

4Q 2022 portfolio review and commentary

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

As of December 31, 2022

Macro highlights

U.S. equities rebounded in the fourth quarter but still finished with their worst year since 2008. Investors cheered signs that persistently high inflation may have peaked, as well as the U.S. Federal Reserve's decision to slow its pace of interest rate hikes. The energy sector bested all others in the S&P 500 Index while consumer discretionary and communication services sectors were the only sectors to decline over the period.

Inflation decelerated for the fifth straight month in November. The U.S. Consumer Price Index rose 7.1% year-over-year in November, which was its lowest level since December 2021. Energy costs were the biggest contributor as gasoline prices rose 10% and fuel oil spiked 66%. In its bid to tame inflation, the Fed hiked interest rates 50 basis points at its December meeting. The increase followed four straight three-quarter point hikes – the most aggressive policy moves since the early 1980s.

The U.S. economy grew at an annualized 3.2% rate in U.S. dollar terms in the third quarter, after declining the previous two quarters. Strong consumer spending boosted economic growth, which beat economist expectations. A strong labour market continued to support economic activity, despite the Fed's attempts to slow activity to curb inflation. November's U.S. unemployment rate was 3.7%, near pre-pandemic lows.

In foreign exchange markets, Canadian investors benefited from currency strength as the Canadian dollar rose against the U.S. dollar.

Results

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

Total returns (%)	Cumulative			Average annual compound returns						
	3 months	YTD	Lifetime*	1 year	3 years	5 years	10 years	15 years	20 years	Lifetime*
For periods ended December 31, 2022										
Series F (CIF 827)	8.90	-9.97	133.80	-9.97	7.53	7.09	–	–	–	10.00
S&P 500 Index	6.07	-12.16	210.48	-12.16	9.25	11.15	–	–	–	13.55

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	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Series F (CIF 827)	23.67	11.68	14.56	-1.12	9.21	16.78	9.15	–	–	–
S&P 500 Index	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 unaudited total expenses for the six-month period ended June 30, 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 six-month period ended June 30, 2022, is 0.86%.

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.

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

4Q 2022

Investment objective

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

Commentary

The mandate posted positive results for the period, solidly outpacing the benchmark, primarily due to strong company selection.

In industrials, General Electric (GE) was a notable bright spot. Shares of the company rallied after GE filed with the Securities and Exchange Commission for GE HealthCare, cementing its plans to spin off the division in January 2023. The company also said its power and aerospace units were on track to meet or exceed earlier expectations.

Broadcom, a semiconductor company, proved beneficial as shares advanced on robust quarterly results and hopes stemming from the semiconductor company's sales prospects in cloud and wireless segments. Broadcom's fourth-quarter fiscal earnings and revenue, as well as guidance, topped analysts' estimates and the company hiked its quarterly dividend.

Philip Morris in the consumer staples sector also contributed to results. Shares gained due to the company's solid third-quarter results, with rapid revenue growth in its smoke-free products segment. It also unveiled plans to delist Swedish Match after building a stake of over 90% in the smokeless tobacco group. Other companies aiding results included energy sector firm Baker Hughes, defence contractor Raytheon and utilities company PG&E. Less-than-benchmark allocations to Tesla and Amazon, which saw share values plummet for the quarter, also helped.

Meaningfully detracting from results was Meta Platforms, previously known as Facebook. The social networking company's shares slid after third-quarter earnings and guidance disappointed estimates, reflecting softer advertising spend as economic growth waned.

Shares of EPAM Systems, a software product developer and digital platform engineering services company, also disappointed largely due to worries on EPAM's outlook given the detrimental impact of U.S. dollar strength on foreign earnings. Nevertheless, EPAM's third-quarter revenue and earnings grew in the double-digits, topping analysts' estimates.

Although cash holdings were reduced over the quarter as portfolio managers found emerging investment opportunities, the cash allocation nevertheless weighed on results, as markets rose over the quarter.

At quarter-end, 9% of the portfolio was invested outside the U.S., with slight increases to exposures in Europe ex-U.K., Japan and to a lesser extent, Canada. In terms of sector allocations, the largest increase was in industrials and largest decrease in consumer discretionary.

Attribution analysis (relative)

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

Largest contributors

Tesla
Apple
General Electric
Broadcom
Baker Hughes
Philip Morris International
Raytheon Technologies
PG&E
Amazon
American International Group

Largest detractors

Meta
Exxon Mobil
Merck
Proctor & Gamble
Nvidia
Microsoft Corporation
Caterpillar Inc.
EPAM Systems
Berkshire Hathaway
JPMorgan Chase

Sector (largest to smallest)

Consumer Discretionary
Industrials
Information Technology
Utilities
Communication Services
Materials
Energy
Consumer Staples
Real Estate
Financials
Health Care
Cash

Unless otherwise indicated, data as of December 31, 2022. 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. Sequence of items listed reflect greater to smaller effect.

Sector diversification

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

	Portfolio (%)		Index (%)
	12/31/21	12/31/22	12/31/22
Energy	4.2	6.0	5.2
Baker Hughes		1.5	
EOG Resources		1.0	
Canadian Natural Resources		0.8	
Materials	4.2	4.2	2.7
Linde		1.7	
Freeport-McMoRan		0.7	
Rio Tinto		0.6	
Industrials	9.6	13.8	8.7
General Electric		3.4	
Raytheon Technologies		2.3	
General Dynamics		1.3	
Consumer discretionary	11.0	7.6	9.8
Amazon		1.5	
Home Depot		1.3	
D.R. Horton		1.0	
Consumer staples	6.0	8.4	7.2
British American Tobacco		2.5	
Philip Morris International		2.4	
Altria		0.7	
Health care	11.5	13.4	15.8
Abbott Laboratories		2.4	
UnitedHealth Group		2.3	
AbbVie		1.0	

	Portfolio (%)		Index (%)
	12/31/21	12/31/22	12/31/22
Financials	7.7	9.0	11.7
American International Group		1.3	
PNC Financial Services Group		0.8	
JPMorgan Chase		0.8	
Information technology	22.0	18.1	25.7
Microsoft		6.5	
Broadcom		4.1	
Mastercard		1.7	
Communication services	14.3	7.5	7.3
Comcast		2.0	
Alphabet		2.0	
Meta		1.7	
Utilities	3.5	4.4	3.2
PG&E		1.4	
NextEra Energy		0.6	
Edison International		0.6	
Real estate	2.1	1.7	2.7
Crown Castle		0.4	
SBA		0.3	
VICI Properties		0.3	
Total equity	96.1	94.1	100.0
Total cash and cash equivalents* & other assets less liabilities	3.8	5.7	–
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.

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

Geographic diversification

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

	Portfolio (%)		Index (%)
	12/31/21	12/31/22	12/31/22
United States	88.6	85.3	100.0
United Kingdom	2.5	3.5	–
Japan	0.2	0.5	–
Canada	1.6	1.9	–
Europe ex-UK	2.5	2.2	–
Denmark	0.2	0.6	–
France	0.4	0.5	–
Israel	0.3	0.5	–
Netherlands	1.0	0.4	–
Switzerland	0.6	0.2	–

	Portfolio (%)		Index (%)
	12/31/21	12/31/22	12/31/22
Emerging Markets	0.5	0.2	–
Brazil	0.4	0.2	–
Taiwan	0.1	–	–
Pacific Basin ex-Japan	0.3	0.7	–
Australia	–	0.4	–
Hong Kong	0.3	0.3	–
Total equity	96.1	94.1	100.0
Total cash and cash equivalents* & other assets less liabilities	3.8	5.7	–
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)

<u>Ranking</u>		
Current 12/31/2022	Holding	Total portfolio (%)
1	Microsoft	6.5
2	Broadcom	4.1
3	General Electric	3.4
4	British American Tobacco	2.5
5	Philip Morris International	2.4
6	Abbott Laboratories	2.4
7	UnitedHealth Group	2.3
8	Raytheon Technologies	2.3
9	Comcast	2.0
10	Alphabet	2.0
	Total companies 1 through 10	29.9
11	Meta	1.7
12	Mastercard	1.7
13	Linde	1.7
14	Apple	1.7
15	Netflix	1.6
16	Baker Hughes	1.5
17	Amazon	1.5
18	PG&E	1.4
19	Home Depot	1.4
20	General Dynamics	1.3
	Total companies 1 through 20	45.4

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

Portfolio characteristics

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

New and eliminated holdings¹ changes since September 30, 2022:

New:

Boeing
Union Pacific
Estée Lauder Companies
Cheniere Energy
Diamondback Energy

Eliminated:

Old Dominion
DFS
GSK
Bill.Com
Boeing

Portfolio information

Assets (\$ mil) ²	\$173.30
Number of holdings	202
Dividend yield ³	2.02%
Portfolio turnover rate (2021)	34%
Trading expense ratio ⁴	0.03%
Weighted average market cap (\$ bil):	
Fund	\$307.85
Index	\$393.43
Price to earnings:	
Fund	18.44
Index	18.13
Price to book:	
Fund	3.41
Index	3.84

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 December 31, 2022.

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 June 30, 2022.

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

As of December 31, 2022

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.

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 security holder 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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