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From Capital Group

2016 Outlook  
Investment Insights

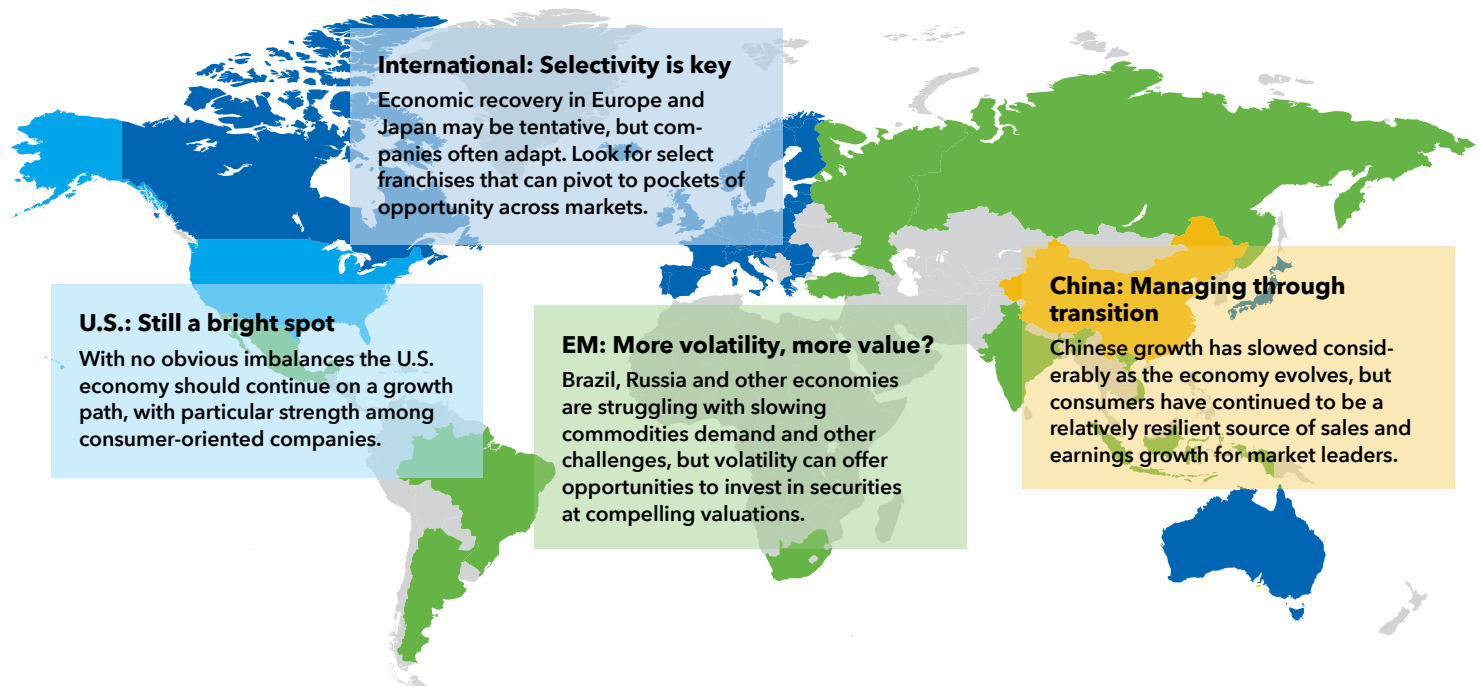
"From a macroeconomic standpoint, this is not a very exciting world. Then you go to the industry level and the company level and there are a lot of things to be excited about. But you have to dig deep to understand which drug companies will get their therapies approved, which components will be needed in the next generation of technology and which companies are in the markets where the next wave of growth will come."



Rob Lovelace  
Portfolio Manager

## Seek Bright Spots in Uncertain Markets

Just when market volatility was starting to feel like a fading memory, it resurfaced in a big way in 2015. With the U.S. gaining strength and China transitioning toward a more balanced economy, we expect further turbulence in 2016. As the year unfolds, investors who can see beyond macroeconomic headlines and seek out bright spots across the investment landscape stand to benefit.



Multiple Perspectives. One Approach.®

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

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

# 2016 Outlook: Seek Bright Spots in Uncertain Markets

	U.S.	International	Emerging Markets	Municipal Bonds	Taxable Bonds
<b>Headwinds</b>	<ul style="list-style-type: none"> <li>Weaker overseas demand and a stronger dollar could further dampen export activity</li> <li>Tighter monetary policy likely will lead to increased volatility</li> </ul>	<ul style="list-style-type: none"> <li>Structural underemployment</li> <li>Slowing emerging markets demand</li> <li>Political opposition to further support for financial system</li> <li>Deflation in Europe could impact asset prices</li> </ul>	<ul style="list-style-type: none"> <li>Repercussions of China's economic adjustment</li> <li>Further currency weakness is possible, but may be relatively limited</li> <li>Higher U.S. rates may prompt volatile asset flows</li> </ul>	<ul style="list-style-type: none"> <li>Potential for modest rate increase in 2016</li> <li>Presidential election cycle could drive focus on tax policy changes</li> </ul>	<ul style="list-style-type: none"> <li>Potential for modest rate increases in 2016</li> <li>Valuations are high for most bonds</li> <li>Fed faces challenge of managing rate increases</li> </ul>
<b>Tailwinds</b>	<ul style="list-style-type: none"> <li>Labor market continues to strengthen</li> <li>Household debt is at multiyear lows</li> <li>Lower energy and import prices boosting purchasing power</li> <li>Inflation remains tame</li> </ul>	<ul style="list-style-type: none"> <li>Political will to find a solution to sluggish economic growth</li> <li>Currency weakness helping exporters</li> <li>Industrial production and other leading indicators are starting to pick up in Europe</li> </ul>	<ul style="list-style-type: none"> <li>Political change, economic reform support confidence in certain markets</li> <li>Fiscal and trade imbalances are improving</li> <li>Chinese monetary policy should benefit growth</li> <li>India benefiting from low oil prices, corporate reform</li> </ul>	<ul style="list-style-type: none"> <li>Generally strong municipal balance sheets</li> <li>Relatively low level of new issuance in 2016 likely to be constructive for bond prices</li> <li>Muni market is U.S. focused and less susceptible to global volatility</li> </ul>	<ul style="list-style-type: none"> <li>Relatively low interest rates for now</li> <li>Geopolitical unrest may spur safe-haven assets</li> <li>Foreign buying of U.S. Treasuries</li> <li>Rising demand for bonds from pension funds</li> </ul>
<b>Key takeaways</b>	With no obvious imbalances the U.S. economy should continue on a growth path, with particular strength among consumer oriented companies.	Economic recovery may be tentative, but companies often adapt. Look for select franchises that can pivot to pockets of opportunity across markets.	China, Brazil and Russia are struggling with a number of challenges, but volatility can offer opportunities to invest in leading securities at compelling valuations.	The municipal market offers compelling yield opportunities in a number of areas, as well as potential tax advantages and diversification.	The "lower for longer" scenario remains intact and bonds continue to play an important risk dampening role in portfolios.
<b>Investments to consider</b>  Ticker symbols	<b>AMCAP Fund®</b> A - AMCPX; C - AMPCX; F-1 - AMPFX; F-2 - AMCFX  <b>American Balanced Fund®</b> A - ABALX; C - BALCX; F-1 - BALFX; F-2 - AMBFX	<b>Capital Income Builder®</b> A - CAIBX; C - CIBCX; F-1 - CIBFX; F-2 - CAIFX  <b>EuroPacific Growth Fund®</b> A - AEPGX; C - AEPCX; F-1 - AEGFX; F-2 - AEPFX  <b>New Perspective Fund®</b> A - ANWPX; C - NPFCX; F-1 - NPFFX; F-2 - ANWFX	<b>New World Fund®</b> A - NEWFX; C - NEWCX; F-1 - NWFFX; F-2 - NFFFX	<b>American High-Income Municipal Bond Fund®</b> A - AMHIX; C - AHICX; F-1 - ABHFX; F-2 - AHMFX  <b>Limited Term Tax-Exempt Bond Fund of America®</b> A - LTEBX; C - LTXCX; F-1 -LTXFX; F-2 - LTEFX  <b>The Tax-Exempt Bond Fund of America®</b> A - AFTEX; C - TEBCX; F-1 - AFTFX; F-2 - TEAFX	<b>American Funds Inflation Linked Bond Fund®</b> A - BFIAIX; C - BFICX; F-1 - BFIFX; F-2 - BFIGX  <b>The Bond Fund of America®</b> A - ABNDX; C - BFACX; F-1 - BFAFX; F-2 - ABNFX  <b>Capital World Bond Fund®</b> A - CWBFX; C - CWBCX; F-1 - WBFFX; F-2 - BFWFX
We also offer a number of Separately Managed Account strategies, including the <b>Capital Group International Equity SMA</b> , <b>Global Equity SMA</b> and <b>World Dividend Growers SMA</b> , available through select broker-dealers.					

Investing outside the United States involves risks such as currency fluctuations, periods of illiquidity and price volatility, as more fully described in fund prospectuses. These risks may be heightened in connection with investments in developing countries. 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 underlying bond holdings. Bond prices and a bond fund's share price will generally move in the opposite direction of interest rates. For tax-exempt bond funds, income may be subject to state or local income taxes. Income may also be subject to the federal alternative minimum tax (except for The Tax-Exempt Bond Fund of America). Certain other income, as well as capital gain distributions, may be taxable.

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