

# U.S. Equity Quarterly portfolio review

## Highlights

- Series F return: -13.03%  
 (see page 3 for returns for other periods)
- S&P 500 Index return: -13.35%
- U.S. equities fell into their first bear market since 2020 as persistently high inflation and rising interest rates headlined investor concerns. All sectors declined, but cyclical stocks were hit hardest.
- The Canadian dollar retreated against the U.S. dollar.

## Commentary

- The mandate posted negative numbers for the period but slightly outpaced the benchmark primarily due to strong investment selection in the consumer staples sector and a notably lower-than-benchmark exposure to information technology.
- In consumer staples, food supply giant General Mills was a standout investment. Shares gained after the company surpassed earnings estimates for its fiscal fourth quarter and raised its dividend. Gross margin surprised on the upside, signaling General Mills was coping relatively well with supply chain disruptions.
- Within information technology, which registered a severe decline over the quarter, the mandate's exposure was notably lower than the benchmark's, proving beneficial for relative results. Apple, in particular, helped relative results despite a marked decline in value, as the portfolio's exposure was substantially lower than that of the benchmark.
- Raytheon Technologies and General Dynamics in the industrials sector and aerospace-and-defence industry aided results, as did UnitedHealth Group in the health care sector. Despite the positive contributions from UnitedHealth Group, a lower-than-benchmark exposure to the sector hurt relative results, as the sector declined less than most other sectors in the wider market.
- Investment selection and a greater-than-benchmark exposure in the communication services sector also detracted from relative results, with much of the decline coming from entertainment company Netflix and Meta (formerly Facebook).

## 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
Aline Avzaradel	19	17
Christopher Buchbinder	26	26
Grant L. Cambridge	29	25
Martin Jacobs	33	21
James B. Lovelace	40	40
Donald D. O'Neal	36	36
Martin Romo	30	29
Jessica Spaly	24	18
James Terrile	27	25

A portion of assets is managed by 41 research analysts with a median of 14 years of industry experience.

Years of experience as of December 31, 2021.

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

As of June 30, 2022

<b>Top 25 equity holdings<sup>1</sup></b>	<b>% of net assets</b>	<b>% dividend yield</b>	<b>Portfolio information</b>		<b>Country diversification<sup>7</sup></b>		<b>% of net assets</b>	<b>% of net assets</b>
Microsoft	7.5	1.0	Assets (\$ mil) <sup>2</sup>	\$157.29	United States	83.9	Hong Kong	0.3
Broadcom	3.4	3.4	Number of holdings	201	United Kingdom	3.6	Brazil	0.2
Amazon	3.4	–	Dividend yield <sup>3</sup>	1.98%	Canada	2.4	Denmark	0.2
Philip Morris International	3.3	5.1	Portfolio turnover rate (2021)	34%	Netherlands	0.6	Japan	0.2
Meta Platforms	3.3	–	Trading expense ratio <sup>4</sup>	0.02%	Israel	0.5	Switzerland	0.2
Alphabet	3.2	–	Weighted average market cap (\$ bil):		France	0.4	Taiwan	0.2
UnitedHealth Group	2.8	1.3	Capital Group U.S. Equity Fund (Canada)	\$390.42	Australia	0.3		
British American Tobacco	2.5	6.2	S&P 500 Index	\$449.02				
Abbott Laboratories	2.4	1.7	Price to earnings:				<b>% of net assets at 6/30/22</b>	<b>% of net assets at 6/30/21</b>
Raytheon Technologies	2.3	2.3	Capital Group U.S. Equity Fund (Canada)	17.52	<b>Sector diversification</b>			
Comcast	2.2	2.8	S&P 500 Index	18.08	Information technology	19.4	18.8	
Apple	2.2	0.7	Price to book:		Health care	12.5	11.6	
General Electric	2.1	0.5	Capital Group U.S. Equity Fund (Canada)	3.40	Industrials	11.3	9.3	
Baker Hughes	1.6	2.5	S&P 500 Index	3.79	Communication services	9.5	16.0	
Linde	1.6	1.6	Dividends:		Financials	8.7	8.8	
Mastercard Inc	1.4	0.6	% dividend payers <sup>5</sup>	80%	Consumer staples	8.5	6.6	
Canadian Natural Resources	1.2	4.3	% dividend growers <sup>6</sup>	88%	Consumer discretionary	7.6	9.6	
General Dynamics	1.2	2.3			Energy	6.3	5.5	
Carrier Global	1.2	1.7			Utilities	3.8	2.9	
Morgan Stanley	1.2	3.7			Materials	3.4	4.7	
Home Depot	1.1	2.8			Real estate	1.9	2.0	
Thermo Fisher Scientific	1.1	0.2			Fixed income	0.1	0.2	
EOG Resources	1.0	7.5			Cash and cash equivalents <sup>8</sup> & other assets less liabilities	7.0	4.0	
American International Group	0.9	2.5						
PG&E	0.9	–						

<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. A dash indicates no dividend was paid in the trailing 12-month period.

<sup>2</sup> For combined series.

<sup>3</sup> Income generated by portfolio securities, before expenses; does not reflect unitholder distributions.

<sup>4</sup> As of December 31, 2021.

<sup>5</sup> The percent of portfolio holdings as of December 31, 2021, that paid a dividend in calendar year 2021.

<sup>6</sup> The percent of portfolio holdings as of December 31, 2021, that paid and increased their dividend in calendar year 2021 versus the previous year.

<sup>7</sup> Individual countries with less than a 0.1% weight are not shown.

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

Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or income taxes. The S&P 500 is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. Copyright © 2022 S&P Dow Jones Indices LLC, a division of S&P Global, and/or its affiliates. All rights reserved. Redistribution or reproduction in whole or in part is prohibited without written permission of S&P Dow Jones Indices LLC. Investors cannot invest directly in an index.

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

As of June 30, 2022

### Total returns (%) as of June 30, 2022

	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>	2021	2020	2019	2018	2017
Series F (CIF 827)	-13.03	-18.18	112.46	-8.67	6.96	6.59	–	9.37	23.67	11.68	14.56	-1.12	9.21
S&P 500 Index	-13.35	-18.26	188.92	-6.89	10.12	11.16	–	13.43	27.61	16.32	24.84	4.23	13.83

<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)

Q2 2022	Companies	Sectors
<b>Major contributors</b>	Philip Morris Tesla British American Tobacco	Cash Information technology Consumer staples
<b>Major detractors</b>	Netflix General Electric Royal Caribbean	Communication services Health care Energy

### Largest holdings changes

Since March 31, 2022	
<b>New:</b>	<b>Eliminated:</b>
EPAM Systems	Rolls-Royce
ExxonMobil	Alexandria Real Estate Equities
First Republic Bank	Celanese

### Management expense ratio (MER)

Fund (Series F) <sup>1</sup>	<b>0.80%</b>
Industry avg. <sup>2</sup>	1.01%

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 June 30, 2022. 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, 2021, 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, 2021, 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 2021, for those funds with a financial year end of December 31, 2021. Reflects a weighted average of management expense ratios available as of December 31, 2021, for U.S. equity funds Series F with equal to or less than \$185 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2021, of Capital Group U.S. Equity Fund (Canada) is \$185 million.

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