

**Capital Group Active SMAs**  
**Customized by Parametric**  
Separately managed accounts (SMAs)



## Time-tested strategies with customization and tax management

The strategies described herein (the "Strategies") are advised by Parametric Portfolio Associates LLC ("Parametric") and utilize model portfolios (the "Models") provided by Capital Group to Parametric. Parametric and Capital Group co-market the Strategies. If you invest in one of the Strategies, Parametric will be the investment adviser to your account. Parametric will pay Capital Group a fee based on the assets under management within a Capital Group Model Strategy. The compensation paid to Capital Group or its affiliates is for its investment advisory services. Capital Group is not a current client or investor of Parametric, although it is possible that one or more affiliates of Capital Group or employees of Capital Group or its affiliate may be, or may subsequently become, a client or investor of Parametric. Parametric pays Capital Group for the Models based on the amount of assets under management invested in the Strategies at the same rate Capital Group receives for providing the Model Portfolios to clients of your financial intermediary that are not customized by Parametric. As such, Parametric and Capital Group do not view Capital Group as being compensated by Parametric for the co-marketing activities. The payment of cash compensation to Capital Group or its affiliates by Parametric for the Model Portfolios utilized in the Strategies, and any additional relationships that Capital Group or its affiliates may now or in the future have with Parametric and its affiliates, create material conflicts of interest for Capital Group and/or Parametric.

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

# Innovation through partnership



**90+**

years focused on disciplined growth, downside protection and dedicated partnership

**28**

years' average investment industry experience for portfolio managers\*

**30+**

years solving client challenges through ingenuity and a quantitative approach

**210+**

professionals across research, strategy, trading and portfolio management

\*As of December 31, 2025.

## People with complex tax and investment needs often miss out on achieving their portfolio's full potential.

That's because opportunities to add value can be tricky to spot and inefficient to act on. And many investment vehicles lack the necessary flexibility.

**Capital Group Active SMAs, Customized by Parametric**, can help change that. Bringing together the best thinking of two industry leaders, **active customized SMAs** seek to achieve both investment alpha and tax alpha. And with robust customization capabilities, they can help meet many other needs as well.

Capital Group and Parametric are partnering to provide active customized SMAs. These SMAs are based on Capital Group investment strategies and seek to capture the risk and return characteristics of those strategies. However, Parametric maintains the sole investment discretion over the portfolio holdings and allocation within each active customized SMA. The firms are otherwise not associated.



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

# The power of active plus active

## Active investing from Capital Group



## Active tax management from Parametric

Track record of index-beating lifetime results for 11 of Capital Group's 12 equity SMA strategies.<sup>1</sup>

Seeks to capitalize on dynamic markets to deliver above-average risk-adjusted returns over the long term.

High-conviction investments grounded in deep, fundamental research.

Parametric is a pioneer in tax-managed investment solutions. Their algorithm, processes and technology have been refined over three decades.

Seeks to provide after-tax returns that exceed the specified Capital Group SMA year over year.

Proprietary optimization process harvests losses systematically throughout the year.

### With flexibility, control and customization by Parametric

Tailored, in-kind transitions | Sector and industry exclusions and screens  
Strategic gifting | Client-directed gain/risk budgets

## Who can benefit from an active customized SMA? Investors who want to...



Reduce exposure to capital gains tax



Gift highly appreciated assets



Diversify a concentrated portfolio



Fund an investment with in-kind securities



Control investment exposure through screens and restrictions



Reduce an appreciated position while offsetting tax liability

<sup>1</sup> Based on lifetime annualized returns as of December 31, 2025, 11 of Capital Group's 12 equity SMAs have led their benchmark on a "pure" gross basis, and two have also led on a net-of-fees basis. "Pure" gross composite returns do not reflect the deduction of any trading costs, fees or expenses. Composite net returns are calculated by deducting from the monthly "pure" gross returns a model fee equivalent to an annual 3% fee. Actual fees will vary. There have been times when the indexes outpaced the composites. Your financial advisor can provide information about Capital Group's equity SMAs and their benchmark indexes.

Capital Group and Parametric are not tax advisors. There is no guarantee that a tax-management strategy will result in increased after-tax returns. Results will differ based on an individual investor's circumstances.

Past results are not predictive of results in future periods. There is no assurance that investment objectives will be achieved. All investments are subject to risk of loss. Diversification does not assure a profit or protect against loss.

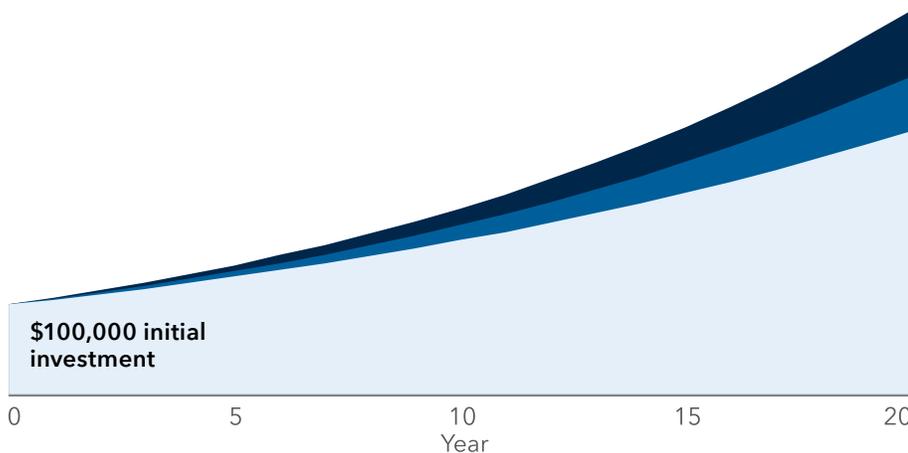
# Active tax management: Why it matters

For investors with substantial capital gains, taxes can weigh on investment performance and, over time, erode wealth. Active tax management seeks to reduce this “tax drag” and preserve positive long-term outcomes.

**The goal: Keep more money invested and compounding over the long term**

## Illustrative growth of \$100K over 20 years

7.5% annual return assumption



## Ending value with tax impact

**\$424,785** ■ Tax drag 0%

**\$352,365** ■ Tax drag 1%

**\$291,776** ■ Tax drag 2%

Tax drag measures how much return is lost to taxes – such as capital gains, dividend and income taxes – by comparing pre-tax and after-tax performance. The illustrative example shown does not represent the results of any specific investment. Your investment experience will differ.

## Why choose Capital Group active investment strategies?

Investment approach matters when it comes to tax management. Passive portfolios may generate early tax-loss opportunities that can decline over time without new capital. In contrast, disciplined, high-conviction portfolio changes may help fuel the tax management process for longer.

Two other ways Capital Group SMA investment strategies may support longer lasting “tax alpha”:

### 1. Longer holding periods

Capital Group SMA strategies have tended to hold stocks longer than peers. Longer holding periods allow the tax management process time to potentially add value through gain deferral and loss harvesting.

#### Average holding period (years)\*

Lipper peers 2.0

Capital Group 4.2

### 2. Less constraint

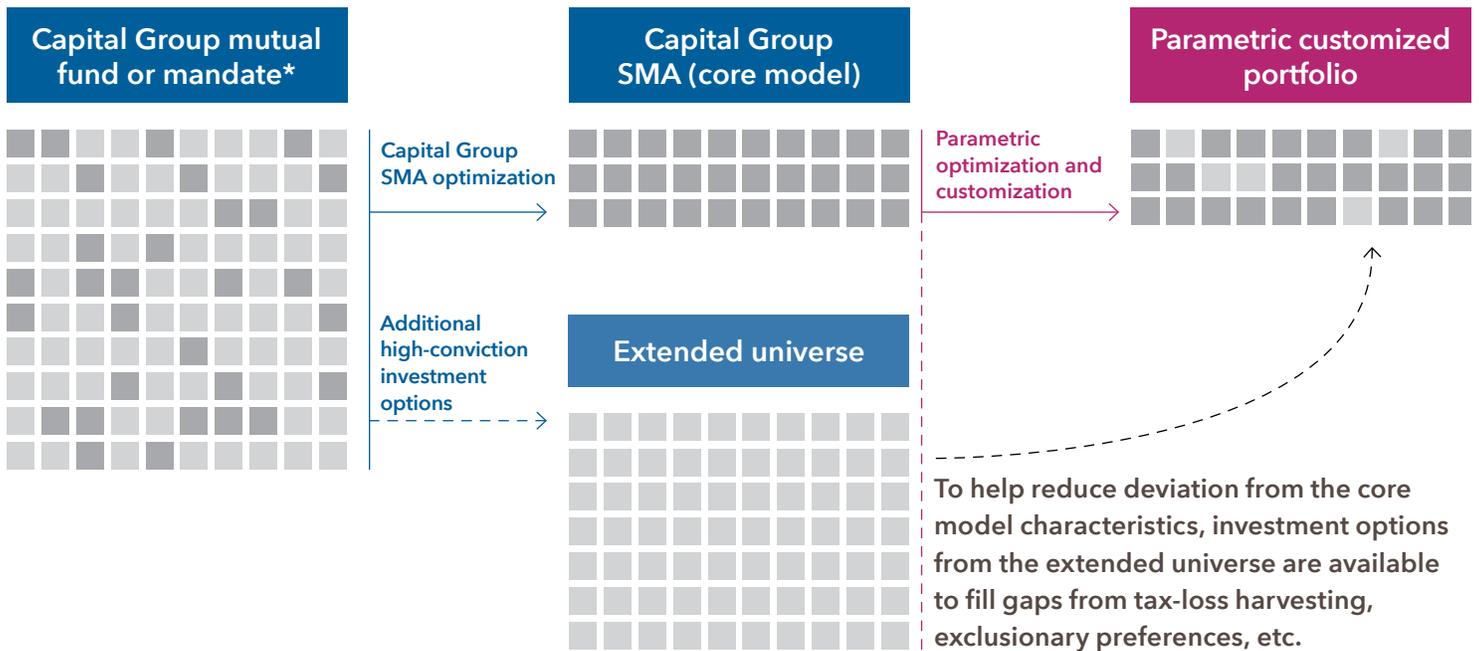
Capital Group’s equity-focused strategies tend to be highly diversified, holding a large number of securities. As illustrated on the next page, this wider set of investment options can help create after-tax value.



\*Holding periods as of December 31, 2025, based on equal-weighted average turnover across representative portfolios for all Capital Group equity SMA composites with at least one year of history versus Lipper category peers.

# Creating a flexible, tax-optimized portfolio that's anchored to a time-tested strategy

SMA's are inherently flexible because they hold individual securities. Active customized SMA's add even more flexibility through access to a broader set of high-conviction investment options from Capital Group's similar-strategy mutual fund. This expands the tax-loss harvesting opportunities, helps avoid wash sales and aims to keep the portfolio aligned with its investment approach.



## Portfolios are systematically optimized for risk and tax management opportunities



- 1. Identifies securities held at a loss**  
 Sell shares of Company A to realize a loss. The portfolio weight to Company A's industry may now be underweight relative to the model.
- 2. Selects replacement securities**  
 Buy shares of Company B to replace Company A. The portfolio weight to the industry stays close to the model.
- 3. Manage sector, industry and security biases**  
 Continue to seek performance in line with the model's exposure.
- 4. Sectors, industries and securities are risk-managed relative to the Capital Group investment strategy**

\*"Capital Group mutual fund" refers to the American Funds family of mutual funds.

Provided for illustrative purposes only. There is no assurance that investment objectives will be achieved. Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. Tax-loss harvesting involves the risks that the new investment could perform worse than the original investment and that transaction costs could offset the tax benefit. Also, a tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. Prospective investors should consult with a tax or legal advisor before making any investment decision.

# Robust reporting with key performance data

Digital access to client-friendly reports for portfolios of varying size and complexity

Pre-tax and post-tax performance | Realized and unrealized gains and losses | Tracking error

## Overview

**Account Name**  
Valued Client

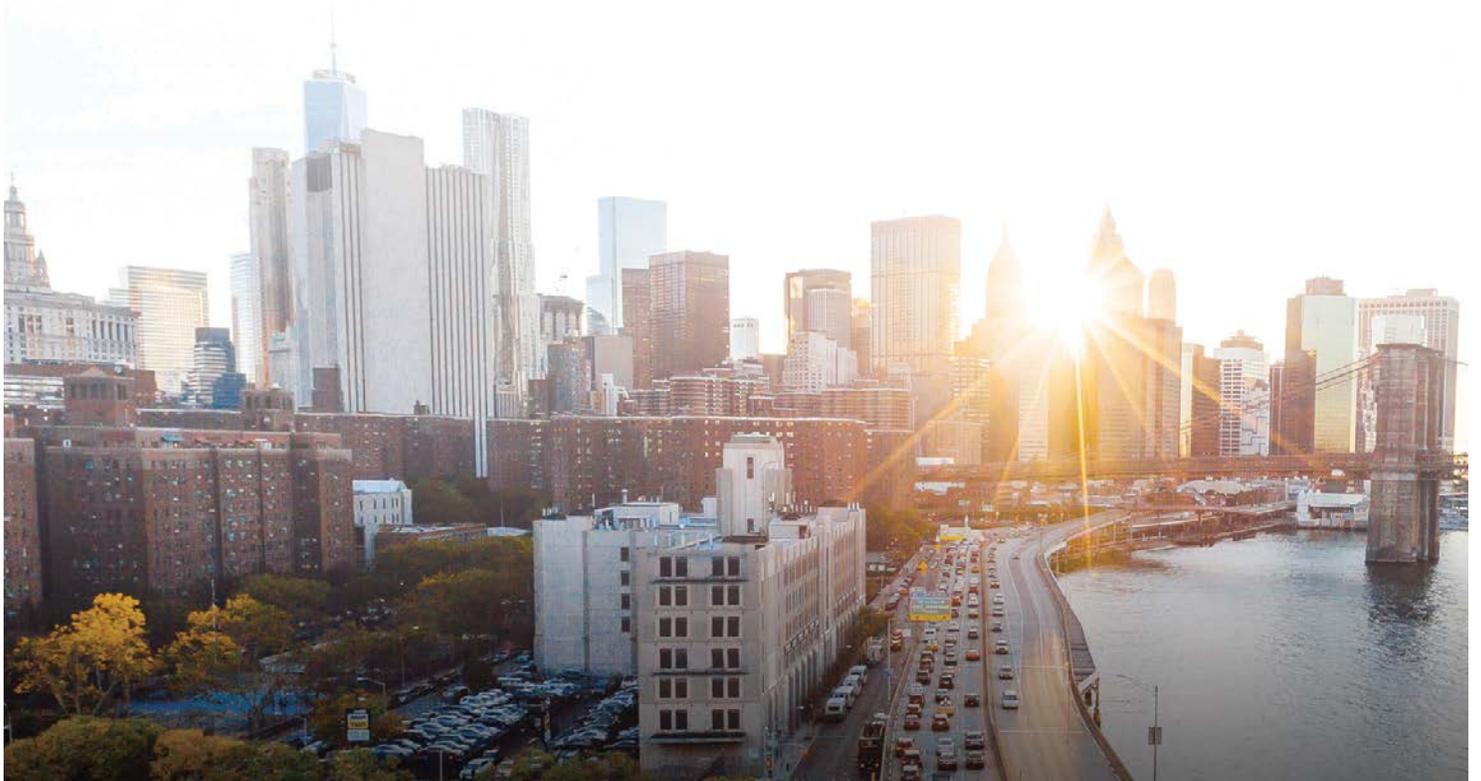
<b>Q2 2025 Market Value</b> \$1,186,842	<b>Strategy</b> Custom Active Strategy	<b>Q2 2025 Cost Basis</b> \$964,896	<b>Predicted Tracking Error</b> 0.62%
<b>Benchmark</b> S&P 500	<b>Inception Date</b> May 24, 2024	<b>Advisor(s)</b> Valued Advisor	<b>FCCo</b> Valued Firm

## Performance

*As of Q2 2025. All performance presented gross of fees*

Cumulative Performance	Q2 2025	Year to Date	Inception to Date
<b>PRETAX</b>			
Portfolio	9.35%	9.61%	19.88%
Strategy	9.28%	9.56%	19.41%
Difference	0.06%	0.06%	0.47%
<b>AFTER-TAX</b>			
Portfolio	10.05%	10.60%	21.45%
Strategy (Simulated)	8.87%	8.74%	17.97%
Difference	1.18%	1.86%	3.48%
Tax Alpha	1.12%	1.80%	3.01%

Sample image provided for illustrative purposes only. Actual results will materially differ from what is shown.



# Available strategies

Investment minimum: \$100K

Category	Strategy	Similar to <sup>1</sup>
<b>Domestic equity</b> (manager fee: 0.38%) <sup>2</sup>	Capital Group U.S. Equity SMA, Customized by Parametric	Capital Group U.S. Equity Fund (strategy inception 1974)
	Capital Group U.S. Growth SMA, Customized by Parametric	AMCAP Fund® (strategy inception 1967)
	Capital Group U.S. Income and Growth SMA, Customized by Parametric	Washington Mutual Investors Fund (strategy inception 1952)
<b>International/global equity</b> (manager fee: 0.42%) <sup>2</sup>	Capital Group Global Equity SMA, Customized by Parametric	American Funds® Global Insight Fund (strategy inception 1992)
	Capital Group International Equity SMA, Customized by Parametric	American Funds® International Vantage Fund (strategy inception 1987)
	Capital Group World Dividend Growers SMA, Customized by Parametric	Capital Group World Dividend Growers mandate (strategy inception 2012)

<sup>1</sup>Similar mutual funds share the same investment objective and portfolio managers with their respective Capital Group SMA. Strategy inception refers to earliest offering of the underlying investment strategy and may differ from mutual fund inception date.

<sup>2</sup>Inclusive of fee paid to Capital Group as described below.

There is no assurance that a separately managed account ("SMA") will achieve its investment objective. SMAs are subject to market risk, which is the possibility that the market values of the securities in an account will decline and that the value of the securities may therefore be less than what you paid for them. Market values can change daily due to economic and other events (e.g., natural disasters, health crises, terrorism, conflicts and social unrest) that affect markets, countries, companies or governments. It is difficult to predict the timing, duration and potential adverse effects (e.g., portfolio liquidity) of events. Accordingly, you can lose money investing in an SMA.

Investment strategies that seek to enhance after-tax performance may be unable to fully realize strategic gains or harvest losses due to various factors. Market conditions may limit the ability to generate tax losses. Tax-loss harvesting involves the risks that the new investment could perform worse than the original investment and that transaction costs could offset the tax benefit. Also, a tax-managed strategy may cause a client portfolio to hold a security in

order to achieve more favorable tax treatment or to sell a security in order to create tax losses. Prospective investors should consult with a tax or legal advisor before making any investment decision.

Parametric uses rules-based, proprietary investment techniques and analyses in making investment decisions. These strategies seek to take advantage of certain quantitative and/or behavioral market characteristics identified by Parametric, utilizing rules-based country, sector and commodity weighting processes, structured allocation methodologies and disciplined rebalancing models. These investment strategies have not been independently tested or validated, and there can be no assurance they will achieve the desired results.

Capital Group is not an agent of, and has no authority to act on behalf of or bind Parametric to any obligation or to make any representations on Parametric's behalf. All client accounts are subject to Parametric's acceptance.

# Ready to get started?

To schedule a portfolio transition analysis\* or learn more about Capital Group Active SMAs, Customized by Parametric, contact your Capital Group sales representative.

\*Offered for portfolios with \$250K minimum.

## Glossary

**In-kind transfer:** Moving investments from one account to another without selling them. This avoids potential tax liability that could occur if the investments were sold and repurchased.

**Investment alpha:** The difference in return an investment generates compared to its market benchmark, after adjusting for risk. It reflects the impacts of active management decisions, such as choosing investments or timing trades.

**Tax alpha:** The potential after-tax return gained through tax management strategies. It measures the potential value created by managing taxes of an investment without changing the overall investment objectives.

**Tax drag:** The reduction in investment returns caused by taxes on income, dividends or capital gains. Tax drag lowers the overall growth of an investment by decreasing the amount that stays invested and compounds over time.

**Tax loss harvesting:** Selling investments that have lost value to realize a loss, which can then help offset taxable gains from other investments. This may help cushion an investor's overall tax impact while allowing reinvestment in similar assets to maintain the investment strategy.

**Wash sale:** Selling an investment to realize a loss and then repurchasing it within 30 days before or after the sale. Tax rules prevent claiming such a loss for tax purposes because the investor is considered to still hold essentially the same investment.

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