A distinctive investment approach

The Capital System powers our pursuit of superior long-term investment results across asset classes. Each portfolio is divided among multiple investment professionals. We believe having multiple managers in a portfolio better positions us to deliver the strong results investors seek.

The Capital System

Portfolios are divided into sleeves: each sleeve is managed independently by a **portfolio manager** with a distinct approach



The **Principal Investment Officer** (PIO) is responsible for the strategy's adherence to its investment objectives

Research analysts invest alongside portfolio managers in a Research Portfolio

The benefits of our approach

- ☑ **Deeper insights:** Investment professionals develop their views leveraging research from multiple angles.
- ☑ **Broader diversification:** Portfolios reflect diverse perspectives, which can lead to more consistent results over multiple cycles.
- ☑ **High-conviction portfolios:** Portfolios reflect the highest individual convictions of multiple investment professionals.
- ☑ **No "key person" risk:** Our results don't rely on one manager always being right, and succession planning is embedded in the process.

The system has three pillars that guide our investment decisions



Collaborative research

Collaboration across portfolio managers, analysts, economists and quantitative research teams **generates deeper insights across market cycles.**

Diverse perspectives

Leveraging the highest convictions of multiple investment professionals helps **reduce risk by creating diversification and multiple drivers of return.**

Long-term view

Managers are discouraged from engaging in short-term thinking. Investing with a long-term view helps **align our goals with those of investors.**

While ETFs, separately managed accounts (SMAs) and some mutual funds do not have a dedicated Research Portfolio (or dedicated Research Portfolio sleeve for SMAs), investment analysts' views may be expressed within the holdings and risk profile of the respective vehicle.

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

We don't rely on one manager always being right

No single manager's investment approach will fare well in every market environment. Bringing together managers with diverse approaches helps improve our potential to deliver strong results in a variety of market scenarios.

Manager diversity in a fixed income strategy

	RANK	2021	2022	2023	2024	2025
Highest return	1st	Research Portfolio	Research Portfolio	Research Portfolio	Manager B	Research Portfolio
	2nd	Manager A	Manager A	Manager D	Manager A	Manager C
	3rd	Strategy	Strategy	Manager B	Strategy	Strategy
	4th	Manager B	Manager D	Index	Manager D	Manager A
	5th	Manager C	Manager C	Strategy	Research Portfolio	Manager B
	6th	Manager D	Manager B	Manager C	Manager C	Index
Lowest return	7th	Index	Index	Manager A	Index	Manager D

A look inside a portfolio

This table ranks each manager's return in the strategy over time, along with the index, the strategy as a whole and the Research Portfolio. With multiple managers, a portfolio can better withstand periods when any one manager's investment approach falls out of favor.

Source: Capital Group. Analysts collectively invest in a Research Portfolio, which is a significant part of most strategies. Manager diversity chart is shown for illustrative purposes only, is based on gross of fees data and is not representative of all Capital Group strategies.

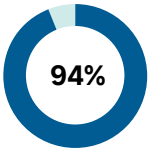
Invested for the long term

Privately held and employee-owned* since 1931

We avoid the short-term quarterly earnings pressures many public firms face.

Managers personally invest in their own funds

Ninety-four percent of American Funds® assets are invested in mutual funds in which at least one manager has invested more than $1 million.



Source: Morningstar. Data as of 2/15/26.

Long-term manager evaluation periods

Capital Group compensation basis puts greater emphasis on long-term results.



Emphasis increasing with each successive evaluation period (years).

We strive to keep fees low for our investors

Our fees are among the lowest cost active options in the industry.†

"The Capital System strives to be consistent, adaptable and durable. While it has evolved over time, a constant has always been our ability to include diverse viewpoints within a single portfolio, which improves the potential for better long-term investment results."



Martin Romo
Chair and CIO of Capital Group
33 years at Capital Group
San Francisco office

All data is as of 12/31/25, unless otherwise noted.

Footnotes/Important information:

*Capital Group is owned by key investment professionals, senior business leaders and recent retirees.

†About 90% of funds are in the lowest quartile on fees, and nearly half are in the lowest decile of their Morningstar fee categories. Based on total net expense ratios for Morningstar Fee Level Group Broad categories for American Funds Class F-3 shares, excluding funds of funds, as of 1/31/26.

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

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.

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