

## Separately Managed Accounts (SMAs)

Strategies and services to meet individual needs



The power to deliver  
more personal solutions

Intended for financial professionals.

# Every separately managed account (SMA) is a product of the people, processes and ideas of the manager that stands behind it.

For Capital Group, one of the world's leading asset managers with more than 90 years in the business, that means:

- Generations of knowledge over multiple full market cycles
- Deeply experienced portfolio managers
- Institutional strength and scale for broad coverage and competitive pricing
- Long-running strategies guided by a time-tested investment approach



## Why scale matters – An example:

Our muni SMAs are powered by the same teams, processes and trading desk as our mutual funds and institutional accounts.

That allows opportunities for:

- Broader research coverage
- Lower transaction costs
- Better pricing for end clients

As of December 31, 2022.

\*Assets managed by Capital Fixed Income Investors. All values in USD.

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

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

Customization, control and tax efficiency are important to high net worth investors.

That's something we've learned over our more than 90 years in the business and 48 years managing separate accounts for high net worth (HNW) clients like yours. And it's why we offer SMAs designed for a diverse range of investment objectives.

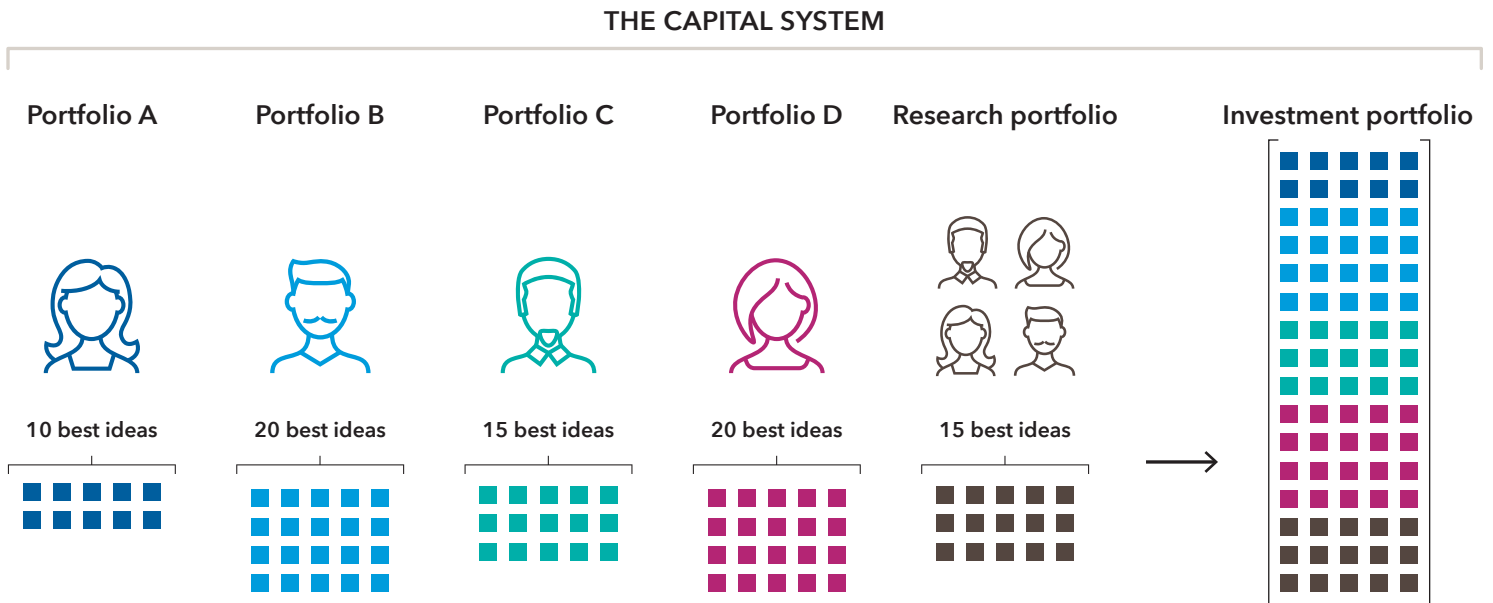
But partnering with Capital Group for SMAs is about more than finding the right investment strategies. It's about a service experience customized to your needs. It's about resources and insight. And it's about helping your clients invest with confidence.



# A time-tested investment process

## The root of our success is The Capital System™

Our distinctive investment process, grounded in rigorous research, combines high-conviction ideas and diverse viewpoints of multiple managers. And it's at the heart of the strategies used by our equity SMAs.



### How does Capital Group's investing approach support tax management?

Our commitment to fundamental, bottom-up research allows us to confidently invest in companies for the long term. That matters, because longer holding periods and lower turnover help limit capital gains taxes, allowing more capital to compound over time.

#### Average holding period (years)\*

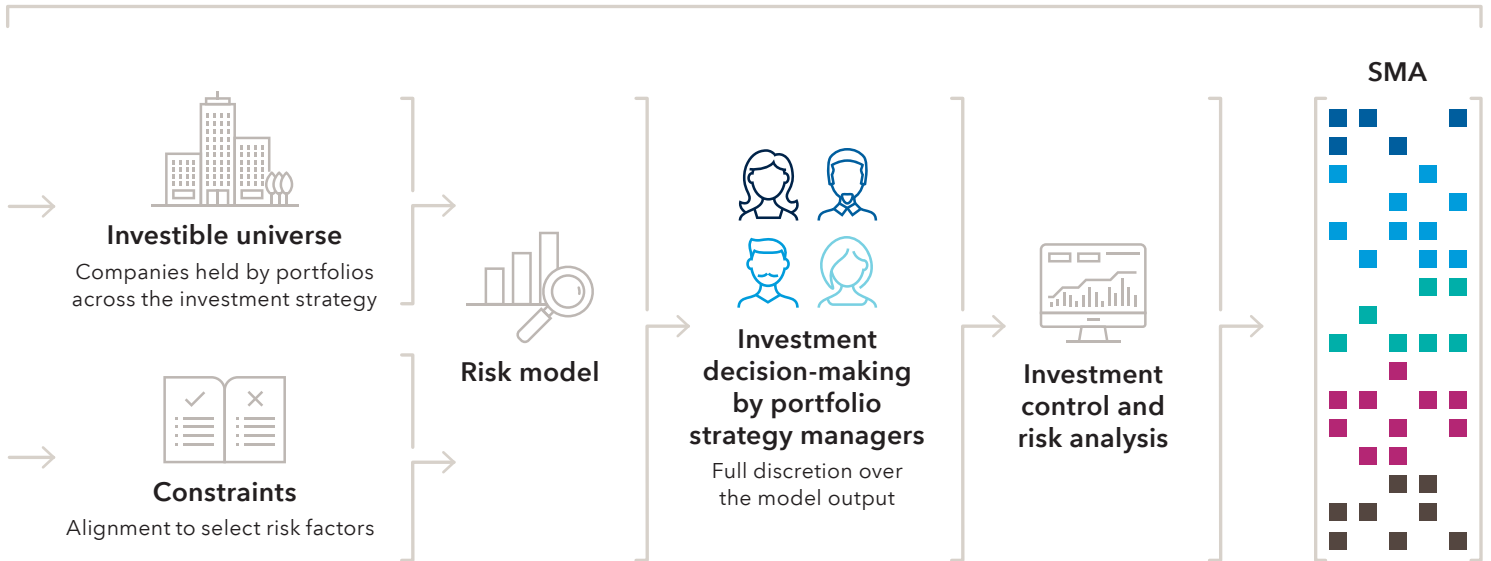
Lipper peers	1.9
Capital Group	4.5

\*Holding periods as of December 31, 2022, based on equal-weighted average turnover across representative portfolios for all Capital Group equity SMA composites with at least one year of history versus Lipper category peers.

## How do we ensure our SMAs remain true to their strategies?

Each of our equity SMAs is overseen by a team of portfolio strategy managers,\* who are members of Capital's Investment Group. In collaboration with the managers of the underlying strategy, they monitor for changes in conviction and opportunities to meaningfully improve active risk.

### EQUITY SMA INVESTMENT PROCESS



### Muni SMA investment process: A deeply collaborative approach

Our muni strategies use a selective approach grounded in bond-by-bond research, with analysts and traders working in close collaboration.

#### Research and collaboration

Muni analysts seek out compelling opportunities and collaborate with equity and taxable bond analysts for a more holistic view

#### Execution

Muni traders help navigate structural challenges and offer insight on:

- New issues pricing
- Secondary market availability
- Sector-specific developments
- Execution choices

#### Investment

If bonds are determined to be a buy, muni analysts invest in research portfolios in other muni strategies. Their conviction informs security selection by the SMA portfolio manager, who buys bonds in primary and secondary markets.

\*While not responsible for managing the portfolio, portfolio strategy managers optimize the portfolio in seeking to replicate the strategy's risk and return profile in the SMA.

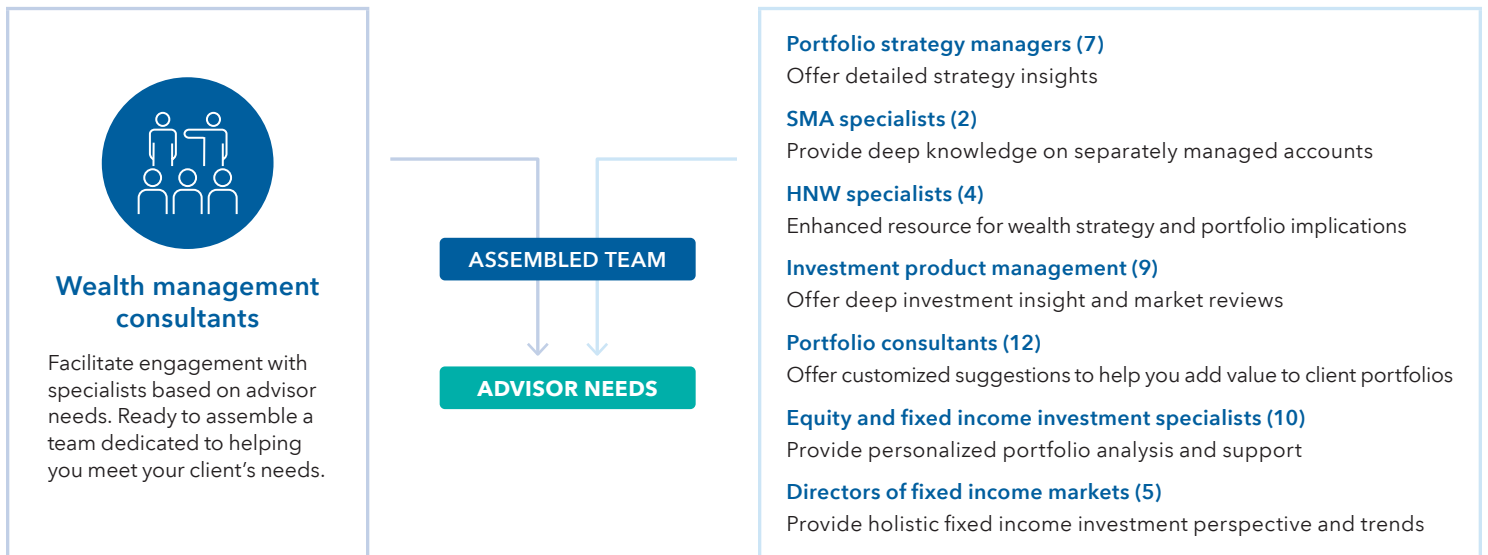
# Customizable end-to-end servicing program

Partnering with Capital Group means having holistic support, resources and a team available to meet your client's servicing needs.

Since you know your client's needs, we'll customize our engagement to provide the right level of support. From transitioning into a managed portfolio and throughout the SMA journey, we're here to help provide the best experience for you and your client.\*



## Specialized professionals available to provide insight, education and customized engagement



As of December 31, 2022.

\*Certain levels of engagement subject to account minimums.

# Detailed reports for informed decisions and confident investing

Transitioning to an SMA comes with a range of potential benefits and tax implications. We offer a number of reporting services to help you and your clients understand them.

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## **Equity SMA Portfolio Transition Analysis**

Assesses overlap and potential tax implications when moving from existing equity holdings to a Capital Group SMA

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## **Muni SMA Portfolio Transition Analysis**

Compares existing municipal bond holdings against a Capital Group muni strategy, including which securities can be kept and sold. Analysis can also be run assuming cash funding.

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## **Portfolio Analysis Report**

Provides comprehensive, customized analysis of a client's existing portfolio, including recommendations to help improve portfolio outcomes using both SMAs and mutual funds

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## **Advisory Proposal**

Compares Capital Group and competitor SMA strategies, assessing return, risk, capture ratios and portfolio characteristics

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## **Equity Sell-Hold Analysis Report**

Using a client's existing holdings, illustrates which securities can be kept or sold when moving to a Capital Group SMA

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## **Common Holdings (Overlap) Report**

Identifies holdings that are common between SMA strategies, based on publicly disclosed data in Morningstar

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# Flexibility and customization for individual needs

## Tax gain/loss harvesting is available for all Capital Group SMAs

One of the most attractive features of SMAs for HNW investors is the potential to reduce the impact of federal tax on investment returns. By owning the individual portfolio holdings, the investor can sell positions that have dropped below their cost basis. This creates a loss that can be carried forward to offset gains at another time or in a different investment. In certain scenarios, appreciated positions can also be sold strategically to reduce taxes or achieve other benefits.



Depending on your platform, either Capital Group or your financial intermediary firm can help achieve the desired objectives.





## Customization options vary by platform but may include the following:

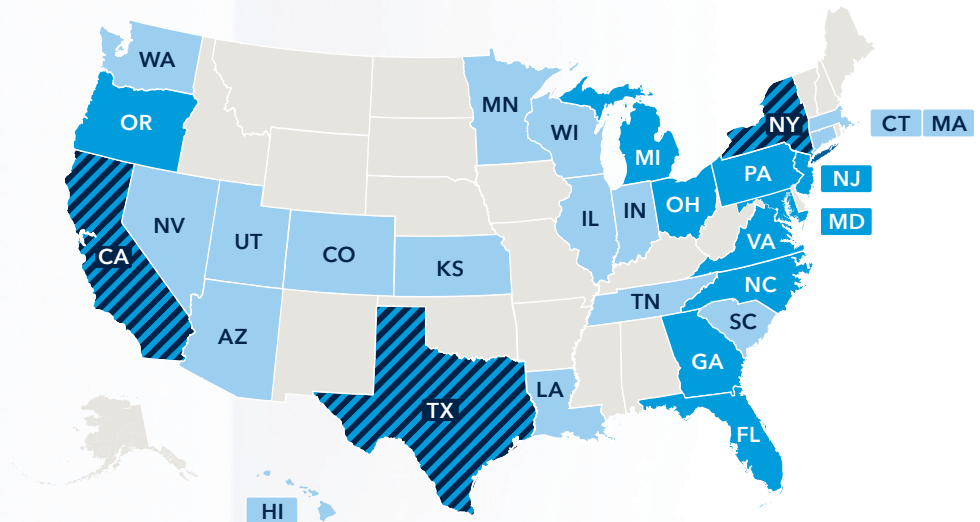
### Equity SMAs

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**Exclusionary screening**  
 Available for business involvement in: abortion, adult entertainment, alcohol, defense and weapons, firearms, fossil fuels, gambling and tobacco
- 
**Ticker restrictions**

### Municipal SMAs

State portfolio options:

- 
**STATE SPECIFIC**  
 Invest in municipal securities issued in the selected U.S. state
- 
**STATE PREFERENCE**  
 Generally seek to invest at least 30% (at time of purchase)<sup>1</sup> in municipal securities issued in the selected U.S. state
- 
**BEST EFFORTS**  
 Generally seek to invest at least 5% (at time of purchase)<sup>1</sup> in municipal securities issued in the selected U.S. state
- 
**STATE SPECIFIC or STATE PREFERENCE**



#### Directed sales/transitions<sup>2</sup>

Identify bonds to sell for withdrawals and/or in-kind account transitions. May also freeze the whole portfolio or select positions.

#### Exclusionary requests<sup>3</sup>

Request exclusion based on issuer, sector or credit quality.

#### Extended transition times<sup>4</sup>

Transition in-kind portfolios over a longer period (e.g., 6-9 months).

#### Cash customization<sup>5</sup>

Cash-sensitive clients can restrict cash levels.

In addition to the options described above, Capital Group may be able to accommodate other requests for customizations when appropriate.

<sup>1</sup> Holdings may fall below these amounts due to various factors including, but not limited to, market conditions, availability of the securities and investment conviction.

<sup>2</sup> Also available for Capital Group Core Bond SMA.

<sup>3</sup> Subject to Capital Group approval. Also available for Capital Group Core Bond SMA.

<sup>4</sup> Available for accounts \$2 million and above.

<sup>5</sup> Subject to Capital Group approval. Available for accounts \$2 million and above.

# Solutions for a range of investment goals

## Our offerings

We're pleased to offer a broad variety of SMA solutions to meet individual investment objectives. Minimum investment is typically \$100K for equity SMAs and \$250K for fixed income SMAs.<sup>1</sup> Check with your firm to learn which solutions are available for your clients.

STRATEGY	FOCUS
<b>Domestic equity</b>	
<b>Capital Group U.S. Equity</b>	Allocation to domestic equity
<b>Capital Group U.S. Core</b> Similar to The Investment Company of America® (inception 1934) <sup>2</sup>	U.S. growth and income equity allocation
<b>Capital Group U.S. Growth</b> Similar to AMCAP Fund® (inception 1967)	A disciplined approach to growth investing
<b>Capital Group U.S. Income and Growth</b> Similar to Washington Mutual Investors Fund (inception 1952)	A disciplined approach to growth-and-income investing
<b>Capital Group U.S. Flexible Growth</b> Similar to The Growth Fund of America® (inception 1973)	A flexible approach to growth investing
<b>Capital Group U.S. Flexible Growth and Income</b> Similar to Fundamental Investors® (inception 1978)	A flexible approach to growth-and-income investing
<b>Capital Group U.S. Conservative Growth and Income</b> Similar to American Mutual Fund® (inception 1950)	Managed for conservative growth and income investing
<b>International/global equity</b>	
<b>Capital Group International Equity</b> Similar to International Vantage Fund	Focused on developed international
<b>Capital Group International Growth</b> Similar to EuroPacific Growth Fund® (inception 1984)	A diversified approach to international growth
<b>Capital Group Global Equity</b> Similar to Global Insight Fund	Globally flexible, high-conviction portfolio
<b>Capital Group Global Growth</b> Similar to New Perspective Fund® (inception 1973)	A flexible approach to global growth
<b>Capital Group World Dividend Growers</b>	A global approach to dividend investing
<b>Fixed income</b>	
<b>Capital Group Core Bond</b>	Core fixed income allocation
<b>Capital Group Short Municipal<sup>3</sup></b>	Short-term tax-exempt fixed income allocation
<b>Capital Group Intermediate Municipal<sup>3</sup></b>	Intermediate tax-exempt fixed income allocation
<b>Capital Group Long Municipal<sup>3</sup></b>	Long-term tax-exempt fixed income allocation

<sup>1</sup>The stated minimums may vary by sponsor and program.

<sup>2</sup>"Similar" funds share the same investment objective and portfolio managers with the respective SMA.

<sup>3</sup>New accounts may require more than 4 - 8 weeks to be fully invested.

Check with your home office for product availability.



## Next steps

Dedicated SMA and HNW specialists are available if you'd like to:

Schedule a portfolio analysis to reveal potential benefits of transitioning to an SMA

Learn how an SMA can help your clients achieve their tax and estate planning goals

Understand more about our SMA strategies and services

Contact your sales representative to get started.

# A trusted partner to help you serve your high net worth clients

At Capital Group, we offer flexible, tax-aware solutions and specialist support to help you meet the complex needs of high net worth (HNW) investors.

But we offer something more: a 90+ year history focused on disciplined growth, downside protection and dedicated partnership. That's a record you can feel confident in.

## Disciplined, long-term approach

A distinctive, risk-sensitive investment process that's designed to protect wealth and generate growth across multiple market cycles and generations

## Deep insight and partnership

Exclusive access to specialists providing perspectives on tax and estate planning and HNW portfolios, together with the reach and resources of a global enterprise

## Flexible investment strategies

Tax-aware investment solutions – including a range of focused, customizable SMAs – all backed by deep, fundamental research

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This material does not constitute legal or tax advice. Investors should consult with their legal or tax advisors.

Income from municipal bonds may be subject to state or local income taxes and/or the federal alternative minimum tax. Certain other income, as well as capital gain distributions, may be taxable.

Statements attributed to an individual represent the opinions of that individual as of the date published and do not necessarily reflect the opinions of Capital Group or its affiliates. This information is intended to highlight issues and should not be considered advice, an endorsement or a recommendation.

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