



Morningstar upholds Gold Medalist Rating for lowest-cost AFTD share classes

In late January 2024, Morningstar analysts upheld the Gold Medalist rating for the lowest-cost share classes (Class F-3, Class R-5 and Class R-6) of the American Funds Target Date Retirement Series (“AFTD”) for the third consecutive year.

The accolade is a recognition of the Series’ ongoing success in delivering superior outcomes to participants via strong long-term results as well as recent enhancements to the modeling and quant tools that inform its structure and the continued refinement of its design and management processes. The analysts also highlighted the strength of the Series’ underlying funds.

The following is an excerpt of the analysts’ note, reprinted with permission from Morningstar.

Results as of December 31, 2023. Figures shown are past results for Class R-6 and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit capitalgroup.com.

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



Analyst View

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Director, *Morningstar Target-Date Fund Series Report*

January 29, 2024

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A series that will keep your retirement goals on target

The American Funds Target Date Retirement series continues to stand out as one of the best target-date options. American Funds' target date solutions committee oversees this series, and it has made impressive strides to enhance the fundamental and quantitative research underpinning the glide path and asset allocation over the past few years.

The committee has wisely leaned on the expertise of its underlying managers to drive many of the series' more nuanced tilts. Deep and highly specialized analyst teams that span the globe back the underlying strategies, and the firm's portfolio managers have strong pedigrees. More than 90% of the series' assets are highly rated by Morningstar Analysts, a remarkable feat considering it consists entirely of actively managed funds. As of January 2024, its equity and allocation strategies all earn Morningstar Medalist Ratings of Gold or Silver for the share classes used as underlying funds. The fixed-income funds' conservative bent pairs nicely with the equity sleeve.

In recent years, the firm's dedicated multi-asset group has enhanced the modeling and quant tools that inform this series' makeup and structure. The changes to the process have underpinned the series' recent moves, as in July 2022, when the allocators boosted fixed-income sector flexibility by adding a multisector bond strategy as fixed income becomes a larger part of the portfolio 15 years from the target date.

The series' glide path design creates differing performance outcomes across its vintages. The longest-dated portfolios emphasize the firm's growth strategies, while those closest to retirement focus on equity income, creating a value tilt relative to their respective S&P Target Date benchmarks. The further-dated vintages generally underperformed in 2022, but investors with long time horizons have the opportunity to recover losses. Investors nearing retirement, with their nest eggs at or near their highest levels, avoided the worst of the 2022 equity market selloff owing to the value tilt.

Methodology

Morningstar evaluates funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

- For actively managed strategies, people and process each receive a 45% weighting in their analysis, while parent receives a 10% weighting.
- For passive strategies, process receives an 80% weighting, while people and parent each receive a 10% weighting.
- For both active and passive strategies, performance has no explicit weight as it is incorporated into the analysis of people and process; price at the share-class level (where applicable) is directly subtracted from an expected gross alpha estimate derived from the analysis of the other pillars.
- The impact of the weighted pillar scores for people, process and parent on the final Morningstar Analyst Rating is further modified by a measure of the dispersion of historical alphas among relevant peers.
- For certain peer groups where standard benchmarking is not applicable, the modification by alpha dispersion is not used.

The Five (5) Pillars

Morningstar has identified five key areas that we believe are crucial to predicting the future success of managed investments: People, Parent, Process, Performance, and Price. Each pillar is evaluated when assessing a managed investment as well as the interaction between the pillars, which we believe is crucial to understanding a managed investment's overall merit.

People

The overall quality of a managed investment's investment team is a significant key to its ability to deliver superior performance relative to its benchmark and/or peers. Evaluating a managed investment's investment team requires that analysts assess several relevant items including how key decisions are made.

Parent

We believe the parent organization is of utmost importance in evaluating managed investment. The managed investment's management set the tone for key elements of our evaluation, including capacity management, risk management, recruitment and retention of talent, and incentive pay. Beyond these operational areas, we prefer firms that have a culture of stewardship and put investors first to those that are too heavily weighted to salesmanship.

Process

We look for managed investments with a performance objective and investment process (for both security selection and portfolio construction) that is sensible, clearly defined, and repeatable. In addition, the portfolio should be constructed in a manner that is consistent with the investment process and performance objective.

Performance

We do not believe past performance is necessarily predictive of future results. This factor receives no explicit weighting in our analysis but is referenced instead in our evaluation of people and process. We strive not to anchor on short-term performance. However, we do believe that the evaluation of long-term return and risk patterns is vital to determining if a managed investment is delivering to our expectations.

Price

To reflect actual investor experience, rated managed investments are directly penalized by the amount of their fee, including of any performance fee charged, when we assign the rating. Fees are assessed at the level of the vehicle at which they are charged, in the case of open-end funds, for example, this occurs at the share-class level. Vehicles with multiple classes with different fees are therefore likely to have differentiated ratings reflecting the different impact of their fees on our expected net alpha.

Morningstar Medalist Ratings are assigned on a five-tier scale running from Gold to Negative. The top three ratings, Gold, Silver, and Bronze, all indicate that our analysts think highly of a managed investment; the difference between them corresponds to differences in the level of analyst conviction in a managed investment ability to outperform its benchmark and peers through time, within the context of the level of risk taken.

Gold

Represents managed investment that our analyst has the highest conviction in for that given investment mandate. By giving a managed investment a Gold rating, we are expressing an expectation that it will outperform its relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years). To earn a Gold rating, a managed investment must distinguish itself across the five pillars that are the basis for our analysis.

Silver

Represents managed investments our analyst has high conviction in, but not in all of the five pillars. With those fundamental strengths, we expect these managed investments will outperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over the long term (defined as a full market cycle or at least five years).

Bronze

Represents managed investments that have advantages that clearly outweigh any disadvantages across the pillars, giving analyst the conviction to award them a positive rating. We expect these managed investments to beat their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle (or at least five years).

Neutral

Represents managed investments in which our analysts don't have a strong positive or negative conviction. In our judgment, these managed investments are not likely to deliver standout returns, but they aren't likely to seriously underperform their relevant performance benchmark and/or peer group either.

Methodology (continued)

Negative

Represents managed investments that possess at least one flaw that our analysts believe is likely to significantly hamper future performance, such as high fees or an unstable management team. Because of these faults, we believe these managed investments are inferior to most competitors and will likely underperform their relevant performance benchmark and/or peer group within the context of the level of risk taken over a full market cycle.

Morningstar may also use two other designations in place of a rating:

Under Review

This designation means that a change that occurred with the managed investment or at the managed investment company requires further review to determine the impact on the rating.

Not Ratable

This designation is used only where we are providing a report on a new strategy or on a strategy where there are no relevant comparators, but where investors require information as to suitability.

For more information about our Analyst Rating methodology please go to <http://corporate1.morningstar.com/ResearchLibrary/>

Morningstar categories

American Funds Target Date 2010	Morningstar Target-Date 2000-2010
American Funds Target Date 2015	Morningstar Target-Date 2015
American Funds Target Date 2020	Morningstar Target-Date 2020
American Funds Target Date 2025	Morningstar Target-Date 2025
American Funds Target Date 2030	Morningstar Target-Date 2030
American Funds Target Date 2035	Morningstar Target-Date 2035
American Funds Target Date 2040	Morningstar Target-Date 2040
American Funds Target Date 2045	Morningstar Target-Date 2045
American Funds Target Date 2050	Morningstar Target-Date 2050
American Funds Target Date 2055	Morningstar Target-Date 2055
American Funds Target Date 2060	Morningstar Target-Date 2060
American Funds Target Date 2065	Morningstar Target-Date 2065+

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Target date fund results

Investment results as of December 31, 2023 (Class R-6 shares)

Vintage	Inception date	1 year (%)	5 years (%)	10 years (%)	Lifetime (%)	Gross expense ratio (%)
American Funds® 2065 Target Date Retirement Fund	3/27/20	21.55	–	–	14.87	0.39
American Funds 2060 Target Date Retirement Fund®	3/27/15	21.61	11.32	–	8.88	0.39
American Funds 2055 Target Date Retirement Fund®	2/1/10	21.40	11.35	8.73	10.21	0.38
American Funds 2050 Target Date Retirement Fund®	2/1/07	20.83	11.41	8.77	7.74	0.38
American Funds 2045 Target Date Retirement Fund®	2/1/07	20.15	11.35	8.73	7.71	0.37
American Funds 2040 Target Date Retirement Fund®	2/1/07	19.33	11.17	8.58	7.63	0.37
American Funds 2035 Target Date Retirement Fund®	2/1/07	16.90	10.39	8.15	7.34	0.35
American Funds 2030 Target Date Retirement Fund®	2/1/07	14.52	8.90	7.25	6.81	0.33
American Funds 2025 Target Date Retirement Fund®	2/1/07	11.95	7.84	6.41	6.17	0.32
American Funds 2020 Target Date Retirement Fund®	2/1/07	10.46	6.89	5.78	5.52	0.31
American Funds 2015 Target Date Retirement Fund®	2/1/07	9.57	6.51	5.39	5.23	0.30
American Funds 2010 Target Date Retirement Fund®	2/1/07	8.67	6.07	5.10	4.93	0.29

Morningstar category percentile total return rankings as of December 31, 2023

(with absolute rank and number of funds in category indicated)

American Funds target date fund (Class R-6)	2065	2060	2055	2050	2045	2040	2035	2030	2025	2020	2015	2010
10 yr			1st percentile 1 of 87	1st percentile 1 of 102	1st percentile 1 of 101	1st percentile 1 of 102	1st percentile 1 of 101	1st percentile 2 of 102	4th percentile 3 of 104	1st percentile 2 of 64	1st percentile 2 of 46	1st percentile 1 of 48
5 yr		25th percentile 27 of 162	17th percentile 20 of 174	6th percentile 8 of 175	7th percentile 8 of 174	6th percentile 6 of 175	1st percentile 1 of 174	10th percentile 11 of 175	9th percentile 14 of 177	21st percentile 22 of 128	11th percentile 9 of 97	11th percentile 10 of 102
1 yr	11th percentile 24 of 175	10th percentile 25 of 200	9th percentile 23 of 201	20th percentile 30 of 202	21st percentile 36 of 201	17th percentile 32 of 205	40th percentile 68 of 207	55th percentile 97 of 211	73rd percentile 134 of 208	85th percentile 117 of 144	87th percentile 88 of 112	74th percentile 74 of 114

Source: Capital Group, using Morningstar data as of December 31, 2023. Percentile rankings are calculated by Morningstar and reflect relative performance versus peers. A lower number is better: First percentile indicates that a fund's performance was in the top 1% of its peer group.

All funds began on February 1, 2007, except for 2055 (February 1, 2010), 2060 (March 27, 2015) and 2065 (March 27, 2020). Rankings are based on the funds' average annual total returns (Class R-6 shares at net asset value) within the applicable Morningstar categories and don't reflect the effects of sales charges, account fees or taxes. Past results are not predictive of results in future periods. Category averages include all share classes for the funds in the category. While American Funds R-6 shares don't 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 and lower returns.

For a list of each fund's Morningstar category, please see the "Morningstar categories" section. Categories include active, passive and hybrid target date funds, as well as those that are managed both "to" and "through" retirement. Approximately one-third of the funds within the 2000-2010 category have a target date of 2005. In an effort to manage the risk of investors outliving their savings while managing volatility, our approach to allocating between stocks and bonds puts more emphasis on stocks (particularly on dividend-paying stocks) than some other target date funds. Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower. Please see capitalgroup.com for more information.

Underlying equity and multi-asset fund results

Investment results as of December 31, 2023 (Class R-6 shares)

Fund name	Inception date	1 year (%)	5 years (%)	10 years (%)	Lifetime (%)	Gross expense ratio (%)
Growth						
AMCAP Fund®	5/1/67	31.41	12.46	10.42	11.76	0.34
The Growth Fund of America®	12/1/73	37.65	15.27	12.20	13.81	0.30
The New Economy Fund®	12/1/83	29.52	11.76	9.73	11.43	0.41
New Perspective Fund®	3/13/73	25.01	13.90	10.10	12.41	0.42
New World Fund®	6/17/99	16.23	8.93	5.51	7.86	0.57
EuroPacific Growth Fund®	4/16/84	16.06	8.03	4.90	10.18	0.47
SMALLCAP World Fund®	4/30/90	19.31	10.96	8.04	9.75	0.66
American Funds® Global Insight Fund	4/1/11	18.56	11.46	8.20	8.71	0.46
Growth and income						
American Mutual Fund®	2/21/50	9.74	11.08	9.47	11.73	0.27
Fundamental Investors®	8/1/78	26.26	13.87	11.00	12.61	0.28
The Investment Company of America®	1/1/34	28.88	14.47	10.94	12.38	0.27
Washington Mutual Investors Fund	7/31/52	17.59	13.63	10.93	12.11	0.27
Capital World Growth and Income Fund®	3/26/93	21.22	11.02	7.59	10.38	0.42
International Growth and Income Fund	1/1/08	15.72	8.33	4.04	6.59	0.54
Equity income/balanced						
American Balanced Fund®	7/26/75	14.36	9.26	7.88	10.61	0.25
The Income Fund of America®	12/1/73	7.92	8.41	6.79	10.72	0.27
Capital Income Builder®	7/30/87	9.31	7.48	5.51	8.85	0.27
American Funds Global Balanced Fund	2/1/11	14.10	6.99	4.97	6.01	0.48

Underlying fixed income fund results

Investment results as of December 31, 2023 (Class R-6 shares)

Fund name	Inception date	1 year (%)	5 years (%)	10 years (%)	Lifetime (%)	Gross expense ratio (%)
Income						
Capital World Bond Fund®	8/4/87	6.42	0.05	0.74	5.36	0.48
American Funds® Multi-Sector Income Fund	3/22/19	11.01	–	–	4.02	0.38
The Bond Fund of America®	5/28/74	5.09	1.97	2.32	7.14	0.22
American High-Income Trust®	2/19/88	12.49	6.09	4.48	7.63	0.33
Inflation protection						
American Funds Inflation Linked Bond Fund®	12/14/12	1.71	2.88	2.54	1.49	0.29
Diversification from equity						
U.S. Government Securities Fund®	10/17/85	3.19	1.26	1.73	5.19	0.26
American Funds Mortgage Fund®	11/1/10	4.01	1.08	1.78	1.83	0.28
American Funds® Strategic Bond Fund	3/1/16	1.93	2.62	–	2.47	0.33
Capital preservation						
Intermediate Bond Fund of America®	2/19/88	4.83	1.82	1.67	4.40	0.26
Short-Term Bond Fund of America®	10/2/06	4.33	1.47	1.25	1.66	0.29

Past performance is not indicative of results in future periods.

Investment and index disclosures

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

If used after March 31, 2024, this material must be accompanied by the most recent American Funds quarterly statistical update.

Although the target date portfolios are managed for investors on a projected retirement date time frame, the allocation strategy does not guarantee that investors' retirement goals will be met. Investment professionals manage the portfolio, moving it from a more growth-oriented strategy to a more income-oriented focus as the target date gets closer. The target date is the year that corresponds roughly to the year in which an investor is assumed to retire and begin taking withdrawals. Investment professionals continue to manage each portfolio for approximately 30 years after it reaches its target date.

We offer a range of share classes designed to meet the needs of retirement plan sponsors and participants. The different share classes incorporate varying levels of advisor compensation and service provider payments. Because Class R-6 shares do not include any recordkeeping payments, expenses are lower and results are higher. Other share classes that include recordkeeping costs have higher expenses and lower results than Class R-6. The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the funds have lagged their respective indexes.

Class R-6 shares were first offered on May 1, 2009. Class R-6 share results prior to the date of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for typical estimated expenses. Results for certain funds with an inception date after May 1, 2009, also include hypothetical returns because those funds' Class R-6 shares sold after the funds' date of first offering. For Short-Term Bond Fund of America, shares first sold on November 20, 2009; results prior to that date are hypothetical, except for the period between May 7, 2009, and June 15, 2009, a short period when the fund had shareholders and actual results were calculated. Please see each fund's prospectus for more information on specific expenses.

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. Small company stocks entail additional risks, and they can fluctuate in price more than larger company stocks. The return of principal for bond funds and for funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Investments in mortgage-related securities involve additional risks, such as prepayment risk, as more fully described in the prospectus. Higher yielding, higher risk bonds can fluctuate in price more than investment-grade bonds, so investors should maintain a long-term perspective. While not directly correlated to changes in interest rates, the values of inflation-linked bonds generally fluctuate in response to changes in real interest rates and may experience greater losses than other debt securities with similar durations. Fund shares of U.S. Government Securities Fund are not guaranteed by the U.S. government. The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional cash securities, such as stocks and bonds. Strategic Bond Fund may engage in frequent and active trading of its portfolio securities, which may involve correspondingly greater transaction costs, adversely affecting the fund's results.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expense ratios are as of each fund's prospectus available at the time of publication, and include the weighted average expenses of the underlying funds.

The Morningstar Medalist RatingTM is the summary expression of Morningstar's forward-looking analysis of investment strategies as offered via specific vehicles using a rating scale of Gold, Silver, Bronze, Neutral, and Negative. The Medalist Ratings indicate which investments Morningstar believes are likely to outperform a relevant index or peer group average on a risk-adjusted basis over time. Investment products are evaluated on three key pillars (People, Parent, and Process) which, when coupled with a fee assessment, forms the basis for Morningstar's conviction in those products' investment merits and determines the Medalist Rating they're assigned. Pillar ratings take the form of Low, Below Average, Average, Above Average, and High. Pillars may be evaluated via an analyst's qualitative assessment (either directly to a vehicle the analyst covers or indirectly when the pillar ratings of a covered vehicle are mapped to a related uncovered vehicle) or using algorithmic techniques. Vehicles are sorted by their expected performance into rating groups defined by their Morningstar Category and their active or passive status. When analysts directly cover a vehicle, they assign the three pillar ratings based on their qualitative assessment, subject to the oversight of the Analyst Rating Committee, and monitor and reevaluate them at least every 14 months. When the vehicles are covered either indirectly by analysts or by algorithm, the ratings are assigned monthly. For more detailed information about these ratings, including their methodology, please go to global.morningstar.com/managerdisclosures/.

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