

# American Funds Short-Term Tax-Exempt Bond Fund<sup>®</sup>



Class R-6 for the year ended July 31, 2024

This annual shareholder report contains important information about American Funds Short-Term Tax-Exempt Bond Fund (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-R6](https://capitalgroup.com/mutual-fund-literature-R6). 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 R-6	\$26	0.25%

## Management's discussion of fund performance

The fund's Class R-6 shares gained 4.00% for the year ended July 31, 2024. That result compares with a 3.34% gain for the Bloomberg Municipal Short 1-5 Years Index.

### 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. High-yield municipals outpaced investment-grade issues by over 5.6%, according to the Bloomberg Municipal High Yield Bond Index and the Bloomberg Municipal Index, respectively.

Each of the fund's sectors added to the portfolio's results, with corporates and housing debt returns surpassing those of the overall portfolio. Despite lagging the portfolio's overall return, non-general obligation\* government issues, health care and transportation bonds were also meaningful contributors. Duration and curve positioning† further supported the fund's absolute returns. From a rating perspective, investment-grade bonds were most additive to results.

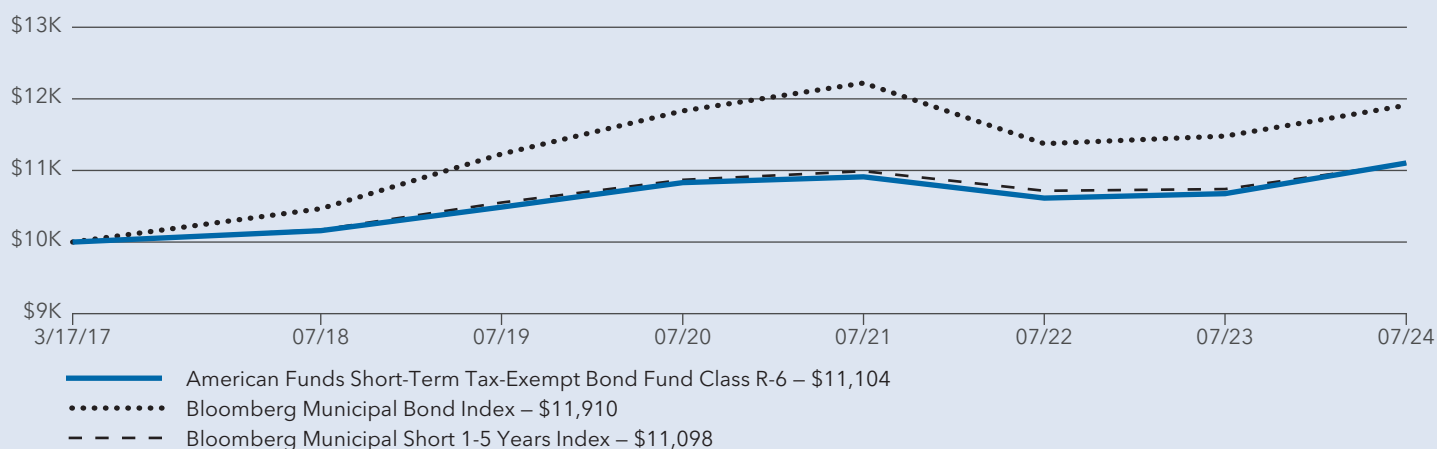
Conversely, duration positioning negatively impacted the fund's overall results. Holdings in tobacco and education debt detracted somewhat from the broader portfolio's return while remaining positive.

\* A general obligation bond is a municipal bond backed solely by the credit and taxing power of the issuing jurisdiction rather than the revenue from a given project.

† Yield curve positioning is a strategy where a manager adjusts the bond portfolio to seek to profit from an expected change in the yield curve, which is a line that plots the yields or interest rates of bonds that have equal credit quality but different maturity dates.

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

Figures assume reinvestment of dividends and capital gains.



## Average annual total returns

	1 year	5 years	Since inception <sup>1</sup>
American Funds Short-Term Tax-Exempt Bond Fund – Class R-6 <sup>2</sup>	4.00%	1.15%	1.43%
Bloomberg Municipal Bond Index <sup>3</sup>	3.74	1.18	2.40
Bloomberg Municipal Short 1-5 Years Index <sup>3</sup>	3.34	1.02	1.42

Effective July 24, 2024, the fund's primary benchmark changed from the Bloomberg Municipal Short 1-5 Years 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.

<sup>1</sup> Class R-6 shares were first offered on March 17, 2017.

<sup>2</sup> 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.

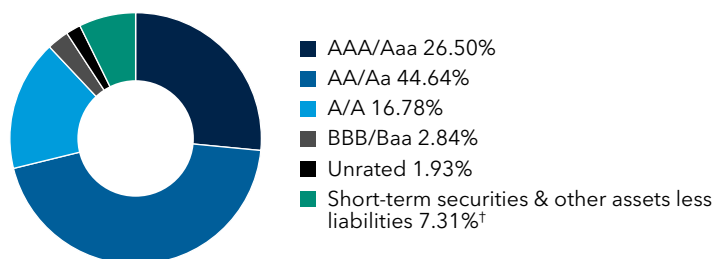
<sup>3</sup> Results assume all distributions are reinvested. Any market index shown is unmanaged, and therefore, has no expenses. Investors cannot invest directly in an index. Source(s): Bloomberg Index Services Ltd.

**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)	\$1,906
Total number of portfolio holdings	1,134
Total advisory fees paid (in millions)	\$4
Portfolio turnover rate	42%

## 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.

<sup>†</sup> 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.