CAPITAL GROUP®

10 investment themes for 2023

10 investment themes for 2023

Jody Jonsson
is an equity portfolio manager with 34 years of experience.* She is president of Capital Research and Management Company and is a manager for New Perspective Fund®.

Martin Romo
is an equity portfolio manager with 31 years of experience. He is president of Capital Research Company and a manager for The Growth Fund of America® and The Investment Company of America®

There's a new reality taking shape that could define global markets over the next decade.

Although many investors are expecting a return to normal after inflation subsides and central banks stop raising interest rates, we believe markets are undergoing significant changes. Investors may need to reset expectations in this new environment.

One change that's already underway is the shift from narrow to broad market leadership. A handful of tech stocks dominated markets for years, but we expect a much wider range of investments to drive portfolio returns going forward. While growth investing isn't going away, other sectors may have more room to shine – such as health care, where we are witnessing a golden age of drug development.

Opportunities could also arise as dividend stocks return to prominence on a global stage. Likewise, bond markets are offering some of the highest income in years, which means traditional 60% equity/40% bond portfolios are well positioned for a comeback.

In this report, we share 10 long-term themes that our investment team is focused on right now. As these ideas illustrate, even during periods of uncertainty, it can be an exciting time to be an investor.

1. Dividend decade
2. New growth
3. Global champions
4. Golden age of health care
5. Industrial renaissance
6. Reshoring supply chains
7. Core strength
8. Credit comeback
9. Selective high yield
10. Revisiting 60/40

*Years of experience for all investment professionals are as of December 31, 2022.

1. Dividend decade

Caroline Randall is an equity portfolio manager with 25 years of experience. She is a manager for Capital Income Builder®

Dividend investing may have seemed downright dull over the last decade as tech titans dominated market returns, but today, boring is beautiful.

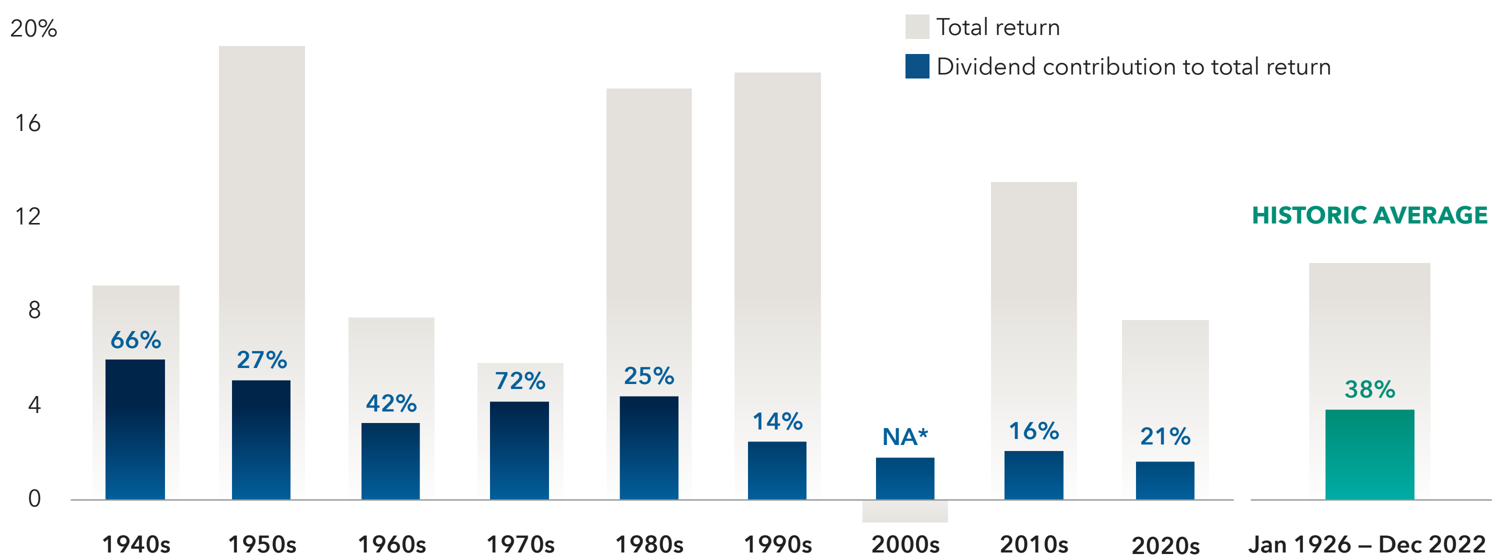
With growth slowing and the cost of capital rising, I expect dividends to be a more significant and stable contributor to total return going forward. Dividends accounted for only 16% of total return in the 2010s, but historically the average has hovered around 38%, peaking at 72% during the inflationary 1970s.

As the prominence of dividends rises, so does the importance of evaluating each company's ability to pay them. I spend a lot of time checking financials and talking with management to get a feel for the health of a business. I'm looking for businesses with pricing power and the capability to grow earnings and dividends at a sustainable level. Those companies have the potential to be compelling investments, especially when markets are volatile.

I'm finding many opportunities across sectors, including industrials, utilities and health care. Pharmaceutical companies can be attractive in an inflationary environment, as many tend to have strong balance sheets and cash flows and are often able to raise prices even in a highly competitive marketplace. Several leading companies also have a dividend yield above 3%, including AbbVie (3.7% yield, as of December 31, 2022) and Gilead Sciences (3.4%).

Expect dividends to account for a larger portion of total returns

S&P 500 Index annualized total return (%)



*Total return for the S&P 500 Index was negative for the 2000s. Dividends provided a 1.8% annualized return over the decade.
Source: S&P Dow Jones Indices LLC. 2020s data is from 1/1/20 through 12/31/22. Past results are not predictive of results in future periods.

2. New growth

Martin Romo
is an equity portfolio manager with 31 years of experience. He is a manager for The Growth Fund of America®.

Growth stocks have come under intense pressure, but for some companies I think the market is throwing the baby out with the bathwater.

As a growth investor, it's essential to differentiate between companies that have reached the end of their runway or are facing stiffer competition with those that are simply in a cyclical slowdown. If you can find companies set to re-accelerate when the economy improves, you may find promising buying opportunities.

For example, streaming companies and ad-based social networks are facing tough new competition, so investors need to focus more on profitability than in the past. On the other hand, cloud computing growth has slowed, but this may be cyclical. I believe cloud company fundamentals remain strong, but the market seems to be punishing them to a similar degree as more troubled tech stocks – the proverbial baby with the bathwater.

Likewise, the semiconductor industry has struggled with oversupply issues. I don't know what will happen over the next 12 or 18 months, but I think the chip industry may be set for a powerful cyclical recovery. If we have confidence that the companies we invest in will survive, then the important question

Markets are moving from narrow to broader leadership

Ratio of S&P 500 Equal-Weighted Index to S&P 500 Index

Sources: Capital Group, Refinitiv Datastream, Standard & Poor's. As of 12/31/22. Indexed to 100 as of 1/1/05.

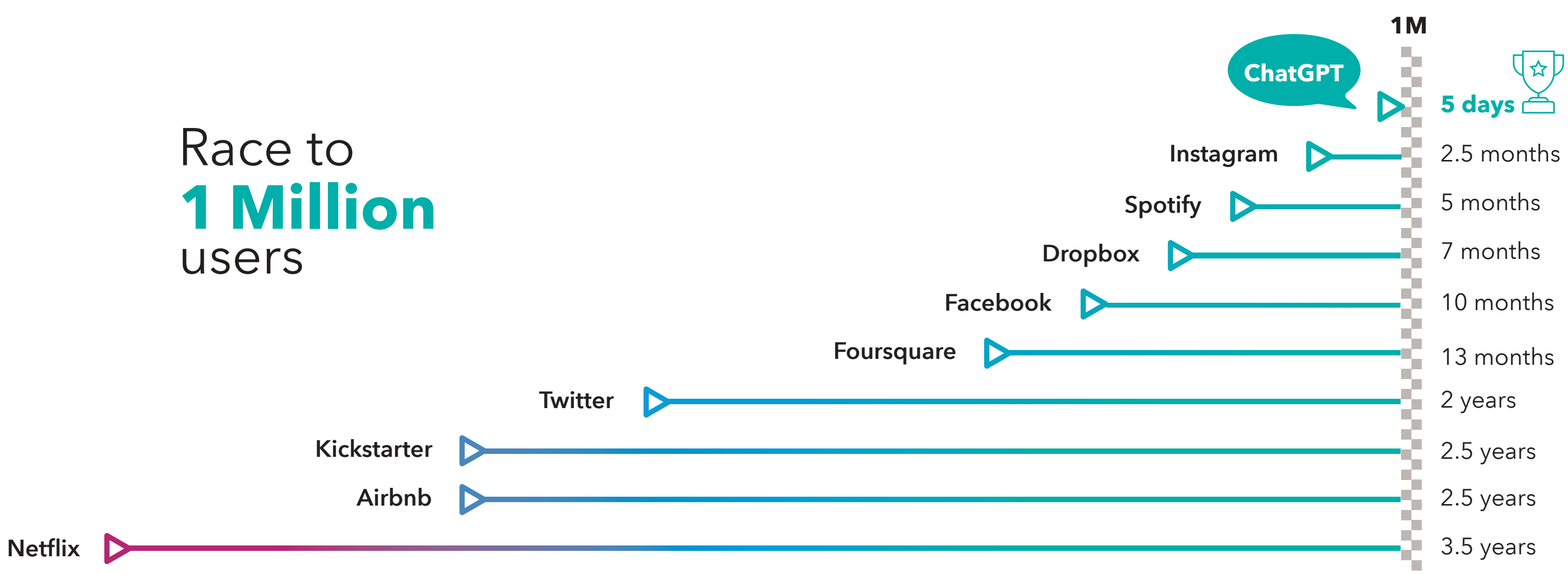
isn't when the cycle will turn, but what's on the other side. The need for computing power is only increasing, so I believe demand for chips should bounce back. Semiconductor equipment manufacturer ASML estimates that industry-wide revenue will reach $940 billion by 2030, twice that of its 2020 levels.

What's more, the pace of innovation around the world is picking up again. Several colleagues and I recently spent a few weeks in Silicon Valley meeting with public companies and venture capital firms, and I came away believing we are at an inflection point with artificial intelligence. Microsoft's $10 billion investment in ChatGPT-creator OpenAI is a recent example, but the push to develop innovative uses of AI is happening all around.

This feels like the early days of mobile and cloud as they entered an era of hyper-charged growth. It's an open-ended opportunity for companies that can leverage the technology to genuinely differentiate their product offerings and deliver enhanced productivity to customers. Despite the challenging environment, I remain excited about the long-term investment opportunities on the horizon.

The pace of adoption of new technologies is accelerating

Time for selected online services to reach one million users



Source: Statista. As of 12/31/22. Kickstarter refers to number of backers. Airbnb refers to number of nights booked. Foursquare and Instagram refer to number of downloads.

Jody Jonsson
is an equity portfolio manager with 34 years of experience. She is a manager for New Perspective Fund®.

3. Global champions

It may seem like a challenging time to be a global investor, but I think this is when the best companies shine.

Investors are concerned about de-globalization and assume it is negative for portfolios. It can be, but changes in trade patterns generally favor global champions — what I call industry-leading multinationals that can adjust to the changing landscape. The COVID-19 crisis shed light on the importance of resilience over efficiency, and companies are responding by establishing redundancies in supply chains. That's creating opportunities for companies that help build factories and expand supply lines.

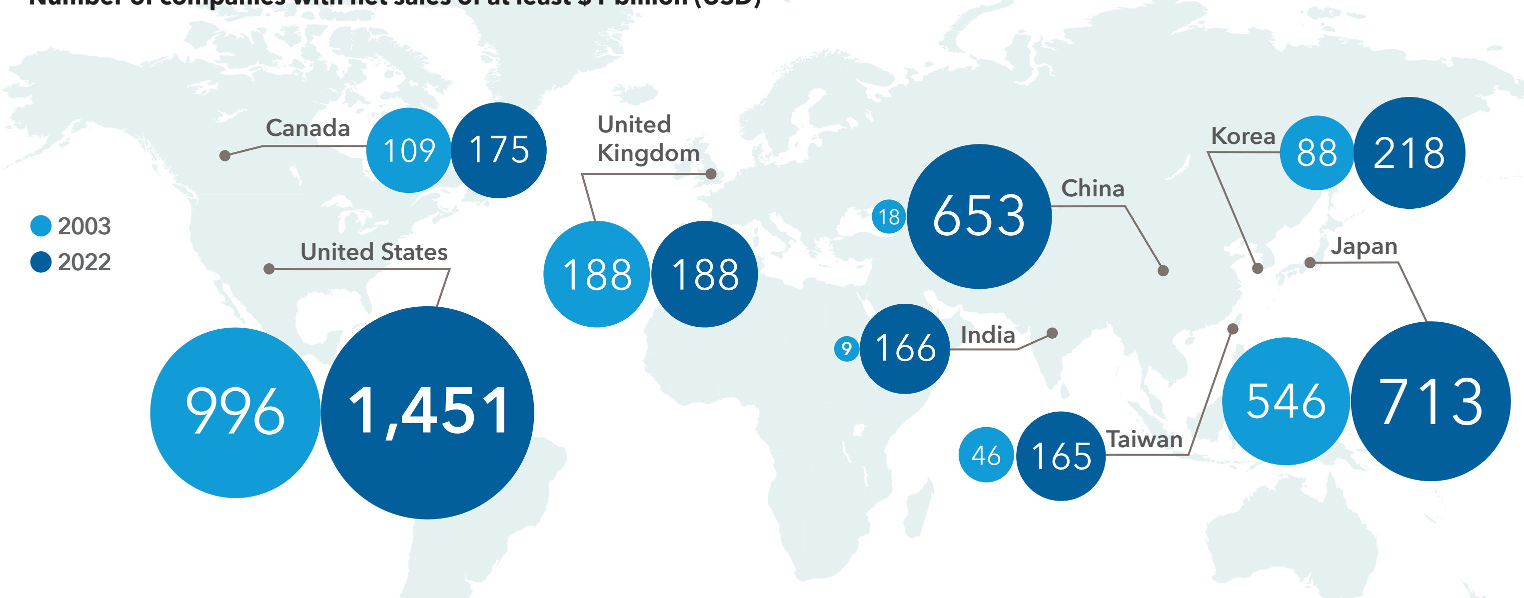
For example, TSMC, the largest pure-play semiconductor maker, plans to build factories in Arizona and Japan and anticipates nearly half of its leading-edge chip production will happen outside of Taiwan in the years ahead. As new facilities are built, Caterpillar, the world's largest manufacturer of construction equipment, could see increased demand for its products.

Global stocks should also benefit as two notable headwinds dissipate. It appears that the strong U.S. dollar may have peaked, which would support dollar-based returns of U.S. and international stocks alike. Also, the reopening of China's economy should boost global economic growth, especially in emerging markets.

In my portfolios, I focus primarily on "supertankers" — dominant companies that generate solid cash flow, enjoy strong competitive moats and have the ability to fund their own growth — in industries such as health care, semiconductors and insurance.

A new breed of multinational companies has arrived

Number of companies with net sales of at least $1 billion (USD)



Sources: Capital Group, FactSet, RIMES. Includes all companies within the MSCI ACWI IMI as of 1/31/03 and 12/31/22. Top eight countries as of 12/31/22 are shown.

TSMC refers to Taiwan Semiconductor Manufacturing Company.

4. Golden age of health care

Diana Wagner
is an equity portfolio manager with 26 years of experience. She is a manager for Washington Mutual Investors Fund.

Innovation is at an all-time high in health care. The macro environment may have topped investor concerns over the last year, but innovation is what ultimately drives long-term value creation.

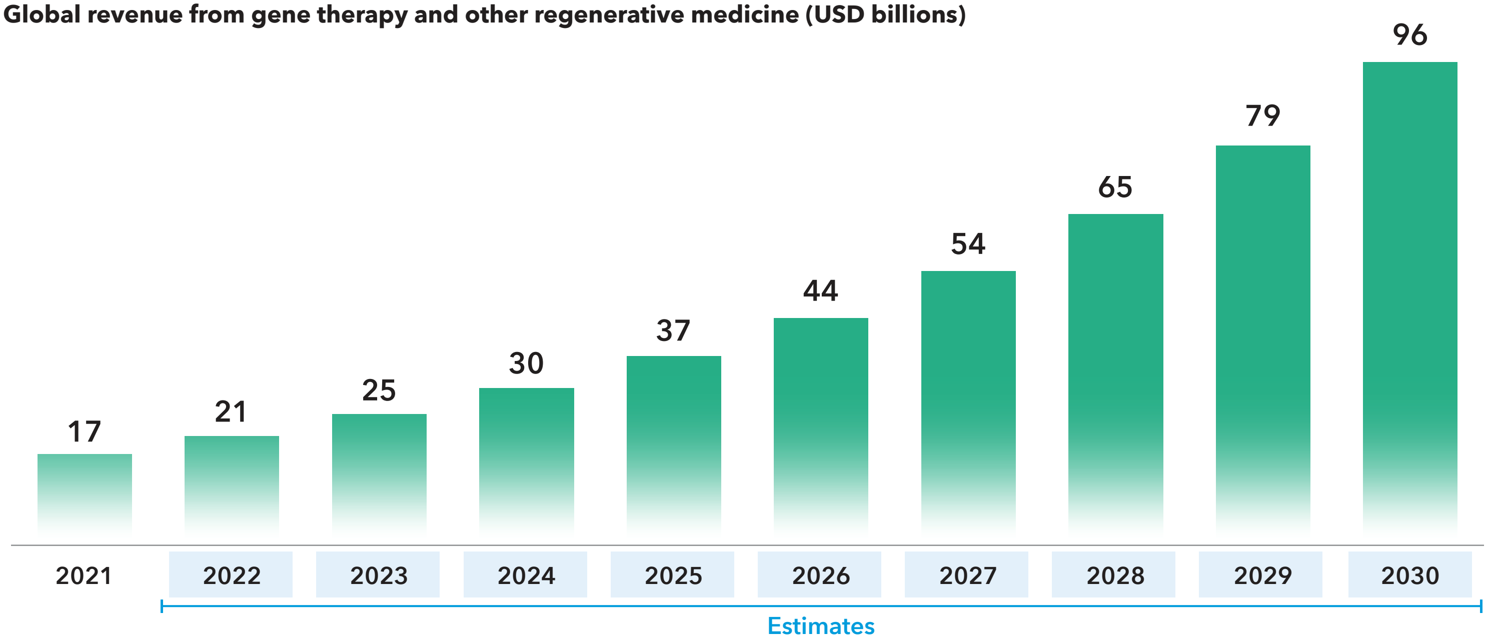
Pharmaceutical companies have invested heavily in drug discovery in recent years and, as a result, deep pipelines of pioneering treatments are being developed to tackle some of the world's biggest health issues. Eli Lilly and Novo Nordisk, for example, have developed obesity treatments with the potential to reduce body weight by as much as 25%. AstraZeneca has become an oncology leader with advanced therapies for lung, bladder and breast cancer.

Gene sequencing is another key innovation with major health and investment implications. In the future, we may be able to pair genetic sequencing with gene-based interventions to deliver personalized, precision medicine. Imagine replacing defective or missing genes with normal, healthy ones. That future is not far off, in my view.

I find opportunities in health care services equally exciting. Most doctors operate in a traditional fee-for-service model, getting paid based on volume. But companies like UnitedHealth and Humana are instead rewarding doctors for keeping patients heathy through new payment models. These models seek to achieve the so-called "quadruple aim" in health care – better outcomes, higher patient satisfaction and higher physician satisfaction at a lower cost per capita. Achieving all four is now a real possibility.

Gene therapies could reshape the future of health care

Global revenue from gene therapy and other regenerative medicine (USD billions)



Source: Statista. Estimates provided by Statista as of July 2022.

5. Industrial renaissance

Cheryl Frank
is an equity portfolio manager with 24 years of experience. She is a manager for American Mutual Fund®.

CapEx is on the rise and it could be setting the stage for an industrial renaissance.

I'm paying close attention to how increased capital expenditures will benefit suppliers across industries – what I call pick-and-shovel companies. Investors sometimes overlook these businesses, but they often have more stable cash flows and lower risk profiles compared to the companies they service.

Record-breaking cash flow over the last 12 months has left oil producers with some of the strongest balance sheets in history. When energy companies profit, they typically expand exploration and production, which requires more machinery and services. This could be a source of growth for companies that provide technology, products and services to the energy industry.

Another interesting trend is how much money has flowed into health care research and development (R&D). Pharmaceutical companies that successfully developed vaccines and anti-viral treatments like Pfizer piled up cash. Much of this capital will likely be funneled into more R&D for companies that support the biopharma industry, such as Danaher and Thermo Fisher Scientific.

I'm keeping an eye on several other multi-year trends that could lead to increased capital investment and drive opportunity for a wide range of industrials. These include Europe's focus on energy security, rising aerospace and defense spending, and reshoring supply chains.

Four trends could contribute to an industrial renaissance

Factors driving capital expenditure cycle	**U.S. energy investment**	**Europe's energy security**	**Reshoring supply chains**	**Aerospace and defense**
Examples of companies that can supply products or services	• Schneider Electric • Eaton • ABB • Emerson Electric • Rockwell Automation • Siemens Energy	• Caterpillar • General Electric • ABB • Halliburton • Baker Hughes	• Caterpillar • Siemens Energy • Keyence • Schneider Electric • Rockwell Automation • Parker Hannifin	• Raytheon • Honeywell • Boeing • Lockheed Martin • Northrop Grumman • Safran

Sources: Capital Group, MSCI. Company examples reflect some of the largest constituents (ranked by descending market value) within the MSCI ACWI that fall into GICS sub-industries that supply products and/or services aligned with the factors expected to contribute to capital expenditures listed above. As of 1/17/23.

6. Reshoring supply chains

Winnie Kwan
is an equity portfolio manager with 26 years of experience. She is a manager for New World Fund®.

Challenged by supply chain disruptions during the pandemic, many companies are taking steps to diversify their manufacturing operations – placing a renewed focus on reliability and security over cost and efficiency. Rising geopolitical tensions, underscored by the war in Ukraine, have made this shift in corporate strategy all the more urgent, transforming global trade in the process.

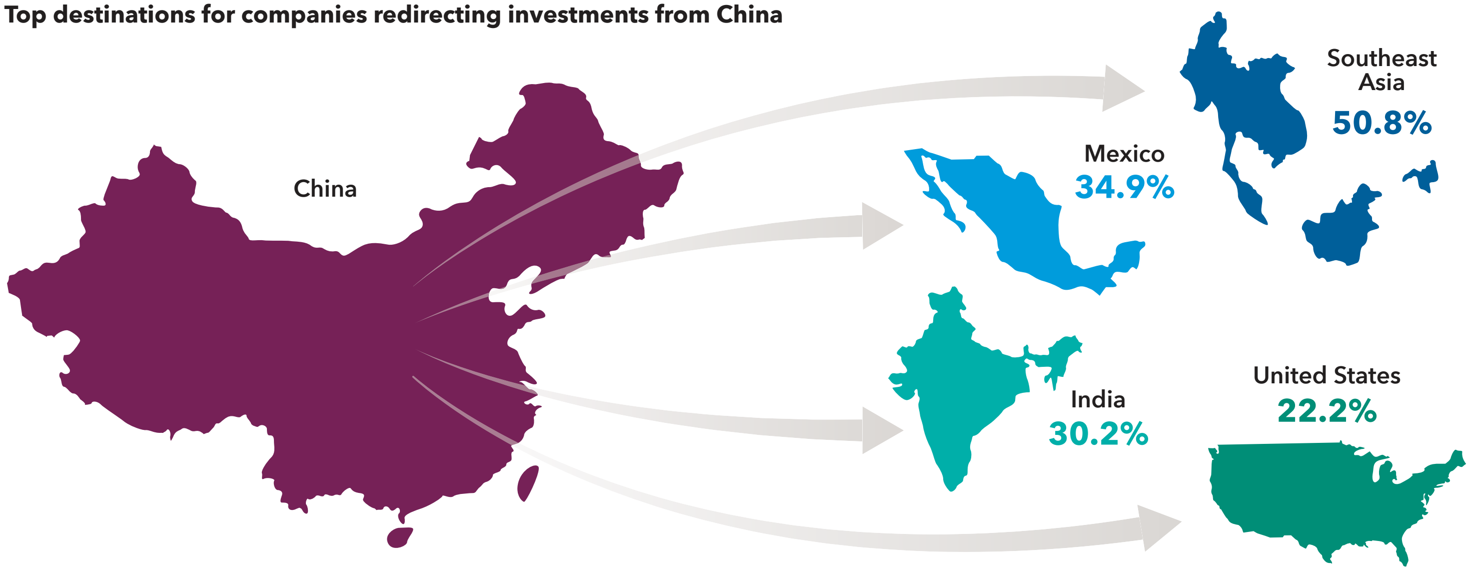
There's a common misconception that this trend will displace China as the world's largest manufacturing base. Rather, many companies are shifting to a "China +1 strategy" by maintaining operations in the country while adding facilities elsewhere. Incremental investments in China will focus primarily on the domestic market, while additional investments in other locations will serve the rest of the world.

Southeast Asia, Mexico, India and the United States are some of the top relocation destinations. Companies that facilitate this transition – like Japanese automation enablers or REITs in India – may be well positioned to take advantage of this trend.

It could take a decade for companies to fully transition, but the process is certainly underway. I believe it will be one of the more important investment themes of the 2020s.

Southeast Asia is well positioned for the rewiring of global supply chains

Top destinations for companies redirecting investments from China



Source: AmCham Shanghai 2021 China Business Report, published September 22, 2021. Based on a survey of 338 foreign companies doing business in China. Of those companies, 63 said they were redirecting investments from China to other locations, including Southeast Asia, Mexico, India and the United States, among others. Survey respondents could provide multiple responses, so total does not add up to 100%.

Pramod Atluri
is a fixed income portfolio manager with 24 years of experience. He is a manager for The Bond Fund of America®

7. Core strength

Strong income opportunities and a potential economic slowdown could make core bonds the star of a well-diversified portfolio.

You can't read the news these days without seeing the word recession. While slowing growth may be a headwind for many asset classes, for core bonds, it's nirvana. Slowing growth, declining inflation, higher yields and a Federal Reserve nearing the end of its hiking cycle all add up to a fantastic opportunity for core bond funds to generate mid-single-digit total returns and, once again, provide ballast to a portfolio.

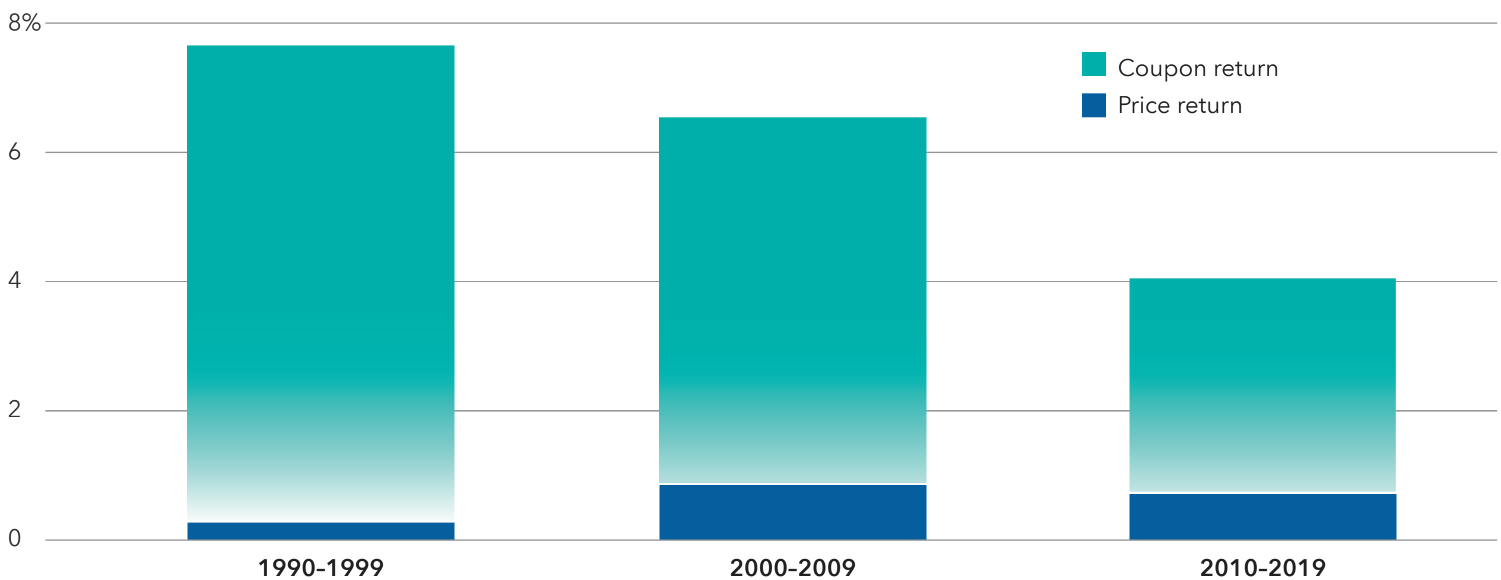
Currently the starting yield of a core bond fund hovers around 4.5%, which is a good indicator of long-term return expectations.

As an active manager, I seek to add excess return by managing interest rate sensitivity, sector allocation, security selection and other levers. This could drive expected returns to somewhere between 5% and 6%, with lower volatility than equities.

And if a recession does hit, bringing inflation down faster than expected, further upside is possible. Interest rates would likely decline, leading to meaningful bond price appreciation. For example: A 50-basis-point decline in rates translates to a roughly 3% gain, bringing potential total returns for actively managed core bonds closer to 8% to 9% in that scenario.

Historically, income has dominated long-term total return

Total return components of the Bloomberg U.S. Aggregate Index



Source: Bloomberg Index Services Ltd. As of 12/31/22. Past results are not predictive of results in future periods.

8. Credit comeback

Damien McCann is a fixed income portfolio manager with 23 years of experience. He is a manager for American Funds® Multi-Sector Income Fund.

Credit fundamentals may soon be back in the driver's seat as inflation cools and rate hikes slow.

While consistent cash flows and strong balance sheets are always important, they become essential during periods of falling growth when corporate bonds are often impacted unevenly across industries and asset classes. Our analysts are focused on identifying companies that can deftly navigate such an environment.

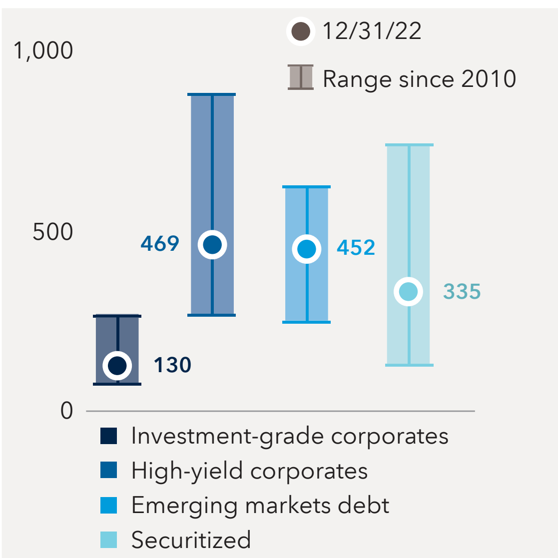
For bond investors, finding companies that are inventing the next big thing is less important than determining if they can meet their debt obligations. For example, established social media companies may be facing stiff competition for younger users, but they are also very creditworthy when measured by profitability, free cash flow and relatively low debt levels.

Today's starting yields for higher income bond sectors such as investment grade, high yield, emerging markets and securitized debt offer attractive entry points for long-term investors. The total return opportunity is also more appealing compared to recent years, as these higher yields may help buffer bond market volatility.

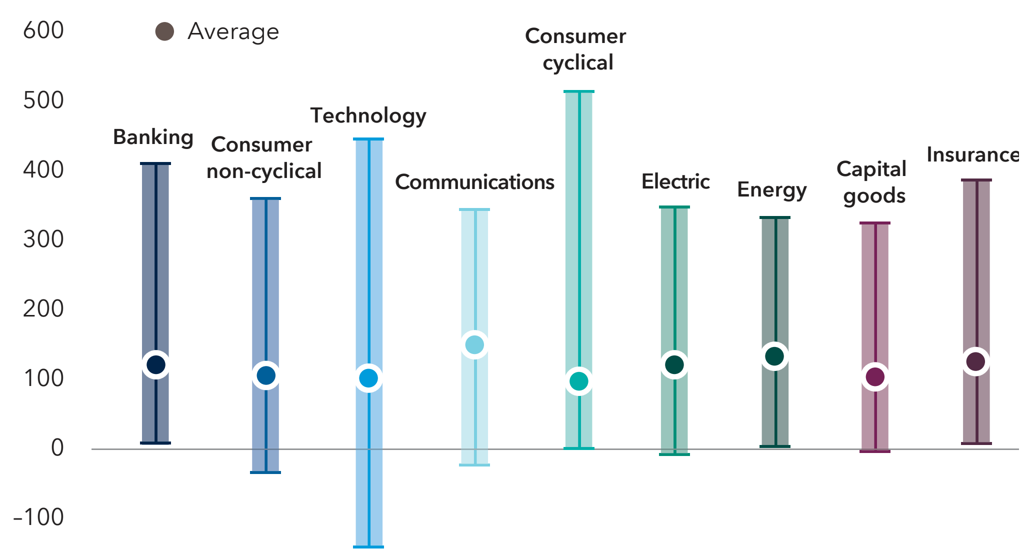
Spreads for investment-grade (rated BBB/Baa and higher) and high-yield corporate bonds may not scream "buy," but our analysts are finding attractive valuations in select issuers and industries.

Credit fundamentals vary greatly across individual industries and issuers

Yield spreads (bps)



Investment-grade industry spread dispersion as of 12/31/22 (bps)



Sources: Bloomberg Index Services Ltd., JP Morgan. Left chart is as of 12/31/22. Indexes used are Bloomberg U.S. Corporate Investment Grade Index, Bloomberg U.S. Corporate High Yield Index, J.P. Morgan – EMBI Diversified Index and Bloomberg U.S. CMBS ex AAA Index, respectively. Right chart is as of 12/31/22. Represents the top nine industries by market value within the Bloomberg U.S. Corporate Investment Grade Index. Spreads shown are option-adjusted spreads (OAS), which is the measurement of the difference between the yields of a fixed income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option.

9. Selective high yield

Shannon Ward
is a fixed income portfolio manager with 30 years of experience. She is a manager for American High-Income Trust®.

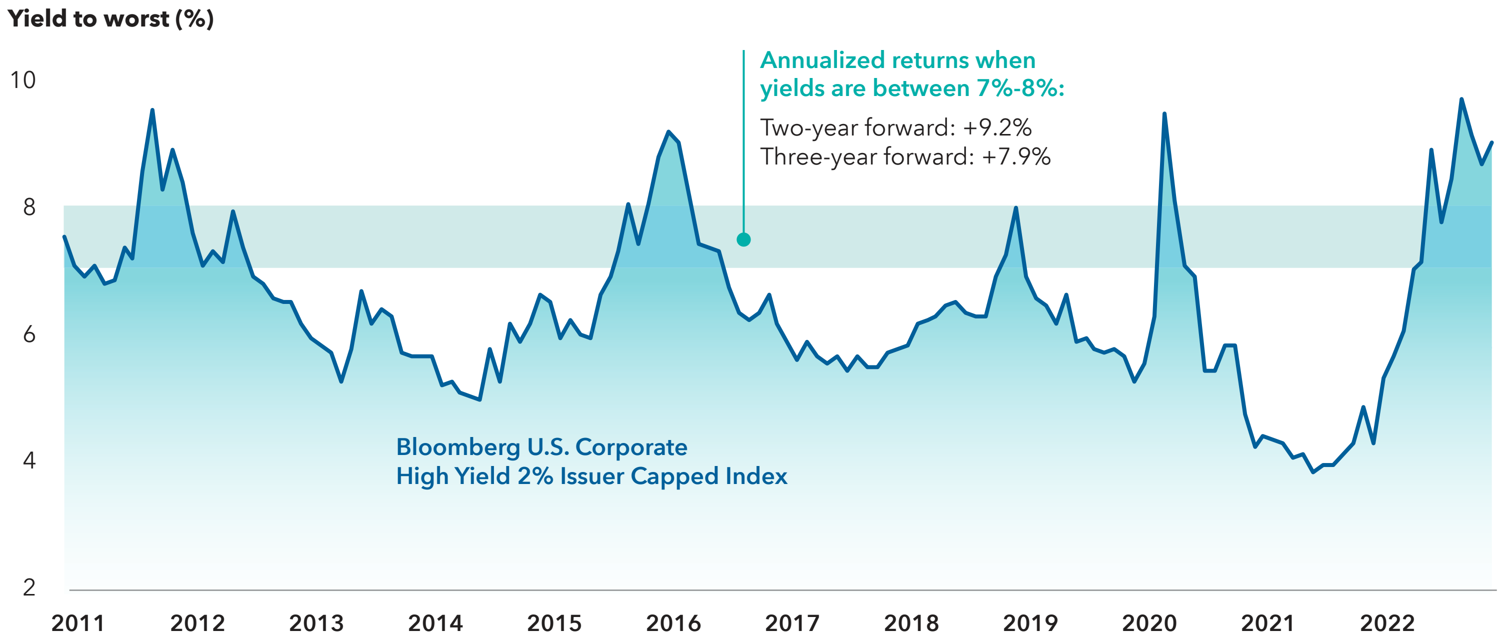
At today's yields, high-yield bonds can provide attractive income to an investor's portfolio.

Yields in the neighborhood of 8% help provide a buffer against bond market volatility, so the likelihood of earning a positive return is higher. History shows that when high-yield bonds yielded in the 7% to 8% range, the average two-year annualized forward return was 9.2%, and the average three-year annualized forward return was 7.9%. Yields have also jumped for high-yield municipal bonds, whose tax-exempt status add to their allure.

We are continuously monitoring the economy and making investment decisions based on fundamental research. The premium investors pay to own high-yield bonds over comparable Treasuries suggest bonds are fairly valued and may widen as growth slows and consumers pull back on discretionary spending. I'm holding more liquidity than usual so I can take advantage of potential market volatility. I'm also positioning the portfolio with a degree of caution in case we enter a U.S. recession.

While we are aware of the possibility of a contraction, I don't expect the same level of price volatility in the high-yield market that followed the global financial crisis or the onset of the pandemic. The U.S. high-yield bond market is higher quality now (as defined by credit ratings) with just 11% of bonds rated CCC-or-below (as of December 31, 2022) versus 20% in December 2007.

Strong returns typically followed periods of elevated yields



Source: Bloomberg Index Services Ltd. As of 12/31/22. Yield to worst is the lowest yield that can be realized by either calling or putting on one of the available call/put dates, or holding a bond to maturity. Past results are not predictive of results in future periods.

Hilda Applbaum
is an equity portfolio manager with 36 years of experience. She is a manager for American Balanced Fund®.

10. Revisiting 60/40

Ask your favorite search engine, "Is the 60/40 portfolio dead?" and it will generate about half a million results. Such skepticism is understandable following a year in which stocks and bonds both declined for the first time in decades. Despite the poor year, I believe the concept of a well-balanced portfolio – whether a 60/40 or 65/35 split – is indeed alive and well.

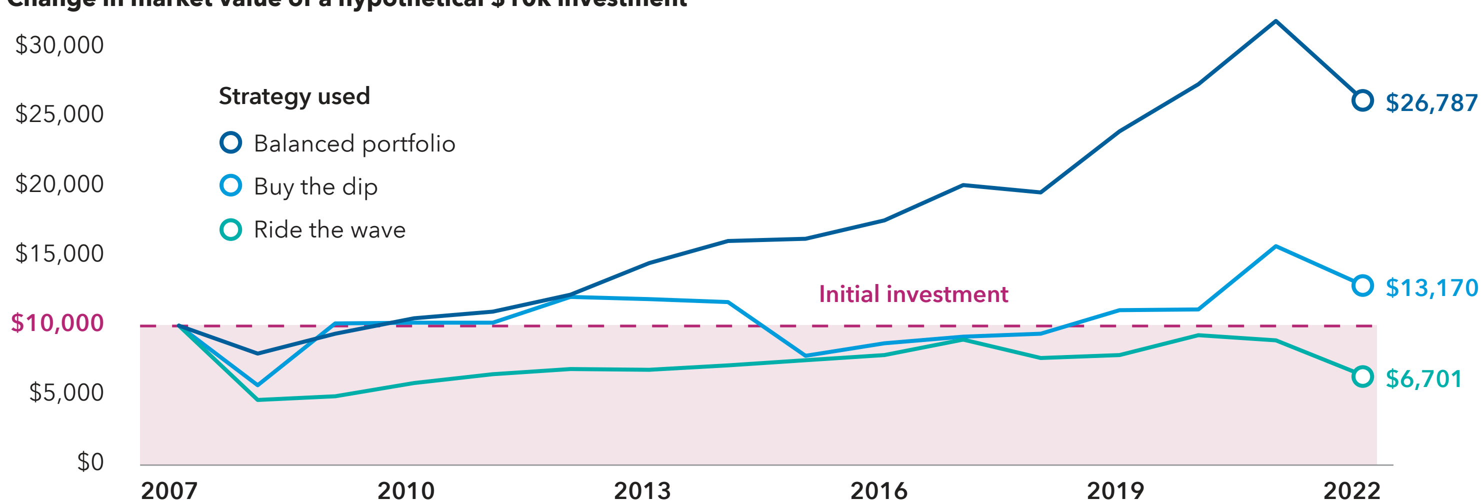
For the first time in years, it's possible to seek total returns in the high single digits by investing in core bonds and proven dividend-paying stocks without taking undue risk or reaching for yield. With the yield on the Bloomberg U.S. Aggregate Index currently above 4%, many core bonds can provide a consistent return in the mid-single digits. That's something we haven't seen since 2008. Investors who are comfortable taking a little more risk by including investment-grade and high-yield corporate bonds can look for their bond portfolios to potentially contribute even more.

Companies that pay a dividend can contribute to an attractive return picture with yields north of 3% and the potential for capital appreciation. For example, Broadcom has raised its dividend 12 consecutive years and currently has a 3.3% yield (as of December 31, 2022).

Traditional asset allocation is not a broken or failed strategy. It will always make sense to think about balance, diversification and risk. A one-size-fits-all approach doesn't work for every investor. It's about building portfolios from the bottom up that align with investor goals.

A balanced portfolio would have outpaced other strategies over the past 15 years

Change in market value of a hypothetical $10k investment



Sources: Capital Group, Bloomberg Index Services Ltd., FTSE Russell, ICE Benchmark Administration Ltd., MSCI, Refinitiv Datastream, Standard & Poor's. As of 12/31/22. "Buy the dip" strategy represents buying the prior year's worst performing asset class every year. "Ride the wave" strategy represents buying the prior year's best performing asset class every year. "Balanced portfolio" strategy represents maintaining a 60/40 split between U.S. large cap stocks and U.S. aggregate bonds. This assumes the portfolios are rebalanced annually. For full list of asset classes and benchmarks used in this analysis, please see the disclosures page. Past results are not predictive of results in future periods.

What's not changing?
The importance of long-term investing

Andrew Suzman
is an equity portfolio manager with 30 years of experience. He serves on the Portfolio Solutions Committee and is a manager for EuroPacific Growth Fund®.

My colleagues may be able to look at the future and imagine new products and emerging trends, but the investment theme closest to my heart is one that doesn't change. Despite all the transformations in the world, I believe the nature of my job and focus as a portfolio manager will continue to be exactly the same.

In 2023, just as we did in 2013 and 2003, we will come upon individual companies that do interesting things. We'll try to buy them at reasonable prices and hold them so that any returns we see may be better than if we were to buy every company. That is my true north.

Some companies will get it right, and some will get it wrong. Our job is to find those most likely to get it right and create wealth over time so that our investors may benefit. Not that we'll be perfect, but I'm optimistic that we can get more companies right than wrong and continue to add value for our clients.

Long-term compensation is built into The Capital System™

Source: Capital Group.

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. If agency ratings differ, the security will be considered to have received the highest of those ratings, consistent with the fund's investment policies.

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

Asset classes included in the 60/40 portfolio analysis: cash (Bloomberg 1–3 Month U.S. Treasury Bill Index), developed international stocks (MSCI EAFE Index), emerging markets stocks (MSCI Emerging Markets Index), foreign bonds (Bloomberg Global Aggregate Index), global commodities (S&P GSCI), gold (LBMA Gold), U.S. equity REITs (FTSE USA REIT), U.S. high-yield bonds (Bloomberg U.S. Corporate High Yield Index), U.S. aggregate bonds (Bloomberg U.S. Aggregate Index), U.S. large cap stocks (S&P 500 Index), U.S. small cap stocks (Russell 2000), U.S. taxable municipal bonds (Bloomberg Taxable Municipal Bond Index).

Bloomberg U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market. **Bloomberg U.S. Corporate Investment Grade Index** represents the universe of investment-grade, publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specific maturity, liquidity and quality requirements. **Bloomberg U.S. Corporate High Yield Index** covers the universe of fixed-rate, non-investment-grade debt. **Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index** covers the universe of fixed-rate, non-investment-grade debt. The index limits the maximum exposure of any one issuer to 2%. **Bloomberg U.S. CMBS ex AAA Index** tracks investment-grade commercial mortgage-backed securities excluding AAA-rated securities. **Bloomberg Global Aggregate Bond Index** represents the global investment-grade fixed-rate bond market. **Bloomberg 1–3 Month U.S. Treasury Bill Index** is designed to measure the performance of public obligations of the U.S. Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months. **Bloomberg Taxable Municipal Bond Index** is a market value-weighted index designed to represent the long-term investment-grade taxable municipal bond market.

FTSE USA REIT Index represents the market for U.S.-based real estate investment trust (REIT) companies.

JP Morgan Emerging Markets Bond Index (EMBI) Global Diversified is a uniquely weighted emerging market debt benchmark that tracks total returns for U.S. dollar-denominated bonds issued by emerging market sovereign and quasi-sovereign entities.

LBMA Gold Price represents the global benchmark spot prices for unallocated gold delivered in London and is administered independently by ICE Benchmark Administration.

MSCI All Country World Index (ACWI) is a free float-adjusted market capitalization-weighted index designed to measure equity market results in the global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes. **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization-weighted index designed to measure developed equity market results, excluding the United States and Canada. **MSCI Emerging Markets Index** is a free float-adjusted market capitalization-weighted index designed to measure equity market results in the global emerging markets, consisting of more than 20 emerging market country indexes. **MSCI ACWI Investable Market Index (IMI)** is a free float-adjusted market capitalization-weighted index designed to measure the large-, mid- and small-capitalization segments of global developed and emerging markets, consisting of more than 40 developed and emerging market country indexes.

The S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. **The S&P 500 Equal-Weighted Index** is an equal-weighted index based on the results of approximately 500 widely held common stocks. **S&P GSCI** is a broad-based production-weighted index of the global commodities market.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). © LSE Group 2023. FTSE Russell is a trading name of certain of the LSE Group companies. FTSE® and Russell® indexes are trademarks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

This report, and any product, index or fund referred to herein, is not sponsored, endorsed or promoted in any way by J.P. Morgan or any of its affiliates who provide no warranties whatsoever, express or implied, and shall have no liability to any prospective investor, in connection with this report. J.P. Morgan disclaimer: https://www.jpmm.com/research/disclosures.

MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.

The Capital Group companies manage equity assets through three investment groups. These groups make investment and proxy voting decisions independently. Fixed income investment professionals provide fixed income research and investment management across the Capital organization; however, for securities with equity characteristics, they act solely on behalf of one of the three equity investment groups.

Statements attributed to an individual represent the opinions of that individual as of the date published and do not necessarily reflect the opinions of Capital Group or its affiliates. This information is intended to highlight issues and should not be considered advice, an endorsement or a recommendation.

This content, developed by Capital Group, home of American Funds, should not be used as a primary basis for investment decisions and is not intended to serve as impartial investment or fiduciary advice.

All Capital Group trademarks mentioned are owned by The Capital Group Companies, Inc., an affiliated company or fund. All other company and product names mentioned are the property of their respective companies.

American Funds Distributors, Inc., member FINRA.

10 investment themes for 2023

	Themes	Investment implications
1	**Dividend decade**	Dividends are coming back, but not all dividend payers are equal. Seek sustainable and growing dividends.
2	**New growth**	Growth opportunities are broadening beyond U.S. tech stocks to include innovative companies across industries.
3	**Global champions**	Nimble multinationals can respond to a changing world regardless of challenging local conditions.
4	**Golden age of health care**	Pharmaceutical companies with deep pipelines could propel this sector as a leader of the next bull market.
5	**Industrial renaissance**	A CapEx super-cycle could drive opportunity for industrial companies and revive manufacturing.
6	**Reshoring supply chains**	The shift to regional supply chains will create new opportunities in automation, construction and energy.
7	**Core strength**	After a tough year, bonds should once again zig when equity markets zag.
8	**Credit comeback**	As growth slows, credit fundamentals have become key to identifying attractive issuers and industries.
9	**Selective high yield**	High yield has become high yielding again. We're being opportunistic as credit quality improves.
10	**Revisiting 60/40**	Asset allocation isn't broken – it's just evolving. A one-size-fits-all approach no longer works.

*Source: Fund Intelligence, February 20, 2020. FUSE Research survey of nearly 600 advisors identifying the "most-read thought leaders." Marketing Support: The Advisor View, June 2020. FUSE Research survey of more than 700 advisors identifying the "most-read thought leaders." Marketing Support: The Advisor View, July 2021. FUSE Research survey of 720 financial advisors identifying the "most-read asset manager thought leaders."