

# The Tax-Exempt Fund of California®

Class F-2 | TEFEX for the year ended July 31, 2024



This annual shareholder report contains important information about The Tax-Exempt Fund of California (the "fund") for the period from August 1, 2023 to July 31, 2024. You can find additional information about the fund at [capitalgroup.com/mutual-fund-literature-F2](https://capitalgroup.com/mutual-fund-literature-F2). You can also request this information by contacting us at (800) 421-4225.

## What were the fund costs for the last year? (based on a hypothetical \$10,000 investment)

Share class	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Class F-2	\$40	0.39%

### Management's discussion of fund performance

The fund's Class F-2 shares gained 5.69% for the year ended July 31, 2024. That result compares with a 3.55% gain for the Bloomberg California Municipal Index. For information on returns for additional periods, including the fund lifetime, please refer to [capitalgroup.com/mutual-fund-returns-F2](https://capitalgroup.com/mutual-fund-returns-F2).

### What factors influenced results

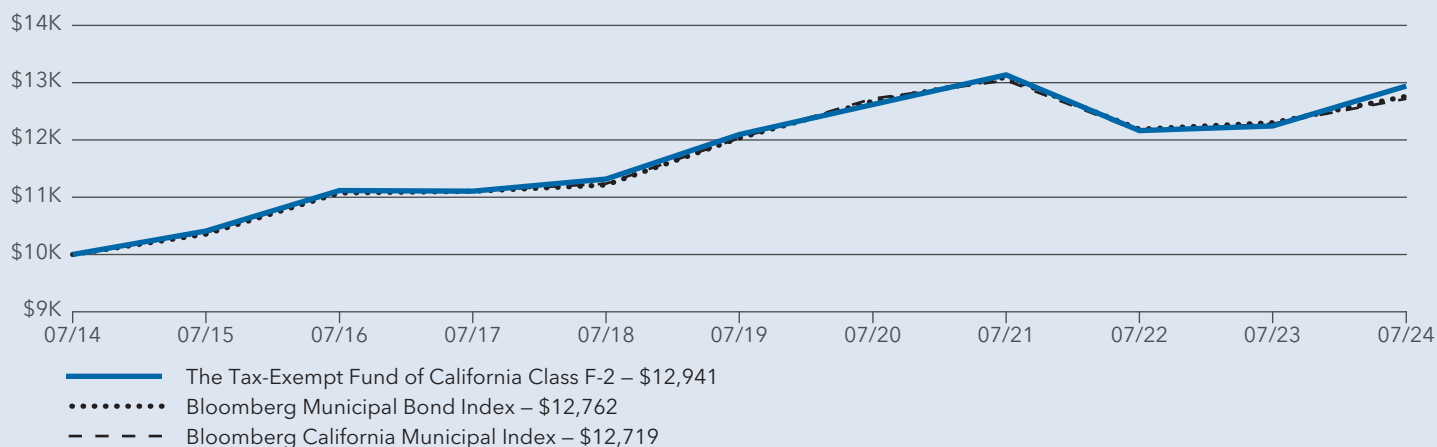
Toward the end of 2023, the municipal bond market rallied alongside declining U.S. Treasury yields. With investors in the market more willing to take on risk during the last year, lower quality bonds significantly outpaced their higher quality counterparts, despite the elevated rate volatility.

This market environment generally favored riskier bonds, and the portfolio's investments that were lower in quality and higher in interest rate sensitivity were strongly supportive in general. Idiosyncratic security selection was also a factor in overall results, as bottom-up investment research provided opportunity for the fund to build a diversified portfolio of high-conviction ideas.

At the same time, the fund's limited exposure to certain lower quality investments across a variety of sectors and those with lower duration characteristics detracted from overall returns.

### How a hypothetical \$10,000 investment has grown

Figures assume reinvestment of dividends and capital gains.



## Average annual total returns

	1 year	5 years	10 years
The Tax-Exempt Fund of California – Class F-2*	5.69%	1.36%	2.61%
Bloomberg Municipal Bond Index†	3.74	1.18	2.47
Bloomberg California Municipal Index†	3.55	1.12	2.43

Effective July 24, 2024, the fund's primary benchmark changed from the Bloomberg California Municipal Index (the "Previous Primary Benchmark") to the Bloomberg Municipal Bond Index, a broad-based index that represents the overall securities markets, as required by the SEC. The Previous Primary Benchmark provides a means to compare the fund's results to a benchmark that the investment adviser believes is more representative of the fund's investment universe. There is no change in the fund's investment strategies as a result of the benchmark change.

\* Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower.

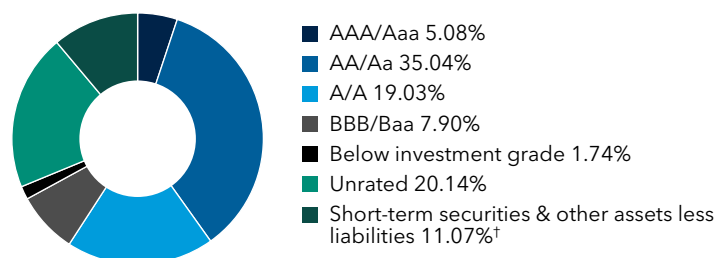
† Results assume all distributions are reinvested. Any market index shown is unmanaged, and therefore, has no expenses. Investors cannot invest directly in an index. Source(s): Bloomberg Index Services Ltd.

**The fund's past performance is not a predictor of its future performance.** The line chart and table do not reflect the deduction of taxes that a shareholder would pay on fund distributions or redemption of fund shares.

## Key fund statistics

Fund net assets (in millions)	\$3,060
Total number of portfolio holdings	1,513
Total advisory fees paid (in millions)	\$7
Portfolio turnover rate	23%

## Portfolio quality summary\*



\* 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. In assigning a credit rating to a security, the fund looks specifically to the ratings assigned to the issuer of the security by Standard & Poor's, Moody's and/or Fitch. If agency ratings differ, the security will be considered to have received the highest of those ratings, consistent with the fund's investment policies.

† Includes derivatives.

## Availability of additional information



Scan the QR code to view additional information about the fund, including its prospectus, financial information, holdings and information on proxy voting. Or refer to the web address included at the beginning of this report.

## Important information

To reduce fund expenses, only one copy of most shareholder documents will be mailed to shareholders with multiple accounts at the same address (householding). If you would prefer that your documents not be househanded, please contact Capital Group at (800) 421-4225, or contact your financial intermediary. Your instructions will typically be effective within 30 days of receipt by Capital Group or your financial intermediary.