

Outlook

MIDYEAR ISSUE JUNE 2021



Long-term
perspective on
markets and
economies



2021 Midyear Outlook

Get ready to boom, zoom and consume.

Major economies come roaring back. Effective vaccines, record government support and pent-up consumer demand are fueling a historic turnaround for the global economy. The surprising pace of growth caused the International Monetary Fund to more than double its 2021 U.S. GDP estimate to 6.4%, from 3.1% six months ago.

Concerns about inflation and U.S. rate hikes seem exaggerated. Inflation should spike in coming months as stimulus-induced demand meets COVID-restricted supply, says economist Darrell Spence. But as stimulus wanes and the economy fully reopens, inflation should return to around 2% annualized. Rate hikes seem likely in 2023.

Value or growth? Balance them both.

Value stocks get a booster shot. November 9, 2020, marked a turning point for cyclically sensitive stocks in the financial, energy and travel sectors. That was the date a COVID-19 vaccine was first presented for emergency use in the U.S. Those companies that used the crisis to innovate and improve operations should be well-positioned as the economy reopens.

Long-term growth trends are alive and well. Even after the acceleration in all things digital during the pandemic, there are still long runways for growth in cloud services, digital payments, streaming entertainment and more – all powered by semiconductors.

Dividends make a comeback, in the U.S. and abroad. As of May 31, 2021, 76 of the 242 U.S. companies that cut dividends in 2020 have already reinstated them, according to Wolfe Research. And if you think the highest dividends are in the U.S., think again. The number of international companies with greater than 3% yield is more than double those in the U.S.

Whether yields rise or fall, core strength matters.

Core bonds can still deliver in a rising rate environment. Over the past three decades, investors have seen many rate hikes and yield spikes. Even during the five sharpest 10-year yield spikes over that time frame, the U.S. core bond benchmark remained positive over the next two years. Seeking resilience? Then stay the course with core bonds.

It's a good time to diversify your bond portfolio. If you're seeking higher income, consider looking beyond just high-yield corporate bonds to include emerging markets and securitized debt in your portfolio. By blending higher income sectors, you can potentially capture much of the yield while reducing overall risk.

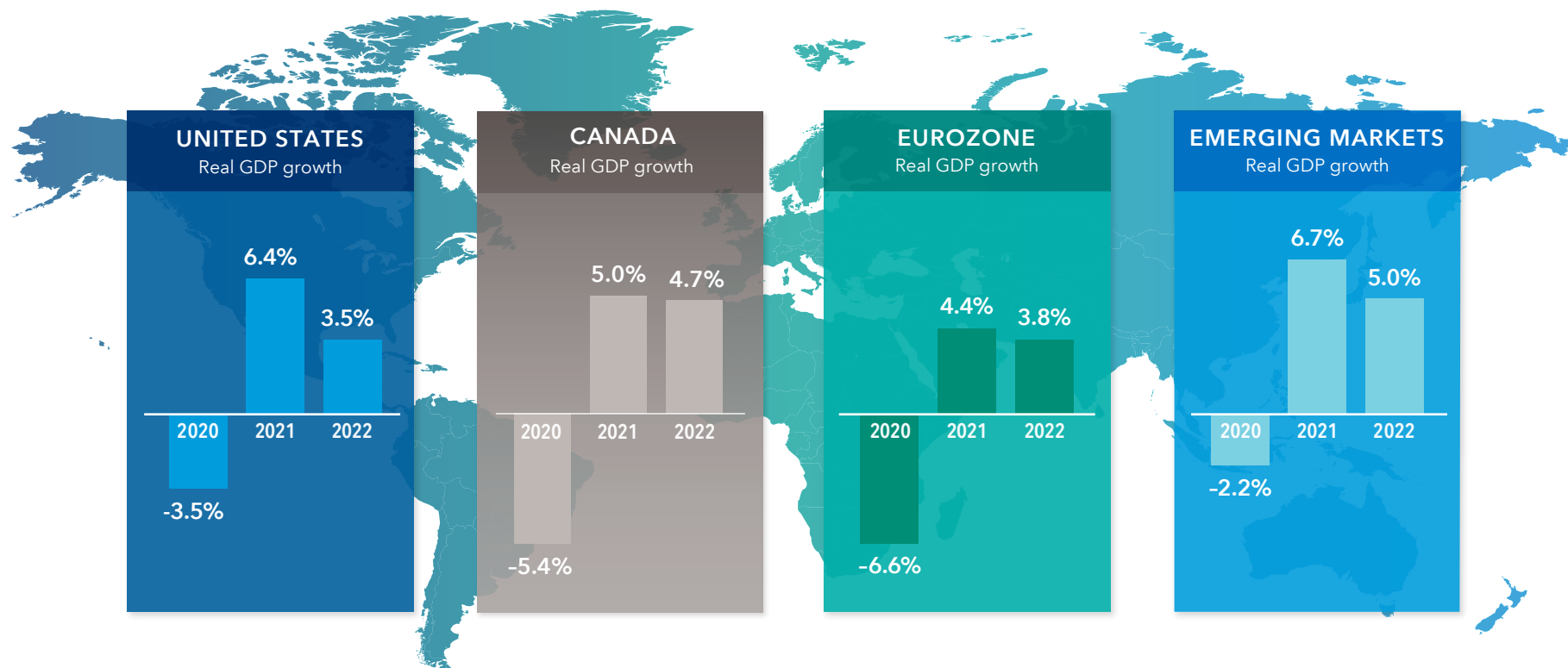


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thought leadership***



*Source: Marketing Support: The Advisor View, June 2020. FUSE Research survey of more than 700 U.S. advisors identifying the "most-read thought leaders."

The boom heard 'round the world: Major economies come roaring back



Remember that iconic photo depicting the end of World War II, with sailors kissing nurses in New York's Times Square? While we may not see quite that much exuberance this year, pandemic storm clouds are lifting, and people are excited to get back to life. To be sure, there are still hurdles to overcome, since COVID continues to spread in many countries.

But here's what you can expect: With vaccinations rising and restrictions lifting, many major economies around

the world should experience robust growth for the remainder of the year and into 2022, according to the International Monetary Fund (IMF).

In fact, the IMF revised its growth estimates significantly higher and expects the U.S. economy will expand 6.4% in 2021, powered by trillions of dollars of government stimulus and pent-up consumer demand. That's more than double a January estimate of 3.1% after U.S. household income growth soared to a record 21.1% this March.

"The recovery always came down to whether there would be enough stimulus to sustain us through the shutdowns," says Capital Group U.S. economist Darrell Spence. "And with the vaccine rollout compressing the time between stimulus and the functional end of COVID, we could see even stronger growth than the market expects today."

Source: International Monetary Fund, World Economic Outlook Database, April 2021. GDP figures for 2021 and 2022 are forecasts.

Higher inflation in the U.S.?

Yes, but it is likely temporary

If you're trying to buy lumber or a used car, you probably feel like inflation is out of control. Indeed, a reawakening of the U.S. economy – boosted by pent-up demand and unprecedented government stimulus – has stoked investor fears of higher inflation. But those fears may be overblown amid ongoing weakness in the labour market and the slowing pace of vaccinations, says Capital Group economist Darrell Spence.

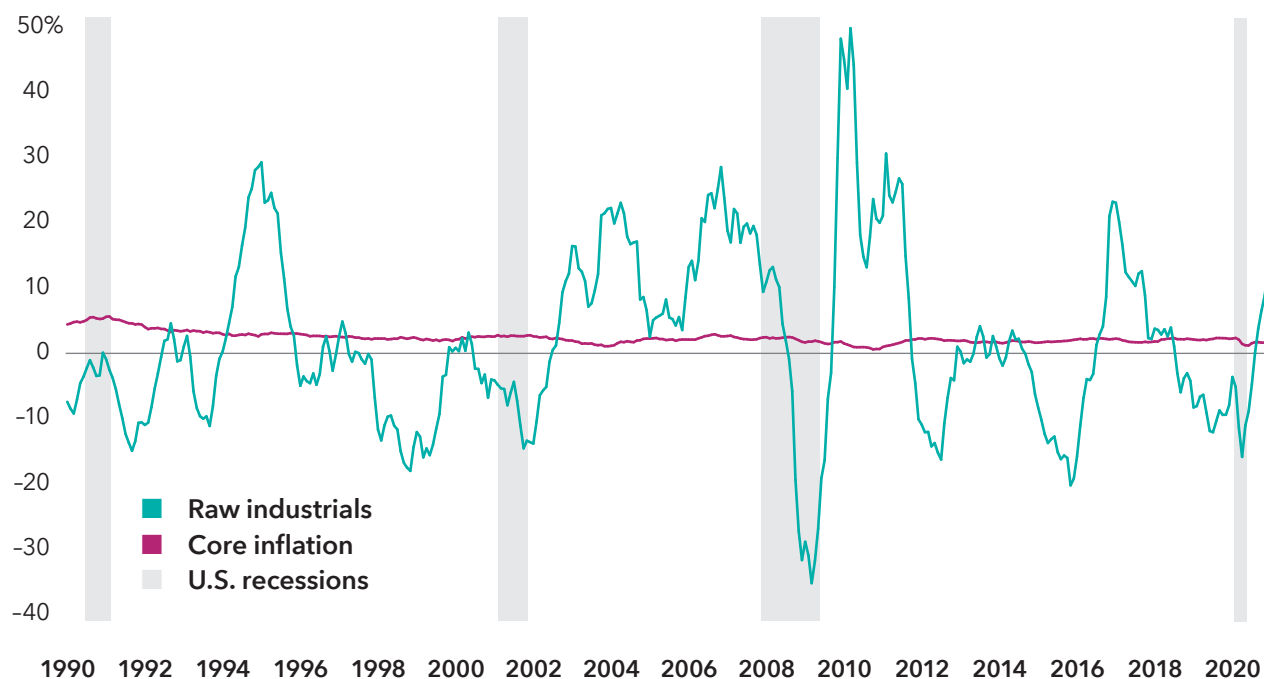
Despite higher prices for some raw materials and consumer products, signs of broader price inflation appear to be mostly short-term in nature and unlikely to produce sustained, long-term inflationary pressures.

If history is any guide, sharp increases in prices for raw industrial materials – copper, cotton, rubber, tallow and zinc, among others – generally do not have much impact on the U.S. Consumer Price Index (excluding food and energy), the most widely used gauge of long-term inflation.

“Inflation should spike in coming months as stimulus-induced demand meets COVID-restricted supply,” Spence explains. “This is the process of the U.S. economy trying to find a new equilibrium. As stimulus wanes and the economy fully reopens, inflation should return to pre-pandemic levels of around 2% annualized.”

Price volatility of industrial materials has rarely impacted broad inflation

Year-over-year change



Sources: Capital Group, U.S. Bureau of Labor Statistics. As of 4/30/21. Core inflation represented by the U.S. Consumer Price Index, excluding food and energy. Raw industrials represented by the U.S. CRB Raw Industrials Price Index, which includes burlap, copper scrap, cotton, hides, lead scrap, print cloth, rosin, rubber, steel scrap, tallow, tin, wool tops and zinc. Gray bars represent U.S. recessions.

Don't be too concerned about Fed rate hikes

Inflation fears go hand in hand with rate hike fears. Both are exaggerated in the view of Capital Group's rates team.

Market jitters over short-term inflationary pressures have moved up expectations for a rate increase to 2022. "That's likely earlier than anticipated given the Fed's stated desire to let inflation run hot and get the U.S. economy back to full employment," says Pramod Atluri, a fixed income portfolio manager.

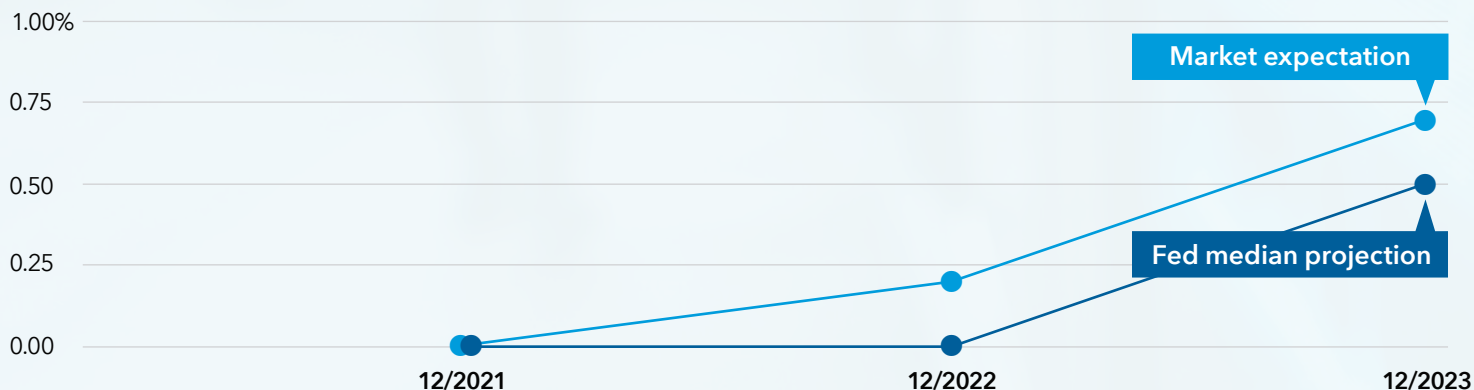
Before launching the first hike since 2018, the Fed is likely to take the following important steps: 1) announce that it will reduce, or taper, its bond-buying activities, 2) begin tapering, 3) end tapering and 4) signal that a rate hike is coming. That schedule will take time, and Fed officials have made it clear that they will remain patient.

As Fed Chair Jerome Powell recently noted, "Our expectation is that these high inflation readings that we're seeing now will start to abate." In other words: The Fed remains patient. A rate hike is probably at least 18 months away.

Our rates team expects four actions from the Fed prior to a rate increase



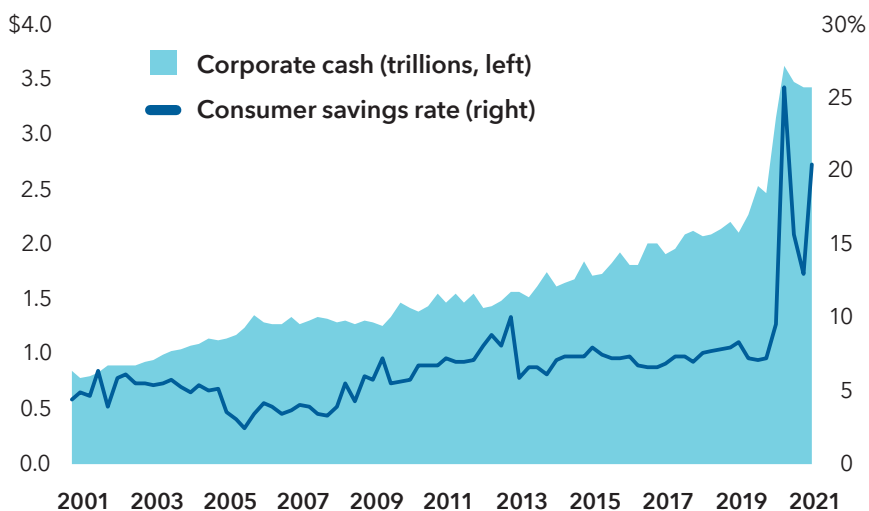
Expected U.S. Fed funds rate



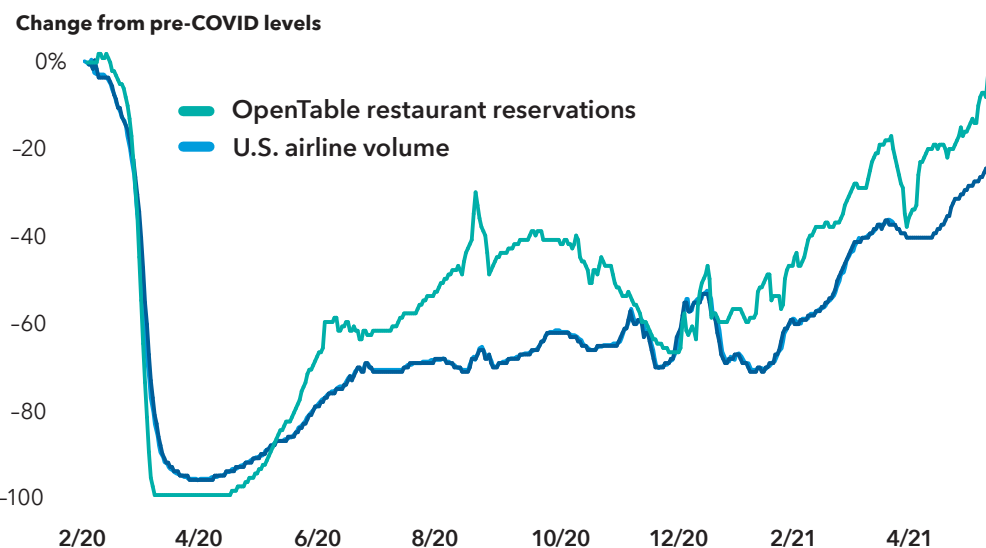
Sources: Capital Group, Bloomberg, U.S. Federal Reserve. Expectations reflect the lower bound of the Fed funds target range. As of 6/16/21.

U.S. outlook: Boom, zoom and consume

Consumers have trillions tucked under their mattresses ...



... and they're scheduling long-delayed vacations



American consumers and companies have been sitting on a cash stash. Now they're starting to spend it.

Signs that more Americans are ready to take that long-delayed vacation or go out to dinner are accelerating. Bookings on U.S. cruise lines have exceeded pre-pandemic levels, even though sailing restrictions, with some exceptions, had yet to be lifted as of June 2021. Bookings for domestic air travel and restaurant reservations placed through online service OpenTable have also experienced strong rebounds.

"Our memories are marked by experiences and connectedness with other human beings, so I think travel and dining out will come roaring back," says Capital Group Global Balanced Fund™ (Canada) and Capital Group Monthly Income Portfolio™ (Canada) portfolio manager Hilda Applbaum. "But the market has anticipated this. The question is, 'Have any of these companies become even stronger because of COVID?'"

Cruise lines like Royal Caribbean have adopted strict

protocols to limit the spread of illness when sailing resumes. Companies like Hilton are buying more properties and streamlining operations. In food service, Darden, a multi-brand restaurant operator, adopted pickup service, online ordering and contactless payments.

"Some companies have used the crisis to innovate and improve their business," says Applbaum. "I try to invest in those that are positioned to surpass the competition when the reopening picks up speed."

Sources: (Left chart) U.S. Bureau of Economic Analysis, U.S. Federal Reserve, Refinitiv Datastream. Corporate cash is as of 12/31/20 and is in USD. Savings rate is expressed as a percent of disposable income on a quarterly basis and is as of 3/31/21. (Right chart) OpenTable, Transportation Security Administration. Airline volume represents number of U.S. passengers screened by TSA and uses 2/18/20 as the pre-COVID baseline. All data uses seven-day smoothed averages; as of 5/31/21.

Value or growth? Balance them both

U.S. value stocks got a booster shot on November 9, 2020, when a COVID-19 vaccine was first presented for emergency use in the U.S. After news came out that a COVID-19 vaccine was found to be highly effective, many of the industries that suffered the most during the pandemic – airlines, hotels and commercial real estate, to name a few – enjoyed strong rebounds.

So, is it time to shift from growth to value stocks? Not so fast. “There can be growing companies that are cheap and cheap companies that grow, so value and growth are not in opposition,” says Martin Romo, portfolio manager on Capital Group U.S. Equity Fund™ (Canada). “We are in a target-rich environment with opportunities to invest in companies that are rapidly growing as well as classic cyclicals.”

The pandemic forced a range of behavioural changes for consumers and companies alike. “Traditional, old-economy businesses and fast-growing digital ones are using the pandemic as an opportunity to adapt by using data, technology and analytics to build a much stronger competitive position.”

Specialty retailer Williams-Sonoma, for example, saw online traffic surpass physical store sales and took the opportunity to renegotiate lease agreements on physical stores. Snack food manufacturer Mondelez, which spent billions of advertising dollars on TV, is now getting a 25% greater return with online ads. Meanwhile, Netflix became the largest content creator in the world last year.

A rotation to cyclical companies began on November 9, or “vaccine day”

Cumulative total returns	Pre-vaccine announcement (1/1/20-11/6/20)	Post-vaccine announcement (11/9/20-5/31/21)
Energy services	(56.4%)	89.8%
Oil and gas	(49.2%)	84.0%
Airlines	(45.0%)	63.2%
Retail REITs	(43.7%)	73.4%
Hotels and cruises	(42.5%)	53.6%
Banks	(31.9%)	72.9%
Office REITs	(31.6%)	40.1%
Aerospace and defence	(27.4%)	36.3%
Consumer finance	(21.4%)	80.3%
Leisure products	(17.4%)	15.4%

Sources: RIMES, Standard & Poor's. Industries listed are the 10 worst performing industries within the S&P 500 Index from 1/1/20-11/6/20. Returns are in USD. 11/6/20 was the last business day before the Pfizer-BioNTech COVID-19 vaccine was revealed to have more than 90% efficacy in global trials.

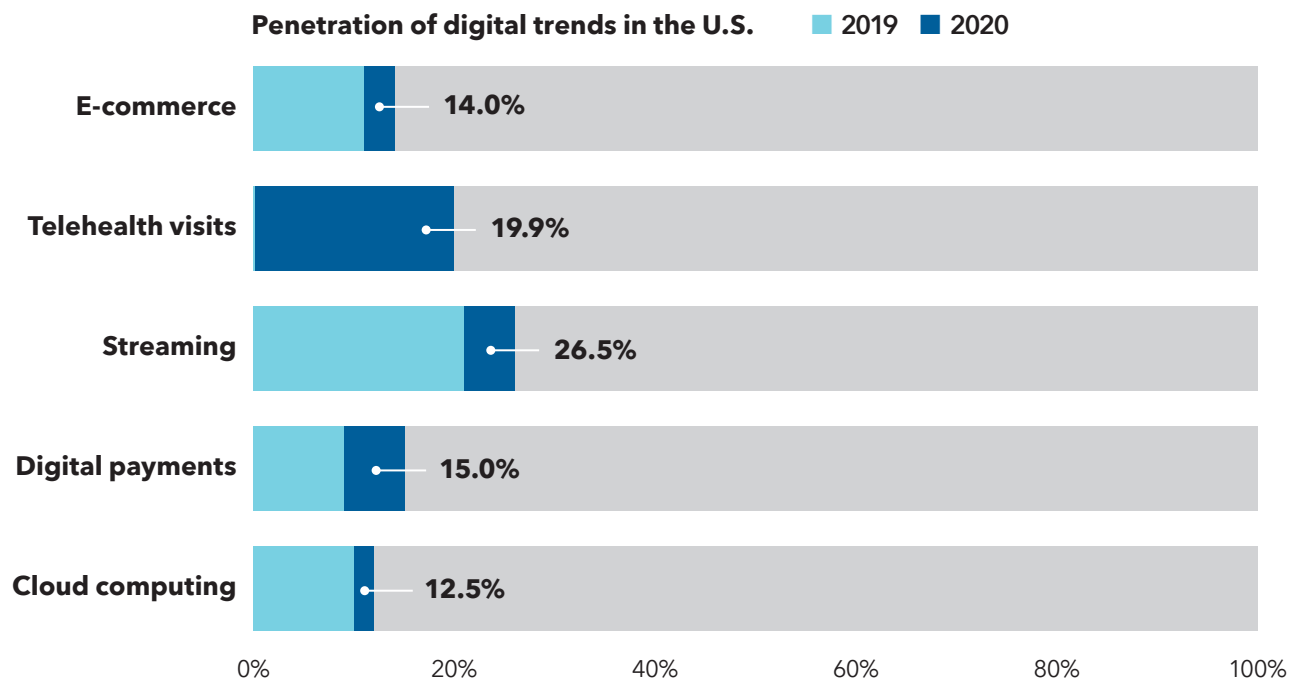
The great digital acceleration still has room to run

In a matter of months, COVID-19 jumpstarted years of change in the way we live and work – and the way companies operate. “Some companies saw their business models accelerate three or four years in 2020,” says Capital Group U.S. Equity Fund™ (Canada) portfolio manager Chris Buchbinder.

Digital payment technology, which accounted for 9% of total U.S. payments in 2019, accounted for 15% in 2020 – a 66% increase. Telemedicine, or online appointments, accounted for a fraction of total doctor visits prior to the pandemic, but about 20% of all visits in the early months of 2020. Will these behavioural shifts prove to be lasting and persistent?

Many of the front-runners in these businesses saw their stock prices soar in 2020, but more recently they have languished. Still, the growth trends remain strong. Cloud services like Amazon Web Services and Microsoft’s Azure have seen demand for their services rise, as have Mastercard and PayPal for their digital payment services. Some traditional retailers, like Williams-Sonoma and Target, have shifted to focus on their e-commerce.

“Growth may slow a bit in some areas, but I don’t believe we’ll see a reversal of these trends,” says Buchbinder. “For instance, many of the streaming companies are releasing new movies through their services at the same time they are in general release. When people physically return to theatres, will this practice stop? I don’t think so.”

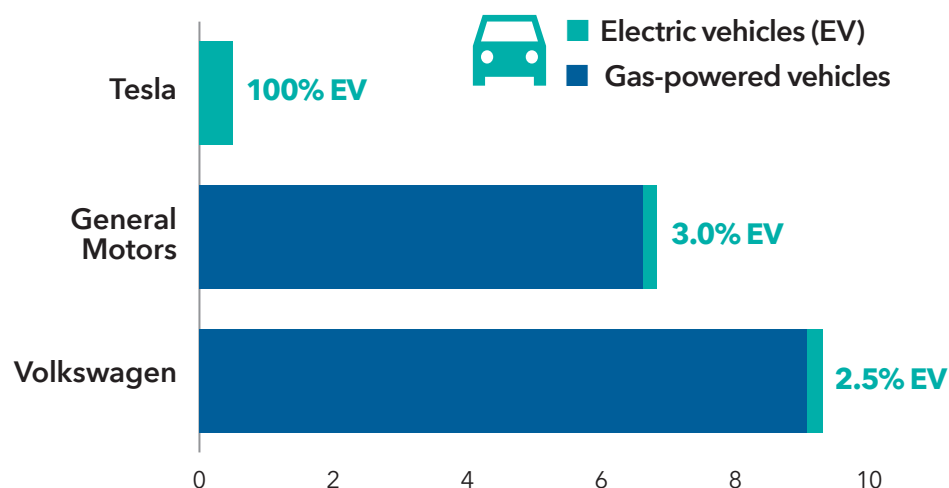


Sources: E-commerce = % of total U.S. retail sales (U.S. Census Bureau); telehealth visits = % of total primary care visits that were not in-person visits (U.S. Department of Health & Human Services, as of June 2020); streaming = % of time spent watching TV on streaming content (Nielsen, as of 3Q, 2020); digital payments = % of payments made with digital wallets (Statista); cloud computing = % of total IT spend on public cloud computing (Capital Group, IDC).

Defying disruption, established companies adapt and thrive

The electric vehicle race is just getting started

Vehicles sold in 2020 (millions)



Given the spectacular gains of relatively new, tech-savvy companies over the past decade, it's understandable when those high flyers dominate the headlines. But investors shouldn't forget about old-guard companies that have the resources to compete and aren't afraid to learn from their upstart competition.

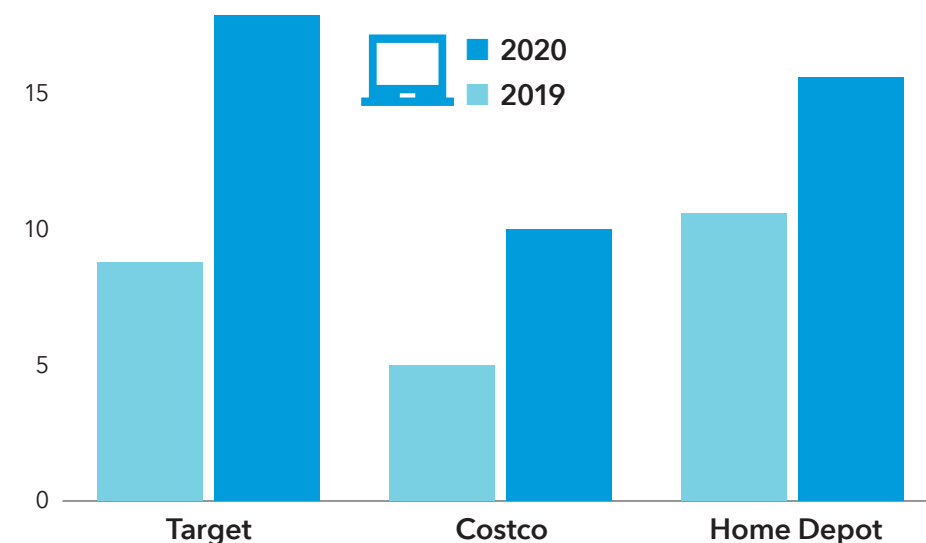
Examples are everywhere – from retailers like Target, Costco and Home Depot ramping up their digital operations to take on Amazon, to auto giants General

Motors and Volkswagen challenging Tesla in electric vehicles. Among the more ambitious moves, GM is planning to launch an EV version of the formerly gas-guzzling Hummer this fall.

In the entertainment industry, one of the more interesting battles is shaping up between Disney and Netflix for video streaming supremacy. Virtually overnight, Disney+ became a juggernaut in the business, attracting 100 million subscribers. Netflix

Many traditional retailers have stepped up their digital game

E-commerce as % of total sales



remains No. 1 in the world, but Disney is gaining fast as fans flock to see their favourite movies from the Star Wars franchise, Marvel Studios and Pixar.

"One investment theme that will be interesting to watch this year is whether the empire strikes back – whether these legacy companies can innovate and execute in a fiercely competitive environment," says Capital Group Global Equity Fund™ (Canada) portfolio manager Carl Kawaja. "I would not count out the incumbents."

Sources: Capital Group, company financials, FactSet. General Motors sales includes SAIC-GM-Wuling joint venture. Target and Costco reflect fiscal year 2020 and 2019 sales. Home Depot reflects fourth quarter 2020 and fourth quarter 2019 sales.

Chips ahoy! Semiconductors will be everywhere and in everything

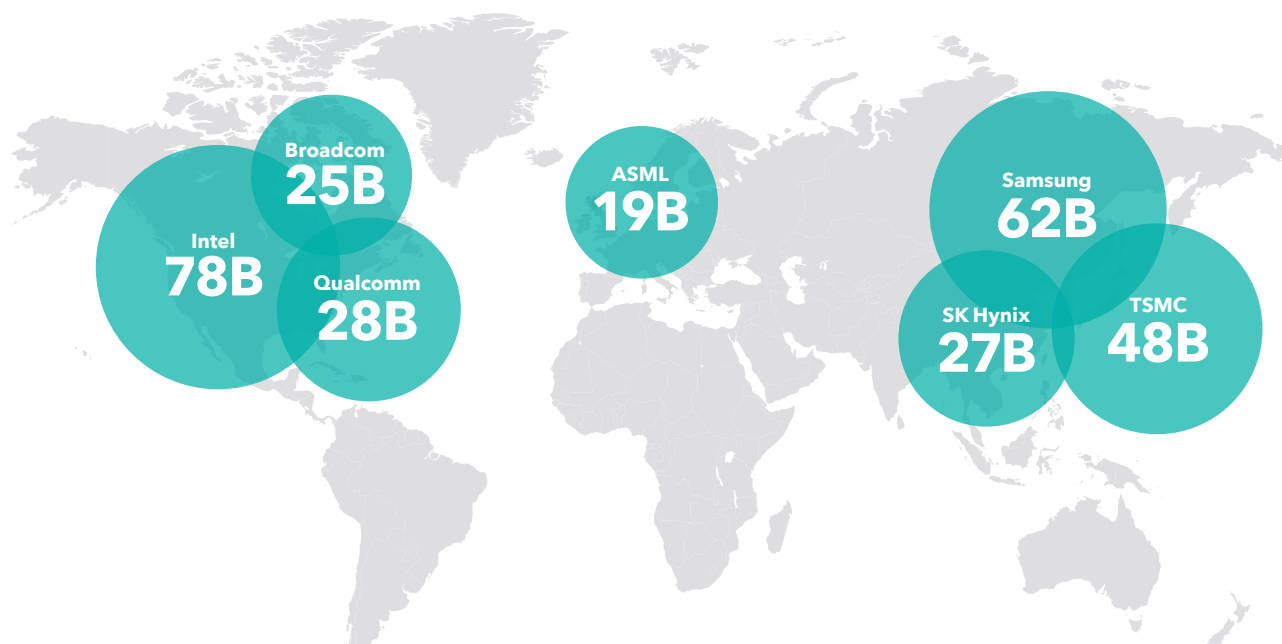
How important are semiconductors to the global economy? Responding to a worldwide chip shortage, the Biden administration vowed to spend US\$50 billion in the U.S. on semiconductor research and development aimed at improving the global supply chain and bringing some chip manufacturing back to the U.S.

Simply put, chips may be the new oil. As such, the semiconductor industry is expected to power the next decade of economic growth, much like oil fueled the rise of the industrial age. Chips are used in a vast array of products, from smartphones and servers to cars, televisions and even washing machines.

By various estimates, global semiconductor sales could double from about US\$450 billion today to nearly US\$1 trillion over the next 10 years. The world's largest chipmakers are spending billions to meet the surge in demand. Some have essentially gained a monopoly over key aspects of the business. Dutch manufacturer ASML, for example, builds high-tech, one-of-a-kind lithography equipment that other companies use to make advanced chips.

"The world has come to appreciate just how important the large semiconductor companies are – for so many different industries," says Capital Group portfolio manager Andrew Suzman.

Revenue reported within the semiconductor industry (USD)



Sources: Capital Group, FactSet. Companies selected from the MSCI ACWI Semiconductor Index (plus sales from Samsung's semiconductor division) based on highest 12-month revenue reported in each company's most recent financial statement, as of 4/30/21. Samsung is not listed as a semiconductor company, but their semiconductor division would have the second highest revenue if it was a standalone semiconductor company.

Medical miracle: Health care innovation saves the world

We just witnessed a modern medical miracle.

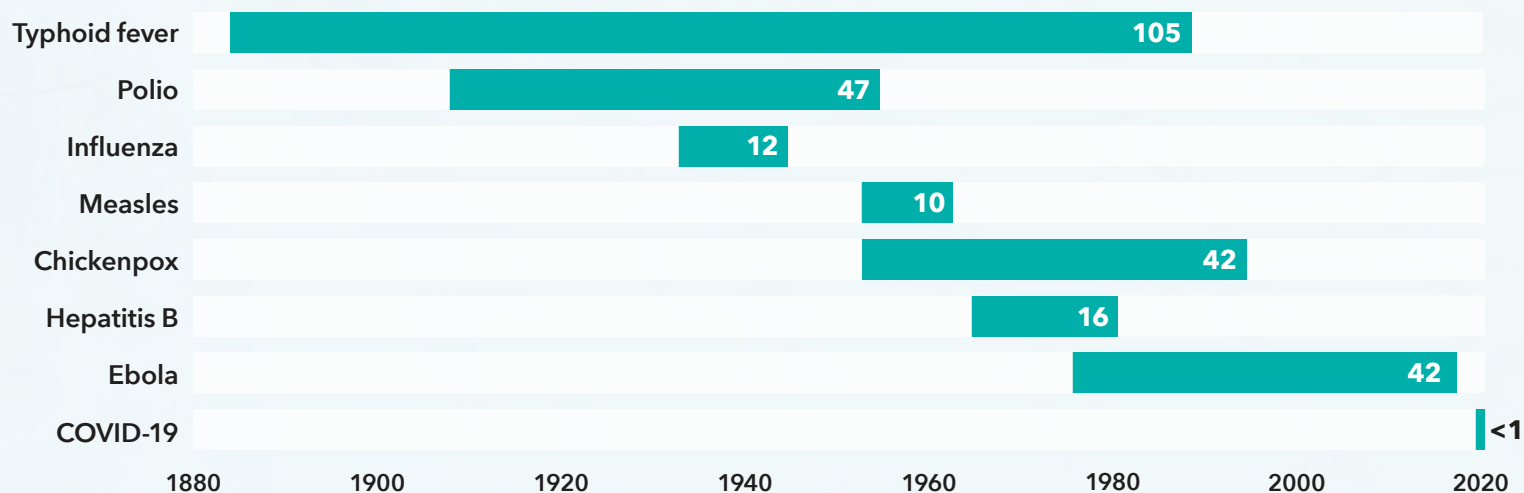
Several drug developers brought COVID-19 vaccines from initial trials to people's arms in a matter of months – a process typically measured in years or decades. "It's no exaggeration to call these vaccines one of the greatest scientific accomplishments in our lifetimes," says health care analyst Laura Nelson Carney.

And in an age marked by global competition and rivalry, these advances also represented remarkable worldwide cooperation. Shortly after Chinese scientists published the virus's genome, Pfizer and BioNTech were the first to receive U.S. approval for a vaccine.

"It was developed by a Turkish couple leading a German company partnered with a U.S. multinational led by a Greek immigrant with a Scandinavian chief scientific officer," notes equity portfolio manager Richmond Wolf. "That is a great affirmation of the global nature of innovation today."

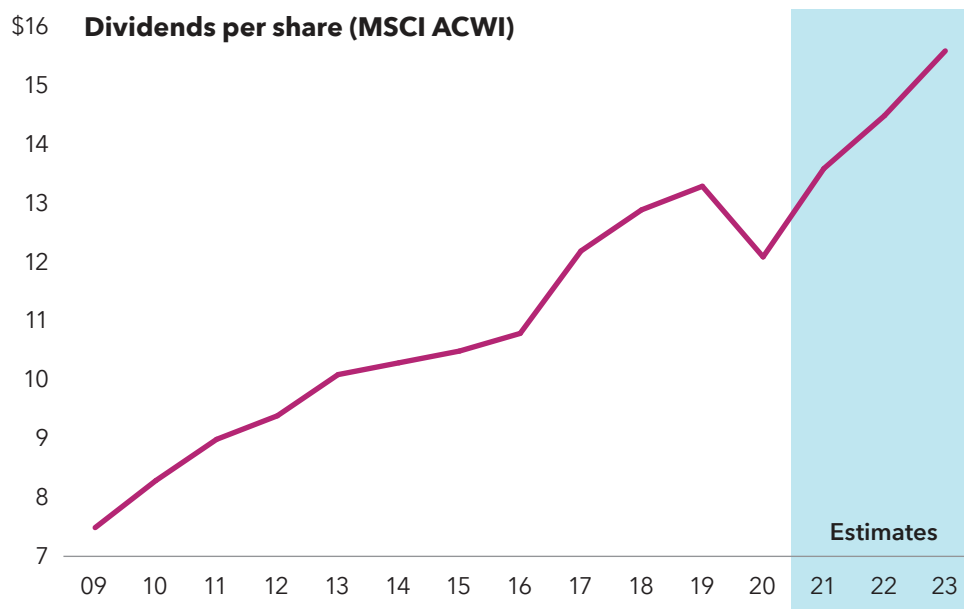
What do these breakthroughs mean for the future of drug development? In addition to mRNA COVID-19 vaccines developed by Moderna, Pfizer and others, a range of companies are developing gene-based therapies for other illnesses. Among them are BeiGene in China, which recently received U.S. FDA approval for its blood cancer treatment Brukinsa, and HUTCHMED, which will likely get FDA approval this year for a drug that targets neuroendocrine tumours.

Timeline of previous vaccine development (years)

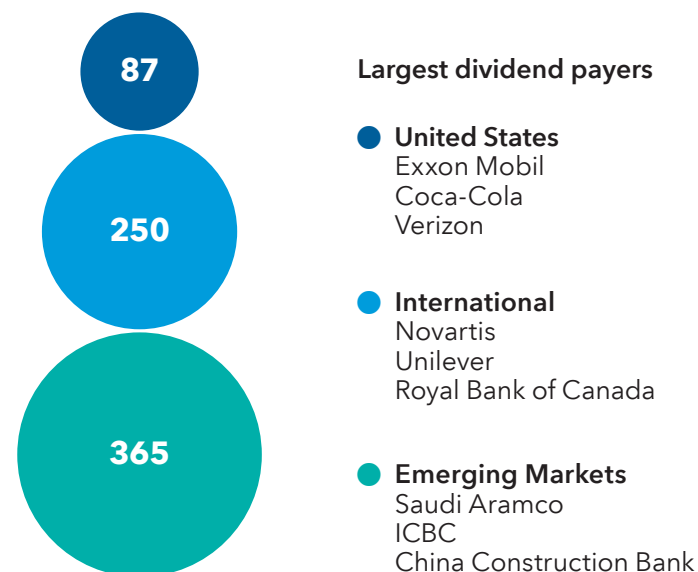


Sources: Capital Group, NIAID, Our World in Data. Date ranges represent the approximate time between the year the pathogenic agent was first linked to the disease and the year that its vaccine became licensed in the U.S.

Dividends make a comeback in the U.S. and abroad



Number of companies with dividend yields higher than 3%



Bright sunshine is breaking through the clouds that were hanging over the global dividend landscape.

As of May 31, 2021, 76 of the 242 U.S. companies that cut dividends in 2020 have already reinstated them, according to Wolfe Research. This trend has provided investment opportunities for investors with income needs.

Investors may be worried that inflationary pressures and rising interest rates will provide additional headwinds,

but Capital Group Capital Income Builder™ (Canada) portfolio manager Caroline Randall says those fears could be overblown.

"Rising rates often spell danger for dividends, but I don't expect rates to rise until 2023," says Randall.

And if you think all the best dividend opportunities are in the U.S., think again. A broad range of business sectors that tend to pay higher dividends are seeing

their prospects improve as economies reopen. Utilities like National Grid, Spain's Iberdrola and Italy's Enel are tapping into higher demand for electricity amid a shift to renewable energy sources. Novartis is seeing a rebound in its dermatology and ophthalmology divisions as health care consumption normalizes, and Coca-Cola and Pepsi are seeing an uptick in sales around the globe.

Sources: Capital Group, FactSet, MSCI, RIMES. 2021-2023 in the chart at left are estimates by FactSet. Both charts use the MSCI ACWI to represent global dividends and are as of 5/31/21. Dividend values are in USD.

Even if you worry about rising yields, core bonds have shown resilience

When yields rise, the value of bonds decline. No wonder bond math is spooking some investors at present. But if you're seeking resilience, then taking a longer term view and staying the course with core bonds still could make sense.

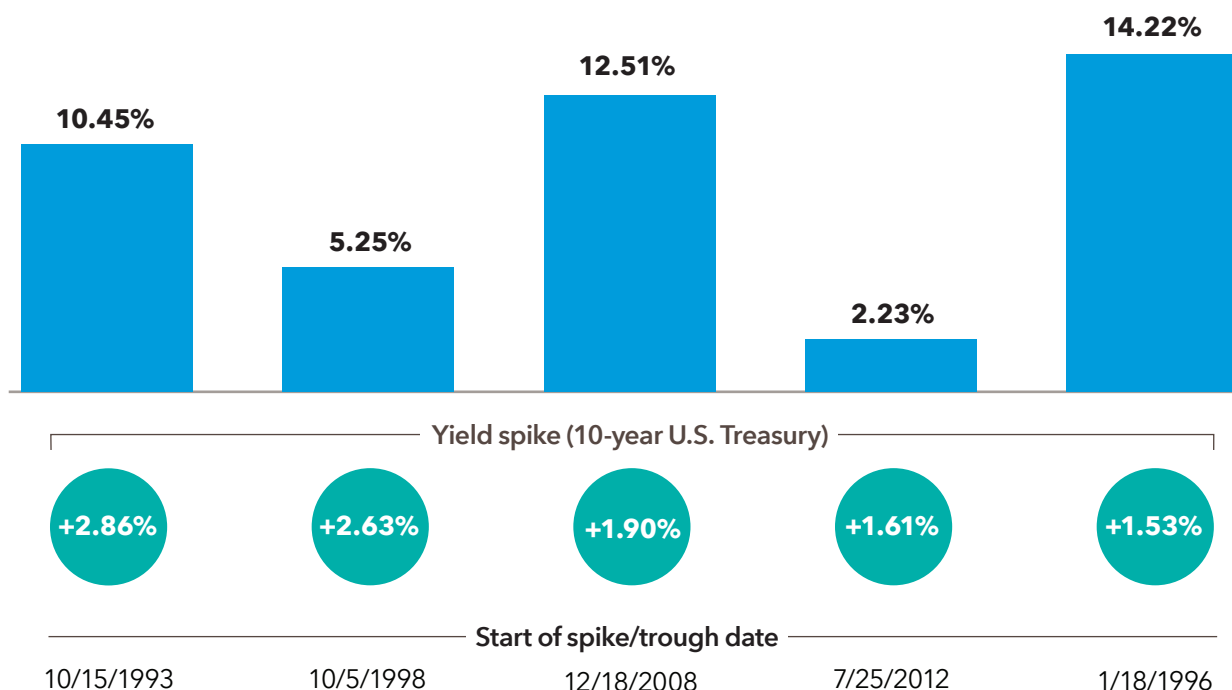
While the past is not a predictor of future results, consider the five sharpest 10-year yield spikes over the last three decades. What was the return of the core bond benchmark from when yields were lowest before those increases to two years later? Even in these five challenging periods, the total core bond return remained positive over this investment horizon.

Looking forward, the U.S. Fed has indicated it will be patient when it comes to scaling back bond purchases and raising interest rates. This suggests a further rise in bond yields could be gradual.

Whether bond yields rise or fall, a strong core allocation strives to deliver the four roles of fixed income: capital preservation, inflation protection, income and diversification from equities. The core benchmark's average three-year correlation to the Standard & Poor's 500 Composite Index has been 0.16.* This suggests a level of potential diversification that could come in very handy if there are setbacks to the recovery. A low correlation to equities can help provide stability in a diversified portfolio.

The U.S. core bond benchmark has notched gains following the five sharpest yield spikes over the past three decades

Two-year total returns: Bloomberg Barclays U.S. Aggregate Bond Index



Sources: Capital Group, Bloomberg Index Services Ltd., Federal Reserve Bank of St. Louis. Periods were determined by considering the 10-year U.S. Treasury constant maturity rate measured daily over the 30 years ending 5/15/2021. Yield increase period end dates are: 11/7/1994, 1/20/2000, 6/10/2009, 12/31/2013 and 7/5/1996, respectively. Returns are in USD.

*Average three-year correlation calculated monthly from the inception of the Bloomberg Barclays U.S. Aggregate Index, 12/31/1975 through 5/31/2021.

It's a good time to diversify your bond portfolio

As the economy revs up, companies are ready to help consumers put money to work buying cars and other goods and services. As a result, corporate default rates should continue to fall from the pandemic's peak.

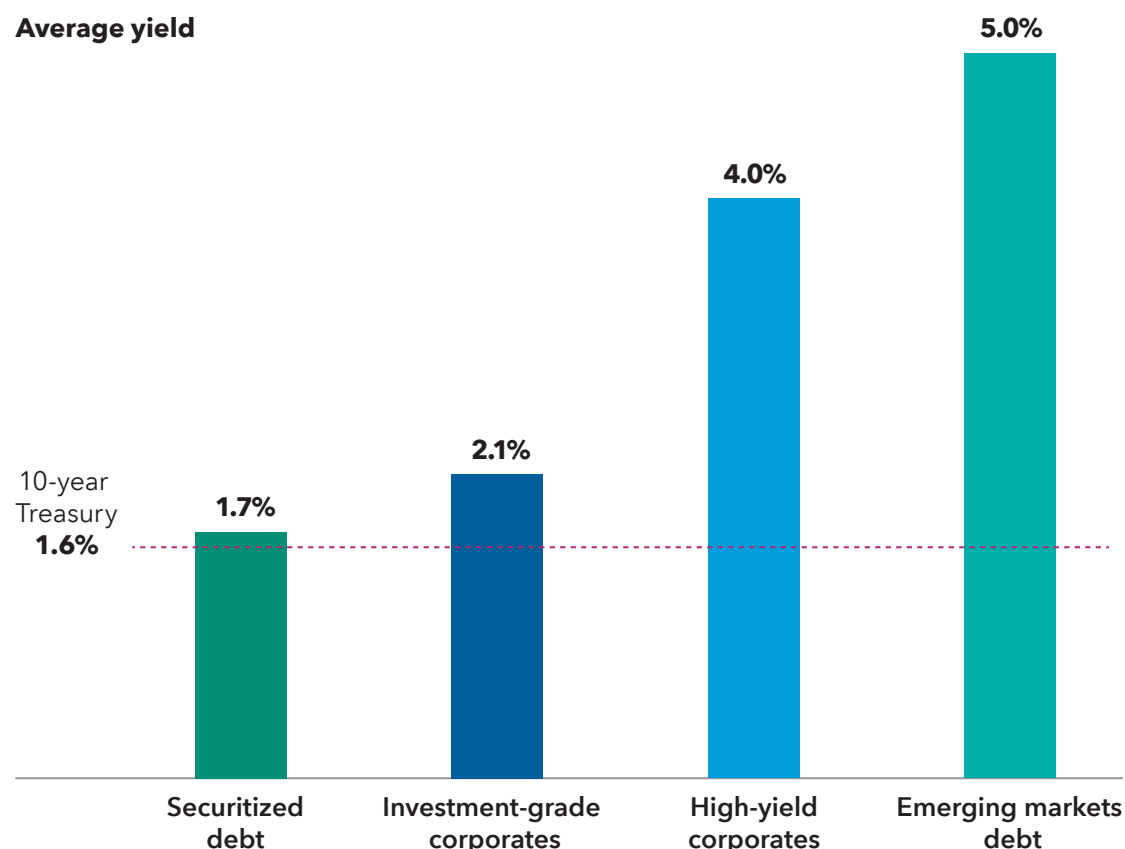
Fewer defaults may provide a boost to corporate bonds, particularly those in the high-yield sector, which includes names such as Ford and Kraft Heinz. However, it could also tempt investors to court risk, especially as interest rates remain near historic lows.

Investors may instead want to keep their income options open as exposure to emerging markets bonds and securitized debt can also help support income needs. By blending higher income sectors, investors can potentially capture much of the yield and reduce the overall volatility of their portfolio.

Credit selection is key as long-term fundamentals can be challenging, particularly for many low-quality issuers. The global diversity in emerging markets bonds today also calls for deep credit analysis. Understanding why a specific bond pays a higher yield can help investors determine which ones may provide durable, long-term income.

Seek opportunities across higher income sectors

Average yield



Sources: Bloomberg Index Services Ltd., J.P. Morgan, RIMES. As of 5/31/21. Bloomberg Barclays U.S. Securitized Index represents the universe of mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. Bloomberg Barclays U.S. Corporate Investment Grade Index represents the universe of investment grade, publicly issued U.S. corporate and specified foreign debentures and secured notes. Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment-grade debt. J.P. Morgan EMBI Global Diversified Index represents dollar-denominated emerging markets debt.

Investment professional biographies



Hilda L. Applbaum is a portfolio manager at Capital Group and one of the portfolio managers of Capital Group Global Balanced Fund™ (Canada) and Capital Group Monthly Income Portfolio™ (Canada). She has 34 years of investment experience and has been with Capital Group for 26 years. Earlier in her career, as an equity investment analyst at Capital, Hilda covered global convertible securities. Before joining Capital, she was a principal investment officer and director of research for the California Public Employees Retirement System, and a research analyst and economist at Federal Farm Credit Banks Funding Corp. in New York. Hilda holds a master's degree in economics from New York University and a bachelor's degree in economics from Barnard College of Columbia University graduating magna cum laude. She also holds the Chartered Financial Analyst® designation. Hilda is based in San Francisco.



Pramod Atluri is a fixed income portfolio manager at Capital Group. He has 22 years of investment industry experience and has been with Capital Group for five years. Prior to joining Capital, Pramod was a fixed income portfolio manager at Fidelity Investments where he also worked as a fixed income strategist and corporate bond analyst. Before that he was a management consultant at McKinsey & Company. He holds an MBA from Harvard Business School and a bachelor's degree in biological chemistry from the University of Chicago where he also completed the requirements for bachelor's degrees in economics and chemistry. He holds the Chartered Financial Analyst® designation. Pramod is based in Los Angeles.



Christopher D. Buchbinder is an equity portfolio manager at Capital Group and is one of the portfolio managers of Capital Group U.S. Equity Fund™ (Canada). He has 25 years of investment experience, all with Capital Group. Earlier in his career at Capital as an equity investment analyst, he covered U.S. telecommunication services, autos, and auto parts & equipment companies. He began his career as a participant in The Associates Program, a two-year series of work assignments in various areas of the Capital organization. He holds a bachelor's degree in economics and international relations from Brown University graduating cum laude. Chris is based in San Francisco.



Laura Nelson Carney is an equity investment analyst at Capital Group, with research responsibility for pharmaceutical and biotechnology companies in Europe and Asia, as well as life sciences in Asia. She has seven years of investment industry experience and has been with Capital Group for three years. Prior to joining Capital, Laura worked as an equity research analyst at Sanford C. Bernstein, covering Asia-Pacific health care. Before that, Laura was a management consultant at McKinsey & Company, a research scientist at Merck and a postdoctoral fellow at Imperial College London. She holds a PhD in neurosciences from Imperial College London and a bachelor's degree in human biology from Stanford University. Laura is based in London.



Carl M. Kawaja is an equity portfolio manager at Capital Group and has been managing Capital Group Global Equity Fund™ (Canada) since its inception in 2002. He has 34 years of investment experience and has been with Capital Group for 29 years. Earlier in his career, as an equity investment analyst at Capital, he covered global household products and U.S. personal care companies, along with Canadian companies. Before joining Capital, Carl was a security analyst for Gabelli & Company in New York, as well as an equity analyst for Lévesque Beaubien in Montreal. He holds a master's degree in finance from Columbia Business School and a bachelor's degree in history from Brown University graduating magna cum laude. Carl is based in San Francisco.

Investment professional biographies (CONTINUED)



Caroline Randall is a portfolio manager at Capital Group and is one of the portfolio managers of Capital Group Capital Income Builder™ (Canada). She also serves on the Capital Group Management Committee. She has 23 years of investment experience and has been with Capital Group for 15 years. Earlier in her career at Capital, as an equity investment analyst, she covered European utilities and transportation companies. Prior to joining Capital, she was head of European utilities research at J.P. Morgan. Before that, she was an analyst with Schroder Securities and an associate in investment banking at Deutsche Bank. She holds both a master's and bachelor's degree in economics from the University of Cambridge. Caroline is based in London.



Martin Romo is an equity portfolio manager at Capital Group and is one of the portfolio managers of Capital Group U.S. Equity Fund™ (Canada). He is president of Capital Research Company, Inc. and serves on the Capital Group Management Committee. Martin has 29 years of investment experience and has been with Capital Group for 28 years. Earlier in his career, as an equity investment analyst at Capital, he covered the global chemicals industry, mortgage and consumer financials, and select conglomerate companies. He holds an MBA from Stanford Graduate School of Business and a bachelor's degree in architecture from the University of California, Berkeley. Martin is based in San Francisco.



Darrell R. Spence is an economist at Capital Group. He has 28 years of investment industry experience, all with Capital Group. He holds a bachelor's degree with honours in economics from Occidental College graduating cum laude, and is a member of Phi Beta Kappa and Omicron Delta Epsilon. He also holds the Chartered Financial Analyst® designation and is a member of the National Association for Business Economics. Darrell is based in Los Angeles.



Andrew B. Suzman is an equity portfolio manager at Capital Group. He also serves on the Portfolio Solutions Committee. He has 27 years of investment experience, all with Capital Group. Earlier in his career, as an equity investment analyst at Capital, Andrew covered global real-estate companies, U.S. merchandising, and Australian industrials and banks. He holds an MBA from Harvard Business School and a bachelor's degree in political economy from Tulane University. Andrew is based in New York.



Richmond Wolf is an equity portfolio manager at Capital Group. As an equity investment analyst he covers U.S. medical technology companies and REITs. He has 24 years of investment experience and has been with Capital Group for 15 years. Prior to joining Capital, he was the assistant vice president for technology transfer at the California Institute of Technology and a cofounder of WebEventBroadcasting and Xen Golf. He holds a PhD from the California Institute of Technology, and a bachelor's degree from Princeton University graduating cum laude. Richmond is based in Los Angeles.

2021 Midyear Outlook: Investment implications and funds to consider

Themes	North American equity	Global/International equity	Emerging markets	Fixed income
	Value or growth? Balance them both.	Think all the best companies are in the U.S.? Think again.	Selectivity matters in EM.	Stay the course in fixed income.
	Pent-up consumer demand is providing a tailwind for cyclical stocks in hard-hit areas of the market. After the acceleration in all things digital during the pandemic, there are still long runways for growth in cloud services, digital payments and streaming entertainment.	Some European and Asian companies are among the world's leading innovators. For income-focused investors, dividends are making a comeback in markets around the world.	Emerging market economies offer select equity and fixed income opportunities. This is where bottom-up research is essential.	With a patient Fed likely to keep rates range-bound, investors should not fear bonds. High-quality core bonds can aim to provide ballast for equity-heavy portfolios. For investors with income needs, it's a good time to diversify across bond sectors.
Our portfolios	Capital Group U.S. Equity Fund™ (Canada) A – CIF 847; F – CIF 827 Capital Group Canadian Focused Equity Fund™ (Canada) A – CIF 849; F – CIF 829	Capital Group Global Equity Fund™ (Canada) A – CIF 843; F – CIF 823 Capital Group International Equity Fund™ (Canada) A – CIF 846; F – CIF 826 Capital Group Capital Income Builder™ (Canada) A – CIF 143; F – CIF 123; AH – CIF 8243; FH – CIF 8223 Capital Group Global Balanced Fund™ (Canada) A – CIF 840; F – CIF 820	Capital Group Emerging Markets Total Opportunities Fund™ (Canada) A – CIF 842; F – CIF 822	Capital Group Canadian Core Plus Fixed Income Fund™ (Canada) A – CIF 841; F – CIF 821 Capital Group World Bond Fund™ (Canada) A – CIF 140; F – CIF 120; AH – CIF 8240; FH – CIF 8220
Multi-asset mandate	Capital Group Monthly Income Portfolio™ (Canada) A – CIF 540; F – CIF 520	Objective: Seeks to generate income, along with conservation of capital and long-term growth of capital. The fund invests primarily in equity and debt securities issued by companies and governments around the world, primarily through investments in underlying funds.		

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FundSERV codes shown are for Series A, F, AH and FH units. FundSERV codes for Series D, T4 and F4 units can be found on our website: capitalgroup.com/ca.

5 ways Capital Group is different

- 1. We're aligned with investors:** Capital Group's investment philosophy, incentives and ownership structure are aligned with investor success. Collectively, Capital Group associates around the world are significant investors in the company's investment offerings. Our portfolio managers' compensation emphasizes results over longer periods.*
- 2. We're built to last:** Capital Group was founded in 1931 in Los Angeles by Jonathan Bell Lovelace, who focused on fundamental research and integrity. Today, we remain an independent, conservatively managed private firm whose sole business is investment management.
- 3. Our investment process is designed to produce consistent long-term results for investors:** Our proprietary approach to investing, called The Capital System™, offers the best of both worlds: high conviction of an individual and diversification of a team.
- 4. We share economies of scale with investors:** We leverage our size and scale to offer lower fees and devote greater resources to research.
- 5. Our global research provides proprietary insights:** With 447 investment professionals in 11 research offices around the world, few firms can match the scale and scope of our proprietary research effort.

Capital Group information as of December 31, 2020. Reflects Capital Group globally.

*Compensation paid to our investment professionals is heavily influenced by results over one-, three-, five- and eight-year periods, with increasing weight placed on each succeeding measurement period to encourage a long-term investment approach.

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