

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

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**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)

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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%

#### 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>
The Bond Fund of America A (ABNDX)	3.75%	1.00%	0.00%	0.61%

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.**

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.

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

Date	Initial Investment	Initial Sales Charge	Net Amount Invested	Shares Purchased
04/01/1995	\$500,000.00	None	\$500,000	38,550.501

\$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.

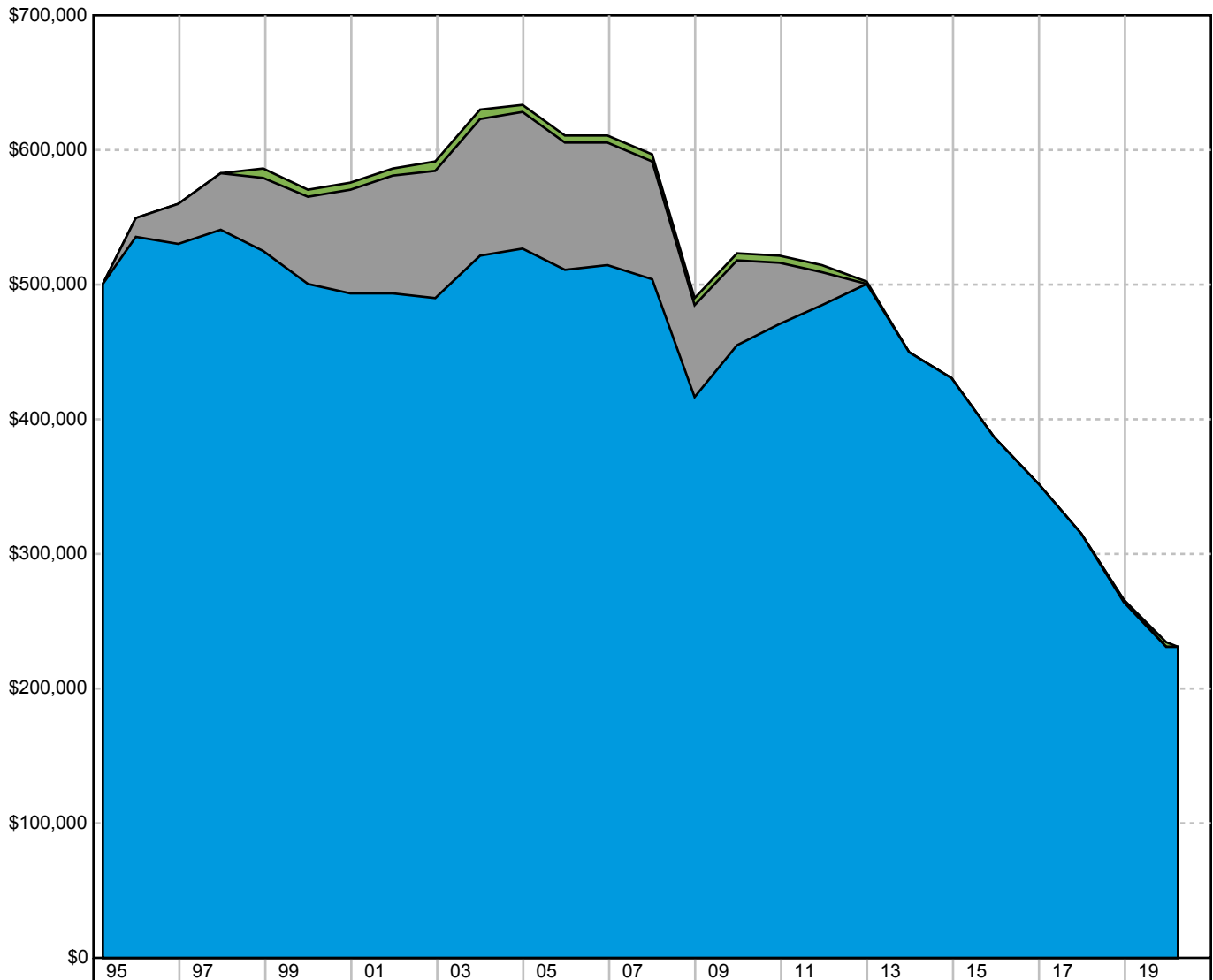
Date	Investment(s)	Withdrawal	Dividend Income	Total Dividend Income	Capital Gains	Shares Held	Total Value
12/31/1995	500,000	16,667	29,792	29,792	0	39,516	548,476
12/31/1996	0	25,500	40,432	70,224	0	40,615	558,452
12/31/1997	0	26,265	39,993	110,217	0	41,604	582,454
12/31/1998	0	27,053	39,983	150,200	5,935	42,974	584,878
12/31/1999	0	27,865	40,226	190,427	0	43,910	569,958
12/31/2000	0	28,700	42,338	232,765	0	44,984	575,348
12/31/2001	0	29,561	40,443	273,208	0	45,825	586,098
12/31/2002	0	30,448	38,257	311,465	0	46,449	589,907
12/31/2003	0	31,362	32,682	344,147	0	46,540	628,754
12/31/2004	0	32,303	29,556	373,703	0	46,333	632,449
12/31/2005	0	33,272	31,090	404,793	0	46,181	610,507
12/31/2006	0	34,270	29,963	434,756	0	45,851	610,741
12/31/2007	0	35,298	31,817	466,573	0	45,598	595,504
12/31/2008	0	36,357	33,729	500,302	0	45,470	489,262
12/31/2009	0	37,448	23,344	523,646	0	44,206	521,636
12/31/2010	0	38,571	20,011	543,657	0	42,675	520,207
12/31/2011	0	39,728	17,478	561,134	0	40,874	512,966
12/31/2012	0	40,920	13,196	574,330	0	38,707	501,258
12/31/2013	0	42,148	10,965	585,296	0	36,250	449,501
12/31/2014	0	43,412	9,440	594,736	0	33,572	430,060
12/31/2015	0	44,714	8,030	602,766	0	30,711	386,652
12/31/2016	0	46,056	6,289	609,055	0	27,633	351,490
12/31/2017	0	47,438	6,125	615,180	0	24,425	314,839
12/31/2018	0	48,861	6,722	621,902	0	21,071	264,862
12/31/2019	0	50,326	5,787	627,689	3,118	17,885	234,116
03/31/2020	0	12,705	1,233	628,922	0	17,023	229,974
<b>Total</b>	<b>500,000</b>	<b>907,247</b>	<b>628,922</b>	<b>628,922</b>	<b>9,053</b>	<b>17,023</b>	<b>229,974</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: \$229,974

**The Bond Fund of America A (ABNDX)** : \$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: \$0)
- From Income (Ending value: \$525)
- From Principal (Ending value: \$229,450)

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