

# A Hypothetical Illustration for BUS-121, Financial Planning and Money Management

---

**PREPARED BY**

Frank Paiano

Private Portfolio of San Diego, Inc.  
2320 Soto Street  
San Diego, CA 92107-1410

Phone: 619-248-0945

Email: [frank@privateportfolio.com](mailto:frank@privateportfolio.com)

---

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 carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses, CollegeAmerica Program Description and ABLEAmerica Program Description, which should be obtained from a financial professional and should be read carefully before investing. 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. American Funds Distributors, Inc., member FINRA.

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. 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.

- American Funds Corporate Bond Fund: all share classes (through at least 8/1/20)
- American Funds Tax-Exempt Fund of New York: all share classes (through at least 10/1/20)
- American Funds Mortgage Fund: Class R-2E and R-5E shares (through at least 11/1/20)
- Short-Term Bond Fund of America: Class F-3 shares (through at least 11/1/20)
- American Funds Retirement Income Portfolio - Conservative: Class R-2E and R-5 shares (through at least 1/1/21)
- American Funds Retirement Income Portfolio - Moderate: Class R-5E, R-5 and R-6 (through at least 1/1/21)
- American Funds Retirement Income Portfolio - Enhanced: Class R-5 and R-6 shares (through at least 1/1/21)
- American Funds Preservation Portfolio: Class R-2E shares (through at least 1/1/21)
- American Funds Tax-Exempt Preservation Portfolio: all share classes (through at least 1/1/21)

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.

For the funds listed below, the fund's transfer agent is currently waiving a portion of the funds' other expenses, without which the results would have been lower and net expense ratios higher.

- American Funds Developing World Growth and Income Fund and American Funds Inflation Linked Bond Fund: Class F-3 shares (through at least 2/1/21)

The transfer agent may elect at its discretion to extend, modify or terminate the waiver at that time. Please see each fund's most recent prospectus for details.

Virginia529<sup>SM</sup>, as program administrator of ABLEAmerica, is currently waiving the fee owed to it as compensation for its oversight and administration of ABLEAmerica. This waiver will be in effect for Class ABLE-A shares through at least December 1, 2019 for American Funds U.S. Government Money Market Fund and January 1, 2020 for the Portfolio Fund Series. Subject to the terms of its contractual arrangement with the investment adviser, Virginia529<sup>SM</sup> may elect to extend, modify or terminate the waiver at that time.

### Standardized Average Annual Total Returns for Quarter Ended 9/30/2020

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	2.79%	8.20%	9.17%	10.37%

#### Gross Charges and Expenses

<b>Fund Name</b>	<b>Sales Charge</b>	<b>Max CDSC</b>	<b>Max Redem Fee</b>	<b>Total Gross Operating Expense</b>
American Balanced Fund A (ABALX)	5.75%	1.00%	0.00%	0.59%

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.

- Cumulative Volume Discount Reflected Where Applicable in This Illustration.
- NOTE: Systematic Accumulation Plans cannot assure a profit or protect against loss in declining markets.

**Class A shares are subject to an up-front maximum sales charge of 5.75% for equity, Target Date, Retirement Income and most Portfolio Series funds, 3.75% for most fixed income funds and American Funds Tax-Aware Conservative Growth and 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. Data prior to 6/30/2020, returns reflect deduction of the maximum sales charge: 5.75% for equity funds and most Portfolio Series funds and 3.75% for most fixed income funds maximum sales charges. 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.**

- 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.

**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.**

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.

**American Balanced Fund A (ABALX)**

Date	Initial Investment	Initial Sales Charge	Net Amount Invested	Shares Purchased
10/01/1990	\$60.00	5.75%	\$57	5.639

\$60 initial investment on 10/01/1990. Dividends and capital gains are reinvested. Subsequent investments of \$60.00 from 11/01/1990 to 09/30/2020 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.

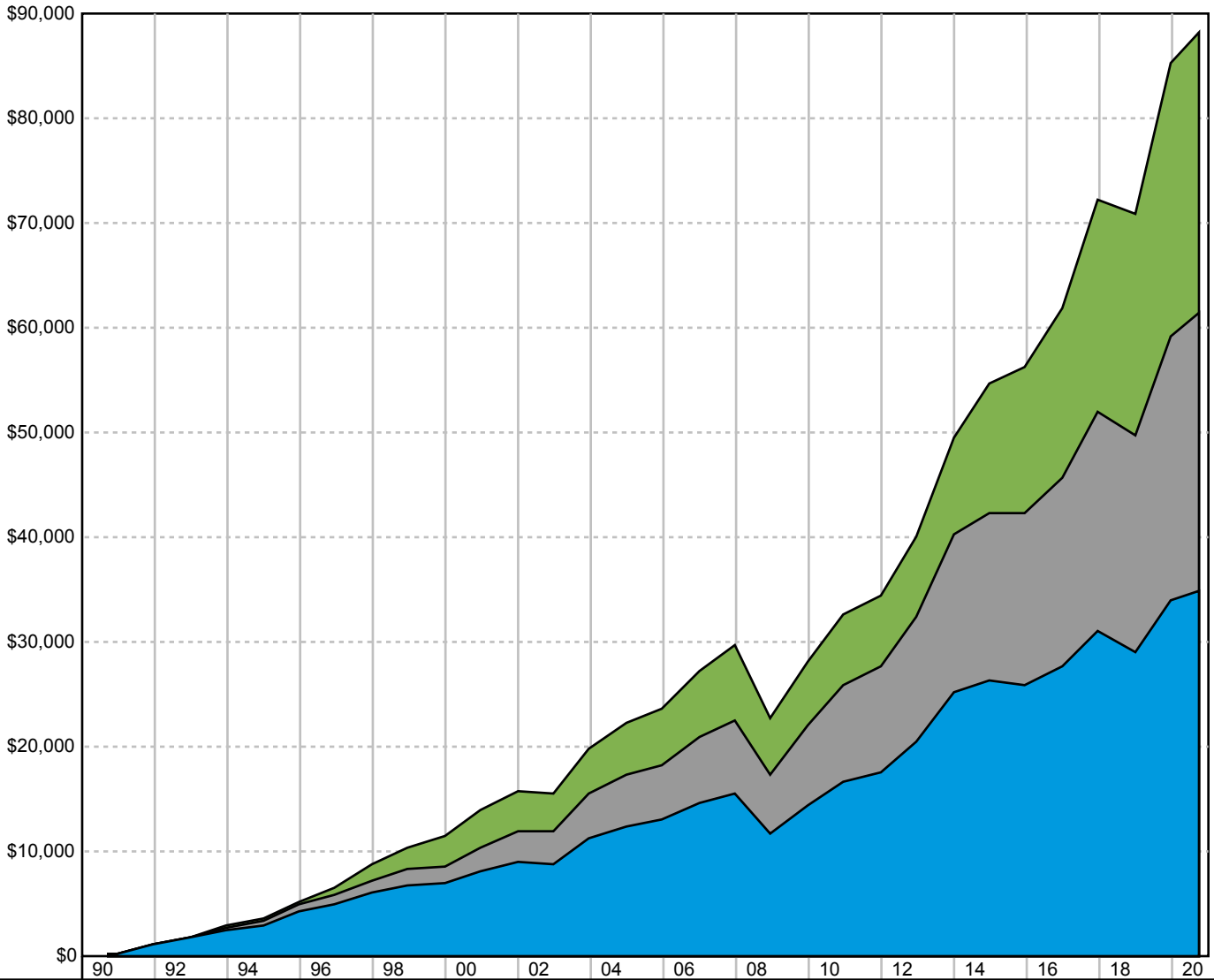
Date	Investment(s)	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1990	180	3	3	3	17	180
12/31/1991	720	33	36	9	81	981
12/31/1992	720	69	106	34	146	1,793
12/31/1993	720	108	213	94	215	2,707
12/31/1994	720	140	353	13	284	3,402
12/31/1995	720	178	532	162	360	5,095
12/31/1996	720	220	752	353	447	6,498
12/31/1997	720	270	1,022	651	549	8,610
12/31/1998	720	326	1,348	636	653	10,291
12/31/1999	720	388	1,735	927	785	11,325
12/31/2000	720	461	2,197	496	897	13,884
12/31/2001	720	524	2,721	291	992	15,725
12/31/2002	720	442	3,163	24	1,068	15,395
12/31/2003	720	408	3,571	0	1,139	19,688
12/31/2004	720	421	3,992	531	1,231	22,165
12/31/2005	720	505	4,497	433	1,322	23,552
12/31/2006	720	637	5,135	563	1,423	27,064
12/31/2007	720	758	5,893	654	1,530	29,547
12/31/2008	720	852	6,745	215	1,634	22,510
12/31/2009	720	689	7,434	0	1,731	28,053
12/31/2010	720	638	8,071	0	1,810	32,457
12/31/2011	720	739	8,811	0	1,888	34,389
12/31/2012	720	731	9,542	0	1,960	39,992
12/31/2013	720	757	10,299	0	2,025	49,442
12/31/2014	720	791	11,091	2,986	2,204	54,540
12/31/2015	720	896	11,987	2,114	2,357	56,175
12/31/2016	720	1,056	13,043	1,482	2,488	61,736
12/31/2017	720	1,227	14,270	2,500	2,653	72,032
12/31/2018	720	1,405	15,675	2,751	2,841	70,745
12/31/2019	720	1,573	17,248	1,727	2,985	85,079
09/30/2020	540	905	18,152	443	3,054	88,164
<b>Total</b>	<b>21,600</b>	<b>18,152</b>	<b>18,152</b>	<b>20,095</b>	<b>3,054</b>	<b>88,164</b>

**Average annual return on the investment for the period 10/01/1990 - 09/30/2020 : 8.19%**

10/1/1990 - 9/30/2020

Total Ending Amount: \$88,164

**American Balanced Fund A (ABALX)** : \$60 initial investment on 10/01/1990. Dividends and capital gains are reinvested. Subsequent investments of \$60.00 from 11/01/1990 to 09/30/2020 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: \$26,778)
- From Income (Ending value: \$26,538)
- From Principal (Ending value: \$34,848)

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