

# 1Q 2024

## American Funds Corporate Bond Fund® quarterly attribution report



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As of March 31, 2024

### Market overview

- **The U.S. bond market declined** in the first quarter, as inflation remained persistent, leading investors to walk back their expectations for rate cuts from the Federal Reserve (Fed). The Fed held rates steady and maintained its projection of three possible rate cuts in 2024. Against this backdrop, most major U.S. fixed income sectors declined. High-yield bonds were the only outlier, returning 1.5%, according to the Bloomberg U.S. High Yield 2% Issuer Cap Index. The Bloomberg U.S. Aggregate Index fell by 0.8%.
- **Gross domestic product (GDP) rose 3.4%** in the fourth quarter of 2023, a sixth consecutive quarterly GDP gain. Consumer spending - which makes up around two-thirds of the U.S. economy - rose through February 2024, while inflation remained relatively flat and unemployment grew slightly. The Consumer Price Index rose an annualized 3.2% in February, down from 3.4% at the end of 2023, but up 0.1% from January 2024. Core inflation, which excludes food and energy, fell to 3.8% from 3.9% at year-end.
- **U.S. Treasury yields rose across the curve in the first quarter.** The 10-year Treasury ended the quarter at 4.20%, up by 32 basis points (bps) from the fourth quarter of 2023, while the 2-year Treasury rose 37 bps to end the quarter at 4.62%, slightly increasing the inversion of the curve. With these moves, the Bloomberg U.S. Treasury Index declined approximately 1.0% for the quarter, and the Bloomberg U.S. Treasury Inflation-Protected Securities Index fell 0.1%.
- **Corporate high-yield bonds were an area of strength** for U.S. fixed income as fundamentals and technicals were largely supportive. High-yield bonds returned 1.5%. Meanwhile, the Bloomberg U.S. Corporate Investment Grade Index was relatively flat, falling by 0.4%, while investment-grade and high-yield spreads narrowed by 9 bps and 24 bps, respectively. Issuance was higher than average for recent quarters in both markets. Elsewhere, municipal bonds and securitized debt also declined. The Bloomberg U.S. Municipal Bond Index returned -0.4%, and the Bloomberg U.S. Mortgage-Backed Securities Index returned -1.0%.

### Market index returns (net of dividends)

For periods ended March 31, 2024 (%)

	Cumulative			Average annual		
	3 months	YTD	1 year	3 years	5 years	10 years
Bloomberg U.S. Corporate Investment Grade Index	-0.40	-0.40	4.43	-1.87	1.52	2.61
Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index	1.47	1.47	11.15	2.19	4.19	4.44
Bloomberg U.S. Aggregate Index	-0.78	-0.78	1.70	-2.46	0.36	1.54
Bloomberg Global Aggregate Index	-2.07	-2.07	0.50	-4.73	-1.16	-0.07
S&P 500 Index	10.56	10.56	29.88	11.49	15.05	12.96

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

Past results are not predictive of results in future periods.

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# Results

## American Funds Corporate Bond Fund

Figures shown are past results for Class R-6, F-3 and F-2 shares 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](http://capitalgroup.com).

Returns (%)	Cumulative			Average annual				Expense ratio (gross/net)
	3 months	YTD	1 year	3 years	5 years	10 years	Lifetime	
For periods ended March 31, 2024								
<b>American Funds Corporate Bond Fund R-6</b>	<b>-0.52</b>	<b>-0.52</b>	<b>3.25</b>	<b>-2.19</b>	<b>1.77</b>	<b>2.99</b>	<b>2.82</b>	<b>0.32/0.31</b>
<b>American Funds Corporate Bond Fund F-3</b>	<b>-0.51</b>	<b>-0.51</b>	<b>3.25</b>	<b>-2.19</b>	<b>1.77</b>	<b>3.05</b>	<b>2.88</b>	<b>0.32/0.31</b>
<b>American Funds Corporate Bond Fund F-2</b>	<b>-0.54</b>	<b>-0.54</b>	<b>3.14</b>	<b>-2.30</b>	<b>1.66</b>	<b>2.90</b>	<b>2.72</b>	<b>0.44/0.43</b>
Bloomberg U.S. Corporate Investment Grade Index	-0.40	-0.40	4.43	-1.87	1.52	2.61	2.44	n/a
Morningstar Corporate Bond Category Average	-0.01	-0.01	4.69	-1.75	1.58	2.43	2.30	n/a
Fund inception: December 14, 2012								

We offer a range of share classes designed to meet the needs of retirement plan sponsors and participants. The different share classes incorporate varying levels of financial professional compensation and service provider payments. Because Class R-6 shares do not include any recordkeeping payments, expenses are lower and results are higher. Other share classes that include recordkeeping costs have higher expenses and lower results than Class R-6.

Certain share classes were offered after the inception dates of some funds. Results for these shares prior to the dates of first sale are hypothetical based on the original share class results without a sales charge, adjusted for typical estimated expenses. (Inception date: Class F-2, August 1, 2008; Class F-3, January 27, 2017; Class R-6, May 1, 2009.) Results for certain funds with an inception date after the share class inception also include hypothetical returns because those funds' shares sold after the funds' date of first offering. Visit [capitalgroup.com](http://capitalgroup.com) for more information on specific expense adjustments and the actual dates of first sale. Expense ratios are as of each fund's prospectus available at the time of publication.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, results reflect fee waivers and/or expense reimbursements, without which they would have been lower and net expenses higher. Visit [capitalgroup.com](http://capitalgroup.com) for more information. The investment adviser is currently reimbursing a portion of other expenses. Net expense ratios reflect the reimbursement, without which they would have been higher. The reimbursement will be in effect through at least August 1, 2024. The adviser may elect at its discretion to extend, modify or terminate the reimbursement at that time. Refer to the fund's most recent prospectus for details.

Market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index. There have been periods when the fund has lagged the index. Index lifetime is based on the inception date of the fund.

Although our portfolios are compared to their benchmarks, portfolio managers manage them to be consistent with their investment objectives.

Sources: Bloomberg Index Services Limited, Morningstar.

# American Funds Corporate Bond Fund

## 1Q Quarterly analysis

### Investment objective and approach

- The fund's investment objective is to provide maximum total return consistent with capital preservation and prudent risk management.
- Total-return-focused strategy that seeks to generate most of its returns through income; normally invests its assets in U.S. dollar-denominated, investment-grade (Baa3/BBB- and above) debt instruments (primary exposure is to higher quality corporate bonds).

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### Review and attribution

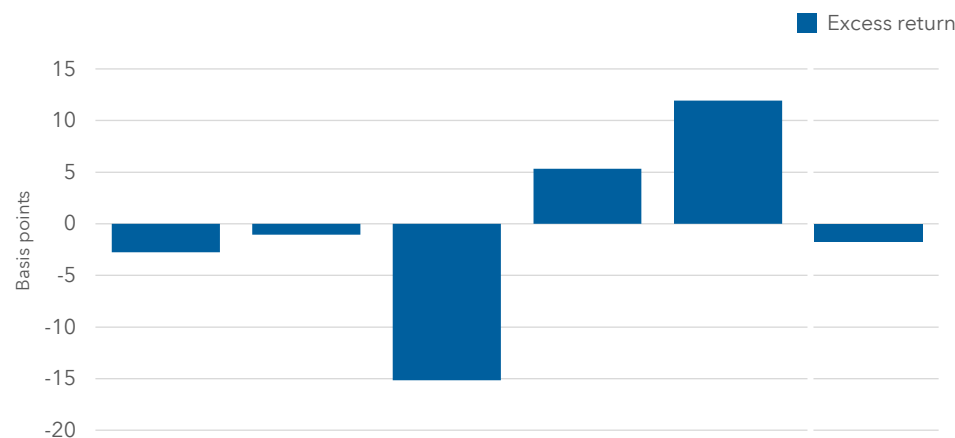
- The fund lagged the Bloomberg U.S. Corporate Investment Grade Index.
- Sector allocation was the primary detractor from relative returns while security selection contributed.
- Interest rate positioning hurt relative results. The fund's duration and yield curve positioning detracted as yields rose across the curve.
- As spreads continued to tighten, key detractors from sector allocation included the fund's cash and U.S. Treasury holdings. An underweight to the technology sector contributed as the sector lagged the overall benchmark.
- Security selection supported relative results, led by holdings within banking and electric utilities. Holdings within capital goods and energy were among the key detractors from security selection.
- At the issuer level, key contributors included significantly larger-than-index positions in bonds of electric utilities such as Pacific Gas and Electric and PacifiCorp. Overweight holdings in pharmaceutical issuers such as Bristol-Myers Squibb and Amgen were also among the top contributors.
- Conversely, the fund's underweight positions in some of the index's most heavily weighted financial holdings, such as Goldman Sachs, Sumitomo Mitsui Financial and HSBC, were among the largest detractors from relative returns.
- Boeing was the largest detractor as the company's bonds declined amid concerns about an ongoing quality control investigation by the Federal Aviation Administration (FAA).

# Attribution overview

## 1Q Quarterly analysis

### American Funds Corporate Bond Fund vs. Bloomberg U.S. Corporate Investment Grade Index

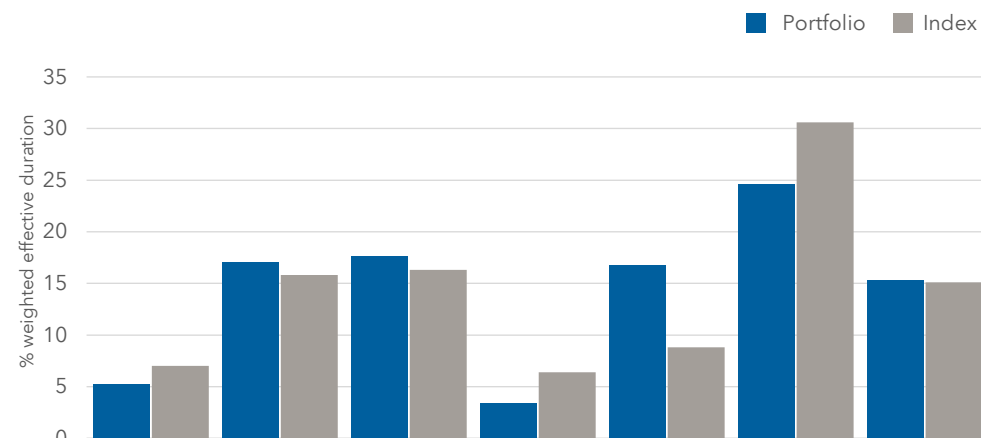
#### Summary attribution effects



	Duration	Curve	Sector/ industry	Security selection	Other	Total
Portfolio	-2.41	1.20	-	-	12	-42
Index	-2.38	1.22	-	-	0	-40
Excess return	-3	-1	-15	5	12	-2

Totals may not reconcile due to rounding.

#### Duration exposure



Duration buckets	<3 years	3-6 years	6-8 years	8-10 years	10-12 years	12-15 years	15+ years
Portfolio	5.2	17.1	17.6	3.4	16.7	24.6	15.3
Index	7.0	15.8	16.3	6.4	8.8	30.6	15.1

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Other: The attribution effect describing all other returns not included in duration, curve, sector/industry and security selection effects. Other effects include "valuation impact," which describes differences in pricing methodology among commonly held securities in the portfolio and index. For the portfolio, other effects may also include any partial-day returns due to buying or selling a security intraday. For the index, other effects may include any differences in the return calculated by the attribution system vs. the return published by the index provider.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

# Attribution overview

## 1Q Quarterly analysis

### American Funds Corporate Bond Fund vs. Bloomberg U.S. Corporate Investment Grade Index

Attribution detail				Portfolio			Index			Relative contribution					
Sector	Weight (% market value)	Return (%)	Contribution (%)	Weight (% market value)	Return (%)	Contribution (%)	Weight (% market value)	Return (%)	Contribution (%)	Duration (bps)	Curve (bps)	Sector/ Industry (bps)	Security selection (bps)	Other (bps)	Excess contribution (bps)
<b>Top level</b>	<b>100.00</b>	<b>-0.42</b>	<b>-0.42</b>	<b>100.00</b>	<b>-0.40</b>	<b>-0.40</b>				<b>-3</b>	<b>-1</b>	<b>-15</b>	<b>5</b>	<b>12</b>	<b>-2</b>
Basic Industry	1.72	-0.77	-0.01	2.37	-0.88	-0.02				2	-1	0	-0	0	1
Capital Goods	6.52	-1.84	-0.11	5.32	-1.34	-0.07				-1	1	-1	-4	1	-4
Communications	5.86	-0.99	-0.07	8.11	-1.04	-0.09				6	-4	0	-0	1	2
Consumer Cyclical	5.04	-0.12	-0.02	7.16	-0.47	-0.03				3	-3	1	2	0	2
Consumer Non-Cyclical	16.68	-0.52	-0.02	15.26	-0.77	-0.11				5	-0	0	1	2	8
Energy	4.66	-0.56	-0.04	7.00	0.03	0.00				4	-3	-1	-2	1	-4
Technology	3.86	-0.68	0.00	9.09	-0.93	-0.08				17	-8	2	1	0	8
Transportation	1.93	-2.03	-0.04	2.15	-1.57	-0.03				0	-0	0	-1	0	-1
Electric	14.28	0.18	0.02	7.96	-0.79	-0.06				-9	4	0	5	2	8
Natural Gas	0.06	-0.93	-0.00	0.67	-0.65	-0.00				2	-1	-0	-0	0	0
Banking	18.99	0.86	0.13	23.27	0.57	0.13				0	-3	-1	5	2	-0
Brokerage, Asset Managers & Exchanges	0.67	-1.08	-0.02	1.45	0.06	0.00				-1	-1	-0	-0	0	-2
Finance Companies	0.12	n/a	-0.01	1.18	1.02	0.01				1	-1	-1	-0	-0	-2
Insurance	4.52	-0.63	-0.02	4.45	-0.75	-0.03				2	-1	0	-1	1	2
REITs	1.01	-0.89	-0.01	2.67	0.15	0.00				3	-2	-0	-1	0	-1
Other Investment-Grade Corporates	—	—	—	0.67	-0.65	-0.00				3	-1	-1	0	0	0
Emerging Markets	0.47	0.78	0.01	1.23	0.04	0.00				2	-1	-1	0	-0	1
Government-Related	0.44	0.48	0.00	—	—	—				-1	0	0	0	0	0
Municipals	0.29	0.56	0.00	—	—	—				-1	0	0	0	-0	0
Securitized	0.93	1.08	0.01	—	—	—				-1	1	0	0	0	1
Treasuries (Nominal)	6.70	-0.96	-0.11	—	—	—				-20	9	-7	0	0	-11
Interest Rate Derivatives (Futures/Swaps)	0.00	n/a	-0.14	—	—	—				-19	4	0	0	0	-14
Credit Derivatives (CDS/CDX)	-0.00	n/a	-0.04	—	—	—				0	0	-4	0	0	-4
Cash & Money Market	5.26	n/a	0.08	—	—	—				-0	8	-3	0	0	8

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Cash, cash and equivalents, and cash and money market may include short-term securities, accrued income and other assets less liabilities as well as currencies. It may also include investments in money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.

REITs = real estate investment trusts.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information. Sources: Capital Group, Bloomberg Index Services Limited.

Refer to page 4 for definition of "Other."

# Attribution detail

## 1Q Quarterly analysis

### American Funds Corporate Bond Fund vs. Bloomberg U.S. Corporate Investment Grade Index

#### Contributors to curve adjusted returns (relative to index)

Largest contributors				Largest detractors			
Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)	Issuer	Portfolio weight (% market value)	Index weight (% market value)	Relative contribution (bps)
PACIFIC GAS AND ELECTRIC CO	2.94	0.50	6	BOEING CO	2.48	0.65	-3
PACIFICORP	1.44	0.16	3	GOLDMAN SACHS GROUP INC	0.63	1.43	-1
BAT CAPITAL CORP	0.97	0.33	2	SUMITOMO MITSUI FINANCIAL GROUP INC	0.26	0.62	-1
BRISTOL-MYERS SQUIBB CO	1.20	0.51	2	HSBC HOLDINGS PLC	0.51	1.22	-1
FIRSTENERGY TRANSMISSION LLC	0.79	–	2	MITSUBISHI UFJ FINANCIAL GROUP INC	0.01	0.59	-1
AMGEN INC	2.38	0.83	2	AERCAP IRELAND CAPITAL DAC	0.08	0.30	-1
BPCE SA	0.91	0.01	1	BARCLAYS PLC	0.21	0.67	-1
FIRSTENERGY CORP	1.43	–	1	ENERGY TRANSFER LP	0.26	0.56	-1
PNC FINANCIAL SERVICES GROUP INC	0.87	0.34	1	ALIBABA GROUP HOLDING LTD	–	0.15	-1
T-MOBILE USA INC	1.61	0.86	1	AT&T INC	1.10	1.13	-0

Data as of March 31, 2024. Past results are not predictive of results in future periods.

Curve adjusted return: distinct from total return, this is the return remaining for a particular category of the portfolio or index once the impacts from common factors – such as currency, duration, yield curve and government carry – are excluded.

“Issuer” indicates that one or more issues of the same issuer have been rolled up and thus what is presented in the report is the Issuer Level data.

Data are gross of fees, unless otherwise noted. Refer to attribution methodology disclosure for additional information.

Sources: Capital Group, Bloomberg Index Services Limited.

# American Funds Corporate Bond Fund

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## Portfolio positioning and outlook

- The macroeconomic backdrop has continued to support tighter spreads on investment-grade corporate bonds. The potential for rate cuts has spurred investor demand, leading to lower yields.
- Valuations continue to tighten amid strong demand, reflecting optimism arising from a more constructive corporate backdrop. Spreads already appear to be discounting a benign outcome for the economy, leading us to be cautious at current levels and making this a credit selector's market.
- Portfolio managers continue to exercise caution regarding credit risk, given expensive relative valuations. However, they have increased investment-grade credit exposure relative to last year, owing to robust investment demand.
- At quarter-end, the fund was underweight with respect to credit spreads, although the magnitude of the underweight has declined since the end of 2023. The fund's option-adjusted spread was lower than the index at period-end.
- The fund maintains a delicate balance, combining improving credit stories that offer yield opportunities with high-quality issuers poised for greater stability during periods of volatility.
- The team still has a preference for higher quality, more liquid credits and to avoid low- and medium-quality illiquid issuers, as well as issuers with potential downgrade risk.

# Twenty largest corporate issuers

## American Funds Corporate Bond Fund – portfolio as of March 31, 2024

Issuer	Sector	Yield (%)	Portfolio (market value %)
PG&E	Utilities	5.6	2.8
FirstEnergy	Utilities	5.3	2.7
AbbVie	Health care	4.9	2.7
Boeing	Industrials	5.8	2.4
Amgen	Health care	5.2	2.3
Edison International	Utilities	5.3	2.1
Bristol-Myers Squibb	Health care	5.2	1.9
Cisco Systems	Information technology	4.8	1.9
JPMorgan Chase	Financials	5.5	1.7
Berkshire Hathaway	Financials	5.5	1.7
Deutsche Telekom	Communication services	5.2	1.7
Xcel Energy	Utilities	5.5	1.6
Philip Morris International	Consumer staples	5.2	1.5
Bank of America	Financials	5.4	1.3
Citigroup	Financials	5.5	1.3
Wells Fargo	Financials	5.5	1.2
Lockheed Martin	Industrials	4.9	1.2
Pfizer	Health care	5.1	1.1
VICI Properties	Real estate	5.6	1.1
Centene	Health care	5.6	1.1
<b>Total issuers 1 through 20</b>			<b>35.4</b>

Totals may not reconcile due to rounding.

The information shown does not include cash and cash equivalents. This includes shares of money market or similar funds managed by the investment adviser or its affiliates that are not offered to the public.



# American Funds Corporate Bond Fund

As of March 31, 2024

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## Attribution methodology disclosure

Attribution analysis explains relative investment returns between the portfolio and its index by decomposing that return difference in terms of the components relevant to the investment decision-making process. Attribution data are gross of fees. Past results are not predictive of results in future periods.

Fixed income attribution analysis was produced using a third-party software system developed by BISAM, a FactSet company, based on daily input data for both the portfolio and the index. Input data elements such as holdings, prices, transactions, bond analytics, yield curves and exchange rates were provided by Capital Group. Bond analytic data for both the portfolio and index use PolyPaths analytics engine calculation assumptions through May 25, 2018, and BlackRock Aladdin analytics engine calculation assumptions thereafter. The index is a broad-based market benchmark calculated by the index provider and may not be used by Capital Group as the sole comparative index for this portfolio. Capital Group believes the information from BISAM, PolyPaths, BlackRock and the index provider to be reliable. However, Capital Group cannot be responsible for inaccuracies, incomplete information or updating of information by these parties. The average portfolio weight percentages are approximate over the period and may not total 100% due to rounding. The actual average portfolio weight percentages might be higher or lower.

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## Important information

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Investing outside the United States involves risks, such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in the prospectus. These risks may be heightened in connection with investments in developing countries.

The return of principal for bond portfolios and for portfolios with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds. The use of derivatives involves a variety of risks, which may be different from, or greater than, the risks associated with investing in traditional securities, such as stocks and bonds.

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2. The Plan fiduciary is responsible for exercising independent judgment in evaluating any transactions or services and is capable of evaluating investment risks independently, both in general and with regard to particular transactions and investment strategies that Capital Group may market to the Plan; and
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