

### Quarter highlights

- Returns for both equity and fixed income funds were positive over the quarter, with funds with larger concentrations in equities outpacing those with higher holdings of fixed income assets.
- Within equities, funds with a growth focus outpaced those with a growth-and-income and equity-income focus as investors favored more cyclical stocks in growth sectors over the quarter.
- Within fixed income, funds with larger investments in non-U.S. bonds and those that had more credit exposure fared better than funds with more significant investments in higher quality U.S. bonds, especially those with shorter durations.

### Market review

Global stocks rallied, boosted by strong U.S. economic growth, declining inflation and signs that major central banks around the world may be done raising interest rates. Stocks moved sharply higher as officials at the U.S. Federal Reserve, the European Central Bank and other key institutions indicated that further rate hikes may not be needed amid moderate consumer price increases and low unemployment levels.

Information technology stocks led markets higher, rising nearly 18%, as 10 of 11 sectors in the MSCI All Country World Index gained ground. Real estate stocks also staged a strong recovery after being hammered by rising interest rates over the past year. Consumer staples stocks rose but lagged the overall market (MSCI All Country World Index), and energy stocks declined modestly amid falling oil prices.

Bond markets rose across the board as investors welcomed central bank decisions to pause their aggressive rate-hiking campaigns. As inflation moved lower, investors and economists started to anticipate rate cuts in mid-2024, further fueling a rally in nearly all segments of the bond market.

In foreign exchange markets, the U.S. dollar fell against the euro, the yen and most other currencies. The U.S. Dollar Index declined nearly 5% for the quarter and 3% for the year.

### Portfolio review

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Within fixed income, funds with larger investments in non-U.S. bonds and those that had more credit exposure fared better than funds with more significant investments in higher quality U.S. bonds, especially those with shorter durations.

Figures shown are past results and are not predictive of results in future periods.

**Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.**

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Figures shown are past results and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. For current information and month-end results, visit [capitalgroup.com](https://capitalgroup.com).

## Class F-2 share returns for periods ended 12/31/23

	Total returns (%)			Average annual total returns (%)				Expenses (%)
	QTD	YTD	1 year	3 years	5 years	10 years	Fund lifetime*	
American Funds Global Growth Portfolio	12.32	24.39	24.39	1.62	11.45	8.05	10.50	0.56
American Funds Growth Portfolio	13.66	29.12	29.12	4.00	12.51	9.41	11.82	0.49
American Funds Growth and Income Portfolio	11.34	19.05	19.05	5.37	10.75	8.01	9.72	0.45
American Funds Moderate Growth and Income Portfolio	10.09	14.07	14.07	4.10	8.90	6.96	8.49	0.45
American Funds Conservative Growth and Income Portfolio	8.55	9.72	9.72	4.36	6.92	5.67	6.66	0.39
American Funds Tax-Aware Conservative Growth and Income Portfolio†	9.39	11.97	11.97	4.33	7.28	6.55	7.49	0.42
American Funds Preservation Portfolio	3.48	4.46	4.46	-0.70	1.58	1.48	1.33	0.39
American Funds Tax-Exempt Preservation Portfolio	4.29	3.88	3.88	-0.08	1.56	1.90	1.79	0.35
S&P 500 Index	11.69	26.29	26.29	10.00	15.69	12.03	–	–
MSCI All Country World Index (ACWI)	11.03	22.20	22.20	5.75	11.72	7.93	–	–
Bloomberg 1-5 Year U.S. Government/Credit A+ Index	3.32	4.65	4.65	-0.73	1.36	1.29	–	–
Bloomberg Municipal Bond 1-7 Year Blend Index	4.56	4.08	4.08	0.05	1.67	1.72	–	–

\*Funds' inception date: May 18, 2012

†Prior to January 1, 2020, American Funds Tax-Aware Conservative Growth and Income Portfolio was known as American Funds Tax-Advantage-Growth and Income Portfolio.

**S&P 500 Index** is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. **MSCI ACWI** is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes. Results reflect dividends net of withholding taxes. **Bloomberg 1-5 Year U.S. Government/Credit A+ Index** is a market value-weighted index that tracks the total return results of fixed-rate, publicly placed, dollar-denominated obligations issued by the U.S. Treasury, U.S. government agencies, quasi-federal corporations, corporate or foreign debt guaranteed by the U.S. government, and U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity and quality requirements, with maturities of one to five years, including A-rated securities and above. **Bloomberg Municipal Bond 1-7 Year Blend Index** is a market value-weighted index that includes investment-grade tax-exempt bonds with maturities of one to seven years.

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