

**SUPPORTING STATEMENT
for the Paperwork Reduction Act Submission for
Form N-CSR**

A. JUSTIFICATION

1. Necessity for the Information Collection

Form N-CSR (17 CFR 249.331 and 274.128) is a combined reporting form used by registered management investment companies (“funds”) to file certified shareholder reports under the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.) (“Investment Company Act”) and the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) (“Exchange Act”). Specifically, Form N-CSR is to be used for reports under section 30(b)(2) of the Investment Company Act (15 U.S.C. 80a-29(b)(2)) and section 13(a) or 15(d) of the Exchange Act (15 U.S.C. 78m(a) and 78o(d)), filed pursuant to rule 30b2-1(a) under the Investment Company Act (17 CFR 270.30b2-1(a)). Reports on Form N-CSR are to be filed with the Securities and Exchange Commission (“Commission”) no later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under rule 30e-1 under the Investment Company Act (17 CFR 270.30e-1).

2. Purpose of the Information Collection

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. The information provided in reports on Form N-CSR may be used by the Commission in its regulatory, disclosure review, inspection, and policymaking roles. Unlike many other federal information collections, which are primarily for the use and benefit of the collecting agency, this information collection is also for the use and benefit of investors. The information filed with the

Commission permits the verification of compliance with securities law requirements and assures the public availability and dissemination of the information.

3. Role of Improved Information Technology

The Commission's electronic filing system (Electronic Data Gathering, Analysis and Retrieval or "EDGAR") is designed to automate the filing, processing and dissemination of full disclosure filings. The system permits filers to transmit filings to the Commission electronically. This automation has increased the speed, accuracy and availability of information, generating benefits to investors and financial markets. Reports on Form N-CSR are filed with the Commission electronically on EDGAR. The public may access filings on EDGAR through the Commission's Internet Web site (<http://www.sec.gov>) or at EDGAR terminals located at the Commission's public reference rooms.

4. Duplication

The Commission periodically evaluates rule-based reporting and recordkeeping requirements for duplication, and reevaluates them whenever it proposes a rule or a change in a rule. The requirements of Form N-CSR are not generally duplicated elsewhere.

5. Effect on Small Entities

The current disclosure requirements for the reports on Form N-CSR do not distinguish between small entities and other funds. The burden on smaller funds, however, to prepare reports on Form N-CSR may be greater than for larger funds. The Commission believes, however, that imposing different requirements on smaller funds would not be consistent with investor protection and the purposes of certified shareholder

reports. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small entities.

6. Consequences of Less Frequent Collection

Funds are required to file reports on Form N-CSR with the Commission no later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under rule 30e-1 under the Investment Company Act. Less frequent collection would mean that current information might not be available to fund investors.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

Not applicable.

8. Consultation Outside the Agency

The Commission and the staff of the Division of Investment Management participate in an ongoing dialogue with representatives of the investment company industry through public conferences, meetings, and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens confronting the industry. The Commission requested public comment on the collection of information requirements in Form N-CSR before it submitted this request for extension and approval to the Office of Management and Budget. The Commission received no comments in response to its request.

9. Payment or Gift

Not applicable.

10. Confidentiality

Not applicable.

11. Sensitive Questions

There are no sensitive questions asked. The form could potentially collect Personally Identifiable Information (PII). This information may be an individual’s name, signature, address, and related securities information. In cases where an individual would be providing this information, the collection is covered under the Systems of Records Notice (SORN) [SEC-6 Periodic Reports Filed under the Securities Act of 1933, Securities Exchange](#).

The Privacy Impact Assessment (PIA) is provided as a supplemental document.

12. Estimate of Time Burden

The current total annual time burden for Form N-CSR is 154,686 hours. We estimate that the burden hours that will be imposed by Form N-CSR are as follows:

Calculation of Hour Burden for Reports on Form N-CSR

• Number of respondents	3288
• Average number of portfolios per respondent	3.75
• Number of portfolios referenced in filings annually (12,330 portfolios x 2 filings per year)	24,660
• Hour burden per filing	27.03
• Hour burden per portfolio (27.03 hours ÷ 3.75 portfolios)	7.21
• Annual hour burden per portfolio (7.21 hours per portfolio x 2 filings per year)	14.42
• Total annual hour burden (7.21 hours x 24,660 portfolios)	177,799

The Commission estimates that the appropriate compensation rate for professionals commonly used in the preparation of filings on Form N-CSR is \$296 per

hour.¹ We estimate that the total annualized cost to respondents of the Form N-CSR information collection burden is approximately \$52,628,504 for all filers of Form N-CSR.²

13. Total Annual Cost Burden

Cost burden is the cost of goods and services purchased to prepare and update filings on Form N-CSR, such as for the services of independent auditors and outside counsel. The cost burden does not include the hour burden discussed in Item 12.

Estimates are based on the Commission's experience with the filing of registration forms.

The total annual cost burden to respondents for outside professionals associated with the collection of data relating to Form N-CSR is currently \$1,556,401. The new estimated total cost burden allocated to Form N-CSR would be as follows:

Cost Burden of Preparing and Filing Reports on Form N-CSR Filings

• Cost burden per portfolio for report filings	\$129.35
• Number of portfolios referenced in filings annually (12,330 portfolios x 2 filings per year)	24,660
• Total cost burden of filings (24,660 portfolios x \$129.35 per portfolio)	\$3,189,771

¹ The estimated wage figure is based on published rates for compliance attorneys and senior programmers, modified to account for an 1800-hour work-year and multiplied by 5.35 to account for bonuses, firm size, employee benefits, and overhead, yielding effective hourly rates of \$310 and \$282, respectively. See SIFMA's Management & Professional Earnings in the Securities Industry 2012. The estimated wage rate is further based on the estimate that attorneys and programmers would divide time equally, resulting in a weighted wage rate of \$296 (($\310×0.50) + ($\$282 \times 0.50$)).

² 177,799 hours x \$296 per hour = \$52,628,504.

14. Cost to the Federal Government

The annual cost of reviewing and processing new registration statements, post-effective amendments, proxy statements, and shareholder reports of investment companies amounted to approximately \$19.8 million in fiscal year 2012, based on the Commission's computation of the value of staff time devoted to this activity and related overhead.

15. Changes in Burden

As noted in section 12 above, the current estimated total annual burden hour inventory for Form N-CSR is 154,686 hours and the new estimated annual hour burden for Form N-CSR is 177,799 hours, representing an increase of 23,113 hours per year. This increase is due to the increase in the number of respondents on Form N-CSR. As noted in section 13 above, the current estimated total annual cost burden to respondents for outside professionals associated with the collection of data relating to Form N-CSR is \$1,556,401 and the new estimated total annual cost burden to respondents is \$3,189,771, representing an increase of \$1,633,370. This increase is due to the increase in the estimated cost burden per portfolio for Form N-CSR filings. The increased estimated cost burden is based on information provided by industry participants on the costs they incur in connection with Form N-CSR filings.

16. Information Collection Planned for Statistical Purposes

Not applicable.

17. Approval to Omit the Expiration Date

We request authorization to omit the expiration date on the electronic version of the form. Including the expiration date on the electronic version of the

form will result in increased costs, because the need to make changes to the form may not follow the application's scheduled version release dates. The OMB control number will be displayed.

18. Exceptions to Certification Statement

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.