

American Funds Model Portfolios: Designed for the long term

Quarterly update – Q1 2025



Key takeaways for the quarter and year

- Markets were upended in the first quarter as the U.S. presidential transition brought trade tensions and the threat of tariffs, causing equities to slip.
- As expected in such an environment, the growth models of the American Funds Model Portfolios, with their focus on capital appreciation, had lower returns relative to their benchmarks. The dividend-focused growth-and-income models were more successful, most with better returns than their benchmarks on a gross basis and some also exceeding or in line with them net of fees.
- The Portfolio Solutions Committee (PSC) and Capital Solutions Group (CSG) regularly monitor the portfolios for risks and to ensure alignment towards their long-term portfolio objectives, while underlying fund managers utilize company- and security-specific research to make real-time decisions and find timely opportunities in today's ever-changing climate.

Market review

Stock markets largely suffered sharp declines in the first quarter. Most major indexes had negative returns, with bright spots coming from the Russell 1000 Value and the MSCI All Country World Index (ACWI) ex USA indexes. The S&P 500 Index was down over 4%, although some sectors did end in positive territory, including energy, health care, consumer staples and utilities. Consumer discretionary and information technology were the worst performing sectors of the S&P 500, a reversal from the previous quarter.

Bond markets rose this quarter with the Bloomberg U.S. Treasury Inflation-Protected Securities (TIPS) Index returning over 4%, potentially fueled by concerns over the current economic and political climate. The Bloomberg U.S. Aggregate Index was also up nearly 3%.

The U.S. Federal Reserve held their benchmark interest rate steady at 4.25% to 4.50% at the March meeting, citing uncertainty over tariffs and the potential for rising inflation. The Fed will next meet in May. The Bank of England and the Bank of Japan also left their interest rates unchanged, with only the European Central Bank implementing a rate cut, their sixth in their current rate-cutting cycle.

Investment professionals



Samir Mathur
Chair of the Portfolio
Solutions Committee



Mario DiVito
Multi-Asset
Investment Director



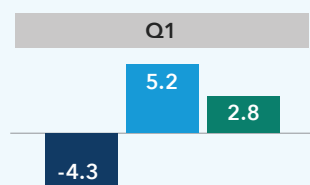
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Past results are not predictive of results in future periods.

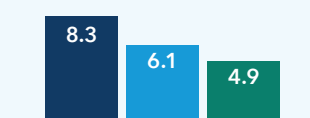
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Broad market results

Cumulative returns (%)



1-year as of 3/31/25



- **U.S. equities**
(S&P 500 Index)
- **International equities**
(MSCI ACWI ex USA Index)
- **U.S. fixed income**
(Bloomberg U.S. Aggregate Index)

Quarterly model results

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 portfolios

American Funds Global Growth Model Portfolio

- Produced negative absolute returns and trailed its benchmark, driven by negative stock selection in U.S. and non-U.S. equities.
- Positive stock selection in consumer staples was outweighed by negative selection in information technology and consumer discretionary sectors.
- EuroPacific Growth Fund®* and New World Fund® were the highest returning underlying funds whereas SMALLCAP World Fund® and The Growth Fund of America® were the lowest.

American Funds Growth Model Portfolio

- Produced negative absolute results and trailed its benchmark, driven by negative stock selection in U.S. and non-U.S. equities.
- Selection in U.S. financials and non-U.S. consumer discretionary were the largest detractors to relative results.
- Having less than benchmark exposure to non-U.S. equities was also a headwind to relative results as non-U.S. equities outpaced U.S. equities.
- The New Economy Fund® and SMALLCAP World Fund were some of the weaker returning underlying funds.

American Funds Moderate Growth Model Portfolio

- Produced negative absolute returns and trailed its respective benchmark.
- Non-U.S. equity selection in the consumer discretionary and information technology sectors was a drag on relative results.
- Having less exposure to fixed income relative to U.S. equities was also a headwind to results as fixed income broadly outpaced U.S. equities.

Growth-and-income portfolios

American Funds Growth and Income Model Portfolio

- Produced negative absolute results and trailed its benchmark.
- Positive stock selection in consumer staples and health care was nullified by negative selection in information technology and financials.
- Having less than benchmark exposure to non-U.S. equities was also a headwind to relative results as non-U.S. equities outpaced U.S. equities over the quarter.
- Capital Income Builder® and American Funds Strategic Bond Fund were strong underlying contributors. SMALLCAP World Fund and The Growth Fund of America were the weakest returning underlying funds.

American Funds Moderate Growth and Income Model Portfolio

- Produced positive absolute results beating its benchmark on a gross basis, driven by strong U.S. equity selection, but net returns lagged.
- In particular, selection in the health care, consumer discretionary and consumer staples sectors drove the positive relative results.
- Selection in securitized debt and less than benchmark exposure to fixed income marginally weighed on results.
- The Income Fund of America®, Bond Fund of America® and American Funds Strategic Bond Fund were the strongest returning underlying funds. SMALLCAP World Fund, New Perspective Fund® and American Balanced Fund® were the weakest returning underlying funds.

*Effective June 1, 2025, EuroPacific Growth Fund is now EUPAC Fund™

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 representative accounts of the model composites and is net of all fees and expenses applicable to the underlying funds and 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.

American Funds Conservative Growth and Income Model Portfolio

- Produced positive absolute returns and strongly outpaced its benchmark.
- U.S. equity selection was the biggest driver to positive relative results. Specifically, selection within the consumer discretionary, health care and industrials boosted returns.
- Having a structural focus on dividend paying equities helped relative results as growth-oriented equities broadly sold off over the quarter.
- Positive selection in corporates and treasuries along with exposure to emerging markets debt outweighed negative selection in securitized debt.
- Capital Income Builder and The Income Fund of America were the top underlying fund contributors, while Capital World Growth and Income Fund® detracted, and Washington Mutual Investors Fund was one of the lower returning funds.

American Funds Conservative Income and Growth Model Portfolio

- Produced positive absolute returns and outpaced its benchmark, driven by positive U.S. equity selection.
- In particular, selection in health care, industrials and consumer staples were the largest drivers to positive relative results.
- Having less exposure to consumer discretionary and information technology sectors was also a tailwind to relative results.

Preservation and income portfolios

American Funds Conservative Income Model Portfolio

- Produced positive absolute results and outpaced its respective benchmark.
- Strong stock selection in the health care, industrials and consumer staples sectors outweighed negative fixed income security selection.
- Positive security selection in emerging markets debt and treasuries was outweighed by negative selection in securitized debt.

American Funds Preservation Model Portfolio

- Produced positive absolute results in line with its benchmark on a gross basis but net returns lagged.
- Security selection in treasuries boosted relative returns.
- Intermediate Bond Fund of America® was the strongest underlying fund, while Short-Term Bond Fund of America® was the weakest.

Retirement income portfolios

American Funds Retirement Income models

- All three retirement income portfolios produced positive absolute returns and outpaced their respective benchmarks.
- Deliberate implementation of dividend paying equities was a structural tailwind to relative results.
- Generally, positive security selection in treasuries was offset by negative selection in securitized debt and corporate bonds across the series.

American Funds Tax-Aware portfolios

- Tax-Aware Moderate Growth trailed its benchmark, driven by U.S. and non-U.S. security selection, especially within the financials and consumer discretionary sectors.
- Tax-Aware Growth and Income trailed its benchmark. Tax-Aware Moderate Growth and Income beat its benchmark on a gross basis, while trailing on a net of fees basis. Tax-Aware Conservative Growth and Income outpaced its benchmark. Selection in information technology and consumer discretionary weighed on returns of the Tax-Aware Growth and Income portfolio. U.S. stock selection in industrials, health care and consumer staples drove the positive relative returns of the Tax-Aware Moderate Growth and Income and Tax-Aware Conservative Growth and Income model portfolios.
- Income model portfolios outpaced their benchmarks. The Tax-Exempt Preservation portfolio was in line with its benchmark on a gross basis, but net returns lagged. Both income models had strong contributions from U.S. equity selection. Security selection in municipal fixed income was strong over the quarter in all three models, especially within housing and health care revenue bonds in the two income models.



Finding an **anchor** in turbulent times.

The current economic and political news has been tough to digest for investors and created significant volatility in financial markets this quarter. While this situation may feel uneasy for our clients, it's important to note that volatility has always been a part of the markets. We view the volatility as an opportunity for the active management of our investment strategies. Our American Funds Model Portfolios are built to harness these opportunities through active management, seeking to mitigate the volatility through portfolio construction, and provide ongoing oversight through active monitoring of the portfolios.

Volatility often creates market dislocations, as instinct-driven broad selloffs unfairly penalize companies caught in the sweep, despite strong fundamentals and long-term prospects. Our underlying fund managers actively seek to add these overlooked gems to their portfolios. To accomplish this, our analysts and portfolio managers meet with company management, holding over 21,000 meetings last year. They also share and consume relevant information from peers across asset classes and specialties – all under the checks and balances of The Capital System™.

We may not yet have reached the apex of our current bout of volatility, and even when we've crested it, this will undoubtedly not be the last cycle of uncertainty we will encounter. With this in mind, we also address volatility through portfolio construction. We take a thoughtful approach to equity implementation across our models by shifting the types of equities, from capital appreciation-focused equities in our growth models to dividend-paying equities in our more conservative portfolios. This is intended to create a buffer to help weather volatility, especially for clients in or near retirement, to help smooth out their investment journey and preserve wealth.

Lastly, the Portfolio Solutions Committee (PSC) and the Capital Solutions Group (CSG) actively monitor these portfolios throughout volatility from a risk management perspective. Ongoing monitoring is a key tenet to our process to help ensure that portfolio metrics and characteristics align with long-term objectives and help meet investor goals. Our dedicated multi-asset research team is leveraging their experience and customized technology tools in their effort to detect and limit unintentional risk in your portfolios throughout volatility.

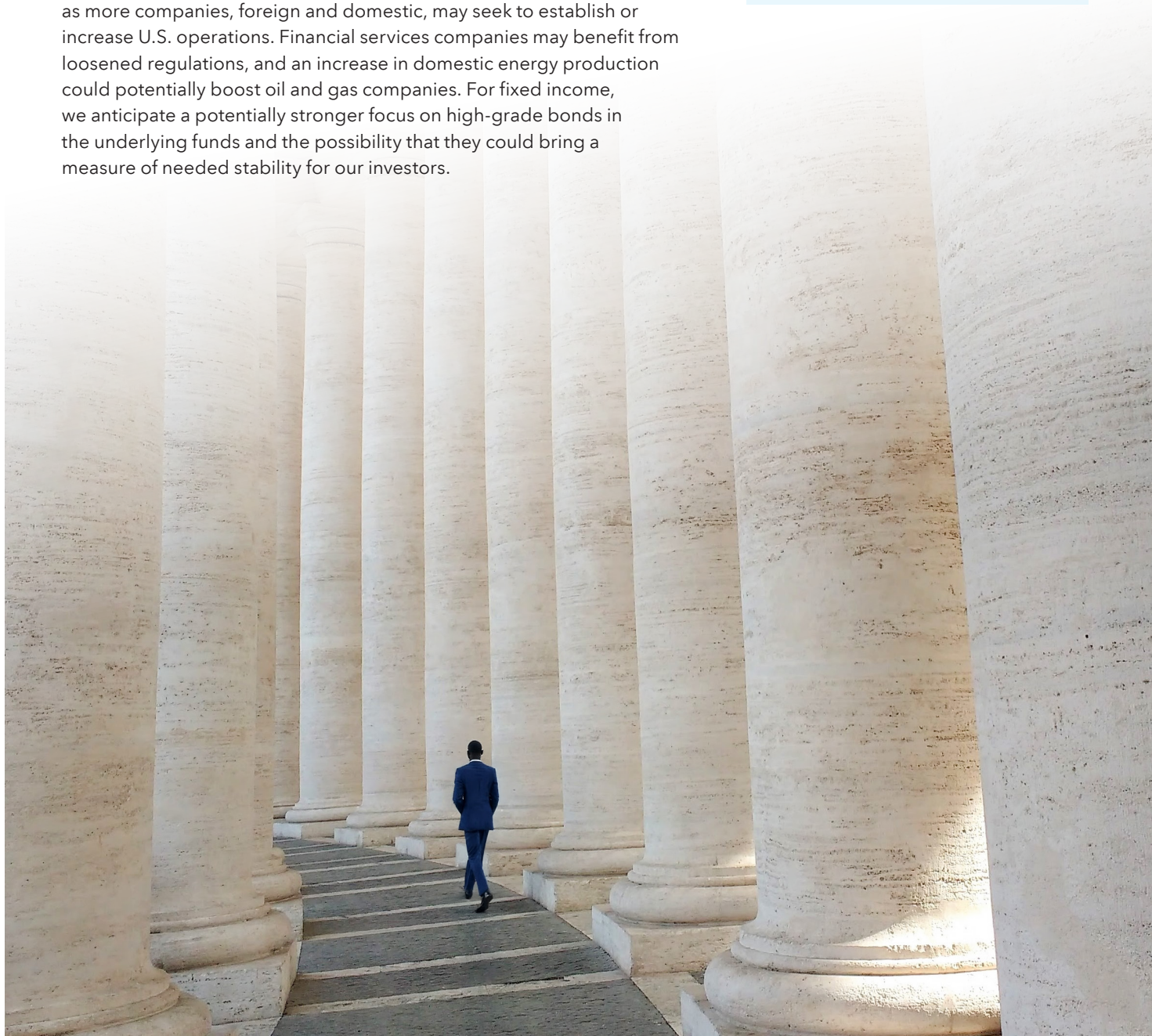
Looking ahead

A range of political and economic issues continue to weigh on the economy as we head deeper into 2025. U.S. inflation had been stabilizing, but the announcement of potentially widespread tariffs by the current administration led to strong concerns over ballooning inflation, dampening expectations of interest rate cuts from the Fed. Although the impact of the tariffs is still uncertain at this time ([Guide to Tariffs](#)), they're not currently accompanied by any domestic industrial incentives, such as those introduced in the Inflation Reduction Act of 2022. This has brought apprehension over their potential effect on consumer spending.

If these tariffs do become fully realized, we expect the underlying fund managers to look for where the equities market could continue to broaden and be on the lookout for companies that might benefit from this shift in trade policies. This could include U.S. manufacturing, as more companies, foreign and domestic, may seek to establish or increase U.S. operations. Financial services companies may benefit from loosened regulations, and an increase in domestic energy production could potentially boost oil and gas companies. For fixed income, we anticipate a potentially stronger focus on high-grade bonds in the underlying funds and the possibility that they could bring a measure of needed stability for our investors.

"We may not yet have reached the apex of our current bout of volatility, and even when we've crested it, this will undoubtedly not be the last cycle of uncertainty we will encounter."

– Stanley Moy
Multi-asset investment specialist



Model composite results as of March 31, 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									
American Funds Global Growth MP Composite	05/31/2012	Gross	-2.82	-2.82	3.30	5.43	13.45	8.70	10.50
		Net	-3.55	-3.55	0.26	2.32	10.13	5.50	7.25
MSCI All Country World Index (ACWI)	–		-1.32	-1.32	7.15	6.91	15.18	8.84	10.30
American Funds Growth MP Composite	05/31/2012	Gross	-5.01	-5.01	4.06	6.80	14.94	9.94	11.85
		Net	-5.73	-5.73	0.99	3.65	11.57	6.71	8.56
Growth Model Portfolio Index Blend	–		-1.94	-1.94	7.83	8.00	16.72	10.65	12.24
American Funds Moderate Growth MP Composite	05/31/2017	Gross	-2.98	-2.98	5.10	7.08	13.99	–	9.73
		Net	-3.70	-3.70	2.01	3.92	10.64	–	6.50
Moderate Growth Model Portfolio Index Blend	–		-0.87	-0.87	7.35	6.77	13.83	–	9.62
Growth and income									
American Funds Growth and Income MP Composite	05/31/2012	Gross	-0.62	-0.62	6.83	6.77	12.99	8.61	9.94
		Net	-1.35	-1.35	3.69	3.63	9.68	5.42	6.71
Growth and Income Model Portfolio Index Blend	–		-0.16	-0.16	7.02	5.94	11.91	8.01	9.21
American Funds Moderate Growth and Income MP Composite	05/31/2012	Gross	0.75	0.75	6.79	5.35	10.60	7.40	8.70
		Net	0.01	0.01	3.65	2.24	7.35	4.23	5.51
Moderate Growth and Income Model Portfolio Index Blend	–		0.08	0.08	6.78	5.32	10.37	7.30	8.36
American Funds Conservative Growth and Income MP Composite	05/31/2012	Gross	2.65	2.65	8.55	5.15	9.16	6.19	7.08
		Net	1.90	1.90	5.36	2.04	5.95	3.06	3.93
Conservative Growth and Income Model Portfolio Index Blend	–		0.40	0.40	6.79	4.93	9.07	6.55	7.47
American Funds Conservative Income and Growth MP Composite	07/31/2020	Gross	2.39	2.39	7.24	3.67	–	–	4.75
		Net	1.64	1.64	4.08	0.61	–	–	1.66
Conservative Income and Growth Model Portfolio Index Blend	–		1.26	1.26	5.94	3.18	–	–	3.36

Index lifetime returns are based on composite inception dates.

Portfolio lifetime results are since the strategy inception date. For the above models this differs from the composition creation date, with the exception of American Funds Moderate Growth and American Funds Conservative Income and Growth.

Model composite results as of March 31, 2025

Model portfolio	Inception date	Cumulative total returns (%)				Average annual total returns (%)			
		QTD	YTD	1 year	3 years	5 years	10 years	Lifetime	
Preservation and income									
American Funds Conservative Income MP Composite	05/31/2017	Gross	2.64	2.64	6.93	2.86	4.17	–	3.78
		Net	1.88	1.88	3.78	-0.18	1.10	–	0.72
Conservative Income Model Portfolio Index Blend	–		1.03	1.03	5.85	3.11	3.90	–	4.01
American Funds Preservation MP Composite	05/31/2012	Gross	2.07	2.07	5.94	2.44	1.46	1.85	1.75
		Net	1.32	1.32	2.82	-0.59	-1.55	-1.17	-1.26
Bloomberg 1-5 Year U.S. Government/Credit A+ Index	–		2.03	2.03	5.59	2.66	0.95	1.62	1.52
Income									
American Funds Retirement Income - Enhanced MP Composite	08/31/2015	Gross	2.01	2.01	8.76	5.94	10.50	–	7.64
		Net	1.26	1.26	5.57	2.82	7.25	–	4.47
Custom Index Retirement Income - Enhanced	–		0.08	0.08	6.78	5.32	10.37	–	8.03
American Funds Retirement Income - Moderate MP Composite	08/31/2015	Gross	2.89	2.89	8.66	4.73	8.46	–	6.57
		Net	2.14	2.14	5.46	1.64	5.27	–	3.43
Custom Index Retirement Income - Moderate	–		0.67	0.67	6.37	4.26	7.88	–	6.63
American Funds Retirement Income - Conservative MP Composite	08/31/2015	Gross	3.33	3.33	8.26	3.39	6.24	–	5.37
		Net	2.57	2.57	5.08	0.33	3.11	–	2.27
Custom Index Retirement Income - Conservative	–		0.91	0.91	6.12	3.62	6.35	–	5.80
Tax-aware growth									
American Funds Tax-Aware Moderate Growth MP Composite	07/31/2020	Gross	-3.72	-3.72	5.11	7.19	–	–	9.58
		Net	-4.44	-4.44	2.01	4.03	–	–	6.36
Tax-Aware Moderate Growth Model Portfolio Index Blend	–		-1.32	-1.32	6.78	6.93	–	–	10.30
Tax-aware growth and income									
American Funds Tax-Aware Growth and Income MP Composite	08/31/2019	Gross	-2.08	-2.08	5.48	7.22	13.24	–	10.06
		Net	-2.81	-2.81	2.38	4.06	9.92	–	6.83
Tax-Aware Growth and Income Model Portfolio Index Blend	–		-0.91	-0.91	6.07	6.20	12.32	–	9.10
American Funds Tax-Aware Moderate Growth and Income MP Composite	08/31/2019	Gross	-0.51	-0.51	5.57	6.21	11.10	–	8.31
		Net	-1.24	-1.24	2.46	3.08	7.84	–	5.13
Tax-Aware Moderate Growth and Income Model Portfolio Index Blend	–		-0.97	-0.97	5.46	5.68	10.93	–	8.15
American Funds Tax-Aware Conservative Growth and Income MP Composite	05/31/2012	Gross	1.13	1.13	6.44	5.65	9.18	6.65	7.76
		Net	0.38	0.38	3.31	2.53	5.97	3.51	4.59
Tax-Aware Conservative Growth and Income Model Portfolio Index Blend	–		-0.68	-0.68	5.16	4.97	9.19	6.69	7.60

Index lifetime returns are based on composite inception dates.

Portfolio lifetime results are since the strategy inception date. For the following models this differs from the composition creation date: American Funds Preservation, American Funds Retirement Income - Enhanced, American Funds Retirement Income - Moderate, American Funds Retirement Income - Conservative, Tax-Aware Conservative Growth and Income.

Model composite results as of March 31, 2025

Model portfolio	Inception date	Cumulative total returns (%)				Average annual total returns (%)			
		QTD	YTD	1 year	3 years	5 years	10 years	Lifetime	
Tax-aware preservation and income									
American Funds Tax-Aware Moderate Income MP Composite	08/31/2019	Gross	0.99	0.99	5.85	5.03	7.56	–	5.82
		Net	0.25	0.25	2.74	1.93	4.40	–	2.70
Tax-Aware Moderate Income Model Portfolio Index Blend	–		-0.69	-0.69	3.53	3.84	6.42	–	4.87
American Funds Tax-Aware Conservative Income MP Composite	08/31/2019	Gross	1.02	1.02	4.65	3.49	4.87	–	3.74
		Net	0.28	0.28	1.56	0.44	1.78	–	0.68
Tax-Aware Conservative Income Model Portfolio Index Blend	–		-0.57	-0.57	3.28	3.41	4.67	–	3.70
American Funds Tax-Exempt Preservation MP Composite	05/31/2012	Gross	0.90	0.90	3.28	2.30	1.46	1.72	1.97
		Net	0.16	0.16	0.23	-0.73	-1.54	-1.29	-1.05
Bloomberg Municipal Bond 1-7 Year Blend Index	–		0.91	0.91	2.72	2.16	1.35	1.61	1.65

Index lifetime returns are based on composite inception dates.

Portfolio lifetime results are since the strategy inception date. For the following model this differs from the composition creation date: American Funds Tax-Exempt Preservation.

Market index results as of March 31, 2025

Index name	Cumulative total returns (%)			Average annual total returns (%)		
	QTD	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Bond Index	-0.22	-0.22	1.22	1.53	1.07	2.13
Bloomberg U.S. Aggregate Index	2.78	2.78	4.88	0.52	-0.40	1.46
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	1.00	1.00	7.69	4.98	7.28	5.01
MSCI All Country World Index (ACWI)	-1.32	-1.32	7.15	6.91	15.18	8.84
MSCI All Country World Index (ACWI) ex USA	5.23	5.23	6.09	4.48	10.92	4.98
Russell 1000 Growth Index	-9.97	-9.97	7.76	10.10	20.09	15.12
Russell 1000 Index	-4.49	-4.49	7.82	8.65	18.47	12.18
Russell 1000 Value Index	2.14	2.14	7.18	6.64	16.15	8.79
S&P 500 Index	-4.27	-4.27	8.25	9.06	18.59	12.50

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):

American Funds Global Growth Model Portfolio: Growth (85%): SMALLCAP World Fund 15%, The New Economy Fund 15%, EuroPacific Growth Fund 8%, The Growth Fund of America 15%, New Perspective Fund 20%, New World Fund 7%, American Funds Global Insight Fund 5%; Growth and income (15%): Capital World Growth and Income Fund 15%.

American Funds Growth Model Portfolio: Growth (80%): SMALLCAP World Fund 15%, The New Economy Fund 10%, The Growth Fund of America 25%, New Perspective Fund 15%, AMCAP Fund 15%; Growth and income (20%): Fundamental Investors 10%, The Investment Company of America 10%.

American Funds Moderate Growth Model Portfolio: Growth (45%): SMALLCAP World Fund 10%, The Growth Fund of America 20%, AMCAP Fund 10%, American Funds Global Insight Fund 5%; Growth and income (35%): Fundamental Investors 10%, Capital World Growth and Income Fund 15%, The Investment Company of America 10%; Balanced (20%): American Funds Global Balanced Fund 10%, American Balanced Fund 10%.

American Funds Growth and Income Model Portfolio: Growth (20%): SMALLCAP World Fund 8%, The Growth Fund of America 7%, American Funds Global Insight Fund 5%; Growth and income (45%): Capital World Growth and Income Fund 15%, The Investment Company of America 20%, Washington Mutual Investors Fund 10%; Equity Income (10%): Capital Income Builder 10%; Balanced (10%): American Balanced Fund 10%; Income (15%): The Bond Fund of America 5%, American Funds Strategic Bond Fund 5%, American Funds Multi-Sector Income Fund 5%.

American Funds Moderate Growth and Income Model Portfolio: Growth (10%): SMALLCAP World Fund 5%, New Perspective Fund 5%; Growth and income (25%): Capital World Growth and Income Fund 10%, Washington Mutual Investors Fund 15%; Equity Income: (10%): The Income Fund of America 10%; Balanced (40%): American Funds Global Balanced Fund 15%, American Balanced Fund 25%; Income (15%): The Bond Fund of America 5%, American Funds Strategic Bond Fund 5%, American Funds Multi-Sector Income Fund 5%.

American Funds Conservative Growth and Income Model Portfolio: Growth and income (27%): Washington Mutual Investors Fund 10%, American Mutual Fund 10%, Capital World Growth and Income Fund 7%; Equity Income (30%): Capital Income Builder 15%, The Income Fund of America 15%; Income (43%): American High-Income Trust 10%, American Funds Multi-Sector Income Fund 15%, The Bond Fund of America 15%, American Funds Emerging Markets Bond Fund 3%.

American Funds Conservative Income and Growth Model Portfolio: Growth and income (20%): Capital World Growth and Income Fund 5%, American Mutual Fund 15%; Equity income (10%): The Income Fund of America 10%; Balanced (15%): American Funds Global Balanced Fund 5%, American Balanced Fund 10%; Income (55%): American Funds Multi-Sector Income Fund 14%, American Funds Strategic Bond Fund 10%, The Bond Fund of America 19%, Intermediate Bond Fund of America 10%, American Funds Emerging Markets Bond Fund 2%.

American Funds Retirement Income Model Portfolio – Enhanced: Growth (5%): AMCAP Fund 5%; Growth and income (15%): Capital World Growth and Income Fund 10%, American Mutual Fund 5%; Equity Income (38%): Capital Income Builder 18%, The Income Fund of America 20%; Balanced (25%): American Funds Global Balanced Fund 5%, American Balanced Fund 20%; Income (17%): American High-Income Trust 5%, American Funds Multi-Sector Income Fund 7%, The Bond Fund of America 5%.

American Funds Retirement Income Model Portfolio – Moderate: Growth and income (12%): Capital World Growth and Income Fund 7%, American Mutual Fund 5%; Equity Income (38%): Capital Income Builder 18%, The Income Fund of America 20%; Balanced (20%): American Funds Global Balanced Fund 5%, American Balanced Fund 15%; Income (30%): American Funds Multi-Sector Income Fund 9%, The Bond Fund of

America 8%, American Funds Strategic Bond Fund 6%, U.S. Government Securities Fund 7%.

American Funds Retirement Income Model Portfolio – Conservative: Growth and income (7%): American Mutual Fund 7%; Equity income (33%): Capital Income Builder 18%, The Income Fund of America 15%; Balanced (12%): American Funds Global Balanced Fund 4%, American Balanced Fund 8%; Income (48%): American Funds Inflation Linked Bond Fund 5%, The Bond Fund of America 15%, American Funds Strategic Bond Fund 10%, American Funds Multi-Sector Income Fund 8%, Intermediate Bond Fund of America 5%, U.S. Government Securities Fund 5%.

American Funds Conservative Income Model Portfolio: Growth and income (10%): American Mutual Fund 10%; Equity Income (10%): The Income Fund of America 10%; Balanced (5%): American Balanced Fund 5%; Income (75%): The Bond Fund of America 20%, American Funds Strategic Bond Fund 10%, American Funds Multi-Sector Income Fund 5%, Intermediate Bond Fund of America 25%, Short-Term Bond Fund of America 15%.

American Funds Preservation Model Portfolio: Income (100%): Intermediate Bond Fund of America 45%, Short-Term Bond Fund of America 55%.

American Funds Tax-Aware Moderate Growth Model Portfolio: Growth (44%): SMALLCAP World Fund 10%, CGGR – Capital Group Growth ETF 25%, CGGO – Capital Group Global Growth Equity ETF 4%; American Funds Global Insight Fund 5% Growth and income (45%): Capital World Growth and Income Fund 20%; CGUS – Capital Group Core Equity ETF 25%; Income (11%): CGMU – Capital Group Municipal Income ETF 6%, American High-Income Municipal Bond Fund 5%.

American Funds Tax-Aware Growth and Income Model Portfolio: Growth (20%): SMALLCAP World Fund 8%, CGGR – Capital Group Growth ETF 7%, CGGO – Capital Group Global Growth Equity ETF 5%; Growth and income (60%): Capital World Growth and Income Fund 20%, CGUS – Capital Group Core Equity ETF 25%, CGDV – Capital Group Dividend Value ETF 15%; Income (20%): American High-Income Municipal Bond Fund 10%, CGMU – Capital Group Municipal Income ETF 10%.

American Funds Tax-Aware Moderate Growth and Income Model Portfolio: Growth (10%): SMALLCAP World Fund 5%, CGGO – Capital Group Global Growth Equity ETF 5%; Growth and income (55%): Capital World Growth and Income Fund 15%, CGUS – Capital Group Core Equity ETF 15%, CGDV – Capital Group Dividend Value ETF 20%, CGDG – Capital Group Dividend Growers ETF 5%; Income (35%): American High-Income Municipal Bond Fund 20%, CGMU – Capital Group Municipal Income ETF 15%.

American Funds Tax-Aware Conservative Growth and Income Model Portfolio: Growth and income (51%): Capital World Growth and Income Fund 15%, CGDV – Capital Group Dividend Value ETF 16%, CGDG – Capital Group Dividend Growers ETF 10%, American Mutual Fund 10%; Income (49%): American High-Income Municipal Bond Fund 25%, CGMU – Capital Group Municipal Income ETF 20%, CGSM – Capital Group Short Duration Municipal Income ETF 4%.

American Funds Tax-Aware Moderate Income Model Portfolio: Growth and income (40%): Capital World Growth and Income Fund 10%, CGDV – Capital Group Dividend Value ETF 15%, American Mutual Fund 10%, CGDG – Capital Group Dividend Growers ETF 5%; Income (60%): American High-Income Municipal Bond Fund 20%, CGMU – Capital Group Municipal Income ETF 25%, CGSM – Capital Group Short Duration Municipal Income ETF 10%, American Funds Short-Term Tax-Exempt Bond Fund 5%.

American Funds Tax-Aware Conservative Income Model Portfolio: Growth and income (19%): CGDG – Capital Group Dividend Growers ETF 5%, CGDV – Capital Group Dividend Value ETF 9%, American Mutual Fund 5%; Income (81%): American High-Income Municipal Bond Fund 15%, CGMU – Capital Group Municipal Income ETF 25%, CGSM – Capital Group Short Duration Municipal Income ETF 25%, American Funds Short-Term Tax-Exempt Bond Fund 16%.

American Funds Tax-Exempt Preservation Model Portfolio: Income (100%): Limited-Term Tax-Exempt Bond Fund of America 40%, CGSM – Capital Group Short Duration Municipal Income ETF 30%, American Funds Short-Term Tax-Exempt Bond Fund 30%.

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Investment results assume all distributions are reinvested and reflect applicable fees and expenses.

The American Funds Global Growth MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Global Growth MP strategy. The strategy seeks long-term growth of capital through exposure to global companies with strong growth potential utilizing predominantly American Funds mutual funds. Beginning October 1, 2016, the American Funds Global Growth MP Composite includes all MP portfolios applicable to the Global Growth strategy. Prior to October 1, 2016, no MP portfolios were managed in the Global Growth strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Global Growth Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Growth MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Growth MP strategy. The strategy seeks long-term growth of capital through exposure to companies primarily in the U.S. with strong growth potential utilizing predominantly American Funds mutual funds. Beginning October 1, 2016, the American Funds Growth MP Composite includes all MP portfolios applicable to the Growth strategy. Prior to October 1, 2016, no MP portfolios were managed in the Growth strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Growth Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Growth and Income MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Growth and Income MP strategy. The strategy seeks long-term growth of capital through exposure to equities with a secondary objective of current income through dividend-paying equities and fixed-income securities utilizing predominantly American Funds mutual funds. Beginning October 1, 2016, the American Funds Growth and Income MP Composite includes all MP portfolios applicable to the Growth and Income strategy. Prior to October 1, 2016, no MP portfolios were managed in the Growth and Income strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Growth and Income Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Moderate Growth and Income MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Moderate Growth and Income MP strategy. The strategy seeks a combination of long-term growth of capital and income and current income primarily through a balanced exposure to growth and income-oriented equities, and fixed-income securities utilizing predominantly American Funds mutual funds. Beginning October 1, 2016, the American Funds Moderate Growth and Income MP Composite includes all MP portfolios applicable to the Moderate Growth and Income strategy. Prior to October 1, 2016, no MP portfolios were managed in the Moderate Growth and Income strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Moderate Growth and Income Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Conservative Growth and Income MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Conservative Growth and Income MP strategy. The strategy seeks primarily to provide high current income and secondarily long-term growth of capital, through dividend-paying equities and fixed-income securities utilizing predominantly American Funds mutual funds. Beginning October 1, 2016, the American Funds Conservative Growth and Income MP Composite includes all MP portfolios applicable to the Conservative Growth and Income strategy. Prior to October 1, 2016, no

MP portfolios were managed in the Conservative Growth and Income strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Conservative Growth and Income Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Preservation MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Preservation MP strategy. The strategy seeks to provide current income, consistent with preservation of capital. Beginning October 1, 2016, the American Funds Preservation MP Composite includes all MP portfolios applicable to the Preservation strategy. Prior to October 1, 2016, no MP portfolios were managed in the Preservation strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Preservation Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. The American Funds Preservation MP Composite inception is October 1, 2016.

The American Funds Retirement Income - Enhanced MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Retirement Income - Enhanced MP strategy. The strategy strives for the balanced accomplishment of three investment objectives: current income, long-term growth of capital and conservation of capital. Beginning October 1, 2016, the American Funds Retirement Income - Enhanced MP Composite includes all MP portfolios applicable to the Retirement Income - Enhanced strategy. Prior to October 1, 2016, no MP portfolios were managed in the Retirement Income - Enhanced strategy, and for that reason, the results presented are based on Capital Group Retirement Income - Enhanced Composite (inception is September 1, 2015) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Retirement Income - Moderate MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Retirement Income - Moderate MP strategy. The strategy strives for the accomplishment of three investment objectives: current income, long-term growth of capital and conservation of capital, with an emphasis on income and conservation of capital. Beginning October 1, 2016, the American Funds Retirement Income - Moderate MP Composite includes all MP portfolios applicable to the Retirement Income - Moderate strategy. Prior to October 1, 2016, no MP portfolios were managed in the Retirement Income - Moderate strategy, and for that reason, the results presented are based on Capital Group Retirement Income - Moderate Composite (inception is September 1, 2015) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Retirement Income - Conservative MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Retirement Income - Conservative MP strategy. The strategy strives for the accomplishment of three investment objectives: current income, long-term growth of capital and conservation of capital, with an emphasis on income and growth of capital. Beginning October 1, 2016, the American Funds Retirement Income - Conservative MP Composite includes all MP portfolios applicable to the Retirement Income - Conservative strategy. Prior to October 1, 2016, no MP portfolios were managed in the Retirement Income - Conservative strategy, and for that reason, the results presented are based on Capital Group Retirement Income - Conservative Composite (inception is September 1, 2015) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Tax-Aware Conservative Growth and Income MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Tax-Aware Conservative Growth and Income MP strategy. The strategy seeks primarily to provide high current income and secondarily long-term growth of capital, through dividend-paying equities and tax-exempt fixed-income securities. Beginning October 1, 2016, the American Funds Tax-Aware Conservative Growth and Income MP Composite includes all MP portfolios applicable to the Tax-Aware Conservative Growth and Income strategy. Prior to October 1, 2016, no

MP portfolios were managed in the Tax-Aware Conservative Growth and Income strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Tax-Aware Conservative Growth and Income Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. Composite creation date is October 1, 2016.

The American Funds Tax-Exempt Preservation MP Composite inception is October 1, 2016. The composite consists of all discretionary Model Portfolios ("MP") that are managed according to the American Funds Tax-Exempt Preservation MP strategy. The strategy seeks preservation of capital and current income through a diversified portfolio of high quality tax-exempt fixed-income securities. Beginning October 1, 2016, the American Funds Tax-Exempt Preservation MP Composite includes all MP portfolios applicable to the Tax-Exempt Preservation strategy. Prior to October 1, 2016, no MP portfolios were managed in the Tax-Exempt Preservation strategy, and for that reason, the results presented are based on Capital Group Portfolio Series Tax-Exempt Preservation Composite (inception is June 1, 2012) returns, which contain non-MP similar strategy portfolios. The American Funds Tax-Exempt Preservation MP Composite inception is October 1, 2016.

Model portfolio index/index blends

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 ACWI.

Growth – Index Blend: 75% S&P 500 and 25% MSCI ACWI ex USA indexes.

Moderate Growth – Index Blend: 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg U.S. Aggregate indexes.

Growth and Income – Index Blend: 50% S&P 500, 25% MSCI ACWI ex USA and 25% Bloomberg U.S. Aggregate indexes.

Moderate Growth and Income – Index Blend: 45% S&P 500, 35% Bloomberg U.S. Aggregate and 20% MSCI ACWI ex USA indexes.

Conservative Growth and Income – Index Blend: 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 – Index Blend: 25% S&P 500, 65% Bloomberg U.S. Aggregate and 10% MSCI ACWI ex USA indexes.

Retirement Income - Enhanced – Index Blend: 45% S&P 500, 35% Bloomberg U.S. Aggregate and 20% MSCI ACWI ex USA indexes.

Retirement Income - Moderate – Index Blend: 50% Bloomberg U.S. Aggregate, 35% S&P 500 and 15% MSCI ACWI ex USA indexes.

Retirement Income - Conservative – Index Blend: 60% Bloomberg U.S. Aggregate, 30% S&P 500 and 10% MSCI ACWI ex USA indexes.

Conservative Income – Index Blend: 50% Bloomberg U.S. Aggregate Index, 30% Bloomberg U.S. Government/Credit (1-3 years, ex BBB) Index and 20% S&P 500 indexes.

Preservation – Bloomberg 1-5 Years U.S. Government/Credit A+ Index.

Tax-Aware Moderate Growth – Index Blend: 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg Municipal Bond indexes.

Tax-Aware Growth and Income – Index Blend: 25% Bloomberg Municipal Bond, 50% S&P 500 and 25% MSCI ACWI ex USA indexes.

Tax-Aware Moderate Growth and Income – Index Blend: 45% S&P 500, 35% Bloomberg Municipal Bond and 20% MSCI ACWI ex USA indexes.

Tax-Aware Conservative Growth and Income – Index Blend: 35% Bloomberg Municipal Bond, 35% S&P 500, 15% Bloomberg High Yield Municipal and 15% MSCI ACWI ex USA indexes.

Tax-Aware Moderate Income – Index Blend: 65% Bloomberg Municipal Bond, 25% S&P 500 and 10% MSCI ACWI ex USA indexes.

Tax-Aware Conservative Income – Index Blend: 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 Years Blend Index.

The index blends are rebalanced monthly. MSCI index results reflect dividends gross of withholding taxes through 12/31/00 and dividends net of withholding taxes thereafter. The 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. 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 the account is held. Investors should talk to their financial professional for information on other investment alternatives that may be available. In making investment decisions, investors should consider their other assets, income and investments. Visit capitalgroup.com for current allocations.

Model portfolios are subject to the risks associated with the underlying funds in the model portfolio. Investors should carefully consider investment objectives, risks, fees and expenses of the funds in the model portfolio, which are contained in the fund prospectuses. 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. Smaller company stocks entail additional risks, and they can fluctuate in price more than larger company stocks. The return of principal for bond funds and for funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. Investments in mortgage-related securities involve additional risks, such as prepayment risk. Investments in mortgage-related securities involve additional risks, such as prepayment risk. 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. A nondiversified fund has the ability to invest a larger percentage of assets in the securities of a smaller number of issuers than a diversified fund. As a result, poor results by a single issuer could adversely affect fund results more than if the fund were invested in a larger number of issuers. See the applicable prospectus for details.

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.

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

Bloomberg U.S. Corporate Investment Grade Index represents the universe of investment grade, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements.

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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Russell 1000 Growth Index is a market capitalization-weighted index that represents the large-cap growth segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have higher price-to-book ratios and higher expected growth values.

Russell 1000 Value Index is a market capitalization-weighted index that represents the large-cap value segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have lower price-to-book ratios and lower expected growth values.

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