STRADLEY RONON
ATTORNEYS AT LAW

**Stradley Ronon Stevens & Young, LLP**
1250 Connecticut Avenue, N.W., Suite 500
Washington, DC 20036-2652
Telephone 202.822.9611
Fax 202.822.0140
www.stradley.com

September 22, 2011

Mr. Douglas Scheidt, Esq.
Associate Director and Chief Counsel
Division of Investment Management
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-2736

Re American Century Investments, Inc.

Dear Mr. Scheidt:

We are writing on behalf of American Century Companies, Inc. ("ACC") and its subsidiary that serves as a registered investment adviser to request that the Staff of the Division of Investment Management not recommend enforcement action to the Securities and Exchange Commission (the "SEC") under Section 15(a)(4) of the Investment Company Act of 1940 (the "1940 Act") if the events described below take place and its adviser subsidiary continues to provide services and receive compensation under existing advisory contracts between that subsidiary and its investment company clients without obtaining shareholder approval.[1]

## BACKGROUND

### American Century Investment Management, Inc.

American Century Investment Management, Inc. ("ACIM") is a wholly-owned subsidiary of ACC and is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). ACIM has approximately 1,300 employees in offices in Kansas City, Missouri; Mountain View and Los Angeles, California; and New York, New York. ACIM serves as investment adviser to a number of investment companies that are registered with the SEC under the 1940

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1 This letter restates and updates information that we provided to the staff in a series of communications prior to August 9, 2011.

Act ( the "Funds"). The Funds include investment companies that are within the American Century family of funds (the "American Century Funds"), and investment companies for which ACIM provides subadvisory services (the "Subadvised Funds"). The American Century Funds include over 100 series of 15 open-end registered investment companies.

ACIM serves as investment adviser to the American Century Funds pursuant to investment advisory agreements between each American Century Fund and ACIM (the "AC Fund Advisory Agreements"). ACIM provides investment advisory services to the Subadvised Funds pursuant to investment advisory agreements between ACIM and each Subadvised Fund or the primary investment adviser of the Subadvised Fund (the "Subadvised Fund Advisory Agreements" and collectively with the AC Fund Advisory Agreements, the "Investment Advisory Agreements").[2]

**American Century Companies, Inc.**

ACC wholly owns ACIM. In 1958, James E. Stowers, Jr. founded ACC, which is a privately-held corporation organized under Delaware law. At this time, ACC has three classes of common stock outstanding: Class A, Class B and Class C. All three classes provide for identical economic interests, but Class A shares have one vote per share, Class B shares have 10,000 votes per share and Class C shares are non-voting. Except with respect to the election of directors as indicated in the following paragraph, the rights and privileges of the Class A, Class B and Class C shares are otherwise the same. ACC also has one class of preferred stock outstanding: the Special Voting Preferred Stock (the "Preferred Stock"), which does not provide for any economic interests in ACC. All of the Preferred Stock is owned by Canadian Imperial Bank of Commerce ("CIBC").

Currently, Class B shares collectively represent approximately 79% of the outstanding voting power of ACC and are entitled to elect 75% of ACC's Board of Directors.[3] The Class A shares elect the remaining 25% of the directors. The James E. Stowers Twentieth Century Companies Stock Trust (the "Trust") holds just under 50% of the Class B shares, which is equivalent to 39.08% of the total voting power in ACC. The Trust was established by Mr. Stowers for the ultimate benefit of the Stowers Institute, as explained below. No other person holds more than 25% of the total voting power in ACC.

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2 ACIM also provides investment advisory services to private clients pursuant to investment advisory or subadvisory agreements with each of these clients.

3 The share ownership information that is set forth in this letter is as of September 1, 2011. That information has not changed materially as of the date of this request and it is materially similar to the share ownership information that we provided to you prior to August 9, 2011.

The primary owners of the Class A shares are Stowers Resource Management, Inc. ("SRM") and CIBC.[4] SRM owns approximately 46.96% of the Class A shares, which represent approximately 8.86% of the total voting power in ACC. CIBC owns approximately 44.69% of the Class A shares and the Preferred Stock, which together represent 10.10% of the total voting power in ACC.

The table below indicates the equity and voting power of the shareholders of ACC, as of September 1, 2011.

| Shareholder | Percentage of Class A shares held | Percentage of Class B shares held | Total Equity Interest (All Classes) | Total Voting Power (All Classes) |
|---|---|---|---|---|
| The Trust | 0.00% | 49.17% | 0.02% | 39.08% |
| SRM | 46.96% | 0.00% | 42.53% | 8.86% |
| CIBC | 44.69% | 0.00% | 40.48% | 10.10% |
| Virginia Stowers Trust | 0.00% | 22.46% | 0.01% | 17.85% |
| Others | 8.35% | 28.37% | 16.96% | 24.11% |

**The Stowers Institute.**

In 1994, Mr. Stowers and his wife, Virginia Stowers, established the Stowers Institute to help find cures for genetically-linked diseases. Since 1994, Mr. and

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4 At the time that ACC began to pursue with the SEC staff the possibility of obtaining guidance under Section 15(a)(4) of the 1940 Act, JPMAC Holdings, Inc., a second-tier, wholly-owned subsidiary of JPMorgan Chase & Co. ("JP Morgan"), held 44.68% of the Class A shares of ACC, which represented approximately 8.57% of the total voting power in ACC. J.P. Morgan & Co. Incorporated ("JPM"), a predecessor company to JP Morgan, acquired those shares in 1998. In connection with that acquisition, JPM and certain principal stockholders of ACC, entered into an agreement providing JPM with minority stockholder protection rights, including the right to designate two members of ACC's ten-member board. In 1997, the SEC staff confirmed that JPM's acquisition of the Class A shares and the minority stockholder protection rights did not entail any assignment for purposes of Section 15(a)(4) of the 1940 Act. *See* American Century Companies, Inc., SEC No-Action Letter, (pub. avail. Dec. 23, 1997). On August 31, 2011, through a transaction involving ACC and certain holders of its stock, CIBC acquired JP Morgan's position in ACC, acquiring Class A shares of ACC, shares of Special Voting Preferred Stock and certain minority stockholder protection rights, including the right to designate two members of ACC's ten-member board. That transaction did not entail any assignment of the Investment Advisory Agreements, and CIBC does not control ACC.

Mrs. Stowers have contributed nearly $2 billion in cash and Class A shares to the Stowers Institute in support of its mission. Through ACC's ownership structure, more than 40% of its profits support research at the Stowers Institute. With this funding, the Stowers Institute has become a nationally-prominent charitable organization devoted to biomedical research for the prevention and cure of cancer and other genetically-linked diseases.

The Stowers Institute consists of the Stowers Institute for Medical Research ("SIMR") and SRM. SRM is a "Supporting Organization" of SIMR as that term is defined in the Internal Revenue Code and, as such, is a public charity. SIMR controls SRM as the sole voting member of SRM, and has the right and obligation to appoint a majority of the members of SRM's Board of Directors.

**The Trust and the Intended Movement of the Class B Shares.**

Since 1994, Mr. Stowers has embarked upon a careful plan to establish the Stowers Institute as a permanent and viable organization, donating significant equity interests in ACC to the Stowers Institute to support it financially. As part of his plan, Mr. Stowers has set about transferring control of ACC from himself and his family to the Stowers Institute, which as we explain below, resulted in an assignment of the Investment Advisory Agreements in 2010.

In 1995, Mr. Stowers established the Trust, placing his Class B shares in the Trust for the ultimate benefit of the Stowers Institute.[5] Per his instructions, the Trust Agreement provided for (and still provides for) the eventual movement of the Class B shares to the Stowers Institute.[6] Mr. Stowers was the Trustee of the Trust from 1995 until February 16, 2010, when Richard W. Brown became Trustee in accordance with the succession plan in the Trust Agreement.

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5 Specifically, the Trust Agreement provides that SIMR, SRM or another tax-exempt member of the Stowers Group of Companies is the ultimate beneficiary of the Trust. A material purpose of the Trust is to make provision for the support of the mission of the Stowers Institute. For example, Section 1.1 of the Trust Agreement states that Mr. Stowers developed the administrative and dispositive provisions of the Trust Agreement, ". . . to achieve important objectives of Settlor, primarily making provision for the support of the mission of the STOWERS INSTITUTE FOR MEDICAL RESEARCH . . . ."

6 The Trust Agreement provides that if, at the time the Class B shares are to move from the Trust to SIMR, SIMR does not exist and has no legal successor, then SRM becomes the ultimate beneficiary of the Trust. If SRM no longer exists and has no legal successor, then any other tax-exempt member or members of the Stowers Group of Companies becomes the ultimate beneficiary of the Trust. The Stowers Group of Companies is a group of not-for-profit companies that form a biomedical research organization dedicated to finding the keys to the causes, treatment and prevention of disease.

Mr. Brown's appointment as Trustee resulted in an "assignment" of the Investment Advisory Agreements, for purposes of Section 15(a)(4) of the 1940 Act. In determining that Mr. Brown's appointment entailed an assignment, due consideration was given to Mr. Stowers' unique position with ACC, as its founder and principal stockholder, and the fact that he had controlled ACC for many years. Accordingly, after Mr. Brown replaced Mr. Stowers as Trustee of the Trust, the shareholders of the American Century Funds voted to approve the AC Fund Investment Advisory Agreements with ACIM.[7] The related proxy statements provided to American Century Fund shareholders in connection with such votes identified Mr. Brown as trustee, the process for the appointment of successor trustees, and "SRM, SIMR or another tax-exempt member of the Stowers Group of Companies" as the ultimate beneficiary of the Trust.

Mr. Stowers is the settlor of the Trust and an income beneficiary during his lifetime. As the only settlor of the Trust, Mr. Stowers retains the power to direct the distribution of the Class B shares out of the Trust and he may revoke or amend the Trust Agreement.[8] Mr. Brown is the Chairman of the Boards of Directors of SRM and SIMR, and Chairman of ACC's Board of Directors. Mr. Brown also held those positions at the time he became Trustee of the Trust. Mr. Brown is not a beneficiary of the Trust and he has no personal economic interest in the assets of the Trust. As Trustee of the Trust, Mr. Brown has the power to vote and dispose of the Class B shares. All of the decisions that Mr. Brown makes with regard to the Trust, however, must be made for the ultimate benefit of the Stowers Institute.

Mr. Stowers and Mr. Brown would like to effect the movement of the Class B shares from the Trust to SIMR as soon as practicable. To that end, certain steps will be taken to further align the Board of Directors of SIMR with the Trust. Thus, at the time that the Class B shares move from the Trust to SIMR, each Director of SIMR will

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7 The approval of the AC Fund Investment Advisory Agreements occurred within 150 days of the termination of the previous investment management agreements, consistent with Rule 15a-4 under the 1940 Act. *See, e.g.,* American Century Mutual Funds, Inc. Schedule 14A (Apr. 2, 2010) available at http://sec.gov/Archives/edgar/data/100334/000010033410000092/def14a-1apr10.htm; American Century Investment Trust Schedule 14A (Apr. 2, 2010) available at http://www.sec.gov/Archives/edgar/data/908406/000090840610000016/def14a-1apr10.htm. Shareholders of the Subadvised Funds either approved their respective Investment Advisory Agreements or their approval was unnecessary due to applicable exemptive relief under Section 15 of the 1940 Act.

8 At this time we are not asking the Staff to consider these possible events. Our inquiry to the Staff assumes that the Class B shares are held for and delivered to SIMR, consistent with the terms of the Trust Agreement. We also note that under certain circumstances, the Trust becomes irrevocable (*e.g.*, upon the appointment of the Directors of SIMR as Co-Trustees of the Trust).

serve as a Co-Trustee of the Trust and will have held his or her position as Co-Trustee of the Trust for a minimum of 30 days. As Co-Trustees of the Trust, the Board of Directors of SIMR will share the power to vote and dispose of the Class B shares to the same extent that they will share those powers when the Class B shares are held directly by SIMR.

Neither the designation of the Board of Directors of SIMR as Co-Trustees of the Trust nor the movement of the Class B shares to SIMR will involve the receipt of any compensation by ACC, ACIM, the Trust or any other person. ACIM will continue to serve as investment adviser under each Investment Advisory Agreement without any change to the terms of those agreements.

**Request for Staff Guidance**

In light of the plans to move the Class B shares to SIMR as soon as practicable, ACC seeks to eliminate the significant uncertainty regarding whether the steps outlined above to effect that movement would cause an assignment of the Investment Advisory Agreements. In this regard, we note that the 2010 proxy was an expensive endeavor, costing in excess of $7,000,000, and was highly disruptive to all of the parties that were involved in it.

Accordingly, we seek staff guidance concerning: (i) the designation of each member of the Board of Directors of SIMR as Co-Trustees of the Trust; and (ii) the movement of the Class B shares of ACC from the Trust to SIMR. Those two events, as contemplated by the Trust Agreement, will be immaterial administrative changes that would not be designed to, nor would they, affect the control structure of ACC.

**ANALYSIS**

Section 15(a)(4) of the 1940 Act provides, as relevant here, that:

> It shall be unlawful for any person to serve or act as investment adviser of a registered investment company, except pursuant to a written contract, which contract, whether with such registered company or with an investment adviser of such registered company, has been approved by the vote of a majority of the outstanding voting securities of such registered company, and . . . provides, in substance, for its automatic termination in the event of its assignment.

Section 2(a)(4) of the 1940 Act defines "assignment" to include, as relevant here:

> any direct or indirect transfer or hypothecation of a contract . . . by the assignor, or of a controlling block of the assignor's outstanding voting securities by a security holder of the assignor . . . .

Although the phrase "controlling block of voting securities" is not defined in the 1940 Act, Section 2(a)(9) of the 1940 Act defines "control" as "the power to exercise a controlling influence over the management or policies of a company . . . ."[9]

The SEC has indicated that Congress enacted Section 15(a) of the 1940 Act "to give shareholders a voice in a fund's investment advisory contract and to prevent trafficking in fund advisory contracts."[10] The staff of the Division of Investment Management ("Staff") has explained that trafficking essentially is the sale of investment advisory relationships.[11]

In several no-action and interpretive letters, the Staff has addressed "assignments" under the 1940 Act in the context of trusts that own or hold shares of the parent companies of certain investment advisers. In those letters, which we discuss below, the Staff considered changes in trustees and the movement of the shares from the trusts to other persons.

In *Babson Organization, Inc.* (pub. avail. April 26, 1973) (the "Babson Letter"), the Staff considered the termination of a voting trust holding all of the capital stock of an investment adviser, whereby the stock would be distributed to a single entity that was the sole beneficial owner of the trust's interests. Four out of five of the directors of the entity were trustees of the voting trust.[12] The Staff concluded without explanation that the event could be an assignment. In 1999, the Staff clarified that its

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9 In addition, Section 2(a)(9) of the 1940 Act provides a rebuttable presumption of control when "[a]ny person . . . owns beneficially, either directly or through one or more controlled companies, more than 25 per centum of the voting securities of a company . . . ." Conversely, a person that owns 25 per centum or less of the voting securities of a company is presumed not to control the company. Section 2(a)(9) provides that any presumption that is established under the section may be rebutted by evidence, but will continue until the SEC makes a determination to the contrary by order either on its own motion or on application by an interested person.

10 *See, e.g., Temporary Exemption for Certain Investment Advisers,* Investment Company Act Release No. 24177 (Nov. 29, 1999) citing Hearings on S.3580 Before the Subcomm., of the Senate Comm. on Banking and Currency, 76th Cong., 3d. Sess. 253 (1940) ("S.3580 Hearings") (statement of David Schenker).

11 *See* SEC Staff Report, Exemptive Rule Amendments of 2004: The Independent Chair Condition 21 (2005). The staff stated that Section 15(a) of the Act "was designed to inhibit 'trafficking' in investment advisory contracts, *i.e.*, the sale of investment advisory relationships," citing S.3580 Hearings at 38 (statement of Commissioner Healy: "after investors have invested substantial sums in companies on their faith in the reputation and standing of the existing managements, the insiders have frequently transferred control . . . to other persons, without the prior knowledge or consent of these security holders.").

12 *Babson Organization, Inc.*, SEC No-Action Letter, 1973 WL 11800 (April 26, 1973).

position in the Babson Letter preceded the SEC's adoption of Rule 2a-6 under the 1940 Act,[13] implying that the facts presented in Babson may not have entailed any assignment because the facts did not involve any change of actual control or management of the investment adviser.[14]

In *Benham Management Corp.*, (pub. avail. Mar. 17, 1983) (the "Benham Letter"), the Staff addressed the transfer to a trust of 71% of the voting stock of an investment adviser by the founder of the adviser, whereby the founder's wife would become his co-trustee with shared voting rights over the voting stock.[15] The Staff indicated that the transfer of the securities and the naming of the founder's wife as co-trustee would be a "real transfer" and thus an assignment. The Staff went on, however, to agree not to recommend enforcement action if the founder transferred the securities such that his wife would only become trustee at his death, at which time there would be an assignment.

We believe that the Babson Letter and the Benham Letter addressed situations that are different from the situation faced by ACC and the Stowers Institute. For example, unlike the situation in the Babson Letter, at the time that the Class B shares move to SIMR, there will be perfect continuity between the Board of Directors of SIMR and the Trustees of the Trust. In the case of the Benham Letter, we note that ACC treated the change in Trustee of the Trust, from Mr. Stowers to Mr. Brown, as causing an assignment due to, among other things, the fact that Mr. Stowers had founded ACC. And unlike the situation in the Benham Letter, the shareholders of the American Century Funds approved the new AC Fund Advisory Agreements based on proxy statements that identified the process for appointment of successor trustees, and the Stowers Institute as the ultimate beneficiary of the Trust. The Benham Letter simply does not provide guidance that is sufficient to address the occurrence of the subsequent events that were described in the proxy materials that were sent to fund shareholders.

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13 Rule 2a-6 states that "[a] transaction which does not result in a change of actual control or management of the investment adviser to . . . an investment company is not an assignment for purposes of Section 15(a)(4) or Section 15(b)(2) of the [1940] Act, respectively." In this request, we do not request relief or guidance concerning Rule 2a-6 under the 1940 Act.

14 *See Metropolitan Life Insurance Company*, SEC No-Action Letter, 1999 WL 1063264 (Nov. 23, 1999). In this letter, the Staff addressed the demutualization of MetLife, an investment adviser and parent company of numerous other registered investment advisers. In the demutualization, the numerous policy holders of MetLife would essentially receive interests in a voting trust that would hold more than 25% of the voting power in MetLife for the benefit of the policy holders. The Staff agreed that the voting trust's ownership of more than 25% of the outstanding voting stock of MetLife would not result in an assignment of the investment advisory contracts of the MetLife investment advisers.

15 *Benham Management Corp.*, SEC No-Action Letter, 1983 WL 28446 (Mar. 17, 1983).

We believe that the designation of the Board of Directors of SIMR as Co-Trustees of the Trust and the movement of the Class B shares of ACC from the Trust to SIMR will not result in an assignment of the Investment Advisory Agreements. Simply put, the mere designation of additional Trustees does not implicate the wording of the definition of "assignment" in Section 2(a)(4) of the 1940 Act. In particular, the designation of the Board of Directors of SIMR as Co-Trustees of the Trust will not involve any direct or indirect transfer or hypothecation of the Investment Advisory Agreements because ACIM will continue to serve as investment adviser under each contract without any change to the terms of those contracts. Nor will the designation of each member of the Board of Directors of SIMR as Co-Trustees of the Trust involve any direct or indirect transfer of the voting securities of ACIM or ACC.

We also believe that the movement of the Class B shares to SIMR should not be deemed to entail a "transfer" of a controlling block of voting securities because when that happens, each member of the Board of Directors of SIMR will be a Co-Trustee of the Trust, with the ability to exercise the voting and dispositive powers over the Class B shares to the same extent as if the shares were already held by SIMR. The fact that those powers stem from different legal relationships (that is, as Directors of SIMR and Co-Trustees of the Trust) does not affect the nature of those powers. In addition, as Directors and Co-Trustees, they must act for the benefit of the same entity - SIMR.

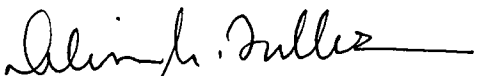
It is also important to note that SIMR will not gain a controlling interest in ACC as a result of the movement of the Class B shares to SIMR because SIMR has a controlling interest in ACC at this time. As explained in this request, significant actions have been taken over time to transfer control of ACC to SIMR, the most significant of which occurred when the trusteeship of the Trust passed to Mr. Brown in February 2010, which caused an "assignment" of the Investment Advisory Agreements for purposes of Section 15(a)(4) of the 1940 Act and required that the shareholders of the American Century Funds vote to approve the AC Fund Investment Advisory Agreements. SIMR's controlling interest results from its status as the ultimate beneficiary of the Trust, for which Mr. Brown, the Chairman of the Board of SIMR, serves as Trustee. The addition of the Board of Directors of SIMR as Co-Trustees will only serve to bolster its controlling interest.

We also note that the designation of the current Board of Directors of SIMR as Co-Trustees of the Trust and the movement of the Class B shares to SIMR will not involve the receipt of any compensation by ACC, the Trust or any other person and will not entail trafficking in the Investment Advisory Agreements. Also, consistent with the policies underlying Section 15(a)(4) of the 1940 Act, the shareholders of the American Century Funds exercised their voice in their Funds' Investment Advisory Agreements when they voted in 2010 to approve the agreements after their termination by assignment.

For the reasons set forth above, we believe that the designation of the current Board of Directors of SIMR as Co-Trustees of the Trust and the movement of the Class B shares of ACC from the Trust to SIMR will not result in an assignment within the meaning of Section 2(a)(4) of the 1940 Act. Accordingly, we respectfully request that the Staff confirm that it will not recommend enforcement action to the SEC under Section 15(a)(4) of the 1940 Act if each member of the Board of Directors of SIMR is designated a Trustee of the Trust and the Class B shares move from the Trust to SIMR and ACIM continues to provide services and receive compensation under Investment Advisory Agreements between ACIM and its investment company clients without obtaining shareholder approval.

Should you require additional factual information or further analysis, please contact me at (202) 419-8412. We thank you for your prompt consideration of this matter.

Very truly yours,



Alison M. Fuller

cc:

Charles A. Etherington, General Counsel, American Century Investments
John M. Loder, Counsel, Mountain View-based Independent Directors/Trustees
Marguerite C. Bateman, Counsel, Kansas City-based Independent Directors
John F. Marvin, SNR Denton US LLP