

# 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
American Balanced Fund A (ABALX)	7/26/1975	5.75% Front	-7.99%	4.11%	7.70%	10.10%

#### 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 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.**

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
04/01/1995	\$500,000.00	None	\$500,000	39,215.686

\$500,000 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.

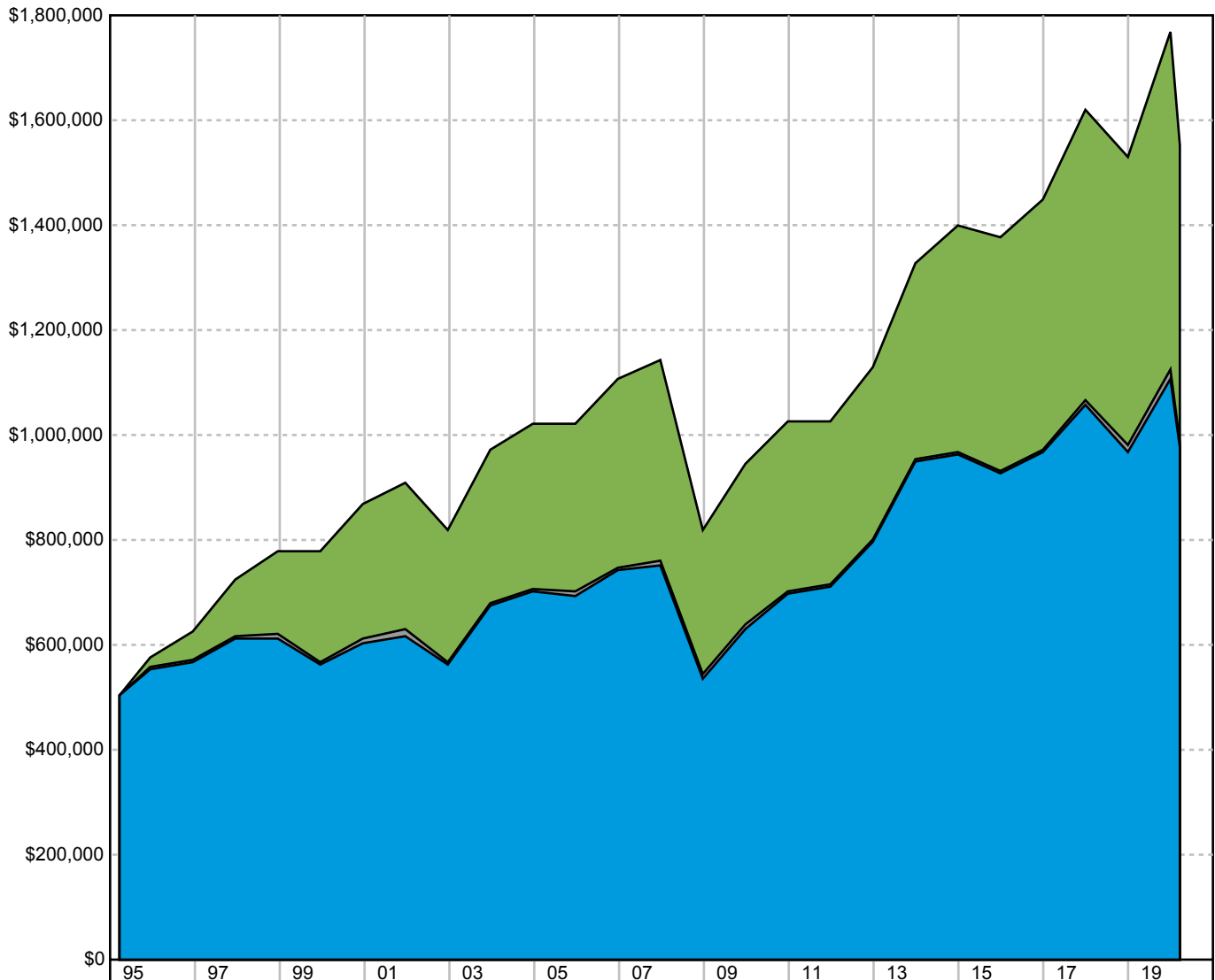
Date	Investment(s)	Withdrawal	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1995	500,000	16,667	16,365	16,365	18,248	40,521	573,375
12/31/1996	0	25,500	22,562	38,926	34,148	42,704	621,349
12/31/1997	0	26,265	23,882	62,808	55,359	46,125	723,243
12/31/1998	0	27,053	25,738	88,546	48,173	49,172	774,951
12/31/1999	0	27,865	27,610	116,156	64,091	53,677	774,019
12/31/2000	0	28,700	29,883	146,039	30,903	55,879	864,452
12/31/2001	0	29,561	31,180	177,219	16,907	57,068	904,533
12/31/2002	0	30,448	24,357	201,576	1,362	56,757	818,437
12/31/2003	0	31,362	20,769	222,344	0	56,057	969,234
12/31/2004	0	32,303	19,965	242,310	24,460	56,748	1,021,458
12/31/2005	0	33,272	22,461	264,771	18,754	57,190	1,019,127
12/31/2006	0	34,270	26,628	291,399	22,955	57,972	1,102,635
12/31/2007	0	35,298	29,908	321,307	25,217	59,003	1,139,345
12/31/2008	0	36,357	31,783	353,089	8,217	59,227	816,142
12/31/2009	0	37,448	23,957	377,046	0	58,273	944,607
12/31/2010	0	38,571	20,624	397,670	0	57,177	1,025,185
12/31/2011	0	39,728	22,519	420,189	0	56,247	1,024,256
12/31/2012	0	40,920	21,028	441,216	0	55,216	1,126,397
12/31/2013	0	42,148	20,660	461,876	0	54,234	1,324,400
12/31/2014	0	43,412	20,597	482,473	76,484	56,399	1,395,875
12/31/2015	0	44,714	22,308	504,781	51,916	57,690	1,374,755
12/31/2016	0	46,056	25,091	529,872	34,878	58,237	1,444,851
12/31/2017	0	47,438	27,888	557,760	56,243	59,565	1,617,200
12/31/2018	0	48,861	30,670	588,430	59,417	61,305	1,526,506
12/31/2019	0	50,326	32,972	621,402	35,921	61,921	1,764,761
03/31/2020	0	12,705	6,147	627,549	0	61,727	1,548,123
<b>Total</b>	<b>500,000</b>	<b>907,247</b>	<b>627,549</b>	<b>627,549</b>	<b>683,654</b>	<b>61,727</b>	<b>1,548,123</b>

**Average annual return on the investment for the period 04/01/1995 - 03/31/2020 : 9.11%**

4/1/1995 - 3/31/2020

Total Ending Amount: \$1,548,123

**American Balanced Fund A (ABALX)** : \$500,000 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: \$566,148)
- From Income (Ending value: \$8,252)
- From Principal (Ending value: \$973,723)

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