

# A Hypothetical Illustration for BUS-123 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
10/01/1993	\$400,000.00	None	\$400,000	30,604.438

\$400,000 initial investment on 10/01/1993. Dividends and capital gains are reinvested. Withdrawals from 11/01/1993 to 09/30/2018 every month starting at 5.00% (annually) of Initial Investment and increasing by 3.00%, every twelve months, on the first day of the month as long as funds are available. The initial investment is not subject to sales charge. The effects of income and capital gains taxes are not demonstrated.

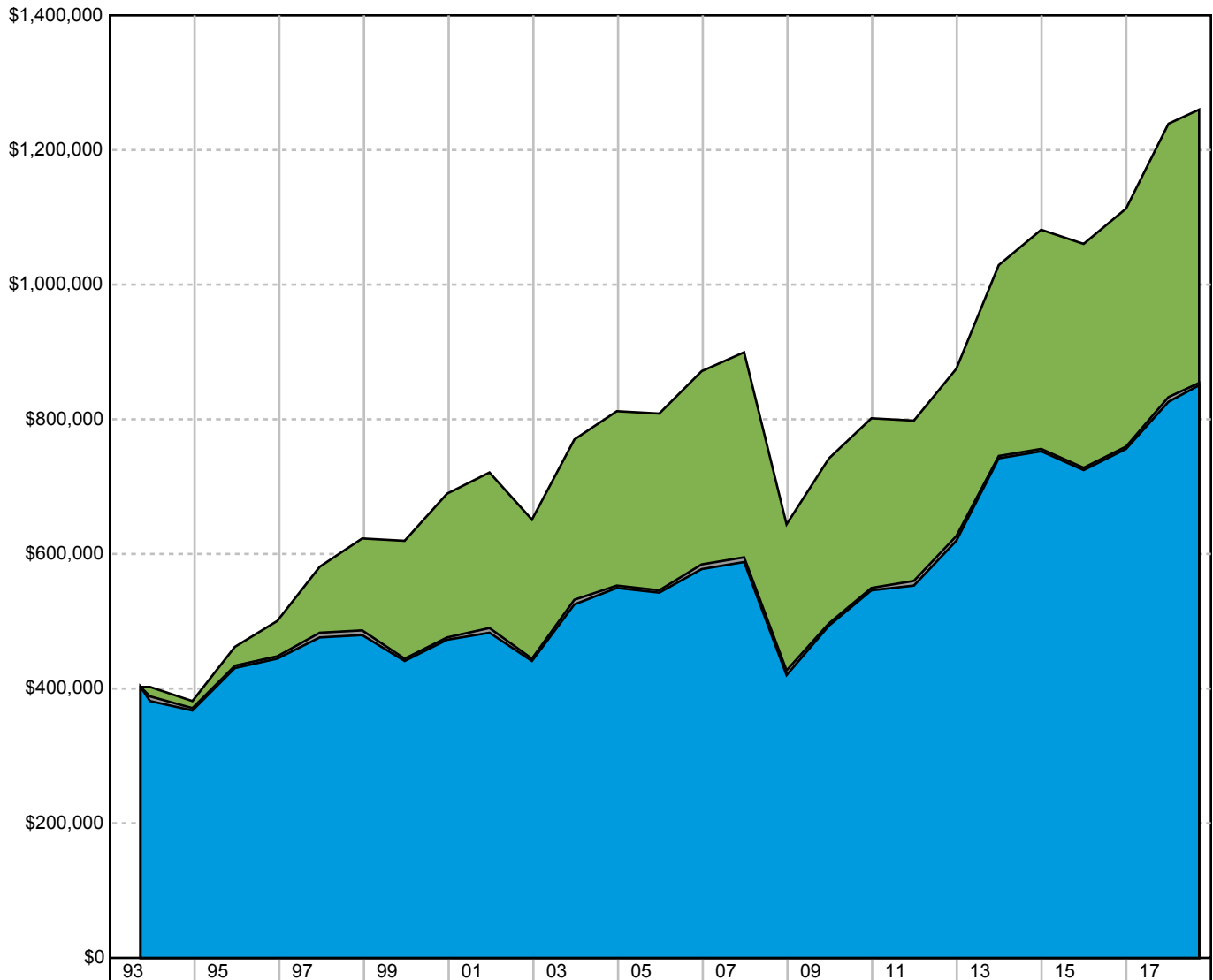
Date	Investment(s)	Withdrawal	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1993	400,000	3,333	4,552	4,552	13,961	31,836	400,184
12/31/1994	0	20,100	17,638	22,190	1,571	31,769	381,225
12/31/1995	0	20,703	17,577	39,767	14,677	32,591	461,169
12/31/1996	0	21,324	18,127	57,894	27,420	34,287	498,877
12/31/1997	0	21,964	19,155	77,049	44,380	36,972	579,716
12/31/1998	0	22,623	20,610	97,659	38,555	39,351	620,164
12/31/1999	0	23,301	22,074	119,733	51,216	42,886	618,409
12/31/2000	0	24,000	23,850	143,583	24,647	44,567	689,452
12/31/2001	0	24,720	24,844	168,427	13,464	45,440	720,228
12/31/2002	0	25,462	19,374	187,801	1,084	45,111	650,504
12/31/2003	0	26,226	16,488	204,290	0	44,468	768,857
12/31/2004	0	27,013	15,821	220,111	19,368	44,934	808,814
12/31/2005	0	27,823	17,765	237,876	14,822	45,199	805,451
12/31/2006	0	28,658	21,021	258,896	18,107	45,729	869,761
12/31/2007	0	29,518	23,564	282,461	19,853	46,453	897,002
12/31/2008	0	30,403	24,990	307,451	6,466	46,521	641,062
12/31/2009	0	31,315	18,785	326,236	0	45,635	739,740
12/31/2010	0	32,255	16,122	342,357	0	44,651	800,595
12/31/2011	0	33,222	17,555	359,913	0	43,803	797,650
12/31/2012	0	34,219	16,346	376,258	0	42,878	874,706
12/31/2013	0	35,245	16,015	392,274	0	42,001	1,025,667
12/31/2014	0	36,303	15,924	408,198	59,079	43,563	1,078,191
12/31/2015	0	37,392	17,202	425,399	39,999	44,440	1,058,997
12/31/2016	0	38,514	19,291	444,690	26,799	44,732	1,109,797
12/31/2017	0	39,669	21,378	466,068	43,085	45,624	1,238,683
09/30/2018	0	30,492	13,521	479,589	2,117	45,076	1,258,976
<b>Total</b>	<b>400,000</b>	<b>725,797</b>	<b>479,589</b>	<b>479,589</b>	<b>480,671</b>	<b>45,076</b>	<b>1,258,976</b>

**Average annual return on the investment for the period 10/01/1993 - 09/30/2018 : 9.15%**

10/1/1993 - 9/30/2018

Total Ending Amount: \$1,258,976

**American Balanced Fund A (ABALX)** : \$400,000 initial investment on 10/01/1993. Dividends and capital gains are reinvested. Withdrawals from 11/01/1993 to 09/30/2018 every month starting at 5.00% (annually) of Initial Investment and increasing by 3.00%, every twelve months, on the first day of the month as long as funds are available. The initial investment is not subject to sales charge. The effects of income and capital gains taxes are not demonstrated.



- From Capital Gains (Ending value: \$406,795)
- From Income (Ending value: \$4,522)
- From Principal (Ending value: \$847,659)

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