

# American Funds®/PMC Active Core Portfolios (F3)

A sophisticated approach to mutual fund investing

Combining the legacy of investment management at American Funds® with the research, portfolio consulting and management experience of Envestnet | PMC, the Active Core Portfolios are constructed around the philosophy of selecting a core group of active managers that seek to achieve positive long-term results. Whether to manage near-term assets or grow retirement funds, these portfolios may be appropriate for a variety of investor objectives and risk profiles.

## PMC: methodology steeped in sound fundamental theory and disciplined execution

### ▶ Capital markets assumptions (CMAs)

CMAs are the expected returns, standard deviations, and correlations that represent the long-term risk/return forecasts for numerous asset classes. CMAs serve as the foundation for portfolio construction, risk measures, asset allocation models, and portfolio wealth forecasts.

### ▶ Asset allocation

CMAs inform our asset allocation methodology, guiding the construction of a series of risk-based asset class portfolios at various domestic equity tiers and diversifying asset class combinations.

### ▶ Due diligence

Through a multistage and multifactor due diligence process, PMC seeks to provide comprehensive, unbiased coverage of asset classes and strategies, identify managers that consistently outperform benchmarks on a risk-adjusted basis, maintain the integrity of asset allocations through appropriate manager recommendations, and deliver timely communications.

### ▶ Portfolio solutions

PMC combines specialist asset managers and PMC capital markets intelligence to create advanced mutual fund wrap portfolios.

## The Capital advantage®: helping investors pursue long-term investment success since 1931

### ▶ Aligned with investor success

American Funds bases its decisions on a long-term perspective to align its goals with the interests of the client. The portfolio managers average 27 years of investment experience, including 21 years with the firm, reflecting a career commitment to our long-term approach.<sup>1</sup>

### ▶ Active at the Core

Getting more from core equity assets is a critical objective because typically these assets represent the largest allocations for investors. Using a core portfolio of select active investments can offer the potential for superior long-term results.

### ▶ The Capital System<sup>SM</sup>

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

### ▶ Low management fees

On average, the funds' management fees have been among the lowest in the industry.<sup>2</sup>

<sup>1</sup> Portfolio manager experience as of December 31, 2020.

<sup>2</sup> On average, management fees were in the lowest quintile 66% of the time, based on the 20-year period ended December 31, 2020, versus comparable Lipper categories, excluding funds of funds.

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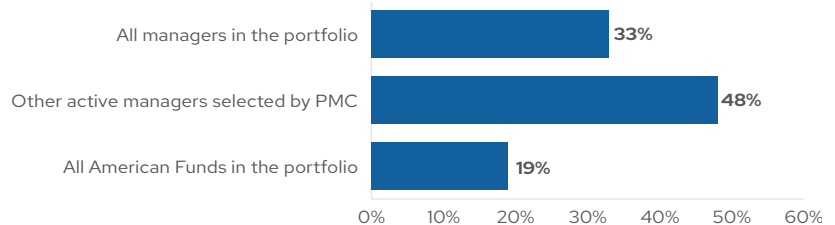
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## The importance of active manager selection

The Active Core Portfolios emphasize selecting active managers that have both higher manager ownership and lower expense ratios. Active funds that possess both characteristics have tended to outpace market indexes and the broader universe of active managers over time.<sup>3</sup>

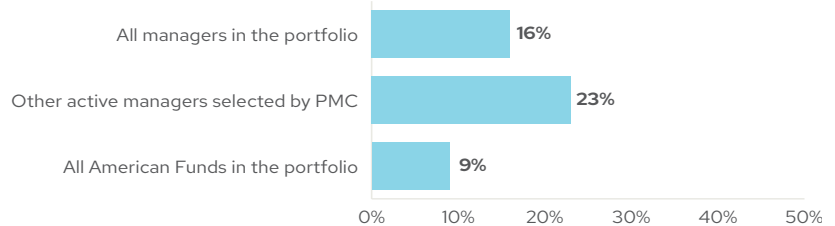
### High manager ownership

Selected managers rank within the top percentiles versus their style group peers in terms of investing in their own funds. The lower the percentage, the higher the manager's tier of fund ownership compared to style group peers.<sup>4</sup>



### Low expense ratio

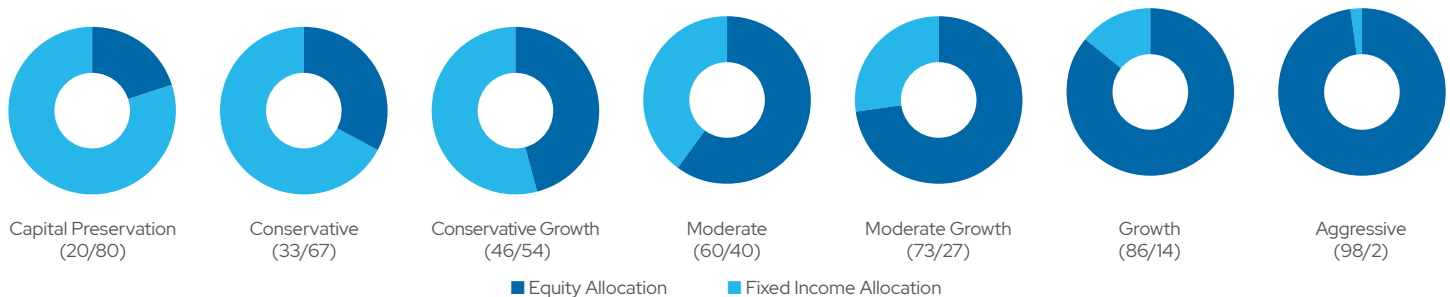
Selected managers rank within the top percentiles versus their style group peers in terms of expense ratios. The lower the percentage, the lower the manager's expense ratio compared to style group peers.<sup>4</sup>



## Portfolios to suit a range of objectives

The American Funds®/PMC Active Core Portfolios offer seven target allocations, from conservative to aggressive, in both standard and tax-sensitive versions.

### 7 Target Allocation Strategies



<sup>3</sup> Source: Capital Group, "Investment Selection Matters in a Heightened Fiduciary World", 2016.

<sup>4</sup> Charts based on data from Morningstar and Envestnet | PMC analysis (of ownership data). Charts depict average manager ownership percentiles and average expense ratio percentiles of the managers in the portfolios.

The information, analysis, and opinions expressed herein are for general and educational purposes only. Nothing contained in this brochure is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. All investments carry a certain risk, and there is no assurance that an investment will provide positive performance over any period of time. An investor may experience loss of principal. The asset classes and/or investment strategies described may not be suitable for all investors and investors should consult with an investment advisor to determine the appropriate investment vehicle. Investment decisions should always be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. Past performance is not indicative of future results.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) funds are subject to interest rate risk which is the risk that debt securities in a fund's portfolio will decline in value because of increases in market interest rates.

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Diversification does not guarantee a profit or guarantee protection against losses.

Envestnet | PMC is solely responsible for the fund selection and construction of the Portfolios and neither American Funds Distributors, Inc. nor its affiliates are involved in such activities.

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