



American Funds Solutions

For investors seeking Risk-Budgeted, global, and actively managed portfolios of American Funds to build capital.

CLS & American Funds: A Long-Standing Relationship



American Funds are renowned for their managers' stock-picking expertise and long-term focus. This skill and philosophy makes these funds an ideal complement to CLS's Risk Budgeting and asset allocation specialization, which is why we have included American Funds in many of our Risk-Budgeted portfolios since 1998.

For investors who already own or would like to own American Funds, CLS offers the option for professional management of a portfolio consisting entirely of these funds.

American Funds, like a majority of actively managed mutual funds, tend to drift in their style, capitalization, asset allocation, and risk characteristics. CLS's management of American Funds portfolios adds tremendous value through risk and allocation management.

- CLS utilizes an array of internal statistics and analysis, as well as attribution and portfolio commentary from American Funds' managers. This insight allows us to build a portfolio that's actively adjusted to seek opportunity in line with the investor's long-term objectives and Risk Budget, even as market conditions change.
- We carefully manage each portfolio's allocation to international, emerging markets, growth, and value equities, as well as the credit quality and duration of bonds within the portfolio.
- We provide daily account monitoring of our risk-managed portfolios, and make adjustments when warranted by market conditions.

Portfolio Monitoring

CLS has a long history of investing in American Funds, dating back to 1998. Through risk-, return-, and holdings-based analysis, CLS is able to build portfolios of American Funds that align with the asset allocation views of CLS, yet preserve the fundamental security selection American Funds are known for. By constantly monitoring the portfolios, CLS is able to minimize style drift and keep the investor's risk constant.



RISK MANAGEMENT

- Risk Budget is assigned to each American Fund
- Portfolios are constructed to meet each investor's individual Risk Budget



ASSET ALLOCATION

- Combines CLS's top-down broad asset class diversification with American's bottom-up fundamental stock picking
- Each fund is analyzed beyond stated objectives down to the individual holdings and style tendencies



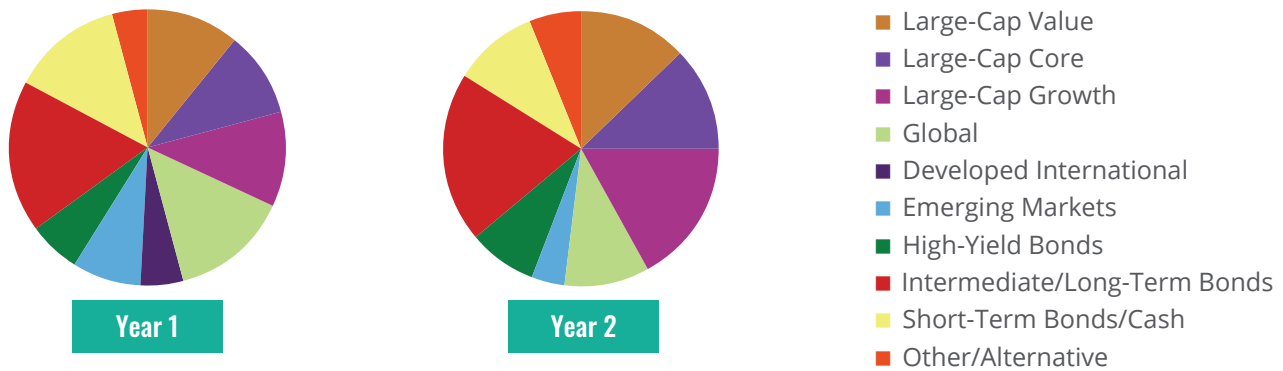
PORTFOLIO ADJUSTMENTS

- Based on valuation differences between asset classes and risk management

CLS American Funds Strategy

The American Funds Strategy allows investors looking for active management to keep their existing American Funds investments, but add CLS professional management in order to take advantage of our disciplined and flexible Risk Budgeting investment management approach.

Hypothetical Year-Over-Year Portfolio Comparison moderate portfolio (Risk Budget 60)



Any sample allocations displayed in this work are meant to serve as examples. Actual holdings may differ. This information should not be considered investment advice.

Recent Allocation Changes and Holdings

- **2013:** De-emphasized income-oriented funds, such as Capital Income Builder in lieu of record low interest rates, as well as further shortening of duration across funds.
- **2014:** Further emphasized global funds, such as New Perspective, and increased international positions across models through the use of EuroPacific Growth.
- **2015:** Further increased international names, and added a value component to the international allocations.
- **2016:** Reduced high-growth domestic funds for a more balanced value and growth allocation.
- **2017:** Increased credit quality in fixed income by selling lower credit quality bonds and buying higher-quality bonds. As credit spreads around the globe became tight, they offered lower return potential and higher risks going forward.
- **2018:** Increased duration through high-quality fixed income positions and further scaled back domestic equity exposure.

Sample Holdings for CLS American Funds Moderate (Risk Budget 60)

American Funds American Mutual	20%
American Funds Dvlpg Wld Gr&Inc	14%
American Funds ST Bd Fd of Amer	13%
American Funds Intl Gr and Inc	10%
American Funds Income Fund of Amer	10%
American Funds Bond Fund of Amer	8%
American Funds New Economy	6.5%
American Funds Invmt Co of Amer	4%
American Funds Fundamental Invs	4%
American Funds SMALLCAP World	4%
American Funds American High-Inc	3%
American Funds Emerging Markets Bd	3%
Cash Position	0.5%

Your Flexible, Personalized, Risk-Managed Portfolio



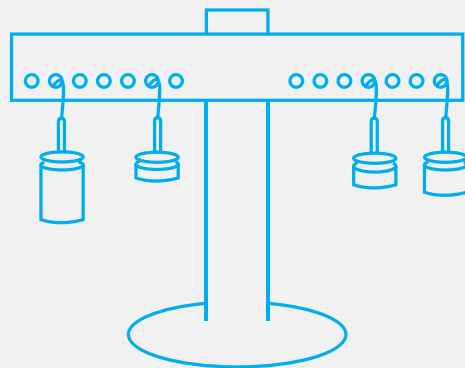
CLS's Risk Budgeting Methodology is the foundation of our portfolio construction process. We start by defining your personalized Risk Budget, based on your unique investing time horizon and specific investment goals. This budget, which is expressed as a percentage of the risk of a well-diversified, global equity portfolio, represents the amount of risk you're comfortable taking on in exchange for potential returns. **Your individual Risk Budget is the risk level at which we manage your portfolio.**

To build a portfolio with a risk/return balance appropriate for you, **CLS analyzes the characteristics of investments within more than 100 asset class segments and strategies across the globe.** We are careful not to underexpose you to risk, as this may give your portfolio inadequate opportunity to grow. Yet, we do not overexpose you, as this could leave you unable to meet your financial obligations.

Risk Budgeting provides you:

- A consistent risk management process
- A methodology that allows your investments to be maintained at the level of risk you are comfortable with, regardless of what's happening in the market
- A personalized portfolio that seeks opportunity in the global market

Much like a scale keeps weight balanced, Risk Budgeting ensures that the amount of risk in your portfolio is equal to the level of risk you are comfortable with. To explore our Risk Budgeting Scale, please visit CLSinvest.com/scale.



Active Portfolio Management

CLS actively manages the portfolio, meaning our team of portfolio managers analyzes potential investments and watches the portfolio for opportunities on a daily basis. We conduct significant research and rely on a proprietary risk calculation to measure the risk of each asset we track in order to make informed decisions about which assets to buy, hold, and sell.



Risk Aligned to Your Level of Comfort

Everyone has a comfort zone: some may like the thermostat set at 69 degrees, others may prefer 73. No matter what the weather is like outside, the thermostat works to keep the temperature inside at a designated level. Risk Budgeting is essentially a thermostat for your portfolio. Once your Risk Budget is set, CLS consistently monitors and analyzes the assets in your portfolio to keep the risk level constant no matter how global market conditions change.

American Funds Strategy Performance and Statistics

Performance and Statistics, Ending 06/30/20

CLS American Funds Portfolio	YTD	1 YR	3 YR*	5 YR*	10 YR*	Relative Risk	Downside Capture
Aggressive Growth Risk Budget 100	-5.3%	3.4%	6.5%	7.0%	10.6%	96.2%	95.0%
Aggressive Growth Risk Budget 85	-6.4%	1.6%	5.6%	6.3%	9.7%	86.2%	85.4%
Growth Risk Budget 70	-4.7%	2.3%	5.1%	5.6%	8.4%	70.9%	69.0%
Moderate Growth RB 60	-3.2%	3.0%	5.0%	5.4%	7.7%	62.2%	58.6%
Moderate RB 50	-1.9%	3.5%	4.7%	4.9%	6.6%	51.2%	46.4%
Conservative Growth RB 30	1.6%	4.9%	4.3%	4.1%	4.9%	30.0%	21.9%
Total U.S. Equity Market ¹	-3.1%	7.0%	10.3%	10.3%	13.9%	n/a	n/a
U.S. Large-Cap Equity ²	-0.7%	10.8%	12.2%	11.6%	14.4%	n/a	n/a
U.S. Small-Cap Equity ³	-14.2%	-8.4%	1.4%	3.8%	10.5%	n/a	n/a
Total International Equity ⁴	-10.9%	-4.4%	1.4%	2.5%	5.3%	n/a	n/a
Developed International Equity ⁵	-11.3%	-4.8%	1.1%	2.3%	5.7%	n/a	n/a
Emerging International Equity ⁶	-10.0%	-3.3%	2.4%	3.2%	3.8%	n/a	n/a
U.S. Bond Market ⁷	6.1%	8.7%	5.3%	4.3%	3.8%	n/a	n/a
Cash Equivalent ⁸	0.4%	1.4%	1.7%	1.1%	0.6%	n/a	n/a

*Annualized results are shown for periods longer than one year.

¹ Morningstar US Market ² Morningstar US Large Cap ³ Morningstar US Small Cap ⁴ Morningstar Gbl xUS Large-Mid ⁵ Morningstar DM xUS Large-Mid ⁶ Morningstar EM Large-Mid ⁷ BBgBarc US Agg Bond ⁸ Morningstar Cash

Risk Budget	Composite Description	Composite Benchmark	Inception
100	The Risk Budget 100 Composite contains all discretionary accounts that have a Risk Budget between 100 and 95.	100% Equity Baseline (EBP)	4/1/2002
85	The Risk Budget 85 Composite contains all discretionary accounts that have a Risk Budget between 89 and 80.	85% EBP / 15% Barclays Capital 1-3 Month U.S. Treasury Index	4/1/2002
70	The Risk Budget 70 Composite contains all discretionary accounts that have a Risk Budget between 74 and 65.	70% EBP / 30% Barclays Capital 1-3 Month U.S. Treasury Index	4/1/2002
60	The Risk Budget 60 Composite contains all discretionary accounts that have a Risk Budget between 64 and 55.	60% EBP / 40% Barclays Capital 1-3 Month U.S. Treasury Index	4/1/2002
50	The Risk Budget 50 Composite contains all discretionary accounts that have a Risk Budget between 54 and 45.	50% EBP / 50% Barclays Capital 1-3 Month U.S. Treasury Index	4/1/2002
30	The Risk Budget 30 Composite contains all discretionary accounts that have a Risk Budget between 34 and 30.	30% EBP / 70% Barclays Capital 1-3 Month U.S. Treasury Index	1/1/2009

The Equity Baseline (EBP) is a blended index comprised of 60% domestic equity (represented by the Morningstar US Market Index) and 40% international equity (represented by the Morningstar Global Market exUS Lg-Mid index), rebalanced daily. The Morningstar Global Market Large-Mid Index is an index that measures the performance of the global market's equity markets targeting the top 90% of stocks by market capitalization. The Morningstar U.S. Market Index is an index that measures the performance of U.S. securities and targets 97% market capitalization coverage of the investable universe. It is a diversified broad market index. The Morningstar U.S. Large Cap Index is an index that measures the performance of US large-cap stocks. These stocks represent the largest 70% capitalization of the investable universe. The Morningstar U.S. Small Cap Index is an index that measures the performance of U.S. small-cap stocks. These stocks fall between the 90th and 97th percentile in market capitalization of the investable universe. In aggregate, the Small Cap Index represents 7% of the investable universe. Morningstar Global ex U.S. Large-Mid Index is an index that measures the performance of Global Markets (ex-U.S.) equity markets targeting the top 90% of stocks by market capitalization. The Morningstar DM ex U.S. Large-Mid Index is an index that measures the performance of developed markets ex-U.S. equity markets targeting the top 90% of stocks by market capitalization. The Morningstar EM Large-Mid Index is an index that measures the performance of emerging markets targeting the top 90% of stocks by market capitalization. The Bloomberg Barclays US Aggregate Bond® Index measures the performance of the total United States investment-grade bond market. The Morningstar Cash Index is an index that measures the performance of a Treasury Bill with six to eight weeks until maturity in the U.S. market. The returns for the indexes are total returns, which include reinvestment of dividends. The volatility of the indexes may be materially different from the individual performance attained by a specific investor. In addition, portfolio holdings of investors may differ significantly from the securities that comprise the indexes. You cannot invest directly in an index. The corresponding benchmark for the portfolio can be calculated by combining indexes in the allocations described above for each Risk Budget. Actual account holdings and performance for individual clients may vary. Investments are not guaranteed and will fluctuate, so that when redeemed, they may be worth more or less than their original cost.

Past performance is not indicative of future results. Composite performance results are based on a composite of all managed accounts that fall within the specified Risk Budget ranges in each of the identified products. Performance results may or may not depict the actual investment experience of any single client due to the timing of investment contributions, withdrawals, trade implementations and client or adviser directed investments. The annual composite dispersion is an equal-weighted standard deviation calculated for the accounts in the composite over the entire year. Composite performance results exclude (i) accounts under CLS management which do not maintain a balance during the entire composite period, and (ii) certain accounts under CLS management that have temporarily been removed from CLS discretion through client initiated actions.

This information is prepared for general information only. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. You should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. You should note that security values may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not a guide to future performance. Investing in any security involves certain systematic risks including, but not limited to, market risk, interest-rate risk, inflation risk, and event risk. These risks are in addition to any unsystematic risks associated with particular investment styles or strategies.

An ETF is a type of investment company whose investment objective is to achieve the same return as a particular index, sector, or basket. To achieve this, an ETF will primarily invest in all of the securities, or a representative sample of the securities, that are included in the selected index, sector, or basket. ETFs are subject to the same risks as an individual stock, as well as additional risks based on the sector the ETF invests in. Alpha also called the risk-adjusted return, is the difference between an asset's expected return and its actual return. Relative Risk is the ratio of the portfolio's volatility compared to the volatility of the market as a whole, represented by the Equity Baseline (EBP); see reverse. Standard Deviation and Relative Risk are presented over a three-year timeframe, and are calculated using 36 monthly returns.

Downside capture ratio is a statistical measure of an investment manager's overall performance in down markets. The ratio is calculated by dividing the portfolio returns by the returns of the index during the down-market and multiplying that factor by 100. A downside capture ratio of less than 100 has outperformed the index during the down-market. Net of fees performance is created by computing, on a monthly basis, gross fee returns and reducing the return for each account by 1/12th of the annual management fee rate of 0.25%. Management fees incurred may vary.

On April 10, 2003, Clarke Lanzen Skalla Investment Firm, Inc. changed its form of organization from a corporation to a limited liability company. It is now known as CLS Investments, LLC. CLS Investments, LLC relies on the performance data of its predecessor.

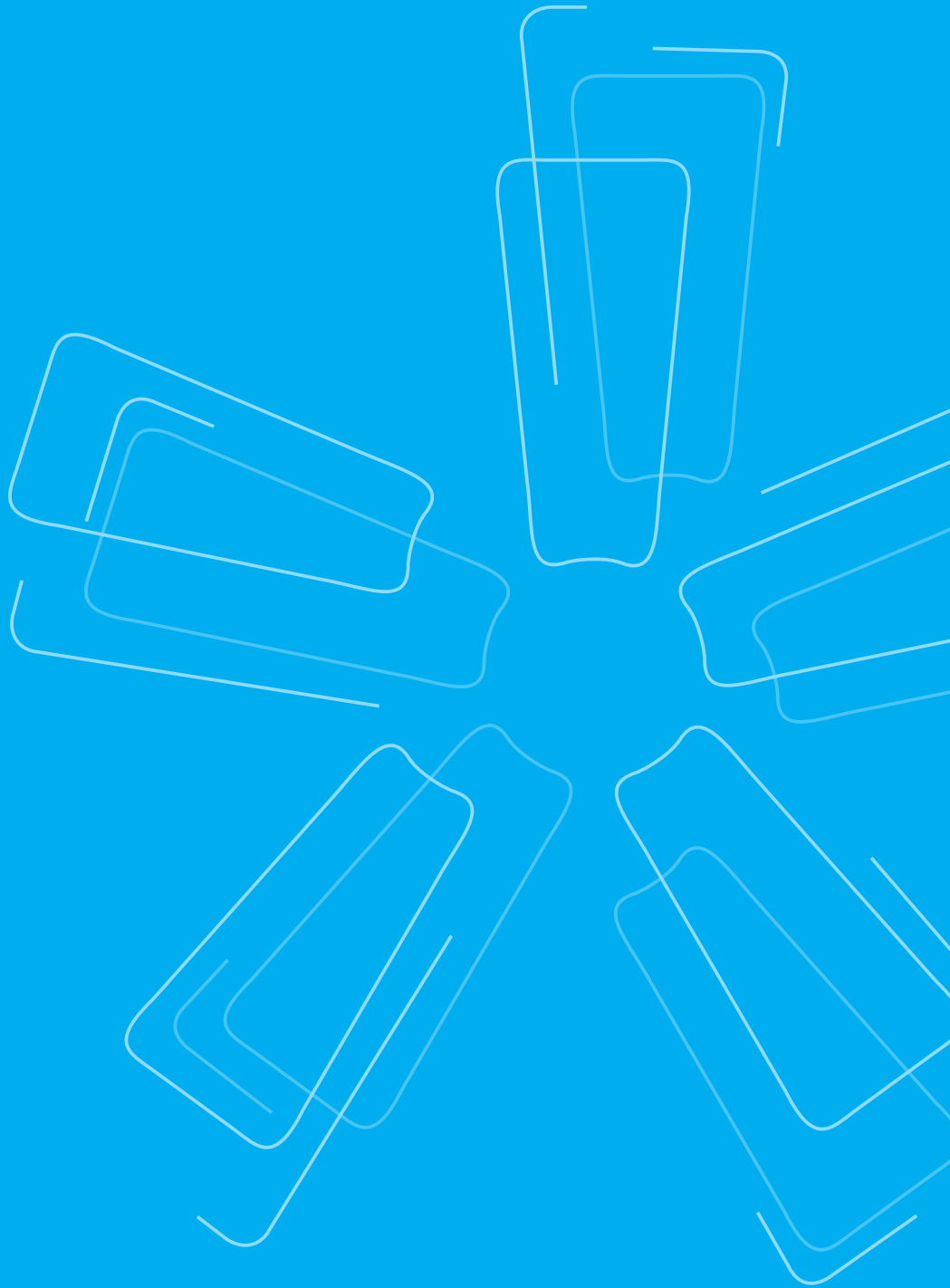
Mutual Funds involve risk including the possible loss of principal.

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