

3Q 2025

American Funds Short-Term Tax-Exempt Bond Fund® quarterly attribution report

As of September 30, 2025



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Market overview

- **Municipal bonds (munis) retraced the losses witnessed in the second quarter**, bringing both month-to-date and year-to-date returns back into the black from negative territory. With investment-grade munis up 3.00%, as measured by the Bloomberg Municipal Bond Index, over the quarter and high-yield munis, up 1.63%, according to the Bloomberg High Yield Municipal Bond Index, the entire muni sector outpaced U.S. Treasuries.
- **Municipal issuance year-to-date through September was \$434 billion, an increase of 12% year over year.** Muni fund flows were positive for the quarter, totaling about \$19.7 billion year to date. Over the last few months, issuers have rushed to the market to secure funding in response to interest rate, economic and policy uncertainty. While soft data such as surveys on consumer sentiment have shown some signs of deterioration, the fundamentals of the U.S. economy remain broadly resilient.
- **Over the quarter, all muni industry categories, according to the Bloomberg Municipal Bond Index, were in positive territory.** Atop the list of contributors to positive performance over the period was the hospital sector, up 3.29%, as the category made up ground from being the worst-performing industry year to date. The leasing sector was a close second, up 3.16% over the quarter. At the other end of the spectrum, albeit still in positive territory, the electric industry category posted the worst results, up 2.76%.
- **With a slight decline in volatility, especially in early August, it's no wonder that long-term muni bonds performed the best.** Ten-year and longer-term bonds, which make up about two-thirds of the market, all outpaced the broader muni market. Shorter-term tenors, although still in positive territory, lagged the broader market, with the shortest-term, 1- to 2-year bonds up just 0.99% over the quarter followed by 2- to 4-year tenors, higher by 1.52%.

Market index returns (net of dividends)

For periods ended September 30, 2025 (%)

	Cumulative			Average annual		
	3 months	YTD	1 year	3 years	5 years	10 years
Bloomberg Municipal Short 1-5 Years Index	1.53	3.63	3.22	3.77	1.33	1.63
Bloomberg Municipal Bond Index	3.00	2.64	1.39	4.74	0.86	2.34
Bloomberg High Yield Municipal Bond Index	1.63	1.29	0.20	6.77	2.85	4.41
Bloomberg U.S. Aggregate Index	2.03	6.13	2.88	4.93	-0.45	1.84
Bloomberg U.S. Corporate Investment Grade Index	2.60	6.88	3.63	7.07	0.35	3.12

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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Results

American Funds Short-Term Tax-Exempt Bond Fund

Figures shown are past results for Class F-3 and F-2 shares 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.

Returns (%)	Cumulative			Average annual				Expense ratio (gross/net)
	3 months	YTD	1 year	3 years	5 years	10 years	Lifetime	
For periods ended September 30, 2025								
American Funds Short-Term Tax-Exempt Bond Fund F-3	1.65	3.87	3.48	3.97	1.47	1.63	1.61	0.25/0.24
American Funds Short-Term Tax-Exempt Bond Fund F-2	1.63	3.82	3.40	3.89	1.40	1.55	1.52	0.32/0.31
Bloomberg Municipal Short 1-5 Years Index	1.53	3.63	3.22	3.77	1.33	1.63	1.76	n/a
Morningstar Muni National Short Category Average	1.47	3.19	3.07	3.76	1.52	1.53	1.60	n/a
Fund inception: August 7, 2009								

Certain share classes were offered after the inception dates of some funds. Results for these share classes prior to the dates of first sale are hypothetical based on the results of the original share class of the fund without a sales charge, adjusted for estimated annual expenses. (Inception date: Class F-2, August 1, 2008; Class F-3, January 27, 2017.) Results for certain funds with an inception date after the share class inception also include hypothetical returns because those funds' shares sold after the funds' date of first offering. Visit capitalgroup.com for more information on specific expense adjustments and the actual dates of first sale. Expense ratios are as of each fund's prospectus available at the time of publication.

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 and net expenses higher. Visit capitalgroup.com for more information. The investment adviser is currently reimbursing a portion of other expenses. Net expense ratios reflect the reimbursement, without which they would have been higher. The reimbursement will be in effect through at least October 1, 2025. The adviser may elect at its discretion to extend, modify or terminate the reimbursement at that time. Refer to the fund's most recent prospectus for details.

Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the index. Index and Morningstar category average lifetime are based on the inception date of the fund.

Although our portfolios are compared to their benchmarks, portfolio managers manage them to be consistent with their investment objectives.

Sources: Bloomberg Index Services Limited, Morningstar.

American Funds Short-Term Tax-Exempt Bond Fund

3Q Quarterly analysis

Investment objective and approach

- The fund's investment objective is to provide current income exempt from regular federal income tax, consistent with its maturity and quality standards described in the prospectus, and to preserve capital.
- Invests in high-quality, short-term municipal bonds to provide tax-exempt income while preserving capital. With a dollar-weighted average effective maturity of three years or less, it is designed to generate a slightly higher yield than tax-exempt money market funds, and provide a high degree of stability with limited exposure to interest rate volatility.

Review and attribution

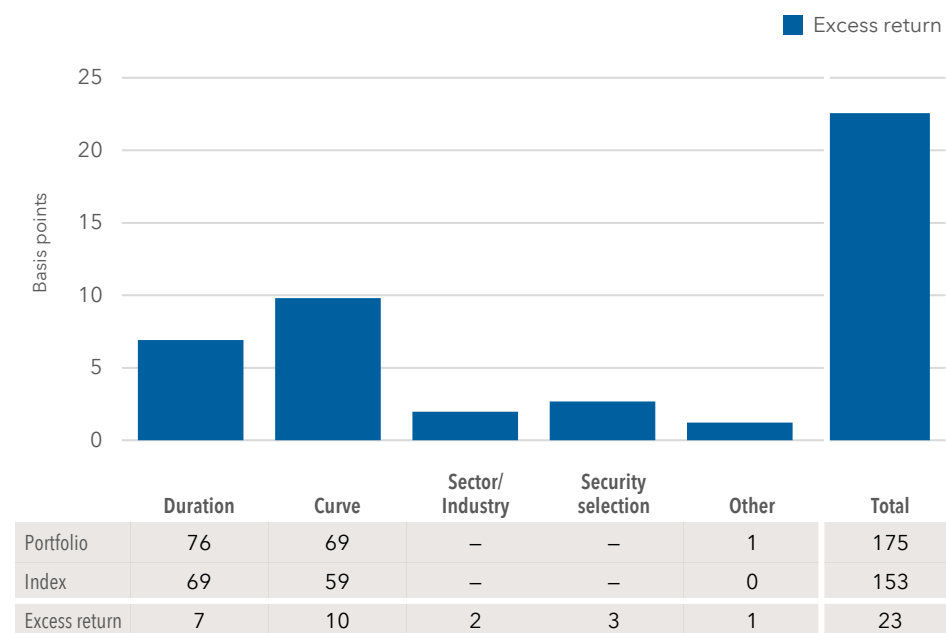
- The portfolio produced a positive return and led its benchmark, the Bloomberg Municipal Short 1-5 Years Index. Interest rate positioning was the largest contributor to relative results. Security and sector selection decisions also contributed modestly.
- Within interest rate positioning, both curve positioning and a duration overweight contributed to results. From a key rate perspective, the fund was overweight in the five- and 10-year portions of the curve and was underweight in the two-year part of the curve.
- Sector positions in aggregate were modestly additive, led by positive contribution from an overweight to the corporates sector, though this was partially offset by an overweight in housing bonds during a period in which the sector underperformed.
- Security selection was also positive. Investment decisions in transportation and special tax bonds contributed most to excess returns, though this was partially offset by selection with health care bonds.

Attribution overview

3Q Quarterly analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Summary attribution effects



Totals may not reconcile due to rounding.

Ratings weights and returns

Rating	Weights (% market value)		Returns (%)		
	Portfolio	Index	Portfolio	Index	Relative
AAA/Aaa	17.07	23.57	1.67	1.37	0.29
AA/Aa	50.49	54.60	1.88	1.48	0.40
A	17.17	18.63	2.22	1.86	0.36
BBB/Baa	1.23	2.03	1.62	1.70	-0.08
BB/Ba	0.02	0.03	n/a	n/a	—
B	—	—	—	—	—
CCC/Caa & below	—	—	—	—	—
Unrated	14.04	1.15	0.85	1.31	-0.47
Other	—	—	—	—	—
Total	100.00	100.00	1.75	1.53	0.23

Data as of September 30, 2025. Past results are not predictive of results in future periods.

Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include “valuation impact,” which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system versus the return published by the index provider.

The other category in Ratings weights and returns table may include equities, rights, warrants, preferreds, convertibles, forwards and FX (foreign exchange) options.

Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor’s, Moody’s and/or Fitch, as an indication of an issuer’s creditworthiness. If agency ratings differ, a security will be considered to have received the highest of those ratings, consistent with applicable investment policies. Securities in the Unrated category have not been rated by any of the rating agencies referenced above; however, the investment adviser performs its own credit analysis and assigns comparable ratings that are used for compliance with applicable investment policies.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

Attribution overview

3Q Quarterly analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Attribution detail

Sector	Portfolio			Index			Relative contribution				
	Weight (% market value)	Return (%)	Contribution (%)	Weight (% market value)	Return (%)	Contribution (%)	Duration & Curve (bps)	Sector/ Industry (bps)	Security selection (bps)	Other (bps)	Excess contribution (bps)
Top level	100.00	1.75	1.75	100.00	1.53	1.53	17	2	3	1	23
General Obligation	14.14	1.65	0.24	32.03	1.40	0.45	-18	2	0	0	-21
Corporates	15.21	2.28	0.35	10.53	2.21	0.23	8	3	0	0	11
Education	6.42	2.31	0.15	5.39	1.49	0.08	6	0	0	0	7
Escrowed	2.98	0.85	0.03	4.80	1.17	0.06	-3	0	0	0	-3
Governmental - Non GO	0.74	2.10	0.02	6.62	1.39	0.09	-7	1	0	0	-8
Health Care	6.46	1.67	0.11	6.13	1.72	0.10	1	0	-1	1	1
Housing	28.53	1.38	0.39	2.20	1.39	0.03	34	-4	0	0	36
Special Tax	6.77	1.79	0.12	9.02	1.46	0.13	-2	0	2	0	-1
Tobacco	0.14	2.16	0.00	0.31	1.93	0.01	0	0	0	0	0
Transportation	11.85	1.84	0.22	10.48	1.52	0.16	3	0	3	1	6
Utility	7.83	1.49	0.12	11.54	1.49	0.17	-4	0	0	0	-5
Miscellaneous	0.47	1.48	0.01	0.94	1.52	0.01	-1	0	0	0	-1
Derivatives	0.00	n/a	0.00	—	—	—	0	0	0	0	0
Cash & Money Market	-1.57	n/a	0.00	—	—	—	0	0	0	0	0

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Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include "valuation impact," which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system versus the return published by the index provider.

Cash, cash and equivalents, and cash and money market may include short-term securities, accrued income and other assets less liabilities as well as currencies. 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.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

Attribution detail

3Q Quarterly analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Contributors to curve adjusted returns (relative to index)

Largest contributors				Largest detractors			
Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)	Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)
WHITING IND	0.38	–	1	NEW YORK N Y	1.85	1.77	–1
CALIFORNIA STATEWIDE CMNTYS DEV AUTH	0.63	0.22	1	MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY	0.13	0.06	–0
CALIFORNIA ST MUNI FIN AUTH	0.85	0.11	1	ILLINOIS (STATE OF)	0.19	1.70	–0
DORMITORY AUTHORITY OF STATE OF NEW YORK	0.71	2.51	1	NEW JERSEY ST TRANSN TR FD AUTH	0.10	1.17	–0
LOS ANGELES DEPARTMENT OF AIRPORTS LOS ANGELES INTERNATIONAL AIR	1.17	0.36	1	LOS ANGELES CALIF DEPARTMENT OF WATER & POWER	0.20	0.55	–0
NEW JERSEY ST HIGHER ED ASSISTANCE AUTH	1.04	0.08	1	TENNESSEE ENERGY ACQUISITION CORP	–	0.35	–0
MASSACHUSETTS SCHOOL BUILDING AUTHORITY	0.11	0.06	1	UNIVERSITY OF CALIFORNIA	0.29	0.69	–0
KENTUCKY INC KY PUB ENERGY AUTH	0.96	0.57	1	CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY	0.07	0.59	–0
PUBLIC FINANCE AUTHORITY WISCONSIN	0.47	0.20	0	NORTHERN CALIF ENERGY AUTH	–	0.07	–0
NEW YORK N Y CITY HSG DEV CORP	1.23	0.61	0	TEXAS WATER DEV BRD	0.18	0.27	–0

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Curve adjusted return: distinct from total return, this is the return remaining for a particular category of the portfolio or index once the impacts from common factors – such as currency, duration, yield curve and government carry – are excluded.

“Issuer” indicates that one or more issues of the same issuer have been rolled up and thus what is presented in the report is the Issuer Level data.

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Sources: Capital Group, Bloomberg Index Services Limited.

American Funds Short-Term Tax-Exempt Bond Fund

YTD Review and attribution

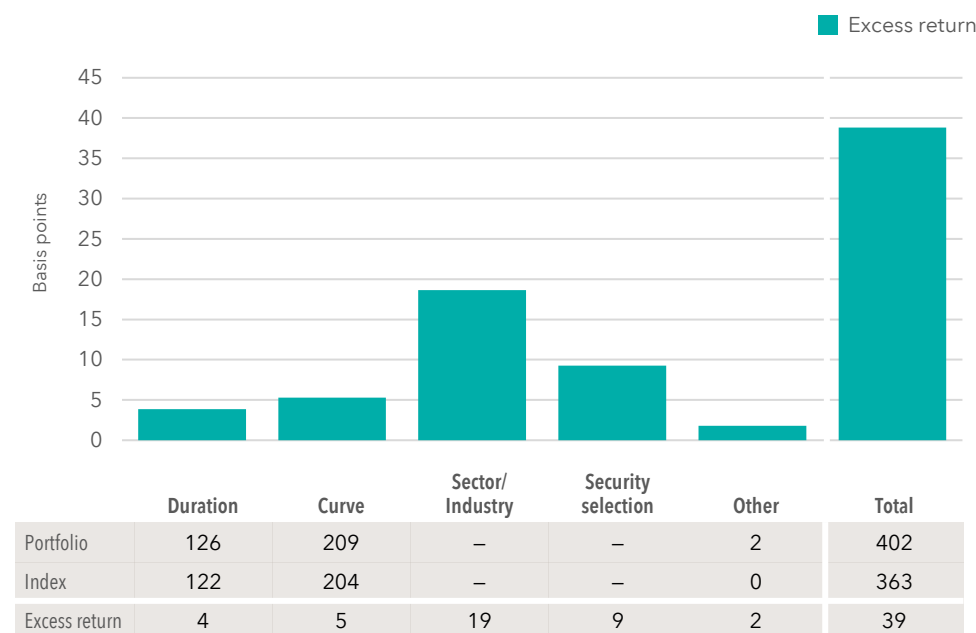
- The portfolio produced a positive return and led its benchmark, the Bloomberg Municipal Short 1-5 Years Index. Sector/industry decisions contributed the most to relative results. Interest rate positioning and security selection also contributed.
- Within interest rate positioning, both duration and curve were modestly additive to relative returns. From a key rate perspective, the fund's overweight was concentrated in the five- and 10-year portions of the curve. Conversely, the fund was underweight the two-year portion of the curve.
- From a sector perspective, an overweight to housing bonds contributed meaningfully to excess returns. An overweight to the corporate sector also contributed.
- Security selections within transportation, special tax and education sectors contributed to excess returns. By contrast, security selections within the corporates sector detracted.

Attribution overview

YTD Year-to-date analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Summary attribution effects



Totals may not reconcile due to rounding.

Ratings weights and returns

Rating	Weights (% market value)		Returns (%)		
	Portfolio	Index	Portfolio	Index	Relative
AAA/Aaa	16.79	23.41	4.14	3.37	0.77
AA/Aa	48.16	54.17	4.35	3.56	0.79
A	17.40	18.53	4.27	4.14	0.13
BBB/Baa	1.51	2.00	3.54	4.20	-0.66
BB/Ba	—	—	—	—	—
B	—	—	—	—	—
CCC/Caa & below	—	—	—	—	—
Unrated	16.14	1.86	2.67	3.24	-0.57
Other	—	—	—	—	—
Total	100.00	100.00	4.02	3.63	0.39

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Sources: Capital Group, Bloomberg Index Services Limited.

Attribution overview

YTD Year-to-date analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Attribution detail

Sector	Portfolio			Index			Relative contribution				
	Weight (% market value)	Return (%)	Contribution (%)	Weight (% market value)	Return (%)	Contribution (%)	Duration & Curve (bps)	Sector/ Industry (bps)	Security selection (bps)	Other (bps)	Excess contribution (bps)
Top level	100.00	4.02	4.02	100.00	3.63	3.63	9	19	9	2	39
General Obligation	13.05	3.85	0.54	31.83	3.45	1.10	-53	2	1	0	-56
Corporates	15.94	4.11	0.65	10.21	4.60	0.47	15	4	-2	0	18
Education	5.75	4.27	0.27	5.44	3.41	0.19	6	0	2	0	9
Escrowed	3.41	2.59	0.08	5.55	3.12	0.17	-8	0	-1	0	-9
Governmental - Non GO	0.91	4.20	0.04	6.60	3.51	0.23	-18	0	0	0	-20
Health Care	5.92	3.65	0.22	5.95	3.84	0.23	-3	0	1	1	-1
Housing	29.39	3.89	1.13	2.18	3.68	0.08	84	10	0	1	105
Special Tax	6.24	3.96	0.26	8.89	3.53	0.32	-8	0	3	0	-5
Tobacco	0.22	4.06	0.01	0.33	3.71	0.01	0	0	0	0	0
Transportation	11.86	4.25	0.52	10.50	3.81	0.40	6	0	4	1	12
Utility	7.77	3.30	0.27	11.57	3.42	0.39	-12	0	0	0	-13
Miscellaneous	0.45	4.33	0.02	0.94	3.83	0.04	-1	0	0	0	-2
Derivatives	0.00	n/a	-0.01	—	—	—	-1	0	0	0	-1
Cash & Money Market	-0.92	n/a	0.02	—	—	—	1	1	0	0	2

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Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include "valuation impact," which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system versus the return published by the index provider.

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Sources: Capital Group, Bloomberg Index Services Limited.

Attribution detail

YTD Year-to-date analysis

American Funds Short-Term Tax-Exempt Bond Fund vs. Bloomberg Municipal Short 1-5 Years Index

Contributors to curve adjusted returns (relative to index)

Largest contributors				Largest detractors			
Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)	Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)
DORMITORY AUTHORITY OF STATE OF NEW YORK	0.71	2.45	2	ILLINOIS (STATE OF)	0.16	1.71	-1
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY	2.27	0.10	1	NEW YORK N Y	1.76	1.78	-1
CALIFORNIA STATEWIDE CMNTYS DEV AUTH	0.22	0.23	1	NEW JERSEY ST TRANSN TR FD AUTH	0.11	1.09	-1
LOS ANGELES DEPARTMENT OF AIRPORTS LOS ANGELES INTERNATIONAL AIR	1.18	0.33	1	TENNESSEE ENERGY ACQUISITION CORP	–	0.35	-0
NEW YORK ST HSG FIN AGY	0.80	0.73	1	CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY	1.75	1.25	-0
NORTH DAKOTA ST HSG FIN AGY	1.21	–	1	MAIN STREET NATURAL GAS INC GA	1.13	1.28	-0
NORTH CAROLINA HSG FIN AGY	1.39	0.01	1	MARYLAND (STATE OF)	0.18	1.04	-0
COLORADO HOUSING AND FINANCE AUTHORITY	1.18	–	1	CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY	0.08	0.60	-0
TEXAS DEPARTMENT OF HOUSING & COMMUNITY AFFAIRS	1.13	–	1	MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY	0.13	0.06	-0
WHITING IND	0.39	0.05	1	TENNERGY CORP TENN	–	0.36	-0

Data as of September 30, 2025. Past results are not predictive of results in future periods.

Curve adjusted return: distinct from total return, this is the return remaining for a particular category of the portfolio or index once the impacts from common factors – such as currency, duration, yield curve and government carry – are excluded.

“Issuer” indicates that one or more issues of the same issuer have been rolled up and thus what is presented in the report is the Issuer Level data.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

American Funds Short-Term Tax-Exempt Bond Fund

Portfolio positioning and commentary

- The year-to-date period has been challenging for municipal market participants. Policy uncertainty, interest rate volatility, elevated supply levels and a brief yet pronounced equity market downturn in April have all led the asset class to lag relative to other markets. A bright spot that continues to have a buoying effect has been fund flows – particularly those within ETFs—which have been a tailwind as they remained positive.
- While headwinds remain, managers continue to see solid overall state and local fundamentals underpinned by a solid – albeit moderating – economy. Managers anticipate dispersion across credits as markets continue to digest any potential challenges municipalities may face associated with the downstream effects of fiscal and trade policies. They believe that identifying any potential mispriced opportunities as a result of this dispersion will be increasingly important for generating excess return, especially in an environment where credit spreads remain narrow.
- While interest rate volatility continued to moderate over the summer and into the fall, the potential for heightening volatility remains as the market contends with government policy and priority shifts, as well as economic uncertainty. In such an environment, managers believe there will be opportunities for investors to make relative value decisions across the curve.

Top obligors

American Funds Short-Term Tax-Exempt Bond Fund – portfolio as of September 30, 2025

Obligor	Yield (%)	Effective duration (years)	Portfolio (market value %)
Waste Management	3.9	1.0	2.4
California Community Choice Financing Authority	3.5	5.0	1.5
Black Belt Energy Gas Dist	3.4	4.9	1.5
New York City of	2.6	4.6	1.5
New York City Transitional Finance Authority Future Tax Secured Revenue	2.5	4.0	1.4
California (State of)	2.6	4.3	1.4
Kentucky Inc Ky Pub Energy Auth	3.5	4.5	1.1
State of New York Personal Income Tax Revenue	2.9	3.6	1.1
Michigan State Housing Development Authority	3.4	3.3	1.1
North Carolina Housing Finance Agency	3.4	2.4	1.1
Los Angeles Department of Airports Los Angeles International Air	2.7	2.4	1.0
Missouri Housing Development Commission	3.5	3.3	1.0
Southeast Energy Authority Al	3.5	4.6	1.0
Housing Development Corp/NY	2.9	2.4	1.0
New Jersey St Higher Ed Assistance Auth	4.2	4.0	1.0
Main Street Natural Gas Inc Ga	3.3	4.0	0.9
Kaiser Foundation Hospitals	2.5	3.3	0.9
Texas Department of Housing & Community Affairs	3.5	3.4	0.8
Colorado Housing & Finance Authority	3.2	2.2	0.8
Metropolitan Washington Airports Authority Aviation Revenue	2.9	2.6	0.8
Total issuers 1 through 20			23.4

Totals may not reconcile due to rounding. Past results are not predictive of results in future periods.

Yield and effective duration are based on the weighted average of all issues for each respective issuer.

The information shown does not include cash and cash equivalents. This includes shares of money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.

Source: Capital Group.

American Funds Short-Term Tax-Exempt Bond Fund

As of September 30, 2025

Attribution methodology disclosure

Attribution analysis explains relative investment returns between the portfolio and its index by decomposing that return difference in terms of the components relevant to the investment decision-making process. Attribution data are gross of fees. Past results are not predictive of results in future periods.

Fixed income attribution analysis was produced using a third-party software system developed by BISAM, a FactSet company, based on daily input data for both the portfolio and the index. Input data elements such as holdings, prices, transactions, bond analytics, yield curves and exchange rates were provided by Capital Group. Bond analytic data for both the portfolio and index use PolyPaths analytics engine calculation assumptions through May 25, 2018, and BlackRock Aladdin analytics engine calculation assumptions thereafter. The index is a broad-based market benchmark calculated by the index provider and may not be used by Capital Group as the sole comparative index for this portfolio. Capital Group believes the information from BISAM, PolyPaths, BlackRock and the index provider to be reliable. However, Capital Group cannot be responsible for inaccuracies, incomplete information or updating of information by these parties. The average portfolio weight percentages are approximate over the period and may not total 100% due to rounding. The actual average portfolio weight percentages might be higher or lower.

Important information

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.

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.

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Portfolios are managed, so holdings will change. Certain fixed income and/or cash and equivalents holdings may be held through mutual funds managed by the investment adviser or its affiliates that are not offered to the public.

The return of principal for bond portfolios and for portfolios with significant underlying bond holdings is not guaranteed. Investments are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. 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.

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Institutional client notice and addendum for distribution activities

Capital Group, its affiliates and representatives (collectively “Capital Group”) engage in sales, marketing and servicing activities as part of our efforts to distribute our services and products (“distribution activities”). Our distribution activities reflect our understanding of the following:

1. The Plan is represented by a “fiduciary” within the meaning of section 3(21)(A) of ERISA with full authority and responsibility for the decision to enter into transactions or service relationships (the “Plan fiduciary”);
2. The Plan fiduciary is responsible for exercising independent judgment in evaluating any transactions or services and is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies that Capital Group may market to the Plan; and
3. Capital Group is not undertaking to provide impartial investment advice, act as an impartial adviser or provide advice in a fiduciary capacity in connection with its distribution activities, and the parties agree that such activities will not be used as a primary basis for the Plan’s investment decisions.

This Notice does not apply beyond distribution activities. Thus, for example, Capital Group will act as a fiduciary and as an investment manager under ERISA to the extent provided in the terms of a participation or investment management agreement.