

# A Hypothetical Illustration for BUS-121 Fall 2018

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**PREPARED BY**

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This report is not complete unless all pages, as noted below, are included. Please read the information in the 'Important Disclosures' found at the beginning of this report.

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

## Important Disclosures

**Figures shown are past results and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For more current information and month-end results, visit [americanfunds.com](http://americanfunds.com).**

Regular investing does not ensure a profit or protect against loss. Investors should consider their willingness to keep investing when share prices are declining. Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. Results for the Lipper indexes do not reflect sales charges. There have been periods when the fund has lagged the index.

This illustration must be preceded or accompanied by the fund's current summary prospectus or prospectus, which details charges, expenses, investment objectives and operating policies. The American Funds are distributed by American Funds Distributors, Inc.

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. The expense ratios for Class F-3 shares are estimated. When applicable, investment results reflect fee waivers and/or expense reimbursements, without which results would have been lower. Please see [americanfunds.com](http://americanfunds.com) for more information. For the funds and/or share classes listed below, the investment adviser is currently reimbursing a portion of the funds' fees or expenses, without which the results would have been lower and net expense ratios higher.

- AMCAP Fund: Class R-5E shares (through at least May 1, 2018)
- American Funds Corporate Bond Fund: all share classes (through at least August 1, 2018)
- American Funds Tax-Exempt Fund of New York: all share classes (through at least October 1, 2018)
- American Funds Mortgage Fund: Class R-2E and R-5E shares (through at least November 1, 2018)
- Intermediate Bond Fund of America, Short-Term Bond Fund of America and U.S. Government Securities Fund: Class R-5E shares (through at least November 1, 2018)
- American High-Income Trust and American Funds U.S. Government Money Market Fund: Class R-5E shares (through at least December 1, 2018)
- American Funds 2010 - 2020 and 2040 - 2055 Target Date Retirement funds: Class F-3 shares (through at least January 1, 2019)
- American Mutual Fund: Class R-5E shares (through at least January 1, 2019)
- American Funds Global Balanced Fund: Class R-2E and R-5E shares (through at least January 1, 2019)
- American Funds Tax-Exempt Preservation Portfolio and American Funds 2060 Target Date Retirement Fund: all share classes (through at least January 1, 2019)
- American Funds Developing World Growth and Income Fund: Class F-3, R-2E and R-5E shares (through at least February 1, 2019)
- Capital World Bond Fund: Class R-5E shares (through at least March 1, 2019)

The investment adviser may elect at its discretion to extend, modify or terminate the reimbursements at that time. Please see each fund's most recent prospectus for details. The expense ratios for the College Target Date Series, Target Date Retirement Series and Portfolio Fund Series include the weighted average expenses of the underlying funds. Please see the fund's most recent prospectus for details.

### Standardized Average Annual Total Returns for Quarter Ended 9/30/2018

Returns for periods of less than one year are not annualized

#### Inception Max. Initial Sales

Security Name	Inception Date	Max. Initial Sales Charge/CDSC	1 Year	5 Years	10 Years	Since Inception
American Balanced Fund A (ABALX)	7/26/1975	5.75% Front	2.61%	7.93%	8.70%	10.52%

#### Gross Charges and Expenses

Fund Name	Sales Charge	Max CDSC	Max Redem Fee	Total Gross Operating Expense
American Balanced Fund A (ABALX)	5.75%	1.00%	0.00%	0.57%

The fund does not assess redemption fees. However, shareholders redeeming shares may be subject to the fund's Purchase Blocking Policy as described in the prospectus.

The illustration included herein does not reflect the effects of taxes in some or all of the investments.

**If the results shown on the following pages do not reflect deduction of an initial sales charge (i.e. they are at net asset value), please note that they would have been lower if the sales charge had been deducted.**

**Class A shares are subject to an up-front maximum sales charge of 5.75% for equity funds and most Portfolio Series funds, 3.75% for most fixed income funds and American Funds Tax-Advantaged Income Portfolio, and 2.50% for Intermediate Bond Fund of America, Short-Term Bond Fund of America, American Funds Short-Term Tax-Exempt Bond Fund, Limited Term Tax-Exempt Bond Fund of America, American Funds Preservation Portfolio and American Funds Tax-Exempt Preservation Portfolio. The sales charge declines for accounts and aggregated investments (\$25,000 for equity and target date funds, \$100,000 for most bond funds, \$500,000 for Intermediate Bond Fund of America, Short Term Bond Fund of America, American Funds Short-Term Tax-Exempt Bond Fund, and Limited Term Tax-Exempt Bond Fund of America). There is no initial sales charge on purchases of \$1 million or more. A 1% contingent deferred sales charge (CDSC) may be assessed if a redemption occurs within 18 months of purchase. Results on the following pages reflect deduction of the CDSC if the investment is \$1 million or more and a withdrawal is selected within 18 months of purchase. Certain withdrawals before age 59 1/2 may be subject to income tax and, if applicable, to a 10% federal penalty. For current information and month-end results, visit [americanfunds.com](http://americanfunds.com).**

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.

- The A/529-A share 1, 5, and 10-year return for each fund is based on the MOP value.
- The "Average annual return on the investment" is based on the initial investment and the breakpoint chosen.
- Cumulative Volume Discount Reflected Where Applicable in This Illustration.
- NOTE: Systematic Accumulation Plans cannot assure a profit or protect against loss in declining markets.

**American Balanced Fund A (ABALX)**

Date	Initial Investment	Initial Sales Charge	Net Amount Invested	Shares Purchased
10/31/1978	\$100.00	5.75%	\$94	11.947

\$100 initial investment on 10/31/1978. Dividends and capital gains are reinvested. Subsequent investments of \$100.00 from 10/31/1978 to 09/30/2018 every month, on the first day of the month. The initial investment is subject to a 5.75% sales charge. Subsequent investments are subject to a sales charge of up to 5.75%. The effects of income and capital gains taxes are not demonstrated.

Date	Investment(s)	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1978	300	3	3	0	36	287
12/31/1979	1,200	56	59	0	179	1,465
12/31/1980	1,200	156	215	0	334	2,918
12/31/1981	1,200	282	496	0	498	4,199
12/31/1982	1,200	408	905	0	676	6,809
12/31/1983	1,200	567	1,472	0	834	9,098
12/31/1984	1,200	694	2,166	834	1,111	11,178
12/31/1985	1,200	794	2,960	565	1,351	15,745
12/31/1986	1,200	984	3,944	3,041	1,809	19,594
12/31/1987	1,200	1,282	5,226	947	2,118	21,457
12/31/1988	1,200	1,382	6,608	742	2,429	25,407
12/31/1989	1,200	1,706	8,314	1,525	2,815	32,119
12/31/1990	1,200	1,862	10,176	809	3,176	32,775
12/31/1991	1,200	2,050	12,226	439	3,497	42,139
12/31/1992	1,200	2,183	14,409	992	3,855	47,343
12/31/1993	1,200	2,386	16,795	1,880	4,286	53,880
12/31/1994	1,200	2,474	19,269	222	4,602	55,219
12/31/1995	1,200	2,648	21,917	2,275	5,053	71,499
12/31/1996	1,200	2,909	24,826	4,495	5,646	82,150
12/31/1997	1,200	3,253	28,079	7,670	6,421	100,688
12/31/1998	1,200	3,680	31,759	7,012	7,178	113,130
12/31/1999	1,200	4,135	35,894	9,735	8,197	118,206
12/31/2000	1,200	4,685	40,579	4,942	8,937	138,251
12/31/2001	1,200	5,104	45,683	2,806	9,512	150,771
12/31/2002	1,200	4,155	49,839	229	9,878	142,441
12/31/2003	1,200	3,706	53,544	0	10,196	176,280
12/31/2004	1,200	3,712	57,257	4,627	10,735	193,237
12/31/2005	1,200	4,345	61,602	3,689	11,248	200,448
12/31/2006	1,200	5,356	66,958	4,692	11,848	225,356
12/31/2007	1,200	6,241	73,199	5,343	12,501	241,402
12/31/2008	1,200	6,886	80,085	1,752	13,081	180,251
12/31/2009	1,200	5,445	85,529	0	13,547	219,603

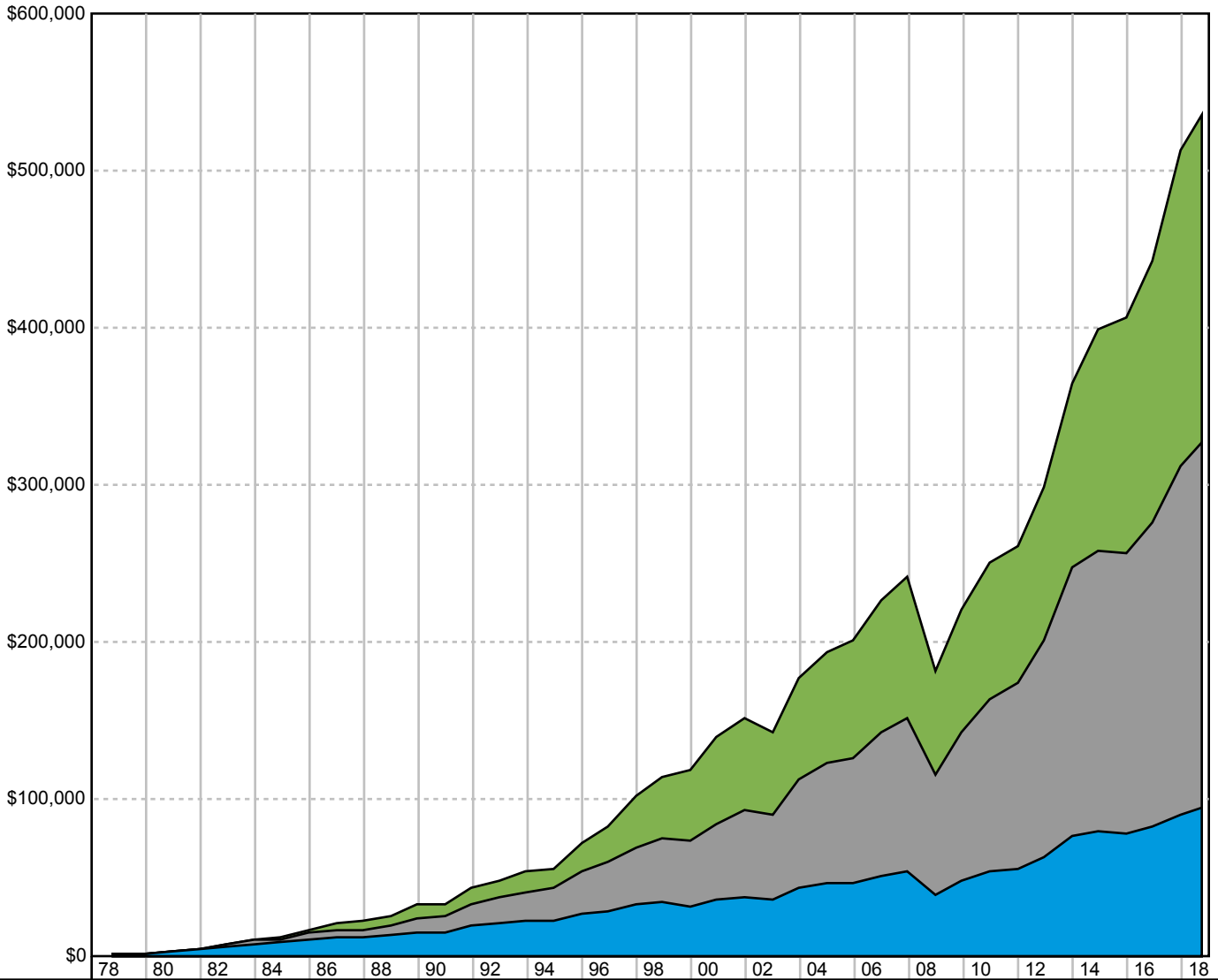
<b>Date</b>	<b>Investment(s)</b>	<b>Dividend Income</b>	<b>Total Dividend Income</b>	<b>Capital Gains</b>	<b>Shares Held</b>	<b>Total Value</b>
12/31/2010	1,200	4,934	90,463	0	13,913	249,464
12/31/2011	1,200	5,627	96,090	0	14,288	260,179
12/31/2012	1,200	5,484	101,574	0	14,625	298,342
12/31/2013	1,200	5,606	107,180	0	14,925	364,474
12/31/2014	1,200	5,796	112,976	21,794	16,079	397,952
12/31/2015	1,200	6,501	119,477	15,292	17,037	405,996
12/31/2016	1,200	7,587	127,064	10,628	17,823	442,200
12/31/2017	1,200	8,737	135,801	17,773	18,854	511,887
09/30/2018	900	5,687	141,488	890	19,126	534,196
<b>Total</b>	<b>48,000</b>	<b>141,488</b>	<b>141,488</b>	<b>137,638</b>	<b>19,126</b>	<b>534,196</b>

**Average annual return on the investment for the period 10/31/1978 - 09/30/2018 : 9.83%**

10/31/1978 - 9/30/2018

Total Ending Amount: \$534,196

**American Balanced Fund A (ABALX)** : \$100 initial investment on 10/31/1978. Dividends and capital gains are reinvested. Subsequent investments of \$100.00 from 10/31/1978 to 09/30/2018 every month, on the first day of the month. The initial investment is subject to a 5.75% sales charge. Subsequent investments are subject to a sales charge of up to 5.75%. The effects of income and capital gains taxes are not demonstrated.



- From Capital Gains (Ending value: \$207,810)
- From Income (Ending value: \$233,016)
- From Principal (Ending value: \$93,371)

This graph must be accompanied by the underlying Hypo illustration(s).