

Making portfolios personalSM

Portfolio construction guide



**CAPITAL
GROUP**[®]

**AMERICAN
FUNDS**[®]



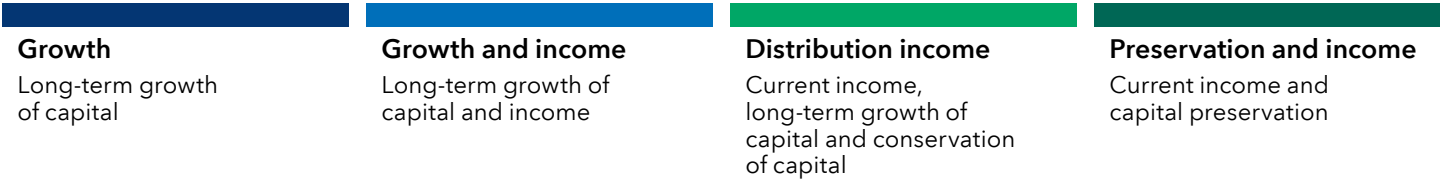
Making portfolios personal

More than 85 years of investment experience has shown us that the benchmark that really counts is helping investors to achieve their goals – be it building wealth, spending wealth or conserving wealth.

INVESTOR GOALS



INVESTMENT OBJECTIVES



CONTENTS



Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.



Keeping the focus on investor goals

Sound portfolio construction begins with aligning clients' assets to their goals. To deliver successful outcomes, one has to consider a broader array of risks and objectives than just tracking a benchmark.

PORTFOLIO CONSTRUCTION PRINCIPLES

Objective-driven design

Individual investment strategies are built to pursue distinct investment objectives, forming a spectrum that aligns to a range of investor goals.

Flexible execution

Where appropriate, fund managers have flexibility, subject to fund guidelines, to move across geography, industry and market cap in pursuit of the objective.

Targeted solutions

Each investment strategy plays a key role in the overall portfolio objective. When combining strategies, having a deep understanding of how they work together is necessary to design targeted solutions aligned to the desired outcome.

BENEFITS

Alignment

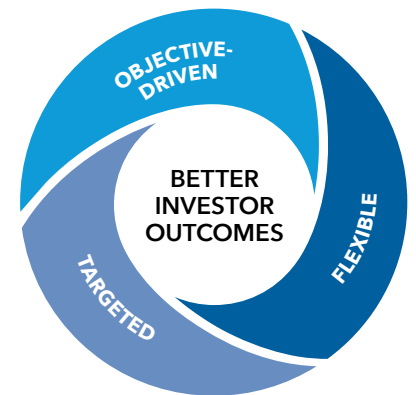
Helps you address clients' individual goals and manage relevant risks.

Resilience

Allows you to stay on track toward objectives as market conditions change.

Efficiency

Helps bring scale and consistency to your investment management process.



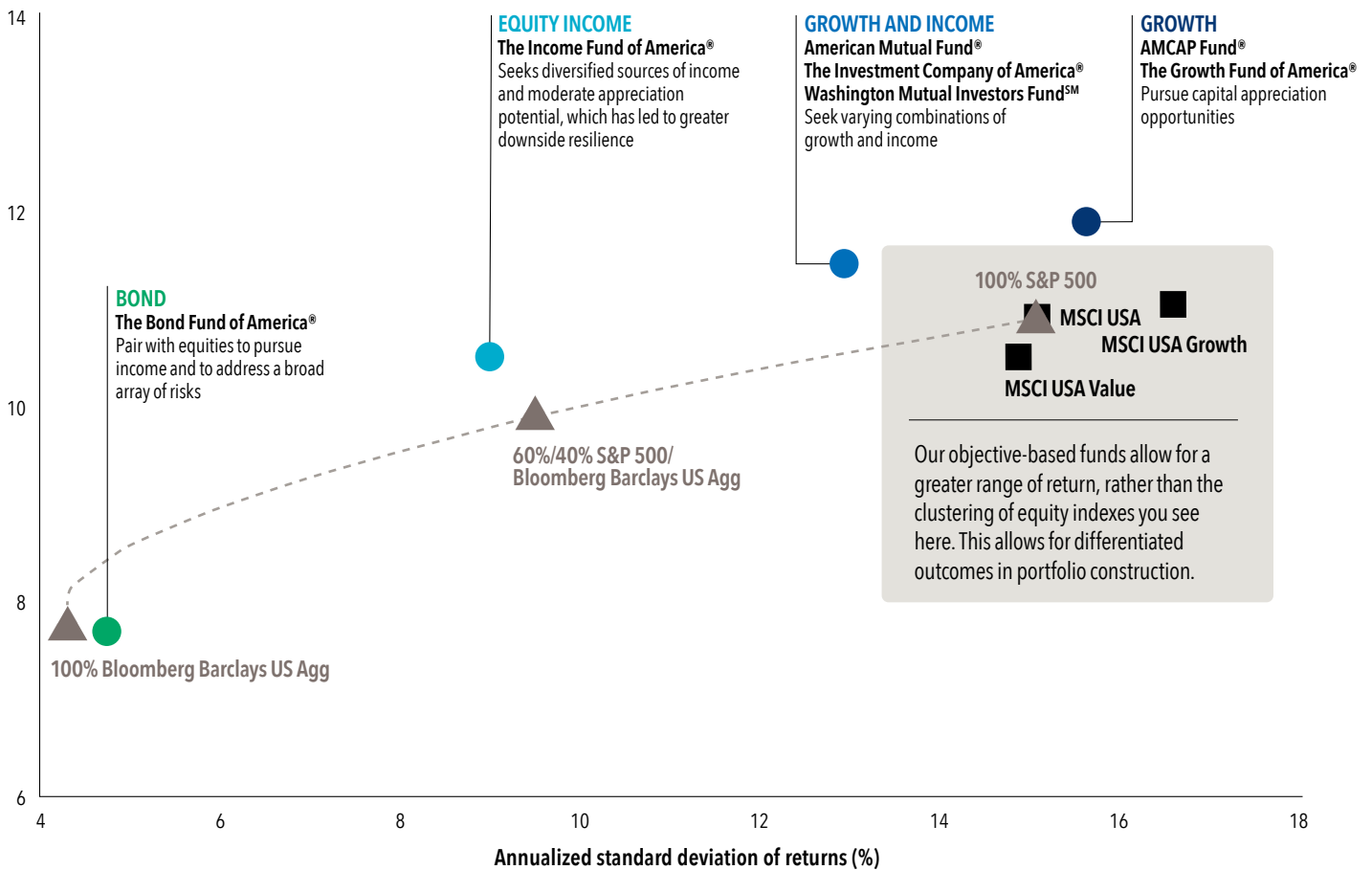
Our funds have distinct roles that align with client goals

By pursuing distinct objectives, our funds have had a greater diversity of outcomes creating a clearer alignment with client goals and risks.

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

Average return and volatility based on rolling 10-year monthly periods for the 40 years ended December 31, 2018

Average annual total returns (%)

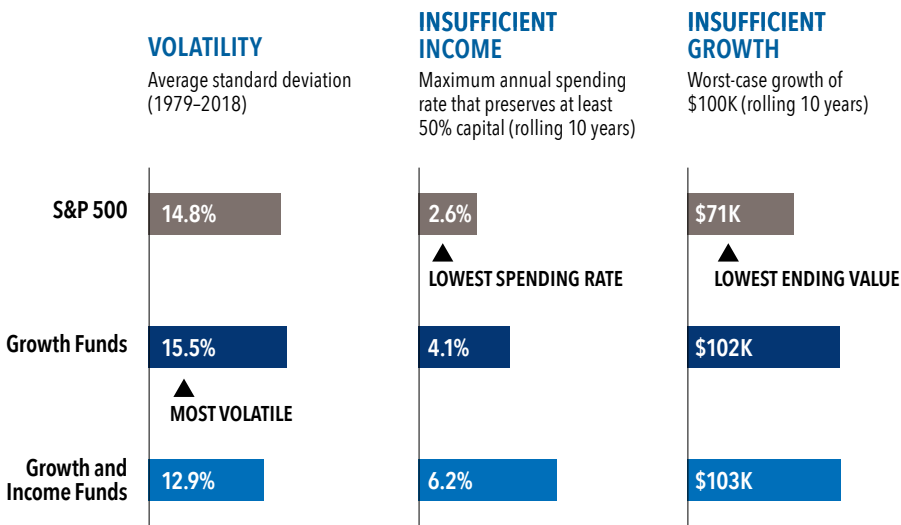


Source: Capital Group. American Funds sample includes U.S.-focused funds with at least four decades of history. For categories with multiple funds, average annualized return is a simple arithmetic average of rolling 10-year monthly average annual total returns (annualized), while annualized standard deviation of returns measures the standard deviation of monthly returns (also annualized).

Which investment is the riskiest? It depends on your client's investment objective.

Volatility is just one measure of risk. To improve investor outcomes, consider a broader range of risks that may cause an investor to fall short of his or her goals.

Three different views of risks for the 40 years ended December 31, 2018



Sources: Standard & Poor's, Morningstar. Results for Growth Funds and Growth and Income Funds are weighted averages of the American Funds in each category. (See page 4 for the fund names.) In the left panel, volatility is the annualized standard deviation of monthly returns. The middle panel calculates the maximum annual inflation-adjusted withdrawal rate measured as a percentage of starting assets that maintains at least a \$250,000 asset balance over the worst 5% of scenarios across all rolling 10-year periods. In the right panel, we assume \$100K starting assets, and calculate average accumulated savings over worst 5% of scenarios across all rolling 10-year periods.

Risk measures to consider

- ✓ **Upside capture ratio**
Will a portfolio be able to generate the returns needed to pursue a client's specific growth and growth-and-income goals?
- ✓ **Downside capture ratio**
Has the portfolio dampened market downturns to help clients stay true to their financial plans and preserve principal and distribution income?
- ✓ **Sustainable withdrawal rate**
How much can the client reasonably expect to withdraw as income over time? Can the portfolio sustain the desired income throughout retirement?
- ✓ **Sequence of returns**
Would the client's goals be at risk should there be a downturn early in retirement?
- ✓ **Equity correlation**
Do the portfolio's fixed income holdings offer low correlation to equities, thus providing ballast during market declines?

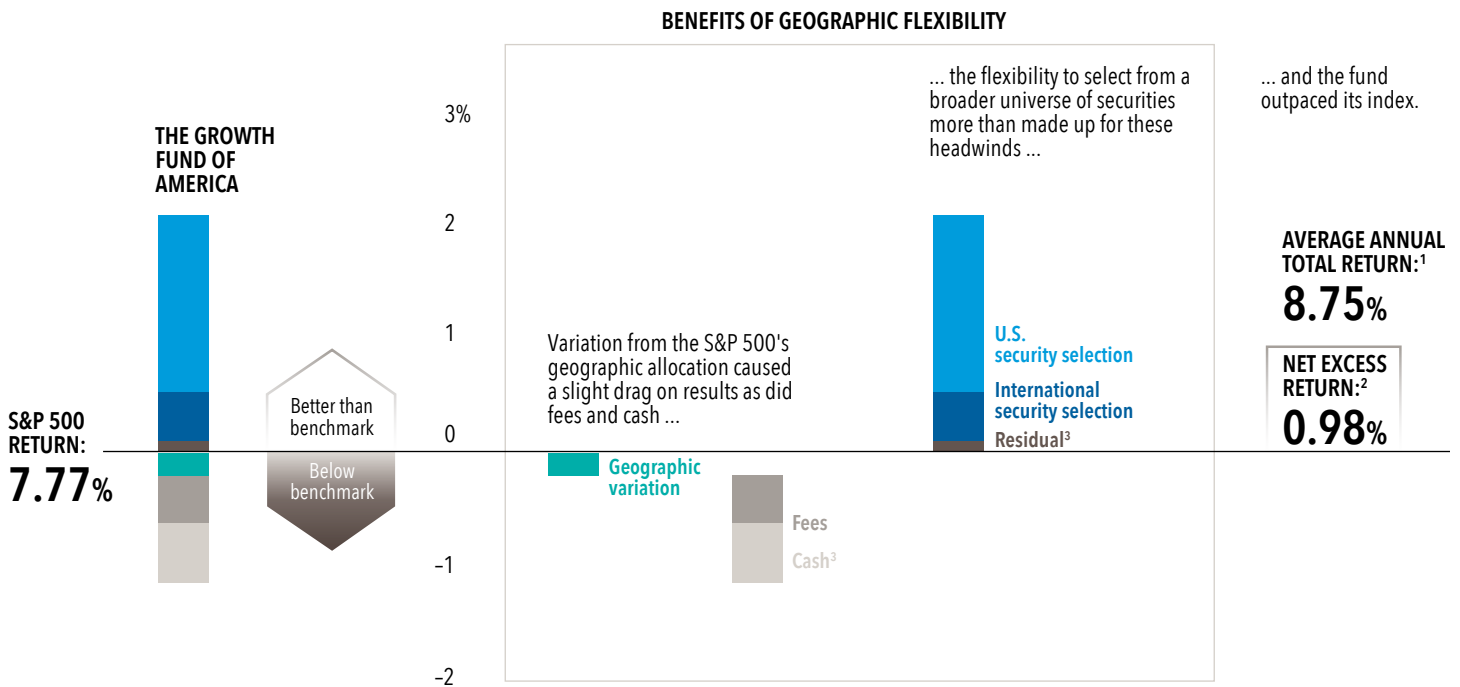
Geographic flexibility can enhance results

Flexible fund mandates give our portfolio managers a broad opportunity set in order to pursue investment objectives and return. The charts below show the impact of one of those dimensions – geographic flexibility – on a fund’s return compared to its benchmark.

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

Relative results vs. fund benchmark, 2004–2018¹

The Growth Fund of America has the flexibility to invest up to 25% in companies domiciled outside the U.S. By exercising this flexibility, managers can consider a broad range of securities in pursuit of a fund’s objective.



¹ Data was collected beginning in January 2004 and ending in December 2018. The chart shows longest available time period.

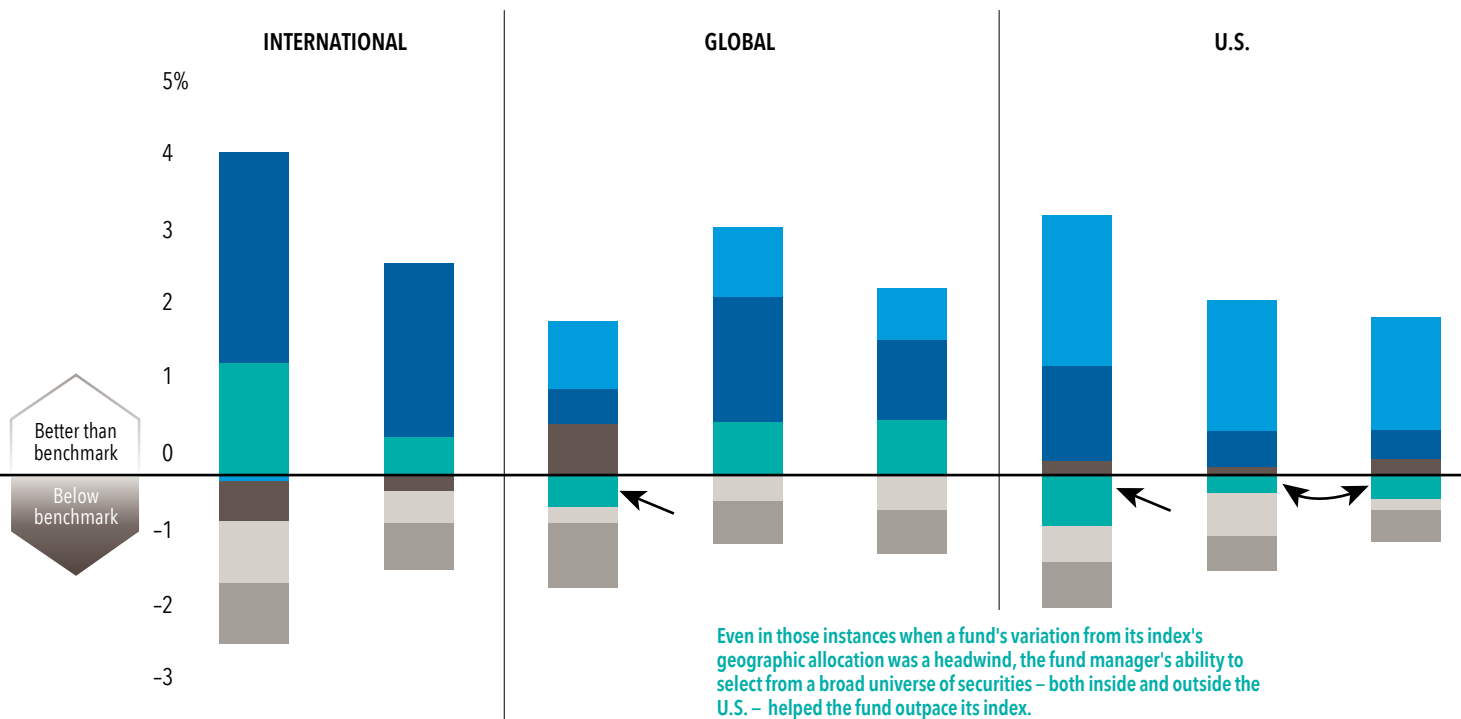
² The net excess return on pages 6 and 7 is the sum of the above benchmark results minus the below benchmark results.

³ Other factors include cash – which is a negative drag on a 100% invested portfolio in up markets; and residual – to which undisclosed securities, differences in valuation of certain international securities and intraday transactions contribute.

With flexible fund mandates, our portfolio managers have a broader opportunity set to pursue a fund's objective, enhancing their ability to deliver better investor outcomes.



U.S. security selection | International security selection | Geographic variation from benchmark | Residual | Cash | Fees



	New World Fund®	EuroPacific Growth Fund®	SMALLCAP World Fund®	New Perspective Fund®	Capital World Growth and Income Fund®	The New Economy Fund®	The Growth Fund of America	Fundamental Investors®
Average annual total return	8.13%	6.65%	8.53%	8.39%	7.55%	9.36%	8.75%	8.91%
Benchmark	6.19	5.22	8.01	6.19	6.19	7.77	7.77	7.77
Net excess return²	1.94	1.43	0.51	2.20	1.36	1.60	0.98	1.14

These equity-focused American Funds can invest more than 20% of their assets outside the U.S. and have prospectuses that allow portfolio managers to take security positions outside the fund's primary benchmark weightings. Attribution results are for each fund's primary benchmark: Standard & Poor's 500 Composite Index (Fundamental Investors, The Growth Fund of America, The New Economy Fund), MSCI All Country World Index (Capital World Growth and Income Fund, New Perspective Fund), MSCI All Country World Small Cap Index (SMALLCAP World Fund), MSCI ACWI (New World Fund) and MSCI ACWI ex USA (EuroPacific Growth Fund). Geographic allocation within each fund fluctuated throughout the time period shown.

A proven team of investment professionals with client goals in mind

Designed by our Portfolio Oversight Committee, the American Funds® Model Portfolios represent this team’s best thinking on how to construct portfolios that pursue a wide variety of client goals. The portfolios offer rigorously researched and analyzed fund mixes with competitively low expense ratios and no overlay fees.

Capital Group Portfolio Oversight Committee



Alan Berro



Jody Jonsson



Jim Lovelace



Wesley Phoa



John Smet



Andrew Suzman



Bradley Vogt

INVESTMENT EXPERIENCE

33 years

30 years

37 years

25 years

37 years

25 years

31 years

INVESTMENT FOCUS

Equities

Global equities

Equities

Fixed income

Fixed income

Global equities

Equities

The data for the investment professionals shown are as of the prospectus dated January 1, 2019. Investment professional responsibilities may have changed since that date.

The seven committee members are portfolio managers who:

- Average **31 years** of investment experience.
- Are responsible for constructing and monitoring **\$149 billion** in multifund portfolios.
- Provide insight into Capital Group’s comprehensive range of multi-asset funds totaling **\$367 billion**. The firm is the largest multi-asset manager in the U.S. as of December 31, 2018.
- Build and monitor our model portfolios, funds of funds and target date funds, including the American Funds Target Date Retirement Series®, which has **delivered superior long-term results** (see page 24).

Seven quantitative and qualitative research teams support the committee.

They conduct extensive analyses of each portfolio, including:

- Forward- and backward-looking asset allocation analysis
- Top-down bottom-up portfolio risk reports
- Macroeconomic and capital markets assumptions
- Attribution analysis

Unless otherwise indicated, data is as of December 31, 2018. All values are U.S. dollars. Largest multi-asset manager calculated by Capital Group is based on data (total net assets of U.S. open-end mutual funds in all U.S. Fund Allocation categories, excluding funds of funds) from Morningstar.

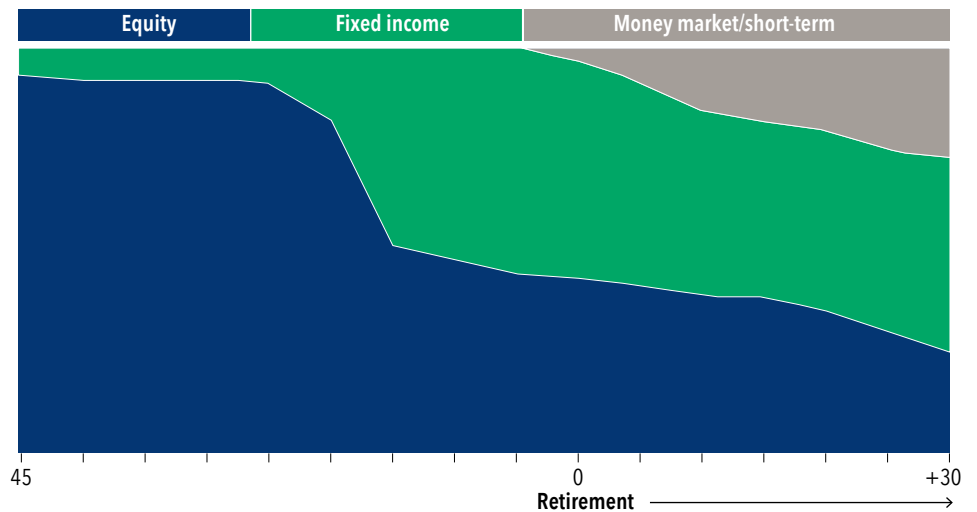
Combine investments based on distinct characteristics

By combining a comprehensive range of funds that pursue distinct objectives through flexible execution, we create portfolios that address investor objectives across life stages. This approach enables the potential for better outcomes that more closely align with client goals.

Two views of portfolio allocations over an investor's lifetime

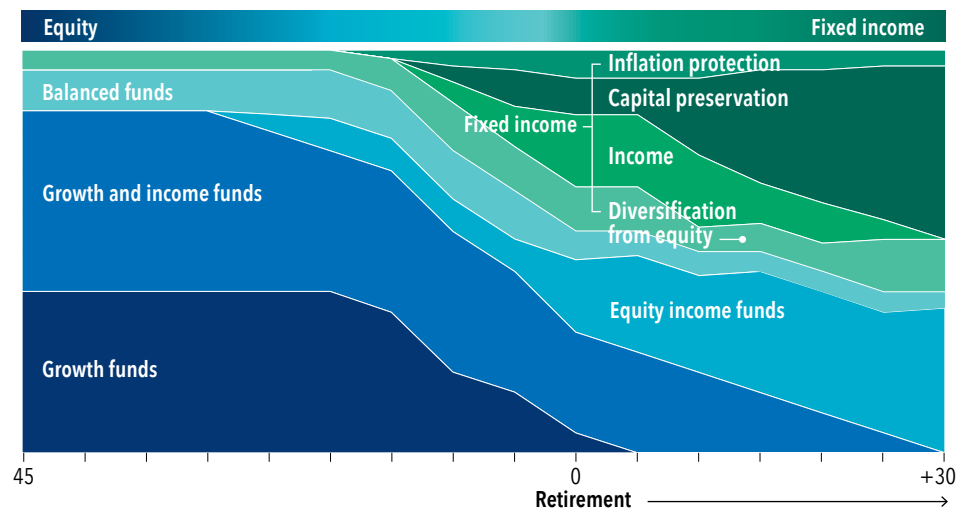
Traditional allocation

Allocations to broad asset classes are simply dialed up or down based on time horizon and risk.



Objective-based allocation

Allocations take advantage of nuances within asset classes seeking to improve investor outcomes, such as significant equity-income allocations after retirement to address volatility and longevity risks. The American Funds Target Date Retirement Series glide path allocations shown on the right are a good example of this nuanced approach.



Targeted solutions in action

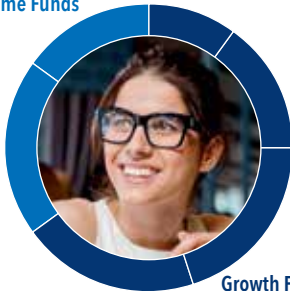
Results and holdings as of December 31, 2018

American Funds® Growth Model Portfolio

Objective: Seeks to help investors pursue long-term growth.

This diverse mix focuses on growth opportunities from a broad array of companies, including traditional growth, cyclicals and out-of-favor, undervalued stocks. It also provides exposure to growth opportunities outside the U.S. and dividend-paying stocks to temper volatility in the overall portfolio.

Growth-and-
Income Funds



Growth Funds

Meet Claudia

Biggest financial concern:

Not being able to grow enough assets in 20 years so she can pay off her mortgage

Needs and goals:

- Access to a wide variety of growth opportunities
- Less volatility than more traditional growth investments

UNDERLYING FUNDS	F-2 TICKER SYMBOL	ROLE IN PORTFOLIO
10% SMALLCAP World Fund	SMCFX	Offers exposure to innovative and fast-growing small-cap companies around the world with long-term growth potential.
15% EuroPacific Growth Fund	AEAFX	Provides international growth opportunities in attractively valued companies in both developing and emerging markets.
20% The Growth Fund of America	GFFFX	Invests in a wide variety of U.S. growth opportunities with flexibility to invest outside the U.S. and traditional growth stocks.
20% AMCAP Fund	AMCFX	Invests in carefully screened U.S. growth companies of any size that have solid long-term growth records and potential for future growth.
20% Fundamental Investors	FINFX	Focuses on high-quality, market-leading companies with underappreciated potential for growth of sales, earnings and dividends.
15% The Investment Company of America	ICAFX	Emphasizes larger, well-established companies from a wide cross section of the U.S. economy.

The Capital Group Portfolio Oversight Committee developed the model portfolio on May 9, 2011. Results and data for the model portfolio shown are based on the current underlying fund allocation rebalanced monthly. For model portfolio results that reflect changes to the underlying fund allocations over its lifetime, see page 22.

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

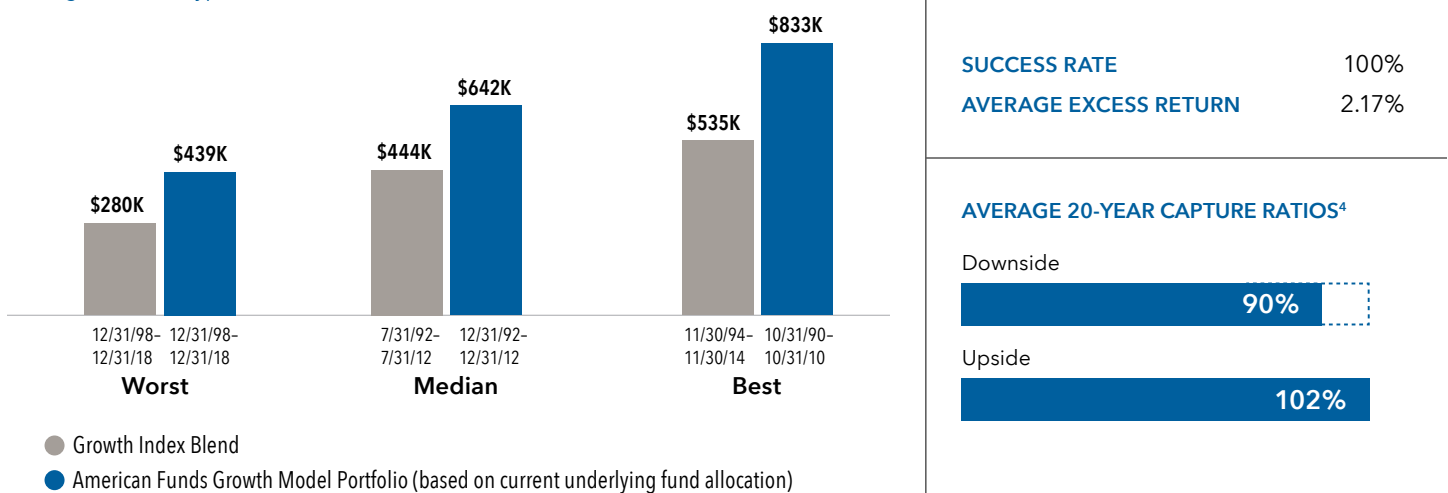
10-YEAR EQUITY RANGE	10-YEAR STANDARD DEVIATION ¹	30-DAY YIELD ²	WEIGHTED AVERAGE EXPENSE RATIO ³	AVERAGE ANNUAL RETURNS (%)			
				1 YR	5 YRS	10 YRS	20 YRS
85.0%-93.7%	13.67%	1.47%	0.49%	-6.35	7.01	12.48	7.67

Rolling 20-year results

105 rolling periods from April 30, 1990, to December 31, 2018

WORST, MEDIAN AND BEST 20-YEAR PERIODS

Ending values for hypothetical \$100,000 investments



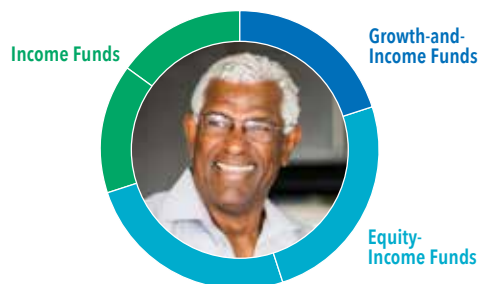
Worst/median/best returns, success rates, average excess returns, upside and downside capture ratios are based on Class F-2 shares over rolling monthly 20-year periods from April 30, 1990, the inception date for SMALLCAP World Fund, the youngest underlying fund. Rolling 20-year result success rate is the percentage of time the current allocation would have outpaced the Growth Index Blend over rolling periods. Average excess return is the average relative return of when the model's return was in excess of the Growth Index Blend. The Growth Index Blend is 70% S&P 500 and 30% MSCI ACWI ex USA indexes, which is the index blend that the Portfolio Oversight Committee believes most closely approximates the investment universe of the model portfolio. The index blend does not specifically represent the benchmarks of the underlying funds in the American Funds model portfolio, which differ. For example, the model portfolio allocation includes 10% SMALLCAP World Fund that, unlike the index blends, can invest in small-cap stocks. Investors cannot invest directly in an index. For more information and the model funds' primary benchmarks see pages 25-26. There have been periods when the model has lagged the index blend.

See Appendix on page 24 for footnotes 1 through 4.

American Funds® Conservative Growth and Income Model Portfolio

Objective: Seeks to provide rising and above market average current income as well as the potential for long-term growth.

With income and stability in mind, this portfolio leverages dividend-paying stocks for income and growth, while the bond holdings seek to deliver income and hedge against volatility.



Meet Chris

Biggest financial concern:

Running out of money while he's making withdrawals to cover some of his living expenses

Needs and goals:

- High and rising income to support withdrawals
- Moderate growth while conserving capital

UNDERLYING FUNDS	F-2 TICKER SYMBOL	ROLE IN PORTFOLIO
20% American Mutual Fund	AMRFX	Conservatively managed U.S. fund that pursues income, growth and conservation of principal, helping lower volatility and reduce downside capture.
25% Capital Income Builder	CAIFX	Flexible, globally diversified fund that seeks to reduce sequence of returns risk and volatility by pursuing current income with the potential to grow over time.
25% The Income Fund of America	AMEFX	U.S.-focused fund seeking current income that takes a flexible approach using a mix of stocks and bonds in an effort to limit drawdown of principal.
15% American High-Income Trust	AHIFX	Seeks current income and capital appreciation from well-researched bonds and non-U.S. flexibility in an effort to limit risk of outliving retirement savings.
15% U.S. Government Securities Fund	GVTFX	Seeks current income and has offered low correlation to equities as well as minimal credit risk and low volatility.

The Capital Group Portfolio Oversight Committee developed the model portfolio on May 9, 2011. Results and data for the model portfolio shown are based on the current underlying fund allocation rebalanced monthly. For model portfolio results that reflect changes to the underlying fund allocations over its lifetime, see page 22.

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

10-YEAR EQUITY RANGE	10-YEAR STANDARD DEVIATION ¹	30-DAY YIELD ²	WEIGHTED AVERAGE EXPENSE RATIO ³	AVERAGE ANNUAL RETURNS (%)			
				1 YR	5 YRS	10 YRS	20 YRS
45.5%-58.1%	7.54%	3.90%	0.40%	-3.37	4.48	8.59	6.31

AVERAGE 20-YEAR CAPTURE RATIOS⁴

Downside

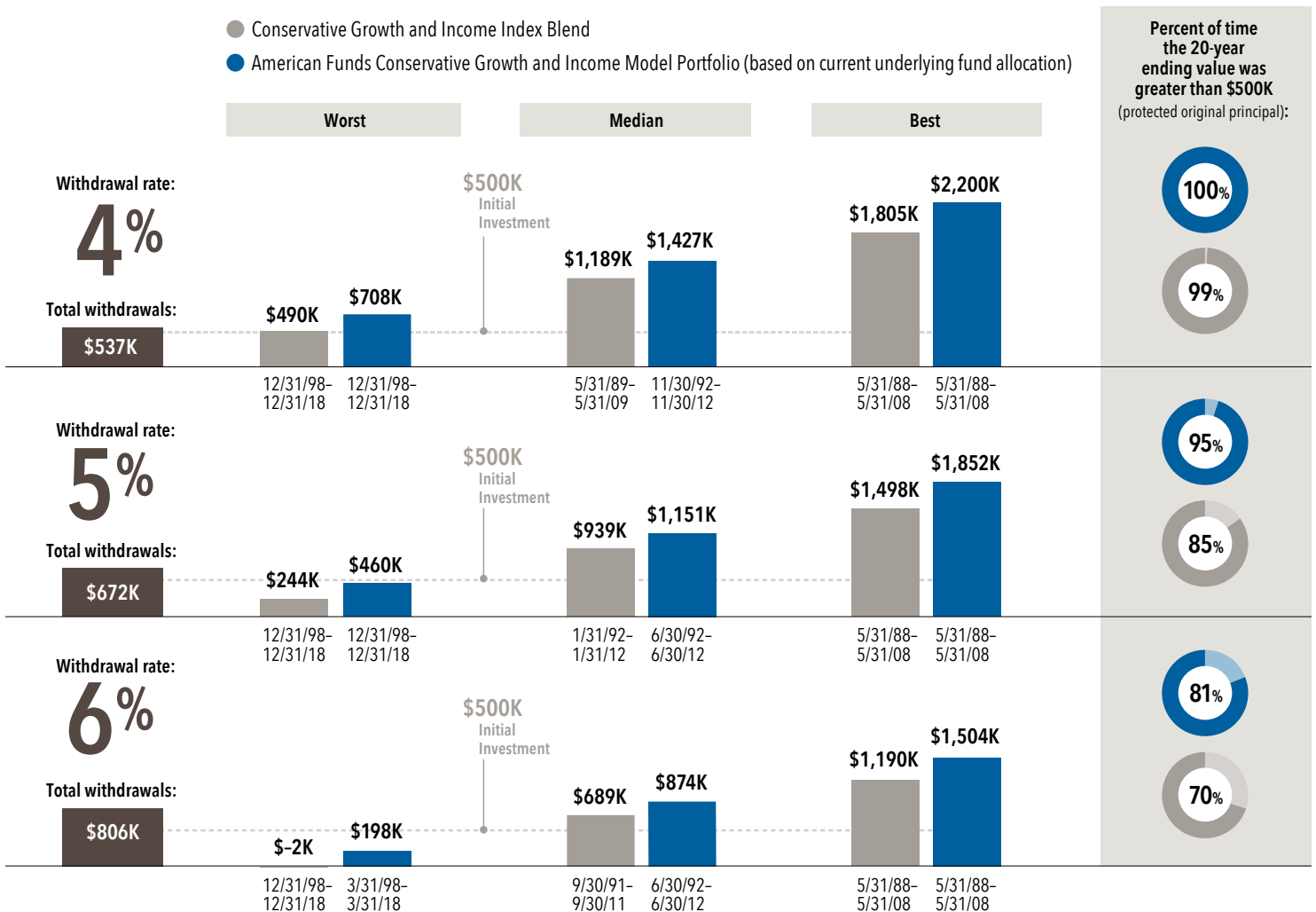


Upside



Meeting income needs with an eye toward conservation of capital

131 rolling 20-year periods from February 29, 1988, to December 31, 2018



Based on hypothetical \$500,000 initial investments in the current model allocation (Class F-2 shares of the underlying funds) and index portfolio, with monthly withdrawals totaling \$20,000 (4%), \$25,000 (5%) and \$30,000 (6%) for the first 12 months, increasing 3% each 12 months thereafter to account for inflation, over rolling 20-year periods since the month-end date following February 19, 1988, the model's youngest underlying fund, American High-Interest Trust's inception, through December 31, 2018. Results are at net asset value with all distributions reinvested. The Conservative Growth and Income Index Blend is 40% S&P 500, 15% MSCI ACWI ex USA, 30% Bloomberg Barclays U.S. Aggregate and 15% Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped indexes, which is the index blend that the Portfolio Oversight Committee believes most closely approximates the investment universe of the model portfolio. The index blend does not specifically represent the benchmarks of the underlying funds in the American Funds model portfolio, which differ. For example, the model portfolio allocation includes 15% U.S. Government Securities Fund, which may include a larger allocation to U.S. government and mortgage-backed securities than the Bloomberg Barclays U.S. Aggregate Index. Investors cannot invest directly in an index. For more information and the model funds' primary benchmarks see pages 25-26. There have been periods when the model has lagged the index blend.

See Appendix on page 24 for footnotes 1 through 4.

Targeted solutions in action

Largest equity holdings as of December 31, 2018

Different dreams demand different portfolios.

Know what you own. Rather than buying a blend of indexes – which reflect a market-weighted exposure to securities – own a portfolio of funds that offer rigorously researched securities that were selected to pursue specific investment objectives.



Claudia

Growth Index Blend

% of portfolio	Company name	Sector
2.61	Microsoft	Technology
2.37	Apple	Technology
2.11	Alphabet	Technology
2.05	Amazon	Consumer cyclical
1.32	Berkshire Hathaway	Financial services
1.16	Johnson & Johnson	Health care
1.08	JPMorgan Chase	Financial services
1.05	Facebook	Technology
0.96	Exxon Mobil	Energy
0.84	Pfizer	Health care
15.55		

Top 10 holdings are identical for all passive index blend allocations regardless of objective



American Funds® Growth Model Portfolio

% of model	Company name	Sector
2.99	Microsoft	Technology
2.62	Alphabet	Technology
2.21	Facebook	Technology
2.20	Amazon	Consumer cyclical
2.13	Broadcom	Technology
1.97	AbbVie	Health care
1.72	UnitedHealth Group	Health care
1.27	Abbott Laboratories	Health care
1.21	Berkshire Hathaway	Financial services
1.19	Netflix	Consumer cyclical
19.51		

Top 10 holdings align with the investment objective. For example, the Conservative Growth and Income Model Portfolio holds higher yielding equities.



Claudia and Chris need different types of equities to help them meet their investment objectives.

Common largest equity holdings
(% concentration of holdings)

Index portfolios

Models

Conservative Growth and Income Index Blend

% of portfolio	Company name	Sector	Dividend yield
1.49	Microsoft	Technology	1.69%
1.35	Apple	Technology	1.79
1.20	Alphabet	Technology	0.00
1.17	Amazon	Consumer cyclical	0.00
0.76	Berkshire Hathaway	Financial services	0.00
0.66	Johnson & Johnson	Health care	2.74
0.62	JPMorgan Chase	Financial services	2.54
0.60	Facebook	Technology	0.00
0.55	Exxon Mobil	Energy	4.74
0.48	Pfizer	Health care	3.12
8.88			



Chris

American Funds® Conservative Growth and Income Model Portfolio

% of model	Company name	Sector	Dividend yield
1.77	Verizon Communications	Communication services	4.22%
1.63	Microsoft	Technology	1.69
1.44	AbbVie	Health care	3.89
1.25	Coca-Cola	Consumer defensive	3.29
1.02	Intel	Technology	2.56
1.00	Royal Dutch Shell	Energy	6.08
0.98	CME Group	Financial services	1.49
0.96	Merck	Health care	2.60
0.82	Amgen	Health care	2.71
0.80	JPMorgan Chase	Financial services	2.54
11.67			

Largest equity holdings are based on portfolio total assets. For American Funds model portfolios, they reflect the weighted averages of the underlying funds as of December 31, 2018. The underlying funds are managed, so holdings will change.

A long-standing track record of putting investors first

Teamwork, collaboration and culture drive our client-focused orientation and have been the hallmark of Capital Group for more than eight decades.

Compensation: A long-term perspective on behalf of clients

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

Compensation basis (years)

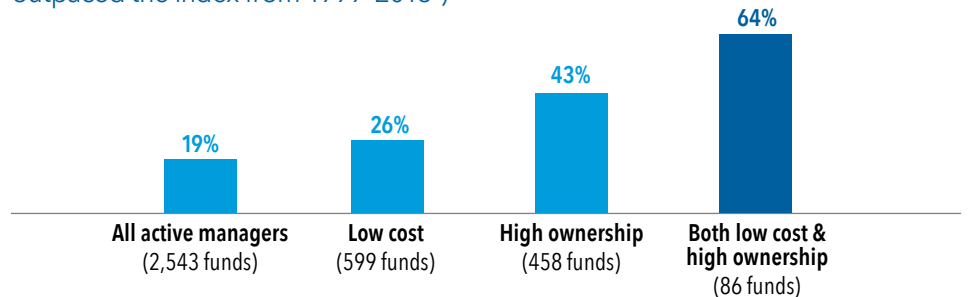


Costs and manager ownership: Our expenses are among the lowest in the industry*

Lower costs mean more money in your clients' pockets. Combined with high manager ownership, this can create more opportunity for returns for investors.

Actively managed U.S. large-cap funds

(Percentage of monthly rolling 10-year periods in which the funds outpaced the index from 1999-2018†)



See Appendix on page 24 for footnotes.

Our managers invest alongside your clients

99%

of American Funds assets are in funds that have at least one portfolio manager who has personally invested more than \$1 million.

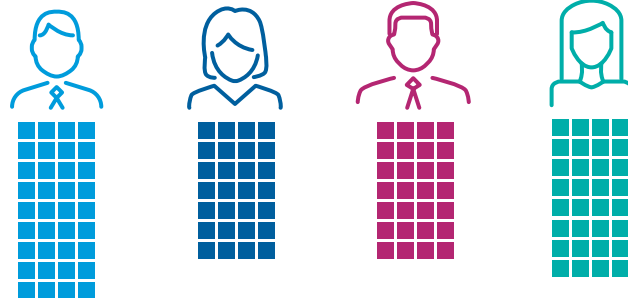


**The Capital SystemSM:
Your clients – not
our managers –
are the stars**

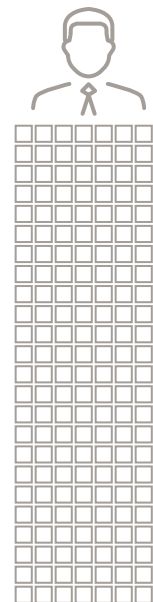
With The Capital System, we divide fund assets into portions that are managed independently by diverse investment professionals, giving each manager the ability to invest in his or her best ideas.

Our managers also invest alongside your clients. 99% of American Funds assets are in funds that have at least one portfolio manager who has personally invested more than \$1 million.

The Capital System




Star-manager approach



The proof is in our results


Below are American Funds by Capital Group equity funds and multi-asset funds over multiple rolling periods since each fund's inception and the percentage of periods each fund outpaced their indexes, as of December 31, 2018.

■ ≥ 50 ■ ≥ 75  Morningstar's "28 Terrific Funds" List
Difference: ■ Positive ■ Negative ■ Neutral



GROWTH FUNDS

	AMCAP Fund®					EuroPacific Growth Fund®					The Growth Fund of America®					
Inception date	5/1/67					4/16/84					12/1/73					
Rolling periods	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	
Number of rolling periods	608	584	560	500	380	405	381	357	297	177	530	506	482	422	302	
Percentage of periods outpaced index	53%	53%	55%	74%	89%	64%	76%	85%	97%	100%	58%	67%	68%	78%	100%	
Fund annualized return (%)	13.30	12.14	12.21	12.54	13.06	12.75	10.92	10.45	9.96	9.98	15.75	14.65	14.53	13.66	13.92	
Index annualized return (%)	11.49	10.57	10.57	10.57	11.59	11.53	8.70	7.38	6.65	6.62	12.71	11.80	11.75	11.40	11.71	
Difference (%)	1.81	1.57	1.64	1.97	1.47	1.22	2.22	3.07	3.31	3.36	3.04	2.85	2.78	2.26	2.21	
Share class: Ticker symbols	F-2: AMCFX C: AMPCX	F-3: FMACX R-3: RAFCX	A: AMCPX R-6: RAFGX			F-2: AEPFX C: AEPXC	F-3: FEUPX R-3: RERCX	A: AEPGX R-6: RERGX			F-2: GFFFX C: GFACX	F-3: GAFFX R-3: RGACX	A: AGTHX R-6: RGAGX			


GROWTH-AND-INCOME FUNDS

	American Funds Developing World Growth and Income Fund™					American Mutual Fund®					 Capital World Growth and Income Fund®					
Inception date	2/3/14					2/21/50					3/26/93					
Rolling periods	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	
Number of rolling periods	47	23	-	-	-	815	791	767	707	587	298	274	250	190	70	
Percentage of periods outpaced index	19%	0%	-	-	-	47%	52%	56%	67%	77%	77%	85%	97%	99%	100%	
Fund annualized return (%)	2.02	2.83	-	-	-	12.63	11.92	11.84	11.42	11.68	11.78	10.70	10.38	9.60	10.11	
Index annualized return (%)	5.89	6.21	-	-	-	12.47	11.32	11.11	10.45	10.62	8.63	7.22	6.65	5.48	6.26	
Difference (%)	-3.87	-3.38	-	-	-	0.16	0.60	0.73	0.97	1.06	3.15	3.48	3.73	4.12	3.85	
Share class: Ticker symbols	F-2: DWGHX C: DWGCX	F-3: FDWGX R-3: RDWCX	A: DWGAX R-6: RDWGX			F-2: AMRFX C: AMFCX	F-3: AFMFX R-3: RMFCX	A: AMRMX R-6: RMFGX			F-2: WGIFX C: CWGCX	F-3: FWGIX R-3: RWICX	A: CWGIX R-6: RWIGX			

EQUITY-INCOME FUNDS

	 Capital Income Builder®					 The Income Fund of America®				
Inception date	7/30/87					12/1/73				
Rolling periods	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs
Number of rolling periods	366	342	318	258	138	530	506	482	422	302
Percentage of periods outpaced index	58%	72%	79%	92%	100%	55%	51%	59%	63%	84%
Fund annualized return (%)	10.00	9.65	9.64	9.33	9.27	11.86	11.30	11.22	11.19	11.23
Index annualized return (%)	7.89	7.20	7.21	6.85	6.75	10.88	10.49	10.53	10.50	10.69
Difference (%)	2.11	2.45	2.43	2.48	2.52	0.98	0.81	0.69	0.69	0.54
Share class: Ticker symbols	F-2: CAIFX C: CIBCX	F-3: CFIHX R-3: RIRCX	A: CAIBX R-6: RIRGX			F-2: AMEFX C: IFACX	F-3: FIFAX R-3: RIDCX	A: AMECX R-6: RIDGX		

BALANCED FUNDS

	 American Balanced Fund®				
Inception date	7/26/75				
Rolling periods	1 yr	3 yrs	5 yrs	10 yrs	20 yrs
Number of rolling periods	510	486	462	402	282
Percentage of periods outpaced index	58%	57%	58%	61%	82%
Fund annualized return (%)	11.29	10.89	10.98	10.85	10.96
Index annualized return (%)	10.58	10.30	10.41	10.30	10.38
Difference (%)	0.71	0.59	0.57	0.55	0.58
Share class: Ticker symbols	F-2: AMBFX C: BALCX	F-3: AFMBX R-3: RLBCX	A: ABALX R-6: RLBGX		

Both fund and index annualized returns reflect the average of the average annual total returns for all periods. Data from published sources were calculated internally. Fund returns, which are based on Class F-2 shares, are from the first month-end following each fund's inception date through December 31, 2018. 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 Class A share results without a sales charge, adjusted for estimated annual expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

The New Economy Fund®					New Perspective Fund®					New World Fund®					SMALLCAP World Fund®				
12/1/83					3/13/73					6/17/99					4/30/90				
1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs
409	385	361	301	181	538	514	490	430	310	223	199	175	115	-	333	309	285	225	105
53%	58%	68%	66%	82%	75%	87%	89%	95%	100%	61%	62%	61%	83%	-	61%	67%	65%	64%	86%
13.85	11.81	11.37	10.44	10.01	13.83	13.06	13.07	12.88	13.04	10.18	9.23	9.85	9.05	-	12.78	10.29	9.85	8.61	8.98
12.62	11.30	10.82	9.80	9.39	10.54	9.94	9.95	9.87	9.81	6.36	5.52	6.17	5.09	-	10.10	8.64	8.31	7.77	7.94
1.23	0.51	0.55	0.64	0.62	3.29	3.12	3.12	3.01	3.23	3.82	3.71	3.68	3.96	-	2.68	1.65	1.54	0.84	1.04
F-2: NEFFX C: ANFCX	F-3: FNEFX R-3: RNGCX	A: ANEFX R-6: RNGGX			F-2: ANWFX C: NPFCX	F-3: FNPFX R-3: RNPCX	A: ANWPX R-6: RNPGX			F-2: NFFFX C: NEWCX	F-3: FNWFX R-3: RNWCX	A: NEWFX R-6: RNWGX			F-2: SMCFX C: SCWCX	F-3: SFCWX R-3: RSLCX	A: SMCWX R-6: RLLGX		

Fundamental Investors®					International Growth and Income Fund SM					The Investment Company of America®					Washington Mutual Investors Fund SM				
8/1/78					10/1/08					1/1/34					7/31/52				
1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	1 yr	3 yrs	5 yrs	10 yrs	20 yrs
474	450	426	366	246	111	87	63	3	-	1,009	985	961	901	781	786	762	738	678	558
57%	60%	68%	82%	93%	47%	60%	76%	100%	-	54%	60%	65%	68%	79%	58%	61%	67%	78%	99%
14.13	13.10	13.00	12.24	12.38	9.07	6.36	6.89	7.31	-	13.68	12.25	11.98	12.00	12.43	13.28	12.32	12.02	11.65	12.13
13.13	11.99	11.85	10.96	11.01	8.93	5.51	5.89	7.05	-	12.47	11.20	11.04	11.06	11.45	12.16	11.06	10.67	10.19	10.55
1.00	1.11	1.15	1.28	1.37	0.14	0.85	1.00	0.26	-	1.21	1.05	0.94	0.94	0.98	1.12	1.26	1.35	1.46	1.58
F-2: FINFX C: AFICX	F-3: FUNFX R-3: RFNCX	A: ANCFX R-6: RFNGX			F-2: IGFFX C: IGICX	F-3: IGAIX R-3: RGICX	A: IGAAX R-6: RIGGX			F-2: ICAFX C: AICCX	F-3: FFICX R-3: RICCX	A: AIVSX R-6: RICGX			F-2: WMFFX C: WSHCX	F-3: FWMIX R-3: RWMCX	A: AWSHX R-6: RWMGX		

American Funds Global Balanced Fund SM				
2/1/11				
1 yr	3 yrs	5 yrs	10 yrs	20 yrs
83	59	35	-	-
58%	66%	86%	-	-
7.01	6.51	6.56	-	-
6.09	5.50	5.56	-	-
0.92	1.01	1.00	-	-
F-2: GBLFX C: GBLCX	F-3: GFBLX R-3: RGBCX	A: GBLAX R-6: RGBGX		



American Funds on Morningstar's 2018 "28 Terrific Funds"

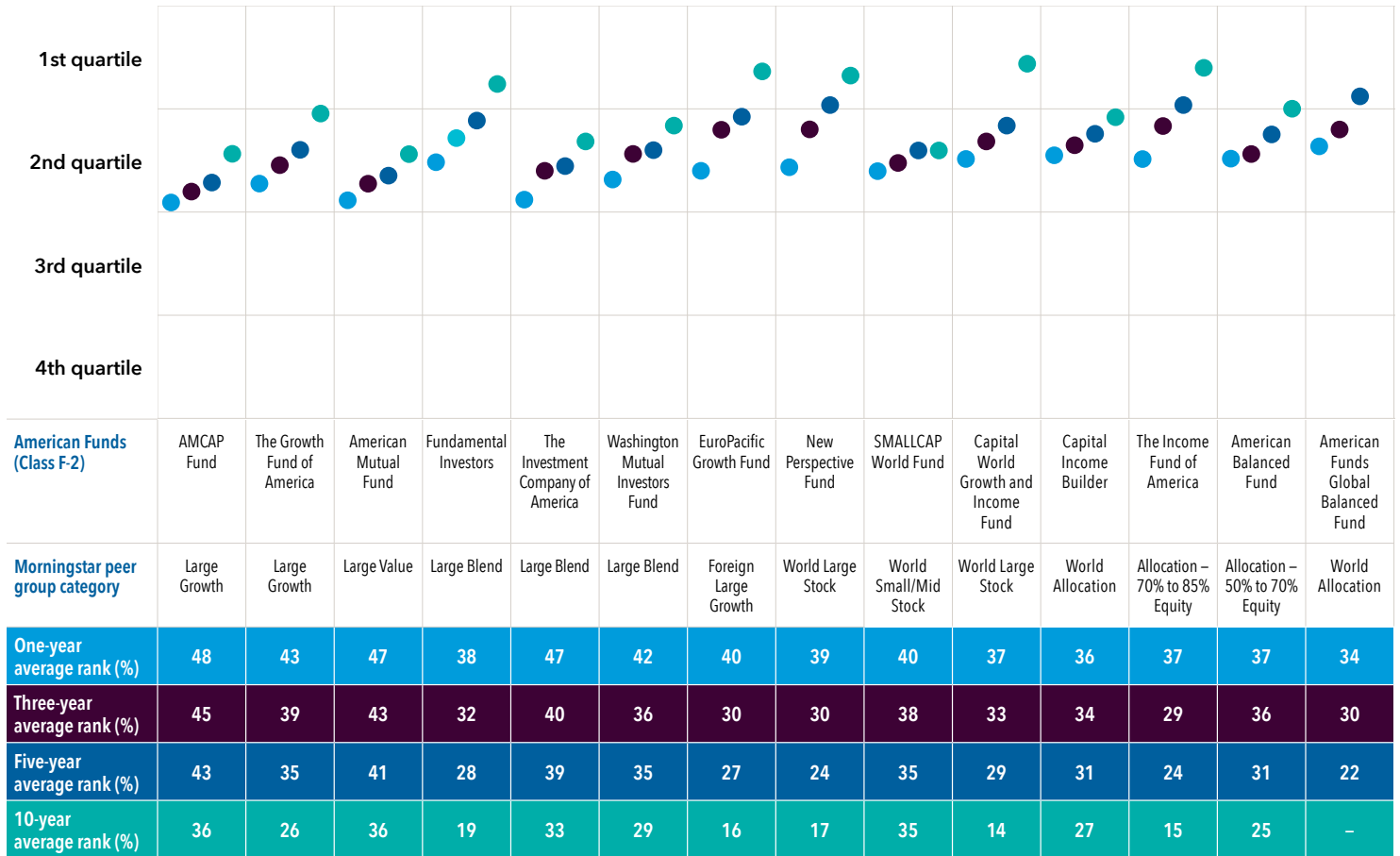
These eight funds made us the family with the second-most funds on the list, and together represent a significant portion of American Funds assets under management.

Each year, Morningstar assesses more than 8,000 funds for this list, identifying a select group of funds based on criteria such as expenses, manager ownership, returns, stewardship and risk ratings.

returns because those funds' Class F-2 shares sold after the funds' date of first offering. Please see americanfunds.com for more information on specific expense adjustments and the actual dates of first sale. Data are not shown for periods when funds were not in existence. There have been periods when the funds have lagged the indexes. The percentage of periods funds outpaced the index were calculated based on the total return, using monthly returns from Morningstar. Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

The proof is in our results

Below are the average relative rankings of the underlying equity funds vs. Morningstar peer groups over rolling periods from 1980 through 2018.



Average number of funds in peer groups

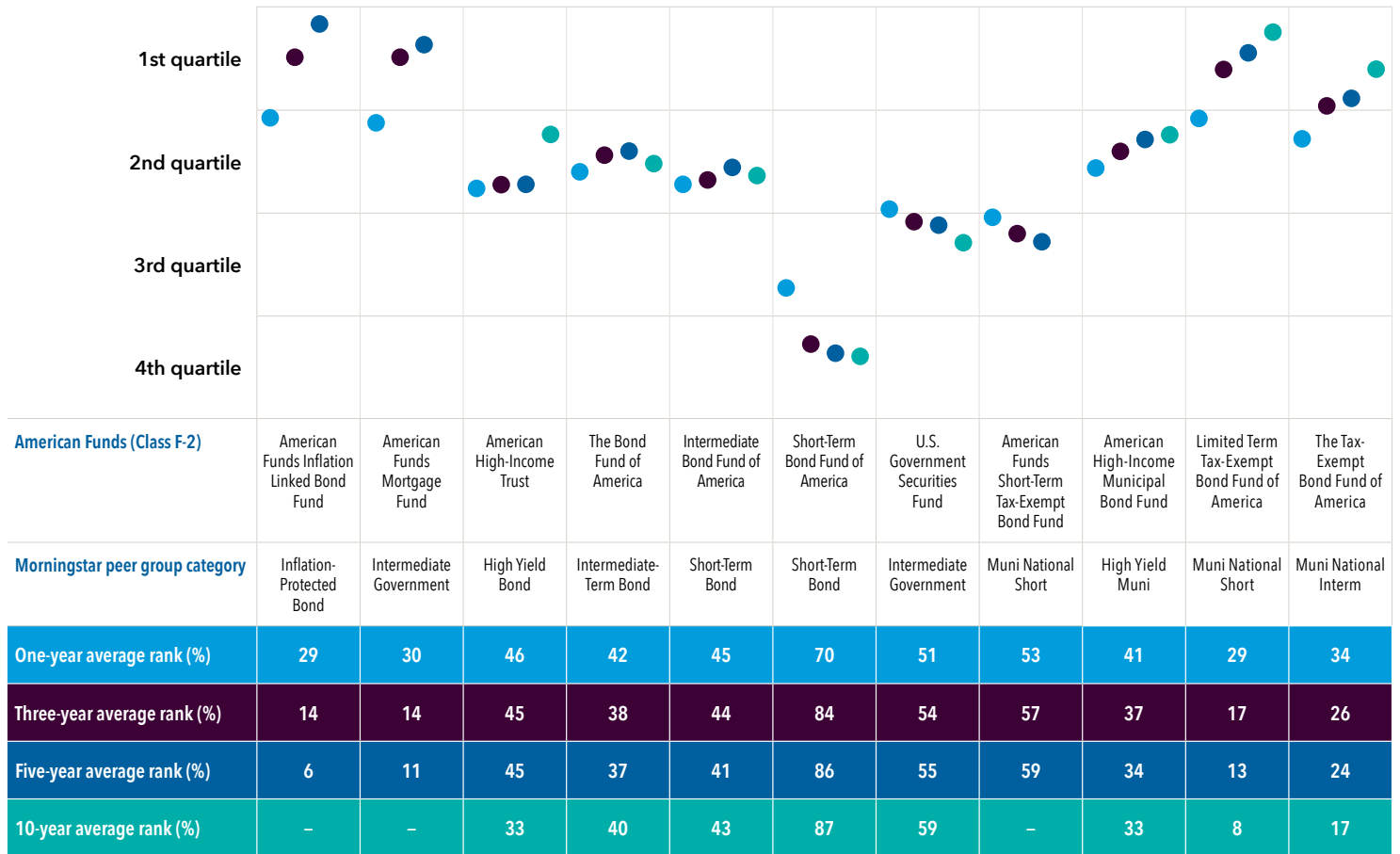
	Large Growth	World Large Stock	Large Value	Large Blend	World Allocation	Allocation – 70% to 85% Equity	Allocation – 50% to 70% Equity	Foreign Large Growth	World Small/Mid Stock
One-year rolling periods	741	317	585	701	211	140	368	213	71
Three-year rolling periods	704	286	549	663	194	128	346	198	66
Five-year rolling periods	667	258	514	627	177	116	323	185	62
10-year rolling periods	569	197	427	538	139	86	270	149	55

Source: Morningstar.

Funds shown reflect those used in the American Funds Model Portfolios. Rankings are based on the funds' average annual total returns (Class F-2 shares at net asset value) within the applicable Morningstar categories. The Morningstar rankings do not reflect the effects of sales charges, account fees or taxes. Past results are not predictive of results in future periods. When applicable, investment results reflect fee waivers and/or expense reimbursements, without which results would have been lower. The Morningstar category average includes all share classes for the funds in the category. Please see americanfunds.com for more information.

The Capital Advantage

Below are the average relative rankings of the underlying fixed income funds vs. Morningstar peer groups over rolling periods from 1980 through 2018.



Average number of funds in peer groups

	Inflation-Protected Bond	Intermediate Government	High Yield Bond	Intermediate-Term Bond	Short-Term Bond	Muni National Short	High Yield Muni	Muni National Interim
One-year rolling periods	223	185	391	534	316	141	118	159
Three-year rolling periods	218	181	369	507	301	135	111	151
Five-year rolling periods	211	177	347	481	285	129	105	143
10-year rolling periods	-	167	302	416	251	116	94	127

Source: Morningstar.

Funds shown reflect those used in the American Funds Model Portfolios. Rankings are based on the funds' average annual total returns (Class F-2 shares at net asset value) within the applicable Morningstar categories. The Morningstar rankings do not reflect the effects of sales charges, account fees or taxes. Past results are not predictive of results in future periods. When applicable, investment results reflect fee waivers and/or expense reimbursements, without which results would have been lower. The Morningstar category average includes all share classes for the funds in the category. Please see americanfunds.com for more information.

American Funds results

Figures shown are past results for Class F-2 shares with all distributions reinvested and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share 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 americanfunds.com.

Class F-2 average annual total returns (%) as of December 31, 2018

Name	Ticker symbol	Inception date	1 year	5 years	10 years	Lifetime	Yield* (%)	Expense ratios (%)
AMERICAN FUNDS GROWTH MODEL PORTFOLIO								
Actual model allocations	–	5/9/11	-6.35	6.43	–	–	1.47	0.49
Current model allocation	–	–	-6.35	7.01	12.48	10.29	1.47	0.49
AMERICAN FUNDS CONSERVATIVE GROWTH AND INCOME MODEL PORTFOLIO								
Actual model allocations	–	5/9/11	-3.37	4.48	–	5.84	3.90	0.40
Current model allocation	–	–	-3.37	4.48	8.59	8.55	3.90	0.40
GROWTH FUNDS								
AMCAP Fund®	AMCFX	5/1/67	-1.70	8.30	14.28	11.53	1.06	0.47
EuroPacific Growth Fund®	AEPFX	4/16/84	-14.99	1.75	7.60	10.38	1.56	0.58
The Growth Fund of America®	GFFFX	12/1/73	-2.69	9.11	13.76	13.53	1.03	0.42
The New Economy Fund®	NEFFX	12/1/83	-4.02	7.62	14.98	11.25	0.99	0.56
New Perspective Fund®	ANWFX	3/13/73	-5.65	6.32	11.67	12.13	1.35	0.55
New World Fund®	NFFFX	6/17/99	-12.05	2.10	8.56	7.48	1.34	0.72
SMALLCAP World Fund®	SMCFX	4/30/90	-9.47	5.09	12.92	9.41	0.48	0.79
GROWTH-AND-INCOME FUNDS								
American Funds Developing World Growth and Income Fund SM	DWGHX	2/3/14	-14.59	–	–	0.89	3.33	1.01
American Mutual Fund®	AMRFX	2/21/50	-1.88	7.75	12.01	11.64	2.65	0.41
Capital World Growth and Income Fund®	WGIFX	3/26/93	-10.07	4.16	9.30	10.14	2.47	0.55
Fundamental Investors®	FINFX	8/1/78	-6.43	8.08	13.12	12.31	2.02	0.41
International Growth and Income Fund SM	IGFFX	10/1/08	-14.19	-0.21	6.68	5.64	2.90	0.68
The Investment Company of America®	ICAFX	1/1/34	-6.31	7.42	11.86	12.13	2.42	0.41
Washington Mutual Investors Fund SM	WMFFX	7/31/52	-2.72	8.20	12.38	11.90	2.40	0.38
EQUITY-INCOME FUNDS								
Capital Income Builder®	CAIFX	7/30/87	-6.86	3.48	7.58	8.96	3.84	0.40
The Income Fund of America®	AMEFX	12/1/73	-4.95	5.09	9.69	10.87	3.68	0.38
BALANCED FUNDS								
American Balanced Fund®	AMBFX	7/26/75	-2.52	6.41	10.54	10.65	2.54	0.39
American Funds Global Balanced Fund SM	GBLFX	2/1/11	-5.94	2.87	–	5.29	2.75	0.61
BOND FUNDS								
American Funds Inflation Linked Bond Fund®	BFIGX	12/14/12	-0.76	2.09	–	0.24	2.83	0.49
American Funds Mortgage Fund®	MFAFX	11/1/10	0.86	2.41	–	2.20	2.59	0.40
American High-Income Trust®	AHIFX	2/19/88	-1.61	2.78	9.42	7.78	7.56	0.46
The Bond Fund of America®	ABNFX	5/28/74	0.14	2.56	4.58	7.62	3.11	0.36
Capital World Bond Fund®	BFWFX	8/4/87	-1.19	1.31	3.22	6.15	2.70	0.66
Intermediate Bond Fund of America®	IBAFX	2/19/88	1.15	1.40	2.45	4.74	2.62	0.37
Short-Term Bond Fund of America®	SBFFX	10/2/06	1.34	0.93	1.27	1.65	2.40	0.45
U.S. Government Securities Fund®	GVTFX	10/17/85	0.91	2.09	2.59	5.68	2.40	0.39
TAX-EXEMPT BOND FUNDS								
American Funds Short-Term Tax-Exempt Bond Fund®	ASTFX	8/7/09	1.00	0.80	–	1.24	1.78	0.54
American High-Income Municipal Bond Fund®	AHMFX	9/26/94	1.79	6.11	7.85	5.64	3.55	0.48
Limited Term Tax-Exempt Bond Fund of America®	LTEFX	10/6/93	1.26	1.84	3.42	3.97	2.01	0.41
The Tax-Exempt Bond Fund of America®	TEAFX	10/3/79	0.92	3.97	5.34	6.46	2.64	0.39

Model investment results assume monthly rebalancing.

Actual model allocations results reflect changes in the underlying fund allocations over the models' lifetimes rebalanced monthly; lifetime results are since May 9, 2011, the launch of the model portfolios.

Current model allocation results are based on the current underlying fund allocations; lifetime results are since the model's youngest underlying fund's inception dates – Growth: April 3, 1990 (SMALLCAP World Fund), Conservative Growth and Income: February 19, 1988 (American High-Income Trust).

*Fund yields are annualized 30-day SEC yields at NAV. The SEC yield reflects the rate at which the fund is earning income on its current portfolio of securities. The model yield is a weighted average of its underlying funds' annualized 30-day SEC yields.

Percentile rankings – underlying American Funds (Class F-2 shares as of December 31, 2018)

	Morningstar category	1 year		5 year		10 year	
		Percentile rank	Rank/Number in category	Percentile rank	Rank/Number in category	Percentile rank	Rank/Number in category
AMCAP Fund	Large Growth	46	666/1,405	52	591/1,107	40	312/799
EuroPacific Growth Fund	Foreign Large Growth	59	232/439	38	115/315	44	95/228
The Growth Fund of America	Large growth	54	780/1,405	40	422/1,107	50	415/799
New Perspective Fund	World Large Stock	18	155/901	13	68/618	11	30/360
SMALLCAP World Fund	World Small/Mid Stock	14	23/149	12	14/91	16	8/57
American Mutual Fund	Large Value	4	36/1,244	8	44/937	23	110/686
Capital World Growth and Income Fund	World Large Stock	57	485/901	43	249/618	51	184/360
Fundamental Investors	Large Blend	60	802/1,402	23	190/1,071	18	126/805
The Investment Company of America	Large Blend	59	772/1,402	43	397/1,071	60	450/805
Washington Mutual Investors Fund	Large Blend	12	147/1,402	18	147/1,071	47	329/805
Capital Income Builder	World Allocation	32	150/453	10	29/322	24	36/160
The Income Fund of America	Allocation 70% to 85% Equity	11	24/359	12	29/280	26	48/196
American Balanced Fund	Allocation 50% to 70% Equity	9	50/775	4	18/610	6	15/440
American Funds Global Balanced Fund	World Allocation	19	78/453	21	72/322	–	–
American Funds Inflation Linked Bond Fund	Inflation-Protected Bond	24	42/228	–	–	–	–
American Funds Mortgage Fund	Intermediate Government	27	41/235	3	7/194	–	–
American High-Income Trust	High Yield Bond	26	145/695	53	246/507	49	161/329
The Bond Fund of America	Intermediate-Term Bond	24	203/1,019	30	227/767	40	225/560
Capital World Bond Fund	World Bond	47	136/310	38	100/244	59	82/138
Intermediate Bond Fund of America	Short-Term Bond	44	191/530	38	126/405	55	133/263
Short-Term Bond Fund of America	Short-Term Bond	31	122/530	73	271/405	91	233/263
U.S. Government Securities Fund	Intermediate Government	22	29/235	28	42/194	45	58/150
American Funds Short-Term Tax-Exempt Bond Fund	Muni National Short	77	141/202	69	109/162	–	–
American High-Income Municipal Bond Fund	High Yield Muni	41	76/183	40	51/129	45	36/82
Limited Term Tax-Exempt Bond Fund of America	Muni National Short	51	90/202	10	20/162	3	5/108
The Tax-Exempt Bond Fund of America	Muni National Interim	45	118/297	16	33/228	11	19/151

Model results and expense ratios are weighted averages of the model's underlying funds. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, investment results reflect expense reimbursements, without which results would have been lower. Please see americanfunds.com for more information. Expense ratios are as of fund prospectuses available at the time of publication. Class F-2 share results prior to the date of first sale are hypothetical based on Class A share results without a sales charge, adjusted for estimated annual expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical returns because those funds' Class F-2 shares sold after the funds' date of first offering. Please see americanfunds.com for more information on specific expense adjustments and the actual dates of first sale.

Appendix

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Superior long-term results for American Funds Target Date

Retirement Series: As of December 31, 2018. Results based on Class R-6 shares for American Funds Target Date Retirement Series. The Morningstar rankings do not reflect the effects of sales charges, account fees or taxes. Past results are not predictive of results in future periods. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The Morningstar category average includes all share classes for the funds in the category. The category includes both active and passive target date funds as well as those that are managed both "to" and "through" retirement. While American Funds Class R-6 shares do not include fees for advisor compensation and service provider payments, the share classes represented in the Morningstar category have varying fee structures and can include these and other fees and charges resulting in higher expenses. One-year absolute rankings are as follows: 2060: 4 of 201; 2055: 6 of 221; 2050: 5 of 239; 2045: 6 of 221; 2040: 6 of 239; 2035: 8 of 221; 2030: 5 of 239; 2025: 6 of 226; 2020: 9 of 250; 2015: 7 of 142; 2010: 20 of 137. Five-year rankings are: 2055: 1 of 115; 2050: 1 of 155; 2045: 1 of 141; 2040: 1 of 155; 2035: 1 of 141; 2030: 1 of 155; 2025: 1 of 146; 2020: 1 of 165; 2015: 1 of 82; 2010: 1 of 93. Ten-year rankings are as follows: 2050: 3 of 115; 2045: 3 of 99; 2040: 3 of 140; 2035: 3 of 100; 2030: 2 of 140; 2025: 3 of 105; 2020: 8 of 150; 2015: 12 of 70; 2010: 11 of 95. Lifetime rankings are as follows: 2050: 1 of 50; 2045: 1 of 62; 2040: 1 of 99; 2035: 1 of 66; 2030: 1 of 99; 2025: 1 of 66; 2020: 2 of 99; 2015: 2 of 43; 2010: 4 of 65. Lifetime rankings reflect the period beginning February 1, 2007, except for the 2055 and 2060 funds, which began on February 1, 2010, and March 27, 2015, respectively, through December 31, 2018.

Although the target date funds are managed for investors on a projected retirement date time frame, the fund's allocation strategy does not guarantee that investors' retirement goals will be met. American Funds investment professionals manage the Target Date Fund's portfolio, moving it from a more growth-oriented strategy to a more income-oriented focus as the fund gets closer to its target date. The target date is the year in which an investor is assumed to retire and begin taking withdrawals.

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¹Standard deviation is a measure of how returns over time have varied from the mean and is one of the most common measures of absolute volatility. A lower number signifies lower volatility.

²The yield for the current model allocation is a weighted average of the underlying funds' annualized 30-day SEC yields at NAV. The SEC yield reflects the rate at which the underlying funds are earning income on their current portfolio of securities.

³Refers to the weighted average expenses of the underlying funds.

⁴Capture ratio reflects the annualized product of current model allocation versus index returns for all months in which the index had a positive return (upside capture) or negative return (downside capture).

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*On average, our management fees were in the lowest quintile 70% of the time, based on the 20-year period ended December 31, 2018, versus comparable Lipper categories, excluding funds of funds.

[†]Source: Capital Group, based on Morningstar data. U.S. funds are those in the Morningstar Open-End Large Value, Large Blend and Large Growth categories. Size of quartiles varies because those funds in the Morningstar database that did not include an expense ratio or firm-level investment ownership were excluded from the analysis. Morningstar universe as of February 2018. Fee and manager ownership data as of December 31, 2018. Based on monthly returns. See Investment and Index Disclosures for methodology and description of fund categories. U.S. index is the S&P 500. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

In conducting our research, we searched Morningstar's database for large-cap actively managed funds that were in both the lowest quartile ranked by expense ratio and the highest quartile ranked by manager ownership at the firm level. For this analysis we relied on Morningstar Direct data analysis software.

Investment and index disclosures

Investment risks

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 (AHIFX, ABNFX, CAIFX, AEPFX, FINFX, GFFFX, AMEFX, NEFFX, ANWFX, SMCFX, NFFFX, BFWFX, WGIFX, IGFFX, GBLFX). Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks (SMCFX).

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 underlying bond holdings (AHIFX, AMBFX, ABNFX, CAIFX, GVTFX, IBAFX, AMEFX, NFFFX, BFWFX, SBFFX, MFAFX, GBLFX). Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. Bond prices and a bond fund's share price will generally move in the opposite direction of interest rates (AHIFX, ABNFX, AMEFX, NFFFX, BFWFX). Fund shares of U.S. Government Securities Fund are not guaranteed by the U.S. government (GVTFX).

Methodology

The 18 American Funds equity-focused funds used in our analysis (and the relevant indexes/index blends with which they were compared) are as follows: AMCAP Fund, The Growth Fund of America, The New Economy Fund, American Mutual Fund, Fundamental Investors, The Investment Company of America and Washington Mutual Investors Fund (Standard & Poor's 500 Index); American Funds Developing World Growth and Income Fund (MSCI Emerging Markets Index); EuroPacific Growth Fund and International Growth and Income Fund (MSCI All Country World ex USA Index); New Perspective Fund, New World Fund and Capital World Growth and Income Fund (MSCI All Country World Index); SMALLCAP World Fund (MSCI All Country World Small Cap Index); Capital Income Builder and American Funds Global Balanced Fund (60% MSCI All Country World and 40% Bloomberg Barclays Global Aggregate indexes); and The Income Fund of America and American Balanced Fund (60% Standard & Poor's 500 and 40% Bloomberg Barclays U.S. Aggregate indexes). All relevant indexes listed are the funds' primary benchmarks, with the exception of Capital Income Builder and The Income Fund of America. The primary benchmark for Capital Income Builder is Standard & Poor's 500 Index; for The Income Fund of America, they are Standard & Poor's 500 and Bloomberg Barclays U.S. Aggregate indexes. In order to provide a more relevant comparison, Capital Income Builder and The Income Fund of America were compared to their Morningstar benchmark index blend, as described below.

Some of these indexes lack sufficient history to have covered the lifetime of certain funds; therefore, comparable indexes were used for those periods. For American Balanced Fund, 60% Standard & Poor's 500 and 40% Bloomberg Barclays U.S. Government/Credit indexes were used for the period July 31,

1975 (month-end following the fund's inception on July 26, 1975), through December 31, 1975. Results for this index blend and the index blend that was subsequently used (60% Standard & Poor's 500 and 40% Bloomberg Barclays U.S. Aggregate indexes) were rebalanced monthly. For Capital World Growth and Income Fund, results for the MSCI All Country World Index reflect dividends gross of withholding taxes for the period March 31, 1993 (month-end following the fund's inception on March 26, 1993), through December 31, 2000, and net of withholding taxes thereafter. For New World Fund, results for the MSCI All Country World Index reflect dividends gross of withholding taxes for the period June 30, 1999 (month-end following the fund's inception on June 17, 1999), through December 31, 2000, and net of withholding taxes thereafter. For EuroPacific Growth Fund, the MSCI EAFE (Europe, Australasia, Far East) Index was used for the period April 30, 1984 (month-end following the fund's inception on April 16, 1984), through December 31, 1987; results for the index reflect dividends net of withholding taxes. Results for the MSCI All Country World ex USA Index, which was subsequently used, reflect dividends gross of withholding taxes from January 1, 1988, through December 31, 2000, and dividends net of withholding taxes thereafter. For New Perspective Fund, the MSCI World Index was used for the period March 31, 1973 (month-end following the fund's inception on March 13, 1973), through December 31, 1987; results for the index reflect dividends net of withholding taxes. Results for the MSCI All Country World Index, which was subsequently used, reflect dividends gross of withholding taxes from January 1, 1988, through December 31, 2000, and dividends net of withholding taxes thereafter. For SMALLCAP World Fund, the S&P Global <\$1.2 Billion Index was used for the period April 30, 1990 (fund's inception), through May 31, 1994. Results for the MSCI All Country World Small Cap Index, which was subsequently used, reflect dividends net of withholding taxes. For Capital Income Builder, 60% MSCI World and 40% FTSE World Government Bond indexes were used for the period July 31, 1987 (month-end following the fund's inception on July 30, 1987), through December 31, 1987; results for the MSCI World Index reflect dividends net of withholding taxes. From January 1, 1988, through December 31, 1989, 60% MSCI All Country World and 40% FTSE World Government Bond indexes were used; results for the MSCI All Country World Index reflect dividends gross of withholding taxes. From January 1, 1990, and thereafter, 60% MSCI All Country World and 40% Bloomberg Barclays Global Aggregate indexes were used; results for the MSCI All Country World Index reflect dividends gross of withholding taxes from January 1, 1988, through December 31, 2000, and net of withholding taxes thereafter. Results for this index blend and the index blend used prior to it were rebalanced monthly. For The Income Fund of America, 60% Standard & Poor's 500 and 40% Bloomberg Barclays U.S. Government/Credit indexes were used for the period November 30, 1973 (fund's inception date), through December 31, 1975. Results for this index blend and the index blend that was subsequently used (60% Standard & Poor's 500 and 40% Bloomberg Barclays U.S. Aggregate indexes) were rebalanced monthly.

Index descriptions

Bloomberg Barclays Global Aggregate Index represents the global investment-grade fixed income markets.

Bloomberg Barclays U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market and consists of U.S. Treasury and government related bonds, corporate securities and asset-backed securities.

Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index measures results of the fixed-rate, non-investment-grade corporate bond market and limits issuer exposure to 2%.

Bloomberg Barclays U.S. Government/Mortgage-Backed Securities Index is a market-value-weighted index that covers 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 the mortgage-backed pass-through securities of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association.

FTSE World Government Bond Index represents a comprehensive measure of the total return results of the government bond markets of more than 20 countries meeting certain market capitalization requirements.

MSCI All Country World Index is a free float-adjusted, market capitalization-weighted index that is designed to measure results of more than 40 developed and emerging equity markets. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

MSCI All Country World Small Cap Index is a free float-adjusted market capitalization-weighted index that is designed to measure equity market results of smaller capitalization companies in both developed and emerging markets. Results reflect dividends net of withholding taxes.

MSCI All Country World ex USA Index is a free float-adjusted, market capitalization-weighted index that is designed to measure results of more than 40 developed and emerging equity markets, excluding the United States. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

MSCI USA Index is a free float-adjusted, market capitalization-weighted index that is designed to measure the U.S. portion of the world market. This index is unmanaged and includes reinvested dividends and/or distributions, but does not reflect sales charges, commissions, expenses or taxes.

MSCI USA Growth Index captures large- and mid-cap securities exhibiting overall growth style characteristics in the U.S. The

growth investment style characteristics for index construction are defined using five variables: long-term forward EPS growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend and long-term historical sales per share growth trend.

MSCI USA Value Index captures large- and mid-cap U.S. securities exhibiting overall value style characteristics. The value investment style characteristics for index construction are defined using three variables: book value to price, 12-month forward earnings to price and dividend yield.

MSCI All Country World Small Cap Index is a free float-adjusted, market capitalization-weighted index that is designed to measure results of smaller capitalization companies in both developed and emerging equity markets. Results reflect dividends net of withholding taxes.

MSCI EAFE (Europe, Australasia, Far East) Index is a free float-adjusted, market capitalization-weighted index that is designed to measure developed equity market results, excluding the United States and Canada. Results reflect dividends net of withholding taxes.

MSCI World Index is a free float-adjusted, market capitalization-weighted index that is designed to measure results of more than 20 developed equity markets. Results reflect dividends net of withholding taxes.

Standard & Poor's 500 Index is a market capitalization-weighted index based on the average weighted results of approximately 500 widely held common stocks.

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¹Equity funds have beaten their Lipper peer indexes in 92% of 10-year periods and 99% of 20-year periods. Based on Class F-2 share results for rolling periods through December 31, 2018. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary.

²Based on Class F-2 share results, as of December 31, 2018. Fourteen of our 15 American Funds fixed income funds that have been in existence for the three-year period showed a three-year correlation below 0.2. Standard & Poor's 500 Composite Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to -1 indicates that the securities have moved in the opposite direction.

³As of December 31, 2018. Largest multi-asset manager calculated by Capital Group is based on data (total net assets of U.S. open-end mutual funds in all U.S. Fund Allocation categories, excluding funds of funds) from Morningstar. Fourth-largest fund-of-funds manager, calculated by Capital Group, is based on data (total net assets of all U.S. open-end fund of funds mutual funds in all Morningstar U.S. Fund Allocation and Target Date categories) from Morningstar.

⁴On average, our management fees were in the lowest quintile 70% of the time, based on the 20-year period ended December 31, 2018, versus comparable Lipper categories, excluding funds of funds.

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 Class A share results without a sales charge, adjusted for estimated annual expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical returns because those funds' Class F-2 shares sold after the funds' date of first offering. Please see americanfunds.com for more information on specific expense adjustments and the actual dates of first sale.

Past results are not predictive of future results. Investing for short periods makes losses more likely.

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As part of the ongoing management of the Portfolio Series, the Portfolio Solutions Committee and Capital Solutions Group regularly monitor each fund of funds and its underlying funds to ensure alignment with the fund's investment objective. Following their most recent regular review, the teams decided to change the underlying allocations for the following funds of funds: American Funds Global Growth PortfolioSM, American Funds Growth PortfolioSM, American Funds Growth and Income PortfolioSM, American Funds Moderate Growth and Income PortfolioSM, American Funds Conservative Growth and Income PortfolioSM and American Funds Preservation PortfolioSM.

To see the new allocations, click on the fund's name in the Portfolio Series section of capitalgroup.com/individual/investments. Unless otherwise indicated, all statistics in this piece are based on the underlying fund allocations as of the date of publication.

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