



Seeking current income through a flexible mix of stocks and bonds

Beginning January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, we intend to no longer mail paper copies of the fund's shareholder reports, unless specifically requested from American Funds or your financial intermediary, such as a broker-dealer or bank. Instead, the reports will be made available on the American Funds website (capitalgroup.com); you will be notified by mail and provided with a website link to access the report each time a report is posted. If you have already elected to receive shareholder reports electronically, you will not be affected by this change and do not need to take any action. If you prefer to receive shareholder reports and other communications electronically, you may update your mailing preferences with your financial intermediary, or enroll in e-delivery at capitalgroup.com (for accounts held directly with the fund).

You may elect to receive paper copies of all future reports free of charge. If you invest through a financial intermediary, you may contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the fund, you may inform American Funds that you wish to continue receiving paper copies of your shareholder reports by contacting us at (800) 421-4225. Your election to receive paper reports will apply to all funds held with American Funds or through your financial intermediary.

The Income Fund of America seeks current income while secondarily striving for capital growth.

This fund is one of more than 40 offered by Capital Group, one of the nation's largest mutual fund families. For more than 85 years, Capital Group has invested with a long-term focus based on thorough research and attention to risk.

Fund results shown in this report, unless otherwise indicated, are for Class A shares at net asset value. If a sales charge (maximum 5.75%) had been deducted, the results would have been lower. Results are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Share 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.

Here are the average annual total returns on a \$1,000 investment with all distributions reinvested for periods ended June 30, 2019 (the most recent calendar quarter-end):

Class A shares	1 year	5 years	10 years
<i>Reflecting 5.75% maximum sales charge</i>	0.42%	4.39%	9.60%

For other share class results, visit capitalgroup.com and americanfundsretirement.com.

The total annual fund operating expense ratio is 0.58% for Class A shares as of the prospectus dated October 1, 2019 (unaudited). The expense ratio is restated to reflect current fees.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, investment results reflect fee waivers, without which results would have been lower. Visit capitalgroup.com for more information.

The fund's 30-day yield for Class A shares as of August 31, 2019, calculated in accordance with the U.S. Securities and Exchange Commission (SEC) formula, was 2.58%. The fund's 12-month distribution rate for Class A shares as of that date was 2.79%. Both reflect the 5.75% maximum sales charge. The SEC yield reflects the rate at which the fund is earning income on its current portfolio of securities while the distribution rate reflects the fund's past dividends paid to shareholders. Accordingly, the fund's SEC yield and distribution rate may differ.

The return of principal for bond funds and for funds 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. High-yield bonds are subject to greater fluctuations in value and risk of loss of income and principal than investment-grade bonds. Bond ratings, which typically range from AAA/Aaa (highest) to D (lowest), are assigned by credit rating agencies such as Standard & Poor's, Moody's and/or Fitch as an indication of an issuer's creditworthiness. Investing outside the United States may be subject to additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be heightened in connection with investments in developing countries. Refer to the fund prospectus and the Risk Factors section of this report for more information on these and other risks associated with investing in the fund.

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

Fellow investors:

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For its recently concluded fiscal year, The Income Fund of America advanced 4.22%. The fund paid dividends totaling 69 cents a share. It also paid capital gains totaling 88 cents a share.

The fund trailed the 7.99% gain of the unmanaged Standard & Poor's 500 Composite Index, a broad measure of the U.S. stock market. The S&P 500, which has a considerably lower distribution yield than the fund, is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks.

IFA's result likewise lagged the gain of the unmanaged Bloomberg Barclays U.S. Aggregate Index, a proxy for the U.S. fixed income market, which climbed 8.08%. With uncertainty over global trade rising and interest rates negative in much

of the world, it is not surprising that U.S. bonds fared well during the 12 months. Bonds often hold up better than stocks under challenging conditions. By way of comparison, the fund's peer group, as measured by the Lipper Income Funds Index, rose 4.60%

The fund seeks to provide income by investing in dividend-paying stocks and bonds, an approach that has historically provided a measure of downside resilience. While we are disappointed that the fund trailed its relevant benchmarks for the full year, we are gratified that IFA held up reasonably well in the volatile fourth quarter of 2018. From September 20, 2018, to December 24, 2018, when the S&P 500 plummeted 19.36%, the fund fell 9.95%. Results for longer time frames are shown in the table below.

Results at a glance

For periods ended July 31, 2019 (with all distributions reinvested)

	Cumulative total returns	Average annual total returns		
		1 year	5 years	10 years
The Income Fund of America (Class A shares)	4.22%	5.97%	9.54%	10.80%
Standard & Poor's 500 Composite Index	7.99	11.34	14.03	11.03
Bloomberg Barclays U.S. Aggregate Index ²	8.08	3.05	3.75	7.24
65%/35% S&P 500 Index/ Bloomberg Barclays U.S. Aggregate Index ³	8.45	8.56	10.55	9.97
Lipper Income Funds Index ⁴	4.60	4.27	6.54	–

The market indexes are unmanaged and, therefore, have no expenses. Investors cannot invest directly in an index.

¹ Date Capital Research and Management Company became the fund's investment adviser.

² Source: Bloomberg Index Services Ltd. From December 1, 1973, through December 31, 1975, the Bloomberg Barclays U.S. Government/Credit Index was used because the Bloomberg Barclays U.S. Aggregate Index did not yet exist.

³ The 65%/35% S&P 500 Index/Bloomberg Barclays U.S. Aggregate Index blends the S&P 500 Index with the Bloomberg Barclays U.S. Aggregate Index by weighting their total returns at 65% and 35%, respectively. Results assume the blend is rebalanced monthly.

⁴ Source: Thomson Reuters Lipper. The inception date for the index was December 31, 1988; therefore, no lifetime return is shown. Lipper indexes track the largest mutual funds (no more than 30), represented by one share class per fund, in the corresponding category.

A positive period with bouts of volatility

After a promising start to the fiscal year, stock prices slid in the closing weeks of 2018, pressured by rising interest rates and slowing economic growth. The second half of the fiscal year proved to be more rewarding. Equities rebounded strongly in 2019 after the Federal Reserve (the Fed) indicated in January that it would hold off on any further rate hikes and consider further action to bolster growth. The S&P 500 touched new all-time highs before a flare-up in the trade conflict briefly unnerved investors in May.

More recently, the U.S. economy has shown some signs of slowing – due to the impact of the trade dispute and weaker external growth – but it remains reasonably healthy. Preliminary data showed that second-quarter GDP rose by an annualized 2.0%, down from 3.1% the previous quarter. The labor market also remained strong. Employers added 224,000 jobs in June – rebounding from a tepid May – and wages grew 3.1% from the previous year.

Dividend-paying stocks, a primary focus of this fund, had mixed results during

the period. Higher yielding areas of the equity market held up well during the volatile fourth quarter of 2018, but trailed more growth-oriented stocks during the subsequent rally.

On the closing day of the fiscal year, the Fed announced that it would reduce short-term interest rates, reconfirming its commitment to sustaining the decade-long expansion. The rate cut was the first since the global financial crisis in 2008.

Strong contributions from health care

Rather than focus on sectors or industries in building the portfolio, our investment professionals focus on the prospects and merits of individual companies. Portfolio managers and analysts invest in their highest conviction ideas based on fundamental research. This approach is reflected in the fund's 10 largest holdings, which ranged from a software maker to a defense contractor to drugmakers. All but one of these 10 holdings added to the fund's positive returns.

A top source of strength for the fund could be found among select investments

in the health care sector, including pharmaceutical companies AstraZeneca and Merck, the maker of blockbuster immunotherapy drug Keytruda. Shares of the two companies, both among the fund's largest investments, advanced after each posted solid sales growth in the second quarter.

Drugmaker Pfizer was the only holding among the fund's top 10 to post a decline during the period. In recent months, lawmakers have taken up a bipartisan discussion on drug pricing, a dialogue that we are following closely. While we expect some volatility among health care stocks in the near term as the talks continue, we believe that people will continue to pay fair prices for lifesaving therapies and we have confidence in the potential for the pipelines of the drugmakers we have invested in.

A boost from financials and utilities

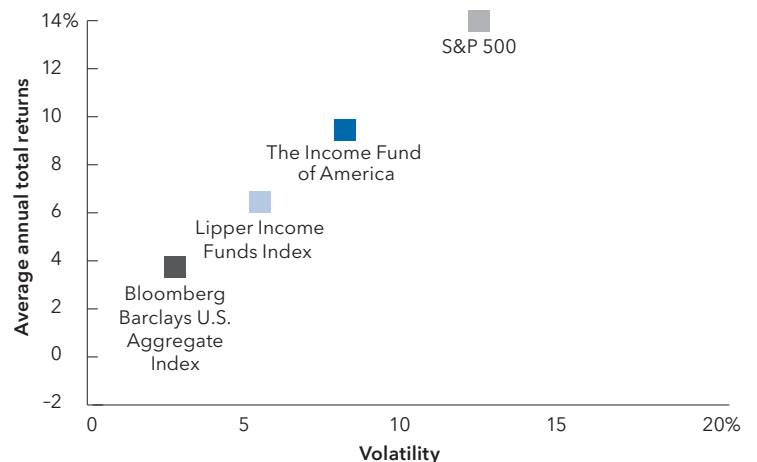
Favorable stock selection among nonbank financials also helped. CME Group, which operates the world's largest futures exchange and is among the fund's top holdings, rose on higher trading volumes at its exchanges. B3 SA – Brasil, Bolsa,

Striking a balance between return and volatility

The Income Fund of America takes a sensible approach to income. Looking back 10 years, the fund has provided higher returns than bonds and income funds, and lower volatility than stocks.

Sources: Stocks – S&P 500; Bonds – Bloomberg Barclays U.S. Aggregate Index; Income funds – Lipper Income Funds Index. Returns include reinvestment of all distributions. Volatility is calculated at net asset value by Lipper using annualized standard deviation (based on monthly returns), a measure of how returns over time have varied from the mean; a lower number signifies lower volatility.

For the 10-year period ended July 31, 2019



Balcão, which operates a São Paulo stock exchange, soared 74.41%, buoyed by incoming President Jair Bolsonaro's pledge to liberalize trade and reduce taxes for business.

Shares of Blackstone Group, an asset manager specializing in private equity and hedge fund strategies, rallied after the company disclosed plans to convert from a partnership to a corporation. The change has the potential to drive increased value for investors over the long term. Financial conglomerate JP Morgan Chase rose modestly, but less than the overall market return. In addition, investments in utilities, which tend to offer substantial dividends, were additive to the fund's total return.

Mixed results from technology

The fund received solid contributions from some of its largest positions in the information technology sector. Software maker Microsoft, the fund's largest investment at the close of the fiscal year, advanced 28.46% on strength in its Azure cloud computing service. Semiconductor maker Broadcom soared 30.76% amid rising and falling global trade tensions.

Although these and other technology companies contributed to returns, the fund's relatively light concentration in the sector held back returns in relative terms. The fund has been less heavily invested in the sector than the S&P 500 because many technology companies don't pay a dividend, or they pay one that's too low for eligibility in the fund.

Materials shares weigh on results

The selection of investments in the materials sector weighed on relative returns, with DuPont de Nemours among the most notable detractors. Packaging company WestRock Co. and LyondellBasell Industries also posted double-digit declines.

Consumer-focused holdings hurt

Investments in consumer-focused companies dampened the fund's result in relative terms. Shares of tobacco companies British American Tobacco and Altria slid amid signs of slowing cigarette sales and weak demand for alternative offerings. Among companies in the consumer discretionary sector, casino operator Las Vegas Sands and cruise operator Carnival Corporation

both declined amid concerns of a slowing global economy.

Elsewhere among the fund's top 10 holdings, shares of defense contractor Lockheed Martin rose, boosted by positive financial results, rising geopolitical tensions and plans by the U.S. to increase missile defense spending. Verizon Communications and General Motors also recorded gains.

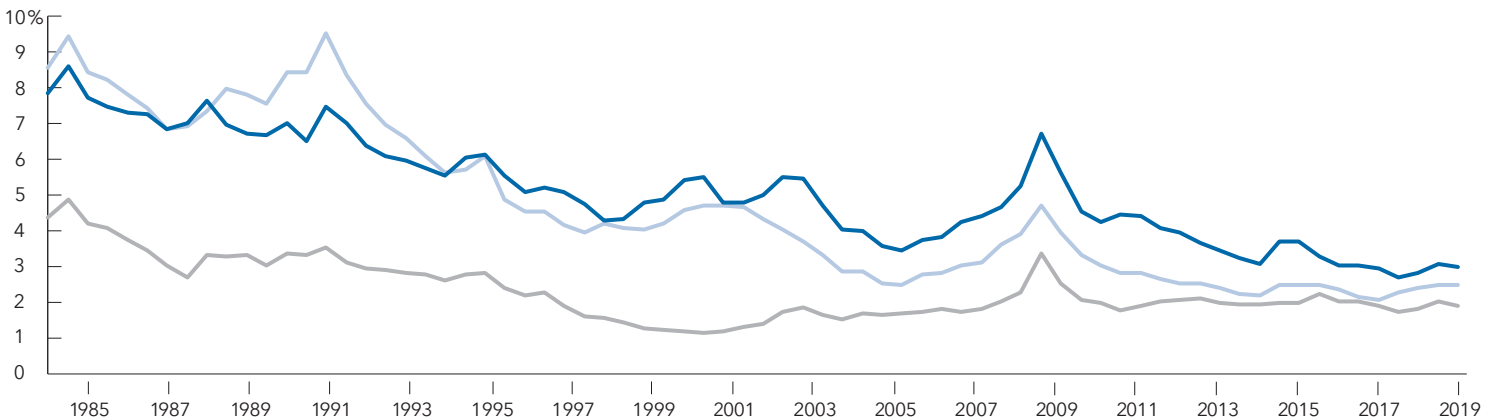
Bonds for ballast

Bonds, which made up about 26% of the portfolio at the end of the period, continue to play an important role in the fund, helping to mitigate volatility and providing income. The fund's fixed income allocation was composed of U.S. Treasuries, as well as high-yield and investment-grade corporate bonds. In a period of low interest rates, and with credit spreads having tightened considerably across the investment-grade and high-yield bond markets, we are taking a more measured approach to investments in credit. We continue to hold meaningful investments in U.S. Treasuries, which offer a measure of stability when markets are volatile.

A track record of high current income

The Income Fund of America's 12-month dividend yield vs. benchmarks

Year ended July 31



All numbers calculated by Lipper.

About your fund

Fund results shown are for Class A shares at net asset value. If a sales charge (maximum 5.75%) had been deducted, the results would have been lower. Results are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so investors may lose money. For current information and month-end results, visit capitalgroup.com.

Resilience during stock market declines

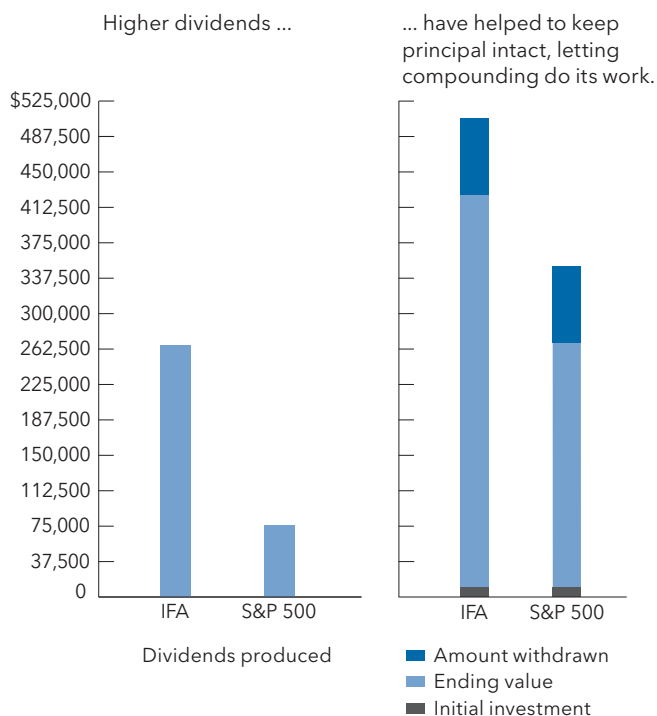
The Income Fund of America (IFA) vs. the S&P 500 during market declines*

Dates of decline	S&P 500 cumulative total return	IFA cumulative total return	IFA advantage (percentage points)
September 21, 1976, through March 6, 1978	-13.5%	1.9%	15.4%
November 28, 1980, through August 12, 1982	-20.2	19.0	39.2
August 25 through December 4, 1987	-32.8	-13.6	19.2
July 16 through October 11, 1990	-19.2	-10.2	9.0
July 17 through August 31, 1998	-19.2	-9.5	9.7
March 24, 2000, through October 9, 2002	-47.4	0.7	48.1
October 9, 2007, through March 9, 2009	-55.3	-43.5	11.8
April 29 through October 3, 2011	-18.6	-11.6	7.0
September 20 through December 24, 2018	-19.4	-9.9	9.5

*Periods shown reflect S&P 500 price declines of 15% or more (without dividends reinvested) based on 100% recovery between declines (except for a 78% recovery between 3/6/78 and 11/28/80 and a 77% recovery between 3/9/09 and 4/29/11). The index is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

Withdrawing income: the dividend advantage

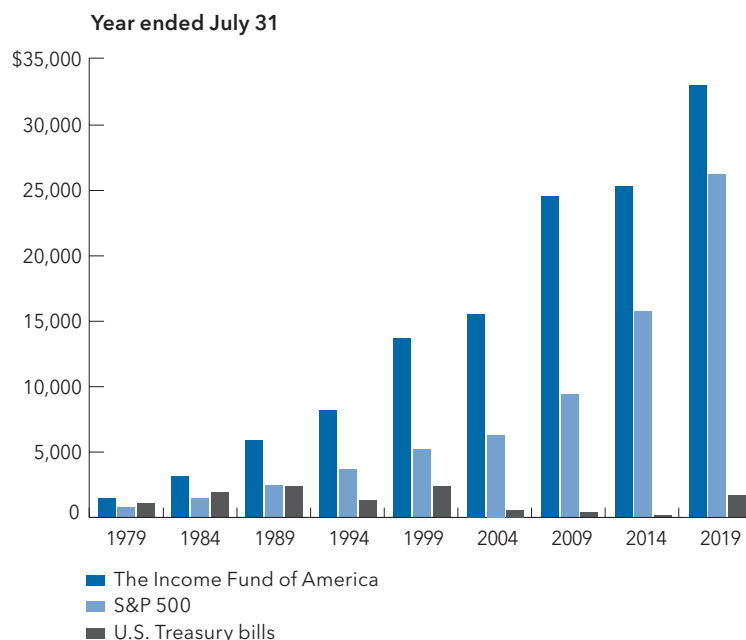
Most fund investors reinvest their dividends, but some use dividends to meet current expenses. As shown below, the fund's income has allowed withdrawals to be made without invading principal.



Charts show hypothetical \$10,000 investments in the fund at net asset value and in the S&P 500 from January 1, 1974, to July 31, 2019. Example assumes an annual withdrawal equaling \$500 the first year on December 31, 1974, and then increasing by 5% each year thereafter. Over the period, total withdrawals from each of the fund and the index come to \$79,850. Source for The Income Fund of America: Refinitiv InvestmentView+.

Historical benefits of income

This chart shows one-year snapshots of the annual income produced by three hypothetical \$10,000 investments made on July 31, 1974, in each of The Income Fund of America, the S&P 500 and three-month U.S. Treasury bills. Over the past 45 years, income from the fund has been substantially higher.



All results are calculated at net asset value with dividends and capital gains (where applicable) reinvested. Source for Treasury bills is the Federal Reserve. Income from three-month Treasury bills assumes reinvestment of both principal and interest at prevailing rates at the time of purchase. Securities backed by the U.S. Treasury or the full faith and credit of the U.S. government are guaranteed only as to the timely payment of interest and principal when held to maturity; the fund is not guaranteed.

Looking ahead

Based on the underlying fundamentals, the U.S. economy remains healthy. However, the decade-long expansion faces several challenges, including slowing external growth and the ongoing trade conflict. With the markets sensitive to news headlines, we expect volatility to be higher in the near term.

With that in mind, we are taking a cautious approach to the market. Last year, we noted that we have increased our cash holdings in anticipation of higher market volatility going forward. This proved to be beneficial during the volatile fourth quarter of 2018, and we believe it will continue to provide a measure of stability in the case of rougher seas

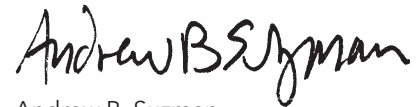
ahead, while also allowing us to invest opportunistically. While our primary objective is regular income, we believe our investors wish to participate in the market upside, so we continue to seek out opportunities for appreciation while paying close attention to risk.

We thank you for your commitment to The Income Fund of America and look forward to reporting to you again in six months.

Cordially,



Hilda L. Applbaum
Co-President



Andrew B. Suzman
Co-President

September 10, 2019

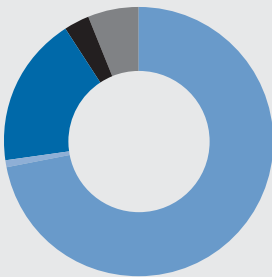
For current information about the fund, visit capitalgroup.com.

The New Geography of Investing®

Where a company does business can be more important than where it's located. Here's a look at The Income Fund of America's portfolio through the revenue lens. The charts below show the countries and regions in which the fund's equity investments are located and where the revenue comes from.

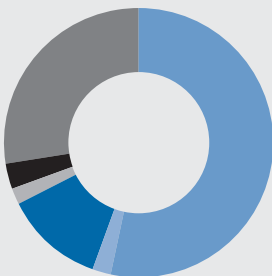
The Income Fund of America vs. the S&P 500 with income reinvested

Equity portion breakdown by domicile (%)



Region	Fund	Index
United States	72%	100%
Canada	1	–
Europe	18	–
Japan	–	–
Asia-Pacific ex. Japan	3	–
Emerging markets	6	–
Total	100%	100%

Equity portion breakdown by revenue (%)



Region	Fund	Index
United States	54%	62%
Canada	2	2
Europe	12	12
Japan	2	3
Asia-Pacific ex. Japan	3	1
Emerging markets	27	20
Total	100%	100%

Source: Capital Group (as of July 31, 2019).

The value of a long-term perspective

Fund results shown are for Class A shares and reflect deduction of the maximum sales charge of 5.75% on the \$10,000 investment.¹ Thus, the net amount invested was \$9,425.² Results are for past periods and are not predictive of results for future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so investors may lose money. For current information and month-end results, visit capitalgroup.com.

The results shown are before taxes on fund distributions and sale of fund shares.

¹As outlined in the prospectus, the sales charge is reduced for accounts (and aggregated investments) of \$25,000 or more and is eliminated for purchases of \$1 million or more. There is no sales charge on dividends or capital gain distributions that are reinvested in additional shares.

²The maximum initial sales charge was 8.5% prior to July 1, 1988.

³For the period December 1, 1973 (when Capital Research and Management Company became the fund's investment adviser), through July 31, 1974.

⁴The indexes are unmanaged and include reinvested distributions, but do not reflect the effect of sales charges, commissions or expenses. Investors cannot invest directly in an index.

⁵From December 1, 1973, through December 31, 1975, the Bloomberg Barclays U.S. Government/Credit Index was used because the Bloomberg Barclays U.S. Aggregate Index did not exist.

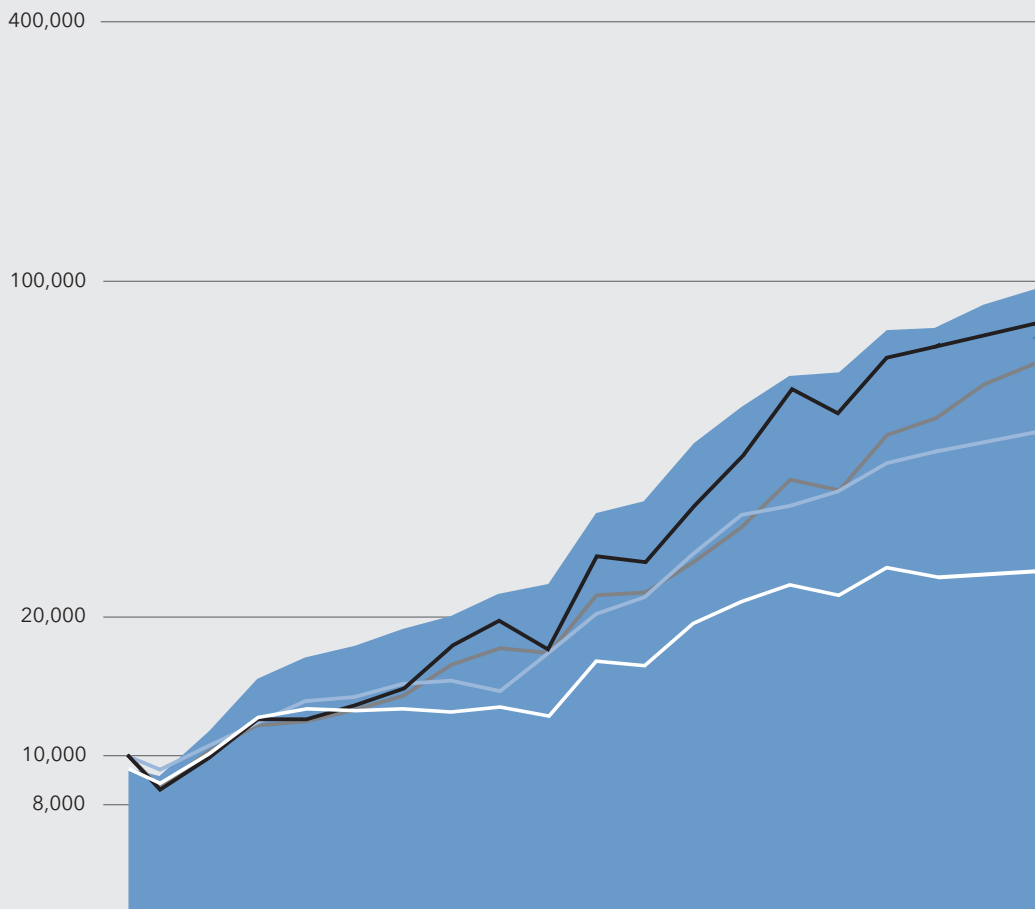
⁶From April 1990 to September 1994 and from September 2003 to March 2009, the fund accrued dividends daily but paid quarterly. Dividends reflect quarterly dividends actually paid during the period, while year-end values are adjusted for cumulative dividends accrued but not yet paid.

⁷The 65%/35% S&P 500 Index/Bloomberg Barclays U.S. Aggregate Index blends the S&P 500 Index with the Bloomberg Barclays U.S. Aggregate Index by weighting their total returns at 65% and 35%, respectively. Results assume the blend is rebalanced monthly.

Average annual total returns based on a \$1,000 investment (for periods ended July 31, 2019)*			
	1 year	5 years	10 years
Class A shares	-1.76%	4.72%	8.89%

*Assumes reinvestment of all distributions and payment of the maximum 5.75% sales charge.

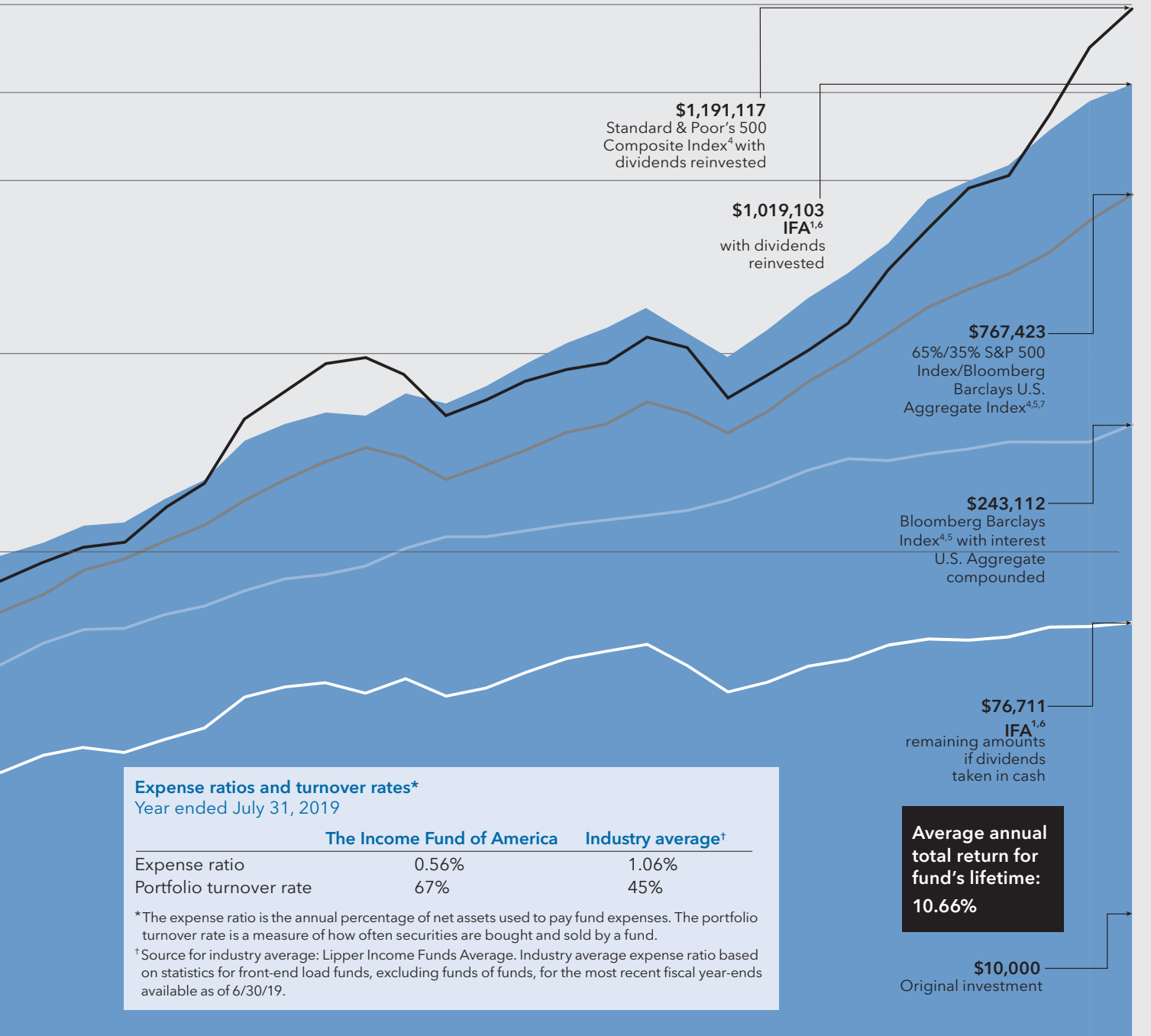
Investment results assume all distributions are reinvested and reflect applicable fees and expenses. When applicable, investment results reflect fee waivers, without which results would have been lower. Visit capitalgroup.com for more information.



Year ended July 31	1974 ³	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	
VALUE OF DIVIDENDS	(dollars in thousands)																		
Dividends in cash ⁶	\$0.3	0.7	0.9	0.8	0.8	0.9	1.0	1.0	1.2	1.3	1.3	1.4	1.5	1.6	1.5	1.7	1.6	1.8	
Dividends reinvested ⁶	\$0.3	0.8	1.0	1.0	1.1	1.3	1.5	1.7	2.2	2.5	2.9	3.4	3.9	4.4	4.5	5.3	5.3	6.3	
VALUE OF INVESTMENT	(dollars in thousands)																		
Dividends in cash ⁶	\$8.8	10.1	12.2	12.7	12.6	12.7	12.5	12.8	12.3	16.1	15.7	19.4	21.7	23.6	22.3	25.6	24.4	25.4	
Dividends reinvested ⁶	\$9.1	11.4	14.8	16.4	17.4	18.9	20.2	22.5	23.7	33.7	35.7	47.7	57.1	66.7	67.8	83.7	84.6	95.0	
IFA TOTAL RETURN	(9.1)%	25.3	29.5	11.1	6.2	8.7	6.6	11.5	5.2	42.3	6.0	33.5	19.9	16.7	1.7	23.4	1.1	12.3	

How a \$10,000 investment has grown

There have always been reasons not to invest. If you look beyond the negative headlines, however, you will find that despite occasional stumbles, financial markets have tended to reward investors over the long term. Investment management – bolstered by experience and careful research – can add even more value. As the chart below shows, over its lifetime, The Income Fund of America (IFA) has fared well against both the broader stock and bond markets. Dividends, particularly when reinvested, have accounted for a large portion of the fund's overall results.



Year	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expense ratio	1.7	1.7	1.7	1.8	1.8	2.0	2.0	2.2	2.3	2.2	2.3	2.1	1.9	1.9	2.2	2.7	2.8	2.5	2.1	2.3	2.2	2.1	2.1	2.5	2.1	2.1	2.1	2.3
Portfolio turnover rate	6.6	7.0	7.5	8.0	8.6	10.1	10.5	12.4	13.7	13.9	14.9	14.3	14.1	13.9	17.0	22.2	23.7	22.2	19.6	23.2	22.6	22.9	23.0	28.4	24.9	26.3	26.9	30.0
Expense ratio	28.4	29.9	28.8	31.6	34.0	41.7	44.4	45.6	42.3	46.5	41.4	44.1	49.1	54.0	57.0	61.9	53.5	44.0	48.5	53.2	55.4	61.6	67.2	66.8	69.3	73.0	75.9	76.7
Portfolio turnover rate	113.2	126.7	129.2	150.4	170.6	220.6	245.5	264.7	259.2	299.4	280.4	314.6	364.1	415.5	456.1	518.4	469.2	409.6	471.4	540.6	586.3	676.2	762.5	785.5	841.3	914.0	977.8	1,019.1
Expense ratio	19.1	11.9	2.0	16.4	13.5	29.3	11.3	7.8	(2.1)	15.5	(6.4)	12.2	15.8	14.1	9.8	13.6	(9.5)	(12.7)	15.1	14.7	8.4	15.3	12.8	3.0	7.1	8.6	7.0	4.2

The portfolio at a glance

July 31, 2019

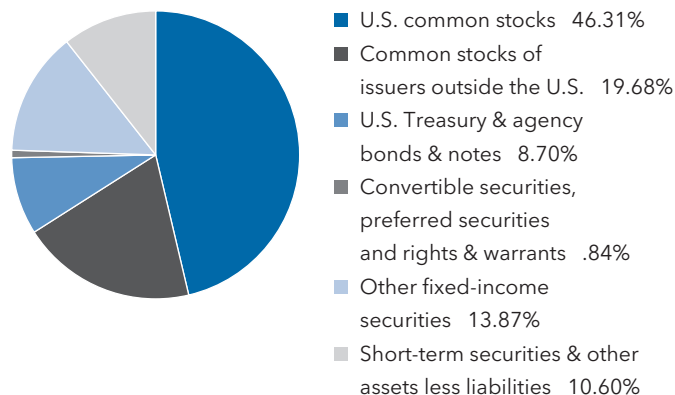
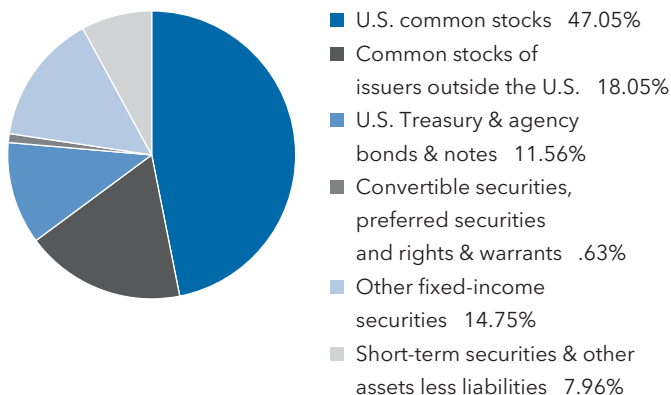
July 31, 2018

Investment mix by security type

Investment mix by security type

Percent of net assets

Percent of net assets



Five largest sectors in common stock holdings

Five largest sectors in common stock holdings

Percent of net assets

Percent of net assets

Financials	10.45%
Health care	7.98
Information technology	7.60
Consumer staples	6.47
Industrials	6.26

Financials	8.66%
Energy	6.87
Information technology	6.85
Health care	6.61
Industrials	6.40

Ten largest common stock holdings

Ten largest common stock holdings

Percent of net assets

Percent of net assets

Microsoft	2.39%
JPMorgan Chase	2.28
Merck	2.24
CME Group	1.72
AstraZeneca	1.57
Pfizer	1.48
Lockheed Martin	1.48
Verizon Communications	1.36
Broadcom	1.34
General Motors	1.28

Microsoft	2.67%
Merck	2.07
Intel	1.82
DowDuPont	1.60
Verizon Communications	1.49
Chevron	1.48
CME Group	1.47
Royal Dutch Shell	1.45
JPMorgan Chase	1.42
Coca-Cola	1.42

Country diversification by domicile

Country diversification by domicile

Percent of net assets

Percent of net assets

United States	71.05%
United Kingdom	7.62
Eurozone*	4.45
Canada	1.34
Taiwan	1.22
Brazil	1.00
Other countries	5.36
Short-term securities & other assets less liabilities	7.96

United States	66.51%
United Kingdom	9.28
Eurozone*	5.33
Canada	1.73
Taiwan	1.17
Other countries	5.38
Short-term securities & other assets less liabilities	10.60

*Countries using the euro as a common currency; those represented in the fund's portfolio are Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain.

Summary investment portfolio July 31, 2019

Common stocks 65.10%		Shares	Value (000)
Financials 10.45%	JPMorgan Chase & Co.	21,587,162	\$ 2,504,112
	CME Group Inc., Class A	9,740,400	1,893,729
	The Blackstone Group Inc., Class A	18,955,171	909,469
	B3 SA - Brasil, Bolsa, Balcao	63,238,000	699,100
	SunTrust Banks, Inc.	8,888,999	592,007
	Other securities		4,896,353
			11,494,770
Health care 7.98%	Merck & Co., Inc.	29,699,493	2,464,761
	AstraZeneca PLC ¹	20,106,200	1,725,764
	Pfizer Inc.	41,981,181	1,630,549
	GlaxoSmithKline PLC ¹	62,138,000	1,285,856
	Novartis AG ¹	5,802,000	532,038
	Gilead Sciences, Inc.	8,088,000	529,926
	Other securities		613,642
			8,782,536
Information technology 7.60%	Microsoft Corp.	19,257,054	2,624,159
	Broadcom Inc.	5,092,112	1,476,662
	Taiwan Semiconductor Manufacturing Co., Ltd. ¹	139,385,500	1,152,366
	Taiwan Semiconductor Manufacturing Co., Ltd. (ADR)	1,855,000	79,078
	Intel Corp.	20,499,200	1,036,235
	QUALCOMM Inc.	10,713,000	783,763
	Texas Instruments Inc.	5,150,000	643,801
	Other securities		566,467
			8,362,531
Consumer staples 6.47%	Altria Group, Inc.	25,327,000	1,192,142
	Procter & Gamble Co.	8,000,000	944,320
	Philip Morris International Inc.	10,272,200	858,859
	Unilever PLC ¹	11,630,000	700,456
	Unilever PLC (ADR)	1,300,000	78,156
	Coca-Cola Co.	13,783,000	725,399
	British American Tobacco PLC ¹	19,595,000	699,214
	Other securities		1,923,835
			7,122,381
Industrials 6.26%	Lockheed Martin Corp.	4,492,000	1,626,868
	United Parcel Service, Inc., Class B	8,617,126	1,029,488
	Emerson Electric Co.	9,000,000	583,920
	BAE Systems PLC ¹	86,543,776	575,361
	Other securities		3,070,071
			6,885,708
Real estate 5.75%	Crown Castle International Corp. REIT	9,442,000	1,258,241
	Digital Realty Trust, Inc. REIT	9,999,000	1,143,486
	Simon Property Group, Inc. REIT	4,745,750	769,761
	Other securities		3,150,127
			6,321,615
Consumer discretionary 5.47%	General Motors Co.	34,938,712	1,409,428
	Target Corp.	11,700,000	1,010,880
	Home Depot, Inc.	3,761,500	803,795
	Carnival Corp., units	13,526,000	638,833
	Las Vegas Sands Corp.	10,459,650	632,181
	Other securities		1,521,640
			6,016,757

Common stocks (continued)		Shares	Value (000)
Energy 4.33%	Occidental Petroleum Corp.	16,526,000	\$ 848,775
	Chevron Corp.	6,674,500	821,698
	Royal Dutch Shell PLC, Class B ¹	10,734,147	338,792
	Royal Dutch Shell PLC, Class B (ADR)	5,080,000	322,428
	BP PLC ¹	87,255,000	575,431
	Other securities		1,857,275
			<u>4,764,399</u>
Materials 4.17%	LyondellBasell Industries NV	7,710,000	645,250
	BHP Group PLC ¹	25,000,000	596,963
	WestRock Co. ²	16,074,832	579,498
	Other securities		2,763,250
			<u>4,584,961</u>
Utilities 4.15%	DTE Energy Co.	8,284,000	1,052,979
	Public Service Enterprise Group Inc.	15,821,000	904,170
	AES Corp. ²	43,141,951	724,353
	Enel SpA ¹	85,692,600	587,265
	Other securities		1,292,033
			<u>4,560,800</u>
Communication services 2.47%	Verizon Communications Inc.	27,106,965	1,498,202
	Other securities		1,216,661
			<u>2,714,863</u>
Total common stocks (cost: \$53,948,158,000)			<u>71,611,321</u>

Preferred securities 0.26%

Other 0.26%	Other securities		289,642
	Total preferred securities (cost: \$283,705,000)		<u>289,642</u>

Rights & warrants 0.00%

Other 0.00%	Other securities		485
	Total rights & warrants (cost: \$388,000)		<u>485</u>

Convertible stocks 0.36%

Utilities 0.10%	DTE Energy Co., units, 6.50% convertible preferred 2019	1,055,000	58,869
	Other securities		52,437
			<u>111,306</u>
Real estate 0.05%	Crown Castle International Corp. REIT, Series A, 6.875% convertible preferred 2020	44,500	53,656
Other 0.21%	Other securities		226,708
	Total convertible stocks (cost: \$356,062,000)		<u>391,670</u>

Convertible bonds 0.01%

		Principal amount (000)	
Communication services 0.01%	Other securities		9,790
	Total convertible bonds (cost: \$10,827,000)		<u>9,790</u>

Bonds, notes & other debt instruments 26.31%

		Principal amount (000)	Value (000)
Corporate bonds & notes 11.15%			
Financials	CME Group Inc. 3.75%-4.15% 2028-2048	\$ 21,345	\$ 24,122
1.77%	JPMorgan Chase & Co. 2.25%-3.96% 2020-2049 ³	47,610	50,029
	JPMorgan Chase & Co., junior subordinated 5.30%-6.75% 2049 ³	115,954	119,523
	Other securities		1,751,406
			<u>1,945,080</u>
Health care	AstraZeneca PLC 2.38%-4.00% 2022-2029	20,886	21,867
1.74%	GlaxoSmithKline PLC 2.88%-3.63% 2022-2025	30,004	31,239
	Merck & Co., Inc. 2.75%-3.40% 2025-2029	11,544	11,886
	Pfizer Inc. 2.80%-3.60% 2022-2029	21,361	22,413
	Other securities		1,822,977
			<u>1,910,382</u>
Communication services	Verizon Communications Inc. 4.13%-4.52% 2033-2048	128,900	140,734
1.34%	Other securities		1,337,340
			<u>1,478,074</u>
Consumer discretionary	General Motors Co. 4.35%-6.75% 2023-2049	37,161	40,992
1.11%	General Motors Financial Co. 2.35%-5.10% 2019-2026	149,805	152,217
	Other securities		1,027,743
			<u>1,220,952</u>
Utilities	DTE Electric Co. 3.95% 2049	7,060	7,813
0.83%	DTE Energy Co. 3.30%-3.40% 2022-2029	5,218	5,340
	Other securities		895,782
			<u>908,935</u>
Industrials	Lockheed Martin Corp. 2.50%-4.70% 2020-2046	9,065	10,152
0.80%	Other securities		869,312
			<u>879,464</u>
Consumer staples	Altria Group, Inc. 3.80%-9.95% 2019-2049	120,683	142,237
0.60%	Other securities		518,300
			<u>660,537</u>
Information technology	Broadcom Inc. 3.63%-4.75% 2024-2029 ⁴	100,084	101,352
0.48%	Broadcom Ltd. 3.00%-3.88% 2022-2028	98,522	97,791
	Microsoft Corp. 1.55%-4.25% 2021-2047	41,115	43,762
	Other securities		289,126
			<u>532,031</u>
Other corporate bonds & notes	Other securities		2,734,457
2.48%	Total corporate bonds & notes		<u>12,269,912</u>
U.S. Treasury bonds & notes 10.94%			
U.S. Treasury	U.S. Treasury 2.625% 2020 ⁵	1,970,000	1,981,229
10.64%	U.S. Treasury 1.625% 2021	1,750,000	1,741,687
	U.S. Treasury 2.625% 2021	1,682,750	1,706,443
	U.S. Treasury 2.625% 2021	600,000	611,178
	U.S. Treasury 2.125% 2022	951,000	958,465
	U.S. Treasury 1.25%-6.25% 2020-2049 ⁵	4,615,159	4,709,115
			<u>11,708,117</u>

Bonds, notes & other debt instruments (continued)

		Principal amount (000)	Value (000)
U.S. Treasury bonds & notes (continued)			
U.S. Treasury inflation-protected securities 0.30%	U.S. Treasury Inflation-Protected Securities 0.38%-1.38% 2024-2049 ⁶	\$ 311,112	\$ 326,431
	Total U.S. Treasury bonds & notes		<u>12,034,548</u>
Mortgage-backed obligations 3.23%			
	Fannie Mae 2.30%-9.50% 2019-2049 ^{7,8}	1,470,972	1,515,406
	Other securities		<u>2,035,725</u>
			<u>3,551,131</u>
Federal agency bonds & notes 0.62%			
	Fannie Mae 2.75%-6.25% 2021-2029	122,000	134,550
	Other securities		<u>545,492</u>
			<u>680,042</u>
Municipals 0.16%			
Other 0.16%	Other securities		<u>181,872</u>
			<u>181,872</u>
Other bonds & notes 0.21%			
	Other securities		<u>227,216</u>
	Total bonds, notes & other debt instruments (cost: \$28,500,963,000)		<u>28,944,721</u>
Short-term securities 8.41%			
		Shares	
Money market investments 8.38%			
	Capital Group Central Cash Fund 2.30% ^{2,9}	92,216,552	9,220,733
Other short-term securities 0.03%			
	U.S. Treasury Bill 2.46% due 1/30/2020	\$ 35,000	34,643
	Total short-term securities (cost: \$9,255,412,000)		<u>9,255,376</u>
	Total investment securities 100.45% (cost: \$92,355,515,000)		110,503,005
	Other assets less liabilities (0.45)%		<u>(495,199)</u>
	Net assets 100.00%		<u>\$110,007,806</u>

This summary investment portfolio is designed to streamline the report and help investors better focus on the fund's principal holdings. See the inside back cover for details on how to obtain a complete schedule of portfolio holdings.

"Other securities" includes all issues that are not disclosed separately in the summary investment portfolio.

Futures contracts

Contracts	Type	Number of contracts	Expiration	Notional amount ¹⁰ (000)	Value at 7/31/2019 ¹¹ (000)	Unrealized appreciation (depreciation) at 7/31/2019 (000)
2 Year U.S. Treasury Note Futures	Long	17,162	October 2019	\$3,432,400	\$3,679,640	\$ 8,197
5 Year U.S. Treasury Note Futures	Short	298	October 2019	(29,800)	(35,031)	20
10 Year U.S. Treasury Note Futures	Long	363	September 2019	36,300	46,254	97
10 Year Ultra U.S. Treasury Note Futures	Short	2,044	September 2019	(204,400)	(281,753)	(482)
20 Year U.S. Treasury Bond Futures	Long	60	September 2019	6,000	9,336	86
30 Year Ultra U.S. Treasury Bond Futures	Long	1,238	September 2019	123,800	219,822	5,394
						<u>\$13,312</u>

Forward currency contracts

Contract amount		Counterparty	Settlement date	Unrealized appreciation at 7/31/2019 (000)
Purchases (000)	Sales (000)			
USD46,215	AUD66,000	Citibank	8/22/2019	\$1,042

Investments in affiliates

A company is an affiliate of the fund under the Investment Company Act of 1940 if the fund's holdings represent 5% or more of the outstanding voting shares of that company. The value of the fund's affiliated-company holdings is either shown in the summary investment portfolio or included in the value of "Other securities" under the respective industry sectors. Further details on these holdings and related transactions during the year ended July 31, 2019, appear below.

	Beginning shares or principal amount	Additions	Reductions	Ending shares or principal amount	Net realized gain (loss) (000)	Net unrealized appreciation (depreciation) (000)	Dividend or interest income (000)	Value of affiliates at 7/31/2019 (000)
Common stocks 2.81%								
Health care 0.01%								
Rotech Healthcare Inc. ^{1,12,13,14}	543,172	–	–	543,172	\$ –	\$ 4,345	\$ –	\$ 5,432
Information technology 0.00%								
Corporate Risk Holdings Corp. ^{1,13,15}	11,149	–	11,149	–	81	–	–	–
Corporate Risk Holdings I, Inc. ^{1,12,13,15}	2,205,215	–	–	2,205,215	891	259	–	–
Industrials 0.41%								
Hubbell Inc.	3,430,000	–	–	3,430,000	–	22,741	11,285	445,488
R.R. Donnelley & Sons Co. ¹⁵	4,319,407	–	4,319,407	–	(77,142)	73,798	43	–
Douglas Dynamics, Inc. ¹⁵	1,300,000	–	1,300,000	–	27,796	(44,801)	689	–
Edenred SA ^{1,15}	12,231,900	220,334	2,860,000	9,592,234	47,917	72,932	8,996	–
								<u>445,488</u>
Real estate 0.86%								
Iron Mountain Inc. REIT	15,215,400	1,029,600	–	16,245,000	–	(91,983)	36,083	477,765
Gaming and Leisure Properties, Inc. REIT	7,268,000	5,269,400	–	12,537,400	–	12,023	22,881	472,785
Redwood Trust, Inc. REIT ¹⁵	5,444,717	–	2,123,558	3,321,159	(6,829)	6,268	2,817	–
								<u>950,550</u>
Consumer discretionary 0.08%								
Domino's Pizza Group PLC ^{1,16}	6,399,261	24,271,862	–	30,671,123	–	(25,900)	2,998	91,583
Nokian Renkaat Oyj ^{1,15}	8,447,624	–	4,578,387	3,869,237	(25,148)	(84,373)	9,056	–
								<u>91,583</u>

Investments in affiliates (continued)

	Beginning shares or principal amount	Additions	Reductions	Ending shares or principal amount	Net realized gain (loss) (000)	Net unrealized appreciation (depreciation) (000)	Dividend or interest income (000)	Value of affiliates at 7/31/2019 (000)
Energy 0.02%								
Ascent Resources - Utica, LLC, Class A ^{1,12,13,14}	110,214,618	–	–	110,214,618	\$ –	\$ (11,021)	\$ –	\$ 24,247
White Star Petroleum Corp., Class A ^{1,12,13,14}	6,511,401	–	–	6,511,401	–	(4,363)	–	65
								<u>24,312</u>
Materials 0.77%								
WestRock Co.	14,266,832	1,808,000	–	16,074,832	–	(327,365)	27,849	579,498
Boral Ltd. ¹	76,201,575	–	–	76,201,575	–	(108,310)	14,724	268,173
								<u>847,671</u>
Utilities 0.66%								
AES Corp. ¹⁶	21,000,000	22,141,951	–	43,141,951	–	115,334	22,665	724,353
Total common stocks								<u>3,089,389</u>
Bonds, notes & other debt instruments 0.09%								
Real estate 0.02%								
Iron Mountain Inc. 5.75% 2024	\$5,325,000	\$600,000	–	\$5,925,000	–	88	350	5,982
Iron Mountain Inc. 4.875% 2027 ⁴	\$15,905,000	\$5,660,000	\$19,690,000	\$1,875,000	(157)	1,072	742	1,870
Iron Mountain Inc. 5.25% 2028 ⁴	\$2,490,000	\$24,425,000	\$13,340,000	\$13,575,000	706	976	552	13,711
								<u>21,563</u>
Industrials 0.00%								
R.R. Donnelley & Sons Co. 7.625% 2020 ¹⁵	\$6,707,000	–	\$6,707,000	–	229	(7)	85	–
R.R. Donnelley & Sons Co. 7.875% 2021 ¹⁵	\$21,445,000	–	\$19,431,000	\$2,014,000	762	49	548	–
R.R. Donnelley & Sons Co. 6.50% 2023 ¹⁵	\$14,780,000	–	–	\$14,780,000	–	(158)	1,045	–
								<u>–</u>
Utilities 0.02%								
AES Corp. 4.00% 2021	–	\$3,200,000	\$750,000	\$2,450,000	4	60	92	2,493
AES Corp. 4.50% 2023	–	\$1,300,000	–	\$1,300,000	–	53	48	1,336
AES Corp. 4.875% 2023	\$2,000,000	\$3,450,000	–	\$5,450,000	–	35	168	5,532
AES Corp. 5.50% 2025	\$28,889,000	\$1,000,000	\$16,600,000	\$13,289,000	976	(698)	1,445	13,821
AES Corp. 6.00% 2026	\$14,410,000	–	\$10,260,000	\$4,150,000	393	(253)	325	4,442
AES Corp. 5.125% 2027	\$955,000	–	–	\$955,000	–	46	49	1,013
								<u>28,637</u>
Energy 0.01%								
Ascent Resources - Utica LLC 10.00% 2022 ^{4,17}	\$810,000	\$2,180,000	\$285,000	\$2,705,000	29	(235)	186	2,685
Ascent Resources - Utica LLC 7.00% 2026 ⁴	–	\$5,715,000	–	\$5,715,000	–	(1,092)	325	4,586
								<u>7,271</u>
Health care 0.04%								
Rotech Healthcare Inc., Term Loan A, (3-month USD-LIBOR + 3.25%) 5.652% 2023 ^{1,8,12,17,18}	\$14,558,438	–	\$1,373,438	\$13,185,000	–	–	1,005	13,185
Rotech Healthcare Inc., Term Loan, (3-month USD-LIBOR + 11.00%) 13.59% 2023 (100% PIK) ^{1,8,12,18,19}	\$29,096,192	\$4,199,673	\$547,370	\$32,748,495	–	2,989	4,298	33,076
								<u>46,261</u>
Total bonds, notes & other debt instruments								<u>103,732</u>

	Beginning shares or principal amount	Additions	Reductions	Ending shares or principal amount	Net realized gain (loss) (000)	Net unrealized appreciation (depreciation) (000)	Dividend or interest income (000)	Value of affiliates at 7/31/2019 (000)
Short-term securities 8.38%								
Money market investments 8.38%								
Capital Group Central Cash Fund 2.30% ⁹	–	160,183,353	67,966,801	92,216,552	\$ (3)	\$ (116)	\$ 73,694	\$ 9,220,733
Total 11.28%					<u>\$ (29,495)</u>	<u>\$ (387,607)</u>	<u>\$ 245,043</u>	<u>\$ 12,413,854</u>

The following footnotes apply to either the individual securities noted or one or more of the securities aggregated and listed as a single line item.

¹Valued under fair value procedures adopted by authority of the board of trustees. The total value of all such securities, including those in "Other securities," was \$17,532,970,000, which represented 15.94% of the net assets of the fund. This amount includes \$17,393,028,000 related to certain securities trading outside the U.S. whose values were adjusted as a result of significant market movements following the close of local trading.

²Represents an affiliated company as defined under the Investment Company Act of 1940.

³Step bond; coupon rate may change at a later date.

⁴Acquired in a transaction exempt from registration under Rule 144A of the Securities Act of 1933. May be resold in the U.S. in transactions exempt from registration, normally to qualified institutional buyers. The total value of all such securities, including those in "Other securities," was \$4,732,133,000, which represented 4.30% of the net assets of the fund.

⁵All or a portion of this security was pledged as collateral. The total value of pledged collateral was \$12,064,000, which represented .01% of the net assets of the fund.

⁶Index-linked bond whose principal amount moves with a government price index.

⁷Principal payments may be made periodically. Therefore, the effective maturity date may be earlier than the stated maturity date.

⁸Coupon rate may change periodically.

⁹Rate represents the seven-day yield at July 31, 2019.

¹⁰Notional amount is calculated based on the number of contracts and notional contract size.

¹¹Value is calculated based on the notional amount and current market price.

¹²Value determined using significant unobservable inputs.

¹³Security did not produce income during the last 12 months.

¹⁴Acquired through a private placement transaction exempt from registration under the Securities Act of 1933. May be subject to legal or contractual restrictions on resale. Further details on these holdings appear below.

¹⁵Unaffiliated issuer at 7/31/2019.

¹⁶This security was an unaffiliated issuer in its initial period of acquisition at 7/31/2018; it was not publicly disclosed.

¹⁷This security changed its name during the reporting period.

¹⁸Loan participations and assignments; may be subject to legal or contractual restrictions on resale. The total value of all such loans, including those in "Other securities," was \$363,433,000, which represented .33% of the net assets of the fund.

¹⁹Payment in kind; the issuer has the option of paying additional securities in lieu of cash. Most recent payment was 100% cash unless otherwise noted.

Private placement securities	Acquisition date(s)	Cost (000)	Value (000)	Percent of net assets
Ascent Resources - Utica, LLC, Class A	4/25/2016-11/15/2016	\$ 56,848	\$ 24,247	.03%
Rotech Healthcare Inc.	11/26/2014	19,660	5,432	.00
White Star Petroleum Corp., Class A	6/30/2016	4,354	65	.00
Other private placement securities	8/31/2018-11/16/2018	12,339	13,150	.01
Total private placement securities		<u>\$93,201</u>	<u>\$42,894</u>	<u>.04%</u>

Key to abbreviations and symbol

ADR = American Depositary Receipts

AUD = Australian dollars

LIBOR = London Interbank Offered Rate

USD/\$ = U.S. dollars

See notes to financial statements.

Financial statements

Statement of assets and liabilities at July 31, 2019

(dollars in thousands)

Assets:		
Investment securities, at value:		
Unaffiliated issuers (cost: \$80,220,093)	\$98,089,151	
Affiliated issuers (cost: \$12,135,422)	12,413,854	\$110,503,005
Cash		12,717
Cash denominated in currencies other than U.S. dollars (cost: \$17,167)		17,050
Unrealized appreciation on open forward currency contracts		1,042
Receivables for:		
Sales of investments	772,750	
Sales of fund's shares	58,547	
Dividends and interest	338,692	
Variation margin on futures contracts	2,357	1,172,346
		<u>111,706,160</u>
Liabilities:		
Payables for:		
Purchases of investments	1,578,788	
Repurchases of fund's shares	56,701	
Investment advisory services	17,768	
Services provided by related parties	28,130	
Trustees' deferred compensation	4,536	
Variation margin on futures contracts	3,743	
Other	8,688	1,698,354
		<u>\$110,007,806</u>
Net assets at July 31, 2019		<u>\$110,007,806</u>
Net assets consist of:		
Capital paid in on shares of beneficial interest		\$ 87,948,023
Total distributable earnings		22,059,783
Net assets at July 31, 2019		<u>\$110,007,806</u>

(dollars and shares in thousands, except per-share amounts)

Shares of beneficial interest issued and outstanding (no stated par value) – unlimited shares authorized (4,879,776 total shares outstanding)

	Net assets	Shares outstanding	Net asset value per share
Class A	\$73,593,978	3,261,769	\$22.56
Class C	4,279,227	192,325	22.25
Class T	10	—*	22.57
Class F-1	4,022,024	178,759	22.50
Class F-2	9,424,894	418,055	22.54
Class F-3	3,342,921	148,209	22.56
Class 529-A	1,703,467	75,674	22.51
Class 529-C	271,021	12,082	22.43
Class 529-E	63,599	2,835	22.43
Class 529-T	12	1	22.57
Class 529-F-1	92,029	4,089	22.50
Class R-1	98,583	4,400	22.41
Class R-2	439,107	19,709	22.28
Class R-2E	35,893	1,596	22.49
Class R-3	953,869	42,459	22.46
Class R-4	1,018,407	45,224	22.52
Class R-5E	21,254	943	22.54
Class R-5	445,391	19,739	22.56
Class R-6	10,202,120	451,908	22.58

*Amount less than one thousand.

See notes to financial statements.

Statement of operations for the year ended July 31, 2019

(dollars in thousands)

Investment income:

Income:

Dividends (net of non-U.S. taxes of \$57,510; also includes \$233,780 from affiliates)	\$2,825,981	
Interest (includes \$11,263 from affiliates)	1,224,642	\$ 4,050,623
Fees and expenses*:		
Investment advisory services	233,422	
Distribution services	254,899	
Transfer agent services	71,719	
Administrative services	25,154	
Reports to shareholders	1,781	
Registration statement and prospectus	3,605	
Trustees' compensation	581	
Auditing and legal	112	
Custodian	3,493	
Other	1,900	
Total fees and expenses before reimbursements	596,666	
Less transfer agent services reimbursements	1	
Total fees and expenses after reimbursements		596,665
Net investment income		3,453,958

Net realized gain and unrealized depreciation:

Net realized gain (loss) on:

Investment:		
Unaffiliated issuers	2,160,110	
Affiliated issuers	(29,495)	
Futures contracts	20,421	
Forward currency contracts	2,663	
Currency transactions	(5,741)	2,147,958
Net unrealized (depreciation) appreciation on:		
Investments (net of non-U.S. taxes of \$6,378):		
Unaffiliated issuers	(848,496)	
Affiliated issuers	(387,607)	
Futures contracts	13,312	
Forward currency contracts	1,919	
Currency translations	(952)	(1,221,824)
Net realized gain and unrealized depreciation		926,134

Net increase in net assets resulting from operations**\$ 4,380,092**

*Additional information related to class-specific fees and expenses is included in the notes to financial statements.

See notes to financial statements.

Statements of changes in net assets

(dollars in thousands)

	Year ended July 31,	
	2019	2018
Operations:		
Net investment income	\$ 3,453,958	\$ 3,434,227
Net realized gain	2,147,958	5,322,733
Net unrealized depreciation	(1,221,824)	(1,408,318)
Net increase in net assets resulting from operations	4,380,092	7,348,642
Distributions paid to shareholders	(7,414,017)	(5,410,743)*
Net capital share transactions	3,194,883	406,082
Total increase in net assets	160,958	2,343,981
Net assets:		
Beginning of year	109,846,848	107,502,867
End of year	<u>\$110,007,806</u>	<u>\$109,846,848</u>

*Prior year comparative amounts have been adjusted to reflect current presentation under new accounting standards. Prior year distributions were \$3,078,521 from net investment income and \$2,332,222 from net realized gain on investments.

See notes to financial statements.

Notes to financial statements

1. Organization

The Income Fund of America (the "fund") is registered under the Investment Company Act of 1940 as an open-end, diversified management investment company. The fund seeks current income while secondarily striving for capital growth.

The fund has 19 share classes consisting of six retail share classes (Classes A, C, T, F-1, F-2 and F-3), five 529 college savings plan share classes (Classes 529-A, 529-C, 529-E, 529-T and 529-F-1) and eight retirement plan share classes (Classes R-1, R-2, R-2E, R-3, R-4, R-5E, R-5 and R-6). The 529 college savings plan share classes can be used to save for college education. The retirement plan share classes are generally offered only through eligible employer-sponsored retirement plans. The fund's share classes are described further in the following table:

Share class	Initial sales charge	Contingent deferred sales charge upon redemption	Conversion feature
Classes A and 529-A	Up to 5.75%	None (except 1% for certain redemptions within 18 months of purchase without an initial sales charge)	None
Class C	None	1% for redemptions within one year of purchase	Class C converts to Class F-1 after 10 years
Class 529-C	None	1% for redemptions within one year of purchase	Class 529-C converts to Class 529-A after 10 years
Class 529-E	None	None	None
Classes T and 529-T*	Up to 2.50%	None	None
Classes F-1, F-2, F-3 and 529-F-1	None	None	None
Classes R-1, R-2, R-2E, R-3, R-4, R-5E, R-5 and R-6	None	None	None

*Class T and 529-T shares are not available for purchase.

Holders of all share classes have equal pro rata rights to the assets, dividends and liquidation proceeds of the fund. Each share class has identical voting rights, except for the exclusive right to vote on matters affecting only its class. Share classes have different fees and expenses ("class-specific fees and expenses"), primarily due to different arrangements for distribution, transfer agent and administrative services. Differences in class-specific fees and expenses will result in differences in net investment income and, therefore, the payment of different per-share dividends by each share class.

2. Significant accounting policies

The fund is an investment company that applies the accounting and reporting guidance issued in Topic 946 by the U.S. Financial Accounting Standards Board. The fund's financial statements have been prepared to comply with U.S. generally accepted accounting principles ("U.S. GAAP"). These principles require the fund's investment adviser to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates. Subsequent events, if any, have been evaluated through the date of issuance in the preparation of the financial statements. The fund follows the significant accounting policies described in this section, as well as the valuation policies described in the next section on valuation.

Security transactions and related investment income – Security transactions are recorded by the fund as of the date the trades are executed with brokers. Realized gains and losses from security transactions are determined based on the specific identified cost of the securities. In the event a security is purchased with a delayed payment date, the fund will segregate liquid assets sufficient to meet its payment obligations. Dividend income is recognized on the ex-dividend date and interest income is recognized on an accrual basis. Market discounts, premiums and original issue discounts on fixed-income securities are amortized daily over the expected life of the security.

Class allocations – Income, fees and expenses (other than class-specific fees and expenses) and realized and unrealized gains and losses are allocated daily among the various share classes based on their relative net assets. Class-specific fees and expenses, such as distribution, transfer agent and administrative services, are charged directly to the respective share class.

Distributions paid to shareholders – Income dividends and capital gain distributions are recorded on the ex-dividend date.

Currency translation – Assets and liabilities, including investment securities, denominated in currencies other than U.S. dollars are translated into U.S. dollars at the exchange rates supplied by one or more pricing vendors on the valuation date. Purchases and sales of investment securities and income and expenses are translated into U.S. dollars at the exchange rates on the dates of such transactions. The effects of changes in exchange rates on investment securities are included with the net realized gain or loss and net unrealized appreciation or depreciation on investments in the fund’s statement of operations. The realized gain or loss and unrealized appreciation or depreciation resulting from all other transactions denominated in currencies other than U.S. dollars are disclosed separately.

3. Valuation

Capital Research and Management Company (“CRMC”), the fund’s investment adviser, values the fund’s investments at fair value as defined by U.S. GAAP. The net asset value of each share class of the fund is generally determined as of approximately 4:00 p.m. New York time each day the New York Stock Exchange is open.

Methods and inputs – The fund’s investment adviser uses the following methods and inputs to establish the fair value of the fund’s assets and liabilities. Use of particular methods and inputs may vary over time based on availability and relevance as market and economic conditions evolve.

Equity securities are generally valued at the official closing price of, or the last reported sale price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price. Prices for each security are taken from the principal exchange or market on which the security trades.

Fixed-income securities, including short-term securities, are generally valued at prices obtained from one or more pricing vendors. Vendors value such securities based on one or more of the inputs described in the following table. The table provides examples of inputs that are commonly relevant for valuing particular classes of fixed-income securities in which the fund is authorized to invest. However, these classifications are not exclusive, and any of the inputs may be used to value any other class of fixed-income security.

Fixed-income class	Examples of standard inputs
All	Benchmark yields, transactions, bids, offers, quotations from dealers and trading systems, new issues, spreads and other relationships observed in the markets among comparable securities; and proprietary pricing models such as yield measures calculated using factors such as cash flows, financial or collateral performance and other reference data (collectively referred to as “standard inputs”)
Corporate bonds & notes; convertible securities	Standard inputs and underlying equity of the issuer
Bonds & notes of governments & government agencies	Standard inputs and interest rate volatilities
Mortgage-backed; asset-backed obligations	Standard inputs and cash flows, prepayment information, default rates, delinquency and loss assumptions, collateral characteristics, credit enhancements and specific deal information
Municipal securities	Standard inputs and, for certain distressed securities, cash flows or liquidation values using a net present value calculation based on inputs that include, but are not limited to, financial statements and debt contracts

When the fund’s investment adviser deems it appropriate to do so (such as when vendor prices are unavailable or deemed to be not representative), fixed-income securities will be valued in good faith at the mean quoted bid and ask prices that are reasonably and timely available (or bid prices, if ask prices are not available) or at prices for securities of comparable maturity, quality and type.

Securities with both fixed-income and equity characteristics, or equity securities traded principally among fixed-income dealers, are generally valued in the manner described for either equity or fixed-income securities, depending on which method is deemed most appropriate by the fund’s investment adviser. The Capital Group Central Cash Fund (“CCF”) is valued based upon a floating net asset value, which fluctuates with changes in the value of CCF’s portfolio securities. The underlying securities are valued based on the policies and procedures in CCF’s statement of additional information. Exchange-traded futures are generally valued at the official settlement price of the exchange or market on which such instruments are traded, as of the close of business on the day the futures are being valued. Forward currency contracts are valued at the mean of representative quoted bid and ask prices, generally based on prices supplied by one or more pricing vendors.

Securities and other assets for which representative market quotations are not readily available or are considered unreliable by the fund’s investment adviser are fair valued as determined in good faith under fair valuation guidelines adopted by authority of the fund’s board of

trustees as further described. The investment adviser follows fair valuation guidelines, consistent with U.S. Securities and Exchange Commission rules and guidance, to consider relevant principles and factors when making fair value determinations. The investment adviser considers relevant indications of value that are reasonably and timely available to it in determining the fair value to be assigned to a particular security, such as the type and cost of the security; contractual or legal restrictions on resale of the security; relevant financial or business developments of the issuer; actively traded similar or related securities; conversion or exchange rights on the security; related corporate actions; significant events occurring after the close of trading in the security; and changes in overall market conditions. In addition, the closing prices of equity securities that trade in markets outside U.S. time zones may be adjusted to reflect significant events that occur after the close of local trading but before the net asset value of each share class of the fund is determined. Fair valuations and valuations of investments that are not actively trading involve judgment and may differ materially from valuations that would have been used had greater market activity occurred.

Processes and structure – The fund’s board of trustees has delegated authority to the fund’s investment adviser to make fair value determinations, subject to board oversight. The investment adviser has established a Joint Fair Valuation Committee (the “Fair Valuation Committee”) to administer, implement and oversee the fair valuation process, and to make fair value decisions. The Fair Valuation Committee regularly reviews its own fair value decisions, as well as decisions made under its standing instructions to the investment adviser’s valuation teams. The Fair Valuation Committee reviews changes in fair value measurements from period to period and may, as deemed appropriate, update the fair valuation guidelines to better reflect the results of back testing and address new or evolving issues. The Fair Valuation Committee reports any changes to the fair valuation guidelines to the board of trustees. The fund’s board and audit committee also regularly review reports that describe fair value determinations and methods.

The fund’s investment adviser has also established a Fixed-Income Pricing Review Group to administer and oversee the fixed-income valuation process, including the use of fixed-income pricing vendors. This group regularly reviews pricing vendor information and market data. Pricing decisions, processes and controls over security valuation are also subject to additional internal reviews, including an annual control self-evaluation program facilitated by the investment adviser’s compliance group.

Classifications – The fund’s investment adviser classifies the fund’s assets and liabilities into three levels based on the inputs used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Certain securities trading outside the U.S. may transfer between Level 1 and Level 2 due to valuation adjustments resulting from significant market movements following the close of local trading. Level 3 values are based on significant unobservable inputs that reflect the investment adviser’s determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investment. For example, U.S. government securities are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market. The tables on the following page present the fund’s valuation levels as of July 31, 2019 (dollars in thousands):

	Investment securities			Total
	Level 1	Level 2	Level 3	
Assets:				
Common stocks:				
Financials	\$ 9,834,510	\$ 1,660,260	\$ –	\$ 11,494,770
Health care	4,907,843	3,869,261	5,432	8,782,536
Information technology	6,960,356	1,401,916	259	8,362,531
Consumer staples	4,891,037	2,231,344	–	7,122,381
Industrials	4,917,061	1,968,647	–	6,885,708
Real estate	6,092,451	229,164	–	6,321,615
Consumer discretionary	5,153,829	862,928	–	6,016,757
Energy	3,464,465	1,275,622	24,312	4,764,399
Materials	2,626,496	1,958,465	–	4,584,961
Utilities	3,510,139	1,050,661	–	4,560,800
Communication services	1,877,199	837,662	2	2,714,863
Preferred securities	225,259	64,383	–	289,642
Rights & warrants	–	17	468	485
Convertible stocks	368,597	–	23,073	391,670
Convertible bonds	–	9,790	–	9,790
Bonds, notes & other debt instruments:				
Corporate bonds & notes	–	12,223,651	46,261	12,269,912
U.S. Treasury bonds & notes	–	12,034,548	–	12,034,548
Mortgage-backed obligations	–	3,551,131	–	3,551,131
Federal agency bonds & notes	–	680,042	–	680,042
Municipals	–	181,872	–	181,872
Other bonds & notes	–	227,216	–	227,216
Short-term securities	9,220,733	34,643	–	9,255,376
Total	<u>\$64,049,975</u>	<u>\$46,353,223</u>	<u>\$99,807</u>	<u>\$110,503,005</u>

	Other investments*			Total
	Level 1	Level 2	Level 3	
Assets:				
Unrealized appreciation on futures contracts	\$13,794	\$ –	\$–	\$13,794
Unrealized appreciation on open forward currency contracts	–	1,042	–	1,042
Liabilities:				
Unrealized depreciation on futures contracts	(482)	–	–	(482)
Total	<u>\$13,312</u>	<u>\$1,042</u>	<u>\$–</u>	<u>\$14,354</u>

*Futures contracts and forward currency contracts are not included in the investment portfolio.

4. Risk factors

Investing in the fund may involve certain risks including, but not limited to, those described below.

Market conditions – The prices of, and the income generated by, the common stocks and other securities held by the fund may decline – sometimes rapidly or unpredictably – due to various factors, including events or conditions affecting the general economy or particular industries; overall market changes; local, regional or global political, social or economic instability; governmental, governmental agency or central bank responses to economic conditions; and currency exchange rate, interest rate and commodity price fluctuations.

Issuer risks – The prices of, and the income generated by, securities held by the fund may decline in response to various factors directly related to the issuers of such securities, including reduced demand for an issuer's goods or services, poor management performance, major litigation related to the issuer, changes in government regulations affecting the issuer or its competitive environment and strategic initiatives such as mergers, acquisitions or dispositions and the market response to any such initiatives.

Investing in income-oriented stocks – The value of the fund's securities and income provided by the fund may be reduced by changes in the dividend policies of, and the capital resources available for dividend payments at, the companies in which the fund invests.

Investing in debt instruments – The prices of, and the income generated by, bonds and other debt securities held by the fund may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities.

Rising interest rates will generally cause the prices of bonds and other debt securities to fall. A general rise in interest rates may cause investors to sell debt securities on a large scale, which could also adversely affect the price and liquidity of debt securities and could also result in increased redemptions from the fund. Falling interest rates may cause an issuer to redeem, call or refinance a debt security before its stated maturity, which may result in the fund failing to recoup the full amount of its initial investment and having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities generally have greater sensitivity to changes in interest rates and may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer or guarantor will weaken or be perceived to be weaker, and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. A downgrade or default affecting any of the fund's securities could cause the value of the fund's shares to decrease. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities. Credit risk is gauged, in part, by the credit ratings of the debt securities in which the fund invests. However, ratings are only the opinions of the rating agencies issuing them and are not guarantees as to credit quality or an evaluation of market risk. The fund's investment adviser relies on its own credit analysts to research issuers and issues in seeking to assess credit and default risks.

Investing in lower rated debt instruments – Lower rated bonds and other lower rated debt securities generally have higher rates of interest and involve greater risk of default or price declines due to changes in the issuer's creditworthiness than those of higher quality debt securities. The market prices of these securities may fluctuate more than the prices of higher quality debt securities and may decline significantly in periods of general economic difficulty. These risks may be increased with respect to investments in junk bonds.

Investing outside the U.S. – Securities of issuers domiciled outside the United States, or with significant operations or revenues outside the U.S., may lose value because of adverse political, social, economic or market developments (including social instability, regional conflicts, terrorism and war) in the countries or regions in which the issuers operate or generate revenue. These securities may also lose value due to changes in foreign currency exchange rates against the U.S. dollar and/or currencies of other countries. Issuers of these securities may be more susceptible to actions of foreign governments, such as nationalization, currency blockage or the imposition of price controls or punitive taxes, each of which could adversely impact the value of these securities. Securities markets in certain countries may be more volatile and/or less liquid than those in the U.S. Investments outside the U.S. may also be subject to different accounting practices and different regulatory, legal and reporting standards and practices, and may be more difficult to value, than those in the United States. In addition, the value of investments outside the U.S. may be reduced by foreign taxes, including foreign withholding taxes on interest and dividends. Further, there may be increased risks of delayed settlement of securities purchased or sold by the fund. The risks of investing outside the U.S. may be heightened in connection with investments in emerging markets.

Management – The investment adviser to the fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses, including models, tools and data, employed by the investment adviser in this process may be flawed or incorrect and may not produce the desired results. This could cause the fund to lose value or its investment results to lag relevant benchmarks or other funds with similar objectives.

5. Certain investment techniques

Index-linked bonds – The fund has invested in index-linked bonds, which are fixed-income securities whose principal value is periodically adjusted to a government price index. Over the life of an index-linked bond, interest is paid on the adjusted principal value. Increases or decreases in the principal value of index-linked bonds are recorded as interest income in the fund's statement of operations.

Mortgage dollar rolls – The fund has entered into mortgage dollar roll transactions in which the fund sells a mortgage-backed security to a counterparty and simultaneously enters into an agreement with the same counterparty to buy back a similar security on a specific future date at a predetermined price. Mortgage dollar rolls are accounted for as purchase and sale transactions. Portfolio turnover rates excluding and including mortgage dollar rolls are presented at the end of the fund's financial highlights table.

Loan transactions – The fund has entered into loan transactions in which the fund acquires a loan either through an agent, by assignment from another holder, or as a participation interest in another holder's portion of a loan. The loan is often administered by a financial institution that acts as agent for the holders of the loan, and the fund may be required to receive approval from the agent and/or borrower prior to the sale of the investment. The loan's interest rate and maturity date may change based on the terms of the loan, including potential early payments of principal.

Futures contracts – The fund has entered into futures contracts, which provide for the future sale by one party and purchase by another party of a specified amount of a specific financial instrument for a specified price, date, time and place designated at the time the contract

is made. Futures contracts are used to strategically manage the fund's interest rate sensitivity by increasing or decreasing the duration of the fund or a portion of the fund's portfolio.

Upon entering into futures contracts, and to maintain the fund's open positions in futures contracts, the fund is required to deposit with a futures broker, known as a futures commission merchant ("FCM"), in a segregated account in the name of the FCM an amount of cash, U.S. government securities or other liquid securities, known as initial margin. The margin required for a particular futures contract is set by the exchange on which the contract is traded to serve as collateral, and may be significantly modified from time to time by the exchange during the term of the contract. Securities deposited as initial margin, if any, are disclosed in the investment portfolio and cash deposited as initial margin, if any, is reflected as restricted cash pledged for futures contracts in the fund's statement of assets and liabilities.

On a daily basis, the fund pays or receives variation margin based on the increase or decrease in the value of the futures contracts and records variation margin on futures contracts in the statement of assets and liabilities. In addition, the fund segregates liquid assets equivalent to the fund's outstanding obligations under the contract in excess of the initial margin and variation margin, if any. Futures contracts may involve a risk of loss in excess of the variation margin shown on the fund's statement of assets and liabilities. The fund records realized gains or losses at the time the futures contract is closed or expires. Net realized gains or losses and net unrealized appreciation or depreciation from futures contracts are recorded in the fund's statement of operations. The average month-end notional amount of futures contracts while held was \$2,535,807,000.

Forward currency contracts – The fund has entered into forward currency contracts, which represent agreements to exchange currencies on specific future dates at predetermined rates. The fund's investment adviser uses forward currency contracts to manage the fund's exposure to changes in exchange rates. Upon entering into these contracts, risks may arise from the potential inability of counterparties to meet the terms of their contracts and from possible movements in exchange rates.

On a daily basis, the fund's investment adviser values forward currency contracts and records unrealized appreciation or depreciation for open forward currency contracts in the fund's statement of assets and liabilities. Realized gains or losses are recorded at the time the forward currency contract is closed or offset by another contract with the same broker for the same settlement date and currency.

Closed forward currency contracts that have not reached their settlement date are included in the respective receivables or payables for closed forward currency contracts in the fund's statement of assets and liabilities. Net realized gains or losses from closed forward currency contracts and net unrealized appreciation or depreciation from open forward currency contracts are recorded in the fund's statement of operations. The average month-end notional amount of open forward currency contracts while held was \$56,620,000.

The following tables identify the location and fair value amounts on the fund's statement of assets and liabilities and the effect on the fund's statement of operations resulting from the fund's use of futures contracts and forward currency contracts as of, or for the year ended, July 31, 2019 (dollars in thousands):

Contracts	Risk type	Assets		Liabilities	
		Location on statement of assets and liabilities	Value	Location on statement of assets and liabilities	Value
Futures	Interest	Unrealized appreciation*	\$13,794	Unrealized depreciation*	\$482
Forward currency	Currency	Unrealized appreciation on open forward currency contracts	1,042	Unrealized depreciation on open forward currency contracts	–
			<u>\$14,836</u>		<u>\$482</u>
		Net realized gain		Net unrealized appreciation	
Contracts	Risk type	Location on statement of operations	Value	Location on statement of operations	Value
Futures	Interest	Net realized gain on futures contracts	\$20,421	Net unrealized appreciation on futures contracts	\$13,312
Forward currency	Currency	Net realized gain on forward currency contracts	2,663	Net unrealized appreciation on forward currency contracts	1,919
			<u>\$23,084</u>		<u>\$15,231</u>

*Includes cumulative appreciation/depreciation on futures contracts as reported in the applicable table following the fund's investment portfolio. Only current day's variation margin is reported within the statement of assets and liabilities.

Collateral – The fund participates in a collateral program that calls for the fund to either receive or pledge highly liquid assets, such as cash or U.S. government securities, as collateral due to its use of futures contracts, forward currency contracts and future delivery contracts. For futures contracts, the program calls for the fund to pledge collateral for initial and variation margin by contract. For forward currency contracts, the program calls for the fund to either receive or pledge collateral based on the net gain or loss on unsettled forward currency contracts by counterparty. For future delivery contracts, the program calls for the fund to either receive or pledge collateral based on the net gain or loss on unsettled contracts by certain counterparties. The purpose of the collateral is to cover potential losses that could occur in the event that either party cannot meet its contractual obligation. Non-cash collateral pledged by the fund, if any, is disclosed in the fund’s investment portfolio, and cash collateral pledged by the fund, if any, is held in a segregated account with the fund’s custodian, which is reflected as pledged cash in the fund’s statement of assets and liabilities.

Rights of offset – The fund has entered into enforceable master netting agreements with certain counterparties for forward currency contracts, where on any date amounts payable by each party to the other (in the same currency with respect to the same transaction) may be closed or offset by each party’s payment obligation. If an early termination date occurs under these agreements following an event of default or termination event, all obligations of each party to its counterparty are settled net through a single payment in a single currency (“close-out netting”). For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to these master netting arrangements in the statement of assets and liabilities.

The following table presents the fund’s forward currency contracts by counterparty that are subject to master netting agreements but that are not offset in the fund’s statement of assets and liabilities. The net amount column shows the impact of offsetting on the fund’s statement of assets and liabilities as of July 31, 2019, if close-out netting was exercised (dollars in thousands):

Counterparty	Gross amounts recognized in the statement of assets and liabilities	Gross amounts not offset in the statement of assets and liabilities and subject to a master netting agreement			Net amount
		Available to offset	Non-cash collateral*	Cash collateral*	
Assets:					
Citibank	\$1,042	\$–	\$–	\$(580)	\$462

*Collateral is shown on a settlement basis.

6. Taxation and distributions

Federal income taxation – The fund complies with the requirements under Subchapter M of the Internal Revenue Code applicable to mutual funds and intends to distribute substantially all of its net taxable income and net capital gains each year. The fund is not subject to income taxes to the extent such distributions are made. Therefore, no federal income tax provision is required.

As of and during the period ended July 31, 2019, the fund did not have a liability for any unrecognized tax benefits. The fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the fund did not incur any significant interest or penalties.

The fund’s tax returns are not subject to examination by federal, state and, if applicable, non-U.S. tax authorities after the expiration of each jurisdiction’s statute of limitations, which is generally three years after the date of filing but can be extended in certain jurisdictions.

Non-U.S. taxation – Dividend and interest income are recorded net of non-U.S. taxes paid. The fund may file withholding tax reclaims in certain jurisdictions to recover a portion of amounts previously withheld. As a result of rulings from European courts, the fund filed for additional reclaims related to prior years. These reclaims are recorded when the amount is known and there are no significant uncertainties on collectability. Gains realized by the fund on the sale of securities in certain countries, if any, may be subject to non-U.S. taxes. If applicable, the fund records an estimated deferred tax liability based on unrealized gains to provide for potential non-U.S. taxes payable upon the sale of these securities.

Distributions – Distributions paid to shareholders are based on net investment income and net realized gains determined on a tax basis, which may differ from net investment income and net realized gains for financial reporting purposes. These differences are due primarily to different treatment for items such as currency gains and losses; short-term capital gains and losses; capital losses related to sales of certain securities within 30 days of purchase; cost of investments sold and income on certain investments. The fiscal year in which amounts are distributed may differ from the year in which the net investment income and net realized gains are recorded by the fund for financial reporting purposes. The fund may also designate a portion of the amount paid to redeeming shareholders as a distribution for tax purposes.

During the year ended July 31, 2019, the fund reclassified \$123,860,000 from total distributable earnings to capital paid in on shares of beneficial interest to align financial reporting with tax reporting.

As of July 31, 2019, the tax basis components of distributable earnings, unrealized appreciation (depreciation) and cost of investments were as follows (dollars in thousands):

Undistributed ordinary income	\$ 1,357,571
Undistributed long-term capital gains	2,446,608
Post-October capital loss deferral*	(150,988)
Gross unrealized appreciation on investments	20,991,459
Gross unrealized depreciation on investments	(2,538,149)
Net unrealized appreciation on investments	18,453,310
Cost of investments	92,064,049

*This deferral is considered incurred in the subsequent year.

Distributions paid were characterized for tax purposes as follows (dollars in thousands):

Share class	Year ended July 31, 2019			Year ended July 31, 2018		
	Ordinary income	Long-term capital gains	Total distributions paid	Ordinary income	Long-term capital gains	Total distributions paid
Class A	\$2,232,093	\$2,795,285	\$5,027,378	\$2,156,875	\$1,628,666	\$3,785,541
Class C	104,257	178,548	282,805	108,090	114,785	222,875
Class T	_*	_*	_*	_*	_*	_*
Class F-1	120,607	155,844	276,451	125,422	98,429	223,851
Class F-2	287,742	341,463	629,205	234,083	163,657	397,740
Class F-3	101,270	111,167	212,437	73,151	48,964	122,115
Class 529-A	50,203	64,507	114,710	47,047	36,923	83,970
Class 529-C	6,511	11,438	17,949	7,056	7,401	14,457
Class 529-E	1,803	2,546	4,349	1,749	1,494	3,243
Class 529-T	_*	_*	_*	_*	_*	_*
Class 529-F-1	2,789	3,362	6,151	2,297	1,609	3,906
Class R-1	2,367	4,137	6,504	2,448	2,641	5,089
Class R-2	10,497	17,984	28,481	10,628	11,337	21,965
Class R-2E	818	1,195	2,013	577	519	1,096
Class R-3	26,432	37,837	64,269	27,649	24,346	51,995
Class R-4	31,390	40,842	72,232	35,460	28,433	63,893
Class R-5E	368	314	682	83	38	121
Class R-5	14,329	16,467	30,796	13,490	9,277	22,767
Class R-6	301,670	335,935	637,605	232,416	153,703	386,119
Total	<u>\$3,295,146</u>	<u>\$4,118,871</u>	<u>\$7,414,017</u>	<u>\$3,078,521</u>	<u>\$2,332,222</u>	<u>\$5,410,743</u>

*Amount less than one thousand.

7. Fees and transactions with related parties

CRMC, the fund's investment adviser, is the parent company of American Funds Distributors,[®] Inc. ("AFD"), the principal underwriter of the fund's shares, and American Funds Service Company[®] ("AFS"), the fund's transfer agent. CRMC, AFD and AFS are considered related parties to the fund.

Investment advisory services – The fund has an investment advisory and service agreement with CRMC that provides for monthly fees accrued daily. These fees are based on a series of decreasing annual rates beginning with 0.250% on the first \$500 million of daily net assets and decreasing to 0.121% on such assets in excess of \$115 billion. The agreement also provides for monthly fees, accrued daily, of 2.25% of the fund's monthly gross income. For the year ended July 31, 2019, the investment advisory services fee was \$233,422,000, which was equivalent to an annualized rate of 0.218% of average daily net assets.

Class-specific fees and expenses – Expenses that are specific to individual share classes are accrued directly to the respective share class. The principal class-specific fees and expenses are further described below:

Distribution services – The fund has plans of distribution for all share classes, except Class F-2, F-3, R-5E, R-5 and R-6 shares. Under the plans, the board of trustees approves certain categories of expenses that are used to finance activities primarily intended to sell fund shares and service existing accounts. The plans provide for payments, based on an annualized percentage of average daily net assets, ranging from 0.25% to 1.00% as noted in this section. In some cases, the board of trustees has limited the amounts that may be paid to less than the maximum allowed by the plans. All share classes with a plan may use up to 0.25% of average daily net assets to pay service fees, or to compensate AFD for paying service fees, to firms that have entered into agreements with AFD to provide certain shareholder services. The remaining amounts available to be paid under each plan are paid to dealers to compensate them for their sales activities.

Share class	Currently approved limits	Plan limits
Class A	0.25%	0.25%
Class 529-A	0.25	0.50
Classes C, 529-C and R-1	1.00	1.00
Class R-2	0.75	1.00
Class R-2E	0.60	0.85
Classes 529-E and R-3	0.50	0.75
Classes T, F-1, 529-T, 529-F-1 and R-4	0.25	0.50

For Class A and 529-A shares, distribution-related expenses include the reimbursement of dealer and wholesaler commissions paid by AFD for certain shares sold without a sales charge. These share classes reimburse AFD for amounts billed within the prior 15 months but only to the extent that the overall annual expense limits are not exceeded. As of July 31, 2019, unreimbursed expenses subject to reimbursement totaled \$3,620,000 for Class A shares. There were no unreimbursed expenses subject to reimbursement for Class 529-A shares.

Transfer agent services – The fund has a shareholder services agreement with AFS under which the fund compensates AFS for providing transfer agent services to each of the fund’s share classes. These services include recordkeeping, shareholder communications and transaction processing. In addition, the fund reimburses AFS for amounts paid to third parties for performing transfer agent services on behalf of fund shareholders.

Administrative services – The fund has an administrative services agreement with CRMC under which the fund compensates CRMC for providing administrative services to all share classes. Administrative services are provided by CRMC and its affiliates to help assist third parties providing non-distribution services to fund shareholders. These services include providing in depth information on the fund and market developments that impact fund investments. Administrative services also include, but are not limited to, coordinating, monitoring and overseeing third parties that provide services to fund shareholders. The agreement provides the fund the ability to charge an administrative services fee at the annual rate of 0.05% of the daily net assets attributable to each share class of the fund. Class A shares paid CRMC an administrative services fee at the annual rate of 0.01% of daily net assets and all other share classes paid a fee at the annual rate of 0.05% of their respective daily net assets. The fund’s board of trustees authorized the fund to pay CRMC effective July 1, 2019, an administrative services fee at the annual rate of 0.03% of the average daily net assets attributable to each share class of the fund (which could increase as noted above) for CRMC’s provision of administrative services.

529 plan services – Each 529 share class is subject to service fees to compensate the Virginia College Savings Plan (“Virginia529”) for its oversight and administration of the CollegeAmerica 529 college savings plan. The fee is based on the combined net assets invested in Class 529 and ABLE shares of the American Funds. Class ABLE shares are offered on other American Funds by Virginia529 through ABLEAmerica®, a tax-advantaged savings program for individuals with disabilities. The quarterly fee is based on a series of decreasing annual rates beginning with 0.10% on the first \$20 billion of the combined net assets invested in the American Funds and decreasing to 0.03% on such assets in excess of \$100 billion. The fee for any given calendar quarter is accrued and calculated on the basis of the average net assets of Class 529 and ABLE shares of the American Funds for the last month of the prior calendar quarter. The fee is included in other expenses in the fund’s statement of operations. Virginia529 is not considered a related party to the fund.

For the year ended July 31, 2019, class-specific expenses under the agreements were as follows (dollars in thousands):

Share class	Distribution services	Transfer agent services	Administrative services	529 plan services
Class A	\$181,067	\$48,145	\$ 8,502	Not applicable
Class C	44,574	2,997	2,166	Not applicable
Class T	–	–*	–*	Not applicable
Class F-1	9,991	4,926	1,937	Not applicable
Class F-2	Not applicable	9,743	4,264	Not applicable
Class F-3	Not applicable	131	1,444	Not applicable
Class 529-A	3,998	972	807	\$1,101
Class 529-C	2,829	170	140	190
Class 529-E	321	17	31	42
Class 529-T	–	–*	–*	–*
Class 529-F-1	–	49	42	57
Class R-1	1,041	104	51	Not applicable
Class R-2	3,419	1,608	220	Not applicable
Class R-2E	191	66	15	Not applicable
Class R-3	4,858	1,472	470	Not applicable
Class R-4	2,610	1,058	505	Not applicable
Class R-5E	Not applicable	18	6	Not applicable
Class R-5	Not applicable	210	210	Not applicable
Class R-6	Not applicable	33	4,344	Not applicable
Total class-specific expenses	<u>\$254,899</u>	<u>\$71,719</u>	<u>\$25,154</u>	<u>\$1,390</u>

*Amount less than one thousand.

Trustees' deferred compensation – Trustees who are unaffiliated with CRMC may elect to defer the cash payment of part or all of their compensation. These deferred amounts, which remain as liabilities of the fund, are treated as if invested in shares of the fund or other American Funds. These amounts represent general, unsecured liabilities of the fund and vary according to the total returns of the selected funds. Trustees' compensation of \$581,000 in the fund's statement of operations reflects \$353,000 in current fees (either paid in cash or deferred) and a net increase of \$228,000 in the value of the deferred amounts.

Affiliated officers and trustees – Officers and certain trustees of the fund are or may be considered to be affiliated with CRMC, AFD and AFS. No affiliated officers or trustees received any compensation directly from the fund.

Investment in CCF – The fund holds shares of CCF, an institutional prime money market fund managed by CRMC. CCF invests in high-quality, short-term money market instruments. CCF is used as the primary investment vehicle for the fund's short-term investments. CCF shares are only available for purchase by CRMC, its affiliates, and other funds managed by CRMC and are not available to the public. CRMC does not receive an investment advisory services fee from CCF.

Security transactions with related funds – The fund may purchase securities from, or sell securities to, other funds managed by CRMC (or funds managed by certain affiliates of CRMC) under procedures adopted by the fund's board of trustees. The funds involved in such transactions are considered related by virtue of having a common investment adviser (or affiliated investment advisers), common trustees and/or common officers. When such transactions occur, each transaction is executed at the current market price of the security and no brokerage commissions or fees are paid in accordance with Rule 17a-7 of the 1940 Act.

Interfund lending – Pursuant to an exemptive order issued by the SEC, the fund, along with other CRMC-managed funds (or funds managed by certain affiliates of CRMC), may participate in an interfund lending program. The program provides an alternate credit facility that permits the funds to lend or borrow cash for temporary purposes directly to or from one another, subject to the conditions of the exemptive order. The fund did not lend or borrow cash through the interfund lending program at any time during the year ended July 31, 2019.

8. Capital share transactions

Capital share transactions in the fund were as follows (dollars and shares in thousands):

Share class	Sales*		Reinvestments of distributions		Repurchases*		Net increase (decrease)	
	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares
Year ended July 31, 2019								
Class A	\$ 4,162,250	188,066	\$4,922,150	231,986	\$ (8,669,132)	(391,576)	\$ 415,268	28,476
Class C	386,074	17,643	277,181	13,295	(1,150,598)	(52,574)	(487,343)	(21,636)
Class T	—	—	—	—	—	—	—	—
Class F-1	480,113	21,655	266,265	12,590	(846,788)	(38,188)	(100,410)	(3,943)
Class F-2	2,419,691	108,946	600,100	28,291	(2,030,912)	(92,013)	988,879	45,224
Class F-3	1,047,610	47,073	208,107	9,798	(589,610)	(26,656)	666,107	30,215
Class 529-A	180,089	8,114	114,667	5,418	(276,737)	(12,462)	18,019	1,070
Class 529-C	31,921	1,442	17,938	854	(91,058)	(4,113)	(41,199)	(1,817)
Class 529-E	7,296	329	4,349	207	(14,605)	(661)	(2,960)	(125)
Class 529-T	—	—	1	— [†]	—	—	1	— [†]
Class 529-F-1	24,651	1,107	6,148	290	(17,619)	(799)	13,180	598
Class R-1	9,946	449	6,495	310	(30,556)	(1,380)	(14,115)	(621)
Class R-2	83,006	3,789	28,431	1,361	(146,255)	(6,662)	(34,818)	(1,512)
Class R-2E	12,242	557	2,013	95	(5,766)	(263)	8,489	389
Class R-3	151,181	6,824	64,138	3,040	(288,092)	(13,007)	(72,773)	(3,143)
Class R-4	154,888	6,952	72,218	3,411	(327,678)	(14,808)	(100,572)	(4,445)
Class R-5E	15,908	729	681	32	(2,013)	(91)	14,576	670
Class R-5	50,637	2,279	30,691	1,445	(72,454)	(3,247)	8,874	477
Class R-6	1,742,045	78,778	637,513	29,992	(463,878)	(20,796)	1,915,680	87,974
Total net increase (decrease)	<u>\$10,959,548</u>	<u>494,732</u>	<u>\$7,259,086</u>	<u>342,415</u>	<u>\$(15,023,751)</u>	<u>(679,296)</u>	<u>\$ 3,194,883</u>	<u>157,851</u>
Year ended July 31, 2018								
Class A	\$ 3,944,538	170,097	\$3,697,733	159,750	\$ (9,869,190)	(425,730)	\$(2,226,919)	(95,883)
Class C	437,444	19,097	217,737	9,515	(1,401,677)	(61,232)	(746,496)	(32,620)
Class T	—	—	—	—	—	—	—	—
Class F-1	659,708	28,483	215,688	9,342	(1,319,981)	(57,189)	(444,585)	(19,364)
Class F-2	2,819,705	121,906	377,953	16,345	(1,740,606)	(75,201)	1,457,052	63,050
Class F-3	1,291,558	55,765	118,800	5,136	(463,912)	(20,009)	946,446	40,892
Class 529-A	293,575	12,556	83,949	3,634	(275,813)	(11,914)	101,711	4,276
Class 529-C	42,980	1,866	14,452	627	(210,830)	(9,023)	(153,398)	(6,530)
Class 529-E	7,257	314	3,241	141	(13,026)	(565)	(2,528)	(110)
Class 529-T	—	—	1	1	—	—	1	1
Class 529-F-1	20,719	895	3,906	169	(15,957)	(691)	8,668	373
Class R-1	14,112	616	5,083	221	(29,553)	(1,285)	(10,358)	(448)
Class R-2	102,737	4,470	21,942	958	(178,170)	(7,768)	(53,491)	(2,340)
Class R-2E	10,025	435	1,096	47	(5,399)	(234)	5,722	248
Class R-3	181,266	7,850	51,881	2,249	(379,359)	(16,435)	(146,212)	(6,336)
Class R-4	189,752	8,204	63,885	2,764	(486,249)	(21,090)	(232,612)	(10,122)
Class R-5E	8,076	352	121	5	(2,813)	(122)	5,384	235
Class R-5	88,281	3,801	22,662	979	(99,010)	(4,270)	11,933	510
Class R-6	1,921,096	82,963	385,991	16,677	(421,323)	(18,141)	1,885,764	81,499
Total net increase (decrease)	<u>\$12,032,829</u>	<u>519,670</u>	<u>\$5,286,121</u>	<u>228,560</u>	<u>\$(16,912,868)</u>	<u>(730,899)</u>	<u>\$ 406,082</u>	<u>17,331</u>

*Includes exchanges between share classes of the fund.

[†]Amount less than one thousand.

9. Investment transactions

The fund made purchases and sales of investment securities, excluding short-term securities and U.S. government obligations, if any, of \$48,568,951,000 and \$49,488,976,000, respectively, during the year ended ended July 31, 2019.

Financial highlights

Period ended	Income from investment operations ¹				Dividends and distributions			Net asset value, end of period	Total return ²	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income to average net assets
	Net asset value, beginning of period	Net investment income	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends (from net investment income)	Distributions (from capital gains)	Total dividends and distributions					
Class A:												
7/31/2019	\$23.28	\$.72	\$.13	\$.85	\$(.69)	\$(.88)	\$(1.57)	\$22.56	4.22%	\$73,594	.56%	3.23%
7/31/2018	22.87	.73	.84	1.57	(.66)	(.50)	(1.16)	23.28	6.98	75,284	.55	3.16
7/31/2017	21.70	.74	1.10	1.84	(.67)	—	(.67)	22.87	8.65	76,148	.56	3.37
7/31/2016	21.31	.66	.76	1.42	(.66)	(.37)	(1.03)	21.70	7.10	75,437	.56	3.22
7/31/2015	21.45	.69	(.04)	.65	(.79)	—	(.79)	21.31	3.01	72,952	.55	3.19
Class C:												
7/31/2019	22.98	.54	.13	.67	(.52)	(.88)	(1.40)	22.25	3.41	4,279	1.34	2.45
7/31/2018	22.59	.54	.82	1.36	(.47)	(.50)	(.97)	22.98	6.11	4,917	1.34	2.36
7/31/2017	21.44	.56	1.09	1.65	(.50)	—	(.50)	22.59	7.79	5,569	1.35	2.56
7/31/2016	21.06	.49	.76	1.25	(.50)	(.37)	(.87)	21.44	6.27	6,196	1.36	2.41
7/31/2015	21.21	.51	(.04)	.47	(.62)	—	(.62)	21.06	2.19	6,390	1.35	2.39
Class T:												
7/31/2019	23.29	.77	.13	.90	(.74)	(.88)	(1.62)	22.57	4.44 ³	— ⁴	.35 ³	3.43 ³
7/31/2018	22.88	.78	.84	1.62	(.71)	(.50)	(1.21)	23.29	7.19 ³	— ⁴	.34 ³	3.36 ³
7/31/2017 ^{5,6}	22.27	.29	.50	.79	(.18)	—	(.18)	22.88	3.54 ^{3,7}	— ⁴	.11 ^{3,7}	1.26 ^{3,7}
Class F-1:												
7/31/2019	23.22	.70	.13	.83	(.67)	(.88)	(1.55)	22.50	4.15	4,022	.65	3.14
7/31/2018	22.82	.71	.83	1.54	(.64)	(.50)	(1.14)	23.22	6.84	4,243	.64	3.07
7/31/2017	21.65	.72	1.10	1.82	(.65)	—	(.65)	22.82	8.57	4,610	.65	3.28
7/31/2016	21.26	.64	.76	1.40	(.64)	(.37)	(1.01)	21.65	7.02	4,421	.65	3.12
7/31/2015	21.40	.67	(.04)	.63	(.77)	—	(.77)	21.26	2.94	4,160	.64	3.10
Class F-2:												
7/31/2019	23.27	.76	.12	.88	(.73)	(.88)	(1.61)	22.54	4.36	9,425	.39	3.40
7/31/2018	22.86	.77	.84	1.61	(.70)	(.50)	(1.20)	23.27	7.16	8,675	.38	3.33
7/31/2017	21.69	.78	1.10	1.88	(.71)	—	(.71)	22.86	8.84	7,081	.39	3.54
7/31/2016	21.30	.70	.75	1.45	(.69)	(.37)	(1.06)	21.69	7.28	5,076	.39	3.38
7/31/2015	21.44	.73	(.04)	.69	(.83)	—	(.83)	21.30	3.20	4,042	.38	3.35
Class F-3:												
7/31/2019	23.28	.78	.13	.91	(.75)	(.88)	(1.63)	22.56	4.52	3,343	.28	3.50
7/31/2018	22.87	.79	.84	1.63	(.72)	(.50)	(1.22)	23.28	7.27	2,747	.28	3.43
7/31/2017 ^{5,8}	22.07	.49	.67	1.16	(.36)	—	(.36)	22.87	5.30 ⁷	1,763	.30 ⁹	4.33 ⁹
Class 529-A:												
7/31/2019	23.23	.70	.13	.83	(.67)	(.88)	(1.55)	22.51	4.15	1,704	.64	3.15
7/31/2018	22.83	.71	.83	1.54	(.64)	(.50)	(1.14)	23.23	6.87	1,733	.63	3.08
7/31/2017	21.66	.72	1.10	1.82	(.65)	—	(.65)	22.83	8.58	1,606	.64	3.30
7/31/2016	21.27	.64	.76	1.40	(.64)	(.37)	(1.01)	21.66	7.00	1,525	.66	3.11
7/31/2015	21.41	.67	(.04)	.63	(.77)	—	(.77)	21.27	2.92	1,489	.65	3.09

Period ended	Income from investment operations ¹				Dividends and distributions			Net asset value, end of period	Total return ²	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income to average net assets
	Net asset value, beginning of period	Net investment income	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends (from net investment income)	Distributions (from capital gains)	Total dividends and distributions					
Class 529-C:												
7/31/2019	\$23.15	\$.53	\$.13	\$.66	\$(.50)	\$(.88)	\$(1.38)	\$22.43	3.37%	\$271	1.38%	2.41%
7/31/2018	22.73	.53	.83	1.36	(.44)	(.50)	(.94)	23.15	6.06	322	1.39	2.30
7/31/2017	21.57	.55	1.09	1.64	(.48)	—	(.48)	22.73	7.74	464	1.41	2.52
7/31/2016	21.18	.48	.76	1.24	(.48)	(.37)	(.85)	21.57	6.20	463	1.43	2.34
7/31/2015	21.33	.50	(.05)	.45	(.60)	—	(.60)	21.18	2.09	466	1.42	2.32
Class 529-E:												
7/31/2019	23.16	.65	.12	.77	(.62)	(.88)	(1.50)	22.43	3.87	64	.86	2.92
7/31/2018	22.76	.66	.83	1.49	(.59)	(.50)	(1.09)	23.16	6.63	69	.86	2.84
7/31/2017	21.60	.67	1.09	1.76	(.60)	—	(.60)	22.76	8.30	70	.87	3.06
7/31/2016	21.21	.59	.76	1.35	(.59)	(.37)	(.96)	21.60	6.76	66	.89	2.88
7/31/2015	21.35	.62	(.04)	.58	(.72)	—	(.72)	21.21	2.68	64	.89	2.85
Class 529-T:												
7/31/2019	23.29	.75	.13	.88	(.72)	(.88)	(1.60)	22.57	4.38 ³	— ⁴	.41 ³	3.37 ³
7/31/2018	22.88	.76	.84	1.60	(.69)	(.50)	(1.19)	23.29	7.12 ³	— ⁴	.41 ³	3.30 ³
7/31/2017 ^{5,6}	22.27	.28	.50	.78	(.17)	—	(.17)	22.88	3.52 ^{3,7}	— ⁴	.13 ^{3,7}	1.24 ^{3,7}
Class 529-F-1:												
7/31/2019	23.23	.75	.13	.88	(.73)	(.88)	(1.61)	22.50	4.36	92	.40	3.39
7/31/2018	22.83	.77	.82	1.59	(.69)	(.50)	(1.19)	23.23	7.10	81	.40	3.32
7/31/2017	21.66	.78	1.09	1.87	(.70)	—	(.70)	22.83	8.83	71	.41	3.53
7/31/2016	21.27	.69	.76	1.45	(.69)	(.37)	(1.06)	21.66	7.25	61	.43	3.34
7/31/2015	21.41	.72	(.04)	.68	(.82)	—	(.82)	21.27	3.16	58	.42	3.31
Class R-1:												
7/31/2019	23.13	.53	.14	.67	(.51)	(.88)	(1.39)	22.41	3.38	99	1.37	2.41
7/31/2018	22.73	.54	.83	1.37	(.47)	(.50)	(.97)	23.13	6.09	116	1.37	2.33
7/31/2017	21.57	.55	1.10	1.65	(.49)	—	(.49)	22.73	7.76	124	1.39	2.53
7/31/2016	21.18	.49	.76	1.25	(.49)	(.37)	(.86)	21.57	6.25	133	1.37	2.40
7/31/2015	21.33	.51	(.05)	.46	(.61)	—	(.61)	21.18	2.16	139	1.36	2.38
Class R-2:												
7/31/2019	23.01	.53	.13	.66	(.51)	(.88)	(1.39)	22.28	3.37	439	1.38	2.41
7/31/2018	22.62	.54	.82	1.36	(.47)	(.50)	(.97)	23.01	6.09	488	1.37	2.34
7/31/2017	21.47	.55	1.09	1.64	(.49)	—	(.49)	22.62	7.77	533	1.40	2.52
7/31/2016	21.09	.49	.75	1.24	(.49)	(.37)	(.86)	21.47	6.25	577	1.36	2.41
7/31/2015	21.23	.52	(.04)	.48	(.62)	—	(.62)	21.09	2.24	599	1.32	2.42
Class R-2E:												
7/31/2019	23.22	.60	.13	.73	(.58)	(.88)	(1.46)	22.49	3.66	36	1.08	2.71
7/31/2018	22.82	.61	.83	1.44	(.54)	(.50)	(1.04)	23.22	6.40	28	1.08	2.63
7/31/2017	21.66	.65	1.08	1.73	(.57)	—	(.57)	22.82	8.11	22	1.09	2.95
7/31/2016	21.29	.58	.75	1.33	(.59)	(.37)	(.96)	21.66	6.64	7	1.03	2.86
7/31/2015 ^{5,10}	21.98	.54	(.47)	.07	(.76)	—	(.76)	21.29	.28 ^{3,7}	— ⁴	.96 ^{3,9}	2.73 ^{3,9}

See end of table for footnotes.

Financial highlights (continued)

Period ended	Income from investment operations ¹				Dividends and distributions			Net asset value, end of period	Total return ²	Net assets, end of period (in millions)	Ratio of expenses to average net assets	Ratio of net income to average net assets
	Net asset value, beginning of period	Net investment income	Net gains (losses) on securities (both realized and unrealized)	Total from investment operations	Dividends (from net investment income)	Distributions (from capital gains)	Total dividends and distributions					
Class R-3:												
7/31/2019	\$23.19	\$.63	\$.13	\$.76	\$(.61)	\$(.88)	\$(1.49)	\$22.46	3.80%	\$ 954	.93%	2.86%
7/31/2018	22.78	.64	.84	1.48	(.57)	(.50)	(1.07)	23.19	6.60	1,057	.92	2.78
7/31/2017	21.62	.65	1.10	1.75	(.59)	—	(.59)	22.78	8.23	1,183	.95	2.97
7/31/2016	21.23	.59	.75	1.34	(.58)	(.37)	(.95)	21.62	6.71	1,217	.92	2.85
7/31/2015	21.37	.61	(.04)	.57	(.71)	—	(.71)	21.23	2.65	1,275	.92	2.83
Class R-4:												
7/31/2019	23.24	.70	.13	.83	(.67)	(.88)	(1.55)	22.52	4.15	1,018	.63	3.16
7/31/2018	22.83	.71	.84	1.55	(.64)	(.50)	(1.14)	23.24	6.90	1,154	.63	3.07
7/31/2017	21.67	.73	1.09	1.82	(.66)	—	(.66)	22.83	8.54	1,365	.64	3.31
7/31/2016	21.27	.65	.76	1.41	(.64)	(.37)	(1.01)	21.67	7.07	1,189	.62	3.15
7/31/2015	21.42	.68	(.06)	.62	(.77)	—	(.77)	21.27	2.90	1,203	.62	3.12
Class R-5E:												
7/31/2019	23.26	.74	.14	.88	(.72)	(.88)	(1.60)	22.54	4.38	21	.42	3.34
7/31/2018	22.85	.78	.82	1.60	(.69)	(.50)	(1.19)	23.26	7.14	6	.41	3.38
7/31/2017	21.69	.90	.95	1.85	(.69)	—	(.69)	22.85	8.72	1	.44	4.04
7/31/2016 ^{5,11}	21.03	.47	1.07	1.54	(.51)	(.37)	(.88)	21.69	7.70 ⁷	— ⁴	.48 ⁹	3.30 ⁹
Class R-5:												
7/31/2019	23.28	.77	.13	.90	(.74)	(.88)	(1.62)	22.56	4.47	445	.32	3.46
7/31/2018	22.87	.78	.84	1.62	(.71)	(.50)	(1.21)	23.28	7.21	449	.33	3.38
7/31/2017	21.70	.78	1.11	1.89	(.72)	—	(.72)	22.87	8.89	429	.34	3.53
7/31/2016	21.31	.71	.76	1.47	(.71)	(.37)	(1.08)	21.70	7.34	516	.33	3.46
7/31/2015	21.45	.74	(.04)	.70	(.84)	—	(.84)	21.31	3.25	658	.32	3.41
Class R-6:												
7/31/2019	23.30	.78	.13	.91	(.75)	(.88)	(1.63)	22.58	4.52	10,202	.28	3.51
7/31/2018	22.88	.80	.84	1.64	(.72)	(.50)	(1.22)	23.30	7.31	8,478	.28	3.44
7/31/2017	21.71	.81	1.09	1.90	(.73)	—	(.73)	22.88	8.95	6,464	.28	3.68
7/31/2016	21.32	.72	.76	1.48	(.72)	(.37)	(1.09)	21.71	7.39	4,606	.28	3.49
7/31/2015	21.46	.75	(.04)	.71	(.85)	—	(.85)	21.32	3.30	3,176	.28	3.45

Portfolio turnover rate for all share classes ^{12, 13}	Year ended July 31,				
	2019	2018	2017	2016	2015
Excluding mortgage dollar roll transactions	48%	53%	34%	39%	32%
Including mortgage dollar roll transactions	67%	70%	42%	52%	45%

¹Based on average shares outstanding.

²Total returns exclude any applicable sales charges, including contingent deferred sales charges.

³All or a significant portion of assets in this class consisted of seed capital invested by CRMC and/or its affiliates. Fees for distribution services are not charged or accrued on these seed capital assets. If such fees were paid by the fund on seed capital assets, fund expenses would have been higher and net income and total return would have been lower.

⁴Amount less than \$1 million.

⁵Based on operations for a period that is less than a full year.

⁶Class T and 529-T shares began investment operations on April 7, 2017.

⁷Not annualized.

⁸Class F-3 shares began investment operations on January 27, 2017.

⁹Annualized.

¹⁰Class R-2E shares began investment operations on August 29, 2014.

¹¹Class R-5E shares began investment operations on November 20, 2015.

¹²Refer to Note 5 for more information on mortgage dollar rolls.

¹³Rates do not include the portfolio activity of Capital Group Central Cash Fund.

See notes to financial statements.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Trustees of The Income Fund of America:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of The Income Fund of America (the "Fund"), including the summary investment portfolio, as of July 31, 2019, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of July 31, 2019, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of July 31, 2019, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

Deloitte & Touche LLP

Costa Mesa, California
September 10, 2019

We have served as the auditor of one or more American Funds investment companies since 1956.

As a fund shareholder, you incur two types of costs: (1) transaction costs, such as initial sales charges on purchase payments and contingent deferred sales charges on redemptions (loads), and (2) ongoing costs, including management fees, distribution and service (12b-1) fees, and other expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the fund so you can compare these costs with the ongoing costs of investing in other mutual funds. The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire six-month period (February 1, 2019, through July 31, 2019).

Actual expenses:

The first line of each share class in the table on the following page provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading titled "Expenses paid during period" to estimate the expenses you paid on your account during this period.

Hypothetical example for comparison purposes:

The second line of each share class in the table on the following page provides information about hypothetical account values and hypothetical expenses based on the actual expense ratio for the share class and an assumed rate of return of 5.00% per year before expenses, which is not the actual return of the share class. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund and other funds. To do so, compare this 5.00% hypothetical example with the 5.00% hypothetical examples that appear in the shareholder reports of the other funds.

Notes:

Retirement plan participants may be subject to certain fees charged by the plan sponsor, and Class F-1, F-2, F-3 and 529-F-1 shareholders may be subject to fees charged by financial intermediaries, typically ranging from 0.75% to 1.50% of assets annually depending on services offered. You can estimate the impact of these fees by adding the amount of the fees to the total estimated expenses you paid on your account during the period as calculated above. In addition, your ending account value would be lower by the amount of these fees.

Note that the expenses shown in the table on the following page are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as sales charges (loads). Therefore, the second line of each share class in the table is useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning account value 2/1/2019	Ending account value 7/31/2019	Expenses paid during period*	Annualized expense ratio
Class A - actual return	\$1,000.00	\$1,065.53	\$2.87	.56%
Class A - assumed 5% return	1,000.00	1,022.02	2.81	.56
Class C - actual return	1,000.00	1,061.35	6.85	1.34
Class C - assumed 5% return	1,000.00	1,018.15	6.71	1.34
Class T - actual return	1,000.00	1,066.61	1.79	.35
Class T - assumed 5% return	1,000.00	1,023.06	1.76	.35
Class F-1 - actual return	1,000.00	1,065.24	3.28	.64
Class F-1 - assumed 5% return	1,000.00	1,021.62	3.21	.64
Class F-2 - actual return	1,000.00	1,065.96	1.95	.38
Class F-2 - assumed 5% return	1,000.00	1,022.91	1.91	.38
Class F-3 - actual return	1,000.00	1,066.98	1.43	.28
Class F-3 - assumed 5% return	1,000.00	1,023.41	1.40	.28
Class 529-A - actual return	1,000.00	1,065.26	3.23	.63
Class 529-A - assumed 5% return	1,000.00	1,021.67	3.16	.63
Class 529-C - actual return	1,000.00	1,061.07	7.05	1.38
Class 529-C - assumed 5% return	1,000.00	1,017.95	6.90	1.38
Class 529-E - actual return	1,000.00	1,063.83	4.45	.87
Class 529-E - assumed 5% return	1,000.00	1,020.48	4.36	.87
Class 529-T - actual return	1,000.00	1,066.32	2.05	.40
Class 529-T - assumed 5% return	1,000.00	1,022.81	2.01	.40
Class 529-F-1 - actual return	1,000.00	1,066.03	2.05	.40
Class 529-F-1 - assumed 5% return	1,000.00	1,022.81	2.01	.40
Class R-1 - actual return	1,000.00	1,061.18	7.00	1.37
Class R-1 - assumed 5% return	1,000.00	1,018.00	6.85	1.37
Class R-2 - actual return	1,000.00	1,061.17	7.00	1.37
Class R-2 - assumed 5% return	1,000.00	1,018.00	6.85	1.37
Class R-2E - actual return	1,000.00	1,062.63	5.52	1.08
Class R-2E - assumed 5% return	1,000.00	1,019.44	5.41	1.08
Class R-3 - actual return	1,000.00	1,063.41	4.71	.92
Class R-3 - assumed 5% return	1,000.00	1,020.23	4.61	.92
Class R-4 - actual return	1,000.00	1,065.29	3.17	.62
Class R-4 - assumed 5% return	1,000.00	1,021.72	3.11	.62
Class R-5E - actual return	1,000.00	1,066.39	2.10	.41
Class R-5E - assumed 5% return	1,000.00	1,022.76	2.06	.41
Class R-5 - actual return	1,000.00	1,066.75	1.64	.32
Class R-5 - assumed 5% return	1,000.00	1,023.21	1.61	.32
Class R-6 - actual return	1,000.00	1,066.93	1.43	.28
Class R-6 - assumed 5% return	1,000.00	1,023.41	1.40	.28

*The "expenses paid during period" are equal to the "annualized expense ratio," multiplied by the average account value over the period, multiplied by the number of days in the period, and divided by 365 (to reflect the one-half year period).

Tax information

unaudited

We are required to advise you of the federal tax status of certain distributions received by shareholders during the fiscal year. The fund hereby designates the following amounts for the fund's fiscal year ended July 31, 2019:

Long-term capital gains	\$4,242,692,000
Qualified dividend income	\$2,608,115,000
Corporate dividends received deduction	\$1,620,826,000
U.S. government income that may be exempt from state taxation	\$375,233,000

Individual shareholders should refer to their Form 1099 or other tax information, which will be mailed in January 2020, to determine the calendar year amounts to be included on their 2019 tax returns. Shareholders should consult their tax advisors.

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Board of trustees and other officers

Independent trustees¹

Name and year of birth	Year first elected a trustee of the fund ²	Principal occupation(s) during past five years	Number of portfolios in fund complex overseen by trustee ³	Other directorships ⁴ held by trustee
William H. Baribault, 1945	2012	Chairman of the Board and CEO, Oakwood Advisors (private investment and consulting); former CEO and President, Richard Nixon Foundation	88	General Finance Corporation
Michael C. Camuñez, 1969	2019	President and CEO, Monarch Global Strategies LLC, previously ManattJones Global Strategies (international consulting); former Assistant Secretary of Commerce, U.S. Department of Commerce	4	Edison International; Southern California Edison
Vanessa C. L. Chang, 1952	2012	Former Director, EL & EL Investments (real estate)	17	Edison International; Sykes Enterprises; Transocean Ltd.
Linda Griego, 1947	2012	President and CEO, Griego Enterprises, Inc. (business management company)	7	AECOM; CBS Corporation
Leonade D. Jones, 1947	1993	Retired; former Treasurer, The Washington Post Company (retired 1996)	10	None
William D. Jones, 1955	2008	Real estate developer/owner, President and CEO, CityLink Investment Corporation (acquires, develops and manages real estate ventures in urban communities) and for the former City Scene Management Company (provided commercial asset management services)	18	Sempra Energy
James J. Postl, 1946 Chairman of the Board (Independent and Non-Executive)	2008	Retired; former President and CEO, Pennzoil-Quaker State Company (automotive products and services) (retired 2002)	4	None
Jossette Sheeran, 1954	2019	President and CEO, Asia Society; United Nations Special Envoy for Haiti	7	None
Margaret Spellings, 1957	2012	CEO, Texas2036; former President, Margaret Spellings & Company (public policy and strategic consulting); former President, The University of North Carolina; former President, George W. Bush Foundation	89	None
Isaac Stein, 1946	2004	Private investor; former President, Waverley Associates (private investment fund); Chairman Emeritus of the Board of Trustees, Stanford University	4	None

Interested trustee^{5,6}

Name, year of birth and position with fund	Year first elected a trustee or officer of the fund ²	Principal occupation(s) during past five years and positions held with affiliated entities or the principal underwriter of the fund	Number of portfolios in fund complex overseen by trustee ³	Other directorships ⁴ held by trustee
Hilda L. Applbaum, 1961 Co-President and Trustee	1998	Partner – Capital World Investors, Capital Research and Management Company	4	None
Gregory D. Johnson, 1963	2019	Partner – Capital World Investors, Capital Research and Management Company; Director, Capital Research and Management Company	4	None

The fund's statement of additional information includes further details about fund trustees and is available without charge upon request by calling American Funds Service Company at (800) 421-4225 or by visiting the American Funds website at capitalgroup.com. The address for all trustees and officers of the fund is 333 South Hope Street, Los Angeles, CA 90071, Attention: Secretary.

See page 44 for footnotes.

Other officers⁶

Name, year of birth and position with fund	Year first elected an officer of the fund ²	Principal occupation(s) during past five years and positions held with affiliated entities or the principal underwriter of the fund
Andrew B. Suzman , 1967 Co-President	2004	Partner – Capital World Investors, Capital Research and Management Company; Partner – Capital World Investors, Capital Bank and Trust Company ⁷
Donald H. Rolfe , 1972 Executive Vice President	2012	Senior Vice President and Senior Counsel – Fund Business Management Group, Capital Research and Management Company; Secretary, Capital Research and Management Company
David A. Daigle , 1967 Senior Vice President	2019	Partner – Capital Fixed Income Investors, Capital Research and Management Company; Partner – Capital Fixed Income Investors, Capital Bank and Trust Company ⁷
Paul Flynn , 1966 Senior Vice President	2017	Partner – Capital World Investors, Capital International Sàrl ⁷
James R. Mulally , 1952 Senior Vice President	2019	Partner – Capital Fixed Income Investors, Capital Research and Management Company
Dina N. Perry , 1945 Senior Vice President	1994	Partner – Capital World Investors, Capital Research and Management Company
Paul F. Roye , 1953 Senior Vice President	2007	Senior Vice President and Senior Counsel – Fund Business Management Group, Capital Research and Management Company; Director, Capital Research and Management Company
Pramod Atluri , 1976 Vice President	2019	Vice President – Capital Fixed Income Investors, Capital Research and Management Company; Vice President – Capital Fixed Income Investors, Capital Bank and Trust Company ⁷
Anirudh Samsi , 1971 Vice President	2016	Partner – Capital World Investors, Capital Research and Management Company
Shannon Ward , 1964 Vice President	2019	Vice President – Capital Fixed Income Investors, Capital Research and Management Company
Michael W. Stockton , 1967 Secretary	2014	Senior Vice President – Fund Business Management Group, Capital Research and Management Company
Hong T. Le , 1978 Treasurer	2016	Assistant Vice President – Investment Operations, Capital Research and Management Company
Courtney R. Taylor , 1975 Assistant Secretary	2018	Assistant Vice President – Fund Business Management Group, Capital Research and Management Company
Sandra Chuon , 1972 Assistant Treasurer	2019	Assistant Vice President – Investment Operations, Capital Research and Management Company
Brian C. Janssen , 1972 Assistant Treasurer	2016	Vice President – Investment Operations, Capital Research and Management Company

¹ The term independent trustee refers to a trustee who is not an “interested person” of the fund within the meaning of the Investment Company Act of 1940.

² Trustees and officers of the fund serve until their resignation, removal or retirement.

³ Funds managed by Capital Research and Management Company or its affiliates.

⁴ This includes all directorships/trusteeships (other than those in the American Funds or other funds managed by Capital Research and Management Company or its affiliates) that are held by each trustee as a trustee or director of a public company or a registered investment company.

⁵ The term interested trustee refers to a trustee who is an “interested person” within the meaning of the Investment Company Act of 1940, on the basis of their affiliation with the fund’s investment adviser, Capital Research and Management Company, or affiliated entities (including the fund’s principal underwriter).

⁶ All of the trustees and/or officers listed, with the exception of Paul Flynn and Anirudh Samsi, are officers and/or directors/trustees of one or more of the other funds for which Capital Research and Management Company serves as investment adviser.

⁷ Company affiliated with Capital Research and Management Company.

Office of the fund

6455 Irvine Center Drive
Irvine, CA 92618-4518

Investment adviser

Capital Research and
Management Company
333 South Hope Street
Los Angeles, CA 90071-1406

Transfer agent for shareholder accounts

American Funds Service Company
(Write to the address near you.)

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Indianapolis, IN 46206-6007

P.O. Box 2280
Norfolk, VA 23501-2280

Custodian of assets

JPMorgan Chase Bank
270 Park Avenue
New York, NY 10017-2070

Counsel

Morgan, Lewis & Bockius LLP
One Federal Street,
Boston, MA 02110-1726

**Independent registered public
accounting firm**

Deloitte & Touche LLP
695 Town Center Drive
Suite 1000
Costa Mesa, CA 92626-7188

Principal underwriter

American Funds Distributors, Inc.
333 South Hope Street
Los Angeles, CA 90071-1406

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectus and summary prospectus, which can be obtained from your financial professional and should be read carefully before investing. You may also call American Funds Service Company (AFS) at (800) 421-4225 or visit the American Funds website at capitalgroup.com.

"American Funds Proxy Voting Procedures and Principles" – which describes how we vote proxies relating to portfolio securities – is available on the American Funds website or upon request by calling AFS. The fund files its proxy voting record with the U.S. Securities and Exchange Commission (SEC) for the 12 months ended June 30 by August 31. The proxy voting record is available free of charge on the SEC website at sec.gov and on the American Funds website.

A complete July 31, 2019, portfolio of The Income Fund of America's investments is available free of charge by calling AFS or visiting the SEC website (where it is part of Form N-CSR).

The Income Fund of America files a complete list of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT-EX. This filing is available free of charge on the SEC website. Additionally, the list of portfolio holdings is available by calling AFS.

This report is for the information of shareholders of The Income Fund of America, but it also may be used as sales literature when preceded or accompanied by the current prospectus or summary prospectus, which gives details about charges, expenses, investment objectives and operating policies of the fund. If used as sales material after September 30, 2019, this report must be accompanied by an American Funds statistical update for the most recently completed calendar quarter.

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The Capital Advantage[®]

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital SystemSM – has resulted in superior outcomes.

Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 27 years of investment experience, including 20 years at our company, reflecting a career commitment to our long-term approach.¹

The Capital System

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.

American Funds' superior outcomes

Equity funds have beaten their Lipper peer indexes in 92% of 10-year periods and 99% of 20-year periods.² Fixed income funds have helped investors achieve diversification through attention to correlation between bonds and equities.³ Fund management fees have been among the lowest in the industry.⁴

¹ Portfolio manager experience as of December 31, 2018.

² Based on Class F-2 share results for rolling periods through December 31, 2018. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary.

³ Based on Class F-2 share results, as of December 31, 2018. Fourteen of our 15 American Funds fixed income funds that have been in existence for the three-year period showed a three-year correlation below 0.2. Standard & Poor's 500 Composite Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from -1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to -1 indicates that the securities have moved in the opposite direction.

⁴ On average, our management fees were in the lowest quintile 70% of the time, based on the 20-year period ended December 31, 2018, versus comparable Lipper categories, excluding funds of funds.

Class F-2 shares were first offered on August 1, 2008. Class F-2 share results prior to the date of first sale are hypothetical based on Class A share results without a sales charge, adjusted for typical estimated expenses. Results for certain funds with an inception date after August 1, 2008, also include hypothetical returns because those funds' Class F-2 shares sold after the funds' date of first offering. Please see capitalgroup.com for more information on specific expense adjustments and the actual dates of first sale.

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