

A Hypothetical Illustration for BUS-121 Fall 2018

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.

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 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.

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 from 10/31/1978 to 09/30/2018 every month starting at \$100.00 and increasing by \$10.00, every twelve months, 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	1,220	56	59	0	181	1,484
12/31/1980	1,340	162	221	0	353	3,083
12/31/1981	1,460	305	527	0	548	4,622
12/31/1982	1,580	459	986	0	773	7,789
12/31/1983	1,700	659	1,645	0	984	10,730
12/31/1984	1,820	832	2,477	989	1,352	13,597
12/31/1985	1,940	981	3,458	690	1,689	19,675
12/31/1986	2,060	1,246	4,704	3,852	2,312	25,043
12/31/1987	2,180	1,660	6,364	1,234	2,766	28,020
12/31/1988	2,300	1,828	8,192	991	3,243	33,919
12/31/1989	2,420	2,306	10,498	2,076	3,832	43,724
12/31/1990	2,540	2,564	13,062	1,118	4,408	45,493
12/31/1991	2,660	2,877	15,939	620	4,942	59,556
12/31/1992	2,780	3,114	19,053	1,419	5,539	68,017
12/31/1993	2,900	3,458	22,511	2,742	6,252	78,589
12/31/1994	3,020	3,640	26,151	327	6,814	81,767
12/31/1995	3,140	3,953	30,105	3,417	7,587	107,358
12/31/1996	3,260	4,398	34,503	6,826	8,583	124,887
12/31/1997	3,380	4,977	39,480	11,776	9,868	154,737
12/31/1998	3,500	5,687	45,167	10,875	11,139	175,558
12/31/1999	3,620	6,450	51,617	15,231	12,838	185,128
12/31/2000	3,740	7,377	58,994	7,813	14,127	218,541
12/31/2001	3,860	8,106	67,100	4,468	15,161	240,298
12/31/2002	3,980	6,653	73,754	365	15,877	228,949
12/31/2003	4,100	5,985	79,739	0	16,528	285,771
12/31/2004	4,220	6,044	85,783	7,558	17,535	315,633
12/31/2005	4,340	7,128	92,911	6,069	18,508	329,813
12/31/2006	4,460	8,849	101,760	7,774	19,633	373,420
12/31/2007	4,580	10,380	112,140	8,911	20,850	402,607
12/31/2008	4,700	11,530	123,670	2,925	21,975	302,815
12/31/2009	4,820	9,192	132,862	0	22,957	372,133

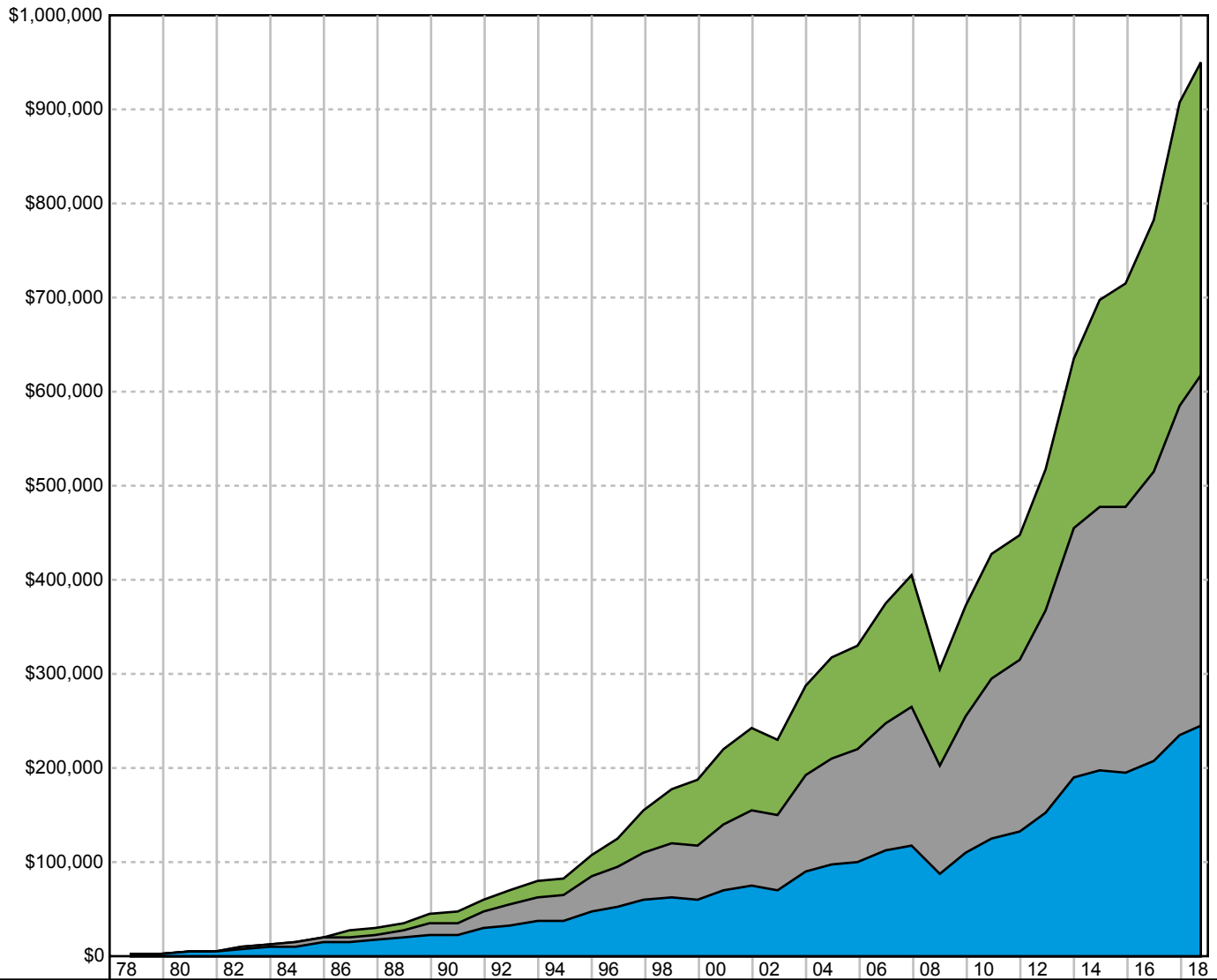
Date	Investment(s)	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/2010	4,940	8,399	141,261	0	23,752	425,871
12/31/2011	5,060	9,646	150,908	0	24,554	447,130
12/31/2012	5,180	9,461	160,369	0	25,291	515,934
12/31/2013	5,300	9,730	170,098	0	25,955	633,817
12/31/2014	5,420	10,111	180,210	38,085	28,100	695,486
12/31/2015	5,540	11,395	191,605	26,845	29,919	712,962
12/31/2016	5,660	13,366	204,971	18,741	31,448	780,220
12/31/2017	5,780	15,462	220,433	31,488	33,410	907,093
09/30/2018	4,410	10,098	230,531	1,581	33,996	949,499
Total	141,210	230,531	230,531	226,804	33,996	949,499

Average annual return on the investment for the period 10/31/1978 - 09/30/2018 : 9.53%

10/31/1978 - 9/30/2018

Total Ending Amount: \$949,499

American Balanced Fund A (ABALX) : \$100 initial investment on 10/31/1978. Dividends and capital gains are reinvested. Subsequent investments from 10/31/1978 to 09/30/2018 every month starting at \$100.00 and increasing by \$10.00, every twelve months, 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: \$334,079)
- From Income (Ending value: \$371,368)
- From Principal (Ending value: \$244,052)

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