

2Q 2023 portfolio review and commentary

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

As of June 30, 2023

Macro highlights

U.S. equities rose sharply as declining inflation and a slower pace of interest rate hikes boosted growth stocks. The S&P 500 information technology, consumer discretionary and communication services sectors all had double-digit gains.

After 10 consecutive hikes, the U.S. Federal Reserve took a breather at its June meeting. Inflation fell to 4% in May - its lowest level in more than two years - but remained above the Fed's 2% target, fueling expectations for additional hikes this year. The labour market remained resilient in the face of higher interest rates as the unemployment rate was 3.7% in May, rising from a five-decade low of 3.4% in April.

The U.S. economy grew at an annualized 2% rate in the first quarter, despite persistent concerns over a near-term recession. Consumer spending surged 4.2%, the fastest pace since 2021. The struggling housing sector also showed signs of bottoming out. In April, home prices fell nationally from year-ago levels for the first time since 2012. The following month, new home sales rose by double digits, far exceeding economists' expectations.

In wider markets, global equities rallied, driven by strong gains among a handful of technology companies linked to the development of artificial intelligence platforms. European stocks advanced despite rising interest rates and signs of economic weakness across the 20-member eurozone. Emerging markets stocks were pressured as China's post-COVID recovery stalled and prices for industrial metals exported by developing countries fell.

In foreign exchange markets, the Canadian dollar appreciated against most emerging markets and developed markets currencies including the U.S. dollar, euro and yen, but fell versus the British pound sterling and Swiss franc.

Results

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

Total returns (%) For periods ended June 30, 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)	6.58	13.05	164.30	24.40	11.77	8.12	–	–	–	10.88
S&P 500 Index	6.32	14.16	254.45	22.68	13.50	12.44	–	–	–	14.38

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	0.99%

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, 2022, for those funds with a financial year-end of December 31, 2022. Reflects a weighted average of management expense ratios available as of December 31, 2022, for U.S. equity funds Series F with equal to or less than \$173.30 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2022, of Capital Group U.S. Equity Fund (Canada) is \$173.30 million.

2Q 2023

Investment objective

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

Commentary

The mandate posted solid results for the three-month period, in line with its benchmark, primarily due to strong company selection in the communication services, consumer discretionary and financial services sectors.

In communication services, Netflix and Meta Platforms, formerly Facebook, were two of the largest relative contributors. Netflix shares rallied on rising uptake of the company's ad-supported tier and a crackdown on password sharing, with analysts increasing their forecasts on the company's future profitability. Meta shares jumped after the social media company's first-quarter results and guidance beat estimates.

Cruise ship operator Royal Caribbean Cruises in the consumer discretionary sector was another bright light as shares rose after first-quarter earnings and revenue beat both internal and external forecasts, with the company generating a record level of bookings and at significantly higher prices than pre-pandemic. A lower-than-benchmark exposure to the financial services sector and stock selection within the sector also proved constructive.

Lower-than-benchmark exposure to the information technology (IT) sector and companies with large index representation did, however, detract from results. Limited allocations to NVIDIA and Apple were particularly impactful. EPAM Systems, a U.S. provider of digital platform engineering services, also took away from results in IT as shares fell after the company downgraded its full-year guidance due to a further slowdown in demand. On the plus side, a greater-than-benchmark exposure to Broadcom, a semiconductor company helped

offset some of the decline as shares rallied after the chipmaker secured a key agreement with Apple, beat fiscal second-quarter results and guidance forecasts.

In consumer discretionary, tobacco companies Philip Morris International and British American Tobacco (BAT) hurt results. Shares of Philip Morris fell as sentiment on the outlook for 2023 weakened despite first-quarter revenue growing year over year, helped by its acquisition of smokefree tobacco company Swedish Match.

GE HealthCare Technologies, the recently spun-off health care division of General Electric, also weighed on results, as the company's shares paused after a large gain in the first quarter.

At quarter-end, 87.7% of the portfolio was invested inside the U.S., with the U.K. (2.8%) and Canada (2.2%) the largest exposures outside the country. In terms of sector allocations, the most meaningful changes were a 3.5% increase in IT exposure and reductions in health care, down 1.6% and industrials, down 1.4%.

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
Broadcom	4.52	3.68	32.92	0.93
Royal Caribbean Group	1.10	1.06	55.33	0.45
Netflix	1.77	1.31	24.67	0.24
General Electric	3.82	3.50	12.35	0.21
Meta Platforms	2.17	0.61	32.39	0.17
Walt Disney Company	–	-0.49	-12.82	0.10
AT&T	–	-0.35	-17.84	0.10
Pfizer	0.13	-0.50	-11.14	0.09
Marvell Technology	0.19	0.19	35.19	0.09
Microsoft	7.50	0.87	15.74	0.09

Largest detractors (%)	Portfolio weight*	Active weight	Stock return	Relative contribution
Nvidia	0.10	-2.22	48.92	-0.84
Apple	2.03	-5.32	15.17	-0.45
British American Tobacco	2.13	2.13	-7.69	-0.31
Tesla	0.25	-1.28	23.37	-0.24
EPAM Systems	0.41	0.37	-26.50	-0.15
GE Healthcare Technologies	1.16	1.08	-3.13	-0.10
Philip Morris International	1.86	1.44	-0.55	-0.10
General Dynamics	0.72	0.58	-7.29	-0.09
Oracle	–	-0.45	25.85	-0.08
Morgan Stanley	1.04	0.72	-4.08	-0.08

Sector (%)	Portfolio weight*	Active weight	Sector selection	Security selection	Relative contribution
Communication Services	9.47	1.05	0.06	0.72	0.79
Financials	9.88	-2.89	0.09	0.15	0.24
Consumer Discretionary	8.44	-1.71	-0.08	0.31	0.23
Energy	5.21	0.78	-0.08	0.23	0.15
Utilities	3.10	0.32	-0.03	0.09	0.06
Industrials	12.74	4.26	-0.12	0.17	0.05
Real Estate	1.49	-0.99	0.07	-0.09	-0.02
Materials	3.54	1.00	-0.05	-0.05	-0.11
Health Care	13.52	-0.58	0.06	-0.18	-0.13
Information Technology	20.06	-6.68	-0.53	0.36	-0.17
Consumer Staples	7.62	0.52	-0.04	-0.20	-0.24
Cash	4.93	4.93	-0.36	–	-0.36

*Average position for time period.

Unless otherwise indicated, data as of June 30, 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.

Refer to the attribution methodology disclosure at the end of this document for additional information.

Sector diversification

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	Portfolio (%)		Index (%)
	06/30/22	06/30/23	06/30/23
Energy	6.3	5.1	4.1
Baker Hughes		1.3	
EOG Resources		0.9	
Canadian Natural Resources		0.8	
Materials	3.4	3.5	2.5
Linde Plc		1.8	
Celanese		0.6	
Freeport-McMoRan		0.4	
Industrials	11.3	12.3	8.5
General Electric		3.7	
Carrier Global		1.3	
Raytheon Technologies		1.1	
Consumer discretionary	7.6	9.2	10.7
Amazon		2.7	
Royal Caribbean Cruises		1.5	
Home Depot		1.4	
Consumer staples	8.5	7.1	6.7
British American Tobacco		2.0	
Philip Morris International		1.8	
PepsiCo		0.6	
Health care	12.5	12.4	13.4
Abbott Laboratories		2.1	
UnitedHealth Group		1.6	
GE HealthCare Technologies		1.1	

	Portfolio (%)		Index (%)
	06/30/22	06/30/23	06/30/23
Financials	8.7	10.1	12.4
Mastercard		2.0	
Morgan Stanley		1.1	
American International Group		1.0	
Information technology	19.4	22.0	28.3
Microsoft		7.7	
Broadcom		5.0	
Apple		2.1	
Communication services	9.5	9.3	8.4
Alphabet		3.5	
Meta Platforms		2.1	
Netflix		1.9	
Utilities	3.8	2.8	2.6
PG&E		0.9	
Edison International		0.6	
Sempra Energy		0.3	
Real estate	1.9	1.3	2.5
Crown Castle		0.3	
Equinix		0.3	
American Tower		0.2	
Total equity	92.9	95.1	100.0
Total cash and cash equivalents* & other assets less liabilities	7.0	4.8	–
Total fixed income	0.1	0.1	–
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.

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*Total cash and cash equivalents includes short-term investments. Totals may not reconcile due to rounding.

Geographic diversification

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	Portfolio (%)		Index (%)
	06/30/22	06/30/23	06/30/23
United States	83.9	87.7	100.0
United Kingdom	3.6	2.8	–
Japan	0.2	0.3	–
Canada	2.4	2.2	–
Europe ex-UK	1.9	1.7	–
France	0.4	0.6	–
Denmark	0.2	0.5	–
Netherlands	0.6	0.5	–
Switzerland	0.2	0.1	–
Israel	0.5	–	–

	Portfolio (%)		Index (%)
	06/30/22	06/30/23	06/30/23
Emerging Markets	0.4	0.1	–
Korea, Republic of	–	0.1	–
Taiwan	0.2	–	–
Brazil	0.2	–	–
Pacific Basin ex-Japan	0.6	0.4	–
Hong Kong	0.3	0.3	–
Australia	0.3	0.1	–
Total equity	92.9	95.1	100.0
Total cash and cash equivalents* & other assets less liabilities	7.0	4.8	–
Total fixed income	0.1	0.1	–
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

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<u>Ranking</u>		Total portfolio
Current 06/30/2023	Holding	(%)
1	Microsoft	7.7
2	Broadcom	5.0
3	General Electric	3.7
4	Alphabet	3.5
5	Amazon	2.7
6	Apple	2.1
7	Abbott Laboratories	2.1
8	Meta Platforms	2.1
9	British American Tobacco	2.0
10	Mastercard	2.0
	Total companies 1 through 10	32.9
11	Netflix	1.9
12	Philip Morris International	1.8
13	Linde Plc	1.8
14	UnitedHealth Group	1.6
15	Comcast	1.5
16	Royal Caribbean Cruises	1.5
17	Home Depot	1.4
18	Carrier Global	1.3
19	Baker Hughes	1.3
20	GE HealthCare Technologies	1.1
	Total companies 1 through 20	48.1

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 March 31, 2023:

New:

Celanese
Marvell Technology
Dfs
Cenovus Energy

Citigroup

Eliminated:

Teva Pharmaceutical
Nasdaq
Bhp
Exelon
Norfolk Southern

Portfolio information

Assets (\$ mil) ²	\$190.82
Number of holdings	205
Dividend yield ³	1.75%
Portfolio turnover rate (2022)	38%
Trading expense ratio ⁴	0.02%
Weighted average market cap (\$ bil):	
Fund	\$479.96
Index	\$645.46
Price to earnings:	
Fund	20.18
Index	22.09
Price to book:	
Fund	3.90
Index	4.30

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 June 30, 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 June 30, 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 June 30, 2023. The fund is actively managed; holdings will change.

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