

Amer Funds Bond Fund A

Ticker **ABNDX** Load **3.75%** NAV **\$13.07** Yield **5.2%** SEC Yield **—** Total Assets **\$23,901 mil** Mstar Category **Intermediate-Term Bond**

Governance and Management

Stewardship Grade:

Portfolio Manager(s)

David Barclay, Mark Dalzell, Abner Goldstone, Mark MacDonald, John Smet, and Susan Tolson each manage a portion of this portfolio. Their experience with Capital Research ranges from 11 years for MacDonald to 38 years for Goldstone.

Strategy

A team of managers consult with one another, but each runs a portion of the portfolio. The fund has a lot of leeway to adjust its interest-rate sensitivity, and it also tends to hold a large stake in mid- and low-quality bonds. Due to a recent policy change, however, the fund will limit its high-yield stake to 10% of the portfolio.

Performance 04-30-06

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2002	0.47	-0.18	1.07	4.70	6.11
2003	3.07	5.42	1.13	2.12	12.22
2004	2.62	-2.35	3.27	2.29	5.85
2005	-0.98	2.23	0.05	0.64	1.94
2006	0.13	—	—	—	—

Trailing	Total Return%	+/- LB Aggr	+/- LB 5-10YR	%Rank Cat	Growth of \$10,000
3 Mo	-0.10	0.73	1.39	5	9,990
6 Mo	1.53	0.97	1.78	4	10,153
1 Yr	2.47	1.76	2.92	3	10,247
3 Yr Avg	4.86	2.28	2.29	3	11,530
5 Yr Avg	6.04	0.88	0.08	5	13,408
10 Yr Avg	6.37	0.04	-0.38	12	18,543
15 Yr Avg	7.50	0.58	0.02	9	29,589

Tax Analysis	Tax-Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.78	12	1.69	64
5 Yr (estimated)	3.11	27	2.01	72
10 Yr (estimated)	3.40	44	2.42	86

Potential Capital Gain Exposure: 2% of assets

Morningstar's Take by Eric Jacobson 02-05-06

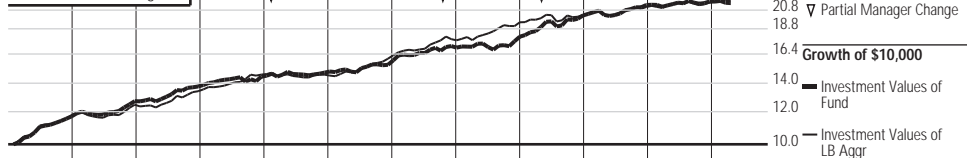
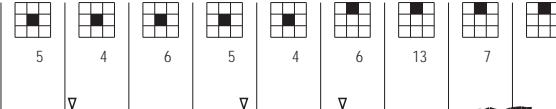
It's by no means a red flag, but Bond Fund of America's 2005 showing is a reminder.

We don't want to exaggerate. The fund finished last year in the best half of the intermediate-term bond category, outpacing its average rival by a modest margin. What's more, the fund has made changes over the past few years to rein in risk. Its managers generally keep the portfolio's junk-bond stake under 10% (it used to be north of 20%), and the American Funds group has become more conservative with its interest-rate plays overall. As a result, while investors aren't likely to completely forget the troubles that befell the fund in 1998 and the period from 2000 through 2002, it is a somewhat different offering today.

That said, this portfolio remains relatively aggressive from a credit perspective. Its weighting in bonds rated A, BBB, and lower is roughly double the category average. So while mid- and lower-quality bonds weren't bad performers in 2005, those allocations hurt at times during the year when

Historical Profile

Return Above Avg
Risk Above Avg
Rating ★★★★★ Above Avg



1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	04-06	History
13.88	13.75	14.00	13.61	12.98	12.79	12.79	12.70	13.51	13.65	13.22	13.07	NAV
18.25	6.71	9.24	5.17	2.29	6.19	7.15	6.11	12.22	5.85	1.94	0.30	Total Return %
-0.22	3.08	-0.41	-3.52	3.11	-5.44	-1.29	-4.14	8.12	1.51	-0.49	1.13	+/-LB Aggr
-3.18	4.02	-0.19	-4.97	5.17	-6.25	-1.67	-6.92	6.25	0.55	0.11	2.07	+/-LB 5-10YR
8.54	7.57	7.34	7.03	7.06	7.64	7.22	6.71	5.69	4.76	5.15	1.44	Income Return %
9.71	-0.86	1.90	-1.86	-4.77	-1.45	-0.07	-0.60	6.53	1.09	-3.21	-1.14	Capital Return %
40	4	40	90	2	92	64	88	3	5	42	4	Total Rtn % Rank Cat
1.05	1.02	0.98	0.95	0.93	0.96	0.90	0.83	0.71	0.63	0.69	0.19	Income \$
0.00	0.00	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains %
0.74	0.71	0.68	0.66	0.69	0.72	0.71	0.71	0.67	0.65	0.62	—	Expense Ratio %
7.87	7.47	6.95	6.94	6.96	7.35	7.17	6.59	5.15	4.54	4.60	—	Income Ratio %
44	43	52	66	47	62	64	50	60	45	50	—	Turnover Rate %
6,290	7,002	8,176	9,541	9,477	9,366	11,223	12,703	13,991	15,822	17,738	18,255	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	-1.38			
3 Yr	3.53	+ Avg	Avg	★★★★
5 Yr	5.23	+ Avg	+ Avg	★★★★
10 Yr	5.96	Avg	+ Avg	★★★
Incept	9.02			

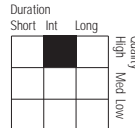
Other Measures

	Standard Index	Best Fit Index
Alpha	2.2	2.0
Beta	0.92	0.73
R-Squared	89	93
Standard Deviation	4.01	
Mean	4.86	
Sharpe Ratio	0.62	

Portfolio Analysis 03-31-06

	Date of Maturity	Amount \$000	Value \$000	% Net Assets
Total Fixed-Income:1648				
FHLMC 6%	02-01-36	392,814	393,073	1.61
US Treasury Bond 4.5%	02-15-36	300,090	281,616	1.15
FNMA	04-01-36	230,750	225,198	0.92
US Treasury Bond 6.875%	08-15-25	148,700	181,576	0.74
US Treasury Note 3.625%	07-15-09	148,000	142,647	0.58
Fuji Jgb Invnt 144A FRN	12-31-49	121,238	131,692	0.54
Ford Motor Cr 7.875%	06-15-10	140,000	131,359	0.54
FNMA 5.5%	02-01-35	126,429	123,501	0.50
Washington Mut Pfd Fdg T	03-29-49	123,400	119,999	0.49
Nextel Comms 6.875%	10-31-13	105,480	108,917	0.45
US Treasury Note 4.25%	08-15-13	113,000	108,692	0.44
State Of Israel	03-31-14	464,132	105,070	0.43
Nextel Comms 7.375%	08-01-15	97,025	101,828	0.42
US Treasury Bond 11.25%	02-15-15	70,000	101,653	0.42
Cwalt CMO 5.5%	10-25-35	102,412	101,293	0.41
Hsbc Cap Fdg Dir 1 LP 1	12-31-49	87,750	100,279	0.41
At&T Wireless Svcs 8.125	05-01-12	87,630	98,513	0.40
Hbos 144A FRN	09-29-49	101,800	98,460	0.40
France Telecom Sa 7.75%	03-01-11	85,050	92,979	0.38
Resona Bk 144A FRN	09-29-49	84,835	82,471	0.34

Current Investment Style



Avg Eff Duration ¹	4.0 Yrs
Avg Eff Maturity	5.6 Yrs
Avg Credit Quality	AA
Avg Wtd Coupon	5.86%
Avg Wtd Price	106.60% of par

Coupon Range	% of Bonds	Rel Cat
0% PIK	3.1	0.7
0% to 6%	57.9	0.8
6% to 8%	30.1	1.4
8% to 10%	10.1	2.0
More than 10%	2.0	3.0

Credit Analysis	US Govt	BB	% bonds 03-31-06
AAA	22	B	4
AA	7	Below B	1
A	23	NR/NA	0
BBB	19		

Sector Breakdown

	% of assets
US Treasuries	5
TIPS	1
US Agency	1
Mortgage Pass-Throughs	6
Mortgage CMO	13
Mortgage ARM	0
US Corporate	42
Asset-Backed	8
Convertible	0
Municipal	1
Corporate Inflation-Protected	0
Foreign Corporate	3
Foreign Govt	5

Composition

Cash	13.9	Bonds	83.5
Stocks	0.5	Other	2.1

Special Securities

Restricted/Illiquid Secs	13
Exotic Mortgage-Backed	0
Emerging-Markets Secs	2
Options/Futures/Warrants	No

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Advisor: Capital Research and Management Company
Subadvisor: None
NTF Plans: Federated Tr NTF

Minimum Purchase: \$250 Add: \$50 IRA: \$250
Min Auto Inv Plan: \$50 Add: \$50
Sales Fees: 3.75%L, 0.25%S
Management Fee: 0.27%
Actual Fees: Mgt:0.25% Dist:0.25%
Expense Projections: 3Yr:\$575 5Yr:\$724 10Yr:\$1155
Income Distrib: