

Quarter highlights

- Over the quarter, funds with an equity focus generally outpaced those with a fixed income focus.
- Strengthened by hopes of favorable U.S. economic shifts, funds with higher concentrations of U.S. equities fared better within equities than those with greater concentrations in non-U.S. stocks.
- Funds with higher exposures to high-yield bonds best maintained their value within fixed income. Concurrently, funds with larger weightings to non-U.S. bonds fell the most, partly due to the strength of the U.S. dollar.

Market review

Global equities stalled in the fourth quarter, pressured by concerns over a potential trade war and signs that interest rates may remain higher than previously expected. U.S. President-elect Donald Trump's victory sent U.S. stocks (S&P 500 Index) higher but weighed on the markets of major trading partners, such as Europe and China, which could be hit by higher tariffs under the incoming administration.

Consumer discretionary stocks rallied, gaining nearly 9% in the MSCI World Index, boosted by strong rallies in the shares of a few consumer-tech giants. Materials stocks posted the largest declines, losing more than 14% in aggregate as China's slowing economy hurt global demand. Health care and real estate stocks also lost significant ground.

Most bond markets declined as inflation remained above target and the U.S. Federal Reserve (Fed) signaled that it wouldn't cut interest rates as aggressively as previously expected. Both the Fed and the European Central Bank lowered policy rates during the quarter as market rates generally moved higher.

In foreign exchange markets, U.S. dollar strength returned after a brief patch of weakness from July to October. The dollar rose sharply against the euro, the yen and most other currencies. The U.S. Dollar Index gained more than 7% during the quarter.

Portfolio review

In general, funds with an equity focus outpaced those with a fixed income focus over the quarter.

Within equities, funds with higher concentrations of U.S. equities fared better than those with greater concentrations in non-U.S. stocks. While U.S. shares were supported by hopes of lower taxes and regulation under the forthcoming Trump administration, non-U.S. markets were pressured by fears of higher tariffs.

Within fixed income, funds with higher exposures to high-yield bonds held up the best, while those with larger weightings to non-U.S. bonds fell the most, in part due to the strength of the U.S. dollar.

Figures shown are past results and 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.

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

Class F-2 share returns for periods ended 12/31/24

| | Total returns (%) | | | Average annual total returns (%) | | | | Expenses (%) |
|---|-------------------|-------|--------|----------------------------------|---------|----------|----------------|--------------|
| | QTD | YTD | 1 year | 3 years | 5 years | 10 years | Fund lifetime* | |
| American Funds Global Growth Portfolio | -1.31 | 15.14 | 15.14 | 2.19 | 9.07 | 9.30 | 10.86 | 0.55 |
| American Funds Growth Portfolio | 1.28 | 20.48 | 20.48 | 4.47 | 11.25 | 10.82 | 12.48 | 0.47 |
| American Funds Growth and Income Portfolio | -0.61 | 14.85 | 14.85 | 4.84 | 9.40 | 8.75 | 10.12 | 0.44 |
| American Funds Moderate Growth and Income Portfolio | -1.59 | 11.53 | 11.53 | 3.31 | 7.36 | 7.42 | 8.73 | 0.45 |
| American Funds Conservative Growth and Income Portfolio | -1.80 | 9.48 | 9.48 | 3.20 | 5.67 | 5.93 | 6.88 | 0.40 |
| American Funds Tax-Aware Conservative Growth and Income Portfolio | -1.74 | 10.31 | 10.31 | 3.61 | 6.16 | 6.57 | 7.71 | 0.43 |
| American Funds Preservation Portfolio | -0.70 | 3.94 | 3.94 | 0.72 | 1.55 | 1.66 | 1.53 | 0.38 |
| American Funds Tax-Exempt Preservation Portfolio | -0.60 | 2.38 | 2.38 | 0.64 | 1.19 | 1.62 | 1.83 | 0.37 |
| S&P 500 Index | 2.41 | 25.02 | 25.02 | 8.94 | 14.53 | 13.10 | — | — |
| MSCI All Country World Index (ACWI) | -0.99 | 17.49 | 17.49 | 5.44 | 10.06 | 9.23 | — | — |
| Bloomberg 1-5 Year U.S. Government/Credit A+ Index | -0.77 | 3.55 | 3.55 | 0.80 | 1.16 | 1.51 | — | — |
| Bloomberg Municipal Bond 1-7 Year Blend Index | -0.76 | 1.50 | 1.50 | 0.43 | 1.04 | 1.59 | — | — |

*Funds' inception date: May 18, 2012

S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. **MSCI ACWI** 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 net of withholding taxes. **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. **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. **U.S. Dollar Index** is a market index benchmark used to measure the value of the U.S. dollar relative to other widely-traded international currencies. **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure equity market results of developed markets. The index consists of more than 20 developed market country indexes, including the United States.

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