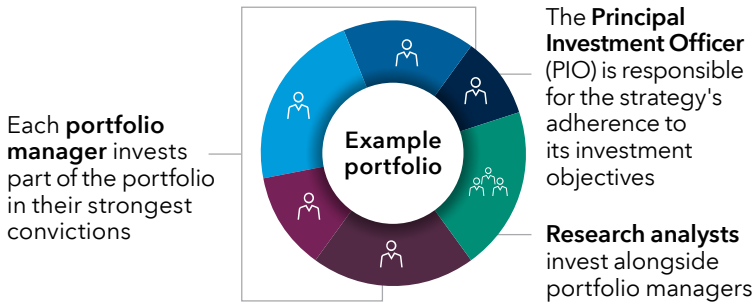


# A distinctive investment approach

The Capital System powers our pursuit of superior long-term investment results across asset classes. Each portfolio is divided among multiple investment professionals. We believe having multiple managers in a portfolio better positions us to deliver the strong results investors seek.

## The Capital System



## The benefits of our approach

- ✓ **Deeper insights:** Investment professionals develop their views leveraging research from multiple angles.
- ✓ **Broader diversification:** Portfolios reflect diverse perspectives, which can lead to more consistent results over multiple cycles.
- ✓ **High-conviction portfolios:** Portfolios reflect the highest individual convictions of multiple investment professionals.
- ✓ **No "key person" risk:** Our results don't rely on one manager always being right, and succession planning is embedded in the process.

## The system has three pillars that guide our investment decisions



### Collaborative research

Collaboration across portfolio managers, analysts, economists and quantitative research teams **generates deeper insights.**

### Diverse perspectives

Leveraging the best ideas of multiple investment professionals helps us pursue **more consistent results across market cycles with less volatility.**

### Long-term view

Managers are discouraged from engaging in short-term thinking. Investing with a long-term view helps **align our goals with those of investors.**

## We don't rely on one manager always being right

No single manager's investment approach will fare well in every market environment. Bringing together managers with diverse approaches helps improve our potential to deliver strong results in a variety of market scenarios.

### Manager diversity in a fixed income strategy

RANK	2018	2019	2020	2021	2022	2023
Highest return ↑ 1st	Manager A	Manager D	Manager B	Research Portfolio	Research Portfolio	Research Portfolio
2nd	Research Portfolio	Index	Manager C	Manager C	Manager C	Manager B
3rd	Strategy	Manager B	Manager A	Strategy	Strategy	Index
4th	Manager B	Manager A	Strategy	Manager A	Manager A	Strategy
5th	Manager C	Strategy	Manager D	Manager D	Manager B	Manager D
6th	Manager D	Manager C	Index	Manager B	Manager D	Manager C
↓ Lowest return 7th	Index	Research Portfolio	Research Portfolio	Index	Index	Manager A

#### A look inside a portfolio

This chart ranks each manager's return in the strategy over time, along with the strategy as a whole and the part of the portfolio that analysts invest (the Research Portfolio). With multiple managers, a portfolio can better withstand periods when any one manager's investment approach falls out of favor.

Source: Capital Group. Analysts collectively invest in a Research Portfolio, which is a significant part of most strategies. Manager diversity chart is shown for illustrative purposes only, is based on gross of fees data, and is not representative of all Capital Group strategies.

## Invested for the long term

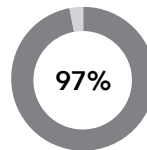
### Privately held and employee-owned\* since 1931

We avoid the short-term quarterly earnings pressures many public firms face.

### Managers personally invest in their own funds

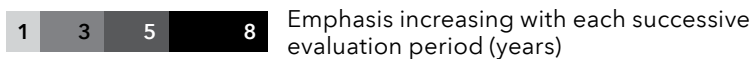
Ninety-seven percent of American Funds® assets are invested in mutual funds in which at least one manager has invested more than \$1 million.

Source: Morningstar. Data as of 2/15/24.



### Long-term manager evaluation periods

Capital Group compensation basis puts greater emphasis on long-term results.



### We strive to keep fees low for our investors

Our mutual fund management fees have been among the lowest in the industry.†

\*Capital Group is owned by key investment professionals, senior business leaders and recent retirees.

† On average, our mutual fund management fees were in the lowest quintile 55% of the time, based on the 20-year period ended December 31, 2023, versus comparable Lipper categories, excluding funds of funds. Source: Capital Group.

"The Capital System strives to be durable, dependable and dynamic. While it has evolved over time, a constant has always been our ability to include diverse viewpoints within a single portfolio, which improves the potential for better long-term investment results."



**Martin Romo**

Chair and CIO of Capital Group  
31 years at Capital Group  
San Francisco office

Compensation paid to our investment professionals is heavily influenced by results over one-, three-, five- and eight-year periods, with increasing weight placed on each succeeding measurement period to encourage a long-term investment approach.

Capital Group manages equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

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