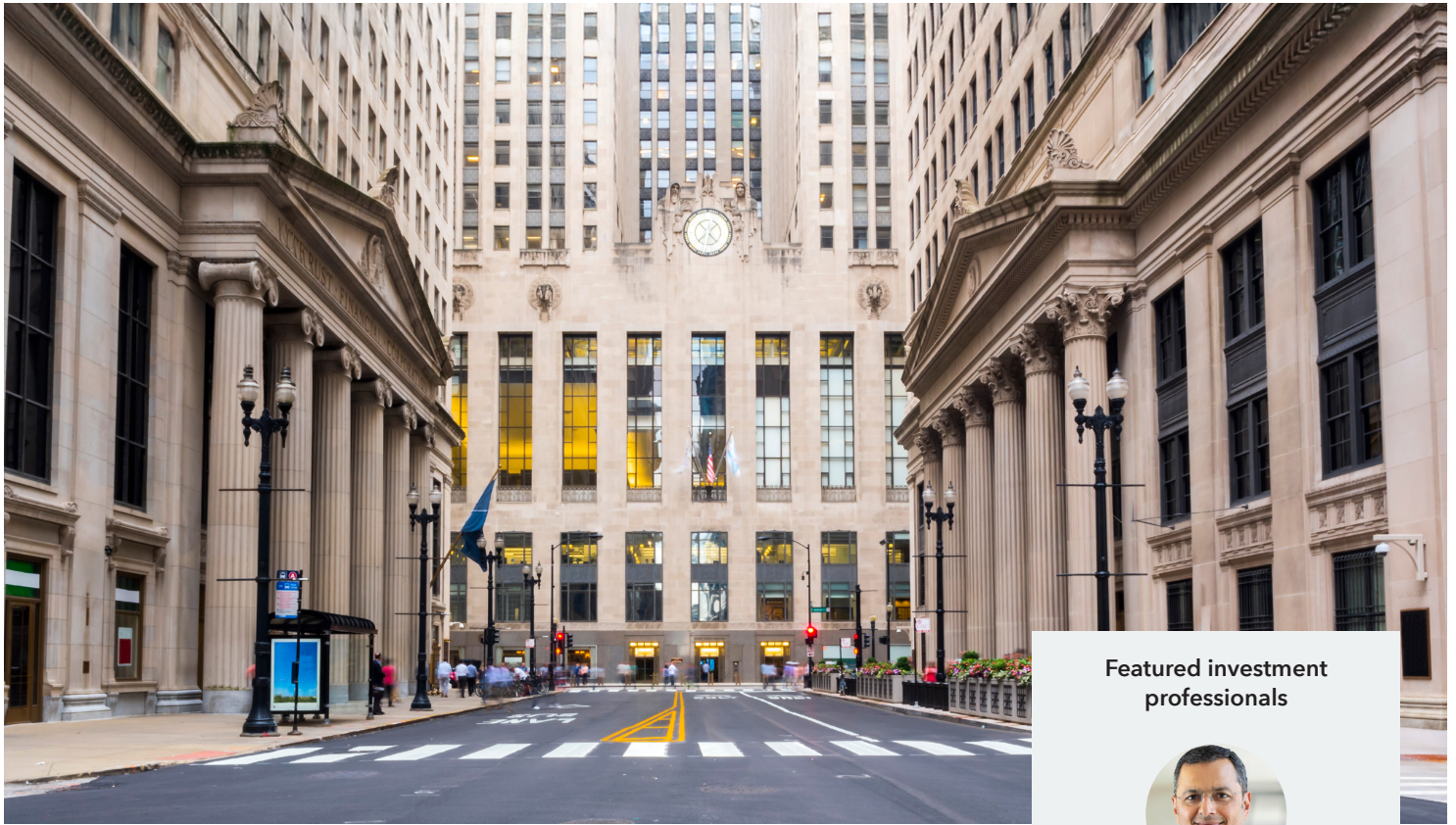


Capital Group Active-Passive Models Designed for the long term

Quarterly update – Q1 2025



Quarterly models summary

Key takeaways for the quarter ended March 31, 2025

- Markets were upended in the first quarter as the U.S. presidential transition brought trade tensions and the threat of tariffs, causing equities to slip.
- As expected in such an environment, the growth models of the Capital Group Active-Passive Models, with their focus on capital appreciation, did not meet their benchmarks. The dividend-focus growth and income models were more successful, with most beating their benchmarks on a gross basis and some also exceeding or in line with them net of fees.
- The Portfolio Solutions Committee (PSC) and Capital Solutions Group (CSG) regularly monitor the portfolios for risks and to ensure alignment towards their long-term portfolio objectives, while underlying active fund managers utilize company- and security-specific research to make real-time decisions and find timely opportunities in today's ever-changing climate.

Featured investment professionals



Samir Mathur
Chair of the Portfolio
Solutions Committee



Mario DiVito
Multi-Asset
Investment Director



Liz Yakes
Multi-Asset Investment
Product Manager

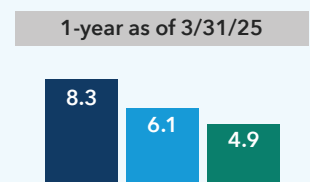
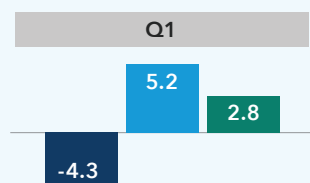
Advisory services offered through Capital Research Management Company (CRMC) and its RIA affiliates.

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

Past results are not predictive of results in future periods.

Broad market results

Cumulative returns (%)



- **U.S. equities**
(S&P 500 Index)
- **International equities**
(MSCI ACWI ex USA Index)
- **U.S. fixed income**
(Bloomberg U.S. Aggregate Index)

Composite net results are calculated by subtracting an annual 3% fee, (which is equal to or higher than the highest actual model portfolio wrap fee charged by a program sponsor) from the gross composite monthly returns, which are net of underlying fund fees and expenses of all accounts in the composite. Past results are not predictive of results in future periods.

Contribution to returns commentary is based on a representative account of the model composites and is net of all fees and expenses applicable to the underlying funds and is gross of any advisory fee charged by model providers. The net of fees composite results shown illustrate the impact of fees on the portfolio. Attribution for underlying ETFs is based on market price.

Market Review

Stock markets largely suffered sharp declines in the first quarter. Most major indexes had negative returns, with bright spots coming from the Russell 1000 Value and the MSCI All Country World Index (ACWI) ex USA indexes. The S&P 500 Index was down over 4%, although some sectors did end in positive territory, including energy, health care, consumer staples and utilities. Consumer discretionary and information technology were the worst performing sectors of the S&P 500, a reversal from the previous quarter.

Bond markets rose this quarter with the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) Index returning over 4%, potentially fueled by concerns over the current economic and political climate. The Bloomberg U.S. Aggregate Index was also up nearly 3%.

The U.S. Federal Reserve held their benchmark interest rate steady at 4.25% to 4.50% at the March meeting, citing uncertainty over tariffs and the potential for rising inflation. The Fed will next meet in May. The Bank of England and the Bank of Japan also left their interest rates unchanged, with only the European Central Bank implementing a rate cut, their sixth in their current rate-cutting cycle.

Model portfolio results for the quarter

(All comments about model composite returns are true on a gross and net of fees basis, unless otherwise noted.)

Growth models

Our active-passive growth models have substantial active and passive allocations to equities, particularly growth equities, given their capital appreciation objective. These models had negative absolute results, and lagged their benchmarks.

Capital Group Active-Passive Global Growth Model Portfolio posted negative absolute returns for the quarter and lagged its benchmark.

- Greater exposure to non-U.S. equities was additive, while U.S. and non-U.S. stock selection detracted.
- Selection within non-U.S. financials (European banks) and consumer staples boosted results; selection in industrials and health care (pharmaceutical) weighed on returns.
- CGDV – Capital Group Dividend Value ETF and Vanguard FTSE All-World ex-U.S. ETF were additive to relative returns; CGGO – Capital Group Global Growth ETF and Vanguard Growth Index Fund ETF were detractors.
- Geographic allocations to U.S. equity and non-U.S. equity ended the quarter at 54% and 44%.

Capital Group Active-Passive Growth Model Portfolio posted negative absolute returns for the quarter and lagged its benchmark.

- Stock selection was detractive. Less non-U.S. exposure also weighed on returns.
- Selection within consumer staples (tobacco) and greater industrials exposure boosted results; selection in information technology (semiconductors) and financials weighed on returns.
- CGDG – Capital Group Dividend Growers ETF was additive to relative returns; CGGR – Capital Group Growth ETF and Vanguard Growth Index Fund ETF were relative detractors.

Capital Group Active-Passive Moderate Growth Model Portfolio posted negative absolute returns for the quarter and lagged its benchmark.

- Stock selection was detractive. Less non-U.S. exposure also weighed on returns.
- Selection within consumer staples (tobacco) and greater industrials exposure boosted results; selection within information technology and industrials (construction and engineering) weighed on returns.
- Within fixed income, U.S. Treasuries boosted returns while securitized bonds detracted.
- CGGE – Capital Group Global Equity ETF was additive to relative returns; CGGR – Capital Group Growth ETF and Vanguard Growth Index Fund ETF were relative detractors.

Growth-and-income models

Our active-passive growth-and-income models, which generally seek a combination of long-term capital appreciation and income, produced mostly positive absolute results, with mixed results against the benchmarks on both a gross and net of fees basis. Allocations to dividend-paying equities are a key component of these strategies; success metrics for these models emphasize lower volatility, strong risk-adjusted returns and yield.

Capital Group Active-Passive Growth and Income Model Portfolio posted negative absolute returns for the quarter and lagged its benchmark.

- Stock selection was additive within U.S. equities, but less non-U.S. exposure was detractive.
- Selection within consumer staples and health care (biotechnology) boosted results; selection within financials and technology (semiconductors) weighed on returns.
- Within fixed income, U.S. Treasuries boosted returns while securitized bonds detracted.
- CGDG – Capital Group Dividend Growers ETF and Schwab US Dividend Equity ETF were additive to relative returns; CGGO – Capital Group Global Growth ETF and Vanguard Total International Bond Index Fund ETF were relative detractors.

Capital Group Active-Passive Moderate Growth and Income Model Portfolio posted positive absolute returns for the quarter and led its benchmark on a gross basis, while net returns were negative and lagged the benchmark.

- Stock selection was additive within U.S. equities, but less non-U.S. exposure was detractive.
- Selection within consumer staples and health care (pharmaceuticals); selection in financials (alternative asset management) and technology weighed on returns.
- Within fixed income, U.S. Treasuries boosted returns while securitized bonds detracted.
- CGDV – Capital Group Dividend Value ETF and iShares Core Dividend Growth ETF were additive to relative returns; the growth-oriented active ETFs were relative detractors.

Capital Group Active-Passive Conservative Growth and Income Model Portfolio posted positive absolute returns for the quarter and led its benchmark.

- Stock selection was additive within U.S. equities, but less non-U.S. exposure was detractive.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was additive.
- Selection within health care (biotechnology) and consumer staples boosted results; selection in financials and utilities (electric utilities) weighed on returns.
- Within fixed income, corporate and emerging markets bonds boosted returns while securitized bonds and forward contracts detracted.
- The active and passive dividend-oriented ETFs were additive to relative returns; CGMS – Capital Group U.S. Multi-Sector Income ETF was a relative detractor.

Capital Group Active-Passive Conservative Income and Growth Model Portfolio posted positive absolute returns for the quarter, leading its benchmark on a gross basis and in line with its benchmark net of fees.

- Stock selection was additive within U.S. equities, but less non-U.S. exposure was detractive.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was additive.
- Selection within consumer discretionary and consumer staples (tobacco) boosted results; selection in financials and utilities (electric utilities) weighed on returns.
- Within fixed income, emerging markets bonds boosted returns while securitized bonds and forwards contracts detracted.
- The active and passive dividend-oriented ETFs were additive to relative returns; the CGMS – Capital Group U.S. Multi-Sector Income ETF and CGCP – Capital Group Core Plus Income ETF were relative detractors.

Preservation and income models

Capital Group Active-Passive Conservative Income Model Portfolio posted positive absolute returns for the quarter and led its benchmark.

- Stock selection: both U.S. and non-U.S. equities were additive.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was additive.
- Selection within industrials (aerospace and defense) and less technology exposure boosted results; selection in financials and utilities (utility holding company) weighed on returns.
- Within fixed income, U.S. Treasuries boosted returns while securitized bonds and forward contracts detracted.
- CGDV – Capital Group Dividend Value ETF and Vanguard High Dividend Yield Index Fund ETF were relative contributors; CGSD – Capital Group Short Duration Income ETF and Vanguard Total International Bond Index Fund ETF were relative detractors.

Capital Group Active-Passive Preservation Model Portfolio posted positive absolute returns for the quarter but lagged its benchmark.

- U.S. Treasuries boosted returns while forward contracts detracted.
- Intermediate Bond Fund of America® was a relative contributor; CGSD – Capital Group Short Duration Income ETF and Vanguard Short-Term Treasury Index Fund ETF were relative detractors.

Retirement income models

All three **Capital Group Active-Passive Retirement Income Model Portfolios** posted positive absolute returns and led their respective benchmarks.

These models seek to support sustained inflation-adjusted withdrawals, within their guidance ranges, primarily through allocations to income-focused equities and a combination of higher yielding and higher quality fixed income securities.

- Significant exposure to dividend paying equities was additive for the quarter as dividend paying equities rallied globally.
- Stock selection within consumer staples and health care was additive, while selection in financials and information technology detracted in all three models.
- Within fixed income, securitized and corporate bonds as well as forward contracts positioning detracted.
- The active and passive dividend-oriented ETFs were additive to relative returns; CGMS – Capital Group U.S. Multi-Sector Income ETF and Vanguard Total International Bond Index Fund ETF were relative detractors.

Tax-aware portfolios

Capital Group Active-Passive Tax-Aware Moderate Growth and Growth and Income model portfolios posted negative absolute returns and lagged their respective benchmarks.

- Non-U.S. stock selection was detractive. Less non-U.S. exposure also weighed on returns.
- Greater exposure to health care and industrials boosted results; selection within financials and information technology weighed on returns.
- Within municipal fixed income, health care municipal bonds were a positive contributor while leasing municipals marginally detracted.
- Across these models, CGDV – Capital Group Dividend Value ETF was additive to relative returns; CGGR – Capital Group Growth ETF and CGUS – Capital Group Core Equity ETF detracted.

Capital Group Active-Passive Tax-Aware Conservative Growth and Income, Moderate Income and Conservative Income model portfolios posted positive absolute returns on a gross basis, while only Conservative Income posted positive net returns. All three led their benchmarks.

- Stock selection overall was a positive contributor led by selection in U.S. equities.
- Selection in consumer staples and health care boosted results; selection within utilities and financials weighed on returns.
- Within municipal fixed income, general obligation municipal bonds were a positive contributor while in some of the models leasing municipals marginally detracted.
- Across these models, CGDV – Capital Group Dividend Value ETF and Vanguard High Dividend Yield Index Fund ETF were relative contributors while iShares National Muni Bond ETF and Vanguard Tax-Exempt Bond Index Fund ETF were detractors.

Capital Group Active-Passive Tax-Exempt Preservation posted a positive absolute return for the quarter but lagged its benchmark.

- Within municipal fixed income, housing municipal bonds and general obligation municipal bonds were positive contributors while education and health care municipals marginally detracted.
- American Funds Short-Term Tax-Exempt Bond Fund® was a marginal relative contributor; Limited Term Tax-Exempt Bond Fund of America® was a marginal relative detractor.



Model Allocation Enhancement Highlights Q1 2025

The models continued the transition to predominantly using ETFs for both active and passive underlying components, including adding the following recently launched ETFs:

CGMM –
Capital Group U.S. Small and Mid Cap ETF

CGNG –
Capital Group New Geography ETF

CGGE –
Capital Group Global Equity ETF

CGCV –
Capital Group Conservative Equity ETF

Enhancements included:

- Introducing allocation to global emerging markets-focused equities in capital appreciation-objective models.
- Introducing both flexible and quality growth capital appreciation investment opportunities in models with larger equity allocations.
- Modestly increasing equity exposure in growth-and-income models to align them with model objectives.

These enhancements seek to leverage the tax efficiency* advantages of ETFs to achieve the overall desired portfolio characteristics, including key exposure, flexibility and diversification of holdings.

*ETFs tax advantages stem from mainly two sources of tax efficiency: externalization and in-kind redemptions.

Externalization: ETFs trade in the secondary market, which largely insulates the fund from individual investors' trading activity. In other words, if an ETF investor decides to sell shares of an ETF, a majority of the time, the transaction does not involve any interaction with (or impact to) the fund.

In-kind redemptions and capital gains: In-kind trades commonly used in ETFs do not usually incur capital gains. When selling activity on an exchange results in a redemption from the fund, it is usually tax-free to remaining investors. ETFs generally satisfy redemption requests in the primary market through an in-kind delivery of securities to an intermediary (rather than cash), which means client redemptions from the fund do not generally create taxable events for remaining shareholders.



Finding an **anchor** in turbulent times.

The current economic and political news has been tough to digest for investors and created significant volatility in financial markets this quarter. While this situation may feel uneasy for our clients, it's important to note that volatility has always been a part of the markets. We view the volatility as an opportunity for the active management of our investment strategies. Our Capital Group Active-Passive Models are built to harness these opportunities through active management, mitigate the volatility through portfolio construction, and provide ongoing oversight through active monitoring of the portfolios.

Volatility often creates market dislocations, as instinct-driven broad selloffs unfairly penalize companies caught in the sweep, despite strong fundamentals and long-term prospects. Our underlying active fund managers seek to add these overlooked gems to their portfolios. To accomplish this, our analysts and portfolio managers meet with company management, holding over 21,000 meetings last year. They also share and consume relevant information from peers across asset classes and specialties – all under the checks and balances of The Capital System™.

We may not yet have reached the apex of our current bout of volatility, and even when we've crested it, this will undoubtedly not be the last cycle of uncertainty we will encounter. With this in mind, we also address volatility through portfolio construction. We take a thoughtful approach to equity implementation across our models by shifting the types of equities, from capital appreciation-focused equities in our growth models to dividend-paying equities in our more conservative portfolios. This is intended to create a buffer to help weather volatility, especially for clients in or near retirement, to help smooth out their investment journey and preserve wealth.

Lastly, the Portfolio Solutions Committee (PSC) and the Capital Solutions Group (CSG) actively monitor these portfolios throughout volatility from a risk management perspective. Ongoing monitoring is a key tenet to our process, to help ensure that portfolio metrics and characteristics align with long-term objectives and help meet investor goals. Our dedicated multi-asset research team is leveraging their experience in their effort to detect and limit unintentional risk in your portfolios throughout volatility.

Looking forward

A range of political and economic issues continue to weigh on the economy as we head deeper into 2025. U.S. inflation had been stabilizing, but the announcement of potentially widespread tariffs by the current administration led to strong concerns over ballooning inflation, dampening expectations of interest rate cuts from the Fed. Although the impact of the tariffs is still uncertain at this time ([Guide to Tariffs](#)), they're not currently accompanied by any domestic industrial incentives, such as those introduced in the Inflation Reduction Act of 2022. This has brought apprehension over their potential effect on consumer spending.

If these tariffs do become fully realized, we expect the underlying fund managers to look for where the equities market could continue to broaden and be on the lookout for companies that might benefit from this shift in trade policies. This could include U.S. manufacturing, as more companies, foreign and domestic, may seek to establish or increase U.S. operations. Financial services companies may benefit from loosened regulations, and an increase in domestic energy production could potentially boost oil and gas companies. For fixed income, we anticipate a potentially stronger focus on high-grade bonds in the underlying funds and the possibility that they could bring a measure of needed stability for our investors.



Model composite results as of March 31, 2025

Past results are not predictive of results in future periods.

Composite net results are calculated by subtracting an annual 3% fee, (which is equal to or higher than the highest actual model portfolio wrap fee charged by a program sponsor) from the gross composite monthly returns, which are net of underlying fund fees and expenses of all accounts in the composite. Composite gross results are net of underlying fund fees and expenses of all accounts in the composite and gross of any advisory fees charged by model providers. Results would have been lower if such fees had been deducted.

Model portfolio	Inception date	Cumulative total returns (%)				Average annual total returns (%)			
		QTD	YTD	1 year	3 years	5 years	10 years	Lifetime	
Growth									
Capital Group Active-Passive Global Growth MP Composite	11/30/2022	Gross	-2.57	-2.57	3.45	—	—	—	13.21
		Net	-3.30	-3.30	0.39	—	—	—	9.89
MSCI All Country World Index (ACWI)	—		-1.32	-1.32	7.15	—	—	—	14.12
Capital Group Active-Passive Growth MP Composite	11/30/2022	Gross	-4.48	-4.48	5.93	—	—	—	16.74
		Net	-5.19	-5.19	2.81	—	—	—	13.33
Growth Model Portfolio Index Blend	—		-1.94	-1.94	7.83	—	—	—	15.09
Capital Group Active-Passive Moderate Growth MP Composite	11/30/2022	Gross	-3.23	-3.23	5.88	—	—	—	14.66
		Net	-3.95	-3.95	2.76	—	—	—	11.30
Moderate Growth Model Portfolio Index Blend	—		-0.87	-0.87	7.35	—	—	—	13.20
Growth and income									
Capital Group Active-Passive Growth and Income MP Composite	11/30/2022	Gross	-0.67	-0.67	6.71	—	—	—	12.42
		Net	-1.40	-1.40	3.57	—	—	—	9.12
Growth and Income Model Portfolio Index Blend	—		-0.16	-0.16	7.02	—	—	—	11.95
Capital Group Active-Passive Moderate Growth and Income MP Composite	11/30/2022	Gross	0.41	0.41	6.91	—	—	—	10.55
		Net	-0.33	-0.33	3.76	—	—	—	7.31
Moderate Growth and Income Model Portfolio Index Blend	—		0.08	0.08	6.78	—	—	—	10.95
Capital Group Active-Passive Conservative Growth and Income MP Composite	11/30/2022	Gross	2.14	2.14	7.77	—	—	—	8.33
		Net	1.40	1.40	4.60	—	—	—	5.14
Conservative Growth and Income Model Portfolio Index Blend	—		0.40	0.40	6.79	—	—	—	10.18
Capital Group Active-Passive Conservative Income and Growth MP Composite	11/30/2022	Gross	2.00	2.00	6.85	—	—	—	7.25
		Net	1.25	1.25	3.71	—	—	—	4.09
Conservative Income and Growth Model Portfolio Index Blend	—		1.26	1.26	5.94	—	—	—	7.73
Preservation and income									
Capital Group Active-Passive Conservative Income MP Composite	11/30/2022	Gross	2.10	2.10	6.35	—	—	—	5.55
		Net	1.35	1.35	3.22	—	—	—	2.44
Conservative Income Model Portfolio Index Blend	—		1.03	1.03	5.85	—	—	—	6.60
Capital Group Active-Passive Preservation MP Composite	11/30/2022	Gross	1.96	1.96	5.86	—	—	—	4.50
		Net	1.21	1.21	2.74	—	—	—	1.41
Bloomberg 1-5 Year U.S. Government/Credit A+ Index	—		2.03	2.03	5.59	—	—	—	4.41

Index lifetime returns are based on composite inception dates.

Model composite results as of March 31, 2025

Model portfolio	Inception date	Cumulative total returns (%)				Average annual total returns (%)			
		QTD	YTD	1 year	3 years	5 years	10 years	Lifetime	
Income									
Capital Group Active-Passive Retirement Income - Enhanced MP Composite	11/30/2022	Gross	0.95	0.95	7.55	—	—	—	9.63
		Net	0.21	0.21	4.38	—	—	—	6.41
Custom Index Retirement Income - Enhanced	—		0.08	0.08	6.78	—	—	—	10.95
Capital Group Active-Passive Retirement Income - Moderate MP Composite	11/30/2022	Gross	2.16	2.16	7.85	—	—	—	8.17
		Net	1.41	1.41	4.68	—	—	—	4.99
Custom Index Retirement Income - Moderate	—		0.67	0.67	6.37	—	—	—	9.34
Capital Group Active-Passive Retirement Income - Conservative MP Composite	11/30/2022	Gross	2.30	2.30	7.51	—	—	—	6.60
		Net	1.55	1.55	4.35	—	—	—	3.46
Custom Index Retirement Income - Conservative	—		0.91	0.91	6.12	—	—	—	8.35
Tax-aware growth									
Capital Group Active-Passive Tax-Aware Moderate Growth MP Composite	10/31/2023	Gross	-3.80	-3.80	5.20	—	—	—	21.56
		Net	-4.51	-4.51	2.10	—	—	—	18.02
Tax-Aware Moderate Growth Model Portfolio Index Blend	—		-1.32	-1.32	6.78	—	—	—	20.37
Tax-aware growth and income									
Capital Group Active-Passive Tax-Aware Growth and Income MP Composite	10/31/2023	Gross	-2.42	-2.42	5.56	—	—	—	20.25
		Net	-3.14	-3.14	2.45	—	—	—	16.75
Tax-Aware Growth and Income Model Portfolio Index Blend	—		-0.91	-0.91	6.07	—	—	—	18.54
Capital Group Active-Passive Tax-Aware Moderate Growth and Income MP Composite	10/31/2023	Gross	-1.11	-1.11	5.40	—	—	—	17.83
		Net	-1.85	-1.85	2.30	—	—	—	14.39
Tax-Aware Moderate Growth and Income Model Portfolio Index Blend	—		-0.97	-0.97	5.46	—	—	—	17.02
Capital Group Active-Passive Tax-Aware Conservative Growth and Income MP Composite	10/31/2023	Gross	0.73	0.73	6.17	—	—	—	16.02
		Net	-0.02	-0.02	3.04	—	—	—	12.63
Tax-Aware Conservative Growth and Income Model Portfolio Index Blend	—		-0.68	-0.68	5.16	—	—	—	15.60
Tax-aware preservation and income									
Capital Group Active-Passive Tax-Aware Moderate Income MP Composite	10/31/2023	Gross	0.68	0.68	5.59	—	—	—	13.97
		Net	-0.06	-0.06	2.47	—	—	—	10.64
Tax-Aware Moderate Income Model Portfolio Index Blend	—		-0.69	-0.69	3.53	—	—	—	12.25
Capital Group Active-Passive Tax-Aware Conservative Income MP Composite	10/31/2023	Gross	0.77	0.77	4.67	—	—	—	10.29
		Net	0.03	0.03	1.59	—	—	—	7.05
Tax-Aware Conservative Income Model Portfolio Index Blend	—		-0.57	-0.57	3.28	—	—	—	9.50
Capital Group Active-Passive Tax-Exempt Preservation MP Composite	10/31/2023	Gross	0.80	0.80	3.25	—	—	—	5.33
		Net	0.06	0.06	0.21	—	—	—	2.23
Bloomberg Municipal Bond 1-7 Year Blend Index	—		0.91	0.91	2.72	—	—	—	5.00

Index lifetime returns are based on composite inception dates.

Market index results as of March 31, 2025

Index name	Cumulative total returns (%)			Average annual total returns (%)		
	QTD	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Bond Index	-0.22	-0.22	1.22	1.53	1.07	2.13
Bloomberg U.S. Aggregate Index	2.78	2.78	4.88	0.52	-0.40	1.46
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	1.00	1.00	7.69	4.98	7.28	5.01
MSCI All Country World Index (ACWI)	-1.32	-1.32	7.15	6.91	15.18	8.84
MSCI All Country World Index (ACWI) ex USA	5.23	5.23	6.09	4.48	10.92	4.98
Russell 1000 Growth Index	-9.97	-9.97	7.76	10.10	20.09	15.12
Russell 1000 Index	-4.49	-4.49	7.82	8.65	18.47	12.18
Russell 1000 Value Index	2.14	2.14	7.18	6.64	16.15	8.79
S&P 500 Index	-4.27	-4.27	8.25	9.06	18.59	12.50

Investment and index disclosures

Appendix

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The underlying funds for each model portfolio as of March 31, 2025, are as follows (allocations may not equal 100% due to rounding):

Capital Group Active-Passive Global Growth Model Portfolio: Growth (59%): CGGO – Capital Group Global Growth Equity ETF 25%, CGIE – Capital Group International Focus Equity ETF 12%, CGMM – Capital Group U.S. Small and Mid Cap ETF 8%, CGGR – Capital Group Growth ETF 7%, CGNG – Capital Group New Geography ETF 7%; Growth and income (13%): CGUS – Capital Group Core Equity ETF 7%, CGDG – Capital Group Dividend Growers ETF 6%; Index ETFs (28%): Vanguard Total World Stock Index Fund 11%, Vanguard Growth Index Fund 8%, Vanguard FTSE All-World ex-US Index Fund 7%, iShares Core S&P 500 ETF 2%.

Capital Group Active-Passive Growth Model Portfolio: Growth (59%): CGGO – Capital Group Global Growth ETF 25%, CGXU – Capital Group International Focus Equity ETF 12%, CGMM – Capital Group U.S. Small and Mid Cap ETF 8%, CGGR – Capital Group Growth ETF 7%, CGNG – Capital Group New Geography Equity ETF 7%; Growth and income (13%): CGUS – Capital Group Core Equity ETF 7%, CCDG – Capital Group Dividend Growers ETF 6%; Index ETFs (28%): Vanguard Total World Stock Index Fund 11%, Vanguard Growth Index Fund 8%, Vanguard FTSE All-World ex-US Index Fund 7%, iShares Core S&P 500 ETF 2%.

Capital Group Active-Passive Moderate Growth Model Portfolio: Growth (44%): CGGR – Capital Group Growth ETF 18%, CGGO – Capital Group Global Growth Equity ETF 12%, CGGE – Capital Group Global Equity ETF 6%, CGMM – Capital Group U.S. Small and Mid Cap ETF 5%, CGNG – Capital Group New Geography Equity ETF 3%; Growth and income (13%): CGUS – Capital Group Core Equity ETF 8%, CCDG – Capital Group Dividend Growers ETF 5%; Balanced (11%): CGBL – Capital Group Core Balanced ETF 11%; Bond (4%): CGCB – Capital Group Core Bond ETF 4%; Index ETFs (28%): Vanguard Total World Stock Index Fund 14%, Vanguard Growth Index Fund 8%, iShares Core S&P 500 ETF 4%, Vanguard Total International Bond Index Fund 2%.

Capital Group Active-Passive Growth and Income Model Portfolio: Growth (29%): CGGE – Capital Group Global Equity ETF 14%, CGGR – Capital Group Growth ETF 6%, CGGO – Capital Group Global Growth

Equity ETF 4%, CGMM – Capital Group U.S. Small and Mid Cap ETF 3%, CGNG – Capital Group New Geography Equity ETF 2%; Growth and income (18%): CGUS – Capital Group Core Equity ETF 7%, CCDG – Capital Group Dividend Growers ETF 6%, CGDV – Capital Group Dividend Value ETF 5%; Balanced (13%): CGBL – Capital Group Core Balanced ETF 13%; Bond (13%): Capital Group U.S. Multi-Sector Income ETF 5% CGCB – Capital Group Core Bond ETF 5%, CGCP – Capital Group Core Plus Income ETF 3%; Index ETFs (27%): Vanguard Total World Stock Index Fund 10%, iShares Core S&P 500 ETF 6%, iShares Core U.S. Aggregate Bond ETF 3%, iShares Core Dividend Growth ETF 2%, Schwab U.S. Dividend Equity ETF 2%, Vanguard High Dividend Yield Index Fund 2%, Vanguard Total International Bond Index Fund 2%.

Capital Group Active-Passive Moderate Growth and Income Model Portfolio: Growth (21%): CGGE – Capital Group Global Equity ETF 11%, CGGR – Capital Group Growth ETF 4%, CGGO – Capital Group Global Growth Equity ETF 2%, CGNG – Capital Group New Geography Equity ETF 2%, CGMM – Capital Group U.S. Small and Mid Cap ETF 2%; Growth and income (17%): CGDG – Capital Group Dividend Growers ETF 10%, CGDV – Capital Group Dividend Value ETF 5%, CGUS – Capital Group Core Equity ETF 2%; Balanced (16%): CGBL – Capital Group Core Balanced ETF 16%; Bond (19%): CGCB – Capital Group Core Bond ETF 7%, CGMS – Capital Group U.S. Multi-Sector Income ETF 7%, CGCP – Capital Group Core Plus Income ETF 5%; Index ETFs (27%): Vanguard Total World Stock Index Fund 10%, iShares Core U.S. Aggregate Bond ETF 5%, iShares Core Dividend Growth ETF 3%, Vanguard Total International Bond Index Fund 3%, iShares Core S&P 500 ETF 2%, Schwab U.S. Dividend Equity ETF 2%, Vanguard High Dividend Yield Index Fund 2%.

Capital Group Active-Passive Conservative Growth and Income Model Portfolio: Growth and income (25%): CGDG – Capital Group Dividend Growers ETF 19%, CGDV – Capital Group Dividend Value ETF 6%; Income (8%): American High-Income Trust 5%, American Funds Emerging Markets Bond Fund 3%; Balanced (5%): CGBL – Capital Group Core Balanced ETF 5%; Bond (35%): CGMS – Capital Group U.S. Multi-Sector Income ETF, 20%, CGCB – Capital Group Core Bond ETF 8%, CGCP – Capital Group Core Plus Income ETF 7%; Index ETFs (27%): Vanguard Total World Stock Index Fund 7%, iShares Core U.S. Aggregate Bond ETF 5%, Schwab U.S. Dividend Equity ETF 5%, Vanguard High Dividend Yield Index Fund 5%, iShares Core Dividend Growth ETF 3%, Vanguard Total International Bond Index Fund 2%.

Capital Group Active-Passive Conservative Income and Growth Model

Portfolio: Growth and income (19%): CGDG – Capital Group Dividend Growers ETF 8%, CGDV Capital Group Dividend Value ETF 7%, CGCV – Capital Group Conservative Equity ETF 4%; Income (2%): American Funds Emerging Markets Bond Fund 2%; Balanced (4%): CGBL – Capital Group Core Balanced ETF 4%; Bond (48%): CGCB – Capital Group Core Bond ETF 19%, CGMS – Capital Group U.S. Multi-Sector Income ETF 16%, CGCP – Capital Group Core Plus Income ETF 13%; Index ETFs (27%): Vanguard Total World Stock Index Fund 9%, iShares Core U.S. Aggregate Bond ETF 4%, Vanguard Short-Term Treasury Index Fund 4%, Schwab U.S. Dividend Equity ETF 3%, Vanguard Total International Bond Index Fund 3%, Vanguard High Dividend Yield Index Fund 2%, Vanguard Short-Term Inflation-Protected Securities Index Fund 2%.

Capital Group Active-Passive Conservative Income Model Portfolio:

Growth and income (14%): CGCV – Capital Group Conservative Equity ETF 7%, CGDG – Capital Group Dividend Growers ETF 4, CGDV – Capital Group Dividend Value ETF 3%; Bond (60%): CGCB – Capital Group Core Bond ETF 25%, CGSD – Capital Group Short Duration Income ETF 15%, CGCP – Capital Group Core Plus Income ETF 12%, CGMS Capital Group U.S. Multi-Sector Income ETF 8%; Index ETFs (26%): Vanguard Short-Term Treasury Index Fund 11%, Vanguard Total International Bond Index Fund 5%, iShares Core Aggregate Bond ETF 2%, Schwab U.S. Dividend Equity ETF 2%, Vanguard High Dividend Yield Index Fund 2%, Vanguard Short-Term Inflation-Protected Securities Index Fund 2%, Vanguard Total World Stock Index Fund 2%.

Capital Group Active-Passive Preservation Model Portfolio:

Income (54%): Intermediate Bond Fund of America 33%, Short-Term Bond Fund of America 21%; Bond (20%): CGSD – Capital Group Short Duration Income ETF 20%; Index ETFs (26%): Vanguard Short-Term Treasury Index Fund 17%, Vanguard Total International Bond Index Fund 4%, iShares MBS ETF 3%, Vanguard Short-Term Inflation-Protected Securities Index Fund 2%.

Capital Group Active-Passive Retirement Income Model - Enhanced:

Growth (18%): CGGE – Capital Group Global Equity ETF 10%, CGGO – Capital Group Global Growth Equity ETF 8%; Growth and income (15%): CGDG – Capital Group Dividend Growers ETF 10%, CGCV – Capital Group Conservative Equity ETF 5%; Balanced (10%): CGBL – Capital Group Core Balanced ETF 10%; Bond (30%): CGMS – Capital Group U.S. Multi-Sector Income ETF 17%, CGCP – Capital Group Core Plus Income ETF 8%, CGCB – Capital Group Core Bond ETF 5%; Index ETFs (27%): iShares Core Dividend Growth ETF 6%, Schwab U.S. Dividend Equity ETF 4%, Vanguard Growth Index Fund 4%, Vanguard High Dividend Yield Index Field 4%, Vanguard Total World Stock Index Fund 4%, Vanguard Developed Markets Index Fund 3%, Vanguard Total International Bond Index Fund 2%.

Capital Group Active-Passive Retirement Income Model - Moderate:

Growth (7%): CGGE – Capital Group Global Equity ETF 7%; Growth and income (24%): CGDG – Capital Group Dividend Growers ETF 17%, CGCV – Capital Group Conservative Equity ETF 5%, CGDV – Capital Group Dividend Value 2%; Balanced (10%): CGBL – Capital Group Core Balanced ETF 10%; Bond (32%): CGCO – Capital Group Core Plus Income ETF 11%, CGMS – Capital Group U.S. Multi-Sector Income ETF 11%, CGCB – Capital Group Core Bond ETF 7%, CGSD – Capital Group Short Duration Income ETF 3%; Index ETFs (27%): iShares Core Dividend Growth ETF 4%, iShares MBS ETF 4%, Vanguard Developed Markets Index Fund 4%, Schwab U.S. Dividend Equity ETF 3%, Vanguard High Dividend Yield Index Fund 3%, Vanguard Total International Bond Index Fund 3%, iShares Core S&P 500 ETF 2%, iShares U.S. Treasury Bond ETF 2%, Vanguard Short-Term Treasury Index Fund 2%.

Capital Group Active-Passive Retirement Income Model - Conservative:

Growth and income (24%): CGDG – Capital Group Dividend Growers ETF 17%, CGCV – Capital Group Conservative Equity ETF 7%; Balanced (11%): CGBL – Capital Group Core Balanced ETF 11%; Bond (38%): CGCB – Capital Group Core Bond ETF 13%, CGMS – Capital Group U.S. Multi-Sector Income ETF 11%, CGCP – Capital Group Core Plus Income ETF 8%, CGSD – Capital Group Short Duration Income ETF 6%; Index ETFs (27%): Vanguard Short-Term Inflation-Protected Securities Index Fund 5%, iShares MBS ETF 3%, iShares U.S. Treasury Bond ETF 3%, Vanguard High Dividend Yield Index Fund 3%, Vanguard Total International Bond Index Fund 3%, iShares Core Dividend Growth ETF 2%, iShares Core U.S. Aggregate Bond ETF 2%, Schwab U.S. Dividend Equity ETF 2%, Vanguard Developed Markets Index Fund 2%, Vanguard Short-Term Treasury Index Fund 2%.

Capital Group Active-Passive Tax-Aware Moderate Growth: Growth (41%): CGGR – Capital Group Growth ETF 21%, SMALLCAP World Fund 8%, American Funds Global Insight Fund 6%, CGGO – Capital Group Global Growth Equity ETF 6%; Growth and income (22%): CGUS – Capital Group Core Equity ETF 12%, Capital World Growth and Income Fund 10%; Tax-exempt (9%): American High-Income Municipal Bond Fund 5%, CGMU – Capital Group Municipal Income ETF 4%; Index ETFs (28%): Vanguard Total World Stock Index Fund 15%, Vanguard Growth Index Fund 7%, iShares Core S&P 500 ETF 3%, iShares National Muni Bond ETF 3%.

Capital Group Active-Passive Tax-Aware Growth and Income: Growth (20%): CGGR – Capital Group Growth ETF 8%, CGGO – Capital Group Global Growth Equity ETF 6%, SMALLCAP World Fund 6%; Growth and income (38%): CGUS – Capital Group Core Equity ETF 20%, Capital World Growth and Income Fund 13%, CGDV – Capital Group Dividend Value ETF 5%; Tax-exempt (15%): American High-Income Municipal Bond Fund 10%, CGMU – Capital Group Municipal Income ETF 5%; Index ETFs (27%): Vanguard Total World Stock Index Fund 12%, iShares Core S&P 500 ETF 7%, iShares National Muni Bond ETF 3%, Vanguard Tax-Exempt Bond Index Fund 3%, iShares Core Dividend Growth ETF 2%.

Capital Group Active-Passive Tax-Aware Moderate Growth and Income:

Growth (12%): SMALLCAP World Fund 5%, CGGO – Capital Group Global Growth Equity ETF 5%, CGGR – Capital Group Growth ETF 2%; Growth and income (34%): CGUS – Capital Group Core Equity ETF 13%, Capital World Growth and Income Fund 10%, CGDV – Capital Group Dividend Value ETF 8%, CGDV – Capital Group Dividend Growers ETF 3%; Tax-exempt (27%): American High-Income Municipal Bond Fund 17%, CGMU – Capital Group Municipal Income ETF 10%; Index ETFs (27%): Vanguard Total World Stock Index Fund 10%, iShares National Muni Bond ETF 5%, iShares Core S&P 500 ETF 4%, Vanguard Tax-Exempt Bond Index Fund 4%, iShares Core Dividend Growth ETF 2%, Schwab U.S. Dividend Equity ETF™ 2%.

Capital Group Active-Passive Tax-Aware Conservative Growth and

Income: Growth and income (36%): CGDV – Capital Group Dividend Value ETF 13%, Capital World Growth and Income Fund 11%, CGDG – Capital Group Dividend Growers ETF 7%, American Mutual Fund 5%; Tax-exempt (37%): American High-Income Municipal Bond Fund 23%, CGMU – Capital Group Municipal Income ETF 11%, CGSM – Capital Group Short Duration Municipal Income ETF 3%; Index ETFs (27%): Vanguard Total World Stock Index Fund 10%, iShares National Muni Bond ETF 5%, Vanguard Tax-Exempt Bond Index Fund 5%, iShares Short-Term National Muni Bond ETF 3%, Schwab U.S. Dividend Equity ETF™ 2%, Vanguard High Dividend Yield Index Fund 2%.

Capital Group Active-Passive Tax-Aware Moderate Income: Growth and income (28%): CGDV – Capital Group Dividend Value ETF 12%, Capital World Growth and Income Fund 7%, American Mutual Fund 5%, CGDG – Capital Group Dividend Growers ETF 4%; Tax-exempt (45%): CGMU – Capital Group Municipal Income ETF 18%, American High-Income Municipal Bond Fund 17%, CGSM – Capital Group Short Duration Municipal Income ETF 10%; Index ETFs (27%): Vanguard Total World Stock Index Fund 7%, Vanguard Tax-Exempt Bond Index Fund 6%, iShares National Muni Bond ETF 5%, iShares Short-Term National Muni Bond ETF 5%, Schwab U.S. Dividend Equity ETF™ 2%, Vanguard High Dividend Yield Index Fund 2%.

Capital Group Active-Passive Tax-Aware Conservative Income: Growth and income (14%): CGDV – Capital Group Dividend Value ETF 6%, American Mutual Fund 5%, CGDG – Capital Group Dividend Growers ETF 3%; Tax-exempt (60%): CGSM – Capital Group Short Duration Municipal Income ETF 25%, CGMU – Capital Group Municipal Income ETF 22%, American High-Income Municipal Bond Fund 13%; Index ETFs (26%): iShares Short-Term National Muni Bond Fund 7%, SPDR® Nuveen Bloomberg Short Term Municipal Bond ETF 5%, Vanguard Tax-Exempt Bond Index Fund 5%, iShares National Muni Bond ETF 4%, Vanguard Total World Stock Index Fund 3%, Schwab U.S. Dividend Equity ETF™ 2%.

Capital Group Active-Passive Tax-Exempt Preservation: Tax-exempt (74%) Limited Term Tax-Exempt Bond Fund of America 40%, CGSM – Capital Group Short Duration Municipal Income ETF 34%; Index ETFs (26%): iShares Short-Term National Municipal Bond ETF 14%, SPDR® Nuveen Bloomberg Short Term Municipal Bond ETF 12%.

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Investment results assume all distributions are reinvested and reflect applicable fees and expenses.

Model portfolio index

Index/Index blends for American Funds Model Portfolios are those that the Portfolio Solutions Committee believes most closely approximate the investment universe of a given model portfolio. The index/index blends do not specifically represent the benchmarks of the underlying funds in the American Funds model portfolio. The index/index blends for the model portfolios are a composite of the cumulative total returns for the indexes and respective weightings listed:

Global Growth – MSCI All Country World Index (ACWI)

Growth – 75% S&P 500 and 25% MSCI ACWI ex USA indexes.

Moderate Growth – 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg U.S. Aggregate indexes.

Growth and Income – 50% S&P 500, 25% MSCI ACWI ex USA and 25% Bloomberg U.S. Aggregate indexes.

Moderate Growth and Income – 45% S&P 500, 35% Bloomberg U.S. Aggregate and 20% MSCI ACWI ex USA indexes.

Conservative Growth and Income – 35% S&P 500, 35% Bloomberg U.S. Aggregate, 15% MSCI ACWI ex USA and 15% Bloomberg U.S. Corporate High Yield 2% Issuer Capped indexes.

Conservative Income and Growth – 25% S&P 500, 65% Bloomberg U.S. Aggregate and 10% MSCI ACWI ex USA indexes.

Conservative Income – 50% Bloomberg U.S. Aggregate Index, 30% Bloomberg U.S. Government/Credit (1-3 years, ex BBB) Index and 20% S&P 500 indexes.

Preservation – Bloomberg 1-5 Year U.S. Government/Credit A+ Index.

Retirement Income - Enhanced – 45% S&P 500, 35% Bloomberg U.S. Aggregate and 20% MSCI ACWI ex USA indexes.

Retirement Income - Moderate – 50% Bloomberg U.S. Aggregate, 35% S&P 500 and 15% MSCI ACWI ex USA indexes.

Retirement Income - Conservative – 60% Bloomberg U.S. Aggregate, 30% S&P 500 and 10% MSCI ACWI ex USA indexes

Tax-Aware Moderate Growth – 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg Municipal Bond indexes.

Tax-Aware Growth and Income – 50% S&P 500, 25% MSCI ACWI ex USA and 25% Bloomberg Municipal Bond indexes.

Tax-Aware Moderate Growth and Income – 45% S&P 500, 20% MSCI ACWI ex USA and 35% Bloomberg Municipal Bond indexes.

Tax-Aware Conservative Growth and Income – 35% S&P 500, 15% MSCI ACWI ex USA, 35% Bloomberg Municipal Bond and 15% Bloomberg High Yield indexes.

Tax-Aware Moderate Income – 25% S&P 500, 10% MSCI ACWI ex USA and 65% Bloomberg Municipal Bond indexes.

Tax-Aware Conservative Income – 40% Bloomberg Municipal Bond Index, 40% Bloomberg Municipal 1-7 Years Blend Index and 20% S&P 500 Index.

Tax-Exempt Preservation – Bloomberg Municipal Bond 1-7 Year Blend Index.

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The index blends are rebalanced monthly. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the model portfolio has lagged the index/index blend.

Model portfolios are provided to financial intermediaries who may or may not recommend them to clients. The portfolios consist of an allocation of funds for investors to consider and are not intended to be investment recommendations. The portfolios are asset allocations

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MSCI All Country World Index is 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. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

MSCI All Country World ex USA Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global developed and emerging markets, excluding the United States. The index consists of more than 40 developed and emerging market country indexes. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

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Bloomberg U.S. Corporate Investment Grade Index represents the universe of investment grade, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements.

Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index covers the universe of fixed-rate, non-investment-grade debt. The index limits the maximum exposure of any one issuer to 2%.

Bloomberg High Yield Municipal Bond Index is a market-value-weighted index composed of municipal bonds rated below BBB/Baa.

Bloomberg Municipal Bond Index is a market-value-weighted index designed to represent the long-term investment-grade tax-exempt bond market.

Bloomberg 1-3 Year U.S. Government/Credit Index is a market-value weighted index that tracks the total return results of fixed-rate, publicly placed, dollar-denominated obligations issued by the U.S. Treasury, U.S. government agencies, quasi-federal corporations, corporate or foreign debt guaranteed by the U.S. government, and U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to three years.

Bloomberg Municipal Bond 1-7 Year Blend Index is a market-value-weighted index that includes investment-grade tax-exempt bonds with maturities of one to seven years.

Bloomberg 1-5 Year U.S. Government/Credit A+ Index is a market-value weighted index that tracks the total return results of fixed-rate, publicly placed, dollar-denominated obligations issued by the U.S. Treasury, U.S. government agencies, quasi-federal corporations, corporate or foreign debt guaranteed by the U.S. government, and U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to five years, including A-rated securities and above.

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Russell 1000 Growth Index is a market capitalization-weighted index that represents the large-cap growth segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have higher price-to-book ratios and higher expected growth values.

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