

American Funds Model Portfolios: Designed for the long term

Quarterly update – Q2 2025



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Key takeaways for the quarter

- After a sharp downturn sparked by tariff fears, markets rallied and ended the second quarter with positive returns across most major asset classes and sectors.
- The American Funds Model Portfolios all had strong, positive absolute gross and net results for the quarter. The growth models outpaced their benchmarks on both a gross and net-of-fee basis, while the growth-and-income models' results were mixed.
- The Portfolio Solutions Committee (PSC) and the Capital Solutions Group (CSG) regularly monitor model portfolios for risks and to ensure alignment with their long-term portfolio objectives, while underlying fund managers use company- and security-specific research to make real-time decisions and identify timely opportunities in today's ever-changing market environment.

Market review

Following a sharp downturn triggered by fears of U.S. tariffs, markets ended the second quarter with an impressive rebound as some levies were paused, and global trade negotiations progressed.

The MSCI All Country World Index (ACWI) advanced 11.5%, with the growth component of the index significantly outpacing value. Less-cyclical sectors and higher yielding equities generally lagged. In the S&P 500 Index, top-returning sectors included information technology, communication services and industrials, while energy and health care trailed. The broader U.S. bond market advanced, with high yield leading the way (based on results of the Bloomberg U.S. Aggregate and Bloomberg U.S. Corporate High Yield indexes). Municipals declined (as measured by the Bloomberg U.S. Municipal Bond Index) amid worries they could lose their federal tax-exempt status.

The U.S. Federal Reserve, the Bank of Japan and the Bank of England all held their interest rates steady, while the European Central Bank cut its policy rate. The U.S. dollar fell against other major currencies, as measured by the U.S. Dollar Index.

Investment professionals



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Mario DiVito
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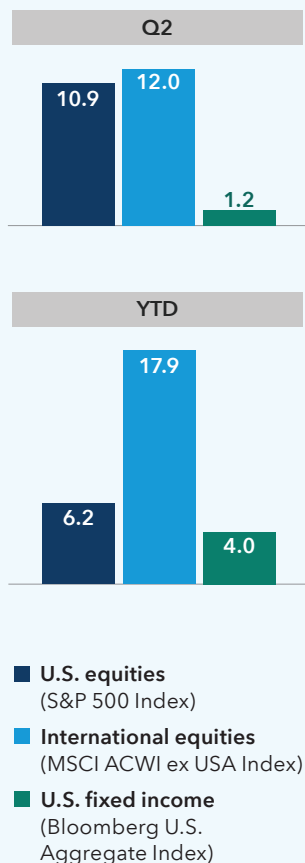
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Advisory services offered through Capital Research Management Company (CRMC) and its RIA affiliates.
Past results are not predictive of results in future periods.

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

Broad market results

Cumulative returns (%)



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.

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 positive absolute returns and outpaced its respective benchmark.
- U.S. and non-U.S. equity selection helped relative results. Higher than benchmark exposure to non-U.S. equities boosted results as international equities outpaced U.S. equities.
- Overall, selection in information technology and industrials was positive, while selection in health care hurt.
- The Growth Fund of America® and The New Economy Fund® were the highest returning underlying funds, while American Funds Global Insight Fund and Capital World Growth and Income Fund® were the least.

American Funds Growth Model Portfolio

- Registered positive absolute and relative returns against its benchmark.
- Positive U.S. equity selection in information technology and communication services outweighed negative selection in non-U.S. health care.
- Within information technology, selection in hardware and semiconductors outweighed negative selection in software. Holdings in an entertainment streaming service was the top contributor within the communication services sector.
- All underlying funds produced positive absolute results, led by The Growth Fund of America and The New Economy Fund. The Investment Company of America® and New Perspective Fund® were relative detractors.

American Funds Moderate Growth Model Portfolio

- Outpaced its respective benchmark, fueled by positive U.S. and non-U.S. equity selection.
- Positive selection in information technology and industrials outweighed negative selection in health care.
- The Growth Fund of America was the highest returning underlying fund while American Funds Global Balanced Fund was the least.

Growth-and-income portfolios

American Funds Growth and Income Model Portfolio

- Posted positive absolute returns and outpaced its benchmark, bolstered by positive security selection across U.S. and non-U.S. equities.
- Selection in information technology, industrials and consumer staples boosted relative results and outweighed negative selection in materials and health care.
- Within fixed income, positive selection in Treasuries and corporates outweighed negative selection in securitized debt. Exposure to high yield and emerging market debt was also beneficial.
- The Growth Fund of America contributed to equity returns on a relative basis. Capital Income Builder® detracted. On the fixed income side, American Funds Multi-Sector Income Fund supported relative fixed income returns while The Bond Fund of America® was a relative detractor.

American Funds Moderate Growth and Income Model Portfolio

- Outpaced the respective benchmark on a gross basis, while net returns lagged. Non-U.S. equity and fixed income security selection drove the positive returns.
- Selection in information technology boosted relative results whereas health care hurt.

- Positive fixed income security selection in Treasuries and corporates outweighed negative selection in securitized debt.
- American Balanced Fund® – which we view as an anchor fund in this portfolio – provided some ballast to the portfolio through the volatile quarter and was a strong contributor to relative results while The Income Fund of America® lagged its benchmark.

American Funds Conservative Growth and Income Model Portfolio

- Posted positive absolute returns but lagged its benchmark as dividend payers lagged the broader S&P 500 Index. (The model's income objective and approach to portfolio construction focus on dividend-paying equities.)
- Less-than-benchmark exposure to information technology detracted; selection in consumer discretionary and health care also hurt.
- Exposure to emerging market debt was beneficial and helped offset negative selection in corporates.
- Capital World Growth and Income Fund® and American Funds Emerging Markets Bond Fund® were some of the stronger underlying relative contributors whereas Bond Fund of America detracted but played a critical role as a ballast to the intra-quarter equity volatility. Capital Income Builder lagged its benchmark.

American Funds Conservative Income and Growth Model Portfolio

- Trailed respective benchmark, weighed down by negative U.S. equity security selection.
- Negative selection in health care and consumer discretionary was partially offset by positive selection in financials and consumer staples.
- Exposure to high yield and emerging market debt was beneficial and outweighed negative security selection in securitized debt.
- Capital World Growth and Income Fund and American Funds Emerging Markets Bond Fund were notable contributors, while dividend-focused funds American Mutual Fund® and The Income Fund of America® lagged their respective benchmarks.

Preservation and income portfolios

American Funds Conservative Income Model Portfolio

- Trailed respective benchmark over the quarter, hurt by negative U.S. equity selection.
- Negative security selection in health care and less than benchmark exposure to information technology weighed on relative results.
- Fixed income selection contributed to relative results, particularly Treasuries.
- American Balanced Fund contributed while dividend-focused American Mutual Fund and The Income Fund of America detracted, as they lagged their respective benchmarks.

American Funds Preservation Model Portfolio

- Positive absolute gross returns in line with the benchmark on a relative basis, while net returns lagged.
- Positive selection in Treasuries countered negative selection in securitized debt over the quarter.

Model allocation enhancement highlights Q2 2025

The team assessed current portfolio allocations using updated capital markets output and model optimization, considering both quantitative and qualitative criteria. Following the most recent review, research-driven enhancements to the American Funds Moderate Growth Model has been approved.



Moderate growth model:

The Portfolios Solutions Committee (PSC) modestly decreased equity exposure to potentially reduce portfolio volatility, increase asset class flexibility, and more closely align with the strategic asset allocation of the long-term objective.



Other model portfolios:

Current target allocations were reconfirmed by the PSC, as appropriate activity and positioning was observed within the underlying funds across multiple dimensions, including stock/bond and U.S./non-U.S. equity mixes. Staying within their strategic asset allocations was consistent with the models' respective objectives and success metrics.

Retirement income portfolios

American Funds Retirement Income models

- Posted positive absolute returns for the quarter but lagged their respective benchmarks.
- Deliberate implementation of funds with dividend paying equities was a structural headwind to relative results but aligns to these models’ focus on income.
- In fixed income, exposure to high-yield and emerging market bonds was beneficial to the portfolio as was security selection in high yield and corporates. Selection in forwards and securitized debt was negative, though.
- Underlying fixed income strategies focused on credit were strong contributors across the portfolios, whereas the U.S. Government Securities Fund® in Moderate and Conservative was a detractor, primarily due to its longer duration profile.

American Funds Tax-Aware portfolios

- American Funds Tax-Aware Moderate Growth Model Portfolio outpaced its benchmark, driven by U.S. equity selection, especially information technology and communication services.
- American Funds Tax-Aware Growth and Income Model Portfolio outpaced its respective benchmarks. American Funds Tax-Aware Moderate Growth and Income Model Portfolio and American Funds Tax-Aware Conservative Growth and Income Model Portfolio outpaced on a gross basis, but net returns lagged. Selection in consumer discretionary and non-U.S. industrials boosted relative returns across all tax-aware growth-and-income models.
- Income and preservation model portfolios trailed their benchmarks, though gross returns for American Funds Tax-Aware Moderate Income Model Portfolio held up better than its benchmark. Security selection in municipal fixed income was generally positive over the quarter, but lagged their taxable counterparts, possibly due to fears of the asset class losing its tax-exempt status over the quarter.

Withdrawal rate guidance update for retirement income portfolios

Effective 7/1/25

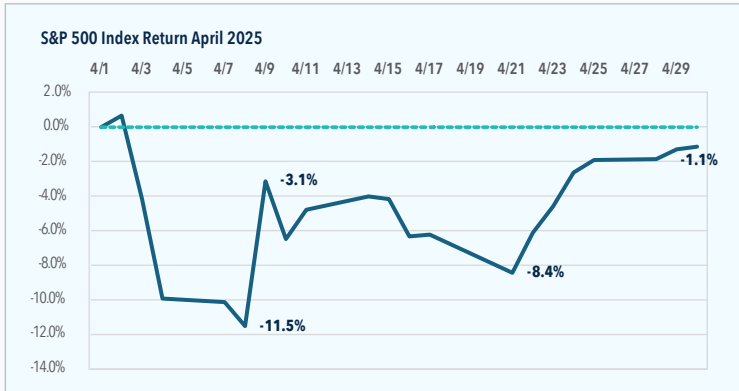
Guidance	Conservative		Moderate		Enhanced	
	Lower	Upper	Lower	Upper	Lower	Upper
Previous guidance	3.00%	3.75%	3.25%	4.00%	3.50%	4.25%
Updated guidance	3.25%	4.00%	3.50%	4.25%	3.75%	4.50%
Change	+0.25%	+0.25%	+0.25%	+0.25%	+0.25%	+0.25%

These portfolios are distribution focused and designed to address varying income needs and risk tolerances. Each has a suggested annual withdrawal rate range. Following the PSC's annual review of this guidance, there was an increase in the upper and lower ranges across the three portfolios.

Payments consisting of return of capital will result in a decrease in an investor's fund share balance. Higher rates of withdrawal and withdrawals during declining markets may result in a more rapid decrease in an investor's fund share balance. Persistent returns of capital could ultimately result in a zero account balance.

Actively **adapting** to changing market conditions

We design our model portfolios with long-term objectives that align to the broad investor goals of building, spending or preserving wealth. Keeping a steady eye on the models' respective success metrics is crucial for the financial success of our clients.



In early April, the S&P 500 Index fell dramatically after the announcement of broad U.S. tariffs, leading many investors to panic sell. However, by the end of that month, the index had gained back almost everything it had lost. While this type of environment may seem unsettling to many investors, our model portfolios that focus on income and preservation are constructed to pursue a degree of downside resilience to help weather these types of dips, with the aim of delivering consistent patterns of results across market cycles.

While our models are strategic in nature and constructed with long-term objectives, they have the flexibility to adapt to changing market conditions. If appropriate, our dedicated team of multi-asset investment professionals have the discretion to make research-driven changes to the models' active underlying funds. When this happens, we share our thought process, cueing you in on what we hope to accomplish with these enhancements.

In addition to these potential enhancements, the active underlying funds in our model portfolios are working beneath the surface to adjust to shifts in the economic and market climate in real time. Inside each model portfolio, our global network of 450-plus investment professionals are making investment decisions inside our active underlying mutual funds and exchange-traded funds (ETFs). As market conditions evolve, our analysts use bottom-up, fundamental research to identify new opportunities or to reevaluate their previous recommendations. In addition, within the more flexible global and balanced underlying active funds, portfolio managers are empowered to shift between U.S. and non-U.S. investments, or between equity and fixed income, as circumstances change.

We often refer to this as our "two layers of active management": Our active underlying building blocks, along with our active research and monitoring of each model's allocations. Both layers work together to pursue the model's long-term objectives. Some notable modifications that have occurred this year within some underlying funds include a greater defensive posture through increased cash allotments, as well as a shift toward the industrials, financials and health care sectors, and away from information technology. Also, in certain funds, the proportion of U.S. to non-U.S. equities has begun to swing to be more in favor of non-U.S. than previously. Together, these two layers of active management help our portfolios navigate changing environments.

Looking ahead

Having crossed the midyear point of 2025, markets face a lot of unknowns that are creating economic headwinds, including developments in the Russia-Ukraine and Iran-Israel conflicts. In addition, the widespread tariffs announced by the current U.S. administration in April have not yet been fully implemented, so their impact on economic growth and inflation remains uncertain. Our team explores different possible outcome scenarios in our [2025 Midyear Outlook](#).

On the macroeconomic front, the U.S. economy appears to be slowing. Although U.S. consumer fundamentals have remained healthy, there are signs that some businesses have reacted to economic uncertainty by pulling back on spending and hiring. Meanwhile, the impact of tariffs on inflation and growth may not yet be reflected in the economic data.

Within equities, many Capital Group portfolio managers have found increasing opportunities in non-U.S. markets, which tend to offer more attractive valuations than the U.S.

In addition, non-U.S. companies may be less encumbered by tariffs than their American counterparts. On a sector basis, some Capital Group equity portfolios have targeted select industrial companies that may benefit from the transition to green energy, the reorganization of global supply chains, and increased defense spending. In addition, some portfolio managers have favored select pharmaceutical and biotech companies with promising research pipelines for obesity and cancer treatments.

On the fixed income side, some managers have favored opportunities in structured credit, including higher coupon mortgage-backed securities and subprime auto asset-backed securities. Our rates team believes that the Fed will implement a moderate number of cuts later this year. However, the timing will depend on the trajectory of inflation, tariffs and economic data.

Amidst this uncertainty, portfolio managers and analysts continue to use their deep fundamental analysis in their quest to unearth overlooked opportunities and pursue strong results for investors.



Analysts and portfolio managers mentioned above are references to Capital Group associates.

Model composite results as of June 30, 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	15.17	11.92	16.84	18.09	11.87	10.11	11.49
		Net	14.35	10.29	13.42	14.63	8.59	6.87	8.21
MSCI All Country World Index (ACWI)	–		11.53	10.05	16.17	17.35	13.65	9.99	11.02
American Funds Growth MP Composite	05/31/2012	Gross	16.11	10.29	17.98	20.56	13.52	11.35	12.89
		Net	15.28	8.68	14.53	17.04	10.19	8.08	9.58
Growth Model Portfolio Index Blend	–		11.24	9.08	15.93	18.37	15.07	11.79	12.90
American Funds Moderate Growth MP Composite	05/31/2017	Gross	13.51	10.12	16.93	18.59	12.85	–	11.14
		Net	12.69	8.52	13.52	15.13	9.54	–	7.88
Moderate Growth Model Portfolio Index Blend	–		9.75	8.79	14.57	15.74	12.43	–	10.57
Growth and income									
American Funds Growth and Income MP Composite	05/31/2012	Gross	10.52	9.84	16.10	15.64	11.84	9.70	10.58
		Net	9.73	8.24	12.70	12.25	8.56	6.48	7.33
Growth and Income Model Portfolio Index Blend	–		8.76	8.58	13.65	14.00	10.68	8.93	9.73
American Funds Moderate Growth and Income MP Composite	05/31/2012	Gross	8.17	8.98	14.04	12.35	9.60	8.28	9.18
		Net	7.39	7.40	10.70	9.05	6.38	5.09	5.97
Moderate Growth and Income Model Portfolio Index Blend	–		7.72	7.80	12.60	12.54	9.25	8.13	8.81
American Funds Conservative Growth and Income MP Composite	05/31/2012	Gross	5.34	8.13	13.55	10.03	8.44	6.83	7.37
		Net	4.57	6.55	10.22	6.79	5.25	3.68	4.21
Conservative Growth and Income Model Portfolio Index Blend	–		6.55	6.98	11.73	11.37	7.98	7.27	7.85
American Funds Conservative Income and Growth MP Composite	07/31/2020	Gross	4.46	6.95	11.22	7.96	–	–	5.43
		Net	3.69	5.38	7.96	4.78	–	–	2.32
Conservative Income and Growth Model Portfolio Index Blend	–		4.68	6.00	9.58	7.92	–	–	4.15

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 June 30, 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	2.85	5.57	9.32	5.54	3.72	–	4.02
		Net	2.09	4.02	6.11	2.43	0.66	–	0.95
Conservative Income Model Portfolio Index Blend	–		3.14	4.20	7.90	6.28	3.40	–	4.28
American Funds Preservation MP Composite	05/31/2012	Gross	1.53	3.63	6.73	3.58	1.35	2.03	1.83
		Net	0.78	2.11	3.59	0.52	-1.64	-0.98	-1.18
Bloomberg 1-5 Year U.S. Government/Credit A+ Index	–		1.45	3.51	6.27	3.49	1.03	1.77	1.60
Income									
American Funds Retirement Income - Enhanced MP Composite	08/31/2015	Gross	7.19	9.35	15.21	12.20	9.87	–	8.20
		Net	6.41	7.76	11.84	8.91	6.64	–	5.02
Custom Index Retirement Income - Enhanced	–		7.72	7.80	12.60	12.54	9.25	–	8.64
American Funds Retirement Income - Moderate MP Composite	08/31/2015	Gross	5.80	8.85	13.95	9.87	7.88	–	7.01
		Net	5.02	7.27	10.61	6.64	4.70	–	3.85
Custom Index Retirement Income - Moderate	–		6.20	6.91	11.09	10.22	6.95	–	7.11
American Funds Retirement Income - Conservative MP Composite	08/31/2015	Gross	4.30	7.77	12.23	7.39	5.64	–	5.68
		Net	3.53	6.20	8.94	4.23	2.53	–	2.57
Custom Index Retirement Income - Conservative	–		5.17	6.12	10.04	8.78	5.53	–	6.19
Tax-aware growth									
American Funds Tax-Aware Moderate Growth MP Composite	07/31/2020	Gross	12.55	8.36	15.95	18.28	–	–	11.73
		Net	11.74	6.78	12.56	14.82	–	–	8.45
Tax-Aware Moderate Growth Model Portfolio Index Blend	–		9.53	8.08	13.74	15.72	–	–	11.80
Tax-aware growth and income									
American Funds Tax-Aware Growth and Income MP Composite	08/31/2019	Gross	10.20	7.90	13.93	16.16	12.00	–	11.45
		Net	9.40	6.33	10.59	12.76	8.71	–	8.18
Tax-Aware Growth and Income Model Portfolio Index Blend	–		8.40	7.41	12.28	13.97	11.01	–	10.21
American Funds Tax-Aware Moderate Growth and Income MP Composite	08/31/2019	Gross	7.67	7.12	11.71	13.15	10.07	–	9.32
		Net	6.89	5.56	8.43	9.84	6.84	–	6.11
Tax-Aware Moderate Growth and Income Model Portfolio Index Blend	–		7.22	6.18	10.71	12.50	9.71	–	9.08
American Funds Tax-Aware Conservative Growth and Income MP Composite	05/31/2012	Gross	5.29	6.47	10.56	10.44	8.34	7.27	8.03
		Net	4.52	4.92	7.32	7.19	5.16	4.11	4.86
Tax-Aware Conservative Growth and Income Model Portfolio Index Blend	–		5.33	4.62	8.54	10.48	8.01	7.30	7.88

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 June 30, 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	4.22	5.26	9.05	8.96	6.92	–	6.32
		Net	3.46	3.71	5.84	5.75	3.77	–	3.19
Tax-Aware Moderate Income Model Portfolio Index Blend	–		3.78	3.07	6.19	7.87	5.49	–	5.33
American Funds Tax-Aware Conservative Income MP Composite	08/31/2019	Gross	2.26	3.31	6.09	5.72	4.21	–	3.97
		Net	1.50	1.79	2.97	2.60	1.14	–	0.91
Tax-Aware Conservative Income Model Portfolio Index Blend	–		2.57	1.98	5.06	5.95	3.95	–	3.99
American Funds Tax-Exempt Preservation MP Composite	05/31/2012	Gross	1.13	2.04	4.00	3.02	1.22	1.89	2.02
		Net	0.38	0.54	0.93	-0.03	-1.77	-1.12	-1.00
Bloomberg Municipal Bond 1-7 Year Blend Index	–		1.17	2.09	4.04	2.66	1.07	1.75	1.71

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 June 30, 2025

Index name	Cumulative total returns (%)			Average annual total returns (%)		
	QTD	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Bond Index	-0.12	-0.35	1.11	2.50	0.51	2.20
Bloomberg U.S. Aggregate Index	1.21	4.02	6.08	2.55	-0.73	1.76
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	3.53	4.57	10.29	9.93	5.96	5.37
MSCI All Country World Index (ACWI)	11.53	10.05	16.17	17.35	13.65	9.99
MSCI All Country World Index (ACWI) ex USA	12.03	17.90	17.72	13.99	10.13	6.12
Russell 1000 Growth Index	17.84	6.09	17.22	25.76	18.15	17.01
Russell 1000 Index	11.11	6.12	15.66	19.59	16.30	13.35
Russell 1000 Value Index	3.79	6.00	13.70	12.76	13.93	9.19
S&P 500 Index	10.94	6.20	15.16	19.71	16.64	13.65

Investment and index disclosures

Appendix

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The underlying funds for each model portfolio as of June 30, 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 (30%): Fundamental Investors 5%, Capital World Growth and Income Fund 15%, The Investment Company of America 10%; Balanced (25%): American Balanced Fund 13%, American Funds Global Balanced Fund 12%.

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%; Tax-exempt (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%; Tax-exempt (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%; Tax-exempt (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%; Tax-exempt (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%; Tax-exempt (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%; Tax-exempt (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: Tax-exempt (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 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, consisting 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.

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. 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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