



## 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

**198**

professionals across research, strategy, trading and portfolio management

\*As of December 31, 2024.

## 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 overlay. 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

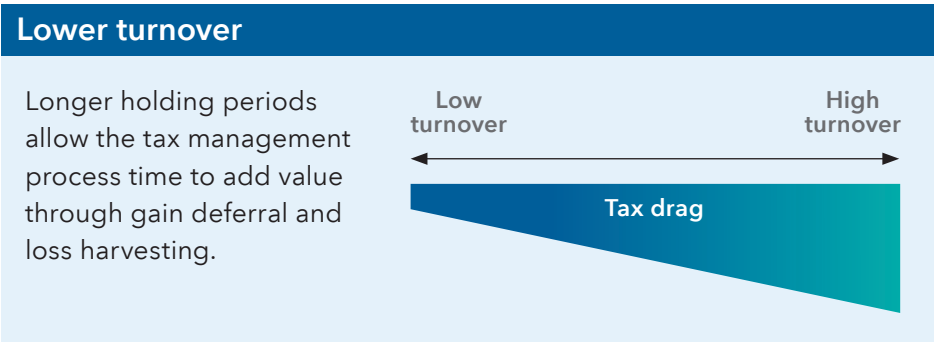
<sup>1</sup>Based on lifetime annualized returns as of December 31, 2024, 11 of Capital Group's 12 equity SMAs have led their benchmark on a gross or "pure" gross basis, and two have also led on a net-of-fees basis. "Pure" gross composite returns do not reflect the deduction of any trading costs, fees 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.

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.

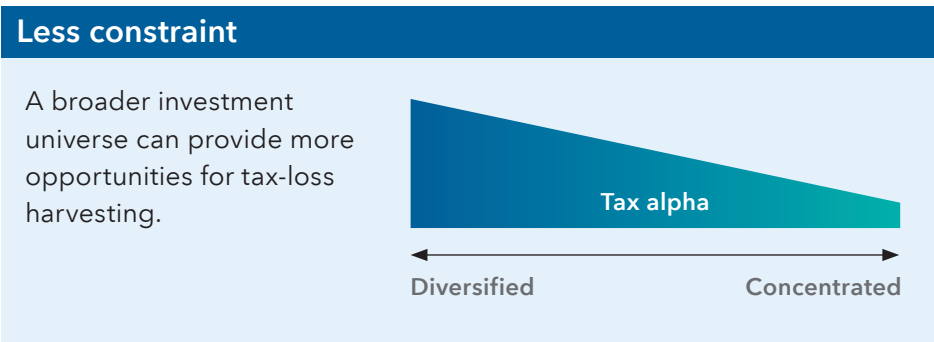
# Why are Capital Group strategies well-suited for optimization by Parametric?

When it comes to tax efficiency, not all investments are equal. Capital Group strategies tend to have two key features that allow greater opportunity to add after-tax value, or “tax alpha.”



**Capital Group** strategies have tended to hold stocks longer – 4.3 years versus 2.1 years for peers on average – and so they have been inherently more tax-efficient in rising markets.\*

**Parametric’s** tax-efficient transitions and year-round tax-loss harvesting help keep tax drag to a minimum.



**Capital Group** strategies tend to be highly diversified with a large number of holdings.

**Parametric** has the ability to add after-tax value with a flexible, less constrained investment universe.

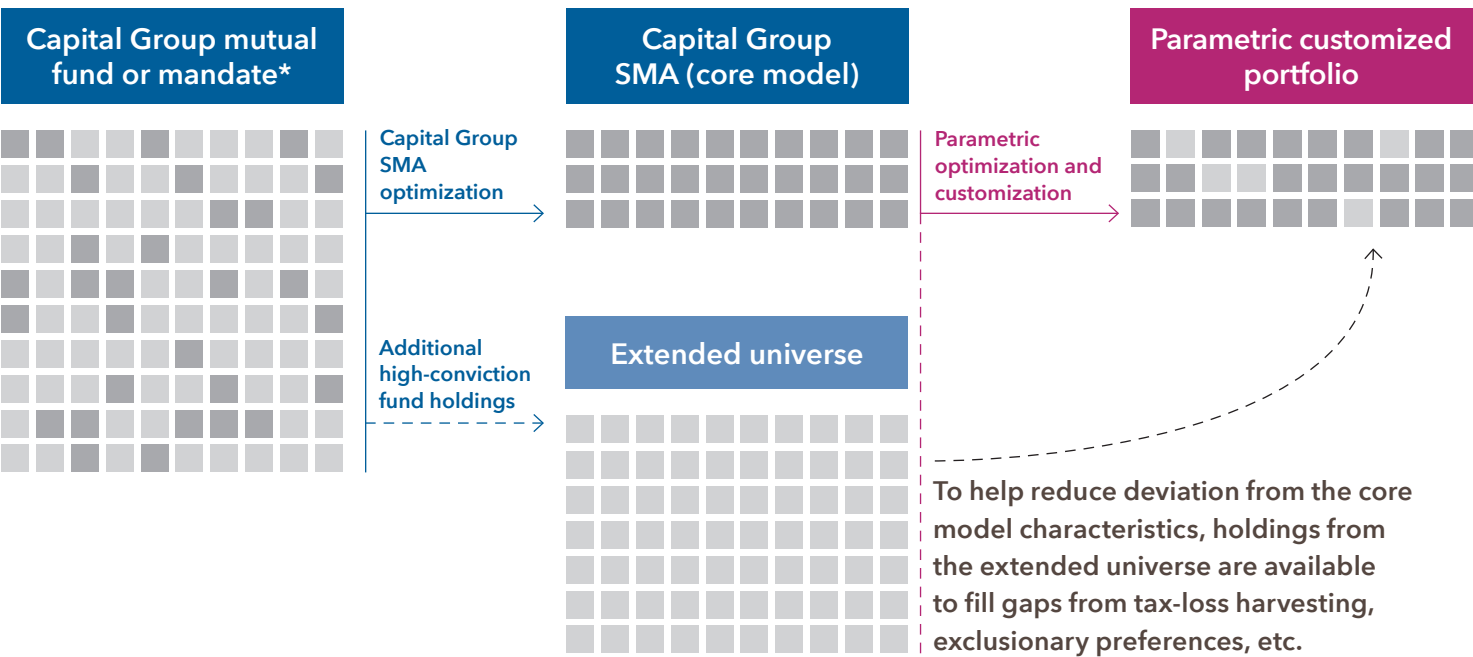


\*Holding periods as of December 31, 2024, based on equal-weighted average turnover across representative portfolios for all Capital Group equity SMA composites with at least one year of history versus Lipper category peers.



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

By owning individual securities, SMAs are inherently flexible. But active customized SMAs offer a second layer of flexibility: access to stocks outside the “core” model, from the Capital Group mutual fund with the same investment strategy. This can facilitate tax-loss harvesting by providing more replacement stocks to help to avoid wash sales, all while reducing departure from the underlying investment strategy.



## 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

Portfolio Performance | Sample Portfolio | December, 2024

Overview

Account Name

Sample Portfolio

Q4 2024 Market Value

\$165,858

Strategy

Sample Strategy

Q4 2024 Cost Basis

\$147,240

Predicted Tracking Error

0.31%

Benchmark

Sample Benchmark

Inception Date

April 24, 2024

Advisor(s)

FirstName LastName

FCCo

Sample Company

Performance

As of Q4 2024. All performance presented gross of fees

Cumulative Performance

Cumulative Performance	Q4 2024	Year to Date	Inception to Date
PRETAX			
Portfolio	-0.13%	11.65%	11.65%
Strategy	-0.21%	11.94%	11.94%
Difference	0.08%	-0.29%	-0.29%
AFTER-TAX			
Portfolio	0.08%	12.22%	12.22%
Strategy (Simulated)	-0.35%	11.24%	11.24%
Difference	0.43%	0.98%	0.98%
Tax Alpha	0.35%	1.26%	1.26%

Sample image provided for illustrative purposes only.





# 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 transition analysis\* or learn more about our active customized SMA strategies, contact your Capital Group sales representative.

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

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