

Capital Group Active-Passive Models Designed for the long term

Quarterly update – Q2 2025



Quarterly models summary

Key takeaways for the quarter ended June 30, 2025

- After a sharp downturn sparked by tariff fears, markets rallied and ended the second quarter with positive returns across most major asset classes and sectors.
- The Capital Group Active-Passive Models all had strong, positive absolute results for the quarter. The growth models outpaced their benchmarks on both a gross and net-of-fees basis, while the growth-and-income models' results were mixed.
- The Portfolio Solutions Committee (PSC) and the Capital Solutions Group (CSG) regularly monitor model portfolios for risks and to ensure alignment with their long-term portfolio objectives, while underlying fund managers use company- and security-specific research to make real-time decisions and identify timely opportunities in today's ever-changing market environment.

Featured investment professionals



Samir Mathur
Chair of the Portfolio
Solutions Committee



Mario DiVito
Multi-Asset
Investment Director



Liz Yakes
Multi-Asset Investment
Product Manager

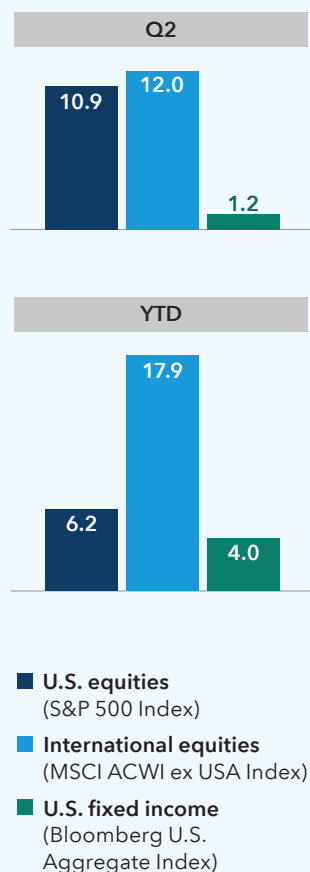
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Past results are not predictive of results in future periods.

Broad market results

Cumulative returns (%)



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

Following a sharp downturn triggered by fears of U.S. tariffs, markets ended the second quarter with an impressive rebound as some levies were paused, and global trade negotiations progressed.

The MSCI All Country World Index (ACWI) advanced 11.5%, with the growth component of the index significantly outpacing value. Less-cyclical sectors and higher yielding equities generally lagged. In the S&P 500 Index, top-returning sectors included information technology, communication services and industrials, while energy and health care trailed. The broader U.S. bond market advanced, with high yield leading the way (based on results of the Bloomberg U.S. Aggregate and Bloomberg U.S. Corporate High Yield indexes). Municipals declined (as measured by the Bloomberg U.S. Municipal Bond Index) amid worries they could lose their federal tax-exempt status.

The U.S. Federal Reserve, the Bank of Japan and the Bank of England all held their interest rates steady, while the European Central Bank cut its policy rate. The U.S. dollar fell against other major currencies, as measured by the U.S. Dollar Index.

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.

All results are for the quarter unless otherwise specified.

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 positive absolute results and led their benchmarks.

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

- Stock selection: both U.S. and non-U.S. were additive, as was greater allocation to non-U.S. equities.
- Selection within information technology (semiconductors) and financials boosted results; selection within health care (pharmaceuticals) and less exposure to technology weighed on returns.
- CGGO - Capital Group Global Growth Equity ETF was additive to relative returns; CGUS - Capital Group Core Equity ETF was a nominal detractor.
- Geographic allocations to U.S. equity and non-U.S. equity ended the quarter at 54% and 43%.

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

- Stock selection: both U.S. and non-U.S. were additive.
- Selection within information technology and communication services (interactive media) boosted results; selection in health care (managed care) and materials weighted on returns.
- CGGR - Capital Group Growth ETF was additive to relative returns; CGUS - Capital Group Core Equity ETF was a modest detractor.

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

- Stock selection: both U.S. and non-U.S. were additive, as was greater overall allocation to equities.
- Selection within information technology and consumer discretionary (cruise line) boosted results; selection within health care (clinical research company) and greater exposure to the sector weighted on returns.
- Fixed income was additive. U.S. Treasuries and corporate bonds boosted returns while forward contracts and securitized bonds detracted.
- CGGR - Capital Group Growth ETF was additive to relative returns; CGDG - Capital Group Dividend Growers ETF was a detractor.

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. The success metrics for these models emphasize lower volatility, strong risk-adjusted returns and yield.

Capital Group Active-Passive Growth and Income Model positive absolute returns for the quarter, leading its benchmark on a gross basis but net returns lagged.

- Stock selection: both U.S. and non-U.S. were additive.
- Selection within information technology and industrials (aerospace and defense) boosted results; selection within health care (biotechnology) and greater exposure to the sector weighted on returns.
- Fixed income was additive. U.S. Treasuries and corporate bonds boosted returns while forward contracts and securitized bonds detracted.
- CGGE - Capital Group Global Equity ETF and CGGR - Capital Group Growth ETF were additive to relative returns; the dividend-oriented passive ETFs and CGDG - Capital Group Dividend Growers ETF were relative detractors.

Capital Group Active-Passive Moderate Growth and Income Model posted positive absolute returns for the quarter, leading its benchmark on a gross basis, but net returns lagged.

- Stock selection: non-U.S. was additive, U.S. detracted.
- Selection within information technology (semiconductors) and consumer staples was additive; selection in health care (managed care) and less technology exposure weighed on returns.
- Fixed income was additive. U.S. Treasuries and corporate bonds boosted returns while forward contracts and securitized bonds detracted.
- CGGE - Capital Group Global Equity ETF and CGGR - Capital Group Growth ETF were additive to relative returns; the dividend-oriented passive ETFs and CGDG - Capital Group Dividend Growers ETF were relative detractors.

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

- Stock selection: non-U.S. was additive, U.S. detracted.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was detractive.
- Selection within information technology and financials (financial services) boosted results; selection in consumer discretionary and energy (oil and gas) weighed on returns.
- Fixed income was additive. U.S. Treasuries and emerging markets bonds boosted returns while forward contracts and corporate bonds detracted.
- CGMS - Capital Group U.S. Multi-Sector Income ETF was additive to relative returns; CGDG - Capital Group Dividend Growers ETF was a relative detractor.

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

- Stock selection: non-U.S. was additive, U.S. detracted.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was detractive.
- Selection within information technology and consumer staples (tobacco) boosted results; selection in health care (pharmaceuticals) and less exposure to technology weighed on returns.
- Fixed income was additive. Emerging markets and corporate bonds boosted returns while forward contracts detracted.
- CGMS - Capital Group U.S. Multi-Sector Income ETF was additive to relative returns; CGCV - Capital Group Conservative Equity ETF was a relative detractor.

Model allocation enhancement highlights Q2 2025



Global Growth and Growth models:

Introduced an allocation to CGGE - Capital Group Global Equity ETF in an effort to increase geographically flexible capital appreciation opportunities, support capital growth objectives and enhance equity diversification.



Moderate Growth model:

Decreased overall equity exposure to potentially reduce portfolio volatility, increase asset class flexibility and more closely align with the strategic asset allocation of the long-term objective.



Conservative Income model:

Refined mix of fixed income exposures. This included increasing exposure to developed market non-U.S. bonds to add less-correlated fixed income sector exposure that may also provide opportunities to improve risk-adjusted returns and current income.

These enhancements seek to leverage the tax efficiency* advantages of ETFs to achieve the overall desired portfolio characteristics, including key exposures, 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.

Preservation and income models

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

- Stock selection: non-U.S. was additive, U.S. detracted.
- Portfolio construction design of implementing underlying strategies that focus on dividend paying equities was detractive.
- Selection within information technology (semiconductors) and financials boosted results; selection in consumer discretionary and health care (managed care) weighed on returns.
- Fixed income was additive. U.S. Treasuries and corporate bonds boosted returns while forward contracts detracted.
- CGSD – Capital Group Short Duration Income ETF and Vanguard Total International Bond Index Fund ETF were additive to relative returns; the dividend-oriented passive ETFs and CGCV – Capital Group Conservative Equity ETF were relative detractors.

Capital Group Active-Passive Preservation Model posted positive absolute returns for the quarter, with results in line with the benchmark on a gross basis, but net returns lagged.

- U.S. Treasuries and corporate bonds boosted returns while forward contracts detracted.
- Intermediate Bond Fund of America® was a relative contributor; Vanguard Short-Term Treasury Index Fund ETF was a nominal relative detractor.

Retirement income models

All three **Capital Group Active-Passive Retirement Income Models** posted positive absolute returns but lagged 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.

- Stock selection: non-U.S. was additive, U.S. detracted.
- Significant exposure to dividend paying equities was detractive for the quarter as dividend paying equities were positive but trailed the broader market.
- Stock selection within consumer staples and technology was additive, while selection in health care and communication services detracted.
- Fixed income was additive. U.S. Treasuries and corporate bonds boosted returns while forward contracts and securitized bonds detracted.
- Across most of the models, CGMS – Capital Group U.S. Multi-Sector Income ETF and CGGE – Capital Group Global Equity ETF were additive to relative returns; the dividend-oriented passive ETFs and CGCV – Capital Group Conservative Equity ETF were relative detractors.

Withdrawal rate guidance update for retirement income portfolios

Effective 7/1/25

Guidance	Conservative		Moderate		Enhanced	
	Lower	Upper	Lower	Upper	Lower	Upper
Previous guidance	3.00%	3.75%	3.25%	4.00%	3.50%	4.25%
Updated guidance	3.25%	4.00%	3.50%	4.25%	3.75%	4.50%
Change	+0.25%	+0.25%	+0.25%	+0.25%	+0.25%	+0.25%

These portfolios are distribution focused and designed to address varying income needs and risk tolerances. Each has a suggested annual withdrawal rate range. Following the PSC's annual review of this guidance, there was an increase in the upper and lower ranges across the three portfolios.

Payments consisting of return of capital will result in a decrease in an investor's fund share balance. Higher rates of withdrawal and withdrawals during declining markets may result in a more rapid decrease in an investor's fund share balance. Persistent returns of capital could ultimately result in a zero account balance.

Tax-aware portfolios

Capital Group Active-Passive Tax-Aware Models posted positive absolute returns but had mixed results relative to their respective benchmarks.

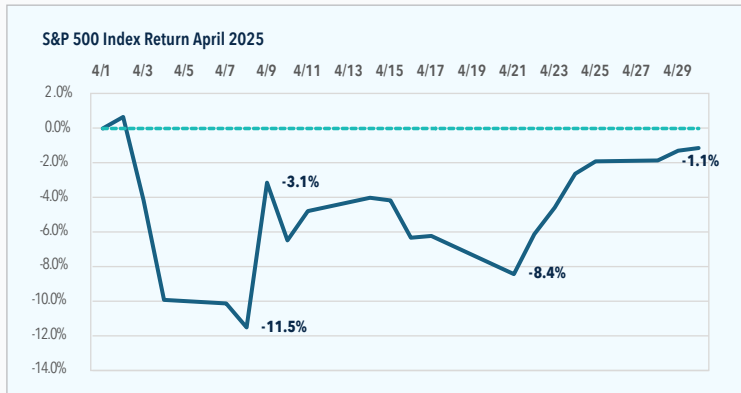
- Stock selection: non-U.S. was additive, U.S. was mixed across the models.
- Stock selection within consumer staples and information technology boosted results; selection within health care and greater exposure to the sector weighed on returns.
- Within municipal fixed income, housing municipal bonds were a positive contributor while education municipals detracted.
- Across most of the models, Capital World Growth and Income Fund® and SMALLCAP World Fund® were additive to relative returns; American High-Income Municipal Bond Fund® and the dividend-oriented passive ETFs detracted.

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

- Within municipal fixed income, housing municipal bonds and industrial development revenue/pollution control revenue bonds were nominal positive contributors while education and transportation municipals nominally detracted.

Actively **adapting** to changing market conditions

We design our model portfolios with long-term objectives that align to the broad investor goals of building, spending or preserving wealth. Keeping a steady eye on the models' respective success metrics is crucial for the financial success of our clients.



In early April, the S&P 500 Index fell dramatically after the announcement of broad U.S. tariffs, leading many investors to panic sell. However, by the end of that month, the index had gained back almost everything it had lost. While this type of environment may seem unsettling to many investors, our model portfolios that focus on income and preservation are constructed to pursue a degree of downside resilience to help weather these types of dips, with the aim of delivering consistent patterns of results across market cycles.

While our models are strategic in nature and constructed with long-term objectives, they have the flexibility to adapt to changing market conditions. If appropriate, our dedicated team of multi-asset investment professionals have the discretion to make research-driven changes to the model's active underlying funds. When this happens, we share our thought process, cueing you in on what we hope to accomplish with these enhancements.

In addition to these potential enhancements, the active underlying funds in our model portfolios are working beneath the surface to adjust to shifts in the economic and market climate in real time. Inside each model portfolio, our global network of 450-plus investment professionals are making investment decisions inside our active underlying mutual funds and exchange-traded funds (ETFs). As market conditions evolve, our analysts use bottom-up, fundamental research to identify new opportunities or to reevaluate their previous recommendations. In addition, within the more flexible global and balanced underlying active funds, portfolio managers are empowered to shift between U.S. and non-U.S. investments, or between equity and fixed income, as circumstances change.

We often refer to this as our “two layers of active management”: Our active underlying building blocks, along with our active research and monitoring of each model's allocations. Both layers work together to pursue the model's long-term objectives. Some notable modifications that have occurred this year within some underlying funds include a greater defensive posture through increased cash allotments, as well as a shift toward the industrials, financials and health care sectors, and away from information technology. The proportion of U.S. to non-U.S. equities has also begun to swing to be more in favor of non-U.S. than previously. Together, these two layers of active management help our portfolios navigate changing environments.

Looking forward

Having crossed the midyear point of 2025, markets face a lot of unknowns that are creating economic headwinds, including developments in the Russia-Ukraine and Iran-Israel conflicts. In addition, the widespread tariffs announced by the current U.S. administration in April have not yet been fully implemented, so their impact on economic growth and inflation remains uncertain. Our team explores different possible outcome scenarios in our [2025 Midyear Outlook](#).

On the macroeconomic front, the U.S. economy appears to be slowing. Although U.S. consumer fundamentals have remained healthy, there are signs that some businesses have reacted to economic uncertainty by pulling back on spending and hiring. Meanwhile, the impact of tariffs on inflation and growth may not yet be reflected in the economic data.

Within equities, many Capital Group portfolio managers have found increasing opportunities in non-U.S. markets, which tend to offer more attractive valuations than the U.S. In addition, non-U.S. companies

may be less encumbered by tariffs than their American counterparts. On a sector basis, some Capital Group equity portfolios have targeted select industrial companies that may benefit from the transition to green energy, the reorganization of global supply chains, and increased defense spending. In addition, some portfolio managers have favored select pharmaceutical and biotech companies with promising research pipelines for obesity and cancer treatments.

On the fixed income side, some managers have favored opportunities in structured credit, including higher coupon mortgage-backed securities and subprime auto asset-backed securities. Our rates team believes that the Fed will implement a moderate number of cuts later this year. However, the timing will depend on the trajectory of inflation, tariffs and economic data.

Amidst this uncertainty, portfolio managers and analysts continue to use their deep fundamental analysis in their quest to unearth overlooked opportunities and pursue strong results for investors.



Model composite results as of June 30, 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	13.23	10.32	14.13	—	—	—	17.37
		Net	12.42	8.71	10.79	—	—	—	13.94
MSCI All Country World Index (ACWI)	—		11.53	10.05	16.17	—	—	—	17.53
Capital Group Active-Passive Growth MP Composite	11/30/2022	Gross	13.58	8.50	16.25	—	—	—	20.82
		Net	12.77	6.91	12.85	—	—	—	17.30
Growth Model Portfolio Index Blend	—		11.24	9.08	15.93	—	—	—	18.31
Capital Group Active-Passive Moderate Growth MP Composite	11/30/2022	Gross	12.50	8.87	16.02	—	—	—	18.43
		Net	11.69	7.28	12.63	—	—	—	14.97
Moderate Growth Model Portfolio Index Blend	—		9.75	8.79	14.57	—	—	—	15.95
Growth and income									
Capital Group Active-Passive Growth and Income MP Composite	11/30/2022	Gross	9.26	8.52	14.59	—	—	—	15.03
		Net	8.46	6.94	11.23	—	—	—	11.66
Growth and Income Model Portfolio Index Blend	—		8.76	8.58	13.65	—	—	—	14.39
Capital Group Active-Passive Moderate Growth and Income MP Composite	11/30/2022	Gross	7.93	8.37	13.93	—	—	—	12.77
		Net	7.15	6.79	10.60	—	—	—	9.46
Moderate Growth and Income Model Portfolio Index Blend	—		7.72	7.80	12.60	—	—	—	13.05
Capital Group Active-Passive Conservative Growth and Income MP Composite	11/30/2022	Gross	4.92	7.17	12.48	—	—	—	9.51
		Net	4.15	5.60	9.18	—	—	—	6.29
Conservative Growth and Income Model Portfolio Index Blend	—		6.55	6.98	11.73	—	—	—	11.86
Capital Group Active-Passive Conservative Income and Growth MP Composite	11/30/2022	Gross	4.17	6.25	10.73	—	—	—	8.22
		Net	3.40	4.69	7.48	—	—	—	5.04
Conservative Income and Growth Model Portfolio Index Blend	—		4.68	6.00	9.58	—	—	—	8.86
Preservation and income									
Capital Group Active-Passive Conservative Income MP Composite	11/30/2022	Gross	2.57	4.72	8.58	—	—	—	6.03
		Net	1.81	3.19	5.39	—	—	—	2.91
Conservative Income Model Portfolio Index Blend	—		3.14	4.20	7.90	—	—	—	7.22
Capital Group Active-Passive Preservation MP Composite	11/30/2022	Gross	1.52	3.50	6.63	—	—	—	4.66
		Net	0.77	1.98	3.49	—	—	—	1.57
Bloomberg 1-5 Year U.S. Government/Credit A+ Index	—		1.45	3.51	6.27	—	—	—	4.56

Index lifetime returns are based on composite inception dates.

Model composite results as of June 30, 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	6.93	7.94	13.08	—	—	—	11.51
		Net	6.15	6.36	9.77	—	—	—	8.24
Custom Index Retirement Income - Enhanced	—		7.72	7.80	12.60	—	—	—	13.05
Capital Group Active-Passive Retirement Income - Moderate MP Composite	11/30/2022	Gross	5.57	7.86	12.78	—	—	—	9.63
		Net	4.80	6.28	9.48	—	—	—	6.41
Custom Index Retirement Income - Moderate	—		6.20	6.91	11.09	—	—	—	10.95
Capital Group Active-Passive Retirement Income - Conservative MP Composite	11/30/2022	Gross	4.32	6.72	11.33	—	—	—	7.69
		Net	3.55	5.16	8.07	—	—	—	4.52
Custom Index Retirement Income - Conservative	—		5.17	6.12	10.04	—	—	—	9.63
Tax-aware growth									
Capital Group Active-Passive Tax-Aware Moderate Growth MP Composite	10/31/2023	Gross	12.51	8.24	15.58	—	—	—	26.70
		Net	11.71	6.66	12.20	—	—	—	23.03
Tax-Aware Moderate Growth Model Portfolio Index Blend	—		9.53	8.08	13.74	—	—	—	23.64
Tax-aware growth and income									
Capital Group Active-Passive Tax-Aware Growth and Income MP Composite	10/31/2023	Gross	9.77	7.12	13.34	—	—	—	23.70
		Net	8.98	5.55	10.02	—	—	—	20.11
Tax-Aware Growth and Income Model Portfolio Index Blend	—		8.40	7.41	12.28	—	—	—	21.28
Capital Group Active-Passive Tax-Aware Moderate Growth and Income MP Composite	10/31/2023	Gross	7.17	5.98	11.13	—	—	—	19.84
		Net	6.39	4.42	7.87	—	—	—	16.35
Tax-Aware Moderate Growth and Income Model Portfolio Index Blend	—		7.22	6.18	10.71	—	—	—	19.18
Capital Group Active-Passive Tax-Aware Conservative Growth and Income MP Composite	10/31/2023	Gross	4.91	5.67	9.99	—	—	—	16.77
		Net	4.13	4.12	6.76	—	—	—	13.36
Tax-Aware Conservative Growth and Income Model Portfolio Index Blend	—		5.33	4.62	8.54	—	—	—	16.70
Tax-aware preservation and income									
Capital Group Active-Passive Tax-Aware Moderate Income MP Composite	10/31/2023	Gross	3.82	4.53	8.60	—	—	—	14.30
		Net	3.06	2.99	5.40	—	—	—	10.96
Tax-Aware Moderate Income Model Portfolio Index Blend	—		3.78	3.07	6.19	—	—	—	12.81
Capital Group Active-Passive Tax-Aware Conservative Income MP Composite	10/31/2023	Gross	1.89	2.68	5.84	—	—	—	9.91
		Net	1.14	1.17	2.72	—	—	—	6.69
Tax-Aware Conservative Income Model Portfolio Index Blend	—		2.57	1.98	5.06	—	—	—	9.67
Capital Group Active-Passive Tax-Exempt Preservation MP Composite	10/31/2023	Gross	1.15	1.96	4.08	—	—	—	5.23
		Net	0.39	0.46	1.01	—	—	—	2.13
Bloomberg Municipal Bond 1-7 Year Blend Index	—		1.17	2.09	4.04	—	—	—	4.97

Index lifetime returns are based on composite inception dates.

Market index results as of June 30, 2025

Index name	Cumulative total returns (%)			Average annual total returns (%)		
	QTD	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Bond Index	-0.12	-0.35	1.11	2.50	0.51	2.20
Bloomberg U.S. Aggregate Index	1.21	4.02	6.08	2.55	-0.73	1.76
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	3.53	4.57	10.29	9.93	5.96	5.37
MSCI All Country World Index (ACWI)	11.53	10.05	16.17	17.35	13.65	9.99
MSCI All Country World Index (ACWI) ex USA	12.03	17.90	17.72	13.99	10.13	6.12
Russell 1000 Growth Index	17.84	6.09	17.22	25.76	18.15	17.01
Russell 1000 Index	11.11	6.12	15.66	19.59	16.30	13.35
Russell 1000 Value Index	3.79	6.00	13.70	12.76	13.93	9.19
S&P 500 Index	10.94	6.20	15.16	19.71	16.64	13.65

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: Growth (65%): CGGO - Capital Group Global Growth Equity 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%, CGGE - Capital Group Global Equity ETF 6%; Growth and income (7%): CGUS - Capital Group Core Equity ETF 7%; 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: Growth (52%): CGGR - Capital Group Growth ETF 20%, CGGO - Capital Group Global Growth Equity ETF 14%, CGMM - Capital Group U.S. Small and Mid Cap ETF 8%, CGGE - Capital Group Global Equity ETF 6%, CGNG - Capital Group New Geography Equity ETF 4%; Growth and income (20%): CGUS - Capital Group Core Equity ETF 20%; Index ETFs (28%): Vanguard Total World Stock Index Fund 16%, Vanguard Growth Index Fund 8%, iShares Core S&P 500 ETF 4%.

Capital Group Active-Passive Moderate Growth Model: Growth (42%): CGGR - Capital Group Growth ETF 16%, 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%, CGDG - Capital Group Dividend Growers ETF 5%; Balanced (13%): CGBL - Capital Group Core Balanced ETF 13%; Bond (4%): CGCB - Capital Group Core Bond ETF 4%; Index ETFs (28%): Vanguard Total World Stock Index Fund 16%, Vanguard Growth Index Fund 6%, iShares Core S&P 500 ETF 4%, Vanguard Total International Bond Index Fund 2%.

Capital Group Active-Passive Growth and Income Model: 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%, CGDG - Capital Group Dividend Growers ETF 6%, CGDV - Capital Group Dividend Value ETF 5%; Balanced (13%): CGBL - Capital Group Core Balanced ETF 13%; Bond (13%): CGCB - Capital Group Core Bond ETF 5%, CGMS - Capital Group U.S. Multi-Sector Income 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: 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: 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:

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: 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 14%, CGMS – Capital Group U.S. Multi-Sector Income ETF 6%; Index ETFs (26%): Vanguard Short-Term Treasury Index Fund 11%, Vanguard Total International Bond Index Fund 7%, 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: 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 Fund 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 Model:

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 Model: 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 Model: Growth (12%): CGGO – Capital Group Global Growth Equity ETF 5%, SMALLCAP World Fund 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 Model: 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 Model: 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 Model: 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 Model: 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 ICE 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, 30% Bloomberg U.S. Government/Credit (1-3 years, ex BBB) 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, 40% Bloomberg Municipal 1-7 Years Blend and 20% S&P 500 indexes.

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

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 designed for individuals with different time horizons, investment objectives and risk profiles. Allocations may change and may not achieve investment objectives. If a cash allocation is not reflected in a model, the intermediary may choose to add one. Capital Group does not have investment discretion or authority over investment allocations in client accounts. Rebalancing approaches may differ depending on where

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Indexes are unmanaged, and their results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes.

S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

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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 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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