

Securities Lending

The Fund has recently instituted a securities lending program. In this type of program, the Fund seeks to increase its investment income by lending its securities to broker-dealers and other institutional borrowers that meet credit requirements and other criteria established by the Fund.

The Board of Directors has selected Brown Brothers Harriman & Co. as the Fund's securities lending agent to administer the Fund's participation in this program. As part of the program, borrowers will be required to pledge cash collateral (or other high quality collateral) to the Fund in an amount at least equal to 100% of the market value of the securities loaned.

While the Fund expects to benefit from securities lending by increasing its investment income, there are certain risks and special considerations involved in these transactions. For example, there is borrower default risk, cash collateral investment risk and security return risk (*e.g.*, where the Fund is unable to recall a security to exercise voting rights). In addition, substitute payments received from borrowers of the Fund's securities are not treated as a dividend and may not qualify as qualified dividend income for U.S. tax purposes.

As a result of securities lending transactions, the Fund will acquire collateral from borrowers as described above. The Fund expects to invest this collateral in short-term money market instruments or a money market fund and not in longer-term equity investments since the Fund will be required to return the collateral promptly on termination of a particular loan.

The collateral will be considered part of the Fund's total assets while it is held by the Fund. However, since the collateral will not be available for investment in equity securities in accordance with the Fund's investment policies, the Fund will exclude the collateral from the

Fund's total assets for purposes of the Fund's investment policy that it invests at least 80% of its total assets in equity securities consistent with the Fund's investment policies.