

# Why This Fund Is a Top Option for Core Bond Exposure

American Funds Bond Fund of America is disciplined, not dull.

Feb 27, 2025 | by Alec Lucas

American Funds Bond Fund of America RBFEX is leaning into what it does best.

This mutual fund's excellence within the intermediate core bond Morningstar Category has been due to its willingness to fine-tune its balance between incentivizing its managers to pursue a straightforward core bond approach while granting them the flexibility to draw on their respective areas of expertise and broader firm resources. Principal investment officer Pramod Atluri, for example, used the early 2024 public naming of multisector expert Chit Purani as a manager on this strategy to shift some assets from the portfolio sleeves of the team's mortgage experts to Purani and to the analyst-led research portfolio, which collectively mirrors the exposures of the Bloomberg US Aggregate Bond Index. With these changes, Atluri has sought to nudge the overall fund portfolio's risk profile away from interest rates and toward yield spreads, which is more in line with the benchmark's risk factors.

American Funds Bond Fund of America is hardly moving toward becoming a benchmark hugger, though. Its 33% agency mortgage-backed securities stake in September 2024 was 7.7 percentage points more than the benchmark's and ranked in the peer group's top quintile. The fund has also continued to invest 2% to 4% of its assets in out-of-benchmark high-yield bonds, especially BB rated credits, which the team believes are poised to move up to investment-grade in the near term. That differentiates the fund from the tamer members of its peer group, which allocate little to nothing to junk-rated debt.

Since 2017, the first full calendar year in which most of the fund's managers were in place, the mutual fund version of American Funds Bond Fund of America has an excellent record. Its cheapest R6 shares' 1.95% annualized gain through January 2025 beat the Bloomberg US Aggregate Bond Index by 61 basis points while placing in the top quintile of distinct intermediate core bond category peers. Risk-adjusted results were even better. The R6 shares' information ratio versus the category index (a risk-adjusted measure of excess return relative to excess standard deviation) ranked first out of 115 rivals.

Figures shown are past results for Class R-6 shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit [capitalgroup.com](https://capitalgroup.com).

We offer a range of share classes designed to meet the needs of retirement plan sponsors and participants. The different share classes incorporate varying levels of financial professional compensation and service provider payments. Because Class R-6 shares do not include any recordkeeping payments, expenses are lower and results are higher. Other share classes that include recordkeeping costs have higher expenses and lower results than Class R-6.

The below results are as of December 31, 2024.

	Class R-6 shares at NAV					Morningstar Intermediate Core Bond Category percentile ranking (Number of funds)			Information ratio Morningstar Intermediate Core Bond Category percentile ranking (Number of funds)		
	1 year	5 years	10 years	30-day SEC Yield (%) (Net/Gross) (As of 3/31/25)	Expense ratio (%) (Net/Gross) (As of 3/1/25)	1 year	5 years	10 years	1 year	5 years	10 years
<b>The Bond Fund of America®</b>	1.51%	0.64%	1.88%	4.65   4.60%	0.24   0.25%	53 (473)	11 (387)	8 (274)	57 (181)	1 (138)	1 (103)
<b>Bloomberg U.S. Aggregate Index</b>	1.25%	-0.33%	1.35%	—	—						

Sources: Capital Group, Morningstar. The Morningstar rankings do not reflect the effects of sales charges, account fees or taxes. Morningstar rankings shown in above table are based on total return.

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

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.**

If used after March 31, 2025, this piece must be accompanied by the most recent applicable quarterly statistical update for The Bond Fund of America.

According to Capital Group, the 33% agency mortgage-backed securities stake in September 2024 was 8 percentage points more than the benchmark's.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expense ratios are as of each fund's prospectus available at the time of publication. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower. Please visit [capitalgroup.com](https://capitalgroup.com) for more information.

The investment adviser is currently waiving a portion of other expenses. Net expense ratios reflect the waiver, without which they would have been higher. The waiver will be in effect through at least March 1, 2026. The adviser may elect at its discretion to extend, modify or terminate the waiver at that time. Please see the fund's most recent prospectus for details.

The return of principal for bond portfolios and for portfolios with significant underlying bond holdings is not guaranteed. Investments are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds.

Higher yielding, higher risk bonds can fluctuate in price more than investment-grade bonds, so investors should maintain a long-term perspective.

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. If agency ratings differ, a security will be considered to have received the highest of those ratings, consistent with applicable investment policies. Securities in the Unrated category have not been rated by a rating agency; however, the investment adviser performs its own credit analysis and assigns comparable ratings that are used for compliance with applicable investment policies.

Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries.

The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the index.

The Bloomberg U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market.

Statements attributed to an individual represent the opinions of that individual as of the date published and do not necessarily reflect the opinions of Capital Group or its affiliates. This information is intended to highlight issues and should not be considered advice, an endorsement or a recommendation.

Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

© 2025 Morningstar, Inc. All Rights Reserved. Some of the information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar, its content providers nor Capital Group are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Information is calculated by Morningstar. Due to differing calculation methods, the figures shown here may differ from those calculated by Capital Group.

All Capital Group trademarks mentioned are owned by The Capital Group Companies, Inc., an affiliated company or fund. All other company and product names mentioned are the property of their respective companies.

Capital Client Group, Inc.

Lit. No. MFGEMR-039-0525P Printed in the USA CGD/TM/10227-S105332 © 2025 Capital Group. All rights reserved.