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$202,598	7,210	\$ 72,128	2,554	\$(331,323)	(11,655)	\$ (56,597)	(1,891)
Class 1A <sup>2</sup>	2,333	80	31	1	(125)	(4)	2,239	77
Class 2	55,435	2,042	139,728	5,015	(563,057)	(20,391)	(367,894)	(13,334)
Class 4	92,931	3,271	4,951	178	(11,055)	(400)	86,827	3,049
Total net increase (decrease)	\$353,297	12,603	\$216,838	7,748	\$(905,560)	(32,450)	\$(335,425)	(12,099)
<b>Year ended December 31, 2016</b>								
Class 1	\$214,321	8,771	\$150,842	6,520	\$(225,629)	(9,136)	\$ 139,534	6,155
Class 2	98,924	4,087	336,499	14,694	(451,495)	(18,489)	(16,072)	292
Class 4	31,776	1,313	8,092	354	(28,384)	(1,172)	11,484	495
Total net increase (decrease)	\$345,021	14,171	\$495,433	21,568	\$(705,508)	(28,797)	\$ 134,946	6,942

### Global Small Capitalization Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$128,448	5,651	\$ 10,108	429	\$(396,272)	(17,174)	\$(257,716)	(11,094)
Class 1A <sup>2</sup>	169	8	1	<sup>-3</sup>	<sup>-3</sup>	<sup>-3</sup>	170	8
Class 2	27,876	1,267	10,597	472	(343,593)	(15,314)	(305,120)	(13,575)
Class 4	73,197	3,126	270	12	(5,899)	(258)	67,568	2,880
Total net increase (decrease)	\$229,690	10,052	\$ 20,976	913	\$(745,764)	(32,746)	\$(495,098)	(21,781)
<b>Year ended December 31, 2016</b>								
Class 1	\$161,105	7,595	\$285,447	14,932	\$(368,707)	(16,753)	\$ 77,845	5,774
Class 2	54,521	2,619	445,999	23,986	(293,447)	(14,137)	207,073	12,468
Class 4	16,563	792	6,857	365	(8,311)	(402)	15,109	755
Total net increase (decrease)	\$232,189	11,006	\$738,303	39,283	\$(670,465)	(31,292)	\$ 300,027	18,997

See end of tables for footnotes.

## Growth Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 505,734	6,906	\$ 786,807	11,094	\$(1,258,545)	(16,930)	\$ 33,996	1,070
Class 1A <sup>2</sup>	2,708	36	78	1	(94)	(1)	2,692	36
Class 2	206,092	2,819	1,520,175	21,621	(2,205,078)	(30,135)	(478,811)	(5,695)
Class 3	468	6	20,085	282	(21,851)	(295)	(1,298)	(7)
Class 4	407,312	5,509	58,020	832	(56,254)	(776)	409,078	5,565
Total net increase (decrease)	\$1,122,314	15,276	\$2,385,165	33,830	\$(3,541,822)	(48,137)	\$ (34,343)	969

## Year ended December 31, 2016

Class 1	\$ 458,166	7,079	\$ 669,418	10,693	\$ (964,251)	(14,691)	\$ 163,333	3,081
Class 2	177,712	2,745	1,349,846	21,732	(1,859,064)	(28,538)	(331,506)	(4,061)
Class 3	1,102	18	17,818	284	(27,723)	(425)	(8,803)	(123)
Class 4	75,062	1,167	39,264	638	(49,300)	(768)	65,026	1,037
Total net increase (decrease)	\$ 712,042	11,009	\$2,076,346	33,347	\$(2,900,338)	(44,422)	\$(111,950)	(66)

## International Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 760,186	38,348	\$119,937	5,881	\$ (613,463)	(30,471)	\$ 266,660	13,758
Class 1A <sup>2</sup>	1,638	80	20	1	(119)	(5)	1,539	76
Class 2	174,876	8,941	100,155	4,954	(605,647)	(30,845)	(330,616)	(16,950)
Class 3	274	13	726	36	(3,886)	(197)	(2,886)	(148)
Class 4	209,217	10,089	4,092	200	(14,987)	(752)	198,322	9,537
Total net increase (decrease)	\$1,146,191	57,471	\$224,930	11,072	\$(1,238,102)	(62,270)	\$ 133,019	6,273

## Year ended December 31, 2016

Class 1	\$ 502,624	29,474	\$355,240	22,171	\$ (416,969)	(24,055)	\$ 440,895	27,590
Class 2	190,542	11,247	385,917	24,231	(598,017)	(34,790)	(21,558)	688
Class 3	122	7	2,834	177	(5,902)	(343)	(2,946)	(159)
Class 4	25,077	1,477	5,458	345	(7,439)	(436)	23,096	1,386
Total net increase (decrease)	\$ 718,365	42,205	\$749,449	46,924	\$(1,028,327)	(59,624)	\$ 439,487	29,505

## New World Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$280,518	12,105	\$21,909	893	\$(475,480)	(20,394)	\$(173,053)	(7,396)
Class 1A <sup>2</sup>	629	27	6	- <sup>3</sup>	(13)	(1)	622	26
Class 2	143,361	6,559	9,149	376	(254,737)	(11,445)	(102,227)	(4,510)
Class 4	127,556	5,560	3,016	124	(20,431)	(895)	110,141	4,789
Total net increase (decrease)	\$552,064	24,251	\$34,080	1,393	\$(750,661)	(32,735)	\$(164,517)	(7,091)

## Year ended December 31, 2016

Class 1	\$343,390	17,604	\$17,686	901	\$(250,303)	(12,858)	\$ 110,773	5,647
Class 2	51,238	2,661	7,100	365	(149,682)	(7,790)	(91,344)	(4,764)
Class 4	71,177	3,754	1,465	75	(12,695)	(670)	59,947	3,159
Total net increase (decrease)	\$465,805	24,019	\$26,251	1,341	\$(412,680)	(21,318)	\$ 79,376	4,042

## Blue Chip Income and Growth Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 458,480	32,688	\$309,238	21,989	\$ (834,928)	(58,499)	\$ (67,210)	(3,822)
Class 1A <sup>2</sup>	593	42	17	1	(15)	(1)	595	42
Class 2	34,639	2,502	195,693	14,095	(439,009)	(31,376)	(208,677)	(14,779)
Class 4	129,429	9,259	10,522	756	(43,213)	(3,132)	96,738	6,883
Total net increase (decrease)	\$ 623,141	44,491	\$515,470	36,841	\$(1,317,165)	(93,008)	\$ (178,554)	(11,676)

## Year ended December 31, 2016

Class 1	\$ 986,168	74,990	\$426,031	33,628	\$ (260,962)	(20,029)	\$1,151,237	88,589
Class 2	42,572	3,274	328,996	26,334	(424,524)	(32,897)	(52,956)	(3,289)
Class 4	105,759	8,137	7,693	611	(18,601)	(1,441)	94,851	7,307
Total net increase (decrease)	\$1,134,499	86,401	\$762,720	60,573	\$ (704,087)	(54,367)	\$1,193,132	92,607

## Global Growth and Income Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$133,943	8,899	\$16,607	1,095	\$(345,498)	(23,190)	\$(194,948)	(13,196)
Class 1A <sup>2</sup>	125	8	3	- <sup>3</sup>	(3)	- <sup>3</sup>	125	8
Class 2	25,134	1,709	56,976	3,780	(236,596)	(16,119)	(154,486)	(10,630)
Class 4	63,660	4,175	1,883	123	(6,203)	(417)	59,340	3,881
Total net increase (decrease)	\$222,862	14,791	\$75,469	4,998	\$(588,300)	(39,726)	\$(289,969)	(19,937)

## Year ended December 31, 2016

Class 1	\$292,208	23,201	\$10,481	808	\$ (49,576)	(3,887)	\$ 253,113	20,122
Class 2	25,520	2,043	25,283	1,955	(199,986)	(15,865)	(149,183)	(11,867)
Class 4	12,357	989	257	20	(2,230)	(180)	10,384	829
Total net increase (decrease)	\$330,085	26,233	\$36,021	2,783	\$(251,792)	(19,932)	\$ 114,314	9,084

## Growth-Income Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$1,521,886	32,100	\$1,132,034	24,392	\$(1,241,004)	(26,012)	\$1,412,916	30,480
Class 1A <sup>2</sup>	2,070	43	40	1	(24)	(1)	2,086	43
Class 2	120,223	2,558	1,048,742	22,899	(1,761,342)	(37,375)	(592,377)	(11,918)
Class 3	473	10	12,561	271	(21,746)	(457)	(8,712)	(176)
Class 4	267,835	5,641	46,486	1,020	(56,983)	(1,217)	257,338	5,444
Total net increase (decrease)	\$1,912,487	40,352	\$2,239,863	48,583	\$(3,081,099)	(65,062)	\$1,071,251	23,873

## Year ended December 31, 2016

Class 1	\$1,364,357	31,261	\$1,429,866	34,358	\$ (830,642)	(18,888)	\$1,963,581	46,731
Class 2	142,903	3,288	1,580,603	38,422	(1,561,195)	(35,880)	162,311	5,830
Class 3	1,293	30	19,402	467	(23,792)	(543)	(3,097)	(46)
Class 4	72,892	1,695	54,139	1,325	(35,791)	(829)	91,240	2,191
Total net increase (decrease)	\$1,581,445	36,274	\$3,084,010	74,572	\$(2,451,420)	(56,140)	\$2,214,035	54,706

See end of tables for footnotes.

## International Growth and Income Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$186,307	11,140	\$25,860	1,487	\$(101,536)	(6,072)	\$110,631	6,555
Class 1A <sup>2</sup>	2,100	121	14	1	(1)	- <sup>3</sup>	2,113	122
Class 2	8,391	510	5,714	329	(34,542)	(2,118)	(20,437)	(1,279)
Class 4	19,465	1,164	1,184	69	(3,332)	(202)	17,317	1,031
Total net increase (decrease)	\$216,263	12,935	\$32,772	1,886	\$(139,411)	(8,392)	\$109,624	6,429
<b>Year ended December 31, 2016</b>								
Class 1	\$105,994	7,226	\$26,726	1,853	\$(5,982)	(396)	\$126,738	8,683
Class 2	17,101	1,182	7,312	508	(30,910)	(2,088)	(6,497)	(398)
Class 4	8,076	551	1,044	73	(3,762)	(258)	5,358	366
Total net increase (decrease)	\$131,171	8,959	\$35,082	2,434	\$(40,654)	(2,742)	\$125,599	8,651

## Capital Income Builder

Share class	Sales <sup>1</sup>		Reinvestments of dividends		Repurchases <sup>1</sup>		Net increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 84,130	8,355	\$ 6,303	622	\$(9,923)	(984)	\$ 80,510	7,993
Class 1A <sup>2</sup>	1,245	122	8	1	(365)	(36)	888	87
Class 2	1,371	136	23	2	(122)	(12)	1,272	126
Class 4	66,028	6,590	7,676	760	(19,222)	(1,922)	54,482	5,428
Total net increase (decrease)	\$152,774	15,203	\$14,010	1,385	\$(29,632)	(2,954)	\$137,152	13,634
<b>Year ended December 31, 2016</b>								
Class 1	\$ 95,122	9,946	\$ 4,372	458	\$(23,129)	(2,439)	\$ 76,365	7,965
Class 2	144	15	2	-	(2)	-	144	15
Class 4	113,152	11,813	6,657	699	(20,474)	(2,162)	99,335	10,350
Total net increase (decrease)	\$208,418	21,774	\$11,031	1,157	\$(43,605)	(4,601)	\$175,844	18,330

## Asset Allocation Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$1,929,702	84,102	\$ 953,771	41,982	\$(641,572)	(27,828)	\$2,241,901	98,256
Class 1A <sup>2</sup>	4,261	184	121	5	(253)	(11)	4,129	178
Class 2	109,962	4,876	325,924	14,513	(579,020)	(25,433)	(143,134)	(6,044)
Class 3	1,400	61	2,246	99	(4,469)	(195)	(823)	(35)
Class 4	408,549	18,017	192,666	8,617	(159,354)	(7,104)	441,861	19,530
Total net increase (decrease)	\$2,453,874	107,240	\$1,474,728	65,216	\$(1,384,668)	(60,571)	\$2,543,934	111,885
<b>Year ended December 31, 2016</b>								
Class 1	\$1,419,998	67,404	\$ 510,045	24,119	\$(436,287)	(20,771)	\$1,493,756	70,752
Class 2	190,550	9,074	201,323	9,626	(504,479)	(24,294)	(112,606)	(5,594)
Class 3	672	32	1,439	68	(4,926)	(233)	(2,815)	(133)
Class 4	385,933	18,332	100,264	4,812	(163,695)	(7,917)	322,502	15,227
Total net increase (decrease)	\$1,997,153	94,842	\$ 813,071	38,625	\$(1,109,387)	(53,215)	\$1,700,837	80,252

## Global Balanced Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$22,241	1,783	\$ 3,607	285	\$ (6,039)	(501)	\$19,809	1,567
Class 1A <sup>2</sup>	244	19	9	1	<sup>3</sup>	<sup>3</sup>	253	20
Class 2	16,382	1,346	7,928	628	(20,169)	(1,671)	4,141	303
Class 4	39,763	3,218	1,778	142	(2,261)	(182)	39,280	3,178
Total net increase (decrease)	\$78,630	6,366	\$13,322	1,056	\$(28,469)	(2,354)	\$63,483	5,068
<b>Year ended December 31, 2016</b>								
Class 1	\$20,046	1,826	\$ 939	85	\$ (6,690)	(590)	\$14,295	1,321
Class 2	22,939	2,066	2,226	201	(22,938)	(2,086)	2,227	181
Class 4	9,506	864	121	11	(652)	(59)	8,975	816
Total net increase (decrease)	\$52,491	4,756	\$ 3,286	297	\$(30,280)	(2,735)	\$25,497	2,318

## Bond Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 967,669	88,718	\$235,240	21,678	\$(1,624,503)	(147,887)	\$ (421,594)	(37,491)
Class 1A <sup>2</sup>	1,338	122	21	2	(272)	(25)	1,087	99
Class 2	138,965	12,898	134,455	12,545	(273,010)	(25,301)	410	142
Class 4	212,848	19,725	6,398	597	(22,490)	(2,080)	196,756	18,242
Total net increase (decrease)	\$1,320,820	121,463	\$376,114	34,822	\$(1,920,275)	(175,293)	\$ (223,341)	(19,008)
<b>Year ended December 31, 2016</b>								
Class 1	\$1,345,167	121,199	\$148,075	13,631	\$ (420,052)	(38,234)	\$1,073,190	96,596
Class 2	144,585	13,214	82,041	7,631	(444,145)	(40,888)	(217,519)	(20,043)
Class 4	57,784	5,273	1,763	164	(16,674)	(1,523)	42,873	3,914
Total net increase (decrease)	\$1,547,536	139,686	\$231,879	21,426	\$ (880,871)	(80,645)	\$ 898,544	80,467

## Global Bond Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$177,200	15,155	\$14,284	1,210	\$(100,697)	(8,588)	\$ 90,787	7,777
Class 1A <sup>2</sup>	74	6	<sup>3</sup>	<sup>3</sup>	<sup>3</sup>	<sup>3</sup>	74	6
Class 2	45,841	3,978	11,132	952	(79,734)	(6,868)	(22,761)	(1,938)
Class 4	20,651	1,777	197	17	(2,949)	(255)	17,899	1,539
Total net increase (decrease)	\$243,766	20,916	\$25,613	2,179	\$(183,380)	(15,711)	\$ 85,999	7,384
<b>Year ended December 31, 2016</b>								
Class 1	\$213,129	18,309	\$10,956	974	\$(159,412)	(13,652)	\$ 64,673	5,631
Class 2	36,347	3,158	8,734	780	(156,676)	(13,741)	(111,595)	(9,803)
Class 4	10,946	954	76	7	(4,634)	(404)	6,388	557
Total net increase (decrease)	\$260,422	22,421	\$19,766	1,761	\$(320,722)	(27,797)	\$ (40,534)	(3,615)

See end of tables for footnotes.

## High-Income Bond Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 43,584	4,162	\$ 43,816	4,273	\$(422,269)	(39,685)	\$(334,869)	(31,250)
Class 1A <sup>2</sup>	400	39	12	1	(7)	(1)	405	39
Class 2	15,931	1,540	51,640	5,121	(92,969)	(8,946)	(25,398)	(2,285)
Class 3	397	38	805	78	(1,921)	(181)	(719)	(65)
Class 4	84,996	7,657	1,981	182	(72,820)	(6,577)	14,157	1,262
Total net increase (decrease)	\$145,308	13,436	\$ 98,254	9,655	\$(589,986)	(55,390)	\$(346,424)	(32,299)

## Year ended December 31, 2016

Class 1	\$ 69,042	6,945	\$ 56,592	5,626	\$(291,328)	(30,021)	\$(165,694)	(17,450)
Class 2	22,831	2,394	47,007	4,738	(116,168)	(11,943)	(46,330)	(4,811)
Class 3	2,650	279	746	74	(3,553)	(365)	(157)	(12)
Class 4	90,979	8,413	1,283	120	(73,640)	(6,754)	18,622	1,779
Total net increase (decrease)	\$185,502	18,031	\$105,628	10,558	\$(484,689)	(49,083)	\$(193,559)	(20,494)

## Mortgage Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$52,151	4,904	\$5,982	566	\$(59,926)	(5,621)	\$(1,793)	(151)
Class 1A <sup>2</sup>	109	10	2	- <sup>3</sup>	(6)	- <sup>3</sup>	105	10
Class 2	7,132	672	1,287	122	(8,011)	(755)	408	39
Class 4	8,522	808	204	20	(4,876)	(462)	3,850	366
Total net increase (decrease)	\$67,914	6,394	\$7,475	708	\$(72,819)	(6,838)	\$ 2,570	264

## Year ended December 31, 2016

Class 1	\$28,827	2,669	\$7,933	749	\$(38,385)	(3,569)	\$(1,625)	(151)
Class 2	18,388	1,714	1,683	159	(15,825)	(1,473)	4,246	400
Class 4	14,879	1,395	227	22	(17,844)	(1,676)	(2,738)	(259)
Total net increase (decrease)	\$62,094	5,778	\$9,843	930	\$(72,054)	(6,718)	\$ (117)	(10)

## Ultra-Short Bond Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$ 14,832	1,312	\$184	16	\$(15,478)	(1,371)	\$(462)	(43)
Class 1A <sup>2</sup>	10	1	- <sup>3</sup>	- <sup>3</sup>	-	-	10	1
Class 2	62,145	5,646	697	63	(111,628)	(10,146)	(48,786)	(4,437)
Class 3	1,448	130	15	2	(1,233)	(111)	230	21
Class 4	16,767	1,507	10	1	(14,407)	(1,294)	2,370	214
Total net increase (decrease)	\$ 95,202	8,596	\$906	82	\$(142,746)	(12,922)	\$(46,638)	(4,244)

## Year ended December 31, 2016

Class 1	\$ 15,562	1,382	\$ -	-	\$(17,527)	(1,556)	\$(1,965)	(174)
Class 2	128,178	11,656	-	-	(133,142)	(12,108)	(4,964)	(452)
Class 3	2,647	238	-	-	(4,768)	(429)	(2,121)	(191)
Class 4	18,372	1,649	-	-	(21,287)	(1,911)	(2,915)	(262)
Total net increase (decrease)	\$164,759	14,925	\$ -	-	\$(176,724)	(16,004)	\$(11,965)	(1,079)



U.S. Government/AAA-Rated Securities Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class 1	\$291,253	23,702	\$ 23,401	1,927	\$(226,514)	(18,425)	\$ 88,140	7,204
Class 1A <sup>2</sup>	1,016	83	2	- <sup>3</sup>	(714)	(58)	304	25
Class 2	49,410	4,091	19,498	1,621	(103,407)	(8,550)	(34,499)	(2,838)
Class 3	1,050	86	141	12	(1,501)	(123)	(310)	(25)
Class 4	27,872	2,299	663	55	(23,884)	(1,976)	4,651	378
Total net increase (decrease)	\$370,601	30,261	\$ 43,705	3,615	\$(356,020)	(29,132)	\$ 58,286	4,744

**Year ended December 31, 2016**

Class 1	\$111,564	8,949	\$ 52,411	4,280	\$( 89,943)	(7,217)	\$ 74,032	6,012
Class 2	65,544	5,287	52,257	4,303	(160,525)	(13,019)	(42,724)	(3,429)
Class 3	1,568	125	368	30	(2,199)	(176)	(263)	(21)
Class 4	58,794	4,745	1,986	163	(48,646)	(3,930)	12,134	978
Total net increase (decrease)	\$237,470	19,106	\$107,022	8,776	\$(301,313)	(24,342)	\$ 43,179	3,540

Managed Risk Growth Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class P1	\$ 836	70	\$ 29	2	\$( 230)	(19)	\$ 635	53
Class P2	46,748	3,893	4,847	408	(16,010)	(1,330)	35,585	2,971
Total net increase (decrease)	\$47,584	3,963	\$ 4,876	410	\$(16,240)	(1,349)	\$36,220	3,024

**Year ended December 31, 2016**

Class P1	\$ 492	46	\$ 60	6	\$( 168)	(16)	\$ 384	36
Class P2	63,452	5,983	15,282	1,507	(14,771)	(1,388)	63,963	6,102
Total net increase (decrease)	\$63,944	6,029	\$15,342	1,513	\$(14,939)	(1,404)	\$64,347	6,138

Managed Risk International Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class P1	\$ 130	14	\$ 2	- <sup>3</sup>	\$( 166)	(17)	\$ (34)	(3)
Class P2	30,462	3,002	2,301	230	(9,880)	(967)	22,883	2,265
Total net increase (decrease)	\$30,592	3,016	\$2,303	230	\$(10,046)	(984)	\$22,849	2,262

**Year ended December 31, 2016**

Class P1	\$ 41	4	\$ 6	1	\$( 53)	(6)	\$ (6)	(1)
Class P2	25,545	2,830	3,022	346	(8,610)	(948)	19,957	2,228
Total net increase (decrease)	\$25,586	2,834	\$3,028	347	\$( 8,663)	(954)	\$19,951	2,227

See end of tables for footnotes.

## Managed Risk Blue Chip Income and Growth Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net (decrease) increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class P1	\$ 59	5	\$ 7	1	\$ (136)	(11)	\$ (70)	(5)
Class P2	83,072	6,949	10,722	898	(56,067)	(4,624)	37,727	3,223
Total net increase (decrease)	\$ 83,131	6,954	\$10,729	899	\$(56,203)	(4,635)	\$ 37,657	3,218
<b>Year ended December 31, 2016</b>								
Class P1	\$ 60	6	\$ 13	1	\$ (20)	(2)	\$ 53	5
Class P2	139,800	12,424	9,285	848	(10,609)	(952)	138,476	12,320
Total net increase (decrease)	\$139,860	12,430	\$ 9,298	849	\$(10,629)	(954)	\$138,529	12,325

## Managed Risk Growth-Income Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class P1	\$ 1,093	92	\$ 92	8	\$ (154)	(13)	\$ 1,031	87
Class P2	27,997	2,382	9,501	835	(15,095)	(1,278)	22,403	1,939
Total net increase (decrease)	\$29,090	2,474	\$ 9,593	843	\$(15,249)	(1,291)	\$23,434	2,026
<b>Year ended December 31, 2016</b>								
Class P1	\$ 746	68	\$ 79	7	\$ (343)	(31)	\$ 482	44
Class P2	41,955	3,864	10,093	964	(13,341)	(1,227)	38,707	3,601
Total net increase (decrease)	\$42,701	3,932	\$10,172	971	\$(13,684)	(1,258)	\$39,189	3,645

## Managed Risk Asset Allocation Fund

Share class	Sales <sup>1</sup>		Reinvestments of dividends and distributions		Repurchases <sup>1</sup>		Net increase	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
<b>Year ended December 31, 2017</b>								
Class P1	\$264,545	20,631	\$ 25,264	1,986	\$ (25,397)	(1,973)	\$264,412	20,644
Class P2	253,137	19,936	45,200	3,559	(153,999)	(11,957)	144,338	11,538
Total net increase (decrease)	\$517,682	40,567	\$ 70,464	5,545	\$(179,396)	(13,930)	\$408,750	32,182
<b>Year ended December 31, 2016</b>								
Class P1	\$443,537	37,855	\$ 45,747	3,957	\$ (14,583)	(1,270)	\$474,701	40,542
Class P2	369,887	31,502	92,019	7,990	(131,962)	(11,243)	329,944	28,249
Total net increase (decrease)	\$813,424	69,357	\$137,766	11,947	\$(146,545)	(12,513)	\$804,645	68,791

<sup>1</sup>Includes exchanges between share classes of the fund.

<sup>2</sup>Class 1A shares began investment operations on January 6, 2017.

<sup>3</sup>Amount less than one thousand.

## 10. Investment transactions and other disclosures

The following tables present additional information for each of the funds for the year ended December 31, 2017 (dollars in thousands):

	Global Growth Fund	Global Small Capitalization Fund	Growth Fund	International Fund	New World Fund	Blue Chip Income and Growth Fund
Purchases of investment securities*	\$1,709,869	\$1,284,211	\$5,381,976	\$2,353,764	\$1,716,759	\$2,884,969
Sales of investment securities*	2,095,865	1,778,593	8,015,869	2,597,007	1,716,842	2,992,025
Non-U.S. taxes paid on interest income	—	—	—	(11)	37	—
Non-U.S. taxes paid on realized gains	903	5	—	527	13	—
Non-U.S. taxes provided on unrealized gains	4,211	502	—	3,115	16,043	—
Dividends from affiliated issuers	—	1,346	—	—	—	—
Net realized (loss) gain from affiliated issuers	—	(3,537)	—	—	—	—

	Global Growth and Income Fund	Growth-Income Fund	International Growth and Income Fund	Capital Income Builder	Asset Allocation Fund	Global Balanced Fund
Purchases of investment securities*	\$ 801,855	\$7,282,680	\$737,253	\$448,150	\$17,391,526	\$152,879
Sales of investment securities*	1,084,942	7,556,491	619,618	379,687	16,903,042	107,452
Non-U.S. taxes paid on interest income	—	—	3	—	—	14
Non-U.S. taxes paid on realized gains	763	10	99	—	102	41
Non-U.S. taxes provided on unrealized gains	2,538	1,737	1,168	—	108	140

	Bond Fund	Global Bond Fund	High-Income Bond Fund	Mortgage Fund	Ultra-Short Bond Fund	U.S. Government/AAA-Rated Securities Fund
Purchases of investment securities*	\$41,383,822	\$1,826,715	\$1,183,191	\$2,202,832	\$—	\$13,557,389
Sales of investment securities*	40,443,825	1,968,533	1,483,385	2,197,044	—	13,732,439
Non-U.S. taxes paid on interest income	1	390	(2)	—	—	—
Non-U.S. taxes paid on realized gains	—	564	—	—	—	—
Non-U.S. taxes provided on unrealized gains	10	188	5	—	—	—

	Managed Risk Growth Fund	Managed Risk International Fund	Managed Risk Blue Chip Income and Growth Fund	Managed Risk Growth-Income Fund	Managed Risk Asset Allocation Fund
Purchases of investment securities*	\$110,122	\$52,041	\$150,702	\$71,239	\$623,590
Sales of investment securities*	58,914	29,432	107,026	45,175	44,905
Dividends from affiliated issuers	2,295	2,012	7,115	3,114	70,949
Net realized (loss) gain from affiliated issuers	(2,470)	(586)	229	(2,961)	4,957

\*Excludes short-term securities and U.S. government obligations, if any.

## 11. Ownership concentration

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At December 31, 2017, American Funds Insurance Series - Managed Risk Growth and Income Portfolio, American Funds Insurance Series - Managed Risk Global Allocation Portfolio and Managed Risk Asset Allocation Fund held 36%, 18% and 16% of the outstanding shares of Capital Income Builder, Global Balanced Fund and Asset Allocation Fund, respectively.

# Financial highlights

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Global Growth Fund</b>												
<b>Class 1:</b>												
12/31/17	\$24.05	\$ .26	\$7.30	\$7.56	\$(.26)	\$ (.84)	\$(1.10)	\$30.51	31.80%	\$2,010	.55%	.94%
12/31/16	26.39	.25	(.14)	.11	(.29)	(2.16)	(2.45)	24.05	.87	1,630	.56	1.00
12/31/15	27.48	.25	1.80	2.05	(.35)	(2.79)	(3.14)	26.39	7.24	1,626	.55	.90
12/31/14	30.11	.31 <sup>2</sup>	.40	.71	(.40)	(2.94)	(3.34)	27.48	2.52	1,558	.55	1.08 <sup>2</sup>
12/31/13	23.58	.31	6.62	6.93	(.40)	–	(.40)	30.11	29.51	1,508	.55	1.17
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	24.50	.11	6.94	7.05	(.25)	(.84)	(1.09)	30.46	29.13 <sup>5</sup>	2	.80 <sup>6</sup>	.39 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	23.85	.19	7.23	7.42	(.19)	(.84)	(1.03)	30.24	31.47	4,012	.80	.69
12/31/16	26.19	.18	(.14)	.04	(.22)	(2.16)	(2.38)	23.85	.62	3,483	.81	.76
12/31/15	27.30	.18	1.78	1.96	(.28)	(2.79)	(3.07)	26.19	6.94	3,817	.80	.66
12/31/14	29.92	.24 <sup>2</sup>	.41	.65	(.33)	(2.94)	(3.27)	27.30	2.31	3,992	.80	.85 <sup>2</sup>
12/31/13	23.44	.24	6.58	6.82	(.34)	–	(.34)	29.92	29.18	4,379	.80	.91
<b>Class 4:</b>												
12/31/17	23.81	.10	7.22	7.32	(.16)	(.84)	(1.00)	30.13	31.11	211	1.05	.37
12/31/16	26.16	.12	(.14)	(.02)	(.17)	(2.16)	(2.33)	23.81	.37	94	1.06	.50
12/31/15	27.34	.09	1.81	1.90	(.29)	(2.79)	(3.08)	26.16	6.69	91	1.05	.34
12/31/14	30.07	.07 <sup>2</sup>	.50	.57	(.36)	(2.94)	(3.30)	27.34	2.01	19	1.05	.26 <sup>2</sup>
12/31/13	23.58	.13	6.77	6.90	(.41)	–	(.41)	30.07	29.36	1	1.06	.43
<b>Global Small Capitalization Fund</b>												
<b>Class 1:</b>												
12/31/17	\$20.24	\$ .12	\$5.17	\$5.29	\$(.15)	\$ –	\$ (.15)	\$25.38	26.22%	\$1,639	.73%	.54%
12/31/16	24.41	.12	.17	.29	(.11)	(4.35)	(4.46)	20.24	2.35	1,532	.74	.57
12/31/15	26.09	.04	.36	.40	–	(2.08)	(2.08)	24.41	.50	1,706	.73	.15
12/31/14	25.69	.09	.52	.61	(.09)	(.12)	(.21)	26.09	2.36	1,411	.74	.34
12/31/13	20.16	.04	5.70	5.74	(.21)	–	(.21)	25.69	28.60	1,241	.74	.17
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	20.70	.08	4.71	4.79	(.13)	–	(.13)	25.36	23.19 <sup>5</sup>	– <sup>7</sup>	.96 <sup>6</sup>	.35 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	19.72	.06	5.04	5.10	(.10)	–	(.10)	24.72	25.89	2,551	.98	.27
12/31/16	23.90	.07	.15	.22	(.05)	(4.35)	(4.40)	19.72	2.10	2,303	.99	.31
12/31/15	25.64	(.03)	.37	.34	–	(2.08)	(2.08)	23.90	.27	2,492	.98	(.10)
12/31/14	25.25	.03	.51	.54	(.03)	(.12)	(.15)	25.64	2.12	2,738	.99	.10
12/31/13	19.86	(.01)	5.60	5.59	(.20)	–	(.20)	25.25	28.28	2,955	.99	(.05)
<b>Class 4:</b>												
12/31/17	19.91	– <sup>8</sup>	5.09	5.09	(.09)	–	(.09)	24.91	25.62	125	1.23	– <sup>9</sup>
12/31/16	24.11	.01	.16	.17	(.02)	(4.35)	(4.37)	19.91	1.85	42	1.24	.03
12/31/15	25.92	(.10)	.37	.27	–	(2.08)	(2.08)	24.11	(.02)	34	1.23	(.37)
12/31/14	25.57	(.05)	.54	.49	(.02)	(.12)	(.14)	25.92	1.88	12	1.24	(.17)
12/31/13	20.16	(.12)	5.74	5.62	(.21)	–	(.21)	25.57	28.01	4	1.24	(.50)

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Growth Fund</b>												
<b>Class 1:</b>												
12/31/17	\$67.29	\$.55	\$17.89	\$18.44	\$ (.55)	\$ (7.33)	\$ (7.88)	\$77.85	28.62%	\$ 8,100	.35%	.75%
12/31/16	68.02	.67	5.40	6.07	(.67)	(6.13)	(6.80)	67.29	9.77	6,931	.35	1.03
12/31/15	80.15	.64	5.08	5.72	(.61)	(17.24)	(17.85)	68.02	7.12	6,796	.35	.87
12/31/14	78.54	.88 <sup>2</sup>	5.79	6.67	(1.16)	(3.90)	(5.06)	80.15	8.78	7,118	.35	1.12 <sup>2</sup>
12/31/13	60.90	.64	17.84	18.48	(.84)	–	(.84)	78.54	30.43	7,003	.35	.93
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	68.84	.35	16.38	16.73	(.50)	(7.33)	(7.83)	77.74	25.47 <sup>5</sup>	3	.59 <sup>6</sup>	.47 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	66.92	.37	17.76	18.13	(.37)	(7.33)	(7.70)	77.35	28.28	15,716	.60	.50
12/31/16	67.69	.51	5.36	5.87	(.51)	(6.13)	(6.64)	66.92	9.49	13,978	.60	.78
12/31/15	79.84	.46	5.06	5.52	(.43)	(17.24)	(17.67)	67.69	6.86	14,414	.60	.62
12/31/14	77.94	.68 <sup>2</sup>	5.75	6.43	(.63)	(3.90)	(4.53)	79.84	8.51	15,413	.60	.87 <sup>2</sup>
12/31/13	60.45	.47	17.68	18.15	(.66)	–	(.66)	77.94	30.11	16,334	.60	.68
<b>Class 3:</b>												
12/31/17	67.67	.42	17.98	18.40	(.42)	(7.33)	(7.75)	78.32	28.39	212	.53	.57
12/31/16	68.37	.56	5.42	5.98	(.55)	(6.13)	(6.68)	67.67	9.56	183	.53	.85
12/31/15	80.47	.51	5.11	5.62	(.48)	(17.24)	(17.72)	68.37	6.92	194	.53	.69
12/31/14	78.62	.74 <sup>2</sup>	5.79	6.53	(.78)	(3.90)	(4.68)	80.47	8.58	208	.53	.94 <sup>2</sup>
12/31/13	60.97	.52	17.84	18.36	(.71)	–	(.71)	78.62	30.20	216	.53	.75
<b>Class 4:</b>												
12/31/17	66.41	.18	17.61	17.79	(.31)	(7.33)	(7.64)	76.56	27.99	954	.85	.25
12/31/16	67.26	.34	5.32	5.66	(.38)	(6.13)	(6.51)	66.41	9.22	458	.85	.53
12/31/15	79.74	.29	5.02	5.31	(.55)	(17.24)	(17.79)	67.26	6.59	394	.85	.42
12/31/14	78.32	.37 <sup>2</sup>	5.87	6.24	(.92)	(3.90)	(4.82)	79.74	8.25	24	.85	.47 <sup>2</sup>
12/31/13	60.90	.29	17.90	18.19	(.77)	–	(.77)	78.32	29.96	5	.85	.40
<b>International Fund</b>												
<b>Class 1:</b>												
12/31/17	\$16.82	\$.26	\$ 5.16	\$ 5.42	\$ (.30)	\$ (.23)	\$ (.53)	\$21.71	32.46%	\$ 5,014	.53%	1.33%
12/31/16	18.08	.27	.30	.57	(.28)	(1.55)	(1.83)	16.82	3.78	3,652	.54	1.57
12/31/15	20.35	.29	(1.03)	(.74)	(.35)	(1.18)	(1.53)	18.08	(4.25)	3,427	.54	1.41
12/31/14	21.22	.30	(.81)	(.51)	(.36)	–	(.36)	20.35	(2.41)	3,282	.54	1.43
12/31/13	17.68	.27	3.59	3.86	(.32)	–	(.32)	21.22	21.91	3,324	.54	1.41
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	17.17	.09	4.93	5.02	(.29)	(.23)	(.52)	21.67	29.46 <sup>5</sup>	2	.77 <sup>6</sup>	.43 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	16.76	.22	5.13	5.35	(.25)	(.23)	(.48)	21.63	32.14	4,422	.78	1.10
12/31/16	18.02	.23	.30	.53	(.24)	(1.55)	(1.79)	16.76	3.53	3,710	.79	1.35
12/31/15	20.29	.24	(1.03)	(.79)	(.30)	(1.18)	(1.48)	18.02	(4.53)	3,978	.79	1.17
12/31/14	21.15	.25	(.81)	(.56)	(.30)	–	(.30)	20.29	(2.65)	4,374	.79	1.19
12/31/13	17.62	.22	3.58	3.80	(.27)	–	(.27)	21.15	21.64	5,916	.79	1.15
<b>Class 3:</b>												
12/31/17	16.85	.23	5.17	5.40	(.27)	(.23)	(.50)	21.75	32.23	31	.71	1.17
12/31/16	18.11	.24	.30	.54	(.25)	(1.55)	(1.80)	16.85	3.57	27	.72	1.42
12/31/15	20.38	.25	(1.03)	(.78)	(.31)	(1.18)	(1.49)	18.11	(4.44)	32	.72	1.24
12/31/14	21.24	.27	(.82)	(.55)	(.31)	–	(.31)	20.38	(2.56)	38	.72	1.28
12/31/13	17.70	.23	3.59	3.82	(.28)	–	(.28)	21.24	21.67	46	.72	1.22
<b>Class 4:</b>												
12/31/17	16.64	.11	5.16	5.27	(.26)	(.23)	(.49)	21.42	31.89	289	1.03	.55
12/31/16	17.93	.18	.29	.47	(.21)	(1.55)	(1.76)	16.64	3.21	66	1.04	1.03
12/31/15	20.23	.17	(1.00)	(.83)	(.29)	(1.18)	(1.47)	17.93	(4.75)	46	1.04	.88
12/31/14	21.16	.07	(.68)	(.61)	(.32)	–	(.32)	20.23	(2.88)	18	1.04	.31
12/31/13	17.68	(.01)	3.79	3.78	(.30)	–	(.30)	21.16	21.48	2	1.04	(.07)

Period ended	Net asset value, beginning of period	Income (loss) from investment operations <sup>1</sup>			Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
		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					
<b>New World Fund</b>												
<b>Class 1:</b>												
12/31/17	\$19.72	\$.26	\$ 5.59	\$ 5.85	\$(.27)	\$ -	\$ (.27)	\$25.30	29.73%	\$2,050	.77%	1.14%
12/31/16	18.87	.24	.81	1.05	(.20)	-	(.20)	19.72	5.59	1,743	.78	1.25
12/31/15	20.72	.19	(.71)	(.52)	(.17)	(1.16)	(1.33)	18.87	(2.96)	1,562	.79	.92
12/31/14	25.08	.29 <sup>2</sup>	(1.92)	(1.63)	(.29)	(2.44)	(2.73)	20.72	(7.63)	1,433	.78	1.23 <sup>2</sup>
12/31/13	22.93	.34	2.31	2.65	(.39)	(.11)	(.50)	25.08	11.66	1,388	.78	1.45
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	20.14	.13	5.24	5.37	(.26)	-	(.26)	25.25	26.72 <sup>5</sup>	1	1.00 <sup>6</sup>	.53 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	19.54	.20	5.55	5.75	(.22)	-	(.22)	25.07	29.44	1,055	1.02	.89
12/31/16	18.71	.19	.79	.98	(.15)	-	(.15)	19.54	5.26	911	1.03	1.00
12/31/15	20.54	.14	(.69)	(.55)	(.12)	(1.16)	(1.28)	18.71	(3.14)	961	1.04	.68
12/31/14	24.88	.24 <sup>2</sup>	(1.91)	(1.67)	(.23)	(2.44)	(2.67)	20.54	(7.87)	1,084	1.03	1.01 <sup>2</sup>
12/31/13	22.75	.28	2.29	2.57	(.33)	(.11)	(.44)	24.88	11.38	1,307	1.03	1.22
<b>Class 4:</b>												
12/31/17	19.51	.14	5.52	5.66	(.18)	-	(.18)	24.99	29.06	427	1.27	.61
12/31/16	18.69	.14	.80	.94	(.12)	-	(.12)	19.51	5.04	240	1.28	.75
12/31/15	20.56	.08	(.68)	(.60)	(.11)	(1.16)	(1.27)	18.69	(3.37)	171	1.29	.39
12/31/14	24.99	.09 <sup>2</sup>	(1.83)	(1.74)	(.25)	(2.44)	(2.69)	20.56	(8.13)	64	1.28	.40 <sup>2</sup>
12/31/13	22.93	.14	2.41	2.55	(.38)	(.11)	(.49)	24.99	11.20	8	1.29	.56
<b>Blue Chip Income and Growth Fund</b>												
<b>Class 1:</b>												
12/31/17	\$13.53	\$.32	\$ 1.96	\$ 2.28	\$(.32)	\$ (.53)	\$ (.85)	\$14.96	17.30%	\$5,581	.41%	2.27%
12/31/16	12.62	.31	1.97	2.28	(.29)	(1.08)	(1.37)	13.53	19.06	5,099	.41	2.39
12/31/15	14.69	.31	(.64)	(.33)	(.29)	(1.45)	(1.74)	12.62	(2.72)	3,638	.41	2.23
12/31/14	13.12	.46 <sup>2</sup>	1.59	2.05	(.48)	-	(.48)	14.69	15.69	3,542	.42	3.31 <sup>2</sup>
12/31/13	10.05	.27	3.06	3.33	(.26)	-	(.26)	13.12	33.26	2,814	.42	2.27
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	13.75	.28	1.75	2.03	(.31)	(.53)	(.84)	14.94	15.21 <sup>5</sup>	1	.65 <sup>6</sup>	2.01 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	13.39	.28	1.94	2.22	(.28)	(.53)	(.81)	14.80	17.04	3,551	.66	2.02
12/31/16	12.51	.28	1.94	2.22	(.26)	(1.08)	(1.34)	13.39	18.70	3,412	.66	2.16
12/31/15	14.57	.27	(.62)	(.35)	(.26)	(1.45)	(1.71)	12.51	(2.93)	3,228	.66	1.97
12/31/14	13.02	.44 <sup>2</sup>	1.55	1.99	(.44)	-	(.44)	14.57	15.36	3,722	.67	3.14 <sup>2</sup>
12/31/13	9.97	.23	3.05	3.28	(.23)	-	(.23)	13.02	33.00	3,755	.67	2.03
<b>Class 4:</b>												
12/31/17	13.39	.25	1.93	2.18	(.27)	(.53)	(.80)	14.77	16.70	247	.91	1.76
12/31/16	12.53	.24	1.96	2.20	(.26)	(1.08)	(1.34)	13.39	18.49	132	.91	1.81
12/31/15	14.63	.24	(.63)	(.39)	(.26)	(1.45)	(1.71)	12.53	(3.21)	32	.91	1.75
12/31/14	13.12	.34 <sup>2</sup>	1.63	1.97	(.46)	-	(.46)	14.63	15.13	9	.92	2.33 <sup>2</sup>
12/31/13	10.05	.18	3.15	3.33	(.26)	-	(.26)	13.12	33.27	- <sup>7</sup>	.86	1.39

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Global Growth and Income Fund</b>												
<b>Class 1:</b>												
12/31/17	\$13.02	\$.35	\$ 3.06	\$ 3.41	\$(.36)	\$ (.26)	\$ (.62)	\$15.81	26.40%	\$ 485	.63%	2.43%
12/31/16	12.35	.28	.66	.94	(.27)	–	(.27)	13.02	7.61	571	.63	2.18
12/31/15	12.78	.36	(.50)	(.14)	(.29)	–	(.29)	12.35	(1.14)	293	.64	2.79
12/31/14	12.53	.43 <sup>2</sup>	.31	.74	(.49)	–	(.49)	12.78	6.00	200	.63	3.34 <sup>2</sup>
12/31/13	10.56	.39	2.00	2.39	(.42)	–	(.42)	12.53	22.81	206	.62	3.35
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	13.21	.18	3.03	3.21	(.35)	(.26)	(.61)	15.81	24.54 <sup>5</sup>	– <sup>7</sup>	.84 <sup>6</sup>	1.20 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	13.00	.31	3.05	3.36	(.32)	(.26)	(.58)	15.78	26.06	1,538	.88	2.11
12/31/16	12.33	.25	.65	.90	(.23)	–	(.23)	13.00	7.34	1,405	.88	1.98
12/31/15	12.75	.22	(.39)	(.17)	(.25)	–	(.25)	12.33	(1.34)	1,479	.89	1.73
12/31/14	12.51	.41 <sup>2</sup>	.29	.70	(.46)	–	(.46)	12.75	5.64	1,685	.88	3.22 <sup>2</sup>
12/31/13	10.54	.36	2.00	2.36	(.39)	–	(.39)	12.51	22.54	1,822	.87	3.09
<b>Class 4:</b>												
12/31/17	12.89	.22	3.08	3.30	(.33)	(.26)	(.59)	15.60	25.83	79	1.14	1.49
12/31/16	12.26	.21	.65	.86	(.23)	–	(.23)	12.89	7.04	16	1.13	1.63
12/31/15	12.71	.17	(.37)	(.20)	(.25)	–	(.25)	12.26	(1.60)	5	1.14	1.32
12/31/14	12.50	.30 <sup>2</sup>	.37	.67	(.46)	–	(.46)	12.71	5.41	1	1.13	2.30 <sup>2</sup>
12/31/13	10.55	.28	2.09	2.37	(.42)	–	(.42)	12.50	22.60	1	1.12	2.27
<b>Growth-Income Fund</b>												
<b>Class 1:</b>												
12/31/17	\$44.41	\$.81	\$ 8.89	\$ 9.70	\$(.78)	\$(3.11)	\$(3.89)	\$50.22	22.68%	\$15,765	.28%	1.69%
12/31/16	45.40	.79	4.09	4.88	(.75)	(5.12)	(5.87)	44.41	11.80	12,588	.29	1.79
12/31/15	52.76	.79	.37	1.16	(.75)	(7.77)	(8.52)	45.40	1.72	10,747	.29	1.59
12/31/14	50.72	.81	4.57	5.38	(.80)	(2.54)	(3.34)	52.76	10.91	10,812	.29	1.56
12/31/13	38.48	.66	12.31	12.97	(.73)	–	(.73)	50.72	33.82	9,857	.29	1.49
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	45.39	.67	7.96	8.63	(.76)	(3.11)	(3.87)	50.15	19.83 <sup>5</sup>	2	.52 <sup>6</sup>	1.41 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	44.00	.68	8.80	9.48	(.66)	(3.11)	(3.77)	49.71	22.38	13,930	.53	1.45
12/31/16	45.04	.67	4.05	4.72	(.64)	(5.12)	(5.76)	44.00	11.51	12,854	.54	1.54
12/31/15	52.41	.66	.37	1.03	(.63)	(7.77)	(8.40)	45.04	1.45	12,895	.54	1.34
12/31/14	50.40	.67	4.55	5.22	(.67)	(2.54)	(3.21)	52.41	10.63	14,337	.54	1.31
12/31/13	38.24	.55	12.23	12.78	(.62)	–	(.62)	50.40	33.50	14,980	.54	1.25
<b>Class 3:</b>												
12/31/17	44.47	.72	8.90	9.62	(.69)	(3.11)	(3.80)	50.29	22.47	168	.46	1.52
12/31/16	45.46	.71	4.09	4.80	(.67)	(5.12)	(5.79)	44.47	11.59	156	.47	1.61
12/31/15	52.82	.70	.37	1.07	(.66)	(7.77)	(8.43)	45.46	1.53	161	.47	1.41
12/31/14	50.77	.71	4.59	5.30	(.71)	(2.54)	(3.25)	52.82	10.71	185	.47	1.38
12/31/13	38.52	.58	12.32	12.90	(.65)	–	(.65)	50.77	33.58	193	.47	1.32
<b>Class 4:</b>												
12/31/17	43.73	.56	8.73	9.29	(.60)	(3.11)	(3.71)	49.31	22.08	827	.78	1.19
12/31/16	44.82	.56	4.02	4.58	(.55)	(5.12)	(5.67)	43.73	11.25	495	.79	1.29
12/31/15	52.39	.58	.33	.91	(.71)	(7.77)	(8.48)	44.82	1.21	410	.79	1.25
12/31/14	50.56	.58	4.51	5.09	(.72)	(2.54)	(3.26)	52.39	10.34	30	.79	1.11
12/31/13	38.47	.45	12.33	12.78	(.69)	–	(.69)	50.56	33.32	3	.79	.96



Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>International Growth and Income Fund</b>												
<b>Class 1:</b>												
12/31/17	\$14.48	\$.46	\$ 3.20	\$3.66	\$(.42)	\$ –	\$(.42)	\$17.72	25.31%	\$1,121	.66%	2.75%
12/31/16	14.72	.43	(.19)	.24	(.42)	(.06)	(.48)	14.48	1.71	820	.68	2.93
12/31/15	16.27	.42	(1.25)	(.83)	(.38)	(.34)	(.72)	14.72	(5.34)	707	.68	2.60
12/31/14	17.48	.58 <sup>2</sup>	(1.09)	(.51)	(.53)	(.17)	(.70)	16.27	(2.93)	740	.68	3.32 <sup>2</sup>
12/31/13	15.29	.44	2.50	2.94	(.47)	(.28)	(.75)	17.48	19.39	696	.69	2.63
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	14.69	.34	3.08	3.42	(.41)	–	(.41)	17.70	23.36 <sup>5</sup>	2	.91 <sup>6</sup>	1.99 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	14.43	.43	3.17	3.60	(.37)	–	(.37)	17.66	25.03	276	.91	2.60
12/31/16	14.68	.40	(.21)	.19	(.38)	(.06)	(.44)	14.43	1.44	244	.93	2.72
12/31/15	16.22	.38	(1.24)	(.86)	(.34)	(.34)	(.68)	14.68	(5.60)	254	.93	2.32
12/31/14	17.43	.56 <sup>2</sup>	(1.10)	(.54)	(.50)	(.17)	(.67)	16.22	(3.15)	248	.93	3.21 <sup>2</sup>
12/31/13	15.25	.38	2.51	2.89	(.43)	(.28)	(.71)	17.43	19.09	257	.94	2.28
<b>Class 4:</b>												
12/31/17	14.38	.37	3.18	3.55	(.35)	–	(.35)	17.58	24.72	63	1.16	2.24
12/31/16	14.63	.36	(.19)	.17	(.36)	(.06)	(.42)	14.38	1.18	37	1.18	2.43
12/31/15	16.19	.33	(1.23)	(.90)	(.32)	(.34)	(.66)	14.63	(5.82)	32	1.18	2.02
12/31/14	17.45	.26 <sup>2</sup>	(.85)	(.59)	(.50)	(.17)	(.67)	16.19	(3.39)	20	1.18	1.52 <sup>2</sup>
12/31/13	15.29	.03	2.87	2.90	(.46)	(.28)	(.74)	17.45	19.16	1	1.19	.18
<b>Capital Income Builder</b>												
<b>Class 1:</b>												
12/31/17	\$ 9.46	\$.32	\$ .93	\$1.25	\$(.31)	\$ –	\$(.31)	\$10.40	13.29%	\$ 254	.54%	3.21%
12/31/16	9.40	.32	.07	.39	(.33)	–	(.33)	9.46	4.17	156	.54	3.39
12/31/15	9.81	.28	(.40)	(.12)	(.29)	–	(.29)	9.40	(1.23)	80	.56	2.88
12/31/14 <sup>3,10</sup>	10.00	.19	(.18)	.01	(.19)	(.01)	(.20)	9.81	.12 <sup>5</sup>	20	.56 <sup>6</sup>	2.87 <sup>6</sup>
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	9.57	.27	.84	1.11	(.29)	–	(.29)	10.39	11.72 <sup>5</sup>	1	.79 <sup>6</sup>	2.63 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	9.46	.29	.93	1.22	(.28)	–	(.28)	10.40	13.04	1	.79	2.82
12/31/16	9.40	.27	.11	.38	(.32)	–	(.32)	9.46	4.08	– <sup>7</sup>	.80	2.82
12/31/15	9.81	.31	(.43)	(.12)	(.29)	–	(.29)	9.40	(1.23) <sup>11</sup>	– <sup>7</sup>	.46 <sup>11</sup>	3.12 <sup>11</sup>
12/31/14 <sup>3,10</sup>	10.00	.20	(.19)	.01	(.19)	(.01)	(.20)	9.81	.12 <sup>5,11</sup>	– <sup>7</sup>	.47 <sup>6,11</sup>	2.94 <sup>6,11</sup>
<b>Class 4:</b>												
12/31/17	9.45	.27	.92	1.19	(.26)	–	(.26)	10.38	12.65	338	1.04	2.72
12/31/16	9.38	.27	.08	.35	(.28)	–	(.28)	9.45	3.78	256	1.04	2.88
12/31/15	9.80	.25	(.42)	(.17)	(.25)	–	(.25)	9.38	(1.79)	157	1.05	2.55
12/31/14 <sup>3,10</sup>	10.00	.14	(.16)	(.02)	(.17)	(.01)	(.18)	9.80	(.21) <sup>5</sup>	55	1.06 <sup>6</sup>	2.08 <sup>6</sup>

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Asset Allocation Fund</b>												
<b>Class 1:</b>												
12/31/17	\$21.68	\$.44	\$3.06	\$3.50	\$(.41)	\$(1.06)	\$(1.47)	\$23.71	16.51%	\$16,556	.29%	1.90%
12/31/16	20.62	.42	1.54	1.96	(.39)	(.51)	(.90)	21.68	9.69	13,008	.29	1.97
12/31/15	22.23	.40	(.02)	.38	(.40)	(1.59)	(1.99)	20.62	1.64	10,913	.29	1.85
12/31/14	22.49	.44	.81	1.25	(.39)	(1.12)	(1.51)	22.23	5.66	11,997	.30	1.95
12/31/13	18.43	.35	4.07	4.42	(.36)	–	(.36)	22.49	24.04	10,515	.31	1.71
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	21.97	.39	2.78	3.17	(.39)	(1.06)	(1.45)	23.69	14.78 <sup>5</sup>	4	.53 <sup>6</sup>	1.69 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	21.49	.37	3.04	3.41	(.35)	(1.06)	(1.41)	23.49	16.23	5,480	.54	1.64
12/31/16	20.45	.36	1.53	1.89	(.34)	(.51)	(.85)	21.49	9.41	5,144	.54	1.72
12/31/15	22.06	.34	(.01)	.33	(.35)	(1.59)	(1.94)	20.45	1.40	5,008	.54	1.60
12/31/14	22.33	.37	.81	1.18	(.33)	(1.12)	(1.45)	22.06	5.40	5,494	.55	1.69
12/31/13	18.31	.30	4.03	4.33	(.31)	–	(.31)	22.33	23.69	5,760	.56	1.47
<b>Class 3:</b>												
12/31/17	21.70	.39	3.07	3.46	(.37)	(1.06)	(1.43)	23.73	16.29	38	.47	1.72
12/31/16	20.64	.38	1.54	1.92	(.35)	(.51)	(.86)	21.70	9.49	35	.47	1.79
12/31/15	22.25	.36	(.02)	.34	(.36)	(1.59)	(1.95)	20.64	1.46	36	.47	1.67
12/31/14	22.51	.39	.81	1.20	(.34)	(1.12)	(1.46)	22.25	5.47	40	.48	1.76
12/31/13	18.45	.32	4.06	4.38	(.32)	–	(.32)	22.51	23.81	42	.49	1.54
<b>Class 4:</b>												
12/31/17	21.43	.32	3.02	3.34	(.31)	(1.06)	(1.37)	23.40	15.91	3,582	.79	1.40
12/31/16	20.40	.31	1.53	1.84	(.30)	(.51)	(.81)	21.43	9.16	2,861	.79	1.47
12/31/15	22.11	.30	(.02)	.28	(.40)	(1.59)	(1.99)	20.40	1.14	2,414	.79	1.45
12/31/14	22.46	.34	.79	1.13	(.36)	(1.12)	(1.48)	22.11	5.16	32	.80	1.55
12/31/13	18.43	.27	4.12	4.39	(.36)	–	(.36)	22.46	23.89	1	.79	1.22
<b>Global Balanced Fund</b>												
<b>Class 1:</b>												
12/31/17	\$11.08	\$.21	\$1.99	\$2.20	\$(.15)	\$ (.38)	\$ (.53)	\$12.75	19.91%	\$ 93	.72%	1.68%
12/31/16	10.74	.19	.32	.51	(.17)	–	(.17)	11.08	4.73	64	.72	1.73
12/31/15	11.11	.20	(.28)	(.08)	(.14)	(.15)	(.29)	10.74	(.69)	47	.72	1.80
12/31/14	11.37	.25 <sup>2</sup>	(.03)	.22	(.18)	(.30)	(.48)	11.11	1.87	37	.71	2.14 <sup>2</sup>
12/31/13	10.34	.22	1.07	1.29	(.18)	(.08)	(.26)	11.37	12.56	36	.70	2.05
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	11.18	.16	1.92	2.08	(.14)	(.38)	(.52)	12.74	18.71 <sup>5</sup>	– <sup>7</sup>	.94 <sup>6</sup>	1.27 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	11.06	.18	1.98	2.16	(.12)	(.38)	(.50)	12.72	19.57	210	.96	1.43
12/31/16	10.72	.16	.32	.48	(.14)	–	(.14)	11.06	4.48	178	.97	1.48
12/31/15	11.09	.18	(.28)	(.10)	(.12)	(.15)	(.27)	10.72	(.95)	171	.97	1.60
12/31/14	11.35	.22 <sup>2</sup>	(.03)	.19	(.15)	(.30)	(.45)	11.09	1.63	179	.96	1.88 <sup>2</sup>
12/31/13	10.33	.20	1.06	1.26	(.16)	(.08)	(.24)	11.35	12.23	156	.95	1.79
<b>Class 4:</b>												
12/31/17	11.00	.13	1.99	2.12	(.11)	(.38)	(.49)	12.63	19.38	51	1.22	1.07
12/31/16	10.69	.12	.33	.45	(.14)	–	(.14)	11.00	4.21	10	1.24	1.12
12/31/15	11.09	.06	(.17)	(.11)	(.14)	(.15)	(.29)	10.69	(1.00)	1	1.34	.58
12/31/14	11.35	.24 <sup>2</sup>	(.02)	.22	(.18)	(.30)	(.48)	11.09	1.88 <sup>11</sup>	– <sup>7</sup>	.67 <sup>11</sup>	2.07 <sup>2,11</sup>
12/31/13	10.33	.22	1.06	1.28	(.18)	(.08)	(.26)	11.35	12.49 <sup>11</sup>	– <sup>7</sup>	.71 <sup>11</sup>	1.98 <sup>11</sup>

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Bond Fund</b>												
<b>Class 1:</b>												
12/31/17	\$10.80	\$.24	\$.18	\$.42	\$(.24)	\$(.16)	\$(.40)	\$10.82	3.88%	\$6,434	.38%	2.19%
12/31/16	10.70	.21	.14	.35	(.21)	(.04)	(.25)	10.80	3.27	6,829	.38	1.91
12/31/15	11.08	.22	(.17)	.05	(.21)	(.22)	(.43)	10.70	.45	5,731	.38	1.95
12/31/14	10.73	.23	.37	.60	(.25)	— <sup>8</sup>	(.25)	11.08	5.59	4,977	.39	2.03
12/31/13	11.29	.22	(.43)	(.21)	(.23)	(.12)	(.35)	10.73	(1.89)	4,506	.39	2.01
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	10.82	.22	.15	.37	(.23)	(.16)	(.39)	10.80	3.46 <sup>5</sup>	1	.62 <sup>6</sup>	2.01 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	10.67	.21	.18	.39	(.21)	(.16)	(.37)	10.69	3.67	3,966	.63	1.94
12/31/16	10.58	.18	.13	.31	(.18)	(.04)	(.22)	10.67	2.95	3,959	.63	1.65
12/31/15	10.95	.18	(.15)	.03	(.18)	(.22)	(.40)	10.58	.28	4,135	.63	1.69
12/31/14	10.61	.20	.36	.56	(.22)	— <sup>8</sup>	(.22)	10.95	5.28	4,565	.64	1.79
12/31/13	11.17	.19	(.43)	(.24)	(.20)	(.12)	(.32)	10.61	(2.16)	4,763	.64	1.76
<b>Class 4:</b>												
12/31/17	10.70	.19	.16	.35	(.21)	(.16)	(.37)	10.68	3.29	297	.88	1.72
12/31/16	10.61	.15	.15	.30	(.17)	(.04)	(.21)	10.70	2.80	102	.88	1.41
12/31/15	11.01	.16	(.16)	—	(.18)	(.22)	(.40)	10.61	(.08)	59	.88	1.47
12/31/14	10.69	.16	.39	.55	(.23)	— <sup>8</sup>	(.23)	11.01	5.15	29	.89	1.43
12/31/13	11.29	.17	(.43)	(.26)	(.22)	(.12)	(.34)	10.69	(2.34)	3	.89	1.58
<b>Global Bond Fund</b>												
<b>Class 1:</b>												
12/31/17	\$11.22	\$.28	\$.52	\$.80	\$(.07)	\$(.07)	\$(.14)	\$11.88	7.11%	\$1,273	.56%	2.37%
12/31/16	11.01	.26	.06	.32	(.09)	(.02)	(.11)	11.22	2.92	1,115	.57	2.26
12/31/15	11.77	.27	(.71)	(.44)	(.01)	(.31)	(.32)	11.01	(3.75)	1,032	.57	2.34
12/31/14	11.88	.29	(.08)	.21	(.21)	(.11)	(.32)	11.77	1.71	1,194	.57	2.35
12/31/13	12.32	.28	(.58)	(.30)	—	(.14)	(.14)	11.88	(2.40)	1,093	.56	2.37
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	11.22	.26	.52	.78	(.06)	(.07)	(.13)	11.87	7.00 <sup>5</sup>	— <sup>7</sup>	.72 <sup>6</sup>	2.27 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	11.14	.25	.51	.76	(.04)	(.07)	(.11)	11.79	6.86	1,164	.81	2.12
12/31/16	10.93	.23	.07	.30	(.07)	(.02)	(.09)	11.14	2.71	1,121	.82	2.01
12/31/15	11.72	.24	(.71)	(.47)	(.01)	(.31)	(.32)	10.93	(4.07)	1,208	.82	2.09
12/31/14	11.81	.26	(.09)	.17	(.15)	(.11)	(.26)	11.72	1.39	1,386	.82	2.11
12/31/13	12.27	.25	(.57)	(.32)	—	(.14)	(.14)	11.81	(2.58)	1,496	.81	2.11
<b>Class 4:</b>												
12/31/17	11.08	.22	.51	.73	(.04)	(.07)	(.11)	11.70	6.63	31	1.06	1.89
12/31/16	10.89	.20	.06	.26	(.05)	(.02)	(.07)	11.08	2.42	12	1.07	1.76
12/31/15	11.70	.21	(.71)	(.50)	— <sup>8</sup>	(.31)	(.31)	10.89	(4.27)	6	1.07	1.86
12/31/14	11.87	.20	(.05)	.15	(.21)	(.11)	(.32)	11.70	1.16	4	1.09	1.66
12/31/13	12.31	.27	(.57)	(.30)	—	(.14)	(.14)	11.87	(2.41)	— <sup>7</sup>	.79	2.25

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>High-Income Bond Fund</b>												
<b>Class 1:</b>												
12/31/17	\$10.18	\$.63	\$.10	\$.73	\$(.72)	\$ —	\$(.72)	\$10.19	7.25%	\$ 632	.49%	5.98%
12/31/16	9.19	.61	1.02	1.63	(.64)	—	(.64)	10.18	17.83	949	.49	6.18
12/31/15	10.54	.64	(1.36)	(.72)	(.63)	—	(.63)	9.19	(6.94)	1,017	.48	6.12
12/31/14	11.13	.67	(.59)	.08	(.67)	—	(.67)	10.54	.80	1,017	.48	5.90
12/31/13	11.16	.75	.01	.76	(.79)	—	(.79)	11.13	6.89	856	.48	6.54
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	10.28	.60	.02	.62	(.72)	—	(.72)	10.18	6.02 <sup>5</sup>	— <sup>7</sup>	.72 <sup>6</sup>	5.74 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	10.04	.59	.10	.69	(.70)	—	(.70)	10.03	6.89	776	.74	5.72
12/31/16	9.06	.58	1.01	1.59	(.61)	—	(.61)	10.04	17.69	799	.74	5.92
12/31/15	10.41	.60	(1.35)	(.75)	(.60)	—	(.60)	9.06	(7.30)	765	.73	5.85
12/31/14	10.99	.63	(.57)	.06	(.64)	—	(.64)	10.41	.63	929	.73	5.67
12/31/13	11.03	.71	.01	.72	(.76)	—	(.76)	10.99	6.60	1,061	.73	6.29
<b>Class 3:</b>												
12/31/17	10.22	.61	.10	.71	(.70)	—	(.70)	10.23	7.02	12	.67	5.79
12/31/16	9.22	.59	1.03	1.62	(.62)	—	(.62)	10.22	17.68	13	.67	5.99
12/31/15	10.57	.62	(1.37)	(.75)	(.60)	—	(.60)	9.22	(7.13)	12	.66	5.91
12/31/14	11.16	.65	(.59)	.06	(.65)	—	(.65)	10.57	.59	16	.66	5.74
12/31/13	11.18	.73	.02	.75	(.77)	—	(.77)	11.16	6.77	19	.66	6.36
<b>Class 4:</b>												
12/31/17	10.79	.61	.10	.71	(.68)	—	(.68)	10.82	6.63	34	.99	5.46
12/31/16	9.73	.60	1.07	1.67	(.61)	—	(.61)	10.79	17.29	21	.99	5.55
12/31/15	11.05	.62	(1.43)	(.81)	(.51)	—	(.51)	9.73	(7.42)	1	.98	5.51
12/31/14	11.12	.63	(.59)	.04	(.11)	—	(.11)	11.05	.35	— <sup>7</sup>	.98	5.49
12/31/13	11.16	.67	.08	.75	(.79)	—	(.79)	11.12	6.81	— <sup>7</sup>	.93	5.82
<b>Mortgage Fund</b>												
<b>Class 1:</b>												
12/31/17	\$10.56	\$.16	\$ — <sup>8</sup>	\$.16	\$(.18)	\$(.07)	\$(.25)	\$10.47	1.47%	\$ 265	.47%	1.52%
12/31/16	10.61	.15	.11	.26	(.20)	(.11)	(.31)	10.56	2.50	269	.46	1.39
12/31/15	10.70	.10	.13	.23	(.18)	(.14)	(.32)	10.61	2.09	272	.45	.89
12/31/14	10.23	.12	.45	.57	(.10)	—	(.10)	10.70	5.54	292	.45	1.12
12/31/13	10.47	.04	(.18)	(.14)	(.08)	(.02)	(.10)	10.23	(1.41)	198	.44	.35
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	10.55	.14	— <sup>8</sup>	.14	(.16)	(.07)	(.23)	10.46	1.31 <sup>5</sup>	— <sup>7</sup>	.70 <sup>6</sup>	1.38 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	10.54	.14	(.01)	.13	(.15)	(.07)	(.22)	10.45	1.22	63	.72	1.27
12/31/16	10.59	.12	.12	.24	(.18)	(.11)	(.29)	10.54	2.25	63	.71	1.14
12/31/15	10.68	.07	.13	.20	(.15)	(.14)	(.29)	10.59	1.86	59	.70	.65
12/31/14	10.22	.10	.44	.54	(.08)	—	(.08)	10.68	5.23	52	.70	.91
12/31/13	10.46	— <sup>8</sup>	(.17)	(.17)	(.05)	(.02)	(.07)	10.22	(1.68)	49	.69	(.02)
<b>Class 4:</b>												
12/31/17	10.48	.11	— <sup>8</sup>	.11	(.14)	(.07)	(.21)	10.38	.97	12	.97	1.03
12/31/16	10.52	.09	.12	.21	(.14)	(.11)	(.25)	10.48	2.01	8	.96	.86
12/31/15	10.65	.04	.14	.18	(.17)	(.14)	(.31)	10.52	1.62	11	.97	.37
12/31/14	10.23	.05	.46	.51	(.09)	—	(.09)	10.65	4.98	1	.94	.47
12/31/13	10.47	.02	(.16)	(.14)	(.08)	(.02)	(.10)	10.23	(1.41) <sup>11</sup>	— <sup>7</sup>	.38 <sup>11</sup>	.23 <sup>11</sup>

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>Ultra-Short Bond Fund</b>												
<b>Class 1:</b>												
12/31/17	\$11.27	\$.08	\$(.01)	\$.07	\$(.05)	\$—	\$(.05)	\$11.29	.66%	\$ 37	.35%	.68%
12/31/16 <sup>12</sup>	11.26	.01	— <sup>8</sup>	.01	—	—	—	11.27	.09	37	.35	.11
12/31/15	11.28	(.03)	.01	(.02)	—	—	—	11.26	(.18)	39	.34	(.24)
12/31/14	11.31	(.03)	—	(.03)	—	—	—	11.28	(.27)	49	.34	(.26)
12/31/13	11.34	(.03)	— <sup>8</sup>	(.03)	—	—	—	11.31	(.27)	57	.34	(.24)
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	11.27	.08	— <sup>8</sup>	.08	(.06)	—	(.06)	11.29	.67 <sup>5</sup>	— <sup>7</sup>	.34 <sup>6</sup>	.69 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	10.99	.05	— <sup>8</sup>	.05	(.03)	—	(.03)	11.01	.46	249	.60	.42
12/31/16 <sup>12</sup>	11.01	(.02)	— <sup>8</sup>	(.02)	—	—	—	10.99	(.18)	297	.60	(.14)
12/31/15	11.06	(.05)	— <sup>8</sup>	(.05)	—	—	—	11.01	(.45)	302	.59	(.49)
12/31/14	11.12	(.06)	—	(.06)	—	—	—	11.06	(.54)	331	.59	(.51)
12/31/13	11.17	(.05)	— <sup>8</sup>	(.05)	—	—	—	11.12	(.45)	395	.59	(.49)
<b>Class 3:</b>												
12/31/17	11.10	.06	— <sup>8</sup>	.06	(.04)	—	(.04)	11.12	.54	4	.53	.50
12/31/16 <sup>12</sup>	11.11	(.01)	— <sup>8</sup>	(.01)	—	—	—	11.10	(.09)	4	.53	(.08)
12/31/15	11.16	(.05)	— <sup>8</sup>	(.05)	—	—	—	11.11	(.45)	6	.52	(.42)
12/31/14	11.21	(.05)	—	(.05)	—	—	—	11.16	(.45)	8	.52	(.44)
12/31/13	11.26	(.05)	— <sup>8</sup>	(.05)	—	—	—	11.21	(.44)	8	.52	(.42)
<b>Class 4:</b>												
12/31/17	11.12	.02	— <sup>8</sup>	.02	(.01)	—	(.01)	11.13	.16	15	.85	.19
12/31/16 <sup>12</sup>	11.17	(.04)	(.01)	(.05)	—	—	—	11.12	(.45)	13	.85	(.40)
12/31/15	11.25	(.08)	— <sup>8</sup>	(.08)	—	—	—	11.17	(.71)	16	.85	(.74)
12/31/14	11.30	(.09)	.04	(.05)	—	—	—	11.25	(.44)	7	.84	(.77)
12/31/13	11.34	(.04)	— <sup>8</sup>	(.04)	—	—	—	11.30	(.35) <sup>11</sup>	— <sup>7</sup>	.37 <sup>11</sup>	(.32) <sup>11</sup>

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income (loss) to average net assets
	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					
<b>U.S. Government/AAA-Rated Securities Fund</b>												
<b>Class 1:</b>												
12/31/17	\$12.05	\$.21	\$.01	\$.22	\$(.19)	\$ -	\$(.19)	\$12.08	1.83%	\$1,558	.36%	1.68%
12/31/16	12.31	.16	.03	.19	(.20)	(.25)	(.45)	12.05	1.44	1,467	.36	1.31
12/31/15	12.40	.13	.09	.22	(.21)	(.10)	(.31)	12.31	1.93	1,426	.35	1.02
12/31/14	11.94	.15	.48	.63	(.17)	-	(.17)	12.40	5.24	1,723	.35	1.24
12/31/13	12.75	.08	(.44)	(.36)	(.11)	(.34)	(.45)	11.94	(2.87)	1,584	.35	.67
<b>Class 1A:</b>												
12/31/17 <sup>3,4</sup>	12.05	.18	.03	.21	(.18)	-	(.18)	12.08	1.73 <sup>5</sup>	- <sup>7</sup>	.58 <sup>6</sup>	1.53 <sup>6</sup>
<b>Class 2:</b>												
12/31/17	11.93	.17	.02	.19	(.16)	-	(.16)	11.96	1.59	1,473	.61	1.43
12/31/16	12.20	.13	.02	.15	(.17)	(.25)	(.42)	11.93	1.19	1,503	.61	1.05
12/31/15	12.29	.10	.09	.19	(.18)	(.10)	(.28)	12.20	1.59	1,579	.60	.79
12/31/14	11.83	.12	.47	.59	(.13)	-	(.13)	12.29	5.01	1,717	.60	1.00
12/31/13	12.63	.05	(.43)	(.38)	(.08)	(.34)	(.42)	11.83	(3.08)	1,801	.60	.42
<b>Class 3:</b>												
12/31/17	12.07	.18	.03	.21	(.17)	-	(.17)	12.11	1.72	10	.54	1.50
12/31/16	12.34	.14	.02	.16	(.18)	(.25)	(.43)	12.07	1.24	11	.54	1.12
12/31/15	12.43	.11	.09	.20	(.19)	(.10)	(.29)	12.34	1.64	11	.53	.85
12/31/14	11.96	.13	.48	.61	(.14)	-	(.14)	12.43	5.11	13	.53	1.08
12/31/13	12.76	.06	(.43)	(.37)	(.09)	(.34)	(.43)	11.96	(3.00)	14	.53	.47
<b>Class 4:</b>												
12/31/17	11.96	.14	.01	.15	(.13)	-	(.13)	11.98	1.28	62	.86	1.18
12/31/16	12.22	.10	.03	.13	(.14)	(.25)	(.39)	11.96	.99	57	.86	.82
12/31/15	12.34	.07	.08	.15	(.17)	(.10)	(.27)	12.22	1.29	46	.85	.56
12/31/14	11.93	.06	.51	.57	(.16)	-	(.16)	12.34	4.76	21	.85	.50
12/31/13	12.75	.08	(.44)	(.36)	(.12)	(.34)	(.46)	11.93	(2.95)	- <sup>7</sup>	.84	.68

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return <sup>13</sup>	Net assets, end of period (in millions)	Ratio of expenses to average net assets before waivers/reimbursements	Ratio of expenses to average net assets after waivers/reimbursements <sup>13</sup>	Net effective expense ratio <sup>13,14</sup>	Ratio of net income to average net assets <sup>13</sup>
	Net asset value, beginning of period	Net investment income	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							

## Managed Risk Growth Fund

<b>Class P1:</b>														
12/31/17	\$10.71	\$.08	\$2.70	\$2.78	\$(.07)	\$(.20)	\$(.27)	\$13.22	26.23% <sup>11</sup>	\$ 2	.42% <sup>11</sup>	.36% <sup>11</sup>	.70% <sup>11</sup>	.69% <sup>11</sup>
12/31/16	11.49	.08	.20	.28	(.05)	(1.01)	(1.06)	10.71	2.89 <sup>11</sup>	1	.50 <sup>11</sup>	.34 <sup>11</sup>	.68 <sup>11</sup>	.79 <sup>11</sup>
12/31/15	11.37	.09	.03	.12	-	-	-	11.49	1.06 <sup>11</sup>	- <sup>7</sup>	.53 <sup>11</sup>	.29 <sup>11</sup>	.63 <sup>11</sup>	.80 <sup>11</sup>
12/31/14	11.43	.31	(.06)	.25	(.12)	(.19)	(.31)	11.37	2.18 <sup>11</sup>	- <sup>7</sup>	.50 <sup>11</sup>	.32 <sup>11</sup>	.65 <sup>11</sup>	2.71 <sup>11</sup>
12/31/13 <sup>3,15</sup>	10.00	.12	1.38	1.50	(.07)	-	(.07)	11.43	15.05 <sup>5,11</sup>	- <sup>7</sup>	.88 <sup>6,11</sup>	.25 <sup>6,11</sup>	.58 <sup>6,11</sup>	1.64 <sup>6,11</sup>
<b>Class P2:</b>														
12/31/17	10.64	.04	2.70	2.74	(.04)	(.20)	(.24)	13.14	25.99	286	.69	.63	.97	.34
12/31/16	11.43	.05	.19	.24	(.02)	(1.01)	(1.03)	10.64	2.52	200	.79	.63	.97	.43
12/31/15	11.35	.04	.04	.08	-	-	-	11.43	.71	146	.89	.66	1.00	.31
12/31/14	11.43	.12	.08	.20	(.09)	(.19)	(.28)	11.35	1.77	79	.87	.69	1.02	1.01
12/31/13 <sup>3,15</sup>	10.00	.12	1.37	1.49	(.06)	-	(.06)	11.43	14.94 <sup>5,11</sup>	28	1.05 <sup>6,11</sup>	.52 <sup>6,11</sup>	.85 <sup>6,11</sup>	1.69 <sup>6,11</sup>

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return <sup>13</sup>	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of expenses to average net assets	Net effective expense ratio <sup>13,14</sup>	Ratio of net income to average net assets <sup>13</sup>
	Net asset value, beginning of period	Net investment income	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				before waivers/reimbursements	after waivers/reimbursements <sup>13</sup>		
<b>Managed Risk International Fund</b>														
<b>Class P1:</b>														
12/31/17	\$ 8.89	\$.11	\$ 2.47	\$2.58	\$(.10)	\$(.12)	\$(.22)	\$11.25	29.28% <sup>11</sup>	\$ - <sup>7</sup>	.28% <sup>11</sup>	.20% <sup>11</sup>	.69% <sup>11</sup>	1.13% <sup>11</sup>
12/31/16	9.48	.10	(.35)	(.25)	(.12)	(.22)	(.34)	8.89	(2.59) <sup>11</sup>	- <sup>7</sup>	.39 <sup>11</sup>	.23 <sup>11</sup>	.74 <sup>11</sup>	1.15 <sup>11</sup>
12/31/15	10.10	.18	(.80)	(.62)	- <sup>8</sup>	-	- <sup>8</sup>	9.48	(6.12) <sup>11</sup>	- <sup>7</sup>	.45 <sup>11</sup>	.21 <sup>11</sup>	.72 <sup>11</sup>	1.75 <sup>11</sup>
12/31/14	10.82	.14	(.71)	(.57)	(.15)	-	(.15)	10.10	(5.31) <sup>11</sup>	- <sup>7</sup>	.50 <sup>11</sup>	.25 <sup>11</sup>	.76 <sup>11</sup>	1.33 <sup>11</sup>
12/31/13 <sup>3,15</sup>	10.00	.13	.78	.91	(.09)	-	(.09)	10.82	9.08 <sup>5,11</sup>	- <sup>7</sup>	1.05 <sup>6,11</sup>	.23 <sup>6,11</sup>	.73 <sup>6,11</sup>	1.92 <sup>6,11</sup>
<b>Class P2:</b>														
12/31/17	8.83	.11	2.41	2.52	(.08)	(.12)	(.20)	11.15	28.69	148	.71	.63	1.12	1.03
12/31/16	9.43	.09	(.38)	(.29)	(.09)	(.22)	(.31)	8.83	(3.05)	97	.79	.63	1.14	.97
12/31/15	10.09	.13	(.79)	(.66)	- <sup>8</sup>	-	- <sup>8</sup>	9.43	(6.52)	83	.90	.66	1.17	1.30
12/31/14	10.82	.16	(.77)	(.61)	(.12)	-	(.12)	10.09	(5.68)	46	.91	.67	1.18	1.51
12/31/13 <sup>3,15</sup>	10.00	.18	.72	.90	(.08)	-	(.08)	10.82	8.99 <sup>5,11</sup>	17	1.19 <sup>6,11</sup>	.44 <sup>6,11</sup>	.94 <sup>6,11</sup>	2.66 <sup>6,11</sup>
<b>Managed Risk Blue Chip Income and Growth Fund</b>														
<b>Class P1:</b>														
12/31/17	\$11.67	\$.19	\$ 1.59	\$1.78	\$(.22)	\$(.19)	\$(.41)	\$13.04	15.48% <sup>11</sup>	\$ - <sup>7</sup>	.30% <sup>11</sup>	.25% <sup>11</sup>	.64% <sup>11</sup>	1.59% <sup>11</sup>
12/31/16	10.80	.20	1.25	1.45	(.21)	(.37)	(.58)	11.67	13.77 <sup>11</sup>	- <sup>7</sup>	.43 <sup>11</sup>	.27 <sup>11</sup>	.67 <sup>11</sup>	1.83 <sup>11</sup>
12/31/15	11.70	.19	(1.02)	(.83)	(.07)	-	(.07)	10.80	(7.07) <sup>11</sup>	- <sup>7</sup>	.50 <sup>11</sup>	.27 <sup>11</sup>	.66 <sup>11</sup>	1.64 <sup>11</sup>
12/31/14	11.05	.40	.55	.95	(.30)	-	(.30)	11.70	8.58 <sup>11</sup>	- <sup>7</sup>	.50 <sup>11</sup>	.31 <sup>11</sup>	.70 <sup>11</sup>	3.43 <sup>11</sup>
12/31/13 <sup>3,15</sup>	10.00	.20	1.01	1.21	(.16)	-	(.16)	11.05	12.16 <sup>5,11</sup>	- <sup>7</sup>	.84 <sup>6,11</sup>	.24 <sup>6,11</sup>	.64 <sup>6,11</sup>	2.80 <sup>6,11</sup>
<b>Class P2:</b>														
12/31/17	11.61	.17	1.55	1.72	(.18)	(.19)	(.37)	12.96	15.03	367	.68	.63	1.02	1.43
12/31/16	10.76	.23	1.18	1.41	(.19)	(.37)	(.56)	11.61	13.39	291	.79	.63	1.03	2.04
12/31/15	11.67	.18	(1.05)	(.87)	(.04)	-	(.04)	10.76	(7.43)	137	.89	.66	1.05	1.57
12/31/14	11.05	.50	.40	.90	(.28)	-	(.28)	11.67	8.10	98	.88	.69	1.08	4.27
12/31/13 <sup>3,15</sup>	10.00	.28	.92	1.20	(.15)	-	(.15)	11.05	12.05 <sup>5,11</sup>	26	1.04 <sup>6,11</sup>	.54 <sup>6,11</sup>	.94 <sup>6,11</sup>	3.91 <sup>6,11</sup>
<b>Managed Risk Growth-Income Fund</b>														
<b>Class P1:</b>														
12/31/17	\$11.07	\$.19	\$ 2.03	\$2.22	\$(.13)	\$(.50)	\$(.63)	\$12.66	20.64% <sup>11</sup>	\$ 2	.44% <sup>11</sup>	.37% <sup>11</sup>	.66% <sup>11</sup>	1.61% <sup>11</sup>
12/31/16	11.25	.16	.52	.68	(.16)	(.70)	(.86)	11.07	6.49 <sup>11</sup>	1	.52 <sup>11</sup>	.36 <sup>11</sup>	.64 <sup>11</sup>	1.46 <sup>11</sup>
12/31/15	11.67	.25	(.63)	(.38)	(.04)	-	(.04)	11.25	(3.27) <sup>11</sup>	1	.56 <sup>11</sup>	.31 <sup>11</sup>	.59 <sup>11</sup>	2.17 <sup>11</sup>
12/31/14	11.50	.35	.21	.56	(.14)	(.25)	(.39)	11.67	4.85 <sup>11</sup>	- <sup>7</sup>	.45 <sup>11</sup>	.25 <sup>11</sup>	.52 <sup>11</sup>	2.94 <sup>11</sup>
12/31/13 <sup>3,15</sup>	10.00	.14	1.47	1.61	(.11)	-	(.11)	11.50	16.15 <sup>5,11</sup>	- <sup>7</sup>	.92 <sup>6,11</sup>	.23 <sup>6,11</sup>	.50 <sup>6,11</sup>	2.01 <sup>6,11</sup>
<b>Class P2:</b>														
12/31/17	11.02	.13	2.05	2.18	(.12)	(.50)	(.62)	12.58	20.40	206	.70	.63	.92	1.08
12/31/16	11.22	.12	.52	.64	(.14)	(.70)	(.84)	11.02	6.08	160	.79	.63	.91	1.13
12/31/15	11.65	.12	(.54)	(.42)	(.01)	-	(.01)	11.22	(3.64)	122	.89	.66	.94	1.04
12/31/14	11.50	.16	.35	.51	(.11)	(.25)	(.36)	11.65	4.42	76	.87	.69	.96	1.38
12/31/13 <sup>3,15</sup>	10.00	.20	1.40	1.60	(.10)	-	(.10)	11.50	16.04 <sup>5,11</sup>	24	1.09 <sup>6,11</sup>	.50 <sup>6,11</sup>	.77 <sup>6,11</sup>	2.73 <sup>6,11</sup>

See end of tables for footnotes.

# Financial highlights (continued)

Period ended	Income (loss) from investment operations <sup>1</sup>				Dividends and distributions			Net asset value, end of period	Total return <sup>13</sup>	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of expenses to average net assets	Net effective expense ratio <sup>13,14</sup>	Ratio of net income to average net assets <sup>13</sup>
	Net asset value, beginning of period	Net investment income	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				before waivers/reimbursements	after waivers/reimbursements <sup>13</sup>		

## Managed Risk Asset Allocation Fund

### Class P1:

12/31/17	\$12.02	\$.19	\$1.60	\$1.79	\$(.10)	\$(.12)	\$(.22)	\$13.59	15.06%	\$1,656	.43%	.38%	.66%	1.45%
12/31/16	11.72	.19	.67	.86	(.19)	(.37)	(.56)	12.02	7.57	1,217	.43	.38	.66	1.65
12/31/15	12.29	.25	(.34)	(.09)	(.22)	(.26)	(.48)	11.72	(.83)	712	.54	.40	.68	2.06
12/31/14	11.93	.13	.26	.39	(.03)	—	(.03)	12.29	3.24	277	.53	.48	.76	1.04
12/31/13	9.99	.27	1.81	2.08	(.14)	—	(.14)	11.93	20.82 <sup>11</sup>	112	.55 <sup>11</sup>	.47 <sup>11</sup>	.75 <sup>11</sup>	2.37 <sup>11</sup>

### Class P2:

12/31/17	12.01	.15	1.61	1.76	(.10)	(.12)	(.22)	13.55	14.80	2,798	.68	.63	.91	1.13
12/31/16	11.71	.14	.69	.83	(.16)	(.37)	(.53)	12.01	7.27	2,342	.68	.63	.91	1.20
12/31/15	12.27	.14	(.26)	(.12)	(.18)	(.26)	(.44)	11.71	(1.07)	1,953	.79	.66	.94	1.16
12/31/14	11.93	.16	.19	.35	(.01)	—	(.01)	12.27	2.91	1,780	.79	.73	1.01	1.33
12/31/13	9.99	.28	1.77	2.05	(.11)	—	(.11)	11.93	20.58 <sup>11</sup>	795	.80 <sup>11</sup>	.73 <sup>11</sup>	1.01 <sup>11</sup>	2.43 <sup>11</sup>



Portfolio turnover rate for all share classes excluding mortgage dollar roll transactions <sup>16</sup>	Period ended December 31				
	2017	2016	2015	2014	2013
Capital Income Builder	59%	41%	38%	24% <sup>5,10</sup>	Not available
Asset Allocation Fund	39	43	28	42	
Global Balanced Fund	28	43	36	40	
Bond Fund	153	108	141	121	
Global Bond Fund	74	70	88	134	
Mortgage Fund	98	113	138	108	
U.S. Government/AAA-Rated Securities Fund	120	273	352	88	

Portfolio turnover rate for all share classes including mortgage dollar roll transactions, if applicable <sup>16</sup>	Period ended December 31				
	2017	2016	2015	2014	2013
Global Growth Fund	31%	27%	29%	22%	39%
Global Small Capitalization Fund	33	40	36	28	36
Growth Fund	24	26	20	29	19
International Fund	29	31	37	18	21
New World Fund	56	32	39	36	43
Blue Chip Income and Growth Fund	34	30	26	37	30
Global Growth and Income Fund	41	57	37	28	31
Growth-Income Fund	27	27	25	25	19
International Growth and Income Fund	51	32	35	34	34
Capital Income Builder Fund	88	53	128	35 <sup>5,10</sup>	
Asset Allocation Fund	85	83	76	88	74
Global Balanced Fund	41	65	76	73	81
Bond Fund	502	375	434	365	354
Global Bond Fund	105	154	159	200	213
High-Income Bond Fund	78	89	66	54	64
Mortgage Fund	680	713	1103	790	715
Ultra-Short Bond Fund	— <sup>17</sup>	— <sup>12,17</sup>	N/A	N/A	N/A
U.S. Government/AAA-Rated Securities Fund	551	539	901	387	621
Managed Risk Growth Fund	25	15	16	22	10 <sup>3,5,15</sup>
Managed Risk International Fund	25	26	15	22	6 <sup>3,5,15</sup>
Managed Risk Blue Chip Income and Growth Fund	32	9	20	22	3 <sup>3,5,15</sup>
Managed Risk Growth-Income Fund	26	14	11	28	2 <sup>3,5,15</sup>
Managed Risk Asset Allocation Fund	1	3	3	3	3

<sup>1</sup>Based on average shares outstanding.

<sup>2</sup>For the year ended December 31, 2014, reflects the impact of a corporate action event that resulted in a one-time increase to net investment income. If the corporate action event had not occurred, the net investment income per share and ratio of net income to average net assets would have been lower for all share classes.

<sup>3</sup>Based on operations for a period that is less than a full year.

<sup>4</sup>Class 1A shares began investment operations on January 6, 2017.

<sup>5</sup>Not annualized.

<sup>6</sup>Annualized.

<sup>7</sup>Amount less than \$1 million.

<sup>8</sup>Amount less than \$.01.

<sup>9</sup>Amount less than .01%.

<sup>10</sup>For the period May 1, 2014, commencement of operations, through December 31, 2014.

<sup>11</sup>All or a significant portion of assets in this class consisted of seed capital invested by CRMC and/or its affiliates. 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.

<sup>12</sup>On May 1, 2016, the fund converted from a cash fund to an ultra-short-term bond fund and changed its name from Cash Management Fund to Ultra-Short Bond Fund.

<sup>13</sup>This column reflects the impact of certain waivers/reimbursements by CRMC. CRMC waived a portion of investment advisory services fees for all of the managed risk funds. CRMC also reimbursed a portion of miscellaneous fees and expenses during some of the periods shown for some of the managed risk funds.

<sup>14</sup>Ratio reflects weighted average net expense ratio of the underlying fund for the period presented. See Expense Example for further information regarding fees and expenses.

<sup>15</sup>For the period May 1, 2013, commencement of operations, through December 31, 2013.

<sup>16</sup>Refer to Note 5 for further information on mortgage dollar rolls.

<sup>17</sup>Amount is either less than 1% or there is no turnover.

See Notes to Financial Statements

# Report of Independent Registered Public Accounting Firm

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## Opinions on the Financial Statements

We have audited the accompanying statements of assets and liabilities, including summary investment portfolios of Global Growth Fund, Global Small Capitalization Fund, Growth Fund, International Fund, New World Fund®, Blue Chip Income and Growth Fund, Global Growth and Income Fund, Growth-Income Fund, International Growth and Income Fund, Capital Income Builder®, Asset Allocation Fund, Global Balanced Fund, Bond Fund, Global Bond Fund, High-Income Bond Fund, Mortgage Fund, Ultra-Short Bond Fund, U.S. Government/AAA-Rated Securities Fund and investment portfolios for Ultra-Short Bond Fund, Managed Risk Growth Fund, Managed Risk International Fund, Managed Risk Blue Chip Income and Growth Fund, Managed Risk Growth-Income Fund and Managed Risk Asset Allocation Fund, Managed Risk Growth Fund, Managed Risk International Fund, Managed Risk Blue Chip Income and Growth Fund, Managed Risk Growth-Income Fund and Managed Risk Asset Allocation Fund (twenty-three of the funds constituting American Funds Insurance Series, hereafter collectively referred to as the "Funds") as of December 31, 2017, the related statements of operations for the year ended December 31, 2017, the statements of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the periods indicated herein (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of each of the Funds as of December 31, 2017, the results of each of their operations for the year then ended, the changes in each of their net assets for each of the two years in the period ended December 31, 2017 and each of the financial highlights for each of the periods indicated herein in conformity with accounting principles generally accepted in the United States of America.

## Basis for Opinions

These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on the Funds' financial statements based on our audits. 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 Funds 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 audits of these financial statements 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 are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, 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. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 by correspondence with the custodians, transfer agents and brokers. We believe that our audits provide a reasonable basis for our opinions.

PricewaterhouseCoopers LLP

Los Angeles, California  
February 9, 2018

We have served as the auditor of one or more investment companies in The Capital Group Companies Investment Company Complex since 1934.

The funds in American Funds Insurance Series serve as the underlying investment vehicle for various insurance products. As an owner of an insurance contract that invests in one of the funds in the series, you incur two types of costs: (1) transaction costs, such as initial sales charges on purchase payments and contingent deferred sales charges on redemptions (loads), and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other expenses. Additional fees are charged by the insurance companies related to the various benefits they provide. This example is intended to help you understand your ongoing costs (in dollars) of investing in the underlying funds so you can compare these costs with the ongoing costs of investing in other mutual funds that serve a similar function in other annuity products. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period (July 1, 2017, through December 31, 2017).

### Actual expenses:

The first line of each share class in the table on the following pages provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading titled "Expenses paid during period" to estimate the expenses you paid on your account during this period.

### Hypothetical example for comparison purposes:

The second line of each share class in the table on the following pages provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio for the share class and an assumed rate of return of 5.00% per year before expenses, which is not the actual return of the share class. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5.00% hypothetical example with the 5.00% hypothetical examples that appear in the shareholder reports of the other funds.

### Notes:

Additional fees are charged by the insurance companies related to the various benefits they provide. You can estimate the impact of these fees by adding the amount of the fees to the total estimated expenses you paid on your account during the period as calculated above. In addition, your ending account value would be lower by the amount of these fees.

Note that the expenses shown in the table on the following pages are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the second line of each share class in the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning account value 7/1/2017	Ending account value 12/31/2017	Expenses paid during period <sup>1</sup>	Annualized expense ratio
<b>Global Growth Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,109.92	\$2.98	.56%
Class 1 - assumed 5% return	1,000.00	1,022.38	2.85	.56
Class 1A - actual return	1,000.00	1,108.56	4.25	.80
Class 1A - assumed 5% return	1,000.00	1,021.17	4.08	.80
Class 2 - actual return	1,000.00	1,108.84	4.31	.81
Class 2 - assumed 5% return	1,000.00	1,021.12	4.13	.81
Class 4 - actual return	1,000.00	1,106.95	5.63	1.06
Class 4 - assumed 5% return	1,000.00	1,019.86	5.40	1.06
<b>Global Small Capitalization Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,118.73	\$3.95	.74%
Class 1 - assumed 5% return	1,000.00	1,021.48	3.77	.74
Class 1A - actual return	1,000.00	1,117.26	5.18	.97
Class 1A - assumed 5% return	1,000.00	1,020.32	4.94	.97
Class 2 - actual return	1,000.00	1,117.00	5.28	.99
Class 2 - assumed 5% return	1,000.00	1,020.21	5.04	.99
Class 4 - actual return	1,000.00	1,116.02	6.61	1.24
Class 4 - assumed 5% return	1,000.00	1,018.95	6.31	1.24
<b>Growth Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,116.99	\$1.87	.35%
Class 1 - assumed 5% return	1,000.00	1,023.44	1.79	.35
Class 1A - actual return	1,000.00	1,115.57	3.15	.59
Class 1A - assumed 5% return	1,000.00	1,022.23	3.01	.59
Class 2 - actual return	1,000.00	1,115.54	3.20	.60
Class 2 - assumed 5% return	1,000.00	1,022.18	3.06	.60
Class 3 - actual return	1,000.00	1,115.90	2.83	.53
Class 3 - assumed 5% return	1,000.00	1,022.53	2.70	.53
Class 4 - actual return	1,000.00	1,114.18	4.53	.85
Class 4 - assumed 5% return	1,000.00	1,020.92	4.33	.85
<b>International Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,115.85	\$2.83	.53%
Class 1 - assumed 5% return	1,000.00	1,022.53	2.70	.53
Class 1A - actual return	1,000.00	1,114.40	4.16	.78
Class 1A - assumed 5% return	1,000.00	1,021.27	3.97	.78
Class 2 - actual return	1,000.00	1,114.72	4.16	.78
Class 2 - assumed 5% return	1,000.00	1,021.27	3.97	.78
Class 3 - actual return	1,000.00	1,114.58	3.78	.71
Class 3 - assumed 5% return	1,000.00	1,021.63	3.62	.71
Class 4 - actual return	1,000.00	1,113.20	5.49	1.03
Class 4 - assumed 5% return	1,000.00	1,020.01	5.24	1.03
<b>New World Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,132.10	\$4.19	.78%
Class 1 - assumed 5% return	1,000.00	1,021.27	3.97	.78
Class 1A - actual return	1,000.00	1,130.42	5.42	1.01
Class 1A - assumed 5% return	1,000.00	1,020.11	5.14	1.01
Class 2 - actual return	1,000.00	1,130.73	5.53	1.03
Class 2 - assumed 5% return	1,000.00	1,020.01	5.24	1.03
Class 4 - actual return	1,000.00	1,128.90	6.87	1.28
Class 4 - assumed 5% return	1,000.00	1,018.75	6.51	1.28

	Beginning account value 7/1/2017	Ending account value 12/31/2017	Expenses paid during period <sup>1</sup>	Annualized expense ratio
<b>Blue Chip Income and Growth Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,108.43	\$2.18	.41%
Class 1 - assumed 5% return	1,000.00	1,023.14	2.09	.41
Class 1A - actual return	1,000.00	1,107.22	3.45	.65
Class 1A - assumed 5% return	1,000.00	1,021.93	3.31	.65
Class 2 - actual return	1,000.00	1,106.66	3.50	.66
Class 2 - assumed 5% return	1,000.00	1,021.88	3.36	.66
Class 4 - actual return	1,000.00	1,105.98	4.83	.91
Class 4 - assumed 5% return	1,000.00	1,020.62	4.63	.91
<b>Global Growth and Income Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,100.31	\$3.39	.64%
Class 1 - assumed 5% return	1,000.00	1,021.98	3.26	.64
Class 1A - actual return	1,000.00	1,099.92	4.55	.86
Class 1A - assumed 5% return	1,000.00	1,020.87	4.38	.86
Class 2 - actual return	1,000.00	1,099.08	4.71	.89
Class 2 - assumed 5% return	1,000.00	1,020.72	4.53	.89
Class 4 - actual return	1,000.00	1,098.18	6.03	1.14
Class 4 - assumed 5% return	1,000.00	1,019.46	5.80	1.14
<b>Growth-Income Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,116.34	\$1.49	.28%
Class 1 - assumed 5% return	1,000.00	1,023.79	1.43	.28
Class 1A - actual return	1,000.00	1,114.88	2.83	.53
Class 1A - assumed 5% return	1,000.00	1,022.53	2.70	.53
Class 2 - actual return	1,000.00	1,114.95	2.83	.53
Class 2 - assumed 5% return	1,000.00	1,022.53	2.70	.53
Class 3 - actual return	1,000.00	1,114.98	2.45	.46
Class 3 - assumed 5% return	1,000.00	1,022.89	2.35	.46
Class 4 - actual return	1,000.00	1,113.47	4.16	.78
Class 4 - assumed 5% return	1,000.00	1,021.27	3.97	.78
<b>International Growth and Income Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,084.53	\$3.42	.65%
Class 1 - assumed 5% return	1,000.00	1,021.93	3.31	.65
Class 1A - actual return	1,000.00	1,083.17	4.83	.92
Class 1A - assumed 5% return	1,000.00	1,020.57	4.69	.92
Class 2 - actual return	1,000.00	1,082.65	4.72	.90
Class 2 - assumed 5% return	1,000.00	1,020.67	4.58	.90
Class 4 - actual return	1,000.00	1,081.77	6.03	1.15
Class 4 - assumed 5% return	1,000.00	1,019.41	5.85	1.15
<b>Capital Income Builder</b>				
Class 1 - actual return	\$1,000.00	\$1,046.34	\$2.84	.55%
Class 1 - assumed 5% return	1,000.00	1,022.43	2.80	.55
Class 1A - actual return	1,000.00	1,045.28	4.12	.80
Class 1A - assumed 5% return	1,000.00	1,021.17	4.08	.80
Class 2 - actual return	1,000.00	1,045.17	4.12	.80
Class 2 - assumed 5% return	1,000.00	1,021.17	4.08	.80
Class 4 - actual return	1,000.00	1,043.83	5.41	1.05
Class 4 - assumed 5% return	1,000.00	1,019.91	5.35	1.05

See end of tables for footnotes.

	Beginning account value 7/1/2017	Ending account value 12/31/2017	Expenses paid during period <sup>1</sup>	Annualized expense ratio
<b>Asset Allocation Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,075.96	\$1.52	.29%
Class 1 - assumed 5% return	1,000.00	1,023.74	1.48	.29
Class 1A - actual return	1,000.00	1,074.67	2.77	.53
Class 1A - assumed 5% return	1,000.00	1,022.53	2.70	.53
Class 2 - actual return	1,000.00	1,074.53	2.82	.54
Class 2 - assumed 5% return	1,000.00	1,022.48	2.75	.54
Class 3 - actual return	1,000.00	1,074.80	2.46	.47
Class 3 - assumed 5% return	1,000.00	1,022.84	2.40	.47
Class 4 - actual return	1,000.00	1,073.03	4.13	.79
Class 4 - assumed 5% return	1,000.00	1,021.22	4.02	.79
<b>Global Balanced Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,078.42	\$3.82	.73%
Class 1 - assumed 5% return	1,000.00	1,021.53	3.72	.73
Class 1A - actual return	1,000.00	1,077.23	5.08	.97
Class 1A - assumed 5% return	1,000.00	1,020.32	4.94	.97
Class 2 - actual return	1,000.00	1,076.06	5.13	.98
Class 2 - assumed 5% return	1,000.00	1,020.27	4.99	.98
Class 4 - actual return	1,000.00	1,075.47	6.43	1.23
Class 4 - assumed 5% return	1,000.00	1,019.00	6.26	1.23
<b>Bond Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,012.27	\$1.93	.38%
Class 1 - assumed 5% return	1,000.00	1,023.29	1.94	.38
Class 1A - actual return	1,000.00	1,010.94	3.19	.63
Class 1A - assumed 5% return	1,000.00	1,022.03	3.21	.63
Class 2 - actual return	1,000.00	1,011.27	3.19	.63
Class 2 - assumed 5% return	1,000.00	1,022.03	3.21	.63
Class 4 - actual return	1,000.00	1,009.80	4.46	.88
Class 4 - assumed 5% return	1,000.00	1,020.77	4.48	.88
<b>Global Bond Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,019.28	\$2.85	.56%
Class 1 - assumed 5% return	1,000.00	1,022.38	2.85	.56
Class 1A - actual return	1,000.00	1,018.24	3.82	.75
Class 1A - assumed 5% return	1,000.00	1,021.42	3.82	.75
Class 2 - actual return	1,000.00	1,018.21	4.12	.81
Class 2 - assumed 5% return	1,000.00	1,021.12	4.13	.81
Class 4 - actual return	1,000.00	1,016.69	5.39	1.06
Class 4 - assumed 5% return	1,000.00	1,019.86	5.40	1.06
<b>High-Income Bond Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,025.31	\$2.55	.50%
Class 1 - assumed 5% return	1,000.00	1,022.68	2.55	.50
Class 1A - actual return	1,000.00	1,023.44	3.72	.73
Class 1A - assumed 5% return	1,000.00	1,021.53	3.72	.73
Class 2 - actual return	1,000.00	1,023.54	3.83	.75
Class 2 - assumed 5% return	1,000.00	1,021.42	3.82	.75
Class 3 - actual return	1,000.00	1,024.55	3.47	.68
Class 3 - assumed 5% return	1,000.00	1,021.78	3.47	.68
Class 4 - actual return	1,000.00	1,022.46	5.10	1.00
Class 4 - assumed 5% return	1,000.00	1,020.16	5.09	1.00

	Beginning account value 7/1/2017	Ending account value 12/31/2017	Expenses paid during period <sup>1</sup>	Annualized expense ratio
<b>Mortgage Fund</b>				
Class 1 - actual return	\$1,000.00	\$ 999.60	\$2.52	.50%
Class 1 - assumed 5% return	1,000.00	1,022.68	2.55	.50
Class 1A - actual return	1,000.00	998.01	3.63	.72
Class 1A - assumed 5% return	1,000.00	1,021.58	3.67	.72
Class 2 - actual return	1,000.00	998.48	3.78	.75
Class 2 - assumed 5% return	1,000.00	1,021.42	3.82	.75
Class 4 - actual return	1,000.00	997.26	5.03	1.00
Class 4 - assumed 5% return	1,000.00	1,020.16	5.09	1.00
<b>Ultra-Short Bond Fund</b>				
Class 1 - actual return	\$1,000.00	\$1,003.97	\$1.87	.37%
Class 1 - assumed 5% return	1,000.00	1,023.34	1.89	.37
Class 1A - actual return	1,000.00	1,004.05	1.77	.35
Class 1A - assumed 5% return	1,000.00	1,023.44	1.79	.35
Class 2 - actual return	1,000.00	1,003.68	3.08	.61
Class 2 - assumed 5% return	1,000.00	1,022.13	3.11	.61
Class 3 - actual return	1,000.00	1,003.57	2.73	.54
Class 3 - assumed 5% return	1,000.00	1,022.48	2.75	.54
Class 4 - actual return	1,000.00	1,001.58	4.34	.86
Class 4 - assumed 5% return	1,000.00	1,020.87	4.38	.86
<b>U.S. Government/AAA-Rated Securities Fund</b>				
Class 1 - actual return	\$1,000.00	\$ 999.63	\$1.81	.36%
Class 1 - assumed 5% return	1,000.00	1,023.39	1.84	.36
Class 1A - actual return	1,000.00	998.61	2.97	.59
Class 1A - assumed 5% return	1,000.00	1,022.23	3.01	.59
Class 2 - actual return	1,000.00	998.34	3.07	.61
Class 2 - assumed 5% return	1,000.00	1,022.13	3.11	.61
Class 3 - actual return	1,000.00	998.91	2.72	.54
Class 3 - assumed 5% return	1,000.00	1,022.48	2.75	.54
Class 4 - actual return	1,000.00	996.62	4.33	.86
Class 4 - assumed 5% return	1,000.00	1,020.87	4.38	.86

See end of tables for footnotes.

	Beginning account value 7/1/2017	Ending account value 12/31/2017	Expenses paid during period <sup>1,2</sup>	Annualized expense ratio <sup>2</sup>	Effective expenses paid during period <sup>3</sup>	Effective annualized expense ratio <sup>4</sup>
<b>Managed Risk Growth Fund</b>						
Class P1 - actual return	\$1,000.00	\$1,106.28	\$1.91	.36%	\$3.72	.70%
Class P1 - assumed 5% return	1,000.00	1,023.39	1.84	.36	3.57	.70
Class P2 - actual return	1,000.00	1,106.06	3.34	.63	5.15	.97
Class P2 - assumed 5% return	1,000.00	1,022.03	3.21	.63	4.94	.97
<b>Managed Risk International Fund</b>						
Class P1 - actual return	\$1,000.00	\$1,106.19	\$ .90	.17%	\$3.66	.69%
Class P1 - assumed 5% return	1,000.00	1,024.35	.87	.17	3.52	.69
Class P2 - actual return	1,000.00	1,103.96	3.34	.63	5.94	1.12
Class P2 - assumed 5% return	1,000.00	1,022.03	3.21	.63	5.70	1.12
<b>Managed Risk Blue Chip Income and Growth Fund</b>						
Class P1 - actual return	\$1,000.00	\$1,096.01	\$1.22	.23%	\$3.38	.64%
Class P1 - assumed 5% return	1,000.00	1,024.05	1.17	.23	3.26	.64
Class P2 - actual return	1,000.00	1,094.42	3.33	.63	5.38	1.02
Class P2 - assumed 5% return	1,000.00	1,022.03	3.21	.63	5.19	1.02
<b>Managed Risk Growth-Income Fund</b>						
Class P1 - actual return	\$1,000.00	\$1,105.67	\$1.96	.37%	\$3.50	.66%
Class P1 - assumed 5% return	1,000.00	1,023.34	1.89	.37	3.36	.66
Class P2 - actual return	1,000.00	1,103.51	3.34	.63	4.88	.92
Class P2 - assumed 5% return	1,000.00	1,022.03	3.21	.63	4.69	.92
<b>Managed Risk Asset Allocation Fund</b>						
Class P1 - actual return	\$1,000.00	\$1,070.08	\$1.98	.38%	\$3.44	.66%
Class P1 - assumed 5% return	1,000.00	1,023.29	1.94	.38	3.36	.66
Class P2 - actual return	1,000.00	1,068.61	3.28	.63	4.74	.91
Class P2 - assumed 5% return	1,000.00	1,022.03	3.21	.63	4.63	.91

<sup>1</sup>The "expenses paid during period" are equal to the "annualized expense ratio," multiplied by the average account value over the period, multiplied by the number of days in the period, and divided by 365 (to reflect the one-half year period).

<sup>2</sup>The "expenses paid during period" and "annualized expense ratio" do not include the expenses of the underlying funds in which each fund invests.

<sup>3</sup>The "effective expenses paid during period" are equal to the "effective annualized expense ratio," multiplied by the average account value over the period, multiplied by the number of days in the period, and divided by 365 (to reflect the period).

<sup>4</sup>The "effective annualized expense ratio" reflects the net annualized expense ratio of the class plus the class's pro-rata share of the weighted average expense ratio of the underlying funds in which it invests.



# Approval of Investment Advisory and Service Agreement – American Funds Insurance Series

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American Funds Insurance Series' board has approved the series' Investment Advisory and Service Agreement (the "agreement") with Capital Research and Management Company ("CRMC") for an additional one-year term through January 31, 2019. The agreement was amended to add an additional advisory fee breakpoint for New World Fund when the fund's net assets exceed \$4 billion, for Blue Chip Income and Growth Fund when the fund's net assets exceed \$10.5 billion, and for Bond Fund when the fund's net assets exceed \$13 billion. The board approved the agreement following the recommendation of the series' Contracts Committee (the "committee"), which is composed of all of the series' independent board members. The board and the committee determined in the exercise of their business judgment that each fund's advisory fee structure was fair and reasonable in relation to the services provided, and that approving the agreement was in the best interests of each fund and its shareholders.

In reaching this decision, the board and the committee took into account information furnished to them throughout the year and otherwise provided to them, as well as information prepared specifically in connection with their review of the agreement, and were advised by their independent counsel. They considered the following factors, among others, but did not identify any single issue or particular piece of information that, in isolation, was the controlling factor, and each board and committee member did not necessarily attribute the same weight to each factor.

## **1. Nature, extent and quality of services**

The board and the committee considered the depth and quality of CRMC's investment management process, including its global research capabilities; the experience, capability and integrity of its senior management and other personnel; the low turnover rates of its key personnel; the overall financial strength and stability of CRMC and the Capital Group organization; the resources and systems CRMC devotes to investment management, compliance, trading, portfolio accounting and other services; and the ongoing evolution of CRMC's organizational structure designed to maintain and strengthen these qualities. The board and the committee also considered the nature, extent and quality of administrative, compliance and shareholder services provided by CRMC to the funds under each fund's agreement and other agreements, as well as the benefits to each fund's shareholders from investing in a fund that is part of a large family of funds. The board and the committee concluded that the nature, extent and quality of the services provided by CRMC have benefited and should continue to benefit each fund and its shareholders.

## **2. Investment results**

The board and the committee considered the investment results of each fund in light of its objectives. They compared each fund's investment results with relevant benchmarks, such as market indexes and fund averages, over various periods through June 30, 2017. This report, including the letter to shareholders and related disclosures, contains certain information about each fund's investment results.

**Global Growth Fund** seeks to provide long-term growth of capital by investing primarily in common stocks of companies located around the world. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Global Funds Average and (ii) the MSCI All Country World Index. They noted that the fund's investment results were higher than all of the comparisons.

**Global Small Capitalization Fund** seeks to provide long-term growth of capital by investing primarily in stocks of smaller companies located around the world. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Global Small/Mid-Cap Funds Average and (ii) the MSCI All Country World Small Cap Index. They noted that the fund's investment results were higher than the benchmarks for the six-month period and over the lifetime of the fund since April 30, 1998, below the benchmarks for the one-year, three-year, five-year and 10-year periods, and were mixed for the 15-year period.

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**Growth Fund** seeks to provide growth of capital by investing primarily in common stocks of companies that appear to offer superior opportunities for growth of capital. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Capital Appreciation Funds Average, (ii) the Lipper Growth Funds Average and (iii) the Standard & Poor's 500 Composite Index. They noted that the fund's investment results were higher than all of the comparisons.

**International Fund** seeks to provide long-term growth of capital by investing primarily in common stocks of companies domiciled outside the United States. The board and the committee reviewed the fund's investment results measured against (i) the Lipper International Funds Average and (ii) the MSCI All Country World Index ex USA. They noted that the fund's investment results were higher than all of the comparisons.

**New World Fund** seeks long-term capital appreciation by investing primarily in stocks of companies with significant exposure to countries with developing economies and/or markets. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Emerging Markets Funds Average, (ii) the MSCI All Country World Index and (iii) the MSCI Emerging Markets Index. They noted that the fund's investment results were higher than the benchmarks over the 10-year period and lifetime of the fund since June 17, 1999, below the benchmarks for the one-year period, and mixed for the six-month, three-year, five-year and 15-year periods.

**Blue Chip Income and Growth Fund** seeks to produce income exceeding the average yield on U.S. stocks generally and to provide an opportunity for growth of principal by investing primarily in dividend-paying common stocks of larger, more established companies domiciled in the United States, with market capitalizations of \$4 billion and above. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Growth and Income Funds Average and (ii) the Standard & Poor's 500 Composite Index. They noted that the fund's investment results were above both benchmarks over the five-year period, below the benchmarks for the six-month period, and mixed for the one-year, three-year and 10-year periods and lifetime of the fund since July 5, 2001.

**Global Growth and Income Fund** seeks to provide long-term growth of capital while providing current income by investing primarily in well-established companies located around the world. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Global Funds Average and (ii) the MSCI All Country World Index. They noted that the fund's investment results were higher than all of the comparisons.

**Growth-Income Fund** seeks to provide long-term growth of capital and income by investing primarily in common stocks or other securities that demonstrate the potential for appreciation and/or dividends. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Growth and Income Funds Average and (ii) the Standard & Poor's 500 Composite Index. They noted that the fund's investment results were higher than both benchmarks over the six-month, one-year, five-year and 20-year periods and lifetime of the fund since February 8, 1984, and were mixed for the three-year, 10-year and 15-year periods.

**International Growth and Income Fund** seeks to provide long-term growth of capital while providing current income by investing primarily in stocks of larger, well-established companies domiciled outside the United States, including in developing countries. The board and the committee reviewed the fund's investment results measured against (i) the Lipper International Funds Average and (ii) the MSCI All Country World Index ex USA. They noted that the fund's investment results were higher than both benchmarks over the six-month period and lifetime of the fund since November 18, 2008, and were below the benchmarks for the one-year and three-year periods.

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**Capital Income Builder** seeks to provide a level of current income that exceeds the average yield on U.S. stocks generally and to provide a growing stream of income over the years. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Global Equity Income Funds Average, (ii) the MSCI All Country World Index, (iii) the Bloomberg Barclays U.S. Aggregate Index and (iv) a customized index composed of 70% MSCI index and 30% Bloomberg Barclays index. They noted that for all periods, the fund's investment results were above the Bloomberg Barclays index and below all other benchmarks.

**Asset Allocation Fund** seeks to provide high total return (including income and capital gains) consistent with preservation of capital over the long term by investing in a diversified portfolio of stocks and other equity securities, bonds and other intermediate and long-term debt securities, and money market instruments (debt securities maturing in one year or less). The board and the committee reviewed the fund's investment results measured against (i) the Lipper Balanced Funds Average, (ii) the Bloomberg Barclays U.S. Aggregate Index, (iii) the Standard & Poor's 500 Composite Index and (iv) a customized index composed of 60% S&P 500 index and 40% Bloomberg Barclays index. They noted that for the 20-year period, the fund's investment results were above all benchmarks, and for the six-month, one-year, three-year, five-year and 15-year periods, the fund's investment results were above all benchmarks except the S&P 500 index. They also noted that for the 10-year period and lifetime of the fund since August 1, 1989, the fund's investment results were mixed.

**Global Balanced Fund** seeks the balanced accomplishment of three objectives – long-term growth of capital, conservation of principal and current income – by investing in equity and debt securities of companies around the world that offer the opportunity for growth and/or provide dividend income, while also constructing its portfolio to protect principal and limit volatility. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Flexible Portfolio Funds Average, (ii) the Bloomberg Barclays Global Aggregate Bond Index, (iii) the MSCI All Country World Index and (iv) a customized index composed of 60% MSCI index and 40% Bloomberg Barclays index. They noted that the fund's results were above all benchmarks except the MSCI index for all periods.

**Bond Fund** seeks to maximize current income and preserve capital by investing primarily in bonds. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Core Bond Funds Average and (ii) the Bloomberg Barclays U.S. Aggregate Index. They noted that the fund's investment results were above the Lipper average and the Bloomberg Barclays index for the six-month, three-year, five-year and 15-year periods, but below both benchmarks for the 10-year and 20-year periods, and mixed for the one-year period and for the lifetime of the fund since January 2, 1996.

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**Global Bond Fund** seeks to provide a high level of total return by investing primarily in debt securities of governmental, supranational and corporate issuers domiciled in various countries and denominated in various currencies, including U.S. dollars. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Global Income Funds Index and (ii) the Bloomberg Barclays Global Aggregate Bond Index. They noted that the fund's results were higher than both benchmarks for the six-month and 10-year periods and for the lifetime of the fund since October 4, 2006. They also noted that the fund's investment results were mixed for the one-year, three-year and five-year periods.

**High-Income Bond Fund** seeks to provide a high level of current income and, secondarily, capital appreciation by investing primarily in higher yielding and generally lower quality debt securities. The board and the committee reviewed the fund's investment results measured against (i) the Lipper High Yield Funds Average and (ii) the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index. They noted that the fund's investment results were higher than both benchmarks for the one-year period, higher than the Lipper average over the lifetime of the fund since February 8, 1984 (data for the Bloomberg Barclays index was not available for the period), below both benchmarks for the 10-year period, and were mixed for the six-month, three-year, five-year, 15-year and 20-year periods.

**Mortgage Fund** seeks to provide current income and preservation of capital by investing in mortgage-related securities, including securities collateralized by mortgage loans and contracts for future delivery of such securities. The board and the committee reviewed the fund's investment results measured against (i) the Lipper GNMA Funds Average, (ii) the Lipper Intermediate U.S. Government Funds Average and (iii) the Bloomberg Barclays U.S. Mortgage-Backed Securities Index. They noted that the fund's investment results were higher than all of the comparisons.

**Ultra-Short Bond Fund** seeks to provide an opportunity to earn income on cash reserves while preserving the value of investment and maintaining liquidity. The board and the committee reviewed the fund's investment results measured against (i) the Lipper Ultra-Short Obligation Funds Average, (ii) the Lipper Money Market Funds Average and (iii) the Bloomberg Barclays Short-Term Government/Corporate Index. They noted that the fund's investment results were lower than all the benchmarks for the three-year, five-year, 10-year and 20-year periods, and were mixed for the six-month period and lifetime of the fund since February 8, 1984.

**U.S. Government/AAA-Rated Securities Fund** seeks to provide a high level of current income, as well as to preserve investment. The board and the committee reviewed the fund's investment results measured against (i) the Lipper General U.S. Government Funds Average and (ii) the Bloomberg Barclays U.S. Government/Mortgage-Backed Securities Index. They noted that the fund's investment results were above both benchmarks for the six-month, one-year, three-year and five-year periods. They also noted that the fund's results were above the Lipper average but below the Bloomberg Barclays index for the 10-year, 15-year and 20-year periods, as well as over the lifetime of the fund since December 2, 1985.

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The board and the committee concluded that each fund's investment results have been satisfactory for renewal of the agreement, and that CRMC's record in managing the funds indicated that its continued management should benefit each fund and its shareholders.

### **3. Advisory fees and total expenses**

The board and the committee compared the advisory fees and total expense levels of each fund to those of other relevant funds. They observed that the expenses of each fund were less than the median fees and expenses of the other funds included in its Lipper category described above. They also observed that each fund's advisory fees were at or less than the median fees of the other funds included in its Lipper category, other than the Mortgage Fund, Bond Fund and Ultra-Short Bond Fund.

The board and the committee also considered the breakpoint discounts in each fund's advisory fee structure that reduce the level of fees charged by CRMC to the fund as fund assets increase. The board and the committee noted that CRMC had agreed to additional breakpoints for the advisory fee schedules of AFIS – New World Fund, AFIS – Blue Chip Income and Growth Fund and AFIS – Bond Fund. In addition, they reviewed information regarding advisory fees charged to clients of an affiliate of CRMC. They noted that, to the extent there were differences between the advisory fees paid by each fund and the advisory fees paid by those clients, the differences appropriately reflected the investment, operational and regulatory differences between advising the fund and the other clients. The board and the committee concluded that each fund's cost structure was fair and reasonable in relation to the services provided, and that each fund's shareholders receive reasonable value in return for the advisory fees and other amounts paid to CRMC by the funds.

### **4. Ancillary benefits**

The board and the committee considered a variety of other benefits that CRMC and its affiliates receive as a result of CRMC's relationship with the series and the other American Funds, including fees for administrative services provided to certain share classes; fees paid to CRMC's affiliated transfer agent; sales charges and distribution fees received and retained by the series' principal underwriter, an affiliate of CRMC; and possible ancillary benefits to CRMC and its institutional management affiliates in managing other investment vehicles. The board and the committee reviewed CRMC's portfolio trading practices, noting the benefits CRMC receives from the research obtained with commissions from portfolio transactions made on behalf of the funds. The board and the committee took these ancillary benefits into account in evaluating the reasonableness of the advisory fees and other amounts paid to CRMC by each fund.

### **5. Adviser financial information**

The board and the committee reviewed information regarding CRMC's costs of providing services to the American Funds, including personnel, systems and resources of investment, compliance, trading, accounting and other administrative operations. They considered CRMC's costs and related cost allocation methodology as well as its willingness to invest in technology, infrastructure and staff to maintain and expand services and capabilities, respond to industry and regulatory developments, and attract and retain qualified personnel. They also considered CRMC's sharing of any economies of scale, or efficiencies, through breakpoints and other fee reductions and costs voluntarily absorbed. They noted information regarding the compensation structure for CRMC's investment professionals. The board and the committee also compared CRMC's profitability and compensation data to the reported results and data of several large, publicly held investment management companies. The board and the committee noted the competitiveness and cyclicity of both the mutual fund industry and the capital markets, and the importance in that environment of CRMC's long-term profitability for maintaining its independence, company culture and management continuity. They further considered the breakpoint discounts in the fund's advisory fee structure. The board and the committee concluded that each fund's advisory fee structure reflected a reasonable sharing of benefits between CRMC and each fund's shareholders. The board and the committee concluded that each fund's investment results have been satisfactory for renewal of the agreement, and that CRMC's record in managing the funds indicated that its continued management should benefit each fund and its shareholders.

# Approval of Investment Advisory and Service Agreement and Subadvisory Agreement – American Funds Insurance Series Managed Risk Funds

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American Funds Insurance Series' board has approved the series' Investment Advisory and Service Agreement (the "advisory agreement") with Capital Research and Management Company ("CRMC") with respect to the Managed Risk Funds for an additional one-year term through January 31, 2019. The board has also approved the series' Subadvisory Agreement (the "subadvisory agreement") with CRMC and Milliman Financial Risk Management LLC ("Milliman FRM") with respect to these funds for the same term. The advisory and subadvisory agreements are jointly referred to below as the "agreements." The board approved the agreements following the recommendation of the series' Contracts Committee (the "committee"), which is composed of all of the series' independent board members. The board and the committee determined in the exercise of their business judgment that each fund's advisory fee structure was fair and reasonable in relation to the services provided, and that approving the agreements was in the best interests of each fund and its shareholders.

In reaching this decision, the board and the committee took into account information furnished to them throughout the year and otherwise provided to them, as well as information prepared specifically in connection with their review of the agreements, and were advised by their independent counsel. They considered the following factors, among others, but did not identify any single issue or particular piece of information that, in isolation, was the controlling factor, and each board and committee member did not necessarily attribute the same weight to each factor.

## **1. Nature, extent and quality of services**

The board and the committee considered the depth and quality of CRMC's investment management process, including its global research capabilities; the experience, capability and integrity of its senior management and other personnel; the low turnover rates of its key personnel; the overall financial strength and stability of CRMC and the Capital Group organization; the resources and systems CRMC devotes to investment management, compliance, trading, portfolio accounting and other services; and the ongoing evolution of CRMC's organizational structure designed to maintain and strengthen these qualities. The board and the committee also considered the nature, extent and quality of the oversight of Milliman FRM's services provided by CRMC, the administrative, compliance and shareholder services provided by CRMC to the funds under the agreements and other agreements, as well as the benefits to each fund's shareholders from investing in a fund that is part of a large family of funds. The board and the committee concluded that the nature, extent and quality of the services provided by CRMC have benefited and should continue to benefit each fund and its shareholders.

The board and the committee also considered the depth and quality of Milliman FRM's investment management process, including its experience in applying the Milliman Managed Risk Strategy to other funds of the series and risk management services for other clients; the experience, capability and integrity of its senior management and other personnel; and the services provided to each fund under the subadvisory agreement. The board and the committee concluded that the nature, extent and quality of the services provided by Milliman FRM have benefited and should continue to benefit each fund and its shareholders.

## **2. Investment results**

The board and the committee considered the investment results of each fund in light of its objectives. They compared each fund's investment results with relevant benchmarks, such as market indexes and fund averages, over various periods through June 30, 2017. This report, including the letter to shareholders and related disclosures, contains certain information about each fund's investment results.

**Managed Risk Growth Fund** seeks to provide growth of capital while seeking to manage volatility and provide downside protection. The board and the committee reviewed the fund's investment results measured against the investment results of (i) the Standard & Poor's 500 Composite Index and (ii) the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive. They noted that the fund's investment results were above both benchmarks for the three-month, six-month and one-year periods, and below both benchmarks for the three-year period and lifetime of the fund since May 1, 2013.

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**Managed Risk International Fund** seeks to provide long-term growth of capital while seeking to manage volatility and provide downside protection. The board and the committee reviewed the fund's investment results measured against the investment results of (i) the MSCI All Country World Index ex USA and (ii) the Standard & Poor's EPAC Ex. Korea LargeMidCap Managed Risk Index – Moderate Aggressive. They noted that the fund's investment results were above both benchmarks for the three-month and six-month periods. They also noted that for the one-year and three-year periods, the fund's investment results were above the S&P EPAC index and below the MSCI index, and for the lifetime of the fund since May 1, 2013, the fund's results were below both the MSCI index and the S&P EPAC index.

**Managed Risk Blue Chip Income and Growth Fund** seeks to produce income exceeding the average yield on U.S. stocks generally and to provide an opportunity for growth of principal consistent with sound common stock investing, in each case while seeking to manage volatility and provide downside protection. The board and the committee reviewed the fund's investment results measured against the investment results of (i) the Standard & Poor's 500 Composite Index and (ii) the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive. They noted that the fund's investment results were lower than all of the comparisons.

**Managed Risk Growth-Income Fund** seeks to achieve long-term growth of capital and income while seeking to manage volatility and provide downside protection. The board and the committee reviewed the fund's investment results measured against the investment results of (i) the Standard & Poor's 500 Composite Index and (ii) the Standard & Poor's 500 Managed Risk Index – Moderate Aggressive. They noted that the fund's investment results were below all benchmarks for the three-month and three-year periods and for the lifetime of the fund since May 1, 2015, and were mixed for the six-month and one-year periods.

**Managed Risk Asset Allocation Fund** seeks to provide high total return (including income and capital gains) consistent with preservation of capital over the long term while seeking to manage volatility and provide downside protection. The board and the committee reviewed the fund's investment results measured against the investment results of (i) the Bloomberg Barclays U.S. Aggregate Index, (ii) the Standard & Poor's 500 Composite Index and (iii) the Standard & Poor's 500 Managed Risk Index – Moderate. They noted that the fund's investment results were higher than the Bloomberg Barclays index for all periods, but below both S&P 500 indexes for the three-month and three-year periods and for the lifetime of the fund since October 1, 2012. They also noted the fund's investment results were mixed for the six-month and one-year periods.

The board and the committee also considered the volatility of the funds compared with the Standard & Poor's 500 Managed Risk indexes noted above, and those of a group of funds with volatility management strategies identified by management for the three-month, six-month, one-year and three-year periods and lifetime of the fund, through June 30, 2017. They noted that the volatility of Managed Risk Growth Fund, Managed Risk Blue Chip Income and Growth Fund, and Managed Risk Growth-Income Fund was greater than that of the S&P 500 Managed Risk indexes and most of the selected funds for all periods. They also noted that the volatility of Managed Risk International Fund was lower than all comparisons, except for the S&P 500 Managed Risk index for the six-month period. In addition, they noted that the volatility of Managed Risk Asset Allocation Fund was lower than that of the S&P 500 Managed Risk index for all periods, and lower than most of the selected funds for all periods, except for the three-year period and lifetime of the fund through June 30, 2017. The board and the committee also noted, however, that for those periods the equity markets did not sustain large market declines of the type that Milliman FRM's volatility management program was designed to protect against. The board and the committee concluded that each fund's investment results, and the results of the services provided by Milliman FRM, have been satisfactory for renewal of the agreement, and that CRMC's and Milliman FRM's record in managing the funds indicated that their continued management should benefit each fund and its shareholders.

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### **3. Advisory fees and total expenses**

The board and the committee compared the advisory fees and total expense levels of each fund to those of other relevant funds. The board and the committee noted CRMC's waiver of a portion of the advisory fee payable by each fund under the advisory agreement, CRMC's commitment not to remove the waiver without board approval and CRMC's agreement to pay the fees due Milliman FRM under the subadvisory agreement. They observed that the total advisory fees and expenses for Managed Risk Growth Fund were lower than the median and average for the Lipper Growth Funds Average (variable insurance), and that the total advisory fees and expenses for Managed Risk International Fund were lower than the median and average for the Lipper International Funds Average (variable insurance), and that the total advisory fees and expenses for Managed Risk Blue Chip Income and Growth Fund were at or slightly above the median of the Lipper Growth and Income Funds Average (variable insurance). They also noted that the total advisory fees and expenses for Managed Risk Growth-Income Fund were lower than the median and average for the Lipper Growth and Income Funds Average (variable insurance), and that the total advisory fees and expenses for Managed Risk Asset Allocation Fund were lower than the Lipper Flexible Portfolio Funds Average (variable insurance).

The board and the committee also considered the breakpoint discounts in each underlying fund's advisory fee structure that reduce the level of fees charged by CRMC to the underlying fund as its assets increase. In addition, they reviewed information regarding advisory fees paid by clients of an affiliate of CRMC. They noted that, to the extent there were differences between the advisory fee schedule for the funds and the advisory fees paid by those clients, the differences appropriately reflected the investment, operational, regulatory and marketing differences between advising the funds and the other clients. They also reviewed the fees paid to Milliman FRM by other funds which it advised or subadvised. The board and the committee concluded that each fund's cost structure was fair and reasonable in relation to the services that CRMC provided, directly and through Milliman FRM, and that each fund's shareholders receive reasonable value in return for the advisory fees and other amounts paid to CRMC (and indirectly to Milliman FRM) by the funds.

### **4. Ancillary benefits**

The board and the committee considered a variety of other benefits that CRMC and its affiliates receive as a result of CRMC's relationship with the series and the other American Funds, including fees for administrative services provided to certain share classes; fees paid to CRMC's affiliated transfer agent; sales charges and distribution fees received and retained by the series' principal underwriter, an affiliate of CRMC; and possible ancillary benefits to CRMC and its institutional management affiliates in managing other investment vehicles. The board and the committee reviewed CRMC's portfolio trading practices, noting the benefits CRMC receives from the research obtained with commissions from portfolio transactions made on behalf of the funds. The board and the committee also reviewed similar ancillary benefits received by Milliman FRM as a result of its relationship with the series. The board and the committee took these ancillary benefits into account in evaluating the reasonableness of the advisory fees and other amounts paid to CRMC (and indirectly to Milliman FRM) by the funds.

### **5. Adviser financial information**

The board and the committee reviewed information regarding CRMC's costs of providing services to the American Funds, including personnel, systems and resources of investment, compliance, trading, accounting and other administrative operations. They considered CRMC's costs and related cost allocation methodology as well as its willingness to invest in technology, infrastructure and staff to maintain and expand services and capabilities, respond to industry and regulatory developments, and attract and retain qualified personnel. They also considered CRMC's sharing of any economies of scale, or efficiencies, through breakpoints and other fee reductions and costs voluntarily absorbed. They noted information regarding the compensation structure for CRMC's investment professionals. The board and the committee also compared CRMC's profitability and compensation data to the reported results and data of several large, publicly held investment management companies. The board and the committee noted the competitiveness and cyclicity of both the mutual fund industry and the capital markets, and the importance in that environment of CRMC's long-term profitability for maintaining its independence, company culture and management continuity. The board and the committee concluded that each fund's advisory fee structure reflected a reasonable sharing of benefits between CRMC and each fund's shareholders.



# Board of trustees and other officers

## Independent trustees<sup>1</sup>

Name and year of birth	Year first elected a trustee of the series <sup>2</sup>	Principal occupation(s) during past five years	Number of portfolios in fund complex overseen by trustee	Other directorships <sup>3</sup> held by trustee
William H. Baribault, 1945	2009	CEO and President, Richard Nixon Foundation; Chairman of the Board and CEO, Oakwood Enterprises (private investment and consulting)	80	General Finance Corporation
James G. Ellis, 1947	2010	Dean and Professor of Marketing, Marshall School of Business, University of Southern California	80	Mercury General Corporation
Nariman Farvardin, PhD, 1956	2018	President, Stevens Institute of Technology	77	None
Leonard R. Fuller, 1946	1999	Private investor; former President and CEO, Fuller Consulting (financial management consulting)	80	None
Mary Davis Holt, 1950	2015-2016 2017	Principal, Mary Davis Holt Enterprises, LLC (leadership development consulting); former Partner, Flynn Heath Holt Leadership, LLC (leadership consulting); former COO, Time Life Inc. (1993-2003)	77	None
R. Clark Hooper, 1946 Chairman of the Board (Independent and Non-Executive)	2010	Private investor	80	None
Merit E. Janow, 1958	2007	Dean and Professor, Columbia University, School of International and Public Affairs	79	Mastercard Incorporated; Trimble Inc.
Laurel B. Mitchell, PhD, 1955	2010	Chair, California Jump\$art Coalition for Personal Financial Literacy; Part-time faculty, Pomona College; former Distinguished Professor of Accounting, University of Redlands; former Director, Accounting Program, University of Redlands	76	None
Frank M. Sanchez, 1943	2010	Principal, The Sanchez Family Corporation dba McDonald's Restaurants (McDonald's licensee)	76	None
Margaret Spellings, 1957	2010	President, The University of North Carolina; former President, George W. Bush Foundation; former President and CEO, Margaret Spellings & Company (public policy and strategic consulting); former President, U.S. Chamber Foundation and Senior Advisor to the President and CEO, U.S. Chamber of Commerce	81	None
Alexandra Trower, 1964	2018	Executive Vice President, Global Communications and Corporate Officer, The Estée Lauder Companies	67	None

We are deeply saddened by the loss of Dr. Steadman Upham, who passed away on July 30, 2017. Dr. Upham served as an independent trustee on the boards of several American Funds since 2001. His wise counsel and friendship will be missed.

## Interested trustee<sup>4,5</sup>

Name, year of birth and position with series	Year first elected a trustee or officer of the series <sup>2</sup>	Principal occupation(s) during past five years and positions held with affiliated entities or the principal underwriter of the series	Number of portfolios in fund complex overseen by trustee	Other directorships <sup>3</sup> held by trustee
Donald D. O'Neal, 1960 Vice Chairman of the Board	1998	Partner – Capital Research Global Investors, Capital Research and Management Company; Director, Capital Research and Management Company	31	None

The series statement of additional information includes further details about the series trustees and is available without charge upon request by calling American Funds Service Company at (800) 421-4225 or by visiting the American Funds website at [americanfunds.com](http://americanfunds.com). The address for all trustees and officers of the series is 333 South Hope Street, Los Angeles, CA 90071, Attention: Secretary.

## Other officers<sup>5</sup>

Name, year of birth and position with series	Year first elected an officer of the series <sup>2</sup>	Principal occupation(s) during past five years and positions held with affiliated entities or the principal underwriter of the series
<b>Alan N. Berro</b> , 1960 President	1998	Partner – Capital World Investors, Capital Research and Management Company; Director, Capital Research and Management Company
<b>Michael J. Downer</b> , 1955 Executive Vice President	1991	Director, Senior Vice President and Secretary, Capital Research and Management Company; Chairman of the Board, Capital Bank and Trust Company <sup>6</sup>
<b>John H. Smet</b> , 1956 Senior Vice President	1994	Partner – Capital Fixed Income Investors, Capital Research and Management Company; Director, Capital Research and Management Company
<b>Martin Jacobs</b> , 1962 Vice President	2016	Partner – Capital World Investors, Capital Research and Management Company
<b>Carl M. Kawaja</b> , 1964 Vice President	2008	Partner – Capital World Investors, Capital Research and Management Company; Director, The Capital Group Companies, Inc. <sup>6</sup>
<b>Sung Lee</b> , 1966 Vice President	2008	Partner – Capital Research Global Investors, Capital International, Inc. <sup>6</sup>
<b>S. Keiko McKibben</b> , 1969 Vice President	2010	Partner – Capital Research Global Investors, Capital Research and Management Company
<b>Maria T. Manotok Pathria</b> , 1974 Vice President	2012	Senior Vice President and Senior Counsel – Fund Business Management Group, Capital Research and Management Company; Director, Capital Guardian Trust Company <sup>6</sup>
<b>Renaud H. Samyn</b> , 1974 Vice President	2010	Partner – Capital Research Global Investors, Capital International, Inc. <sup>6</sup>
<b>Dylan Yolles</b> , 1969 Vice President	2012	Partner – Capital International Investors, Capital Research and Management Company
<b>Steven I. Koszalka</b> , 1964 Secretary	2003	Vice President – Fund Business Management Group, Capital Research and Management Company
<b>Gregory F. Niland</b> , 1971 Treasurer	2008	Vice President – Investment Operations, Capital Research and Management Company
<b>Susan K. Countess</b> , 1966 Assistant Secretary	2014	Associate – Fund Business Management Group, Capital Research and Management Company
<b>Brian C. Janssen</b> , 1972 Assistant Treasurer	2015	Vice President – Investment Operations, Capital Research and Management Company
<b>Dori Laskin</b> , 1951 Assistant Treasurer	2010	Vice President – Investment Operations, Capital Research and Management Company

<sup>1</sup> The term independent trustee refers to a trustee who is not an “interested person” of the series within the meaning of the Investment Company Act of 1940.

<sup>2</sup> Trustees and officers of the series serve until their resignation, removal or retirement.

<sup>3</sup> 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 trustee or director of a public company or a registered investment company.

<sup>4</sup> The term interested trustee refers to a trustee who is an “interested person” within the meaning of the Investment Company Act of 1940, on the basis of their affiliation with the series investment adviser, Capital Research and Management Company, or affiliated entities (including the series principal underwriter).

<sup>5</sup> All of the trustees and/or officers listed, with the exception of Martin Jacobs, S. Keiko McKibben and Renaud H. Samyn, 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.

<sup>6</sup> Company affiliated with Capital Research and Management Company.

### Offices of the series and of the investment adviser

Capital Research and Management Company  
333 South Hope Street  
Los Angeles, CA 90071-1406

6455 Irvine Center Drive  
Irvine, CA 92618-4518

### Investment subadviser

Milliman Financial Risk Management LLC  
(Managed Risk Funds only)  
71 South Wacker Drive, 31st Floor  
Chicago, IL 60606

### Custodians of assets

State Street Bank and Trust Company  
One Lincoln Street  
Boston, MA 02111

Bank of New York Mellon  
(Managed Risk Funds only)  
One Wall Street  
New York, NY 10286

### Counsel

Morgan, Lewis & Bockius LLP  
300 South Grand Avenue, 22nd Floor  
Los Angeles, CA 90071-3132

### Independent registered public accounting firm

PricewaterhouseCoopers LLP  
601 South Figueroa Street  
Los Angeles, CA 90017-3874

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the series prospectuses and summary prospectuses, which can be obtained from your financial professional and should be read carefully before investing. You may also call American Funds Service Company (AFS) at (800) 421-4225 or visit the American Funds website at [americanfunds.com](http://americanfunds.com). Fund shares offered through American Funds Distributors, Inc.**

"American Funds Proxy Voting Procedures and Principles" – which describes how we vote proxies relating to portfolio securities – is available on the American Funds website or upon request by calling AFS. The series files its proxy voting record with the U.S. Securities and Exchange Commission (SEC) for the 12 months ended June 30 by August 31. The proxy voting record is available free of charge on the SEC website at [sec.gov](http://sec.gov) and on the American Funds website.

Complete December 31, 2017, portfolios of American Funds Insurance Series investments are available free of charge by calling AFS or visiting the SEC website (where they are part of Form N-CSR).

American Funds Insurance Series files a complete list of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. This filing is available free of charge on the SEC website. You may also review or, for a fee, copy this filing at the SEC's Public Reference Room in Washington, D.C. Additional information regarding the operation of the Public Reference Room may be obtained by calling the SEC's Office of Investor Education and Advocacy at (800) SEC-0330. Additionally, the list of portfolio holdings is available by calling AFS.

This report is for the information of American Funds Insurance Series investors, but it also may be used as sales literature when preceded or accompanied by the current prospectuses or summary prospectuses for American Funds Insurance Series and the prospectus for the applicable insurance contract, which give details about charges, expenses, investment objectives and operating policies of the series. If used as sales material after March 31, 2018, this report must be accompanied by a statistical update for the most recently completed calendar quarter.

Fund attribution data was produced using FactSet, a third-party software system, based on daily portfolios. Securities in their initial period of acquisition may not be included in this analysis. The analysis includes equity investments only and excludes forward contracts and fixed income investments, if applicable. It does not account for buy-and-sell transactions that might have occurred intraday. As a result, average portfolio weight percentages are approximate, and the actual average portfolio weight percentages might be higher or lower. Data elements, such as pricing, income, market cap, etc., were provided by FactSet. The indexes provided for attribution are based on FactSet's methodology. The indexes are broad-based market benchmarks and may not be used by Capital Group® as the sole comparative index for the funds. Capital Group believes the software and information from FactSet to be reliable. However, Capital Group cannot be responsible for inaccuracies, incomplete information or updating of information by FactSet.

Futures contracts may not provide an effective hedge of the underlying securities because changes in the prices of futures contracts may not track those of the securities they are intended to hedge. In addition, the managed risk strategy may not effectively protect the fund from market declines and will limit the fund's participation in market gains. The use of the managed risk strategy could cause the fund's return to lag that of the underlying fund in certain rising market conditions.

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## American Funds from Capital Group

# The Capital Advantage<sup>®</sup>

Since 1931, American Funds, part of Capital Group, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System<sup>SM</sup> – has resulted in a superior long-term track record for American Funds Insurance Series<sup>®</sup>.

### Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. American Funds Insurance Series (AFIS) portfolio managers average 27 years of investment experience, including 22 years at our company, reflecting a career commitment to our long-term approach.<sup>1</sup>

### The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

### Superior long-term track record

AFIS equity funds have beaten their comparable Lipper indexes in 93% of 10-year periods and 100% of 20-year periods. AFIS fixed income funds have beaten comparable Lipper indexes in 69% of 10-year periods and 84% of 20-year periods.<sup>2</sup> We strive to keep management fees competitive. Over the past 20 years, most funds' fees have been below industry averages.<sup>3</sup>

<sup>1</sup> Portfolio manager experience as of the American Funds Insurance Series prospectus dated May 1, 2017.

<sup>2</sup> Based on Class 1 share results for rolling periods through December 31, 2017. Periods covered are the shorter of the fund's lifetime or since the inception date of the comparable Lipper index. The comparable Lipper indexes are: Global Funds Index (Global Growth Fund, Global Growth and Income Fund), Growth Funds Index (Growth Fund), International Funds Index (International Fund), Emerging Markets Funds Index (New World Fund), Growth & Income Funds Index (Blue Chip Income and Growth Fund, Growth-Income Fund), Balanced Funds Index (Asset Allocation Fund), Core Bond Funds Index (Bond Fund), Global Income Funds Index (Global Bond Fund), High Yield Funds Index (High-Income Bond Fund), Ultra-Short Obligation Funds Index (Ultra-Short Bond Fund) and General U.S. Government Funds Index (U.S. Government/AAA-Rated Securities Fund). The Lipper Global Small-/Mid-Cap Funds Average was used for Global Small Capitalization Fund.

<sup>3</sup> Based on management fees for the 20-year period ended December 31, 2017, versus comparable Lipper categories, excluding funds of funds.