

# U.S. Equity Quarterly portfolio review

## Highlights

- Series F return: 2.65%  
(see page 3 for returns for other periods)
- S&P 500 Composite Index return: 2.90%
- U.S. equities advanced to start the quarter but stumbled in September as investors weighed the prospects of a recovering consumer against concerns over rising inflation and interest rates as well as a fraught political environment.
- The Canadian dollar retreated versus the U.S. dollar.

## Commentary

- The portfolio posted positive returns but slightly lagged its benchmark in part due to stock selection in the materials, consumer staples and discretionary sectors.
- The mandate benefited from select holdings in the industrials sector with aerospace and defence companies further improving results, particularly Rolls-Royce. Shares rose after the company agreed to sell a manufacturing subsidiary in a US\$2 billion deal and won a large U.S. military contract.
- Security selection in the information technology sector also aided relative results, with notable contribution from Microsoft. Microsoft shares gained due to surging Intelligent Cloud sales, increasing revenue from its Azure cloud platform and announced plans to increase business subscription prices on their Microsoft 365 software suite.
- A substantial position in the communications services sector proved constructive in relative terms, with an overweight position in Netflix versus the index. Netflix, a “stay-at-home” stock, was boosted by rising delta variant cases, strong content, good pricing power and further potential for subscriber gains in international markets.
- Detracting from results in the materials sector was Brazilian miner Vale, as shares fell over the quarter as iron-ore prices dropped sharply amid signs of slowing demand from China. Shares of Facebook, which is beset by regulatory attention, hurt results, as did investments in General Motors, Philip Morris International and British American Tobacco.
- Top-10 holdings comprised the same companies as the prior quarter, Microsoft being the top holding by weight.

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

## Portfolio managers

Portfolio managers	Years in profession	Years with Capital
Christopher Buchbinder	25	25
Grant L. Cambridge	28	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 September 30, 2021

Top 25 equity holdings <sup>1</sup>	% of net assets	% of dividend yield	Portfolio information		% of net assets	% of net assets
			Assets (\$ mil) <sup>2</sup>	Number of holdings		
Microsoft	7.7	0.9	\$168.50	187	United States	87.5
Facebook	5.0	–	Number of holdings	187	France	0.4
Alphabet	4.3	–	Dividend yield <sup>3</sup>	1.69%	United Kingdom	2.9
Comcast	3.6	1.8	Portfolio turnover rate (2020)	50%	Canada	1.4
Broadcom	3.6	3.0	Trading expense ratio <sup>4</sup>	0.03%	Netherlands	0.9
Amazon	3.4	–	Weighted average market cap (\$ bil):		Switzerland	0.6
Netflix	3.3	–	Capital Group U.S. Equity Fund (Canada)	\$465.05	Japan	0.5
Abbott Laboratories	2.5	1.5	S&P 500 Index	\$516.13	Brazil	0.4
Home Depot	2.3	2.0				
Philip Morris International	2.3	5.3	Price to earnings:			
JPMorgan Chase	1.7	2.4	Capital Group U.S. Equity Fund (Canada)	22.55	Information technology	19.0
UnitedHealth Group	1.7	1.5	S&P 500 Index	23.12	Communication services	16.6
Apple	1.5	0.6			Health care	11.1
Raytheon Technologies	1.5	2.4	Price to book:		Industrials	10.0
General Electric	1.4	0.3	Capital Group U.S. Equity Fund (Canada)	3.96	Consumer discretionary	9.7
Carrier Global	1.4	0.9	S&P 500 Index	4.60	Financials	9.0
Linde	1.4	1.5			Consumer staples	6.2
PNC Financial Services Group	1.3	2.6	Dividends:		Energy	4.4
British American Tobacco	1.3	8.3	% dividend payers <sup>5</sup>	82%	Materials	4.2
General Motors	1.0	–	% dividend growers <sup>6</sup>	72%	Utilities	3.2
Citigroup	1.0	2.9			Real estate	1.9
Thermo Fisher Scientific	1.0	0.2			Fixed income	0.2
Mastercard Inc	1.0	0.5			Cash and cash equivalents <sup>8</sup> & other assets less liabilities	4.5
Chevron	1.0	5.3				5.1
Baker Hughes	1.0	2.9				

<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 June 30, 2021.

<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> 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 Composite 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 © 2021 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 September 30, 2021

### Total returns (%) as of September 30, 2021

	Cumulative			Annualized compound returns					Calendar year				
	3 mo	YTD	Since inception*	1 yr	3 yr	5 yr	10 yr	Since inception*	2020	2019	2018	2017	2016
<b>Series F (CIF 827)</b>	<b>2.65</b>	<b>13.72</b>	<b>138.79</b>	<b>20.83</b>	<b>9.45</b>	<b>10.62</b>	–	<b>12.03</b>	<b>11.68</b>	<b>14.56</b>	<b>-1.12</b>	<b>9.21</b>	<b>16.78</b>
S&P 500 Composite Index	2.90	15.27	219.29	23.30	15.22	16.04	–	16.35	16.32	24.84	4.23	13.83	8.09

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.

### Attribution analysis (relative returns)

Q3 2021	Companies	Sectors
<b>Major contributors</b>	Netflix American International Group Rolls-Royce	Industrials Communication services Information technology
<b>Major detractors</b>	Vale Apple General Motors	Materials Consumer staples Consumer discretionary

### Largest holdings changes

Since June 30, 2021	
<b>New:</b>	<b>Eliminated:</b>
United Rentals	Diamondback Energy
Morgan Stanley	Royalty Pharma
Danone	Global Payments

Management expense ratio (MER)	
Fund (Series F) <sup>1</sup>	<b>0.80%</b>
Industry avg. <sup>2</sup>	<b>0.98%</b>

MERs and FundSERV codes for other series available at 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 September 30, 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 unaudited total expenses for the six-month period ended June 30, 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 six-month period ended June 30, 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 2020, for those funds with a financial year end of December 31, 2020. Reflects a weighted average of management expense ratios available as of December 31, 2020, for U.S. equity funds Series F with equal to or less than \$140 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2020, of Capital Group U.S. Equity Fund (Canada) is \$139 million.

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