

American Funds® /PMC Active Core Portfolios

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 to achieve potentially superior 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 American Funds® 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 22 years with the firm, reflecting a career commitment to our long-term approach.¹

▶ 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 SystemSM

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.²

¹ Portfolio manager experience as of December 31, 2017.

² On average, our management fees were in the lowest quintile 71% of the time, based on the 20-year period ended December 31, 2017, versus comparable Lipper categories, excluding funds of funds.

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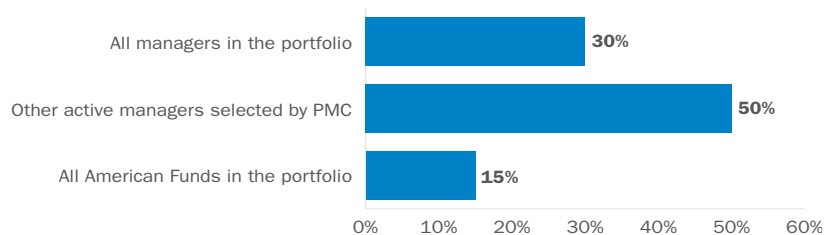
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The importance of active manager selection

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.³

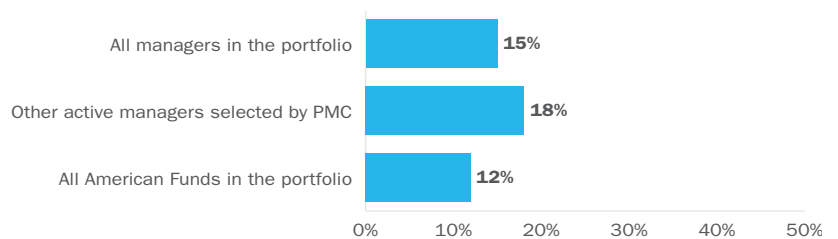
High manager ownership

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.⁴



Low expense ratio

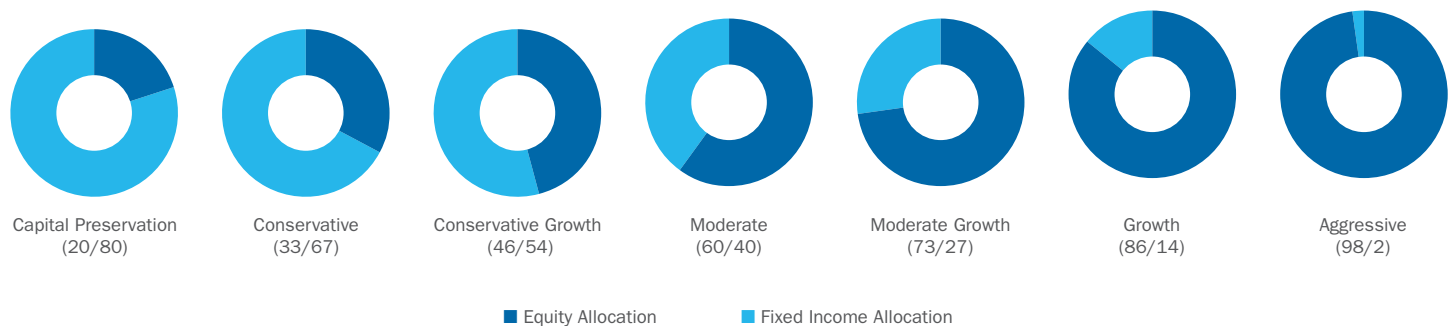
Selected managers rank within the top percentiles versus their style group peers in terms of expense ratios. The lower the percentage, the lower the manager's expense ratio compared to style group peers.⁴



Portfolios to suit a range of objectives

The American Funds® /PMC Active Core Portfolios offer seven target allocations, from conservative to aggressive.

7 Target Allocation Strategies



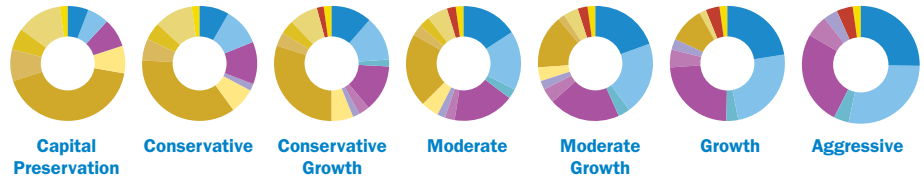
³ Source: Capital Group, "Investment Selection Matters in a Heightened Fiduciary World", 2016.

⁴ 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.

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American Funds/PMC Active Core Portfolios⁵



			12.0%	19.0%	28.0%	38.0%	46.5%	54.5%	62.0%
U.S. Equity			12.0%	19.0%	28.0%	38.0%	46.5%	54.5%	62.0%
■ Large-Cap Value	AMRFX	American Funds American Mutual F2	6.0%	10.5%	12.5%	16.5%	20.5%	24.5%	28.0%
■ Large-Cap Growth	AMCFX	American Funds AMCAP F2	6.0%	8.5%	11.5%	16.0%	19.5%	22.5%	25.5%
■ Small-Cap Value	NOSGX	Northern Small Cap Value			2.0%	3.0%	3.5%	3.5%	4.0%
■ Commodities	CRSOX	Credit Suisse Commodity Return Strat I			2.0%	2.5%	3.0%	4.0%	4.5%
Global/International Equity			8.0%	14.0%	18.0%	22.0%	26.5%	31.5%	36.0%
■ Foreign Large Value	IGFFX	American Funds Intl Gr and Inc F2	8.0%	7.0%	8.0%	9.0%	10.0%	12.0%	13.0%
■ Foreign Large Growth	AEPFX	American Funds Europacific Growth F2		5.0%	5.0%	8.0%	10.0%	11.5%	13.0%
■ Int'l Emerging Mkts	NFFFX	American Funds New World F2			3.0%	3.0%	4.0%	5.0%	6.0%
■ Global Sm-Cap Growth	SMCFX	American Funds SMALLCAP World F2		2.0%	2.0%	2.0%	2.5%	3.0%	4.0%
Fixed Income			80.0%	67.0%	54.0%	40.0%	27.0%	14.0%	2.0%
■ Intermediate Bond	ABNFX	American Funds Bond Fund of Amer F2	19.0%	15.0%	12.0%	9.0%			
■ Intermediate Bond	BAGIX	Baird Aggregate Bond Inst	23.0%	21.0%	18.0%	12.0%	15.0%	10.0%	
■ High Yield	CEPRX	Columbia Income Opportunities R5	6.0%	5.0%	4.0%	3.0%			
■ International Bond	BFWFX	American Funds Capital World Bond F2	13.0%	11.0%	8.0%	6.0%	4.0%	2.0%	
■ Bank Loan	RPIFX	T. Rowe Price Instl Floating Rate	8.0%	7.0%	6.0%	5.0%	4.0%		
■ Short Bond	JSHIX	Janus Henderson Short-Term Bond I	9.0%	6.0%	4.0%	3.0%	2.0%		
■ Cash		Core Money Market	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Weighted avg. gross expense ratio⁶			0.48%	0.48%	0.51%	0.53%	0.53%	0.54%	0.57%

Key features of the program

Risk-based investing

Seven portfolios of mutual funds are designed for a variety of investor objectives and risk profiles. The portfolios spread risk over multiple, diverse types and classes of mutual funds.

Professional asset management

Investors have the advantage of professional portfolio construction and ongoing management.

Active at the Core

The portfolios are built with an active management core of American Funds® and other active managers that pass strict and regular scrutiny by PMC.

Convenience for investors and advisors

Reporting tools, including informative and customized quarterly performance reports, allow advisors to enhance their productivity and discussions with clients.

⁵ Fund holdings and allocations are as of February 28, 2018 and should not be considered a recommendation to buy or sell a particular security. There is no assurance that any specific securities listed will remain in a portfolio.

⁶ The weighted average of the gross expense ratios of the funds and/or ETFs used in the portfolio are as of February 28, 2018.



**For more information about the portfolios,
email PMCConsulting@envestnet.com or visit our website at investpmc.com.**

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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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