

# A Hypothetical Illustration for BUS-123, Introduction to Investments, Fall 2021

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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. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. If a sales charge had been deducted, the results would have been lower. For more current information and month-end results, visit [capitalgroup.com](http://capitalgroup.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. Investors should carefully consider investment objectives, risks, charges, and expenses. This and other important information is contained in the fund prospectuses, summary prospectuses, ABLEAmerica Program Description and CollegeAmerica Program Description, which can 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. Lipper indexes track the largest mutual funds (no more than 30), represented by one share class per fund, in the corresponding Lipper category. Lipper averages reflect the current composition of all eligible mutual funds (all share classes) within a given category. 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 American Funds Global Insight Fund and American Funds International Vantage Fund, the expense ratios are estimated. For the funds and/or share classes listed below, the investment adviser has agreed to reimburse a portion of fund expenses through the date(s) listed below, without which results would have been lower and net expenses higher.

- American Funds Short-Term Tax-Exempt Bond Fund: all share classes (expiration: N/A)
- American Funds Tax-Exempt Fund of New York: all share classes (expiration: 10/1/2021)
- American Funds Corporate Bond Fund: all share classes (expiration: 10/30/2021)
- Short-Term Bond Fund of America: Class R-2E shares (expiration: 10/30/2021)
- American Funds Retirement Income Portfolio - Conservative: Class R-2E and R-5E shares (expiration: 1/1/2022)
- American Funds Retirement Income Portfolio - Enhanced: Class R-5 shares (expiration: 1/1/2022)
- American Funds Retirement Income Portfolio - Moderate: Class R-2E, R-5E and R-5 (expiration: 1/1/2022)
- American Funds Tax-Exempt Preservation Portfolio: all share classes (expiration: 1/1/2022)
- American Funds 2065 Target Date Retirement Fund: all share classes (expiration: 1/1/2022)
- American Funds Emerging Markets Bond Fund: all share classes (expiration: 3/1/2022)
- American Funds Strategic Bond Fund: all share classes (expiration: 3/1/2022)
- American Funds International Vantage Fund: Class F-3 shares (expiration: 1/1/2024, so that total expenses do not exceed 0.65%), all other share classes (expiration: 1/1/2022)

The investment advisor may elect at its discretion to extend, modify or terminate the reimbursements as of any noted expiration date. Please see each fund's most recent shareholder report for details.

For the funds listed below, the fund's transfer agent has agreed to waive a portion of fund expenses through the date(s) listed below, without which results would have been lower and net expenses higher.

- Short-Term Bond Fund of America: Class F-3 shares (expiration: 10/30/2021)
- American Funds 2065 Target Date Retirement Fund: Class F-3 shares (expiration: 1/1/2022)
- American Funds Developing World Growth and Income Fund: Class F-3 shares (expiration: 2/1/2022)
- American Funds Inflation Linked Bond Fund: Class F-3 shares (expiration: 2/1/2022)
- The New Economy Fund: Class F-3 shares (expiration: 2/1/2022)
- American Funds Emerging Markets Bond Fund: Class F-3 shares (expiration: 3/1/2022)
- American Funds Strategic Bond Fund: all share classes (expiration: 3/1/2022)
- Capital World Bond Fund: Class F-3 shares (expiration: 3/1/2022)

The transfer agent may elect at its discretion to extend, modify or terminate the waiver as of any noted expiration date.

For the funds listed below, Virginia529<sup>SM</sup>, as program administrator of ABLEAmerica, has agreed to waive the fee owed to it as compensation for its oversight and administration of ABLEAmerica through the date(s) listed below, without which results would have been lower and net expenses higher.

- American Funds U.S. Government Money Market Fund (expiration: 12/1/2021)
- American Funds Moderate Growth and Income Portfolio (expiration: 1/1/2022)
- American Funds Global Growth Portfolio (expiration: 1/1/2022)
- American Funds Growth and Income Portfolio (expiration: 1/1/2022)
- American Funds Growth Portfolio (expiration: 1/1/2022)
- American Funds Conservative Growth and Income Portfolio (expiration: 1/1/2022)
- American Funds Preservation Portfolio (expiration: 1/1/2022)

Subject to the terms of its contractual arrangement with the investment adviser, Virginia529<sup>SM</sup> may elect at its discretion to extend, modify or terminate the waiver as of any noted expiration date.

#### Standardized Average Annual Total Returns for Quarter Ended 9/30/2021

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	10.32%	9.14%	10.62%	10.51%

#### 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%	0.58%

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 American Funds Inflation Linked Bond Fund, 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 is as follows: \$25,000 for equity, Target Date Retirement, Retirement Income Portfolio Series and most Portfolio Series funds; \$100,000 for most bond funds and American Funds Tax-Aware Conservative Growth and Income Portfolio; \$500,000 for American Funds Inflation Linked Bond Fund, American Funds Short-Term Tax-Exempt Bond Fund, Intermediate Bond Fund of America, Limited Term Tax-Exempt Bond Fund of America, Short-Term Bond Fund of America, American Funds Tax-Exempt Fund of New York, American High-Income Municipal Bond Fund, The Tax-Exempt Bond Fund of America, The Tax-Exempt Fund of California, American Funds Preservation Portfolio and American Funds Tax-Exempt Preservation Portfolio. 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 (0.75% CDSC on American Funds Inflation Linked Bond Fund, American Funds Short-Term Tax-Exempt Bond Fund, Intermediate Bond Fund of America, Limited Term Tax-Exempt Bond Fund of America, Short-Term Bond Fund of America, American Funds Tax-Exempt Fund of New York, American High-Income Municipal Bond Fund, The Tax-Exempt Bond Fund of America, The Tax-Exempt Fund of California, American Funds Preservation Portfolio, American Funds Tax-Exempt Preservation Portfolio). 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
10/01/1996	\$500,000.00	None	\$500,000	33,944.331

\$500,000 initial investment on 10/01/1996. Dividends and capital gains are reinvested. Withdrawals from 11/01/1996 to 09/30/2021 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.

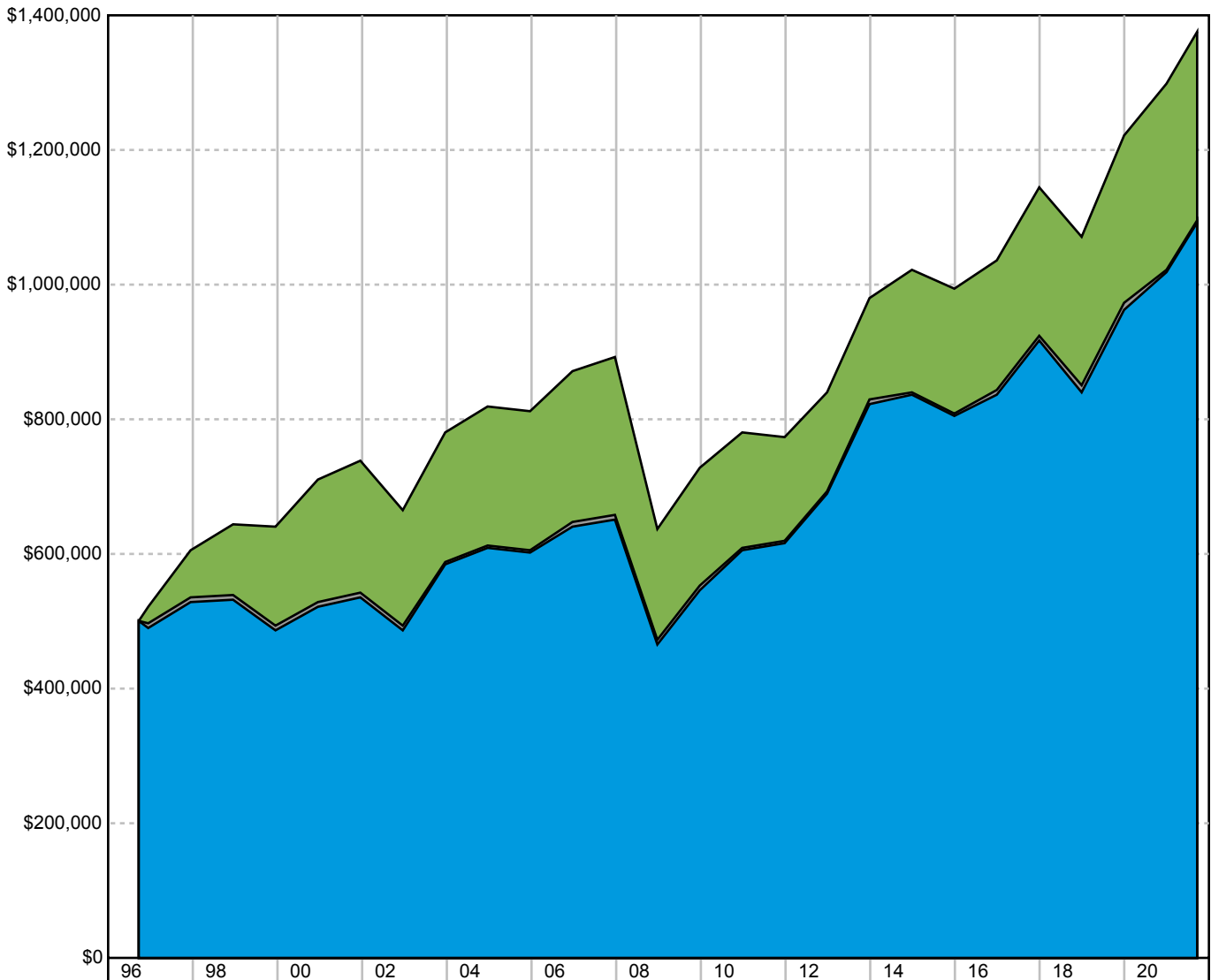
Date	Investment(s)	Withdrawal	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1996	500,000	4,167	4,714	4,714	25,927	35,798	520,868
12/31/1997	0	25,125	19,954	24,668	46,170	38,448	602,864
12/31/1998	0	25,879	21,387	46,055	39,948	40,763	642,423
12/31/1999	0	26,655	22,816	68,871	52,871	44,251	638,093
12/31/2000	0	27,455	24,550	93,421	25,324	45,790	708,370
12/31/2001	0	28,278	25,468	118,889	13,784	46,498	737,000
12/31/2002	0	29,127	19,778	138,667	1,109	45,956	662,687
12/31/2003	0	30,001	16,752	155,419	0	45,083	779,486
12/31/2004	0	30,901	15,999	171,418	19,547	45,348	816,268
12/31/2005	0	31,828	17,880	189,298	14,888	45,400	809,026
12/31/2006	0	32,782	21,054	210,352	18,098	45,706	869,328
12/31/2007	0	33,766	23,487	233,839	19,747	46,204	892,205
12/31/2008	0	34,779	24,779	258,618	6,426	46,000	633,879
12/31/2009	0	35,822	18,495	277,113	0	44,774	725,791
12/31/2010	0	36,897	15,746	292,858	0	43,487	779,729
12/31/2011	0	38,004	17,021	309,879	0	42,348	771,158
12/31/2012	0	39,144	15,728	325,607	0	41,140	839,251
12/31/2013	0	40,318	15,295	340,903	0	40,003	976,876
12/31/2014	0	41,528	15,098	356,001	55,874	41,195	1,019,583
12/31/2015	0	42,774	16,192	372,193	37,563	41,710	993,941
12/31/2016	0	44,057	18,010	390,203	24,977	41,649	1,033,316
12/31/2017	0	45,379	19,796	409,999	39,814	42,144	1,144,204
12/31/2018	0	46,740	21,532	431,532	41,594	42,905	1,068,335
12/31/2019	0	48,142	22,884	454,416	24,873	42,842	1,220,986
12/31/2020	0	49,586	16,834	471,250	38,229	42,984	1,298,121
09/30/2021	0	38,115	12,716	483,966	7,531	42,411	1,372,413
<b>Total</b>	<b>500,000</b>	<b>907,247</b>	<b>483,966</b>	<b>483,966</b>	<b>554,295</b>	<b>42,411</b>	<b>1,372,413</b>

**Average annual return on the investment for the period 10/01/1996 - 09/30/2021 : 8.81%**

10/1/1996 - 9/30/2021

Total Ending Amount: \$1,372,413

**American Balanced Fund A (ABALX)** : \$500,000 initial investment on 10/01/1996. Dividends and capital gains are reinvested. Withdrawals from 11/01/1996 to 09/30/2021 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: \$278,675)
- From Income (Ending value: \$4,110)
- From Principal (Ending value: \$1,089,628)

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