

# U.S. Equity Quarterly portfolio review

## Highlights

- Series F return: 5.43%  
 (see page 3 for returns for other periods)
- S&P 500 Composite Index return: 4.75%
- U.S. equities continued to rally as massive stimulus measures and an accelerating COVID-19 vaccination rollout boosted optimism for a strong economic recovery.
- The Canadian dollar appreciated versus the U.S. dollar.

## Commentary

- The portfolio posted solid results, outpacing its benchmark in part due to strong holdings and lighter-than-benchmark allocations for the information technology (IT) and consumer discretionary sectors.
- With a focus on blue chip companies with growing dividends, the portfolio's dividend yield was 1.86% versus 1.47% for the S&P 500.
- Shares of EOG Resources, an oil and gas exploration company, surged on the back of soaring oil prices. General Motors shares rallied on strong revenue and earnings, alongside positive sentiment for its accelerated electric vehicle strategy.
- Shares rose for Home Depot, as the pandemic and real estate market bolstered home improvement sales. ASML, a leading supplier of lithography tools used in semiconductor manufacturing, rose on an upbeat outlook, as it anticipated semiconductor makers may ramp up their 2021 capital expenditure amid a global shortage of chips.
- Among financials holdings, the mandate was lifted by its larger-than-benchmark allocation to: American International Group, which rose as its general insurance business saw improvement in its core margin; and PNC Financial Services Group, which climbed on expanded loan business.
- The mandate's results were hurt by larger-than-benchmark allocations to declining holdings such as Daiichi Sankyo and Netflix, as well as lighter-than-benchmark allocations to rising holdings such as Bank of America, ExxonMobil, Wells Fargo and Deere & Company.
- Holdings outside the U.S. were 8.8% of the portfolio and included the top-20 holding Linde, a U.K.-based gas company.

## Investment objective

Long-term growth of capital and income through investments primarily in common stocks of U.S. issuers.

## Risk classification

Low	Low to Medium	<b>Medium</b>	Medium to High	High
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Methodology recommended by Canadian securities regulators, as disclosed in the fund's prospectus.

Portfolio managers	Years in profession	Years with Capital
Christopher Buchbinder	25	25
Grant L. Cambridge	28	24
Barry Crosthwaite	24	24
Joyce E. Gordon	40	45
Martin Jacobs	32	20
James B. Lovelace	39	39
Donald D. O'Neal	35	35
Martin Romo	29	28
James Terrile	26	24

A portion of assets is managed by 45 research analysts with a median of 14 years of industry experience.

Years of experience as of December 31, 2020.

## Capital Group U.S. Equity Fund (Canada) – Series F

As of March 31, 2021

<b>Top 25 equity holdings<sup>1</sup></b>	<b>% of net assets</b>	<b>% dividend yield<sup>1,2</sup></b>	<b>Portfolio information</b>		<b>Country diversification</b>		<b>% of net assets</b>	<b>% of net assets</b>
Microsoft	6.7	0.8	Assets (\$ mil) <sup>3</sup>	\$149.50	United States	85.5	Hong Kong	0.3
Broadcom	4.2	2.6	Number of holdings	195	United Kingdom	2.9	Israel	0.3
Facebook	4.1	–	Dividend yield <sup>2</sup>	1.86%	Japan	1.2	Brazil	0.3
Alphabet	3.5	–	Portfolio turnover rate (2020)	50%	Switzerland	0.9	Belgium	0.2
Comcast	3.4	1.6	Trading expense ratio <sup>4</sup>	0.04%	Netherlands	0.8	Italy	0.2
Amazon	2.7	–	Weighted average market cap (\$ bil):		Canada	0.7	Liberia	0.1
Abbott Laboratories	2.7	1.3	Capital Group U.S. Equity		Korea, Republic Of	0.4	Denmark	0.1
Home Depot	2.5	1.8	Fund (Canada)	\$373.56	France	0.4	Taiwan	0.0 <sup>7</sup>
Netflix	2.3	–	S&P 500 Index	\$435.11				
Philip Morris International	2.1	4.6	Price to earnings:				<b>% of net assets at 3/31/21</b>	<b>% of net assets at 3/31/20</b>
JPMorgan Chase	2.0	2.0	Capital Group U.S. Equity		<b>Sector diversification</b>			
UnitedHealth Group	1.6	1.1	Fund (Canada)	27.83	Information technology	19.1	17.2	
Apple	1.5	0.6	S&P 500 Index	28.06	Communication services	13.9	12.3	
PNC Financial Services Group	1.4	2.2	Price to book:		Health care	12.4	15.5	
Linde	1.3	1.5	Capital Group U.S. Equity		Consumer discretionary	10.0	9.8	
EOG Resources	1.3	1.9	Fund (Canada)	3.90	Industrials	8.8	7.8	
General Motors	1.3	–	S&P 500 Index	4.42	Financials	8.7	4.1	
Raytheon Technologies	1.2	2.1	Dividends:		Consumer staples	6.4	8.3	
General Electric	1.2	0.3	% dividend payers <sup>5</sup>	82%	Energy	5.7	5.0	
Gilead Sciences	1.2	3.7	% dividend growers <sup>6</sup>	72%	Materials	4.2	2.9	
Chevron	1.1	4.2			Utilities	3.0	2.7	
Mastercard Inc	1.1	0.4			Real estate	2.0	2.8	
Amgen	1.1	2.4			Fixed income	0.1	0.1	
ConocoPhillips	1.0	2.8			Cash and cash equivalents <sup>8</sup> & other assets less liabilities	5.7	11.5	
Citigroup	1.0	2.4						

<sup>1</sup> Net assets figures may reflect multiple securities from the same company or issuer. If a roll-up occurs, the dividend yield shown reflects the issue with the highest net assets percentage.

<sup>2</sup> Income generated by portfolio securities, before expenses; does not reflect unitholder distributions. A dash indicates no dividend was paid in the trailing 12-month period.

<sup>3</sup> For combined series.

<sup>4</sup> As of December 31, 2020.

<sup>5</sup> The percent of portfolio holdings as of December 31, 2020, that paid a dividend in calendar year 2020.

<sup>6</sup> The percent of portfolio holdings as of December 31, 2020, that paid and increased their dividend in calendar year 2020 versus the previous year.

<sup>7</sup> Holding less than 0.1%.

<sup>8</sup> Cash and cash equivalents includes short-term investments.

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## Capital Group U.S. Equity Fund (Canada) – Series F

As of March 31, 2021

### Total returns (%) as of March 31, 2021

	Cumulative			Annualized compound returns					Calendar year				
	3 mo	YTD	Since inception <sup>*</sup>	1 yr	3 yr	5 yr	10 yr	Since inception <sup>*</sup>	2020	2019	2018	2017	2016
Series F (CIF 827)	5.43	5.43	121.38	34.41	9.71	11.01	–	11.74	11.68	14.56	-1.12	9.21	16.78
S&P 500 Composite Index	4.75	4.75	190.13	38.06	15.79	15.63	–	16.02	16.32	24.84	4.23	13.83	8.09

<sup>\*</sup>The fund was subject to a merger, which was a material change to the fund, as of January 31, 2014. Returns are therefore calculated since that date. Results vary by series primarily due to differences in the series' fees and expenses. For all series, see [capitalgroup.com/ca](http://capitalgroup.com/ca).

### Attribution analysis (relative returns)

Q1 2021	Companies	Sectors
<b>Major contributors</b>	Apple EOG Resources General Motors	Information technology Consumer discretionary Energy
<b>Major detractors</b>	Daiichi Sankyo Netflix Bank of America	Financials Cash Real estate

### Largest holdings changes

Since December 31, 2020	
<b>New:</b>	<b>Eliminated:</b>
KLA	Wal-Mart
Wells Fargo	Kering SA
NVR	Seagen

### Management expense ratio (MER)

Fund (Series F) <sup>1</sup>	<b>0.80%</b>
Industry avg. <sup>2</sup>	0.99%

MERs and FundSERV codes for other series available at [capitalgroup.com/ca](http://capitalgroup.com/ca).

**Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.**

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Unless otherwise indicated, data as of March 31, 2021. The fund is actively managed; holdings will change.

<sup>1</sup>Capital Group, at its discretion, currently waives some of its management fees or absorbs some expenses of certain Capital Group funds. Such waivers and absorptions may be terminated at any time, but can be expected to continue for certain portfolios until such time as such funds are of sufficient size to reasonably absorb all management fees and expenses incurred in their operations.

The management expense ratios for the portfolios are based on audited total expenses for the 12-month period ended December 31, 2020, and are expressed as an annualized percentage of daily average net assets during the period. Actual MERs may vary. The management expense ratio for Series F units of Capital Group U.S. Equity Fund (Canada) before waivers or absorptions for the 12-month period ended December 31, 2020, is 0.87%.

<sup>2</sup>Source: Investor Economics, a division of Strategic Insight. Industry category MER averages for funds similar in size to respective Capital Group funds based on data updated to fiscal year-end 2019, for those funds with a financial year-end of December 31, 2019. Reflects a weighted average of management expense ratios available as of December 31, 2019, for U.S. equity funds Series F with equal to or less than \$130 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2019, of Capital Group U.S. Equity Fund (Canada) is \$130.6 million.

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