

# American Funds Global Balanced Fund

Class F-2 shares  
Quarterly review  
2Q 2024



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## Quarter highlights

- The fund's smaller holdings in information technology companies weighed on relative results, with investment selection further hindering relative returns.
- The choice of investments in the health care sector was a drag on relative results.
- Investment selection among industrials companies was additive to results.
- A smaller position in consumer discretionary companies was beneficial as the sector lagged the broader market advance.

## Market review

Global stocks rose in the second quarter amid signs of improving economic growth in the United States, Europe and key emerging markets. Major U.S. equity indexes touched another series of record highs throughout the quarter while stocks in China and India rallied. Global market gains were tempered by tumultuous elections in Europe and India.

Information technology stocks drove markets higher. Investor enthusiasm for artificial intelligence (AI) continued to propel certain tech stocks, particularly makers of advanced computer chips. The materials sector declined as some commodity prices softened. Real estate stocks also moved lower, hit by rising interest rates.

Global bonds were flat to lower. The European Central Bank (ECB) cut interest rates for the first time in nearly five years, potentially setting the stage for U.S. central bankers to follow suit. The U.S. Federal Reserve kept rates on hold, but futures markets continued to reflect the view that the Fed will reduce rates at least once before the end of the year.

In foreign exchange markets, a strong U.S. dollar continued to rise, gaining ground against the euro, the yen and most other currencies. The U.S. Dollar Index climbed 1.3% for the quarter and 4.5% for the first half of the year.

## Portfolio review

The fund's smaller holdings in information technology companies weighed on relative results, with investment selection further hindering relative returns. Not holding NVIDIA was the fund's largest detractor, although the impact was somewhat offset by the fund's higher-than-benchmark exposure to chipmaker Broadcom, which benefited from robust demand driven by generative AI.

The choice of investments in the health care sector was a drag on relative results. Abbott Laboratories was among the largest detractors given mixed first-quarter results and underwhelming second-quarter earnings guidance. In contrast, Novo Nordisk was a key contributor, with shares boosted by rising global demand for weight-loss therapies.

The energy sector was also an area of relative weakness, with Canadian Natural Resources a notable detractor. Shares fell against a modest decline in crude oil prices over the second quarter and after first-quarter financial results lagged analysts' forecasts.

The financials sector also detracted on a relative basis. Shares of Brazilian financial exchange B3 fell on concerns over the earnings outlook given weaker trading volumes, a pushback on the timing of U.S. interest rate cuts and a rise in Brazilian government bond yields.

In contrast, investment selection among industrials companies was additive to results as was a smaller position in consumer discretionary companies, which lagged the broader market advance.

At a company level, tobacco companies Imperial Brands and Philip Morris International were among the top contributors. Philip Morris reported strong first-quarter earnings, driven by robust momentum in its smoke-free business, where the success of its IQOS heated tobacco product brought Philip Morris closer to its ambition of becoming a smoke-free company. The Biden administration's delay of its menthol cigarette ban also supported shares.

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.**

## Long-term perspective

The fund invests primarily in stocks and investment-grade (BBB/Baa and above) fixed income securities from around the world, in both developed and developing countries.

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### Top five contributors to relative returns

	Portfolio* %	Index %	Relative contribution
Broadcom Inc.	5.57	0.86	0.76
Imperial Brands PLC	1.04	0.03	0.12
Philip Morris International Inc.	1.42	0.21	0.10
ING Groep NV	1.71	0.08	0.10
Novo Nordisk A/S	1.49	0.60	0.10

### Bottom five contributors to relative returns

NVIDIA Corporation	0.00	3.48	-1.06
Apple Inc.	1.02	3.80	-0.47
B3 SA - Brasil, Bolsa, Balcao	1.37	0.02	-0.39
Abbott Laboratories	2.02	0.26	-0.21
Canadian Natural Resources Limited	2.55	0.11	-0.18

\*Average position for time period. Impact relative to the MSCI All Country World Index (ACWI). The holdings identified do not represent all the securities in the portfolio. Relative contribution measures the impact a security has on the portfolio's excess return (the portfolio return minus the benchmark return). Past results are not predictive of results in future periods.

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](http://capitalgroup.com).

### Class F-2 share returns for periods ended 6/30/24

	Total returns (%)			Average annual total returns (%)			
	QTD	YTD	1 year	3 years	5 years	10 years	Fund lifetime (Since 2/1/11)
<b>American Funds Global Balanced Fund</b>	0.54	4.20	10.26	1.67	5.52	4.66	6.00
60%/40% MSCI All Country World Index/Bloomberg Global Aggregate Index	1.28	5.34	11.73	1.07	5.70	5.01	–
MSCI All Country World Index	2.87	11.30	19.38	5.43	10.76	8.43	–
Bloomberg Global Aggregate Index	-1.10	-3.16	0.93	-5.49	-2.02	-0.42	–

Fund expense ratio: 0.59%†

† The expense ratio is as of the fund's prospectus available at the time of publication.

**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 net of withholding taxes. **Bloomberg Global Aggregate Index** represents the global investment-grade fixed income markets. **60%/40% MSCI All Country World Index/Bloomberg Global Aggregate Index** blends the MSCI All Country World Index with the Bloomberg Global Aggregate Index by weighting their cumulative total returns at 60% and 40%, respectively. This assumes the blend is rebalanced monthly. **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.

Source: MSCI. MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

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Portfolios are managed, so holdings will change. Certain fixed income and/or cash and equivalents holdings may be held through mutual funds managed by the investment adviser or its affiliates that are not offered to the public.

Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries. 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. 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.

**Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.**

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Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on the original share class results without a sales charge, adjusted for typical estimated expenses. Refer to [capitalgroup.com](https://www.capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale.

The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the indexes.

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