

American Funds Model Portfolios: Designed for the long term

Quarterly update – Q1 2024



CAPITAL GROUP® | **AMERICAN FUNDS**®



Key takeaways for the quarter ended March 31, 2024

- Model portfolio asset allocation remains focused on long-term goals amid the potential for different economic scenarios.
- Underlying fund managers continue to find a wide range of equity opportunities despite heavy levels of market concentration.
- The Portfolio Solutions Committee and Capital Solutions Group balance the four roles of fixed income according to specific long-term model goals.

Market review

Equity markets climbed in the first quarter, extending double-digit gains in 2023 amid hopes that the economy would avoid a severe downturn and inflation would moderate enough to support interest rate cuts over time. The S&P 500 Index rose 10.56% for the quarter in its biggest first quarter gain since 2019. All sectors gained, except for real estate, with returns for Magnificent Seven stocks more mixed at the start of this year following sweeping gains in 2023. (The Magnificent Seven are seven stocks with a high market-cap weighting in the S&P 500 Index.) International equities also rose but lagged U.S. stocks for the quarter; the MSCI All Country World Index (ACWI) ex USA gained 4.69%. Lower dividend payers outpaced higher dividend payers in the S&P 500 Index, while many dividend payers in international equity markets posted strong returns, as measured by the MSCI ACWI ex USA.

Within fixed income markets, U.S. Treasuries fell over the quarter amid uncertainty about the timing and extent of interest rate cuts. The U.S. Federal Reserve held its benchmark interest rate at a range of 5.25% to 5.50% for the fifth consecutive meeting in March and indicated that it would continue to closely monitor inflation data with its 2% inflation target in mind. The Consumer Price Index (CPI), including food and energy, rose 3.2% for the 12 months ending February. The Bloomberg U.S. Aggregate Index ended the quarter 0.78% lower. Meanwhile, the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index rose 1.47%. The yield curve remained inverted, with short-term bonds continuing to post higher yields than long-term bonds.

Model portfolios are only available through registered investment advisers. This content is intended for registered investment advisers and their clients. Past results 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. 1 of 11

Investment professionals



Samir Mathur
Chair of the Portfolio Solutions Committee



Mario DiVito
Multi-Asset Investment Director

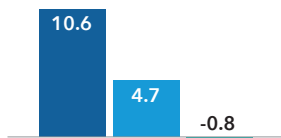


Stanley Moy
Multi-Asset Investment Specialist

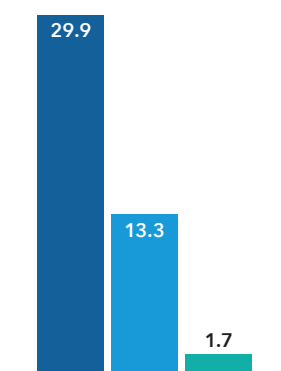
Broad market results

Cumulative returns (%)

Q1



1-year as of 3/31/24



- **U.S. equities**
(S&P 500 Index)
- **International equities**
(MSCI ACWI ex USA Index)
- **U.S. fixed income**
(Bloomberg U.S. Aggregate Index)

Model portfolio results for the quarter

Growth portfolios

American Funds Global Growth Model Portfolio produced positive absolute and relative gross-of-fee returns versus its benchmark for the quarter, although net returns lagged. (All comments about model composite returns versus the benchmark are true on a gross and net-of-fees basis, unless otherwise noted.)

- Positive U.S. and non-U.S. stock selection drove relative results.
- Strong selection in communication services and industrials boosted quarterly results, as did selection in information technology and non-U.S. health care. U.S. health care, however, was a drag on results, as was non-U.S. financials.
- The Growth Fund of America® was a strong relative contributor for the quarter while SMALLCAP World Fund® detracted on a relative basis.

American Funds Growth Model Portfolio had robust absolute and relative returns for the quarter.

- U.S. and non-U.S. stock selection lifted results for the quarter, especially in information technology, U.S. industrials and communication services.
- U.S. health care selection was a relative detractor.
- The Growth Fund of America and Fundamental Investors® had the strongest relative underlying fund returns while SMALLCAP World Fund and New Perspective Fund® detracted on a relative basis.

American Funds Moderate Growth Model Portfolio had strong absolute and relative returns for the quarter.

- U.S. and non-U.S. stock selection contributed to returns, especially selection in U.S. industrials and consumer discretionary, as well as non-U.S. information technology. Selection and allocation in non-U.S. financials hampered results.
- Several information technology holdings were positive contributors, as was an industrials conglomerate. Limited exposure to a GPU (graphic processing unit) provider hurt.
- The Growth Fund of America and Fundamental Investors had the strongest relative quarterly returns, while SMALLCAP World Fund and American Funds Global Balanced Fund had weaker relative returns.

Growth-and-income portfolios

American Funds Growth and Income Model Portfolio had positive absolute and relative gross-of-fee results for the quarter, although net returns trailed the benchmark.

- Stock selection in the industrials and consumer discretionary sectors boosted relative returns. Limited allocations to an electric car manufacturer and a consumer electronics company also helped.
- Limited sector allocation to fixed income supported relative returns. Selection in corporates and securitized fixed income helped to counter negative selection in Treasuries over the quarter.

American Funds Moderate Growth and Income Model Portfolio had positive absolute and relative gross-of-fee returns in line with its custom benchmark over the quarter, but net returns lagged.

- Non-U.S. security selection helped for the quarter, with positive stock selection in information technology and energy outweighing negative selection in financials.
- Within fixed income, selection in corporates combined with exposure to high yield partially offset negative selection in Treasuries. Limited exposure to fixed income also helped relative results in an environment where equities strongly outpaced fixed income.

Net of fee results calculations include a conservative annual 3% fee, which is equal or higher than the highest actual model portfolio wrap fee charged by a program sponsor.

Past results are not predictive of results in future periods.

Contribution to returns commentary is based on representative accounts of the model composites and is net of all fees and expenses applicable to the underlying funds and gross of any advisory fee charged by model providers. The net of fees composite results shown illustrate the impact of fees on the portfolio. Attribution for underlying ETFs is based on market price.

- Washington Mutual Investors Fund and Capital World Growth and Income Fund® were among the most helpful underlying funds on a relative basis while SMALLCAP World Fund and American Funds Global Balanced Fund detracted. American Funds Multi-Sector Income Fund supported relative fixed income returns while American Funds Strategic Bond Fund detracted.

American Funds Conservative Growth and Income Model Portfolio had positive absolute returns but trailed its respective benchmark over the quarter.

- U.S. stock selection was the primary detractor to relative results. Specifically, selection in health care and positioning within the communication services and information technology sectors hurt. The portfolio is deliberately constructed with underlying funds that focus their stock selection on dividend-paying equities, which was a structural headwind.
- For fixed income, selection within high yield and securitized debt outweighed negative security selection in Treasuries.

American Funds Conservative Income and Growth Model Portfolio had positive absolute returns and relative returns over the quarter on a gross basis but trailed the benchmark on a relative net returns basis.

- U.S. equity selection held back returns. Positive stock selection in consumer discretionary was outweighed by negative selection in information technology, health care and communication services.
- Positive security selection within corporates and securitized debt helped offset negative selection in Treasuries. Exposure to high yield and emerging market debt was also helpful.

Preservation and income portfolios

American Funds Conservative Income Model Portfolio had positive absolute returns but trailed its benchmark for the quarter.

- U.S. equities selection hurt returns, specifically in information technology, health care and communication services.
- Within fixed income, selection in Treasuries also detracted from quarterly relative results, although selection in securitized and corporate debt offset the weakness.

American Funds Preservation Model Portfolio had positive absolute and relative gross-of-fee returns though net returns were negative relative to the benchmark.

- Selection in securitized debt and corporates outweighed negative selection in Treasuries.

Retirement income portfolios

American Funds Retirement Income models mostly outpaced their benchmark for the quarter, except returns for the American Funds Retirement Income Model – Conservative, which lagged.

- Significant exposure to equities helped for the quarter even though dividend-paying equities across the globe trailed. Two core building blocks, Capital Income Builder® and The Income Fund of America®, both had meaningful concentration in higher yielding dividend payers.
- Fixed income contributions were mixed. High yield credit exposure helped, while U.S. Treasuries detracted. American Funds Multi-Sector Income Fund was a positive relative contributor in all three models while American Funds Strategic Bond Fund hurt on a relative basis in the Moderate and Conservative models.



Diversification from equities

When stocks struggle, owning bonds with a low correlation to equities can result in lower portfolio volatility. It also allows investors to rebalance portfolios at appropriate times in a market cycle.



Income

Providing dependable income is a central function of a bond allocation.



Capital preservation

A fixed income allocation has the potential to protect principal in most market environments.



Inflation protection

Bonds directly linked to the Consumer Price Index can help to protect an investor's purchasing power.

Tax-aware portfolios

American Funds Tax-Aware model portfolios had mostly positive absolute and relative returns for the quarter.

- American Funds Tax-Aware Moderate Growth Model Portfolio outpaced its benchmark due to strong stock selection in the communication services and industrials sectors.
- American Funds Tax-Aware Growth and Income Model Portfolio outpaced its respective benchmark over the quarter, driven by strong municipal fixed income security selection in general obligation and health care sector bonds. Relative gross returns for American Funds Tax-Aware Moderate Growth and Income Model Portfolio were positive while net returns were in line with the benchmark. American Funds Tax-Aware Conservative Growth and Income outpaced on a gross-of-fees basis but trailed its benchmark on a net basis.
- American Funds Tax-Aware Moderate Income Model Portfolio had positive absolute and relative returns. Relative gross returns for American Funds Tax-Aware Conservative Income Model Portfolio and American Funds Tax-Exempt Preservation Model Portfolios outpaced their benchmarks for the quarter thanks to positive selection in health care municipal bonds, but net returns for both lagged.

Four roles of fixed income

Underlying fixed income funds in model portfolios reflect views from the Capital Group fixed income team's Portfolio Strategy Group (PSG), which analyzes differing economic scenarios to provide a broad directional framework and guidance in the form of core portfolio positioning themes. "I think of asset allocation like putting together the pieces of a puzzle every day," according to John Queen, a fixed income portfolio manager and member of the Portfolio Solutions Committee (PSC), which oversees American Funds model portfolios.

A key question when applying fixed income guidance to portfolios is what the actual portfolio goal is, says Queen. "What is the job of each portfolio and what role should fixed income play in it?" Queen continues. This applies to American Funds Model Portfolios and how the PSC thinks about balancing the four roles of fixed income relative to model portfolio goals: diversification from equity, income, capital preservation and inflation protection.

For example, says Queen, "in a core bond portfolio we're looking for excess return, of course, but we're also looking to make sure that it continues to play a role as an equity hedge. If there's a slowdown where equities tend to do poorly, the core bond portfolio should act like a core bond portfolio, not a high-yield portfolio where you'd expect some more volatility alongside the equity portfolio."

While returns for core bond funds such as The Bond Fund of America® have been largely flat versus the Bloomberg U.S. Aggregate Index this past quarter, we continue to believe that the role of core bond allocations remains critical alongside flexible exposure to credit via funds such as American Funds Multi-Sector Income Fund. For example, American Funds Moderate Growth and Income Model Portfolio includes a 5% allocation each to The Bond Fund of America, American Funds Multi-Sector Income Fund and American Funds Strategic Bond Fund. The selection of funds and approach to the four roles of fixed income depends upon the model goal.

Looking ahead

As active managers, we recognize the potential for different economic and market scenarios and uncertainty about the timing of interest rate cuts. Underlying fund managers continue to find a wide range of opportunities, despite heavy levels of market concentration.

"Model portfolios reflect a conscious, dynamic approach to asset classes and sectors at the fund level," says Multi-Asset Investment Director Mario DiVito. "At a broad sweep, model asset allocation shows conviction in opportunities across both equity and fixed income markets," continues DiVito.

"While equity allocations in multi-asset funds such as American Balanced Fund® have inched higher, primarily driven by strong market conditions, managers are also finding attractive opportunities to add to their fixed income holdings. Among equities in general, underlying managers in growth funds are taking an active approach to select opportunities, driven by company-specific research. Growth fund managers are currently expressing interest in industrials and communication services companies likely to benefit from innovation as well as smaller firms across sectors that seem poised to continue cutting costs and improve their business models. Global fund managers, in particular, are finding value in industrials to include auto manufacturers and retail-focused consumer companies in Europe and Asia," says DiVito. Meanwhile, the Portfolio Solutions Committee and Capital Solutions Group balance the four roles of fixed income based on model objective and actively monitor underlying fund allocations across both fixed income and equities.

"I think of asset allocation like putting together the pieces of a puzzle every day. What is the job of each portfolio and what role should fixed income play in it? In a core bond portfolio we're looking for excess return, of course, but we're also looking to make sure that it continues to play a role as an equity hedge."

– **John Queen,**
fixed income portfolio manager
and member of the Portfolio Solutions
Committee (PSC)

"Model portfolios reflect a conscious, dynamic approach to asset classes and sectors at the fund level ... Among equities in general, underlying managers in growth funds are taking an active approach to select opportunities, driven by company-specific research. Growth fund managers are currently expressing interest in industrials and communication services companies likely to benefit from innovation as well as smaller firms across sectors that seem poised to continue cutting costs and improve their business models."

– **Mario DiVito,**
multi-asset investment director



Model composite results as of March 31, 2024

Past results 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.

Composite net results are calculated by subtracting an annual 3% fee, (which is equal to or higher than the highest actual model portfolio wrap fee charged by a program sponsor) from the gross composite monthly returns, which are net of underlying fund fees and expenses of all accounts in the composite. Composite gross results are net of underlying fund fees and expenses of all accounts in the composite and gross of any advisory fees charged by model providers. Results would have been lower if such fees had been deducted. Results and results-based figures shown are preliminary and subject to change.

| Model portfolio | Inception date | | Cumulative total returns (%) | | | Average annual total returns (%) | | | |
|--|----------------|-------|------------------------------|-------|--------|----------------------------------|---------|----------|----------|
| | | | QTD | YTD | 1 year | 3 years | 5 years | 10 years | Lifetime |
| Growth | | | | | | | | | |
| American Funds Global Growth MP Composite | 05/31/2012 | Gross | 8.46 | 8.46 | 23.86 | 3.68 | 10.53 | 8.92 | 11.13 |
| | | Net | 7.67 | 7.67 | 20.25 | 0.62 | 7.28 | 5.71 | 7.87 |
| MSCI All Country World Index (ACWI) | – | | 8.20 | 8.20 | 23.22 | 6.96 | 10.92 | 8.66 | 10.58 |
| American Funds Growth MP Composite | 05/31/2012 | Gross | 10.10 | 10.10 | 30.39 | 6.09 | 11.98 | 10.39 | 12.53 |
| | | Net | 9.30 | 9.30 | 26.60 | 2.96 | 8.69 | 7.15 | 9.23 |
| Growth Model Portfolio Index Blend | – | | 9.07 | 9.07 | 25.57 | 9.11 | 12.79 | 10.79 | 12.62 |
| American Funds Moderate Growth MP Composite | 05/31/2017 | Gross | 8.79 | 8.79 | 27.01 | 6.56 | 11.09 | – | 10.42 |
| | | Net | 8.00 | 8.00 | 23.31 | 3.42 | 7.83 | – | 7.18 |
| Moderate Growth Model Portfolio Index Blend | – | | 7.34 | 7.34 | 21.13 | 7.05 | 10.67 | – | 9.96 |
| Growth and income | | | | | | | | | |
| American Funds Growth and Income MP Composite | 05/31/2012 | Gross | 6.89 | 6.89 | 21.22 | 6.36 | 10.15 | 8.61 | 10.21 |
| | | Net | 6.11 | 6.11 | 17.68 | 3.23 | 6.91 | 5.42 | 6.97 |
| Growth and Income Model Portfolio Index Blend | – | | 6.20 | 6.20 | 18.24 | 5.67 | 9.25 | 8.06 | 9.40 |
| American Funds Moderate Growth and Income MP Composite | 05/31/2012 | Gross | 5.35 | 5.35 | 16.11 | 4.78 | 8.31 | 7.45 | 8.87 |
| | | Net | 4.58 | 4.58 | 12.70 | 1.68 | 5.12 | 4.28 | 5.66 |
| Moderate Growth and Income Model Portfolio Index Blend | – | | 5.35 | 5.35 | 16.20 | 4.76 | 8.25 | 7.37 | 8.50 |
| American Funds Conservative Growth and Income MP Composite | 05/31/2012 | Gross | 3.63 | 3.63 | 11.51 | 4.31 | 6.32 | 5.92 | 6.96 |
| | | Net | 2.87 | 2.87 | 8.23 | 1.23 | 3.18 | 2.80 | 3.81 |
| Conservative Growth and Income Model Portfolio Index Blend | – | | 4.29 | 4.29 | 14.29 | 3.85 | 7.08 | 6.53 | 7.53 |
| American Funds Conservative Income and Growth MP Composite | 07/31/2020 | Gross | 2.67 | 2.67 | 8.76 | 2.33 | – | – | 4.08 |
| | | Net | 1.91 | 1.91 | 5.56 | -0.69 | – | – | 1.00 |
| Conservative Income and Growth Model Portfolio Index Blend | – | | 2.54 | 2.54 | 9.45 | 1.52 | – | – | 2.67 |

Index lifetime returns are based on composite inception dates.

Model composite results as of March 31, 2024

| Model portfolio | Inception date | | Cumulative total returns (%) | | | Average annual total returns (%) | | | |
|--|----------------|-------|------------------------------|-------|--------|----------------------------------|---------|----------|----------|
| | | | QTD | YTD | 1 year | 3 years | 5 years | 10 years | Lifetime |
| Preservation and income | | | | | | | | | |
| American Funds Conservative Income MP Composite | 05/31/2017 | Gross | 1.37 | 1.37 | 5.19 | 1.04 | 3.48 | – | 3.33 |
| | | Net | 0.61 | 0.61 | 2.08 | -1.95 | 0.42 | – | 0.28 |
| Conservative Income Model Portfolio Index Blend | – | | 1.78 | 1.78 | 7.45 | 1.19 | 3.68 | – | 3.75 |
| American Funds Preservation MP Composite | 05/31/2012 | Gross | 0.26 | 0.26 | 2.64 | -0.34 | 1.40 | 1.51 | 1.40 |
| | | Net | -0.49 | -0.49 | -0.40 | -3.30 | -1.61 | -1.49 | -1.60 |
| Bloomberg 1-5 Year U.S. Government/Credit A+ Index | – | | 0.06 | 0.06 | 2.80 | -0.51 | 1.09 | 1.26 | 1.18 |
| Income | | | | | | | | | |
| American Funds Retirement Income - Enhanced MP Composite | 08/31/2015 | Gross | 5.09 | 5.09 | 14.67 | 5.20 | 7.40 | – | 7.51 |
| | | Net | 4.31 | 4.31 | 11.30 | 2.10 | 4.24 | – | 4.35 |
| S&P Target Date Retirement Income Index | – | | 2.33 | 2.33 | 8.72 | 1.76 | 4.25 | – | 4.42 |
| American Funds Retirement Income - Moderate MP Composite | 08/31/2015 | Gross | 3.67 | 3.67 | 10.75 | 3.67 | 6.13 | – | 6.33 |
| | | Net | 2.90 | 2.90 | 7.49 | 0.61 | 3.00 | – | 3.19 |
| S&P Target Date Retirement Income Index | – | | 2.33 | 2.33 | 8.72 | 1.76 | 4.25 | – | 4.42 |
| American Funds Retirement Income - Conservative MP Composite | 08/31/2015 | Gross | 2.24 | 2.24 | 7.01 | 1.91 | 4.72 | – | 5.04 |
| | | Net | 1.48 | 1.48 | 3.86 | -1.10 | 1.63 | – | 1.94 |
| S&P Target Date Retirement Income Index | – | | 2.33 | 2.33 | 8.72 | 1.76 | 4.25 | – | 4.42 |
| Tax-aware growth | | | | | | | | | |
| American Funds Tax-Aware Moderate Growth MP Composite | 07/31/2020 | Gross | 8.90 | 8.90 | 26.82 | 6.41 | – | – | 10.84 |
| | | Net | 8.11 | 8.11 | 23.13 | 3.28 | – | – | 7.58 |
| Tax-Aware Moderate Growth Model Portfolio Index Blend | – | | 7.40 | 7.40 | 21.36 | 7.38 | – | – | 11.28 |
| Tax-aware growth and income | | | | | | | | | |
| American Funds Tax-Aware Growth and Income MP Composite | 08/31/2019 | Gross | 7.73 | 7.73 | 23.75 | 6.90 | – | – | 11.09 |
| | | Net | 6.95 | 6.95 | 20.14 | 3.75 | – | – | 7.82 |
| Tax-Aware Growth and Income Model Portfolio Index Blend | – | | 6.30 | 6.30 | 18.62 | 6.22 | – | – | 9.77 |
| American Funds Tax-Aware Moderate Growth and Income MP Composite | 08/31/2019 | Gross | 6.27 | 6.27 | 18.88 | 5.51 | – | – | 8.92 |
| | | Net | 5.49 | 5.49 | 15.40 | 2.40 | – | – | 5.72 |
| Tax-Aware Moderate Growth and Income Model Portfolio Index Blend | – | | 5.49 | 5.49 | 16.72 | 5.52 | – | – | 8.75 |
| American Funds Tax-Aware Conservative Growth and Income MP Composite | 05/31/2012 | Gross | 4.76 | 4.76 | 14.25 | 4.79 | 7.01 | 6.83 | 7.88 |
| | | Net | 3.99 | 3.99 | 10.89 | 1.69 | 3.85 | 3.69 | 4.70 |
| Tax-Aware Conservative Growth and Income Model Portfolio Index Blend | – | | 4.43 | 4.43 | 14.29 | 4.36 | 7.36 | 6.97 | 7.81 |

Index lifetime returns are based on composite inception dates.

Model composite results as of March 31, 2024

| Model portfolio | Inception date | Cumulative total returns (%) | | | Average annual total returns (%) | | | | |
|---|----------------|------------------------------|-------|--------|----------------------------------|---------|----------|----------|-------|
| | | QTD | YTD | 1 year | 3 years | 5 years | 10 years | Lifetime | |
| Tax-aware preservation and income | | | | | | | | | |
| American Funds Tax-Aware Moderate Income MP Composite | 08/31/2019 | Gross | 3.81 | 3.81 | 12.08 | 3.89 | – | – | 5.82 |
| | | Net | 3.04 | 3.04 | 8.79 | 0.83 | – | – | 2.70 |
| Tax-Aware Moderate Income Model Portfolio Index Blend | – | | 2.79 | 2.79 | 10.40 | 2.89 | – | – | 5.17 |
| American Funds Tax-Aware Conservative Income MP Composite | 08/31/2019 | Gross | 1.97 | 1.97 | 7.00 | 1.97 | – | – | 3.54 |
| | | Net | 1.21 | 1.21 | 3.84 | -1.04 | – | – | 0.49 |
| Tax-Aware Conservative Income Model Portfolio Index Blend | – | | 1.78 | 1.78 | 7.67 | 2.21 | – | – | 3.80 |
| American Funds Tax-Exempt Preservation MP Composite | 05/31/2012 | Gross | 0.07 | 0.07 | 2.48 | 0.07 | 1.33 | 1.82 | 1.86 |
| | | Net | -0.68 | -0.68 | -0.55 | -2.90 | -1.67 | -1.19 | -1.16 |
| Bloomberg Municipal Bond 1-7 Year Blend Index | – | | -0.29 | -0.29 | 2.07 | -0.01 | 1.25 | 1.60 | 1.57 |

Index lifetime returns are based on composite inception dates.

Market index results as of March 31, 2024

| Index name | Cumulative total returns (%) | | | Average annual total returns (%) | | |
|--|------------------------------|-------|--------|----------------------------------|---------|----------|
| | QTD | YTD | 1 year | 3 years | 5 years | 10 years |
| Bloomberg Municipal Bond Index | -0.39 | -0.39 | 3.13 | -0.41 | 1.59 | 2.66 |
| Bloomberg U.S. Aggregate Index | -0.78 | -0.78 | 1.70 | -2.46 | 0.36 | 1.54 |
| Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index | 1.47 | 1.47 | 11.15 | 2.19 | 4.19 | 4.44 |
| MSCI All Country World Index (ACWI) | 8.20 | 8.20 | 23.22 | 6.96 | 10.92 | 8.66 |
| MSCI All Country World Index (ACWI) ex USA | 4.69 | 4.69 | 13.26 | 1.94 | 5.97 | 4.25 |
| Russell 1000 Growth Index | 11.41 | 11.41 | 39.00 | 12.50 | 18.52 | 15.98 |
| Russell 1000 Index | 10.30 | 10.30 | 29.87 | 10.45 | 14.76 | 12.68 |
| Russell 1000 Value Index | 8.99 | 8.99 | 20.27 | 8.11 | 10.32 | 9.01 |
| S&P 500 Index | 10.56 | 10.56 | 29.88 | 11.49 | 15.05 | 12.96 |

Investment and index disclosures

Appendix

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The underlying funds for each model portfolio as of March 31, 2024, are as follows (allocations may not equal 100% due to rounding):

American Funds Global Growth Model Portfolio: Growth (80%): SMALLCAP World Fund 15%, The New Economy Fund 15%, EuroPacific Growth Fund 10%, The Growth Fund of America 15%, New Perspective Fund 20%; Growth and income (20%): Capital World Growth and Income Fund 20%.

American Funds Growth Model Portfolio: Growth (80%): SMALLCAP World Fund 15%, The New Economy Fund 10%, The Growth Fund of America 25%, New Perspective Fund 10%, AMCAP Fund 20%; Growth and income (20%): Fundamental Investors 20%.

American Funds Moderate Growth Model Portfolio: Growth (40%): SMALLCAP World Fund 10%, The Growth Fund of America 20%, AMCAP Fund 10%; Growth and income (40%): Fundamental Investors 10%, Capital World Growth and Income Fund 20%, The Investment Company of America 10%; Balanced (20%): American Funds Global Balanced Fund 10%, American Balanced Fund 10%.

American Funds Growth and Income Model Portfolio: Growth (15%): SMALLCAP World Fund 8%, The Growth Fund of America 7%; Growth and income (50%): Capital World Growth and Income Fund 20%, The Investment Company of America 20%, Washington Mutual Investors Fund 10%; Equity Income (10%): Capital Income Builder 10%; Balanced (10%): American Balanced Fund 10%; Bond (15%): The Bond Fund of America 5%, American Funds Strategic Bond Fund 5%, American Funds Multi-Sector Income Fund 5%.

American Funds Moderate Growth and Income Model Portfolio: Growth (10%): SMALLCAP World Fund 5%, New Perspective Fund 5%; Growth and income (25%): Capital World Growth and Income Fund 10%, Washington Mutual Investors Fund 15%; Equity Income: (10%): The Income Fund of America 10%; Balanced (40%): American Funds Global Balanced Fund 15%, American Balanced Fund 25%; Bond (15%): The Bond Fund of America 5%, American Funds Strategic Bond Fund 5%, American Funds Multi-Sector Income Fund 5%.

American Funds Conservative Growth and Income Model Portfolio: Growth and income (20%): Washington Mutual Investors Fund 10%, American Mutual Fund 10%; Equity Income (38%): Capital Income Builder 19%, The Income Fund of America 19%; Bond (42%): American High-Income Trust 10%, American Funds Multi-Sector Income Fund 16%, The Bond Fund of America 16%.

American Funds Conservative Income and Growth Model Portfolio: Growth and income (20%): Capital World Growth and Income Fund 5%, American Mutual Fund 15%; Equity income (10%): The Income Fund of America 10%; Balanced (15%): American Funds Global Balanced Fund 5%, American Balanced Fund 10%; Bond (55%): American Funds Multi-Sector Income Fund 15%, American Funds Strategic Bond Fund 10%, The Bond Fund of America 20%, Intermediate Bond Fund of America 10%.

American Funds Retirement Income Model Portfolio – Enhanced: Growth (5%): AMCAP Fund 5%; Growth and income (15%): Capital World Growth and Income Fund 10%, American Mutual Fund 5%; Equity Income (38%): Capital Income Builder 14%, The Income Fund of America 24%; Balanced (25%): American Funds Global Balanced Fund 5%, American Balanced Fund 20%; Bond (17%): American High-Income Trust 5%, American Funds Multi-Sector Income Fund 7%, American Funds Inflation Linked Bond Fund 5%.

American Funds Retirement Income Model Portfolio – Moderate: Growth and income (12%): Capital World Growth and Income Fund 7%, American Mutual Fund 5%; Equity Income (38%): Capital Income Builder 14%, The Income Fund of America 24%; Balanced (20%): American Funds Global Balanced Fund 5%, American Balanced Fund 15%, Bond (30%): American Funds Multi-Sector Income Fund 9%, American Funds Inflation Linked Bond Fund 5%, The Bond Fund of America 5%, American Funds Strategic Bond Fund 6%, U.S. Government Securities Fund 5%.

American Funds Retirement Income Model Portfolio – Conservative: Growth and income (7%): American Mutual Fund 7%; Equity income (33%): Capital Income Builder 14%, The Income Fund of America 19%; Balanced (12%): American Funds Global Balanced Fund 4%, American Balanced Fund 8%; Bond (48%): American Funds Inflation Linked Bond Fund 6%, The Bond Fund of America 15%, American Funds Strategic Bond Fund 10%, American Funds Multi-Sector Income Fund 5%, Intermediate Bond Fund of America 5%, U.S. Government Securities Fund 7%.

American Funds Conservative Income Model Portfolio: Growth and income (10%): American Mutual Fund 10%; Equity Income (10%): The Income Fund of America 10%; Balanced (5%): American Balanced Fund 5%; Bond (75%): The Bond Fund of America 20%, American Funds Strategic Bond Fund 10%, American Funds Multi-Sector Income Fund 5%, Intermediate Bond Fund of America 25%, Short-Term Bond Fund of America 15%.

American Funds Preservation Model Portfolio: Bond (100%): Intermediate Bond Fund of America 45%, Short-Term Bond Fund of America 55%.

American Funds Tax-Aware Moderate Growth Model Portfolio: Growth (45%): SMALLCAP World Fund 10%, CGGR – Capital Group Growth ETF 25%, AMCAP Fund 5%; American Funds Global Insight Fund 5% Growth and income (45%): Capital World Growth and Income Fund 20%; CGUS – Capital Group Core Equity ETF 25%; Bond (10%): The Tax-Exempt Bond Fund of America 5%, American High-Income Municipal Bond Fund 5%.

American Funds Tax-Aware Growth and Income Model Portfolio: Growth (15%): SMALLCAP World Fund 8%, CGGR – Capital Group Growth ETF 7%; Growth and income (65%): Fundamental Investors 5%, Capital World Growth and Income Fund 20%, The Investment Company of America 5%, CGUS – Capital Group Core Equity ETF 25%, CGDV – Capital Group Dividend Value ETF 10%; Bond (20%): American High-Income Municipal Bond Fund 10%, The Tax-Exempt Bond Fund of America 10%.

American Funds Tax-Aware Moderate Growth and Income Model Portfolio: Growth (10%): SMALLCAP World Fund 5%, CGGO – Capital Group Global Growth Equity ETF 5%; Growth and income (55%): Capital World Growth and Income Fund 20%, CGUS – Capital Group Core Equity ETF 15%, CGDV – Capital Group Dividend Value ETF 15%, Washington Mutual Investors Fund 5%; Bond (35%): American High-Income Municipal Bond Fund 20%, The Tax-Exempt Bond Fund of America 15%.

American Funds Tax-Aware Conservative Growth and Income Model Portfolio: Growth and income (50%): Capital World Growth and Income Fund 20%, CGDV – Capital Group Dividend Value ETF 15%, Washington Mutual Investors Fund 5%, American Mutual Fund 10%; Bond (50%): American High-Income Municipal Bond Fund 25%, The Tax-Exempt Bond Fund of America 15%, Limited-Term Tax-Exempt Bond Fund of America 10%.

American Funds Tax-Aware Moderate Income Model Portfolio: Growth and income (40%): Capital World Growth and Income Fund 15%, CGDV – Capital Group Dividend Value ETF 15%, American Mutual Fund 10%; Bond (60%): American High-Income Municipal Bond Fund 20%, The Tax-Exempt Bond Fund of America 20%, Limited-Term Tax-Exempt Bond Fund of America 15%, American Funds Short-Term Tax-Exempt Bond Fund 5%.

American Funds Tax-Aware Conservative Income Model Portfolio: Growth and income (20%): Capital World Growth and Income Fund 5%, CGDV – Capital Group Dividend Value ETF 5%, American Mutual Fund 10%; Bond (80%): American High-Income Municipal Bond Fund 15%, The Tax-Exempt Bond Fund of America 20%, Limited-Term Tax-Exempt Bond Fund of America 25%, American Funds Short-Term Tax-Exempt Bond Fund 20%.

American Funds Tax-Exempt Preservation Model Portfolio: Bond (100%): Limited-Term Tax-Exempt Bond Fund of America 60%, American Funds Short-Term Tax-Exempt Bond Fund 40%.

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Investment results assume all distributions are reinvested and reflect applicable fees and expenses.

Model portfolio index/index blends

Index/Index blends for American Funds Model Portfolios are those that the Portfolio Solutions Committee believes most closely approximate the investment universe of a given model portfolio. The index/index blends do not specifically represent the benchmarks of the underlying funds in the American Funds model portfolio. The index/index blends for the model portfolios are a composite of the cumulative total returns for the indexes and respective weightings listed:

Global Growth – MSCI ACWI.

Growth – Index Blend: 75% S&P 500 and 25% MSCI ACWI ex USA indexes.

Moderate Growth – Index Blend: 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg U.S. Aggregate indexes.

Growth and Income – Index Blend: 50% S&P 500, 25% MSCI ACWI ex USA and 25% Bloomberg U.S. Aggregate indexes.

Moderate Growth and Income – Index Blend: 45% S&P 500, 35% Bloomberg U.S. Aggregate and 20% MSCI ACWI ex USA indexes.

Conservative Growth and Income – Index Blend: 35% S&P 500, 35% Bloomberg U.S. Aggregate, 15% MSCI ACWI ex USA and 15% Bloomberg U.S. Corporate High Yield 2% Issuer Capped indexes.

Conservative Income and Growth – Index Blend: 25% S&P 500, 65% Bloomberg U.S. Aggregate and 10% MSCI ACWI ex USA indexes.

Retirement Income portfolios – S&P Target Date Retirement Income Index.

Conservative Income – Index Blend: 50% Bloomberg U.S. Aggregate Index, 30% Bloomberg U.S. Government/Credit (1-3 years, ex BBB) Index and 20% S&P 500 indexes.

Preservation – Bloomberg 1-5 Years U.S. Government/Credit A+ Index.

Tax-Aware Moderate Growth – Index Blend: 60% S&P 500, 25% MSCI ACWI ex USA and 15% Bloomberg Municipal Bond indexes.

Tax-Aware Growth and Income – Index Blend: 25% Bloomberg Municipal Bond, 50% S&P 500 and 25% MSCI ACWI ex USA indexes.

Tax-Aware Moderate Growth and Income – Index Blend: 45% S&P 500, 35% Bloomberg Municipal Bond and 20% MSCI ACWI ex USA indexes.

Tax-Aware Conservative Growth and Income – Index Blend: 35% Bloomberg Municipal Bond, 35% S&P 500, 15% Bloomberg High Yield Municipal and 15% MSCI ACWI ex USA indexes.

Tax-Aware Moderate Income – Index Blend: 65% Bloomberg Municipal Bond, 25% S&P 500 and 10% MSCI ACWI ex USA indexes.

Tax-Aware Conservative Income – Index Blend: 40% Bloomberg Municipal Bond, 40% Bloomberg Municipal 1-7 Years Blend and 20% S&P 500 indexes.

Tax-Exempt Preservation – Bloomberg Municipal Bond 1-7 Years Blend Index.

The index blends are rebalanced monthly. MSCI index results reflect dividends gross of withholding taxes through 12/31/00 and dividends net of withholding taxes thereafter. The indexes are unmanaged, and their results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. Investors cannot invest directly in an index. There have been periods when the model portfolio has lagged the index/index blend.

Model portfolios are provided to financial intermediaries who may or may not recommend them to clients. The portfolios consist of an allocation of funds for investors to consider and are not intended to be investment recommendations. The portfolios are asset allocations designed for individuals with different time horizons, investment objectives and risk profiles. Allocations may change and may not

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S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

The S&P Target Date Retirement Income Index, a component of the S&P Target Date Index Series, has an asset allocation and glide path that represent a market consensus across the universe of target date fund managers.

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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 gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

MSCI All Country World ex USA 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, excluding the United States. The index consists of more than 40 developed and emerging market country indexes. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

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Bloomberg U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market.

Bloomberg U.S. Corporate Investment Grade Index represents the universe of investment grade, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements.

Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index covers the universe of fixed-rate, non-investment-grade debt. The index limits the maximum exposure of any one issuer to 2%.

Bloomberg High Yield Municipal Bond Index is a market-value-weighted index composed of municipal bonds rated below BBB/Baa.

Bloomberg Municipal Bond Index is a market-value-weighted index designed to represent the long-term investment-grade tax-exempt bond market.

Bloomberg 1-3 Year U.S. Government/Credit Index is a market-value weighted index that tracks the total return results of 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 U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to three years.

Bloomberg Municipal Bond 1-7 Year Blend Index is a market-value-weighted index that includes investment-grade tax-exempt bonds with maturities of one to seven years.

Bloomberg 1-5 Year U.S. Government/Credit A+ Index is a market-value weighted index that tracks the total return results of 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 U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to five years, including A-rated securities and above.

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Russell 1000 Growth Index is a market capitalization-weighted index that represents the large-cap growth segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have higher price-to-book ratios and higher expected growth values.

Russell 1000 Value Index is a market capitalization-weighted index that represents the large-cap value segment of the U.S. equity market and includes stocks from the Russell 1000 Index that have lower price-to-book ratios and lower expected growth values.

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