

EVERYTHING BEHIND
EXCHANGE-TRADED FUNDS

ETFs

FROM CAPITAL GROUP

Investments are not FDIC-insured, nor are they deposits of or
guaranteed by a bank or any other entity, so they may lose value.

Our mission

is to improve people's lives through successful investing.

When Jonathan Bell Lovelace founded Capital Group in 1931, he established **three core principles** that we hold to this day:

- 1 Do the thorough research necessary to determine the actual worth of an organization.
- 2 Buy securities at reasonable prices relative to their prospects.
- 3 Always be guided by a total commitment to honesty and integrity.



\$2.4 trillion

Total assets under management

470+

Investment professionals

\$10.6 billion

Total ETF assets under management

171+

Investment professionals based outside the U.S.

122

Portfolio managers averaging 27 years industry experience

237

Investment analysts

All data as of 6/30/2023.



Privately held since 1931

Since our founding in 1931, we've affirmed our decision to remain a privately held company so our culture and business strategies can prioritize pursuing what's right for long-term investors.



We go deep to find compelling investment ideas

We're dedicated to our proprietary research effort. Our long-standing relationships with companies enable our vast investment network to conduct in-depth, fundamental research on businesses across the globe.



A proven approach to active management, designed to deliver superior results for our clients

We've always done things a bit differently. We believe in strong teams rather than individual star managers. Our investment teams are aligned with your success. They invest their own money alongside yours and are compensated for results over the long term (learn more on pages 14-15). Our signature investment approach has helped us deliver for our clients for more than 90 years.

(Right) Capital Group associate in New York office





AN

ETF
SHARE

IS LIKE
A SLICE
OF CAKE



ETF

*A mix of ingredients
(**securities**) that create
a fund's recipe*

**ETF
SHARE**



*Each slice contains a
proportionate mix of
ingredients (i.e., **securities**)*



POTENTIAL BENEFITS INCLUDE:

Transparency

Most ETFs disclose information about holdings more frequently than mutual funds, typically daily.

Liquidity

ETF shares trade in the secondary market* and have a unique mechanism (see pages 8-9) that allows for the number of shares to increase or decrease as needed, depending on market demand. Because ETF shares trade intraday, investors have more control over the price of execution.

Tax efficiency

Due to its structure, the ETF vehicle can offer greater tax advantages when compared with other vehicles. (Learn how on page 8.)

Flexibility

Build an all-ETF portfolio or layer different ETFs with existing allocations to fine-tune your portfolio to your needs.

DID YOU KNOW?

The holdings of our ETFs are published daily on our site so you know which securities you're invested in.

CHECK IT OUT



[CAPITALGROUP.COM/ETF-HOLDINGS](https://capitalgroup.com/ETF-HOLDINGS)



STOCK

A security that offers investment in a single company and can be bought/sold at the current market price anytime during the trading day.



ETFs

A professionally managed fund that combines the diversification benefits of a mutual fund with the trading flexibility of a stock.



MUTUAL FUND

A professionally managed fund that offers investment in a diversified mix of securities.

All transactions are priced using the next available net asset value, which is calculated daily, after the close of trading.

*Refer to key terms on page 22.

TAX EFFICIENT BY DESIGN

ETFs' tax advantages stem from the way they're structured,
which allows for two main sources of tax efficiency:
trading in the secondary market* (aka: externalization*)
and in-kind redemptions*

LEARN MORE



CAPITALGROUP.COM/
ETF-TAX-EFFICIENCY-
EXPLAINED

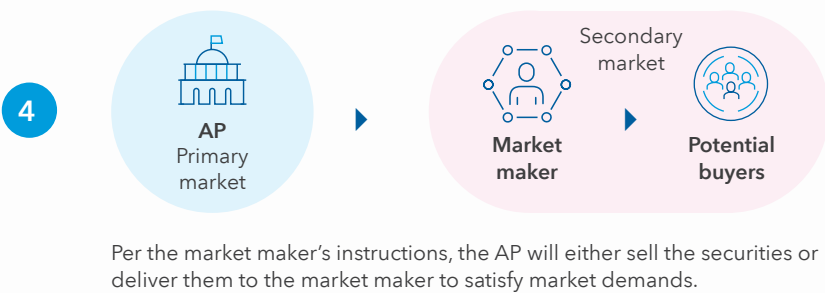
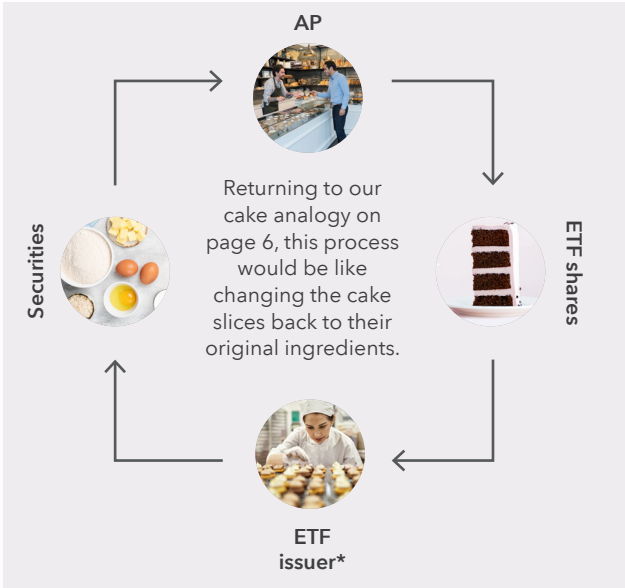
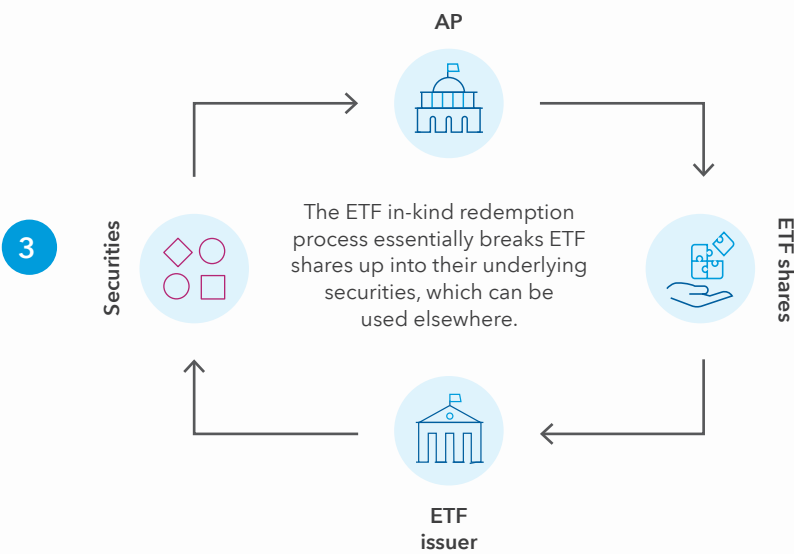
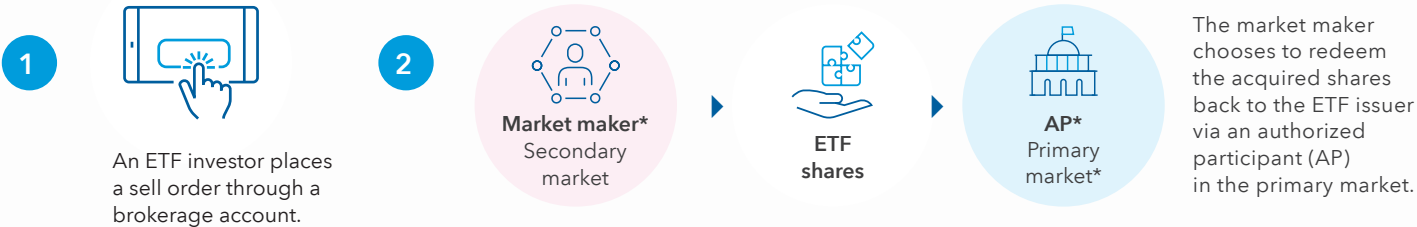
ETFs ARE PRIMED FOR TAX EFFICIENCY

The key is the creation/redemption process, which allows for in-kind redemptions. Even if the secondary market can't support ETF selling activity, in-kind redemptions can be used to further protect ETF shareholders from individual investors' redemption activity. (The creation process, which creates new ETF shares, uses the same process in reverse.)

The bottom line: ETFs may offer more control over the timing of paying taxes on any ETF gains because it typically occurs when **you** decide to sell your shares, not when others in the fund do.


*Refer to key terms on page 22.

ETF redemptions: Using the in-kind redemption process



DID YOU KNOW?

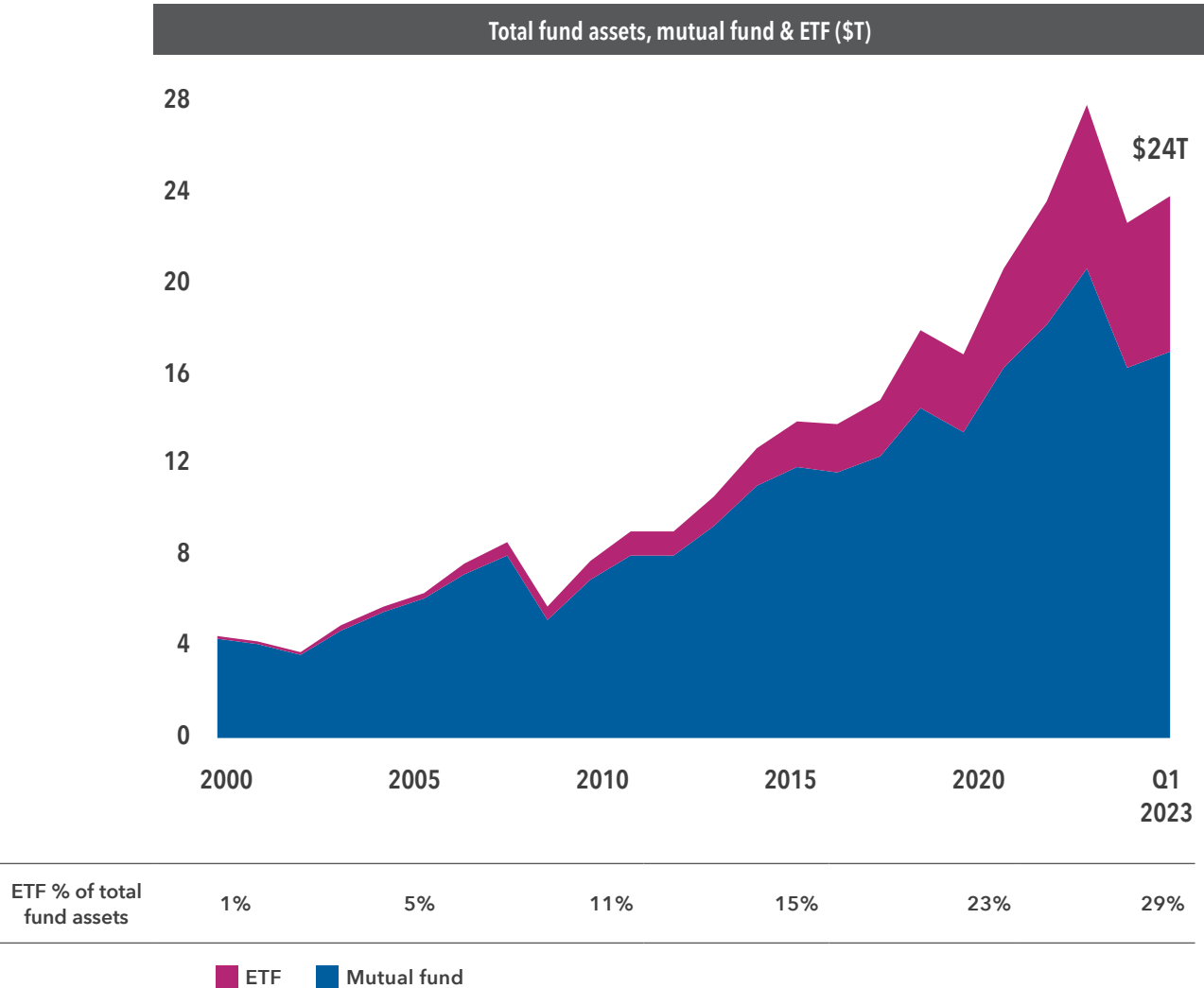
Using the lowest cost-basis stocks* in the transfer helps maximize the ETF's tax efficiency by reducing any unrealized capital gains.* This further decreases the likelihood of redemption activity triggering a tax event for shareholders.



*Refer to key terms on page 22.

ETFs are a popular choice among investors

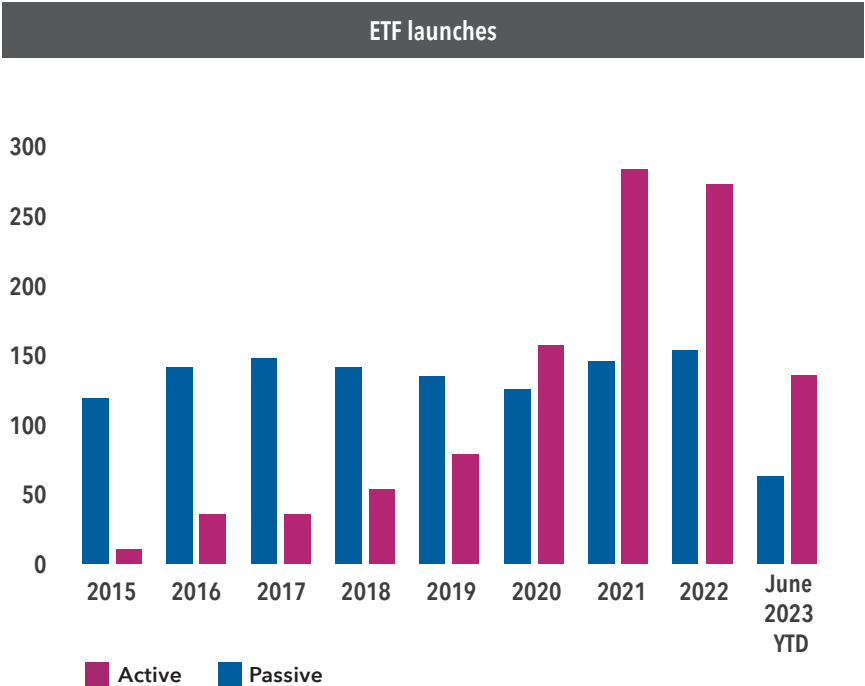
They're increasingly attracting a larger share of total fund assets from investors who appreciate their simplicity, tax efficiency, typically lower cost and tradability.



Source: Assets & Flows from Morningstar Direct, Mutual Funds and ETFs, ex Money Market Funds, ex Fund of Funds as of 3/31/23.

With more active ETFs coming to market:

Investors now have the ability to strive for more when it comes to pursuing their financial goals.



197

New ETFs
launched in 2023

69%

Of all ETF
launches in 2023 were
actively managed

Source: Morningstar Direct as of June 30, 2023.

DID YOU
KNOW ?

Many investors **mistakenly** think only passive ETFs are tax efficient.

That's because for a long time, the vast majority of ETFs were index-based* ETFs (i.e., passively managed) but that's changing as more active ETFs are coming to market. And, as you learned on pages 8-9, the ETF vehicle's tax efficiency stems from its structure, not its management style.

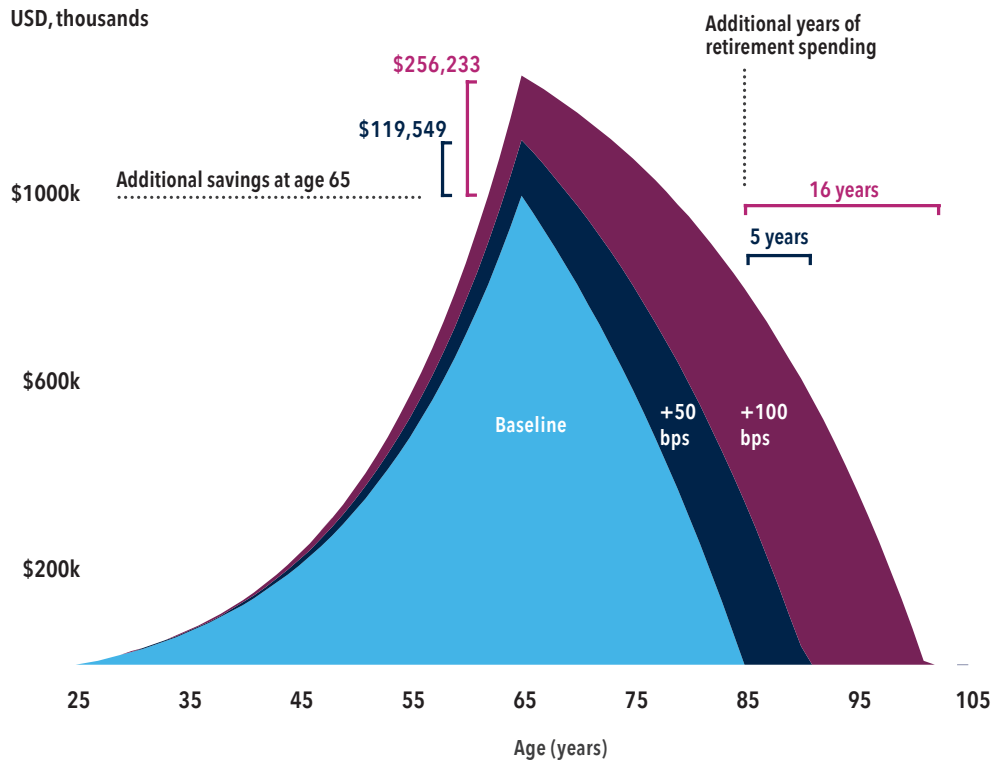
*Refer to key terms on page 22.

BUT...

WHY A

EVEN A SMALL INCREASE IN RETURNS

Impact of 50 bps and 100 bps increases in return in a hypothetical savings and withdrawal scenario



Active ETFs allow you to pursue **better-than-market** outcomes with greater tax efficiency.

See disclosure on page 13.

ACTIVE?

CAN DRAMATICALLY IMPROVE OUTCOMES

Scenario assumptions			
	Baseline	+50bps	+100bps
Returns before 65	5.5%	6.0%	6.5%
Returns after 65	3.5%	4.0%	4.5%
Account balance at 65	\$997,216	\$1,116,765	\$1,253,449
Annual retirement income*	\$67,792	\$67,792	\$67,792
Years of retirement spending	20 years	25 years	36 years

Demographic assumptions	
Starting balance	\$0
Starting age	25
Starting salary	\$45,000
Annual salary growth rate	3.0%
Annual contribution rate	10.0%
Employer contribution match	0.0%
Retirement age	65
Ending salary at 65	\$146,792

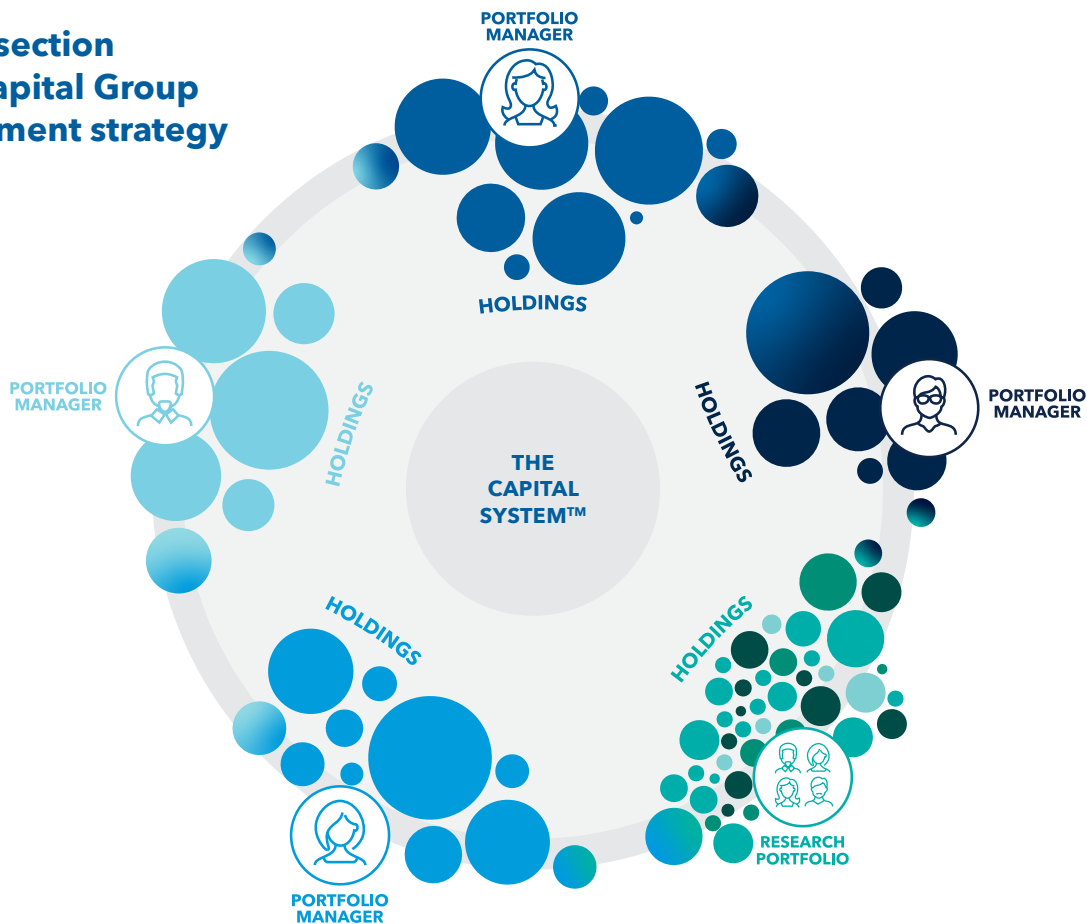
Active management is our wheelhouse

Capital Group has a more than 90-year history of pursuing superior results via active management. While the potential benefit of active funds may seem small, this chart shows how just 50 basis points (bps) of excess return can make a big difference (in this example, five additional years of retirement spending).

Source: Capital Group. The demographic assumptions, returns and ending balances are hypothetical and provided for illustrative purposes only, and are not intended to provide any assurance or promise of actual returns and outcomes. Returns will be affected by the management of the investments and any adjustments to the assumed contribution rates, salary or other participant demographic information. The additional years of retirement spending are intended to represent a conservative measure. Actual results may be higher or lower than those shown. Past results are not predictive of results in future periods. Based on an exhibit from Russell Investments.

*Withdrawal that produces 20 years of income in the baseline scenario, which equates to a 46% income replacement.

**Cross section
of a Capital Group
investment strategy**



The number of holdings and portfolio managers are for illustrative purposes only. The illustration above does not reflect the makeup of a particular fund or strategy.

OUR *(NOT SO)*
SECRET

The Capital System

The Capital System is the driving force behind our history of long-term results. It leverages a multi-manager system to construct portfolios containing diverse, high-conviction ideas while promoting continuity and resilience.

Compensation paid to our investment professionals is heavily influenced by results over one-, three-, five- and eight-year periods, with increasing weight placed on each succeeding measurement period to encourage a long-term investment approach.

Its key feature enables each manager to invest in their highest conviction ideas within their portion of the portfolio. The Capital System is further enhanced by a flat structure that fosters a cooperative culture among managers and analysts, and encourages robust interactions across regional and sector responsibilities.

A time-tested, distinctive investment approach

Long-term investing objectives require a corresponding investment strategy and professionals aligned with that goal. At Capital Group, we strongly support this orientation in key ways and believe it is what makes The Capital Advantage – our time-tested results – possible.



SAUCE

ETFs

FOR THE CORE (AND MORE)

Spotlighting our investment group's capabilities

Our ETFs offer access to Capital Group's best thinking. Our growing product lineup offers more choice to some of the most in-demand investment categories.

[LEARN MORE](#)



[CAPITALGROUP.COM/ETFS](https://capitalgroup.com/etfs)

Investment approach			
	<div></div> Growth <div></div> Growth and income <div></div> Taxable fixed income <div></div> Tax-exempt fixed income <div></div> Balanced		Expense ratio*
U.S. equity	CGUS	Capital Group Core Equity ETF	0.33%
	CGGR	Capital Group Growth ETF	0.39%
	CGDV	Capital Group Dividend Value ETF	0.33%
International equity	CGXU	Capital Group International Focus Equity ETF	0.54%
	CGIE	Capital Group International Equity ETF	0.54%
Global equity	CGGO	Capital Group Global Growth Equity ETF	0.47%
	CGDG	Capital Group Dividend Growers ETF	0.47%
Core/core plus bond	CGCB	Capital Group Core Bond ETF	0.27%
	CGCP	Capital Group Core Plus Income ETF	0.34%
Short term bond	CGSD	Capital Group Short Duration Income ETF	0.25%
Multisector bond	CGMS	Capital Group U.S. Multi-Sector Income ETF	0.39%
Municipal bond	CGSM	Capital Group Short Duration Municipal Income ETF	0.25%
	CGMU	Capital Group Municipal Income ETF	0.27%
Multi-asset	CGBL	Capital Group Core Balanced ETF	0.33%

*The expense ratio is as of the fund's prospectus available at the time of publication. Expense ratios for ETFs are estimated.

Equity ETFs

CGUS

Combining growth and income to potentially provide a smoother ride

A portfolio that can serve as a complement to an S&P 500 Index fund. Like all Capital Group funds, it utilizes The Capital System, which is designed to help our portfolios participate in strong market environments and dampen volatility in challenging ones.

How it fits: Core U.S. equity allocation

CGGR

Seeks growth by investing in a broad group of companies that have the potential for capital appreciation

A broad fund that seeks growth of capital as its objective rather than its investment style, meaning that while the fund will predominantly invest in larger, faster growing U.S. companies, managers have flexibility across different geographies and investment approaches in search of capital appreciation.

How it fits: U.S. growth allocation

CGDV

"Value" refined

Seeks to produce consistent income that exceeds the average yield of the S&P 500 Index by focusing on companies that pay dividends or have the potential to pay dividends.

How it fits: Core U.S. value allocation

CGXU

Boots-on-the-ground investing for international growth

Explore opportunities outside the U.S. – including emerging markets – with a company-by-company-focused strategy that seeks long-term growth of capital.

How it fits: Core international allocation

CGIE

A prudent approach to international investing

An international fund that pursues prudent growth of capital and conservation of principal by investing in companies predominately based in developed markets. The fund seeks to provide a smoother return profile over a full market cycle with less volatility and lower downside capture than the market.

How it fits: A core fund for international equity exposure

CGGO

Travels anywhere for growth

Takes a bottom-up approach, analyzing all aspects of companies with significant growth potential, including where they do business, their position in their industry, their products and the health of their supply chains.

How it fits: Growth allocation

CGDG

A global approach to dividend investing

Invests in companies worldwide with the potential to provide attractive yield and dividend growth over the long term.

How it fits: Global equity allocation

Fixed income ETFs

CGCB

A high-quality core bond fund

The fund seeks to provide the benefits of core bonds – including diversification from equities and capital preservation – while pursuing attractive income and returns. With a portfolio consisting of high-quality bonds, the fund aims to provide ballast when navigating different market environments.

How it fits: A true core fixed income solution

CGCP

A balanced approach to preserving capital and pursuing income while seeking total return

A core plus fixed income fund that takes a disciplined approach to security selection. This single fund solution prioritizes sustainable income and mitigation of risk, while supporting capital preservation.

How it fits: A single-solution core-plus-income bond allocation

CGSD

Pursuing income with low interest rate sensitivity

The fund employs a flexible and research-driven approach to identify attractive income opportunities across a variety of fixed income sectors.

How it fits: Seeks a higher income profile than enhanced cash investments with structurally less interest rate exposure than a typical intermediate bond fund

CGMS

A U.S. multi-sector income fund that pursues a high level of current income and the opportunity for capital appreciation

A portfolio that employs multiple levers, offering strategic active exposure to a broad set of higher income opportunities, seeking multiple sources of income and total return across U.S. bond sectors.

How it fits: An option for a higher income-seeking bond allocation

CGSM

Pursues income exempt from regular federal income tax with low interest rate sensitivity

A short duration fund that employs a flexible, research-driven approach to identify attractive income opportunities that are exempt from regular federal income tax across a variety of municipal sectors.

How it fits: A short duration, income-seeking portfolio that is exempt from regular federal income tax with the potential for less risk from interest rate movements

CGMU

A core municipal fund that pursues tax-exempt income consistent with capital preservation while seeking total return

A municipal bond fund with multiple potential sources of return that seeks a tax-exempt income stream while preserving capital.

How it fits: A single solution core municipal bond allocation

Multi-asset ETF

CGBL

A balanced, multi-asset approach to growth-and-income investing

With a multi-asset portfolio of quality stocks and exposure to bonds, this balanced fund invests between 50% and 75% in equities, with flexible exposure to growth-oriented and dividend-paying stocks. The fixed income portion is invested in one or more Capital Group fixed income ETFs, seeking to provide diversification from equities and income.

How it fits: Can serve as a single fund solution or as a core building block for a portfolio

Can other ETFs offer all this?

- ✓ **Active**
Don't settle for average – pursue more with an active investment approach.
- ✓ **Low cost**
Nearly all our ETFs are priced within the lowest quartile of active ETFs.*
- ✓ **Transparent**
Get daily info about ETF holdings so you know exactly what you're invested in.
- ✓ **Time-tested**
Partner with an ETF provider that has a 90+ year history of seeking superior results via active management.
- ✓ **Tax efficient**
Combining the tax advantages of the ETF vehicle with the tax-aware portfolio management modern investors expect.
- ✓ **Strategies for the core and more**
Key building blocks – whether you're seeking to bolster the core of your portfolio or are pursuing complementary strategies to diversify existing allocations.

*Source: Morningstar, data as of 6/30/23.
Each ETF was compared to other ETFs within the same Morningstar category.



Capital Group associate in Los Angeles

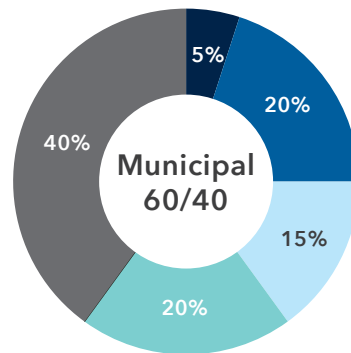
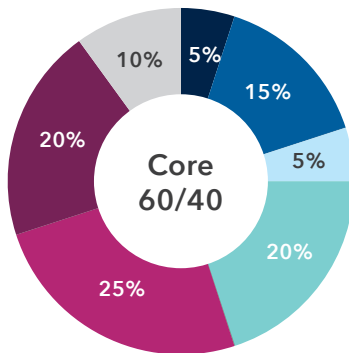
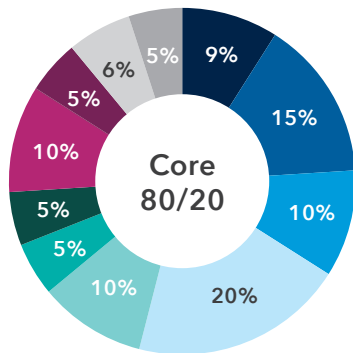
Strategies designed for your objectives

Whether you're pursuing better-than-average outcomes from the core of your portfolio or seeking to fine-tune your approach with complementary strategies, our growing ETF product lineup offers a range of options to consider.

Capital Group's objective-oriented funds are building block strategies that seek better investment outcomes and can provide the flexibility to pursue attractive investments in a variety of markets.

This is all wrapped up in a long-term approach that promotes resilience during volatility. Designed to strengthen portfolios where it matters most, these active transparent strategies aim to change what you may have come to expect from ETFs.

3 ideas for using Capital Group ETFs to strengthen the core of portfolios



■ CGGO ■ CGDG ■ CGGR ■ CGUS ■ CGDV ■ CGXU
■ CGIE ■ CGBL ■ CGCB ■ CGCP ■ CGMS ■ CGMU

These ideas consist of an allocation of funds for investors to consider and are not intended to be investment recommendations. Financial intermediaries may or may not recommend them to clients. The ideas are hypothetical asset allocations designed for individuals with different time horizons and risk profiles. Allocations may not achieve investment objectives. Please talk to your financial professional for information on other investment alternatives that may be available to you. In making investment decisions, investors should consider their other assets, income and investments.



Key term glossary

Authorized participant (AP): A broker-dealer that has a contracted opportunity with the ETF issuer to create and redeem shares in the primary market to meet market demand.

Capital gain liability: The tax on the profit of an investment that's realized when the investor sells the investment.

ETF issuer: A firm that creates, manages and operates an ETF, establishing its strategy and working with regulators and exchanges to obtain permission to offer the fund.

Externalization: Investors can sell ETF shares in the secondary market so selling activity usually happens outside of the ETF (i.e., fund managers aren't forced to sell holdings to satisfy redemption requests), which may increase the potential for capital gain liabilities for fund shareholders, largely insulating the fund from individual investors' trading activity.

In-kind redemption: A process that's commonly used when the secondary market can't support ETF selling activity. It involves a transaction in which the securities being exchanged are considered equal in value. For example, when APs are creating or redeeming shares for the ETF issuer in the primary market, the swapping of ETF shares for underlying securities (and vice versa) are considered in-kind transactions because the exchanged shares and securities are of equal value.

These types of transactions can help reduce taxable transactions within the ETF.

Index-based ETF: Also known as a passive ETF, it aims to track the risk/return profile of an index and may do so by mirroring index holdings or by selecting a subset of holdings that may produce a similar risk/return outcome.

Low-cost basis stocks: Specific lots, or batches, of equity securities held within a fund that have appreciated from their purchase price and carry embedded, or unrealized, capital gains (i.e., the portion of securities that were purchased at a lower price relative to other lots of that same security within the fund).

Market maker: A firm that helps set the market price for the ETF in the secondary market and executes client demand.

Primary market: The section of the capital market where new securities are issued. It's also where APs work with ETF issuers to adjust the supply of ETF shares in the market, either creating new shares or redeeming excess shares.

Secondary market: An aftermarket where investors buy and sell securities to each other. The most common examples are stock exchanges like the NYSE and NASDAQ.

Important investment disclosures

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

Capital Group exchange-traded funds (ETFs) are actively managed and do not seek to replicate a specific index. ETFs are bought and sold through an exchange at the then current market price, not net asset value (NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV when traded on an exchange. Brokerage commissions will reduce returns. There can be no guarantee that an active market for ETFs will develop or be maintained, or that the ETF's listing will continue or remain unchanged.

As nondiversified funds, Capital Group ETFs have the ability to invest a larger percentage of assets in securities of individual issuers than a diversified fund. As a result, a single issuer could adversely affect a fund's results more than if the fund invested a smaller percentage of assets in securities of that issuer. See the applicable prospectus for details.

For CGUS, CGGR, CGIE, CGXU, CGGO, CGDG, CGCP, CGCB, CGMS and CGBL, investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries.

For CGCB, CGCP, CGMS, CGMU, CGSM, CGSD and CGBL, 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.

For CGCB, CGCP, CGMS, CGSD and CGBL, the use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds.

For CGCP, CGMU, CGMS and CGSM, lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

For CGCP, CGCB, CGSD and CGMS, investments in mortgage-related securities involve additional risks, such as prepayment risk, as more fully described in the prospectus.

For CGMU and CGSM, income from municipal bonds may be subject to state or local income taxes and/or the federal alternative minimum tax. Certain other income, as well as capital gain distributions, may be taxable.

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