

Amer Funds Amcap A

Governance and Management

Stewardship Grade: B

Portfolio Manager(s)

The fund is managed by a very seasoned five-person team of portfolio counselors. The average member boasts more than 22 years of experience with the firm. The team is backed by a large and talented legion of analysts. More than 140 investment professionals operate out of 11 offices around the globe.

Strategy

The fund favors established companies with proven records of steady, above-average growth. It owns its share of highfliers, but it's also willing to scoop up names that aren't very common in other growth portfolios. The resulting portfolio is well diversified across industries and individual names, and a usually large cash stake further keeps a lid on risk.

Performance 04-30-06

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2002	-0.31	-11.29	-14.34	7.37	-18.66
2003	-0.85	15.62	2.75	10.06	29.64
2004	2.61	1.85	-3.07	8.39	9.80
2005	-2.78	3.14	2.37	4.22	6.98
2006	3.24	—	—	—	—

Trailing	Total Return%	+/- S&P 500	+/- Russ 1000Gr	%Rank Cat	Growth of \$10,000
3 Mo	0.87	-2.01	-0.31	44	10,087
6 Mo	8.63	-1.00	1.57	43	10,863
1 Yr	16.91	1.50	1.73	57	11,691
3 Yr Avg	13.75	-0.92	1.70	41	14,718
5 Yr Avg	4.38	1.68	5.14	8	12,390
10 Yr Avg	11.40	2.46	5.19	4	29,434
15 Yr Avg	11.89	0.99	2.95	13	53,935

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	11.28	61	0.22	21
5 Yr (estimated)	2.77	18	0.38	44
10 Yr (estimated)	8.95	7	1.62	70

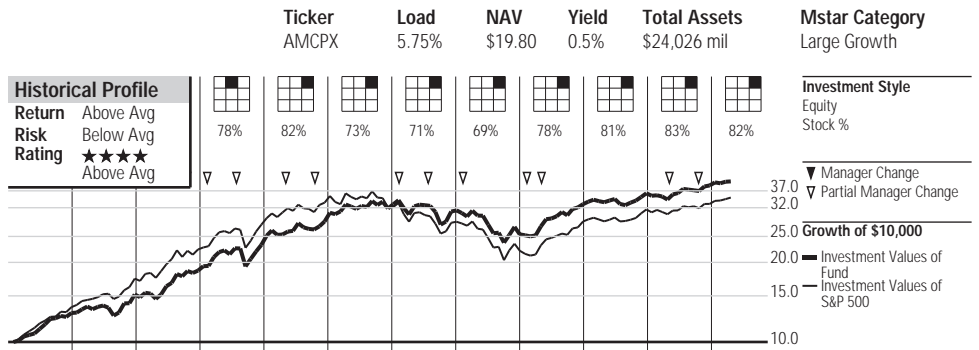
Potential Capital Gain Exposure: 23% of assets

Morningstar's Take by Paul Herbert 12-30-05

American Funds Amcap has a lot of our favorite qualities.

We've sung this fund's praises for its focus on the long term and its ability to weather difficult market conditions, but its managers also deserve credit for strong stock-picking. In particular, key decisions within its favorite sectors--health care and consumer services--have played a big role in its success in recent years. Within health care, the managers have underweighted drugmakers and instead preferred health-services names, which has worked to the fund's benefit as drug stocks have sputtered. And among retailers, favoring Lowe's and Target versus Home Depot and Wal-Mart has also worked for the best.

To us, the fund's success comes back to its advisor's research commitment. Five portfolio managers and 22 analysts work on this fund, uncovering companies with reasonable valuations, strong managements, as well as proven records of earnings growth and the potential to keep that



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	04-06	History
NAV	13.67	14.16	15.65	17.71	18.78	17.78	16.12	13.00	16.85	18.33	19.12	19.80	NAV
Total Return %	28.71	14.16	30.55	30.02	21.78	7.50	-5.01	-18.66	29.64	9.80	6.98	3.56	Total Return %
+/- S&P 500	-8.82	-8.79	-2.80	1.44	0.74	16.60	6.87	3.43	0.97	-1.07	2.07	-2.04	+/- S&P 500
+/- Russ 1000Gr	-8.47	-8.96	0.06	-8.69	-11.38	29.92	15.41	9.22	-0.11	3.50	1.72	0.61	+/- Russ 1000Gr
Income Return %	1.47	0.90	0.73	0.85	0.58	0.59	0.49	0.15	0.02	0.26	0.50	0.00	Income Return %
Capital Return %	27.24	13.26	29.82	29.17	21.20	6.91	-5.50	-18.81	29.62	9.54	6.48	3.56	Capital Return %
Total Rtn % Rank Cat	69	82	28	53	82	4	10	38	32	42	54	54	Total Rtn % Rank Cat
Income \$	0.17	0.12	0.10	0.13	0.10	0.11	0.09	0.02	0.00	0.04	0.09	0.00	Income \$
Capital Gains \$	1.19	1.31	2.47	2.29	2.48	2.26	0.71	0.10	0.00	0.13	0.39	0.00	Capital Gains \$
Expense Ratio %	0.71	0.71	0.69	0.68	0.67	0.68	0.67	0.71	0.77	0.73	0.68	0.65	Expense Ratio %
Income Ratio %	1.16	1.16	0.81	0.62	0.70	0.72	1.18	0.58	0.25	0.11	0.36	0.66	Income Ratio %
Turnover Rate %	18	35	24	31	36	34	39	25	18	17	16	20	Turnover Rate %
Net Assets \$mil	3,533	3,784	4,537	5,830	7,188	7,655	7,596	6,683	10,322	13,319	15,568	16,504	Net Assets \$mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	10.18			
3 Yr	11.53	Avg	-Avg	★★★
5 Yr	3.16	+Avg	-Avg	★★★★
10 Yr	10.74	High	Low	★★★★★
Incept	12.27			

Other Measures	Standard Index	Best Fit Index
Alpha	-0.4	-1.5
Beta	0.97	0.64
R-Squared	84	91
Standard Deviation	8.20	
Mean	13.75	
Sharpe Ratio	1.33	

Portfolio Analysis 03-31-06

Share change since 12-05	Total Stocks:145	Sector	PE	Tot Ret%	% Assets	
+		Lowe's Companies Inc. Co	Consumer	18.2	-5.24	2.46
+		Cisco Systems, Inc. Comm	Hardware	24.1	22.37	2.12
+		Best Buy Co., Inc. Commo	Consumer	28.1	30.49	2.08
+		WellPoint, Inc. Common S	Health	18.0	-11.02	2.06
+		Microsoft Corporation Co	Software	20.1	-7.34	1.95
+		Oracle Corporation Commo	Software	26.5	19.49	1.94
+		Target	Consumer	19.6	-3.23	1.93
+		Fannie Mae Common Stock	Financial	—	4.66	1.91
+		American International G	Financial	16.4	-4.15	1.75
+		Google, Inc. Common Stoc	Business	83.3	0.74	1.72
+		Capital One Financial Co	Financial	12.9	0.31	1.69
+		Schlumberger, Ltd. Commo	Energy	38.2	42.65	1.68
+		First Data Corporation C	Business	23.4	11.02	1.59
+		Medco Health Solutions,	Health	26.0	-4.61	1.16
+		Robert Half Internationa	Business	31.1	11.80	1.13
+		CVS Corporation Common S	Consumer	20.5	12.80	1.06
+		Guidant	Health	—	—	1.04
+		Medtronic, Inc. Common S	Health	30.6	-12.63	1.03
+		Johnson Controls, Inc. C	Ind Mtrls	20.6	12.29	1.01
+		United Parcel Service, I	Business	23.4	8.42	0.97

Current Investment Style

Value Blind Growth	Market Cap	%	Sector Weightings	% of Stocks	Rel S&P 500	3 Year High Low
Large	Giant	38.6	Info	21.71	1.09	
Large	Large	35.4	Software	6.57	2.03	7 2
Mid	Mid	24.8	Hardware	8.61	0.85	13 9
Small	Small	1.2	Media	4.14	1.19	6 3
Micro	Micro	0.0	Telecom	2.39	0.75	2 1
Avg \$mil: 23,363			Service	59.12	1.27	
			Health	17.85	1.47	21 17
			Consumer	20.18	2.56	21 18
			Business	10.51	2.22	11 8
			Financial	10.58	0.49	13 10
			Mfg	19.17	0.57	
			Goods	7.71	0.93	8 7
			Ind Mtrls	4.32	0.35	7 4
			Energy	7.14	0.71	8 4
			Utilities	0.00	0.00	1 0

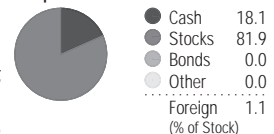
Value Measures

Value Measures	Rel Category
Price/Earnings	18.42 0.91
Price/Book	2.81 0.81
Price/Sales	1.43 0.71
Price/Cash Flow	5.68 0.51
Dividend Yield %	0.85 0.93
Growth Measures	% Rel Category
Long-Term Erngs	13.75 0.96
Book Value	10.36 0.90
Sales	12.55 0.99
Cash Flow	15.38 0.87
Historical Erngs	17.54 0.77

Profitability

Profitability	% Rel Category
Return on Equity	18.23 0.92
Return on Assets	10.26 0.96
Net Margin	13.55 0.94

Composition



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Advisor:	Capital Research and Management Company	Management Fee:	0.49% mx./0.30% mn.		
Subadvisor:	None	Actual Fees:	Mgt:0.33% Dist:0.22%		
NTF Plans:	Federated Tr NTF	Expense Projections:	3Yr:\$783 5Yr:\$937 10Yr:\$1384		
		Income Distrib:			