

1Q 2023 portfolio review and commentary

Capital Group U.S. Equity Fund™ (Canada)

As of March 31, 2023

Macro highlights

U.S. equities advanced in the first quarter as the U.S. Federal Reserve slowed its pace of interest rate increases as inflation continued to soften. The U.S. Consumer Price Index rose 6% year-over-year in February, its lowest level since September 2021. The Fed raised interest rates by 25 basis points at its March meeting, its ninth consecutive rate hike. Policymakers sustained the inflation fight despite concerns that stress in the banking sector following the failure of Silicon Valley Bank could tighten credit availability and push the economy into a recession.

Economic growth slowed with gross domestic product growth falling to an annualized 2.7% in the fourth quarter from 3.2% in the prior quarter due in part to weaker consumer spending. The labour market remained strong, with more than 800,000 jobs added in January and February combined. Wage growth cooled, however, supporting market expectations of a more dovish turn for the Fed.

The S&P 500 communication services and information technology sectors rose sharply as expectations for less-aggressive monetary policy brought them back into favour after a tough 2022. The financials sector was the biggest laggard among sectors due to stress among regional banks. The energy sector also dipped amid declining oil and natural gas prices, higher production costs and softening demand.

In foreign exchange markets, the Canadian dollar slightly appreciated versus the U.S. dollar but lagged the gains made against it by the euro, British pound sterling and Swiss franc.

Results

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Capital Group U.S. Equity Fund™ (Canada)

Total returns (%) For periods ended March 31, 2023	Cumulative			Average annual compound returns						
	3 months	YTD	Lifetime*	1 year	3 years	5 years	10 years	15 years	20 years	Lifetime*
Series F (CIF 827)	6.07	6.07	147.98	1.52	14.61	8.15	–	–	–	10.42
S&P 500 Index	7.37	7.37	233.37	-0.02	16.63	12.27	–	–	–	14.04

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 Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. Copyright © 2023 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.

*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. Returns, MERs, FundSERV codes and inception dates for all series are available at capitalgroup.com/ca.

Total returns (%) Calendar year	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Series F (CIF 827)	-9.97	23.67	11.68	14.56	-1.12	9.21	16.78	9.15	–	–
S&P 500 Index	-12.16	27.61	16.32	24.84	4.23	13.83	8.09	21.59	–	–

Management expense ratio (MER)

Series F (fund) ¹	0.80%
Series F industry avg. ²	1.01%

Risk classification

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

¹Capital 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, 2022, 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, 2022, is 0.84%.

²Source: 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 December 31, 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 \$185.28 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 \$185.28 million.

1Q 2023

Investment objective

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

Commentary

The mandate posted favourable results during the three-month period but lagged its benchmark primarily due to a lower-than-benchmark position and company selection within the information technology (IT) sector. Investment selection and a greater-than-benchmark position in consumer staples also weighed on relative results.

In IT, Nvidia, a semiconductor industry company, detracted from results due to the mandate's small exposure during a period when the company's shares made substantial gains. Similarly, lesser exposure to benchmark heavyweights Apple and Alphabet, whose shares solidly advanced, held back results. British American Tobacco in the consumer staples sector also detracted as shares fell amid increased regulatory scrutiny over two of a subsidiary's vaping products.

Also detracting from relative results was insurance giant American International Group (AIG) in the financials sector. Shares of AIG slid following strong returns in the prior quarter given profit taking together with general share price weakness in the financials sector.

Top contributors to results included General Electric (GE) in the industrials sector. GE shares gained on strong financial results alongside improving sentiment for the aerospace industry. Stock selection and a lighter-than-benchmark position within health care also proved beneficial. Within the sector, shares of GE HealthCare Technologies, which was spun off from its parent and is in the portfolio, climbed sharply after the company made its stock market debut and reported well-received fourth-quarter 2022 results and guidance.

Security selection within communication services was another bright spot as shares of Meta Platforms jumped on well-received fourth-quarter 2022 results and guidance, with the company also unveiling a US\$40 billion share repurchase program. Netflix also proved beneficial as shares rose over the period, and contribution was further boosted by a greater exposure than in the benchmark.

Although lower-than-benchmark exposures to IT hurt results overall, exposure to semi-conductor industry company Broadcom offset some of the decline. Shares of Broadcom advanced on solid earnings and revenue expectations for the company's fiscal first quarter.

At quarter-end, 8.6% of the portfolio was invested outside the U.S., with slight increases to exposures in Canada and Japan. In terms of sector allocations, the largest increase was in communications services and the largest decrease was in utilities.

Attribution analysis (relative)

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Capital Group U.S. Equity Fund™ (Canada) vs. S&P 500 Index – Quarter to date

Largest contributors (%)	Portfolio weight*	Active weight	Stock return	Relative contribution
General Electric	3.51	3.24	46.17	1.06
Meta Platforms	2.13	1.01	75.91	0.51
Johnson & Johnson	–	-1.27	-11.74	0.27
Broadcom	4.21	3.48	15.43	0.27
GE Healthcare Technologies	0.93	0.86	40.34	0.22
Pfizer	0.19	-0.55	-19.73	0.18
Royal Caribbean Group	1.00	0.96	31.95	0.17
Charles Schwab	0.04	-0.30	-36.97	0.16
Bank of America	0.05	-0.64	-13.18	0.14
Netflix	1.71	1.27	17.02	0.11

Largest detractors (%)	Portfolio weight*	Active weight	Stock return	Relative contribution
Nvidia	0.03	-1.55	89.88	-0.92
Apple	1.78	-4.77	26.96	-0.87
Tesla	0.21	-1.17	68.22	-0.53
British American Tobacco	2.34	2.34	-9.31	-0.45
First Republic Bank	0.24	0.19	-88.51	-0.34
American International Group	1.13	1.00	-19.95	-0.31
Abbott Laboratories	2.21	1.66	-7.46	-0.27
Philip Morris International	2.20	1.73	-2.71	-0.19
Alphabet	2.04	-1.18	17.26	-0.19
Raytheon Technologies	2.08	1.65	-2.54	-0.17

Sector (%)	Portfolio weight*	Active weight	Sector selection	Security selection	Relative contribution
Industrials	13.34	4.82	-0.19	1.09	0.90
Health Care	13.62	-1.09	0.17	0.65	0.82
Communication Services	8.13	0.34	-0.01	0.46	0.46
Financials	9.17	-2.66	0.36	-0.31	0.05
Real Estate	1.72	-0.98	0.05	-0.02	0.04
Materials	4.19	1.46	-0.05	0.06	0.01
Utilities	3.78	0.84	-0.10	0.07	-0.03
Energy	5.48	0.58	-0.07	-0.07	-0.14
Cash	5.76	5.76	-0.40	–	-0.40
Consumer Discretionary	8.16	-2.16	-0.18	-0.24	-0.42
Consumer Staples	8.02	1.14	-0.06	-0.39	-0.44
Information Technology	18.63	-8.06	-1.10	-0.85	-1.95

*Average position for time period.

Unless otherwise indicated, data as of March 31, 2023. The fund is actively managed; holdings will change. Cash includes short-term securities and other assets less liabilities.

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 Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. Copyright © 2023 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.

See attribution methodology disclosure for additional information.

Sector diversification

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	Portfolio (%)		Index (%)
	03/31/22	03/31/23	03/31/23
Energy	6.0	5.2	4.6
Baker Hughes		1.3	
EOG Resources		0.9	
Canadian Natural Resources		0.8	
Materials	3.6	3.6	2.6
Linde		1.8	
Rio Tinto		0.6	
Albemarle		0.4	
Industrials	11.1	13.7	8.7
General Electric		4.0	
Raytheon Technologies		1.7	
Carrier Global		1.2	
Consumer discretionary	9.1	8.3	10.1
Amazon		2.2	
Home Depot		1.3	
Royal Caribbean Cruises		1.0	
Consumer staples	6.4	7.8	7.2
British American Tobacco		2.2	
Philip Morris International		1.9	
General Mills		0.6	
Health care	11.0	14.0	14.2
Abbott Laboratories		2.1	
UnitedHealth Group		1.7	
GE HealthCare Technologies		1.2	

	Portfolio (%)		Index (%)
	03/31/22	03/31/23	03/31/23
Financials	8.8	9.6	12.9
Mastercard		1.9	
Morgan Stanley		1.0	
American International Group		1.0	
Information technology	21.3	18.6	26.1
Microsoft		7.1	
Broadcom		4.3	
Apple		2.0	
Communication services	11.6	9.6	8.1
Alphabet		3.1	
Meta Platforms		2.6	
Comcast		2.0	
Utilities	3.5	3.3	2.9
PG&E		1.0	
Edison International		0.6	
NextEra Energy		0.4	
Real estate	1.8	1.6	2.6
Crown Castle		0.4	
Equinix		0.3	
VICI Properties		0.3	
Total equity	94.2	95.3	100.0
Total cash and cash equivalents* & other assets less liabilities	5.7	4.5	–
Total fixed income	0.1	0.2	–
Total assets	100.0	100.0	100.0

Data shown reflect the top holdings in each sector. Figures may reflect multiple securities from the same company or issuer. Totals may not reconcile due to rounding.

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*Total cash and cash equivalents includes short-term investments.

Geographic diversification

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	Portfolio (%)		Index (%)
	03/31/22	03/31/23	03/31/23
United States	85.4	86.9	100.0
United Kingdom	2.9	3.2	–
Japan	0.2	0.7	–
Canada	2.3	2.1	–
Europe ex-UK	2.3	2.0	–
Denmark	0.2	0.6	–
France	0.3	0.6	–
Netherlands	0.8	0.5	–
Israel	0.6	0.3	–
Switzerland	0.4	–	–

	Portfolio (%)		Index (%)
	03/31/22	03/31/23	03/31/23
Emerging Markets	0.5	–	–
Taiwan	0.3	–	–
Brazil	0.2	–	–
Pacific Basin ex-Japan	0.7	0.6	–
Australia	0.3	0.3	–
Hong Kong	0.4	0.3	–
Total equity	94.2	95.3	100.0
Total cash and cash equivalents* & other assets less liabilities	5.7	4.5	–
Total fixed income	0.1	0.2	–
Total assets	100.0	100.0	100.0

*Total 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 Index is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Capital Group. Copyright © 2023 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.

Country figures may include convertible securities. Individual countries with less than a 0.1% weight are not displayed or are indicated by a dash in the period shown.

Totals may not reconcile due to rounding.

Twenty largest equity holdings

Capital Group U.S. Equity Fund™ (Canada)

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<u>Ranking</u>		
Current 03/31/2023	Holding	Total portfolio (%)
1	Microsoft	7.1
2	Broadcom	4.3
3	General Electric	4.0
4	Alphabet	3.1
5	Meta Platforms	2.6
6	British American Tobacco	2.2
7	Amazon	2.2
8	Abbott Laboratories	2.1
9	Comcast	2.0
10	Apple	2.0
Total companies 1 through 10		31.6
11	Philip Morris International	2.0
12	Mastercard	1.9
13	Linde	1.8
14	Netflix	1.8
15	UnitedHealth Group	1.7
16	Raytheon Technologies	1.7
17	Baker Hughes	1.3
18	Home Depot	1.3
19	Carrier Global	1.2
20	GE HealthCare Technologies	1.2
Total companies 1 through 20		47.5

Totals may not reconcile due to rounding. Figures may reflect multiple securities from the same company or issuer.

Portfolio characteristics

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New and eliminated holdings¹ changes since December 31, 2022:

New:

Intel
Takeda Pharmaceutical
ING
Vertex Pharmaceuticals
Lincoln Electric Holdings

Eliminated:

Vale
Hilton Worldwide
Toronto-Dominion Bank
Cummins
Yum! Brands

Portfolio information

Assets (\$ mil) ²	\$180.33
Number of holdings	199
Dividend yield ³	1.87%
Portfolio turnover rate (2022)	38%
Trading expense ratio ⁴	0.02%
Weighted average market cap (\$ bil):	
Fund	\$384.63
Index	\$512.65
Price to earnings:	
Fund	19.31
Index	19.62
Price to book:	
Fund	3.27
Index	4.00

Portfolio managers

	Years in profession	Years with Capital
Aline Avzaradel	20	18
Christopher D. Buchbinder	27	27
Grant L. Cambridge	30	26
Martin Jacobs	34	22
James B. Lovelace	41	41
Donald D. O'Neal	37	37
Martin Romo	31	30
Jessica C. Spaly	25	19
James Terrile	28	26

Years of experience as of December 31, 2022.

Data as of March 31, 2023.

¹Lists reflect larger portfolio changes and may not be comprehensive.

²For combined series.

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

⁴As of December 31, 2022.

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As of March 31, 2023

Attribution methodology notes

Equity attribution data was produced using FactSet, a third-party software system, based on prior calendar quarter-end publicly disclosed portfolio(s). Securities in their initial period of acquisition may not be included in this analysis. The analysis includes equity investments only and excludes forward contracts and fixed income investments, if applicable. It does not account for buy and sell transactions that might have occurred during the quarter. As a result, average portfolio weight percentages are approximate and the actual average portfolio weight percentages might be higher or lower. Data elements such as pricing, income, market cap, etc. were provided by FactSet. The index provided for attribution is based on FactSet's methodology. The index is a broad-based market benchmark and may not be used by Capital Group as the sole comparative index for this portfolio. Capital Group believes the software and information from FactSet to be reliable. However, Capital Group cannot be responsible for inaccuracies, incomplete information or updating of information by FactSet. Relative contribution measures the impact a security has on the portfolio's excess return (the portfolio return minus the benchmark return). Past results are not indicative of results in future periods. All of the attribution data contained in the report that display the portfolio weights, benchmark weights and weight differences are average weights over the period. The mnemonic 'ISR:' indicates that two or more issues of the same issuer have been rolled up and thus what is presented in the report is the Issuer Level data.

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Unless otherwise indicated, data as of March 31, 2023. The fund is actively managed; holdings will change.

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