

Municipal bond SMAs

Separately managed accounts (SMAs)

A discerning approach to managing risk



Selective investment approach



Resources, research and relationships



Flexible solutions and services

The potential for tax-exempt income together with the flexibility of an SMA can be an attractive combination. But before investing in a muni SMA, it's important to understand its relationship with risk.

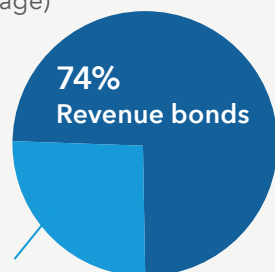
Capital Group's risk-aware investment approach seeks to capture the upside while reducing the downside in the municipal bond market. Credit selection is a big part of that. But unlike some other asset managers, we also use duration and yield curve positioning to manage risk and seek excess return. Selectivity in interest rate exposure can be a powerful tool – especially in challenging markets.

A selective investment approach: Managing interest rate and credit exposure to add value and help protect against downside risks

All data as of June 30, 2024. Sources: Capital Group, Morningstar. Intermediate Muni SMA data based on representative portfolio of the Capital Group Intermediate Municipal SMA Composite. Peer category is Morningstar U.S. Separate Account (SA) Muni National Intermediate. Ladder weightings and maturities are hypothetical based on a typical ladder approach. A ladder involves buying several bonds with a specified range of (staggered) maturities, to seek regular income. When one bond in the ladder matures, proceeds can be used to buy a new bond at the ladder's longest maturity.

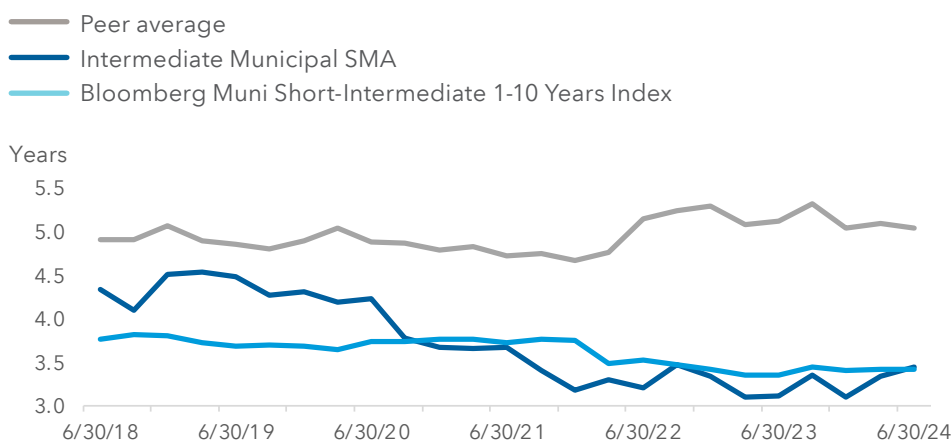
Careful credit selection to identify revenue opportunities

Intermediate Muni SMA portfolio composition by sector (three-year average)

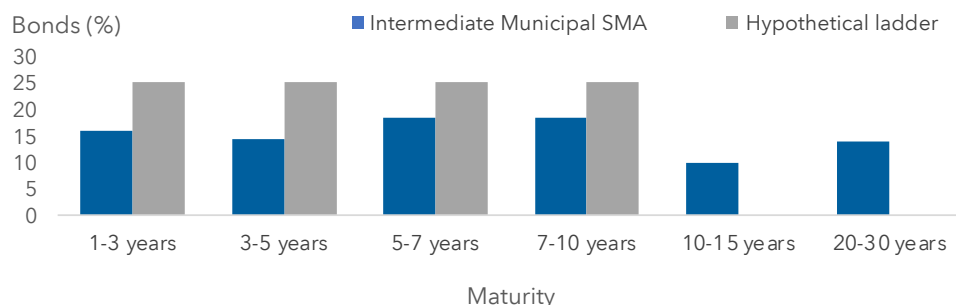


26% General obligation bonds and cash equivalents*

Active duration positioning vs. peer category average and benchmark



Active curve positioning vs. laddered maturity approach



*Cash and equivalents may include investments in money market or similar funds managed by a third party or similar investments managed by the investment adviser or its affiliates that are not offered to the public.

Advisory services offered through Capital Research and 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.

About Capital Group

- **90+** years' investment experience
- **1979:** Began investing in municipal bonds
- **1992:** Began managing high net worth muni separate accounts
- **\$2.8T** total AUM
- **\$550B** fixed income assets*
- **\$61B** muni assets covering 3,500+ muni credits across 24,500+ CUSIPs

Experienced municipal investment team

- **6** portfolio managers
- **10** investment analysts
- **5** traders
- Access to resources and capabilities of 252 investment professionals of Capital Group's broader fixed income organization

Data as of December 31, 2024.

*Assets managed by Capital Fixed Income Investors. All values in USD.



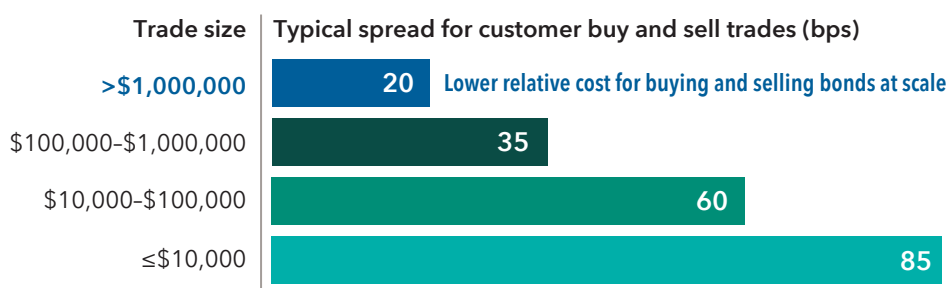
Resources, research and relationships

Our municipal bond SMAs are backed by the experience, relationships and scale Capital Group has built over its 90+ years in business.

And that makes a difference – in everything from our pricing to our research capabilities.

Power of institutional pricing

A centralized trading desk for mutual funds, institutional accounts and SMAs provides opportunities for lower transaction costs and optimized pricing for end clients.



Sources: Capital Group, Municipal Securities Rulemaking Board. Bid-ask spread estimates as a percentage of midpoint price in mid-2019.

Deeply collaborative investment process

Capital Group muni SMAs benefit from the same teams, bond-by-bond research and resources that power our American Funds® municipal bond strategies.



Research and collaboration

Muni analysts seek out compelling opportunities and collaborate with equity and taxable bond analysts for a more holistic view.



Execution

Muni traders help navigate structural challenges and offer insight on:

- New issues pricing
- Secondary market availability
- Sector-specific developments
- Execution choices



Investment

Muni analysts may invest for the mutual funds' research portfolios. Their investment convictions send signals to portfolio managers within the funds and across other vehicles including our SMAs.

Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.



Flexible solutions and services

Thoughtful onboarding

Some managers prioritize speed in opening new accounts. Capital Group's deliberate approach seeks to add value in the longer term.

- **In-kind transitions.** Our trading desk accepts different kinds of bonds and can often transfer them into the account or sell them on behalf of the client for a more tax-efficient transition.
- **Customized portfolio analysis.** Compares your client's portfolio with a selected SMA strategy on key bond metrics and provides a keep-sell analysis. Potential for improved credit quality, increased diversification, reduced risk and more may be revealed. Custom cash analysis is also available.



"When you're looking for the right bond, the opportunity cost of waiting may pale compared to the transaction penalty of buying a subpar bond right now and needing to switch later. In short, patience upfront can accrue benefits over time."

—Mark Marinella,
fixed income portfolio manager

Suite of muni SMA strategies¹

Manager fee: 17 bps
Investment minimum: \$250K

[Capital Group Short Municipal](#)
[Capital Group Intermediate Municipal](#)
[Capital Group Long Municipal](#)

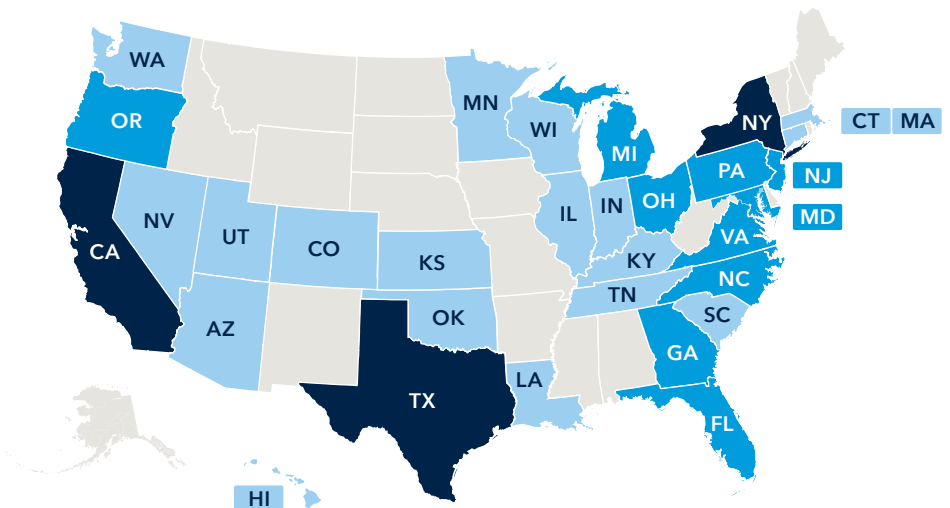
- Seek to provide current income exempt from federal tax, and capital preservation
- Invest in municipal bonds with quality ratings of BBB-/Baa3 or better while seeking to maintain a high level of liquidity

Customization for individual investor needs²

- Preference-oriented customization
- Extended transition times
- Other requests may be available

State portfolio options

- 📍 **STATE SPECIFIC**
(also available as state preference)
Invest in municipal securities issued in the selected U.S. state
- 📍 **STATE PREFERENCE**
Generally seek to invest at least 30% (at time of purchase)³ in municipal securities issued in the selected U.S. state
- 📍 **BEST EFFORTS**
Generally seek to invest at least 5% (at time of purchase)³ in municipal securities issued in the selected U.S. state



¹Product availability, fee and minimum investment may vary by sponsor and program. Please check with your home office. New accounts may require more than 4-8 weeks to be fully invested.

²Some options subject to account minimums and/or Capital Group approval.

³Holdings may fall below these amounts due to various factors including, but not limited to, market conditions, availability of the securities and investment conviction.



Ready to get started?

To discuss a strategy or schedule a portfolio analysis, please contact your Sales Representative.

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Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch, as an indication of an issuer's creditworthiness. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.