

Amer Funds CplncBldr A

Governance and Management

Stewardship Grade: A

Portfolio Manager(s)

American Funds uses a multimanager system in which each of the fund's managers runs a portion of assets independently of the other managers. Many of the managers (also known as counselors) on this fund have been managing money for years, and many run other American Funds' portfolios as well.

Strategy

This fund has a razor-sharp focus on income. Its stock portfolio, for example, is filled with high-yielding names. Its bond portfolio consists mostly of U.S. Treasuries, investment-grade corporates, and mortgages. Although the fund's stock stake has hovered between 50% and 65%, its bond stake has varied widely: It has been as high as 40% and as low as 10% (with the remainder in cash).

Performance 04-30-06

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2002	4.08	0.66	-8.60	5.10	0.65
2003	-2.12	10.49	2.36	9.82	21.57
2004	2.51	-0.08	4.03	10.18	17.40
2005	-1.66	2.30	3.00	1.28	4.94
2006	4.89	—	—	—	—

Trailing	Total Return%	+/- DJ 60%	+/- MSCI World	%Rank Cat	Growth of \$10,000
3 Mo	4.69	2.45	-0.45	37	10,469
6 Mo	11.43	1.47	-4.58	35	11,143
1 Yr	15.43	-0.54	-8.89	34	11,543
3 Yr Avg	16.27	0.12	-4.85	32	15,718
5 Yr Avg	10.86	2.51	5.34	29	16,745
10 Yr Avg	11.51	2.82	4.14	23	29,726
15 Yr Avg	11.73	2.03	3.20	40	52,789

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	12.27	91	1.52	88
5 Yr (estimated)	7.60	71	1.78	96
10 Yr (estimated)	8.54	28	2.08	57

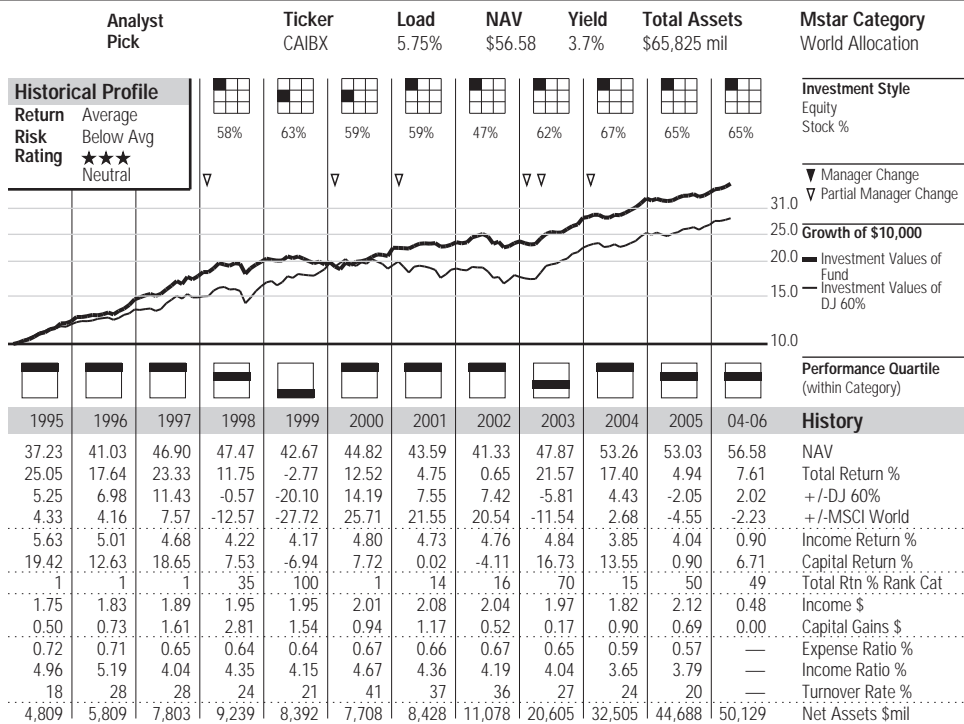
Potential Capital Gain Exposure: 17% of assets

Morningstar's Take by Kai Wiecking 04-28-06

Despite its increasing girth, American Funds Capital Income Builder remains an attractive option.

Though the pace of inflows into this offering has slowed, it's now reached a size of over \$63 billion in assets. In almost any other category, this would be a huge cause for concern. But since world-allocation funds can literally invest almost anywhere, into any asset class, it's less worrisome than it would be in any other fund type. Another mitigating factor is the low turnover approach employed here, and the fact that the vast majority of the equity portion of the portfolio is held in highly liquid large- and mega-caps.

Using American Funds' customary multimanager system, the portfolio is split up between eight experienced managers, all but one of whom have been with American Funds for over ten years. One trait we particularly like about them is that they don't shy away from taking a contrarian stance. For instance, they've invested heavily in telecoms and utilities when those sectors were out of favor. In



Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	8.80			
3 Yr	14.00	-Avg	-Avg	★★
5 Yr	9.55	Avg	-Avg	★★★★
10 Yr	10.85	+Avg	-Avg	★★★★★
Incept	11.28			

Other Measures

	Standard Index MSCI EAFE	Best Fit Index MSCI Wld xUS
Alpha	2.9	0.3
Beta	0.78	0.52
R-Squared	69	73
Standard Deviation	6.12	
Mean	16.27	
Sharpe Ratio	2.12	

Portfolio Analysis 03-31-06

Total Stocks: 236	Sectors	P/E Ratio	YTD Return %	% Net Assets
Share change since 12-31-05				
E.ON	Utilities	—	—	1.88
BellSouth Corporation Com	Telecom	20.5	22.70	1.66
AT&T, Inc. Common Stock	Telecom	17.8	5.75	1.62
Altria Group, Inc. Common	Goods	13.9	-4.15	1.56
Koninklijke KPN	Telecom	—	—	1.11
Exelon Corporation Common	Utilities	39.5	5.67	1.07
Societe Generale Grp	Financial	—	—	1.06
Veolia Environnement	Business	—	—	0.99
National Grid Transco	Utilities	—	—	0.99

Total Fixed-Income: 772

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
FNMA 5.5%	02-01-35	142,555	139,253	0.24
FNMA	04-01-36	130,360	127,224	0.21
US Treasury Bond 11.75%	11-15-14	95,000	116,523	0.20
FNMA 6%	04-01-35	114,599	114,684	0.19
FHLMC 6%	02-01-36	107,013	107,084	0.18
US Treasury Note 3.625%	07-15-09	110,000	106,021	0.18
Cardinal Health 6.75%	02-15-11	100,250	105,110	0.18
US Treasury Note 5.75%	08-15-10	100,000	103,672	0.18

Current Investment Style

Value	Blnd	Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel DJ 60%	3 Yr High Low
Large	Mid	Small	Giant	49.0	Info	14.58	—	—
Large	Mid	Small	Large	36.3	Software	0.96	—	1 0
Large	Mid	Small	Mid	13.9	Hardware	1.32	—	1 0
Large	Mid	Small	Small	0.8	Media	0.57	—	1 0
Large	Mid	Small	Micro	0.0	Telecom	11.73	—	15 12
Avg \$mil:				26,235	Service	43.53	—	—

Value Measures

	Rel Category		Rel Category
Price/Earnings	13.59	0.94	Consumer 2.39
Price/Book	2.02	0.96	Business 5.24
Price/Sales	1.34	1.15	Financial 32.44
Price/Cash Flow	3.65	0.58	Mfg 41.88
Dividend Yield %	4.85	1.60	Goods 11.60
			Ind Mtrls 7.61
Growth Measures	%	Rel Category	Energy 8.10
Long-Term Erngs	8.64	0.83	Utilities 14.57
Book Value	7.97	1.08	
Sales	6.49	1.16	
Cash Flow	3.59	0.61	
Historical Erngs	11.43	0.76	

Regional Exposure

	% Stock
UK/W. Europe	35
N. America	46
Japan	0
Latin America	1
Asia X Japan	18
Other	0

Country Exposure

	% Stock
United States	43
Australia	5
U.K.	9
Hong Kong	5
Netherlands	6



Mutual Funds

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Inception: 07-30-87
Advisor: Capital Research and Management Company
Subadvisor: None
NTF Plans: Federated Tr NTF

Minimum Purchase: \$250
Add: \$50
IRA: \$250
Mgt: 0.28%
Exp: \$756
Income Distrib: 5Yr: \$891, 10Yr: \$1282