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**VIA ELECTRONIC DELIVERY**

August 15, 2016

Office of the Secretary  
Public Company Accounting Oversight Board  
1666 K Street, N.W.  
Washington, D.C. 20006-2803

Re: Request for Public Comment: Reproposed Rule on the Auditor's Report, PCAOB  
Rulemaking Docket Matter No. 034

Dear Office of the Secretary:

We are pleased to have the opportunity to provide comments on the Proposed Auditing Standard, *The Auditor's Report on an Audit of Financial Statements When the Auditor Expresses an Unqualified Opinion* ("Reproposed Rule"). The comments contained below are based upon our collective experiences as senior leaders in various business, governmental, legal and academic organizations, including our roles as audit committee chairpersons for the indicated American Funds (the "Funds"). The American Funds are one of the oldest and largest mutual fund families in the nation. Capital Research and Management Company is the investment adviser to these Funds; however, the views expressed here are our own and do not reflect those of Capital Research and Management Company.

As members of the audit committees, we applaud the Public Company Accounting Oversight Board's (the "Board") ongoing efforts to enhance the form and content of the auditor's report to make it more relevant and informative to investors and other financial statement users. We appreciate the Board's efforts to modify its previous proposal related to the auditor's report based upon comments received (including our own). As discussed in more detail below, we are supportive of both (1) the Reproposed Rule's exclusion of audits of investment companies

from reporting critical audit matters, and (2) the inclusion of explanatory language in the auditor's report related to the auditor's responsibilities around internal controls over financial reporting, consistent with our original comment letter; however, we continue to question whether the disclosure of an auditor's tenure provides useful information in determining the quality of the audit.

#### Critical Audit Matters

As we previously commented in December 2013, an investment company's key accounting policies, such as fair valuation (as required by Accounting Standards Codification ("ASC") 820) and taxes (as required by ASC 740), are already extensively disclosed in the notes to the financial statements. Disclosure of these items as critical audit matters would be repetitive and could lead to boilerplate language in the auditor's report, resulting in increased audit costs while adding little value for investors. Furthermore, an investor's decision to invest in an investment company is primarily based on the investment company's investment objectives, risks, performance and fees, which are disclosed not only in the semi-annual and annual reports but also in the Fund's prospectus sent to each shareholder. We do not believe that the auditor reporting on valuations and tax as critical audit matters would provide meaningful, additional information or context. Accordingly, we support the Board's Reproposed Rule to exclude the audits of investment companies from reporting on critical audit matters.

#### Auditor Report Disclosure of its review of Internal Controls over Financial Reporting

Currently, an auditor of an investment company is not required to perform an audit of the company's internal controls over financial reporting ("ICFR"). However, the current auditor's report is inconsistent with the fact that the auditor has not expressed an opinion on the effectiveness of ICFR. We support the proposed additional language to the auditor's report which clarifies the auditor's responsibilities and promotes comparability across auditor's reports. We support the Board's inclusion in the Reproposed Rule to require language in the auditor's report describing the auditor's responsibilities over ICFR.

Auditor Tenure

The Reproposed Rule requires the auditor report to include a statement disclosing the year the auditor began serving the company. For an investment company, the rule states that the year to be disclosed should be the year the auditor began serving any investment company in the complex. As stated in our original comment letter, we do not believe auditor tenure provides meaningful information on audit quality or the independence of the audit firm issuing the opinion. Disclosure of the year the audit firm began serving the investment company complex ignores both personnel change (such as the mandatory rotation of audit partners, different audit committee members and management turnover at both the audit firms and the fund’s investment adviser) and conformity to the evolving PCAOB guidance and best practices in this area. Many large investment company complexes engage two audit firms, each having audit responsibility for different funds within the complex, subjecting the fund’s investment adviser to separate audits by two independent auditors. The Reproposed Rule defines auditor tenure to begin with the first year of service to the entire complex which might confuse or even mislead the reader of the auditor’s report for a new fund, especially if the auditor has served the complex for several years. For the reasons above, we continue to believe that disclosing auditor tenure in the investment company’s auditor’s report could confuse or mislead the reader. As a result, we do not support the disclosure of auditor tenure in the Reproposed Rule.

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Thank you for considering these comments, and please feel free to contact any of us should you have questions or wish to discuss our thoughts on the Reproposed Rule.

Sincerely,

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Fund, New World Fund  
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