

# American Funds Model Portfolios at Merrill

Quarterly update – Q3 2025



**CAPITAL  
GROUP®**

**AMERICAN  
FUNDS®**



## Quarterly models summary

### Key takeaways for the quarter

- Markets continued to exhibit their robustness in the third quarter, boosted by solid earnings reports and a rate cut from the Federal Reserve.
- The American Funds Model Portfolios at Merrill all had strong, positive absolute gross and net results for the quarter, but all of them also lagged their custom benchmarks.
- The Custom Solutions Committee (CSC) and the Capital Solutions Group (CSG) regularly monitor model portfolios for risks and to ensure alignment with their long-term portfolio objectives, while underlying fund managers use company and security-specific research to make real-time decisions and identify timely opportunities in today's ever-changing market environment.

### Market review

Markets held strong in the third quarter, with the bulk of the credit going to strong corporate earnings and the start of the U.S. rate-cutting cycle. The easing of global trade tensions also contributed, along with muted inflation data.

Equities broadly did well, led by both growth and small-cap stocks. The MSCI All Country World Index (ACWI) advanced 7.62% with both the growth and small-cap components outpacing value. Less-cyclical sectors and higher yielding equities continued to lag. Information technology was, once again, the top performing sector in the S&P 500 Index, followed by communication services and consumer discretionary. Consumer staples ended in negative territory. The broader U.S. bond market advanced, with investment grade and municipal bonds edging out other segments (based on results of the Bloomberg U.S. Aggregate, Bloomberg U.S. Corporate Investment Grade and Bloomberg U.S. Municipal Bond indexes). Declines were seen in some overseas debt (as measured by the Bloomberg Global Aggregate Index), especially the United Kingdom. The Fed cut interest rates in September, and implied that further cuts would be coming before the end of the year. The Bank of Japan, the Bank of England and the European Central Bank all held their policy rates steady. The U.S. dollar stabilized, gaining against or remaining in line with most major currencies, as measured by the U.S. Dollar Index.

### Featured investment professionals



**Raj Paramaguru**  
Chair of the Custom  
Solutions Committee



**Mario DiVito**  
Multi-Asset  
Investment Director



**Liz Yakes**  
Multi-Asset Investment  
Product Manager

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

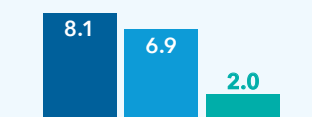
Past results are not predictive of results in future periods.

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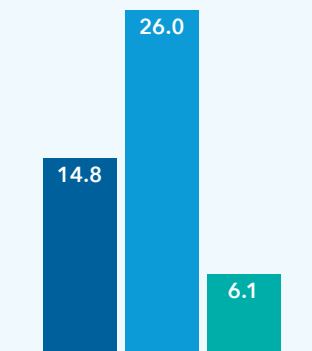
## Broad market results

Cumulative returns (%)

Q3 ending 9/30/25



YTD ending 9/30/25



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

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.

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.

## Model portfolio results for the quarter

All comments about model returns versus the benchmark are true on a gross- and net-of-fees basis, unless otherwise noted. All results are for the quarter unless otherwise specified.

### Taxable and Tax-Aware

#### American Funds Aggressive MF (Taxable and Tax-Aware)

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection, particularly in health care and consumer discretionary.
- Non-U.S. equities also weighed on results but to a lesser extent, with similar sector drivers as U.S. equities.
- Overall fixed income helped soften the impact from equity detractor as a smaller relative allocation to the asset class was additive.
  - For **Aggressive MF Taxable**, bond selection, more specifically within Treasuries, hurt relative results.
  - In contrast, selection was beneficial for **Aggressive MF Tax-Aware**, supported by special tax, general obligation and industrial development revenue/pollution control revenue municipals.
- Cash hurt relative results for the period.

#### American Funds Moderately Aggressive MF (Taxable and Tax-Aware)

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection, particularly in health care and consumer discretionary.
- Non-U.S. equities also weighed on results but to a lesser extent, with similar sector drivers as U.S. equities.
- Overall fixed income helped soften the impact from equity detractor as a smaller relative allocation to the asset class was additive.
  - For **Aggressive MF Taxable**, bond selection, more specifically within Treasuries, hurt relative results.
- Cash hurt relative results for the period.

#### American Funds Moderate MF (Taxable and Tax-Aware)

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection, particularly in consumer staples, health care and consumer discretionary.
- Non-U.S. equities for **Moderate MF Tax-Aware** also marginally weighed on results, led in large part by holdings in consumer discretionary as well as health care and communication services.
- Overall fixed income helped soften the impact from equity detractor as a smaller relative allocation to the asset class was additive.
  - Bond selection also contributed positively to **Moderate MF Tax-Aware**, driven by a mix of special tax, general obligation, industrial development revenue/pollution control revenue and utility municipals.
- Cash hurt relative results for the period.

### American Funds Moderately Conservative MF (Taxable and Tax-Aware)

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection, particularly in consumer staples, consumer discretionary, health care and information technology.
- For **Moderately Conservative MF Taxable**, security selection in non-U.S. equities helped mitigate the impact of having less-than-benchmark exposure, with strength coming from holdings in materials and information technology.
- Meanwhile, holding less in non-U.S. equities for **Moderately Conservative MF Tax-Aware** was a drag on relative results for the period.
- Bond selection and a smaller allocation to the asset class helped partially offset weakness from equities.
  - Treasuries and emerging markets debt were strong for **Moderately Conservative MF Taxable**.
  - For **Moderately Conservative MF Tax-Aware**, industrial development revenue/pollution control revenue and special tax municipals contributed positively.
- Cash hurt relative results for the period.

### American Funds Conservative MF (Taxable and Tax-Aware)

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection.
  - For **Conservative MF Taxable**, relative results were primarily impacted by consumer staples and consumer discretionary.
  - For **Conservative MF Tax-Aware**, holdings in information technology, as well as communication services and materials, weighed on results.
- Strong bond selection was additive and helped partially offset weakness from equities.
  - For **Conservative MF Taxable**, this was led in large part by positions in Treasuries.
  - For **Conservative MF Tax-Aware**, industrial development revenue/pollution control revenue and special tax municipals were strong.
- Cash hurt relative results for the period.

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## Multi-asset income

### American Funds Moderate Income MF, Moderately Conservative Income MF and Conservative Income MF

- Produced positive absolute returns, but trailed its CIO benchmark.
- Driven mainly by weak U.S. equity selection, particularly consumer staples, consumer discretionary and communication services.
  - Holdings within information technology for **Moderately Conservative Income MF** were also a primary detractor.
- Non-U.S. equities were additive for the period, with strong contributions from materials and information technology.
- While the overall non-U.S. equity allocation was positive for the period, weak selection, driven by consumer discretionary and communication services, hurt relative results for **Conservative Income MF**.
- Overall fixed income helped soften the impact from equity detractor as a smaller relative allocation to the asset class was additive.
  - Bond selection, led by Treasuries, also helped for **Moderately Conservative Income MF** and **Conservative Income MF**.
- Cash hurt relative results for the period.

## What's different about the Capital Solutions Group's (CSG's) approach to modeling?



As an integral part of the investment team, the CSG takes an innovative, multi-objective approach to modeling for portfolio construction that combines simulation-based modeling with a robust optimization that considers multiple quantitative variables (success metrics) anchored to specific investor objectives.



The CSG's process allows for balance between various risks and exposures to help the Customs Solutions Committee create an asset allocation that is more finely attuned to the needs of investors.



Modeling dimensions include capital appreciation, equity income, return-seeking income, income for withdrawal and equity diversification, as well as other metrics specifically tied to portfolio objectives.

# What's **new** in American Funds Model Portfolios at Merrill asset allocation?

As part of the ongoing active management of our multi-asset solutions, Capital Group's solutions investment team regularly conducts strategic and thematic research on the portfolio to ensure alignment with their long-term objectives. The team assessed current portfolio allocations utilizing updated capital markets output and model optimization, considering both quantitative and qualitative criteria. Following the most recent review, research driven modifications to several models have been approved.

## Summary of enhancements:

### Tax-Aware – Investment Themes:

- Increased non-U.S. equity allocation to improve alignment of expected return/risk profile in consideration of GWIM Strategic Asset Allocation Guidance and capital markets output.
- Diversified sources of return-seeking fixed income.

### Aggressive Tax-Aware:

- Modestly decreased growth style exposure to reduce portfolio volatility.
- Increased geographic flexibility and exposure to growth and income equity to more closely align with the portfolio's strategic asset allocation and long-term objective.

### Moderately Conservative Tax-Aware and Conservative Tax-Aware:

- Marginally decreased value style exposure and increased core equity exposure while maintaining a modest yield tilt to help generate income and dampen volatility.
- Refined mix of fixed income exposures by increasing bottom-up fixed income flexibility, increasing duration and broadening sources of return-seeking income.



## Looking ahead

As we approach the end of 2025, we are still contending with many of the unknowns we started the year with, as well as new ones we acquired along the way. Geopolitical risks remain elevated. U.S. tariffs have become further implemented, but we are awaiting a U.S. Supreme Court decision on their legality. The U.S. Congress was unable to reach a budget agreement, and the federal government, at the time of this writing, has been shut down.

While we await resolution of these issues, the U.S. economy continues to grow. We have seen some retreat in corporate investment as companies have paused plans until they receive more clarity on tariffs. One exception to that is AI investment, where companies feel pressured to keep spending to gain a competitive edge. Although currently robust, consumer spending is expected to slow, with holiday sales predicted to be at the low end. To help ward off potentially rising unemployment, the Fed instituted a rate cut in September, with the expectation of more on the way, which could boost the equity market.

Within equities, portfolio managers in the underlying funds are looking for opportunities in Europe, spurred by the recent increase in deregulation. In addition, higher defense spending, especially in Germany, should benefit defense stocks. Some portfolio managers have favored tech companies whose products support artificial intelligence (AI), including select semiconductor manufacturing firms. Managers also seeking opportunities in health care companies, namely providers and services, regarding many as undervalued

On the fixed income side, valuations across sectors are tight relative to history but fundamentals and technicals are constructive. Within credit, underlying fund managers prefer agency mortgages and structured credit. They also favor higher credit quality given current valuation levels.

Amidst this uncertainty, portfolio managers and analysts continue to use deep fundamental analysis to unearth overlooked opportunities and pursue strong results for investors.



## Model portfolio allocation exposure

Exposure changes are based on actual model allocations, which reflect changes in the underlying funds over the periods shown.

Percent of net assets in equity as of 9/30/25.

■ \*Increased allocation by 1% or more

■ †Decreased allocation by 1% or more

Taxable models									
	Total equity	% Change 3 months	% Change 12 months	U.S. equity	% Change 3 months	% Change 12 months	Non-U.S. equities	% Change 3 months	% Change 12 months
American Funds Aggressive MF	89.3	0.6	0.9	66.1	-0.3	0.6	23.2	0.9	0.3
American Funds Moderately Aggressive MF	74.7	0.5	0.6	56.1	-0.5	0.0	18.5	1.0*	0.5
American Funds Moderate MF	58.5	0.5	0.5	43.7	0.3	0.9	14.8	0.2	-0.3
American Funds Moderately Conservative MF	40.8	0.5	0.5	31.1	-1.2†	-0.6	9.6	1.7*	1.1*
American Funds Conservative MF	22.3	0.4	0.5	18.3	-0.3	-0.1	4.0	0.8	0.6

Tax-aware models									
	Total equity	% Change 3 months	% Change 12 months	U.S. equity	% Change 3 months	% Change 12 months	Non-U.S. equities	% Change 3 months	% Change 12 months
American Funds Aggressive MF TA	91.1	0.6	1.6*	67.3	0.4	0.3	23.7	0.2	1.3*
American Funds Moderately Aggressive MF TA	77.1	0.5	0.5	57.2	0.2	0.3	19.9	0.2	0.2
American Funds Moderate MF TA	60.3	0.4	0.3	43.6	0.1	0.4	16.7	0.3	0.0
American Funds Moderately Conservative MF TA	39.8	0.5	0.9	30.1	0.1	0.2	9.7	0.3	0.8
American Funds Conservative MF TA	24.1	0.3	1.7*	19.3	0.1	0.6	4.7	0.2	1.1*

Multi-asset income models									
	Total equity	% Change 3 months	% Change 12 months	U.S. equity	% Change 3 months	% Change 12 months	Non-U.S. equities	% Change 3 months	% Change 12 months
American Funds Moderate Income MF	63.3	0.6	-0.1	44.4	0.0	-0.8	18.9	0.6	0.7
American Funds Moderately Conservative Income MF	47.1	0.5	-0.2	32.3	0.0	-0.8	14.8	0.5	0.6
American Funds Conservative Income MF	32.3	0.4	-2.8†	22.3	0.1	-3.1†	10.0	0.3	0.3

Holdings are weighted averages of the model portfolio's underlying funds. The underlying funds are managed, so holdings will change.

## Model portfolio allocation exposure

Exposure changes are based on actual model allocations, which reflect changes in the underlying funds over the periods shown.

Percent of net assets in fixed income and cash as of 9/30/25.

■ \*Increased allocation by 1% or more

■ †Decreased allocation by 1% or more

Taxable models												
	Total bond	% Change 3 months	% Change 12 months	U.S. bond	% Change 3 months	% Change 12 months	Non-U.S. bonds	% Change 3 months	% Change 12 months	Cash & equivalents	% Change 3 months	% Change 12 months
American Funds Aggressive MF	7.5	0.0	0.1	7.5	0.0	0.1	0.0	0.0	0.0	3.2	-0.6	-1.0†
American Funds Moderately Aggressive MF	21.6	0.0	0.2	21.5	0.0	0.2	0.0	0.0	0.0	3.8	-0.5	-0.8
American Funds Moderate MF	37.4	0.1	0.4	37.4	0.1	0.4	0.1	0.0	0.0	4.1	-0.6	-0.9
American Funds Moderately Conservative MF	54.1	0.0	-0.2	54.0	0.0	-0.2	0.1	0.0	0.0	5.2	-0.5	-0.3
American Funds Conservative MF	70.9	-0.3	-1.4†	70.7	-0.3	-1.4†	0.2	0.0	0.0	6.8	-0.1	0.9

Tax-aware models												
	Total bond	% Change 3 months	% Change 12 months	U.S. bond	% Change 3 months	% Change 12 months	Non-U.S. bonds	% Change 3 months	% Change 12 months	Cash & equivalents	% Change 3 months	% Change 12 months
American Funds Aggressive MF	5.5	-0.3	-1.0†	3.8	-0.1	-0.6	1.7	-0.2	-0.3	3.5	-0.3	-0.6
American Funds Moderately Aggressive MF	18.7	-0.6	-0.5	16.3	-0.5	-0.4	2.5	-0.2	-0.1	4.2	0.2	0.1
American Funds Moderate MF	34.8	-1.2†	-0.9	29.3	-0.8	-0.5	5.5	-0.5	-0.4	4.9	0.8	0.6
American Funds Moderately Conservative MF	54.8	-1.2†	-1.7†	44.3	-0.6	-3.7†	10.5	-0.6	2.0*	5.5	0.8	0.8
American Funds Conservative MF	70.0	-1.2†	-2.2†	63.3	-0.9	-2.6†	6.7	-0.4	0.3	5.9	1.0*	0.6

Multi-asset income models												
	Total bond	% Change 3 months	% Change 12 months	U.S. bond	% Change 3 months	% Change 12 months	Non-U.S. bonds	% Change 3 months	% Change 12 months	Cash & equivalents	% Change 3 months	% Change 12 months
American Funds Moderate Income MF	31.6	-0.5	-0.4	27.6	-0.3	0.0	4.1	-0.2	-0.4	5.1	-0.2	0.5
American Funds Moderately Conservative Income MF	46.9	-1.0†	-1.1†	41.2	-0.7	-0.7	5.7	-0.3	-0.4	6.0	0.6	1.3*
American Funds Conservative Income MF	61.7	-0.9	1.3*	55.6	-0.6	1.1*	6.1	-0.3	0.2	6.0	0.5	1.5*

Cash and equivalents includes short-term securities, other assets less liabilities, and may include accrued income. It may also include investments in money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.

## Model portfolio results as of September 30, 2025

For additional model results, please view the profile sheets available on the Capital Group investment managers page in Resource Central.

### MAA composite results (gross and net percentage)

Taxable models								
	Strategy ID	Inception date	Type of return	QTD	YTD	1 year	3 year	Lifetime
American Funds Aggressive MF Taxable	28S02452	2/28/2021	Gross	5.56	16.28	16.68	22.43	10.32
			Net	5.10	14.76	14.66	20.31	8.33
Merrill CIO Benchmark (Aggressive MF) Taxable				7.49	16.27	15.32	20.86	10.35
American Funds Moderately Aggressive MF Taxable	28S02451	3/31/2021	Gross	4.99	15.05	14.58	19.41	9.51
			Net	4.54	13.55	12.59	17.34	7.54
Merrill CIO Benchmark (Moderately Aggressive MF) Taxable				6.45	14.51	13.14	18.14	8.31
American Funds Moderate MF Taxable	28S02450	3/31/2021	Gross	4.16	12.86	11.05	15.12	7.33
			Net	3.70	11.39	9.12	13.12	5.40
Merrill CIO Benchmark (Moderate MF) Taxable				5.42	12.65	10.88	15.20	6.50
American Funds Moderately Conservative MF Taxable	28S02449	3/31/2021	Gross	3.43	10.48	8.41	11.31	5.26
			Net	2.98	9.04	6.53	9.38	3.37
Merrill CIO Benchmark (Moderately Conservative MF) Taxable				4.23	10.38	8.46	12.26	4.76
American Funds Conservative MF Taxable	28S02448	3/31/2021	Gross	2.64	8.21	6.57	8.19	3.67
			Net	2.19	6.80	4.72	6.32	1.80
Merrill CIO Benchmark (Conservative MF) Taxable					7.87	6.22	9.39	3.34

Past results are not predictive of results in future periods.

Performance data shows MAA Composite Performance results. Merrill Lynch is responsible for the calculation of these results.

**MAA Composites:** The MAA Composite performance results represent the actual performance of all unconstrained accounts managed by MAA in this Strategy that have enrolled in the Merrill Lynch Investment Advisory Program (IAP) as well as in other Merrill or Merrill affiliated investment advisory programs that meet the criteria set by MAA for inclusion in the MAA Composite performance calculation. The MAA Composite performance results shown, if any, are affected by the methodology used by MAA to select accounts and also by the size and number of accounts in the MAA Composite, which can vary.

**Gross/Net Performance Results:** Performance results are shown 'gross' or '(before fees)' which reflects the performance before the deduction of the Program Fee. Performance results are also shown 'net' or '(after fees)' which reflects the performance after the deduction of the Program Fee based on the maximum rate then in effect for the period shown for the Program and the maximum Style Manager Expense Rate charged for the Strategy, as reflected in the Strategy Profile. This maximum rate may differ from the actual rate agreed to by the client for IAP services and investment in the Style Manager Strategy. The return on investment for your client's Account will be reduced by the deduction of the Program Fee they pay. The compound impact on Composite performance of the deduction of fees is determined by the account size, the amount of the fee, the time period, and the gross investment performance.

The net of fee performance information shown for the Strategy for the period from May 1, 2022, to the date of this Profile is calculated using the maximum Program Fee of 1.75%, which is based on the maximum Style Manager Expense Rate (is applicable) in effect during the period and the maximum Merrill Lynch Fee Rate of 1.75%. The net of fee performance information shown for prior past periods is calculated based on the Style Manager Expense Rate then in effect plus the maximum Merrill Lynch Fee rate then in effect for the periods indicated as follows: (i) 2.00% rate in effect for the period from January 1, 2019, to April 30, 2022; (ii) 2.20% rate in effect from February 1, 2017 to January 1, 2019; and (iii) 2.70% rate in effect for the period prior to January 31, 2017.

For more information on the Merrill CIO benchmarks refer to page 11.



## Model portfolio results as of September 30, 2025

For additional model results, please view the profile sheets available on the Capital Group investment managers page in Resource Central.

MAA composite results (gross and net percentage).

Tax-aware models								
	Strategy ID	Inception date	Type of return	QTD	YTD	1 year	3 year	Lifetime
American Funds Aggressive MF Tax-Aware	28S02457	11/30/2021	Gross	5.71	16.12	16.80	22.49	8.04
			Net	5.25	14.60	14.77	20.37	6.13
Merrill CIO Benchmark (Aggressive MF Tax-Aware)				7.54	15.91	15.14	20.76	8.39
American Funds Moderately Aggressive MF Tax-Aware	28S02456	5/31/2021	Gross	5.20	13.79	13.98	19.64	8.35
			Net	4.74	12.31	12.00	17.57	6.41
Merrill CIO Benchmark (Moderately Aggressive MF Tax-Aware)				6.60	13.29	12.44	17.75	7.41
American Funds Moderate MF Tax-Aware	28S02455	4/30/2021	Gross	4.52	10.98	10.36	15.95	7.11
			Net	4.07	9.53	8.45	13.93	5.19
Merrill CIO Benchmark (Moderate MF Tax-Aware)				5.72	11.12	10.10	14.95	6.56
American Funds Moderately Conservative MF Tax-Aware	28S02454	5/31/2021	Gross	3.84	8.38	7.41	11.54	5.08
			Net	3.39	6.97	5.54	9.61	3.20
Merrill CIO Benchmark (Moderately Conservative MF Tax-Aware)				4.44	8.69	7.67	11.94	4.32
American Funds Conservative MF Tax-Aware	28S02453	6/30/2022	Gross	3.08	5.91	4.97	7.83	5.14
			Net	2.63	4.53	3.14	5.95	3.32
Merrill CIO Benchmark (Conservative MF Tax-Aware)				3.28	6.43	5.38	8.97	5.55

Multi-asset income models								
	Strategy ID	Inception date	Type of return	QTD	YTD	1 year	3 year	Lifetime
American Funds Moderate Income MF	28S02347	12/31/2020	Gross	4.33	13.79	12.40	15.69	8.78
			Net	3.88	12.31	10.45	13.68	6.82
Merrill CIO Benchmark (Moderate Income MF)				5.42	12.65	10.88	15.20	6.98
American Funds Moderately Conservative Income MF	28S02346	12/31/2020	Gross	3.68	12.05	10.05	12.88	6.85
			Net	3.23	10.59	8.14	10.92	4.91
Merrill CIO Benchmark (Moderately Conservative Income MF)				4.23	10.38	8.46	12.26	4.97
American Funds Conservative Income MF	28S02345	12/31/2020	Gross	2.88	10.11	7.49	9.86	4.68
			Net	2.43	8.67	5.62	7.96	2.79
Merrill CIO Benchmark (Conservative Income MF)				3.12	7.87	6.22	9.39	3.35

## Market index results as of September 30, 2025

Index name	Cumulative total returns (%)			Average annual total returns (%)		
	QTD	YTD	1 year	3 years	5 years	10 years
Bloomberg U.S. Aggregate Index	2.03	6.13	2.88	4.93	-0.45	1.84
MSCI All Country World Index (ACWI) ex USA	6.89	26.02	16.45	20.67	10.26	8.23
S&P 500 Index	8.12	14.83	17.6	24.94	16.47	15.3

Past results are not predictive of results in future periods.

## Model portfolio allocation ranges

Taxable models		
	Strategy ID	Estimated allocation range* (equity/fixed income % range)
American Funds Aggressive MF	28S02452	80%-90% Equity/10%-20% Fixed Income
American Funds Moderately Aggressive MF	28S02451	70%-80% Equity/20%-30% Fixed Income
American Funds Moderate MF	28S02450	60%-70% Equity/30%-40% Fixed Income
American Funds Moderately Conservative MF	28S02449	30%-40% Equity/60%-70% Fixed Income
American Funds Conservative MF	28S02448	15%-25% Equity/75%-85% Fixed Income

Tax-aware models		
	Strategy ID	Estimated allocation range* (equity/fixed income % range)
American Funds Aggressive MF TA	28S02457	80%-90% Equity/10%-20% Fixed Income
American Funds Moderately Aggressive MF TA	28S02456	70%-80% Equity/20%-30% Fixed Income
American Funds Moderate MF TA	28S02455	60%-70% Equity/30%-40% Fixed Income
American Funds Moderately Conservative MF TA	28S02454	30%-40% Equity/60%-70% Fixed Income
American Funds Conservative MF TA	28S02453	15%-25% Equity/75%-85% Fixed Income

Multi-asset income models		
	Strategy ID	Estimated allocation range* (equity/fixed income % range)
American Funds Moderate Income MF	28S02347	55%-65% Equity/35%-45% Fixed Income
American Funds Moderately Conservative Income MF	28S02346	45%-55% Equity/45%-55% Fixed Income
American Funds Conservative Income MF	28S02345	35%-45% Equity/55%-65% Fixed Income

\*Capital Group Custom Solutions Committee does not explicitly manage to these asset allocation ranges. The ranges reflect current expectations for the portfolios' allocations. These ranges may change based on market conditions or Merrill CIO guidance.

## Important information

### Merrill CIO Benchmarks (pages 8-9)

The Merrill CIO Benchmarks, referred to as Style Indexes at Merrill, provide a reasonably relevant market comparison to the performance of the Strategy. Merrill selects either a single market index or customizes the Style Index. For a Style Index customized by Merrill, its performance is derived from the performance of the two or more indexes identified according to the percentage allocations noted. The Merrill CIO Benchmarks and their respective weightings are as follows:

**Aggressive MF:** 31% Russell 1000 Value Index, 27% Russell 1000 Growth Index, 16% MSCI All Country World Index (ACWI) ex USA (Net), 9% MSCI Emerging Markets Index (Net), 5% ICE BofA US Corporate Master Index, 4% Russell 2000 Growth Index, 4% Russell 2000 Value Index, 3% ICE BofA Government Master, 1% ICE BofA Treasury Bill LOC TR.

**Aggressive MF TA:** 31% Russell 1000 Value Index, 27% Russell 1000 Growth Index, 16% MSCI All Country World Index (ACWI) ex USA (Net), 9% MSCI Emerging Markets Index (Net), 7% Bloomberg Municipal Total Return Index, 4% Russell 2000 Growth Index, 4% Russell 2000 Value Index, 1% Bloomberg Municipal High Yield Total Return Index, 1% ICE BofA US Treasury Bill LOC TR.

**Conservative MF, Conservative Income MF:** 22% ICE BofA Global Broad Market ex USD TR Hedged, 17% ICE BofA Government Master, 17% ICE BofA US Corporate Master, 12% ICE BofA Mortgage Master Index, 8% Russell 1000 Value Index, 7% Russell 1000 Growth Index, 5% ICE BofA US Treasury Bill LOC TR, 5% MSCI All Country World Index (ACWI) ex USA (Net), 3% ICE BofA US Cash Pay High Yield, 2% MSCI Emerging Markets Index (Net), 1% Russell 2000 Growth Index, 1% Russell 2000 Value Index.

**Conservative MF TA:** 28% Bloomberg Municipal Total Return Index, 17% ICE BofA Global Broad Market ex USD TR Hedged, 9% ICE BofA Government Master, 8% Russell 1000 Value Index, 7% ICE BofA US Corporate Master Index, 7% Russell 1000 Growth Index, 5% ICE BofA Mortgage Master Index, 5% ICE BofA US Treasury Bill LOC TR, 4% Bloomberg Municipal High Yield Total Return Index, 4% MSCI All Country World Index (ACWI) ex USA (Net), 3% ICE BofA US Cash Pay High Yield, 1% MSCI Emerging Markets Index (Net), 1% Russell 2000 Growth Index, 1% Russell 2000 Value Index.

**Moderately Aggressive MF:** 26% Russell 1000 Value Index, 22% Russell 1000 Growth Index, 14% MSCI All Country World Index (ACWI) ex USA (Net), 11% ICE BofA US Corporate Master Index, 8% ICE BofA Government Master Index, 7% MSCI Emerging Markets Index (Net), 3% ICE BofA Mortgage Master Index, 3% Russell 2000 Growth Index, 3% Russell 2000 Value Index, 1% ICE BofA Global Broad Market ex USD TR Hedged, 1% ICE BofA US Cash Pay High Yield, 1% ICE BofA US Treasury Bill LOC TR.

**Moderately Aggressive MF TA:** 26% Russell 1000 Value Index, 22% Bloomberg Municipal Total Return Index, 22% Russell 1000 Growth Index, 13% MSCI All Country World Index (ACWI) ex USA (Net), 7% MSCI Emerging Markets Index (Net), 3% Bloomberg Municipal High Yield Total Return Index, 3% Russell 2000 Growth Index, 3% Russell 2000 Value Index, 1% ICE BofA US Treasury Bill LOC TR.

**Moderately Conservative MF, Moderately Conservative Income MF:** 17% ICE BofA Government Master Index, 16% ICE BofA US Corporate Master Index, 14% Russell 1000 Value Index, 13% ICE BofA Mortgage Master Index, 12% Russell 1000 Growth Index, 10% ICE BofA Global Broad Market ex USD TR Hedged, 8% MSCI All Country World Index (ACWI) ex USA (Net), 4% MSCI Emerging Markets Total Return Net Index, 3% ICE BofA US Cash Pay High Yield, 1% ICE BofA US Treasury Bill LOC TR, 1% Russell 2000 Growth Index, 1% Russell 2000 Value Index.

**Moderately Conservative MF TA:** 34% Bloomberg Municipal Total Return Index, 14% ICE BofA Global Broad Market ex USD TR Hedged, 14% Russell 1000 Value Index, 12% Russell 1000 Growth Index, 8% MSCI All Country World Index (ACWI) ex USA (Net), 4% Bloomberg Municipal High Yield Total Return Index, 4% ICE BofA US Corporate Master Index, 4% MSCI Emerging Markets Total Return Net Index, 2% ICE BofA Mortgage Master Index, 1% ICE BofA US Cash Pay High Yield, 1% ICE BofA US Treasury Bill LOC TR, 1% Russell 2000 Growth Index, 1% Russell 2000 Value Index.

**Moderate MF, Moderate Income MF:** 20% Russell 1000 Value Index, 17% Russell 1000 Growth Index, 13% ICE BofA US Government Master Index, 13% ICE BofA US Corporate Master, 11% MSCI All Country World Index (ACWI) ex USA (Net), 10% ICE BofA Mortgage Master Index, 6% MSCI Emerging Markets Total Return Net Index, 3% ICE BofA Global Broad Market ex USD TR Hedged, 2% ICE BofA US Cash Pay High Yield, 2% Russell 2000 Growth Index, 2% Russell 2000 Value Index, 1% ICE BofA US Treasury Bill LOC TR.

**Moderate MF TA:** 35% Bloomberg Municipal Total Return Index, 20% Russell 1000 Value Index, 17% Russell 1000 Growth Index, 11% MSCI All Country World Index (ACWI) ex USA (Net), 6% MSCI Emerging Markets Total Return Net Index, 4% Bloomberg Municipal High Yield Total Return Index, 2% Russell 2000 Growth Index, 2% Russell 2000 Value Index, 1% ICE BofA Global Broad Market ex USD TR Hedged, 1% ICE BofA US Cash Pay High Yield, 1% ICE BofA US Treasury Bill LOC TR.

The Style Index is unmanaged and is not subject to management fees and other expenses. Securities contained in the Style Index will vary from those in the strategies list or in the client account. It is not possible to invest directly in a Style Index. There may have been periods when the model portfolios lagged the Style Index.

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Model portfolios are subject to the risks associated with the underlying funds in the model portfolio. Investors should carefully consider investment objectives, risks, fees and expenses of the funds in the model portfolio, which are contained in the fund prospectuses. Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Smaller 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. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. Investments in mortgage-related securities involve additional risks, such as prepayment risk. The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds. A nondiversified fund has the ability to invest a larger percentage of assets in the securities of a smaller number of issuers than a diversified fund. As a result, poor results by a single issuer could adversely affect fund results more than if the fund were invested in a larger number of issuers. See the applicable prospectus for details.

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The indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

The ICE BofA Corporate Master Index is a market-value-weighted index composed of domestic Corporate (BBB/Baa rated or better) debt issues. The ML Corporate Master Index is a component of the MLCP&G.

The ICE BofA Government Master Index is a market-value-weighted index composed of U.S. Treasury and Agency fixed income issues. Mortgage-backed securities are excluded. The ML Government Master Index is a component of the MLCP&G.

The ICE BofA Merrill Lynch Global Broad Market Excluding US Dollar Index is a subset of The BofA Merrill Lynch Global Broad Market Index excluding all securities denominated in US dollars. The BofA Merrill Lynch Global Broad Market Index tracks the performance of investment grade debt publicly issued in the major domestic and eurobond markets, including sovereign, quasi-government, corporate, securitized and collateralized securities. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch).

The ICE BofA Merrill Lynch US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date, a fixed coupon schedule and a minimum amount outstanding of \$100 million.

The ICE BofA Merrill Lynch US Mortgage Backed Securities Index tracks the performance of US dollar denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market.

The ICE BofA Merrill Lynch US Treasury Bill Index tracks the performance of US dollar denominated US Treasury Bills publicly issued in the US domestic market. Qualifying securities must have at least one month remaining term to final maturity and a minimum amount outstanding of \$1 billion.

ICE Data Services is the marketing name used to refer to the suite of pricing (including evaluated pricing), market data, analytics, and related services offered by Intercontinental Exchange, Inc. and certain of its affiliates, including Interactive Data Corporation and its subsidiaries.

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

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

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

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.

MSCI Emerging Markets Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes. Results reflect dividends gross of withholding taxes through December 31, 2000, and dividends net of withholding taxes thereafter.

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

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The Russell 1000 Index is a market capitalization-weighted index that represents the top 1,000 stocks in the U.S. equity market by market capitalization.

The 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.

The 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.

The Russell 2000 Growth Index measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

The Russell 2000 Value Index measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

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