

# A Hypothetical Illustration for BUS-123, Introduction to Investments, Spring 2020

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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 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. 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. 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 August 1, 2019)
- American Funds Tax-Exempt Fund of New York: all share classes (through at least October 1, 2019)
- American Funds Mortgage Fund: Class R-2E and R-5E shares (through at least November 1, 2019)
- Short-Term Bond Fund of America: Class R-2E shares (through at least November 1, 2019)
- American Funds Retirement Income Portfolio Series: Conservative: Class R-2E and R-5 shares (through at least January 1, 2020)
- American Funds Retirement Income Portfolio Series: Moderate and American Funds Retirement Income Portfolio Series: Enhanced: Class R-2E, R-5 and R-6 shares (through at least January 1, 2020)
- American Funds Tax-Exempt Preservation Portfolio: all share classes (through at least January 1, 2020)
- American Funds Developing World Growth and Income Fund: Class R-2E shares (through at least February 1, 2020)

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 February 1, 2020)

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 3/31/2020

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
The Bond Fund of America A (ABNDX)	5/28/1974	3.75% Front	4.85%	2.43%	3.42%	7.35%
The Investment Company of America A (AIVSX)	1/1/1934	5.75% Front	-14.75%	3.61%	8.07%	11.70%

## Gross Charges and Expenses

Fund Name	Sales Charge	Max CDSC	Max Redem Fee	Total Gross Operating Expense
The Bond Fund of America A (ABNDX)	3.75%	1.00%	0.00%	0.61%
The Investment Company of America A (AIVSX)	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.

This composite illustration must be accompanied by the underlying individual illustrations.

**Class A shares are subject to an up-front maximum sales charge of 5.75% for equity funds, Target Date Funds, Retirement Income funds and most Portfolio Series funds, 3.75% for most fixed income funds and American Funds Tax-Advantaged 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. 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 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.**

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries.

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.

Higher yielding, higher risk bonds can fluctuate in price more than investment-grade bonds, so investors should maintain a long-term perspective.

## Portfolio Illustration Summary

**The Bond Fund of America A (ABNDX):** \$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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.

**The Investment Company of America A (AIVSX):** \$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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.

## Portfolio

Date	Initial Investment	Net Amount Invested
04/01/1995	\$500,000.00	\$500,000

See the settings on the Portfolio Illustration Summary Page preceding this illustration.

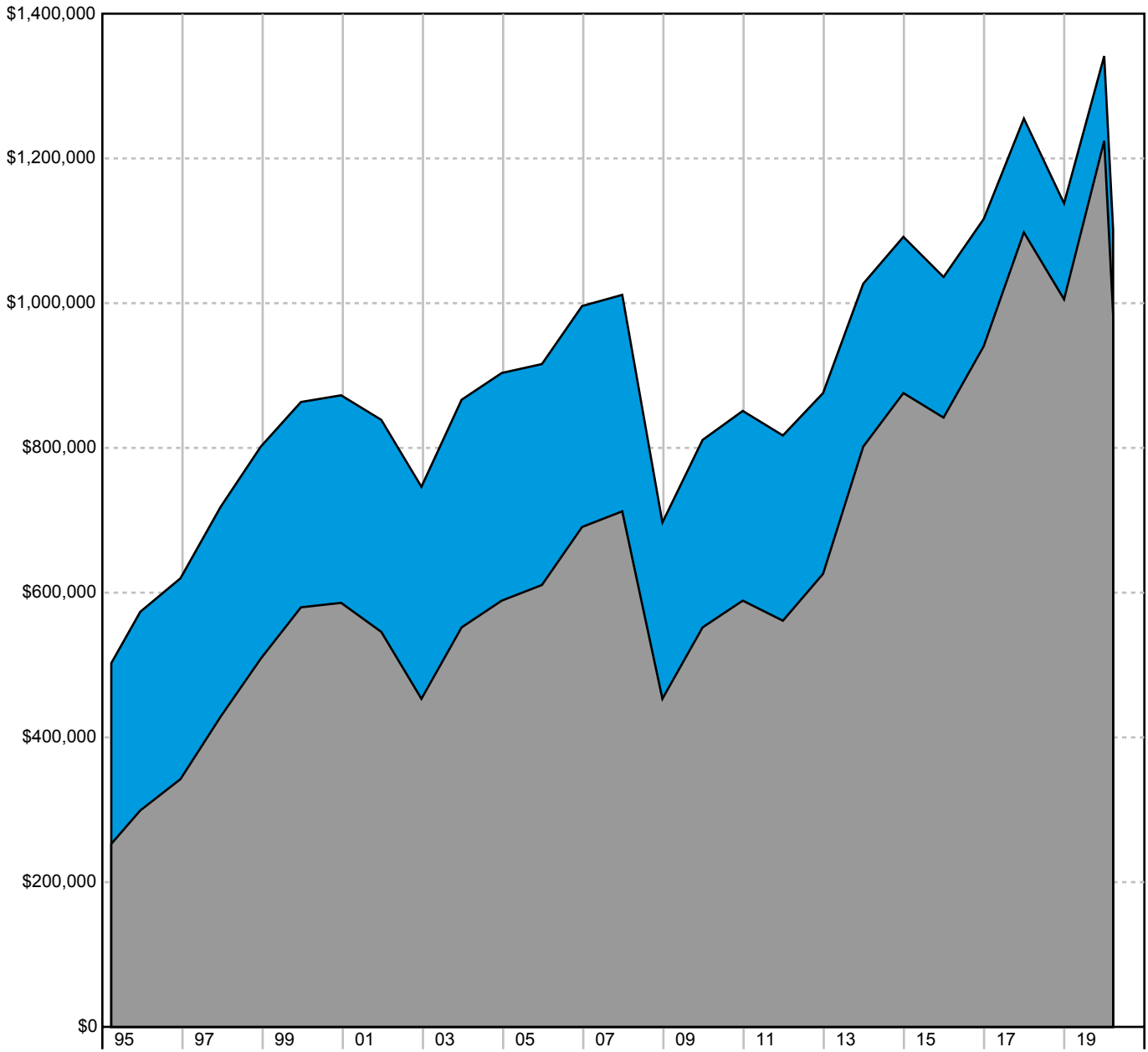
Date	Investment(s)	Withdrawal	Dividend Income	Capital Gains	Total Value
12/31/1995	500,000	16,667	19,895	11,897	570,544
12/31/1996	0	25,500	26,955	13,774	618,743
12/31/1997	0	26,265	26,893	35,657	717,037
12/31/1998	0	27,053	27,644	46,983	800,552
12/31/1999	0	27,865	28,421	49,424	861,941
12/31/2000	0	28,700	30,411	36,890	872,132
12/31/2001	0	29,561	29,975	11,039	836,102
12/31/2002	0	30,448	28,950	8,666	745,355
12/31/2003	0	31,362	26,186	3,959	864,657
12/31/2004	0	32,303	24,586	6,667	902,943
12/31/2005	0	33,272	28,361	15,236	914,731
12/31/2006	0	34,270	29,219	39,554	993,374
12/31/2007	0	35,298	29,351	37,747	1,008,905
12/31/2008	0	36,357	31,407	0	694,855
12/31/2009	0	37,448	23,744	0	810,685
12/31/2010	0	38,571	21,694	0	848,210
12/31/2011	0	39,728	20,675	0	814,765
12/31/2012	0	40,920	21,193	8,476	874,381
12/31/2013	0	42,148	18,331	50,975	1,026,212
12/31/2014	0	43,412	20,370	71,866	1,090,395
12/31/2015	0	44,714	18,581	58,905	1,034,072
12/31/2016	0	46,056	20,216	32,302	1,114,192
12/31/2017	0	47,438	20,510	57,835	1,254,818
12/31/2018	0	48,861	23,318	87,163	1,136,048
12/31/2019	0	50,326	25,296	54,827	1,338,843
03/31/2020	0	12,705	5,377	0	1,098,316
<b>Total</b>	<b>500,000</b>	<b>907,247</b>	<b>627,559</b>	<b>739,842</b>	<b>1,098,316</b>

Average annual return on the investment for the period 04/01/1995 - 03/31/2020 : 8.28%

Portfolio - (4/1/1995 - 3/31/2020)

Total Ending Amount: \$1,098,316

See the settings on the Portfolio Illustration Summary Page preceding this illustration.



■ The Bond Fund of America A (Ending value: \$114,987)

■ The Investment Company of America A (Ending value: \$983,329)

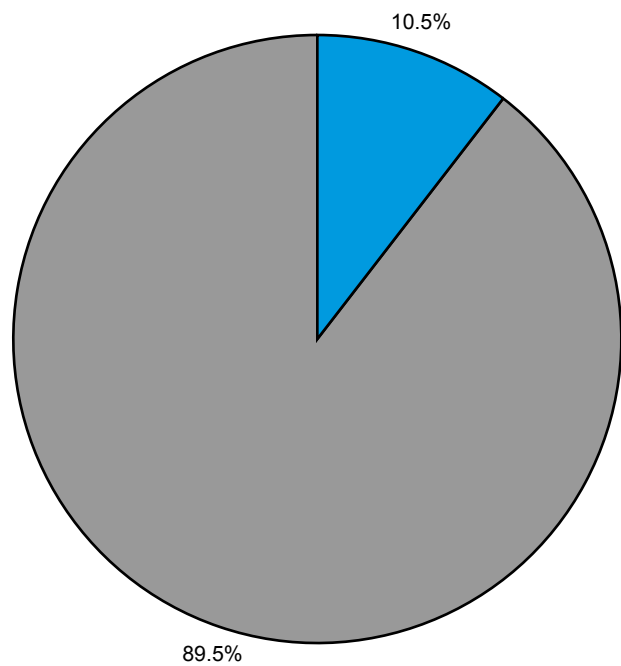
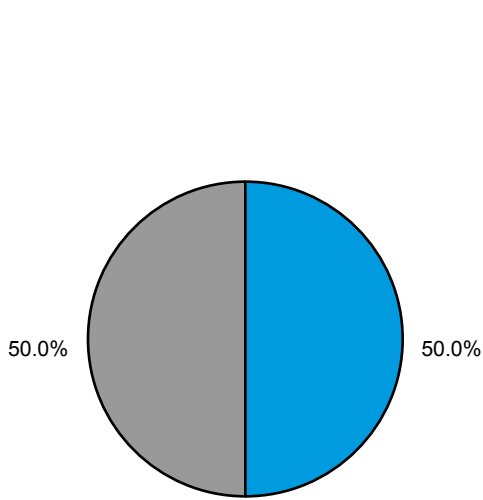
This graph must be accompanied by the underlying Hypo illustration(s).

**Portfolio - (4/1/1995 - 3/31/2020)** **Total Ending Amount: \$1,098,316**

See the settings on the Portfolio Illustration Summary Page preceding this illustration.

Total Beginning Market Value : \$500,000

Total Ending Market Value : \$1,098,316



■ The Bond Fund of America A (Ending value: \$114,987)

■ The Investment Company of America A (Ending value: \$983,329)

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

**The Bond Fund of America A (ABNDX)**

Date	Initial Investment	Initial Sales Charge	Net Amount Invested	Shares Purchased
04/01/1995	\$250,000.00	None	\$250,000	19,275.251

\$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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
12/31/1995	250,000	8,333	14,896	14,896	0	19,758	274,238
12/31/1996	0	12,750	20,216	35,112	0	20,307	279,226
12/31/1997	0	13,133	19,996	55,109	0	20,802	291,227
12/31/1998	0	13,526	19,992	75,100	2,968	21,487	292,439
12/31/1999	0	13,932	20,113	95,213	0	21,955	284,979
12/31/2000	0	14,350	21,169	116,382	0	22,492	287,674
12/31/2001	0	14,781	20,222	136,604	0	22,912	293,049
12/31/2002	0	15,224	19,129	155,733	0	23,225	294,954
12/31/2003	0	15,681	16,341	172,074	0	23,270	314,377
12/31/2004	0	16,151	14,778	186,851	0	23,167	316,225
12/31/2005	0	16,636	15,545	202,396	0	23,090	305,254
12/31/2006	0	17,135	14,982	217,378	0	22,926	305,370
12/31/2007	0	17,649	15,908	233,286	0	22,799	297,752
12/31/2008	0	18,178	16,865	250,151	0	22,735	244,631
12/31/2009	0	18,724	11,672	261,823	0	22,103	260,818
12/31/2010	0	19,286	10,005	271,828	0	21,337	260,103
12/31/2011	0	19,864	8,739	280,567	0	20,437	256,483
12/31/2012	0	20,460	6,598	287,165	0	19,354	250,629
12/31/2013	0	21,074	5,483	292,648	0	18,125	224,750
12/31/2014	0	21,706	4,720	297,368	0	16,786	215,030
12/31/2015	0	22,357	4,015	301,383	0	15,356	193,326
12/31/2016	0	23,028	3,144	304,527	0	13,816	175,745
12/31/2017	0	23,719	3,062	307,590	0	12,213	157,419
12/31/2018	0	24,430	3,361	310,951	0	10,535	132,431
12/31/2019	0	25,163	2,894	313,844	1,559	8,943	117,058
03/31/2020	0	6,352	617	314,461	0	8,511	114,987
<b>Total</b>	<b>250,000</b>	<b>453,623</b>	<b>314,461</b>	<b>314,461</b>	<b>4,527</b>	<b>8,511</b>	<b>114,987</b>

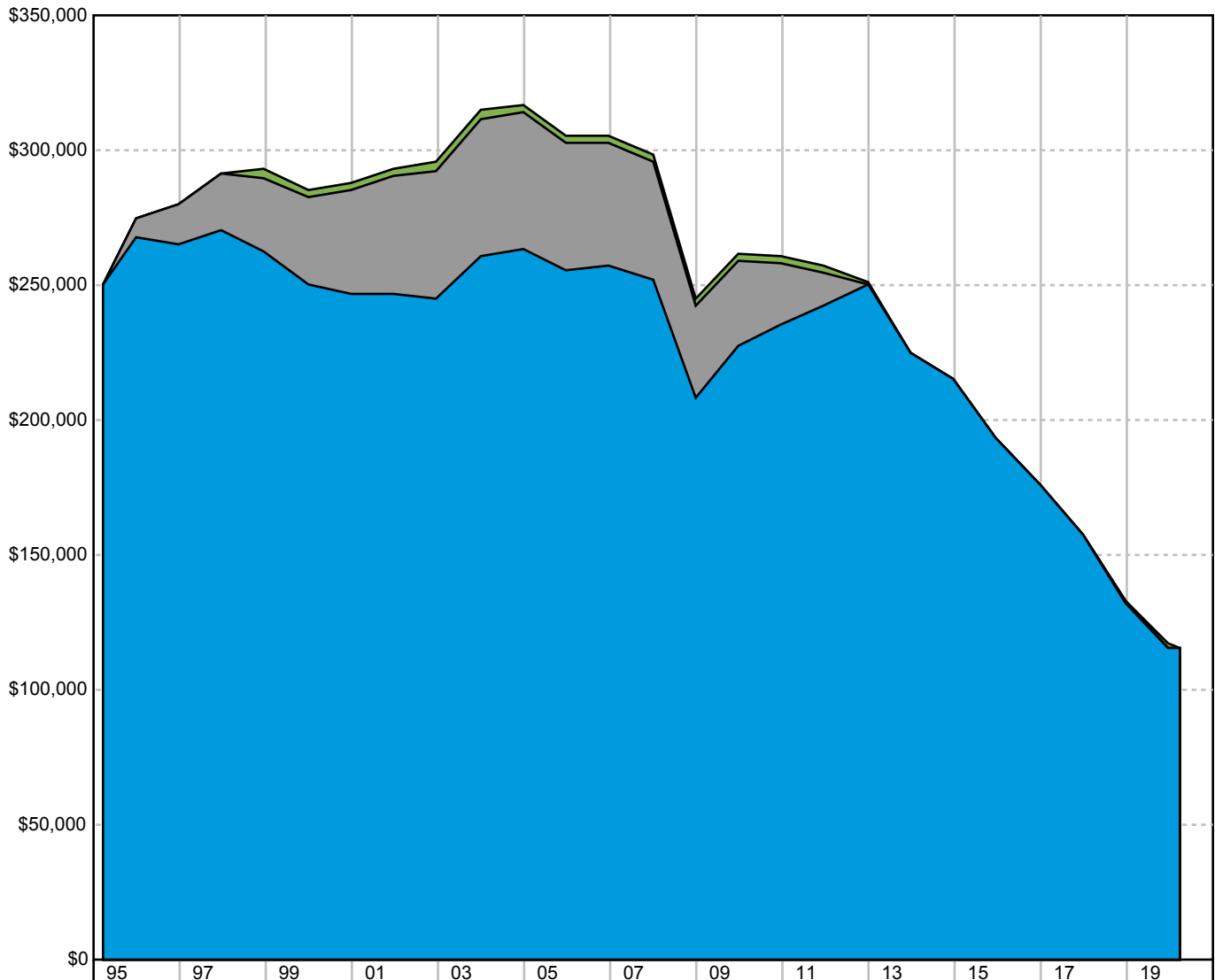
**Average annual return on the investment for the period 04/01/1995 - 03/31/2020 : 5.85%**



4/1/1995 - 3/31/2020

Total Ending Amount: \$114,987

**The Bond Fund of America A (ABNDX)** : \$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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: \$0)
- From Income (Ending value: \$262)
- From Principal (Ending value: \$114,725)

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

**The Investment Company of America A (AIVSX)**

Date	Initial Investment	Initial Sales Charge	Net Amount Invested	Shares Purchased
04/01/1995	\$250,000.00	None	\$250,000	13,319.126

\$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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.

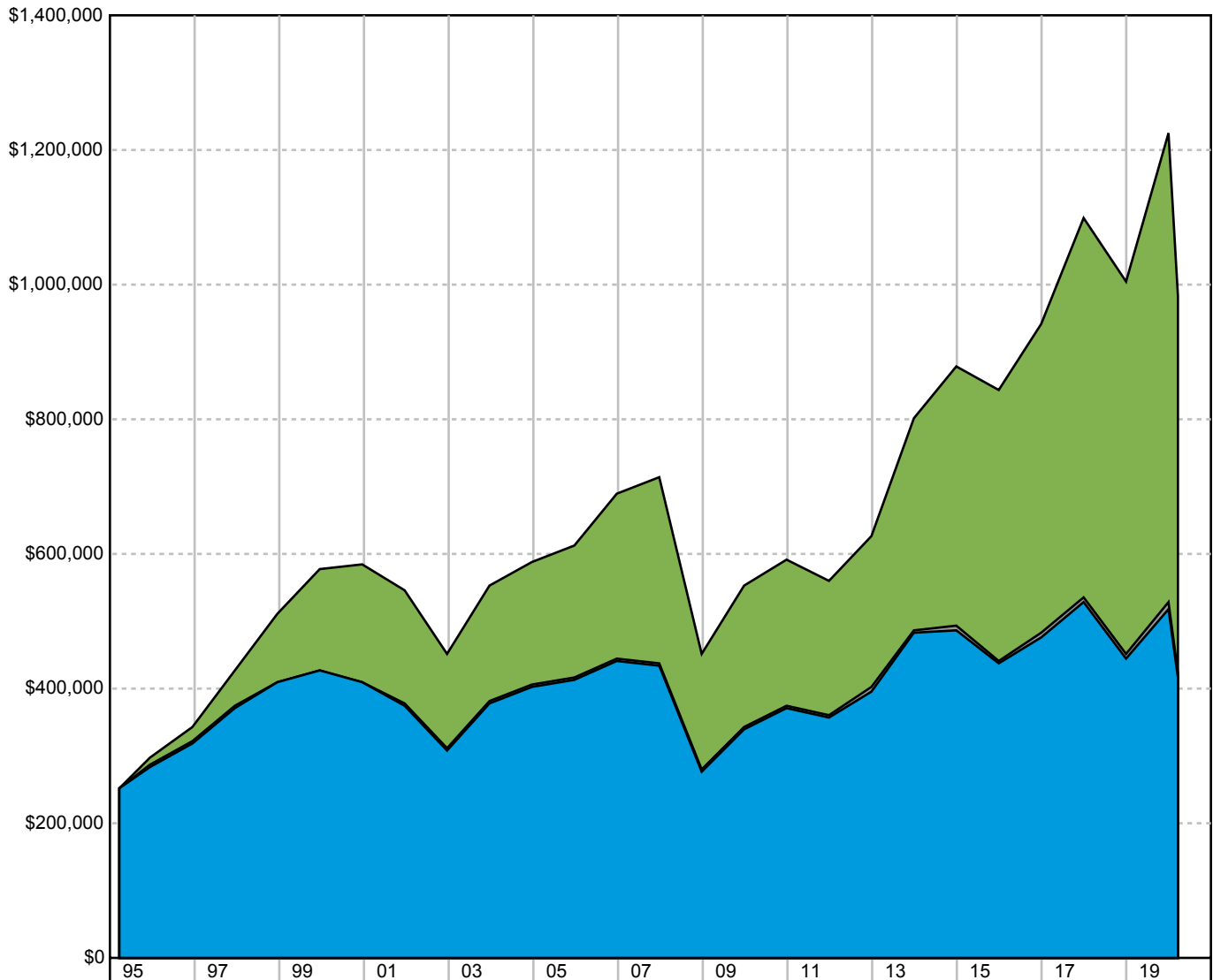
Date	Investment(s)	Withdrawal	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1995	250,000	8,333	4,999	4,999	11,897	13,712	296,306
12/31/1996	0	12,750	6,739	11,737	13,774	14,012	339,516
12/31/1997	0	13,133	6,897	18,634	35,657	15,073	425,810
12/31/1998	0	13,526	7,652	26,287	44,016	16,354	508,113
12/31/1999	0	13,932	8,308	34,594	49,424	17,775	576,962
12/31/2000	0	14,350	9,242	43,836	36,890	18,817	584,458
12/31/2001	0	14,781	9,754	53,590	11,039	19,034	543,053
12/31/2002	0	15,224	9,821	63,411	8,666	19,182	450,401
12/31/2003	0	15,681	9,845	73,256	3,959	19,080	550,280
12/31/2004	0	16,151	9,808	83,064	6,667	19,080	586,719
12/31/2005	0	16,636	12,816	95,880	15,236	19,435	609,478
12/31/2006	0	17,135	14,238	110,117	39,554	20,531	688,004
12/31/2007	0	17,649	13,443	123,560	37,747	21,583	711,153
12/31/2008	0	18,178	14,543	138,103	0	21,480	450,224
12/31/2009	0	18,724	12,072	150,175	0	21,189	549,867
12/31/2010	0	19,286	11,688	161,863	0	20,884	588,106
12/31/2011	0	19,864	11,936	173,800	0	20,608	558,281
12/31/2012	0	20,460	14,595	188,394	8,476	20,681	623,752
12/31/2013	0	21,074	12,849	201,243	50,975	21,838	801,462
12/31/2014	0	21,706	15,650	216,893	71,866	23,607	875,365
12/31/2015	0	22,357	14,566	231,459	58,905	25,195	840,746
12/31/2016	0	23,028	17,071	248,530	32,302	25,902	938,447
12/31/2017	0	23,719	17,448	265,978	57,835	27,170	1,097,399
12/31/2018	0	24,430	19,957	285,935	87,163	29,596	1,003,617
12/31/2019	0	25,163	22,402	308,338	53,268	30,877	1,221,785
03/31/2020	0	6,352	4,760	313,098	0	30,874	983,329
<b>Total</b>	<b>250,000</b>	<b>453,623</b>	<b>313,098</b>	<b>313,098</b>	<b>735,315</b>	<b>30,874</b>	<b>983,329</b>

**Average annual return on the investment for the period 04/01/1995 - 03/31/2020 : 9.74%**

4/1/1995 - 3/31/2020

Total Ending Amount: \$983,329

**The Investment Company of America A (AIVSX)** : \$250,000 initial investment on 04/01/1995. Dividends and capital gains are reinvested. Withdrawals from 05/01/1995 to 03/31/2020 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: \$559,927)
- From Income (Ending value: \$7,016)
- From Principal (Ending value: \$416,386)

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