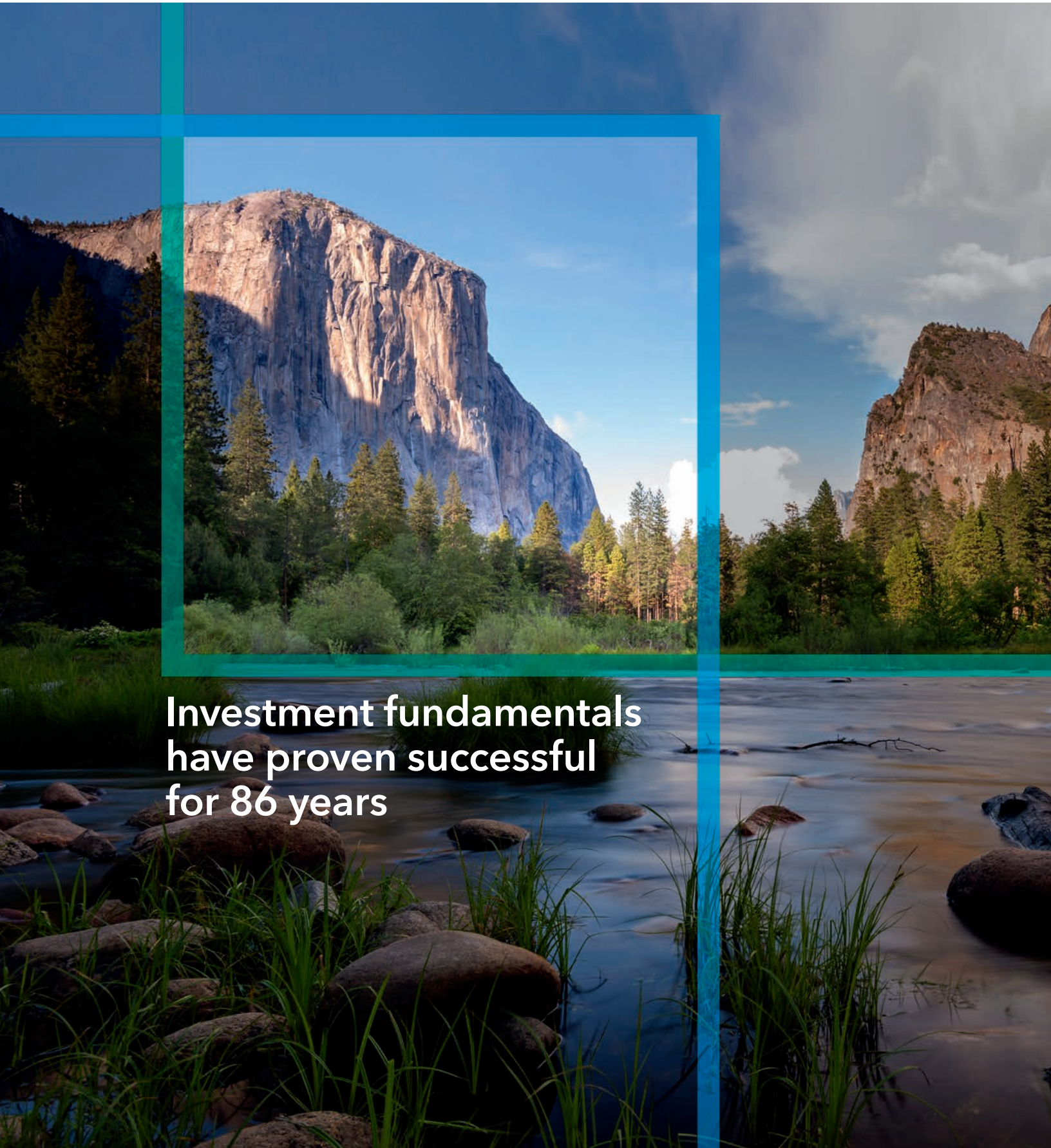
The ICA Guide

2020 edition: Class A shares

CAPITAL GROUP® | AMERICAN FUNDS®



Investment fundamentals have proven successful for 86 years

More than eight decades of experience

One of your first investment decisions is knowing whom to trust with your hard-earned money. At Capital Group, we think our history and results speak for themselves, as shown by the record of our first fund, The Investment Company of America®.

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Our founder focused on investment principles and integrity

Jonathan Bell Lovelace spent most of the 1920s at a Detroit banking/brokerage firm, developing his investment research techniques and earning impressive results. By 1929, before the stock market crash, he could see no logical relationship between stock market prices and their underlying values, so he sold his interest in the firm, took his investments out of the market and moved to California.

When Lovelace founded Capital Group in 1931, he established three core principles that we hold to this day:

- Do the thorough research necessary to determine the actual worth of an organization.
- Buy securities at reasonable prices relative to their prospects.
- Always be guided by a total commitment to honesty and integrity.

Figures shown are past results for Class A shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. Unless otherwise indicated, results shown are at the 5.75% maximum sales charge for Class A shares (3.50% for investments of $100,000 or more) with all distributions reinvested. For current information and month-end results, visit capitalgroup.com.

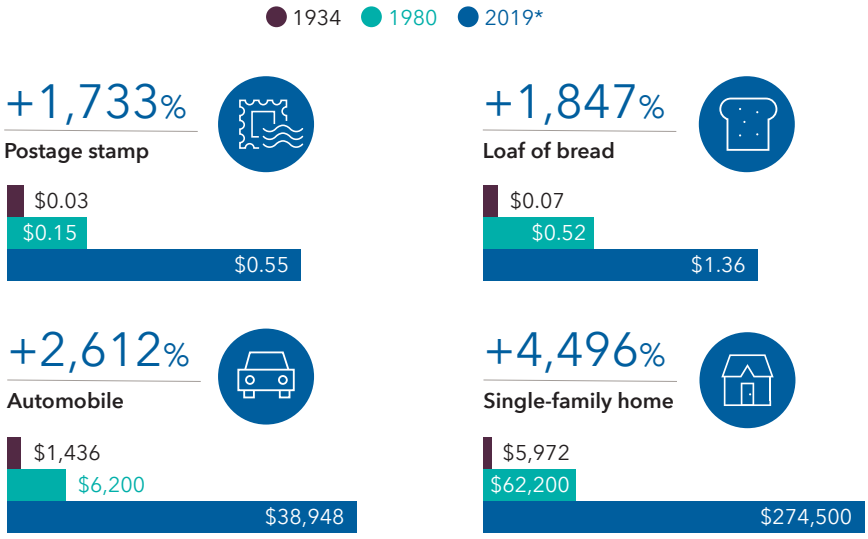
Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

The legacy of our first fund

Our oldest fund, The Investment Company of America (ICA), has stood the test of time. Since 1934, the fund has persevered through market highs and lows, world conflicts and ever-changing technology. We've always remained focused on our objective – to provide long-term growth of capital and income by investing in solid companies with potential for future dividends. Today, ICA has earned the trust of more than 3 million shareholders.

The fund has a legacy of keeping investors' long-term returns well ahead of the cost of living. Over the 86 years ended December 31, 2019, a hypothetical $1,000 investment in ICA would have grown to $17.2 million and earned an average annual total return of 12.0% – more than three times the rate of inflation (3.5%).

It's key to stay ahead of inflation and the rising cost of living



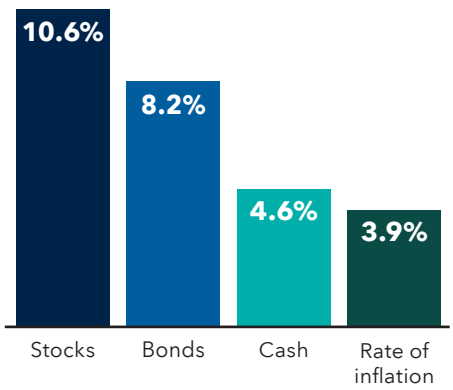
* Sources: United States Postal Service, Bureau of Labor Statistics, TrueCar.com, National Association of Realtors.

Stocks have outpaced other investments

Stocks have provided an effective hedge against inflation over the long term. Some investments that have been considered less risky – such as bonds, Treasury bills, certificates of deposit (CDs) and savings accounts – may be more appropriate for short-term savings strategies. Over time, trying to avoid risk could mean settling for a lower return on your investment, as shown in this chart.

Stocks have had the highest returns over the past 50 years

Average annual total return



All results calculated with dividends reinvested for the period December 31, 1969, through December 31, 2019. Source: Ibbotson (stocks: U.S. large cap stocks; bonds: U.S. long-term government bonds; cash: 30-day Treasury bills). The indexes are unmanaged and, therefore, have no expenses. Figures shown are past results and are not predictive of results in future periods. Unlike fund shares, investments in Treasury bills, CDs and savings accounts are guaranteed. Rate of inflation is measured by the Consumer Price Index, which is computed from data supplied by the U.S. Department of Labor, Bureau of Labor Statistics.

Informed investing during retirement

Look at the hypothetical investments of two fictional couples, the Boones and the Klausens, over a 20-year period of their retirement to see the difference that a portfolio of ICA and The Bond Fund of America® (BFA) would have made.

Margaret and Harry Boone

Twenty years ago – at the end of 1999 – the Boones and the Klausens retired. Each couple had $500,000 to invest.

The Boones were attracted to low costs associated with index funds and wanted a portfolio with significant stocks so the account had the potential to grow over time. They put their money into an index fund blend of 60% Standard and Poor's 500 Composite Index and 40% Bloomberg Barclay's U.S. Aggregate Index.

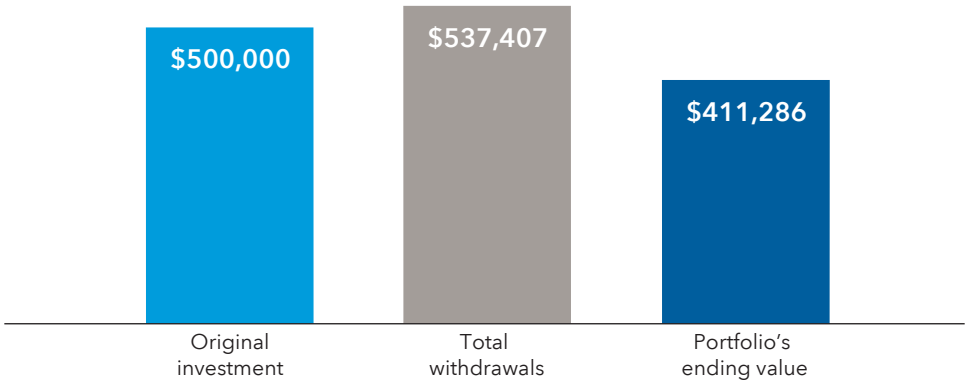
They started taking monthly withdrawals totaling $20,000 – or 4% of the initial investment – for the first year. They increased the amount they withdrew by 3% each year thereafter to help offset inflation. As a result, their annual withdrawals increased from $20,000 in 2000 to $35,070 in 2019.

By December 31, 2019, the Boones would have:

- Withdrawn a total of $537,407 during the 20-year period.
- Had $411,286 remaining in their account – less than their original $500,000 investment.

Portfolio results for the 20 years ended December 31, 2019

60% S&P 500/40% Bloomberg Barclays U.S. Aggregate Index



Investors cannot invest directly in an index.

The return of principal for bond portfolios and for portfolios with significant underlying bond holdings is not guaranteed. Investments are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Passive (index) funds are not striving to outpace their benchmarks; rather, they seek to replicate the benchmark's return pattern.

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Vivian and Joe Klausen

The Klausens relied on American Funds to help build their nest egg. After meeting with their advisor, they decided to keep $500,000 in a portfolio of 60% ICA and 40% BFA. They wanted to invest in stocks for their growth potential. They liked ICA because of its focus on dividend-paying companies, which have historically been less volatile than more growth-oriented companies and can be an attractive source of income in both low and rising interest-rate environments. They selected BFA as their core bond fund.

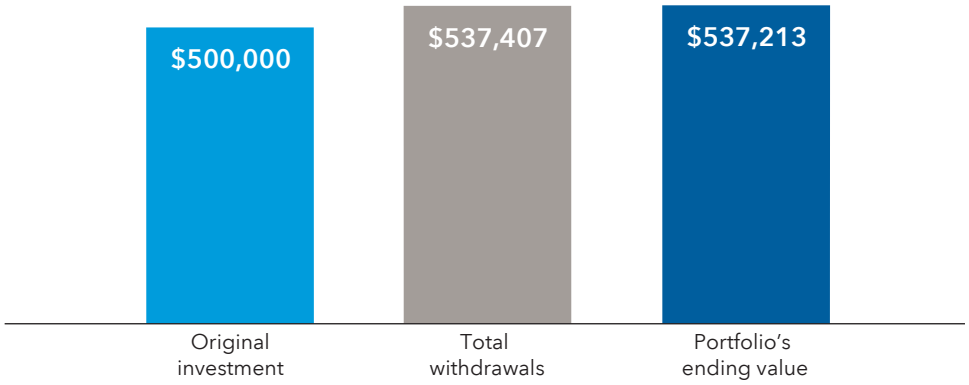
They also took monthly withdrawals totaling $20,000 the first year, increasing 3% each year, thereafter. As a result, like the Boones, their 2019 withdrawals totaled $35,070.

By December 31, 2019, the Klausens would have:

- Withdrawn a total of $537,407 during the 20-year period.
- Seen their portfolio's value rise to $537,213 at the end of the 20-year period. Of course, there would have been times when the funds lagged the indexes that included two major market downturns – the dot-com bubble and the global financial crisis.

Portfolio results for the 20 years ended December 31, 2019

60% ICA/40% BFA



The hypothetical examples on pages 4 and 5 reflect actual historical results. Your investment experience, of course, will depend on the amount you invest and when you invest.

Returns reflecting payment of the maximum 5.75% (ICA) and 3.75% (BFA) sales charge for Class A shares as of March 31, 2020.

	Average annual total returns			
	1 year	5 years	10 years	Expense ratio
ICA	-14.75%	3.61%	8.07%	0.59%
BFA	4.85	2.43	3.42	0.61

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. Expense ratios are as of each fund's prospectus available at the time of publication. When applicable, investment results reflect fee waivers and/or expense reimbursements, without which results would have been lower. Please see capitalgroup.com for more information.

What ICA investors own

A hypothetical $10,000 investment in ICA on December 31, 2019, bought part ownership in approximately 170 companies. Of those, here are the 75 largest, representing 78% of total assets.

The fund's 75 largest equity holdings and what a $10,000 investment bought

Microsoft	$513	Concho Resources	$85	Illinois Tool Works	$59
Facebook	501	Cigna	85	Chevron	59
Abbott Laboratories	303	Thermo Fisher Scientific	84	Noble Energy	58
Broadcom	290	Hasbro	81	Royal Dutch Shell	56
Alphabet	245	Eli Lilly	73	Schlumberger	52
UnitedHealth Group	243	Daiichi Sankyo	72	United Technologies	52
Amazon.com	222	Canadian Natural Resources	71	Baker Hughes	51
Exxon Mobil	207	Merck & Co.	71	Boeing	51
AbbVie	206	Enbridge	70	Dow	48
British American Tobacco	203	Lockheed Martin	68	PepsiCo	48
EOG Resources	196	Lamb Weston Holdings	68	NIKE	48
Amgen	183	Accenture	68	Amphenol	47
Linde	148	Dominion Energy	68	Sempra Energy	47
Home Depot	147	American Tower	68	Humana	46
Netflix	144	QUALCOMM	68	Western Union	45
Gilead Sciences	138	Northrop Grumman	67	Samsung Electronics	43
CSX	135	Airbus	65	BHP Group	43
Philip Morris International	127	Altria Group	65	Crown Castle International	42
General Dynamics	118	Comcast	64	McDonald's	42
Intel	105	Edison International	63	Rolls-Royce Holdings	41
JPMorgan Chase	101	ASML Holding	61	Berkshire Hathaway	39
Coca-Cola	99	Marriott International	61	Chubb	38
Nestlé	89	Wells Fargo	60	International Flavors & Fragrances	34
Mastercard	89	Keurig Dr Pepper	60		
Apple	88	L3Harris Technologies	60	Other equities	1,683
Texas Instruments	85	Las Vegas Sands	59		

$9,482	+	$7	=	$9,489	+	$511	=	$10,000
Total stocks		**Bonds & notes**		**Total investment securities**		**Net cash & equivalents**		**Total**

The fund is professionally managed, so holdings will change.

Investing in stocks requires skill

ICA's investment professionals draw on long experience and in-depth research to make decisions about the fund's holdings. A professionally managed well-diversified portfolio can make a difference over time.

Imagine that, 86 years ago, you could have invested $1,000 in each of any five companies in the Dow Jones Industrial Average.* When one company in the index was replaced by another, proceeds from the sale of the original company were invested in the new one. Based on that strategy, today you would have a portfolio of five of the well-known companies listed below. Which five companies would you want to own today?

If you could have invested $1,000 each in any five of these companies (or their predecessors) 86 years ago, which five would you choose?

- ☐ **American Express** (replaced Manville in 1982)
- ☐ **Apple** (previously known as SBC Communications, substituted for Goodyear in 1999)
- ☐ **Boeing** (replaced T in 2015 which replaced INCO Inco in 1987)
- ☐ **Caterpillar** (replaced Navistar International in 1991)
- ☐ **Chevron** (replaced Honeywell in 2008)
- ☐ **Cisco Systems** (replaced General Motors in 2009)
- ☐ **Coca-Cola** (replaced Owens-Illinois in 1987, which replaced National Distillers in 1959, which replaced United Aircraft in 1934)
- ☐ **Disney** (replaced USX in 1991)
- ☐ **Dow Inc.** (replaced Borden in 1935)
- ☐ **ExxonMobil**
- ☐ **Goldman Sachs Group** (replaced Bank of America in 2013, which replaced Altria, previously known as Philip Morris in 2008, which replaced General Foods in 1985)
- ☐ **Home Depot** (substituted for Sears, Roebuck in 1999)
- ☐ **IBM** (replaced Chrysler in 1979)
- ☐ **Intel** (substituted for Chevron in 1999)
- ☐ **Johnson & Johnson** (replaced Bethlehem Steel in 1997)
- ☐ **JPMorgan Chase** (replaced Primerica in 1991, which replaced American Can in 1988)
- ☐ **McDonald's** (replaced American Brands in 1985)
- ☐ **Merck** (replaced Esmark in 1979, which replaced Corn Products in 1959)
- ☐ **Microsoft** (substituted for Union Carbide in 1999)
- ☐ **NIKE** (replaced Nike in 2015, which replaced Alcoa in 2013, which replaced National Steel in 1959 which replaced Coca-Cola in 1935)
- ☐ **Pfizer** (substituted for Eastman Kodak in 2004)
- ☐ **Procter & Gamble**
- ☐ **3M** (replaced Anaconda in 1976, which replaced American Smelting in 1959)
- ☐ **Travelers Companies** (replaced Citigroup in 2009, which replaced Westinghouse in 1997)
- ☐ **United Technologies** (replaced Nash-Kelvinator in 1939)
- ☐ **UnitedHealth Group** (replaced Kraft in 2012, which replaced AIG in 2008, which was substituted for International Paper in 2004, which replaced Loew's in 1956)
- ☐ **Verizon Communications** (replaced AT&T Corp in 2004, which replaced IBM in 1939)
- ☐ **Visa** (replaced Hewlett-Packard in 2013, which replaced Texaco in 1997)
- ☐ **Walgreens Boots Alliance** (replaced General Electric in 2018)
- ☐ **Walmart** (replaced Woolworth in 1997)

* Dow Jones Industrial Average is a price-weighted average of 30 actively traded industrial and service-oriented blue chip stocks. List is as of December 31, 2019.

Turn the page to see how your choices would have compared to ICA.

Compare the historic results

Based on a hypothetical $1,000 investment over the 86-year period ended December 31, 2019, none of the Dow companies would have outpaced an investment in ICA, even though some of them may have done better than ICA in some periods during their lifetimes.* Of course, in selecting these five stocks, you were precluded from changing your investments over the years. This example helps illustrate the importance of diversification and active management and shows how ICA can be appropriate for a large-cap core investment allocation.

Note that you invested $1,000 in each of five different stocks. Had you invested an equivalent $5,000 in ICA, it would have handily outpaced any five stocks you chose over the same period.

The process of replacing stocks in the Dow would have often meant selling low (when a stock was being removed from the Dow) and buying high (when its replacement was being added to the Dow).

Market value (excluding dividends)

ICA	$1,451,937
Procter & Gamble	1,239,938
Home Depot	364,972
McDonald's	357,747
ExxonMobil	347,431
Coca-Cola	324,683
Visa Inc	283,389
Merck	221,010
Walgreens Boots Alliance, Inc.	186,926
Microsoft	184,978
Intel	174,377
United Technologies	133,543
Goldman Sachs Group	132,833
Dow Inc.	112,458
Boeing	97,076
Apple	93,156
Disney	90,862
Nike	71,822
Pfizer	62,848
3M	55,793
Walmart	51,956
American Express	39,274
Chevron	32,913
JPMorgan Chase	30,982
Travelers Companies	26,078
Johnson & Johnson	13,896
Caterpillar	12,784
IBM	10,217
UnitedHealth Group	4,797
Verizon Communications	4,577
Cisco Systems	2,414

* It was assumed that the entire $1,000 was invested in each stock and that fractional shares were purchased to use up the amount. No brokerage charges were included in the cost. Adjustments were made for all stock splits, stock dividends and spin-offs. In 2009, General Motors filed for protection under Chapter 11 of the U.S. Bankruptcy Code. It was delisted from the New York Stock Exchange and was replaced by Cisco Systems in the Dow Jones Industrial Average. Since no proceeds were realized from GM due to the bankruptcy proceedings, shares of Cisco were purchased with a new $1,000 in order to continue this illustration of investments in the 30 stocks comprising the DJIA. Past results are not predictive of results in future periods.

ICA investors have benefited from the professional management of a diversified portfolio.

How ICA is managed

The Capital System℠ features multiple managers, combining independence and teamwork. We begin by defining a clear investment objective and assembling a team best equipped to pursue investment opportunities.

The holdings of ICA, which include approximately 170 stocks,* represent the individual investment ideas of eight portfolio managers and 41 investment analysts.

Broad diversification

Each portfolio manager invests in their highest conviction ideas, so fund portfolios tend to contain a diverse group of securities.

Rigorous risk management

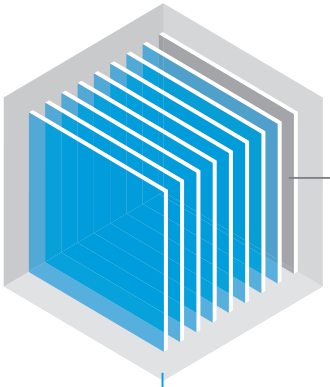
The diverse combination of portfolio managers and investment analysts in each fund is designed to lower volatility while striving for superior long-term results.

Consistent with fund objectives

The fund's principal investment officer, along with a coordinating group, reviews investments for consistency with fund objectives and overall guidelines.

The Capital System's multiple manager approach

A diverse group of portfolio managers and analysts brings complementary investment approaches, experience levels, backgrounds and areas of focus.



Analysts
In most funds, including ICA, a group of investment analysts manages a portion of the fund, known as the research portfolio.

Portfolio managers

Each portfolio manager is assigned a portion of the overall assets to manage independently, enabling them to focus on their highest conviction ideas.

Chris Buchbinder
Experience: 24 years
Office: San Francisco

Grant Cambridge
Experience: 27 years
Office: Los Angeles

Barry Crosthwaite
Experience: 24 years
Office: San Francisco

Joyce Gordon
Experience: 40 years
Office: Los Angeles

Jim Lovelace
Experience: 38 years
Office: Los Angeles

Don O'Neal
Experience: 35 years
Office: San Francisco

Martin Romo
Experience: 28 years
Office: Washington, D.C.

James Terrile
Experience: 25 years
Office: Los Angeles

Portfolio manager information is as of the fund's prospectus dated March 1, 2020. Portfolio segments do not reflect actual allocations.
* As of December 31, 2019. Holdings will change.

There have always been reasons not to invest

Many investors may be tempted to base investment decisions on emotion, but ICA has given its shareholders good reason to look beyond the headlines. Here's what would have happened (in terms of dollar amounts and average annual total returns) if you had invested $10,000 in ICA on these historic days.

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- **Pearl Harbor was bombed.**
  (December 7, 1941)
  – 10 years later you would have had $34,710 | 13.3%
  – by the end of 2019 you would have had $66,868,064 | 11.9%

- **The Soviets launched Sputnik, vaulting into space ahead of the U.S.**
  (October 4, 1957)
  – 10 years later you would have had $38,083 | 14.3%
  – by the end of 2019 you would have had $7,771,157 | 11.3%

- **The Berlin Wall was erected.**
  (August 13, 1961)
  – 10 years later you would have had $23,180 | 8.8%
  – by the end of 2019 you would have had $4,114,413 | 10.9%

- **President Kennedy was assassinated**
  (November 22, 1963)
  – 10 years later you would have had $22,945 | 8.7%
  – by the end of 2019 you would have had $3,831,458 | 11.2%

- **President Nixon resigned.**
  (August 9, 1974)
  – 10 years later you would have had $40,379 | 15.0%
  – by the end of 2019 you would have had $1,756,232 | 12.1%

- **The Dow Jones Industrial Average dropped a record 22% in one day.**
  (October 19, 1987)
  – 10 years later you would have had $44,268 | 16.0%
  – by the end of 2019 you would have had $243,079 | 10.4%

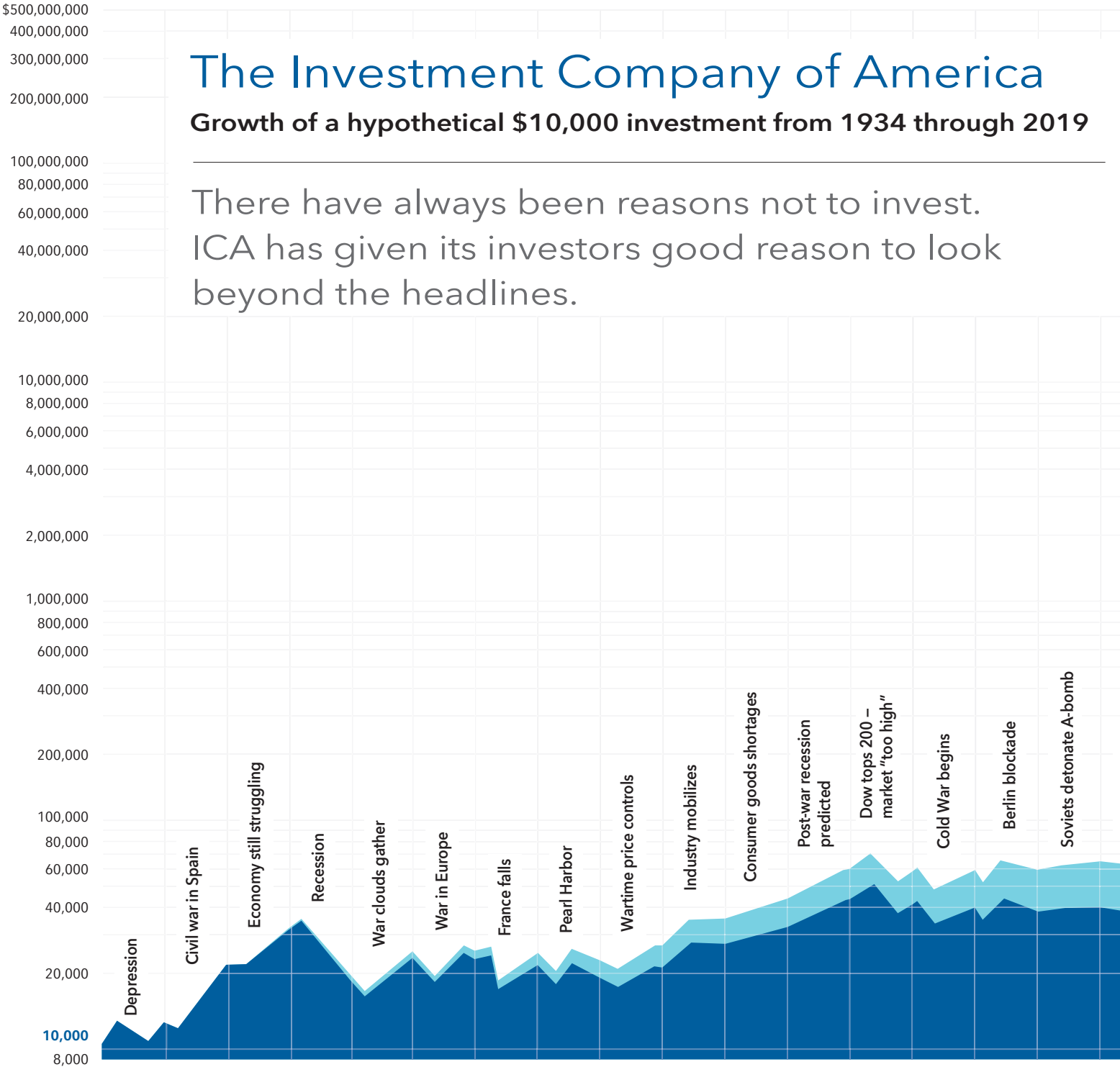
- **Iraqi troops invaded Kuwait, setting off the first Gulf War.**
  (August 2, 1990)
  – 10 years later you would have had $41,882 | 15.4%
  – by the end of 2019 you would have had $155,115 | 9.8%

- **Terrorists attacked the World Trade Center.**
  (September 11, 2001)
  – 10 years later you would have had $12,715 | 2.4%
  – by the end of 2019 you would have had $37,360 | 7.5%

The Investment Company of America

Growth of a hypothetical $10,000 investment from 1934 through 2019

There have always been reasons not to invest. ICA has given its investors good reason to look beyond the headlines.



Year ended Dec. 31	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949
Capital value ($ in 000)																
Dividends excluded:	–	–	$0.4	1.0	0.2	0.5	0.8	1.1	1.0	0.9	0.9	0.9	1.3	1.7	1.8	1.7
Value at year-end:	$11.8	21.6	31.0	18.3	23.2	22.9	21.5	18.8	20.9	26.9	32.1	43.0	40.7	39.3	37.7	39.4
Total value ($ in 000)																
Dividends reinvested:	–	–	$0.4	1.0	0.2	0.5	0.9	1.3	1.2	1.1	1.2	1.2	1.8	2.4	2.7	2.7
Value at year-end:	$11.8	21.6	31.6	19.4	24.8	25.0	24.4	22.6	26.4	35.0	43.2	59.1	57.7	58.2	58.4	63.9
Total return	+18.2%	+83.1	+45.8	-38.5	+27.6	+0.8	-2.4	-7.4	+16.8	+32.8	+23.3	+36.8	-2.4	+0.9	+0.4	+9.4

Results reflect payment of the maximum 5.75% sales charge for Class A shares on a hypothetical $10,000 investment. Thus the net amount invested was $9,425. The maximum initial sales charge was 8.5% prior to July 1, 1988. As outlined in the prospectus, the sales charge is reduced for larger investments. There is no sales charge on dividends or capital gain distributions that are reinvested in additional shares. The results shown are before taxes on fund distributions and sale of fund shares. Past results are not predictive of results in future periods. Results for other share classes may differ.

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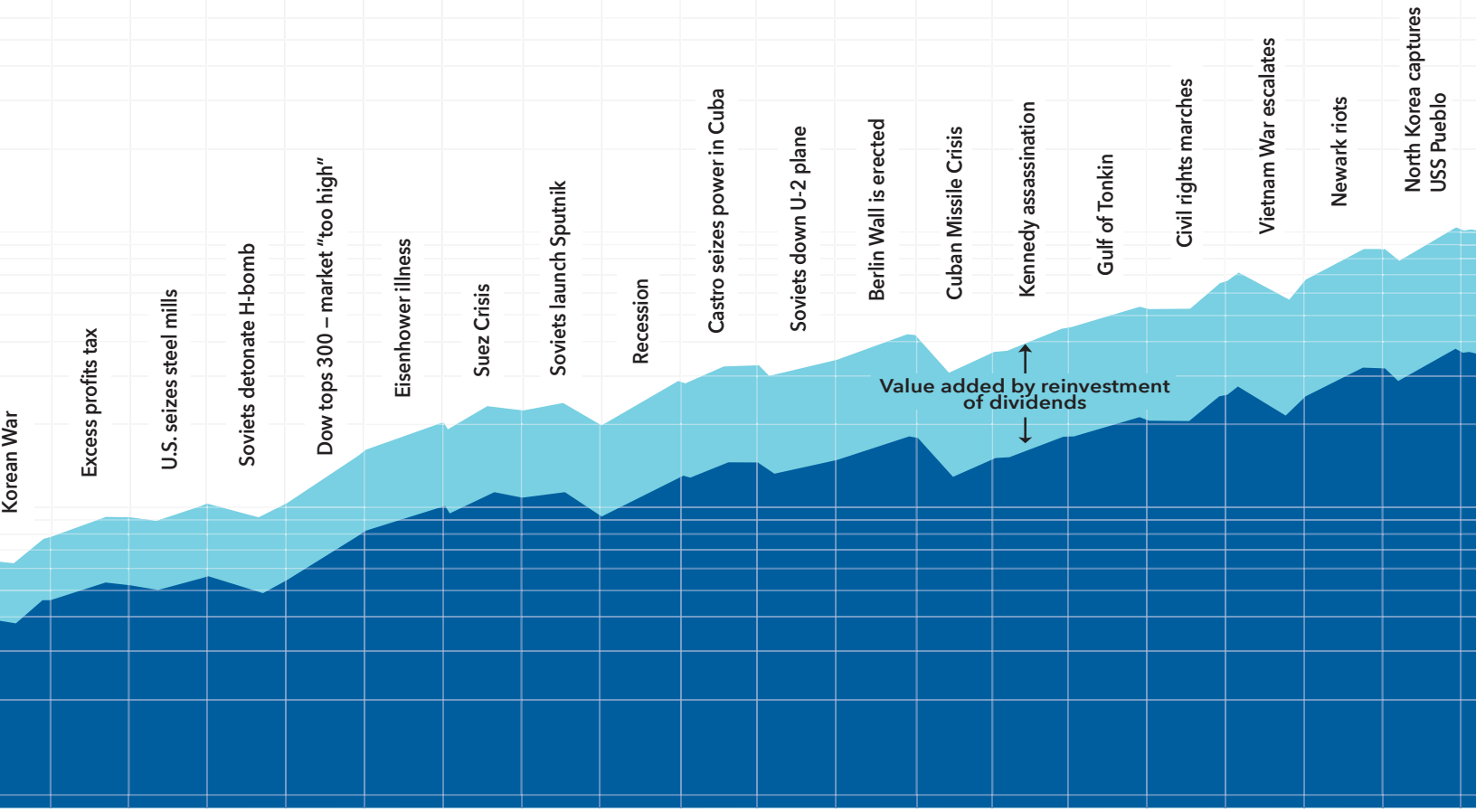
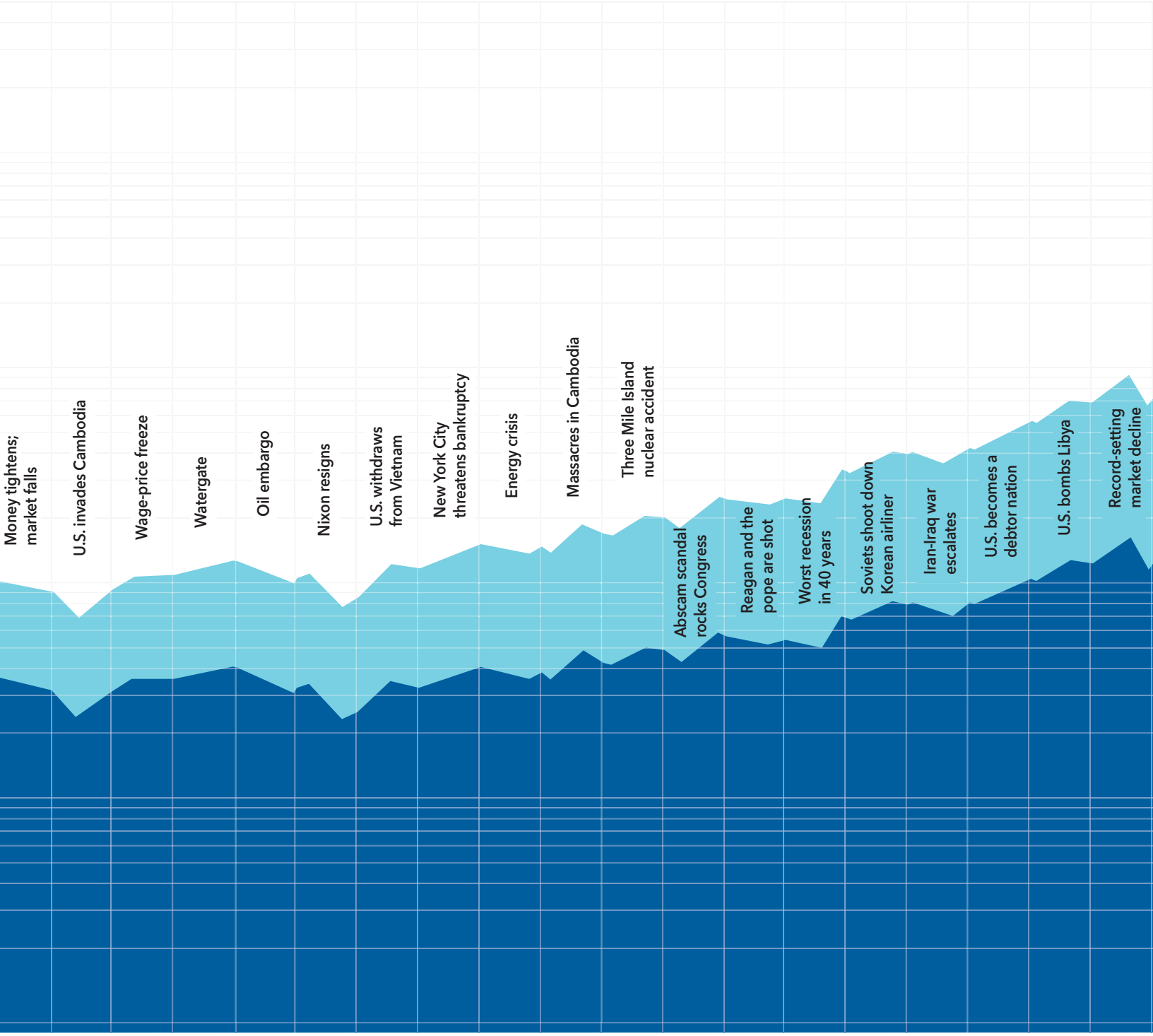


950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968
1.9	2.0	2.0	2.1	2.1	2.6	2.8	3.0	3.0	3.2	3.6	3.6	3.8	3.9	4.3	4.7	6.0	6.9	8.3
45.2	51.2	55.3	53.4	80.8	98.5	106.3	90.9	128.0	142.9	145.6	175.4	148.2	177.8	202.4	251.6	248.0	312.5	356.6
3.2	3.4	3.5	3.9	4.1	5.1	5.6	6.2	6.6	7.0	8.1	8.4	9.1	9.6	10.7	12.1	15.5	18.4	22.6
76.6	90.3	101.3	101.8	158.9	199.2	220.7	194.4	281.5	321.4	336.0	413.6	358.8	440.9	512.6	650.7	657.1	846.9	990.6
+19.8	+17.8	+12.2	+0.4	+56.1	+25.4	+10.8	-11.9	+44.8	+14.2	+4.5	+23.1	-13.2	+22.9	+16.3	+26.9	+1.0	+28.9	+17.0

Here are ICA's average annual total returns on a $1,000 investment with all distributions reinvested for periods ended March 31, 2020:

	1 year	5 years	10 years
Class A shares	**-14.75%**	**3.61%**	**8.07%**

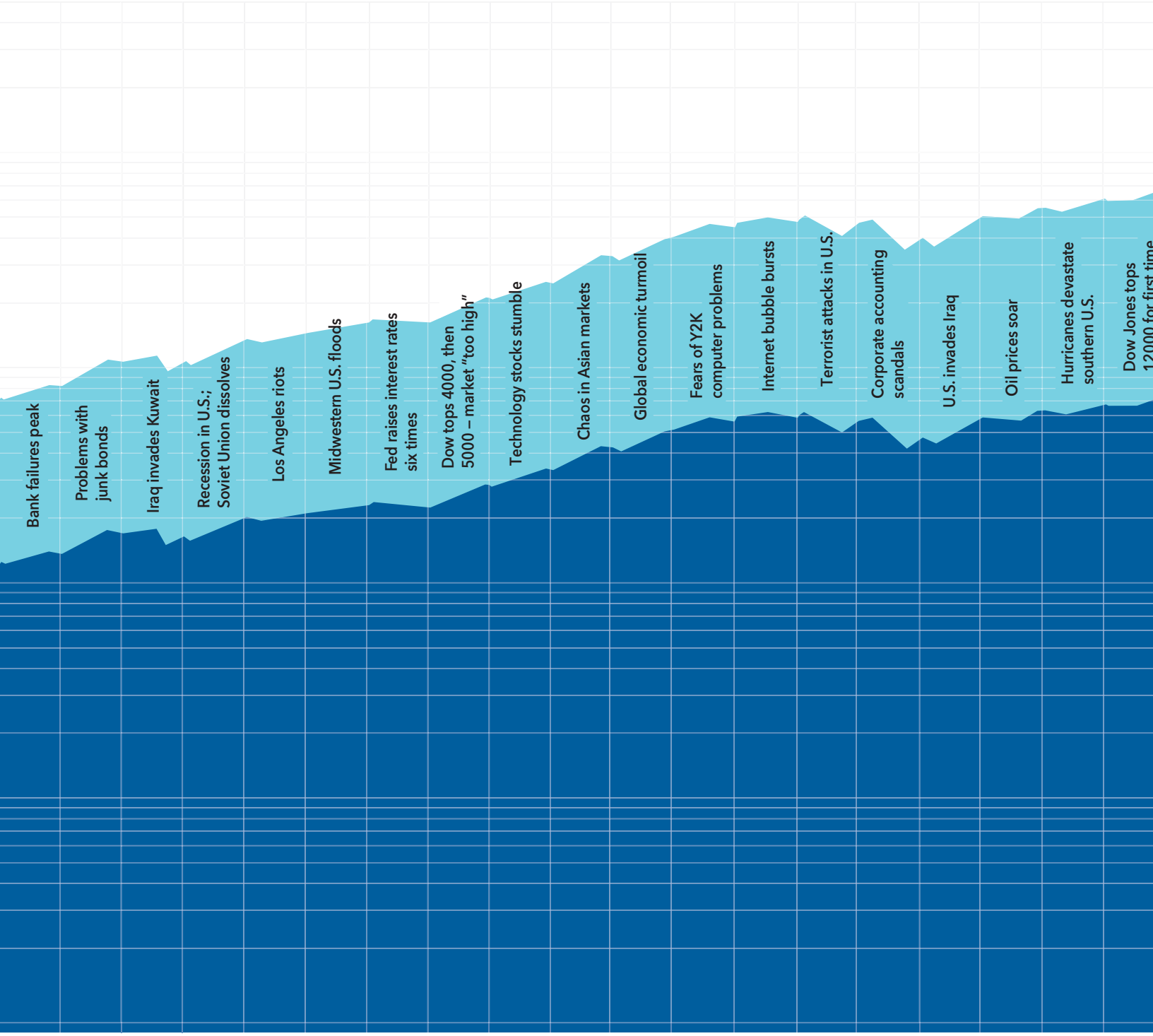
Expense ratio was **0.59%** as of the fund's pros
of publication.



1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
9.0	9.4	9.6	9.8	10.6	15.9	14.3	12.8	13.3	14.4	17.4	21.8	26.4	31.6	30.3	31.7	33.2	37.3	47.5
309.6	307.4	349.7	394.7	317.9	245.5	317.7	398.1	374.3	414.4	475.7	552.2	530.9	670.6	774.5	792.0	1,017.9	1,200.5	1,220.9
25.3	27.3	28.6	29.9	33.4	52.2	49.8	46.4	49.8	56.0	70.0	91.3	115.9	146.1	147.2	160.5	174.9	203.8	267.5
884.8	908.0	1,062.7	1,231.1	1,024.1	840.3	1,137.7	1,474.4	1,436.4	1,647.5	1,963.3	2,380.2	2,401.1	3,212.0	3,859.7	4,117.2	5,491.9	6,685.7	7,049.2
-10.7	+2.6	+17.0	+15.9	-16.8	-17.9	+35.4	+29.6	-2.6	+14.7	+19.2	+21.2	+0.9	+33.8	+20.2	+6.7	+33.4	+21.7	+5.4

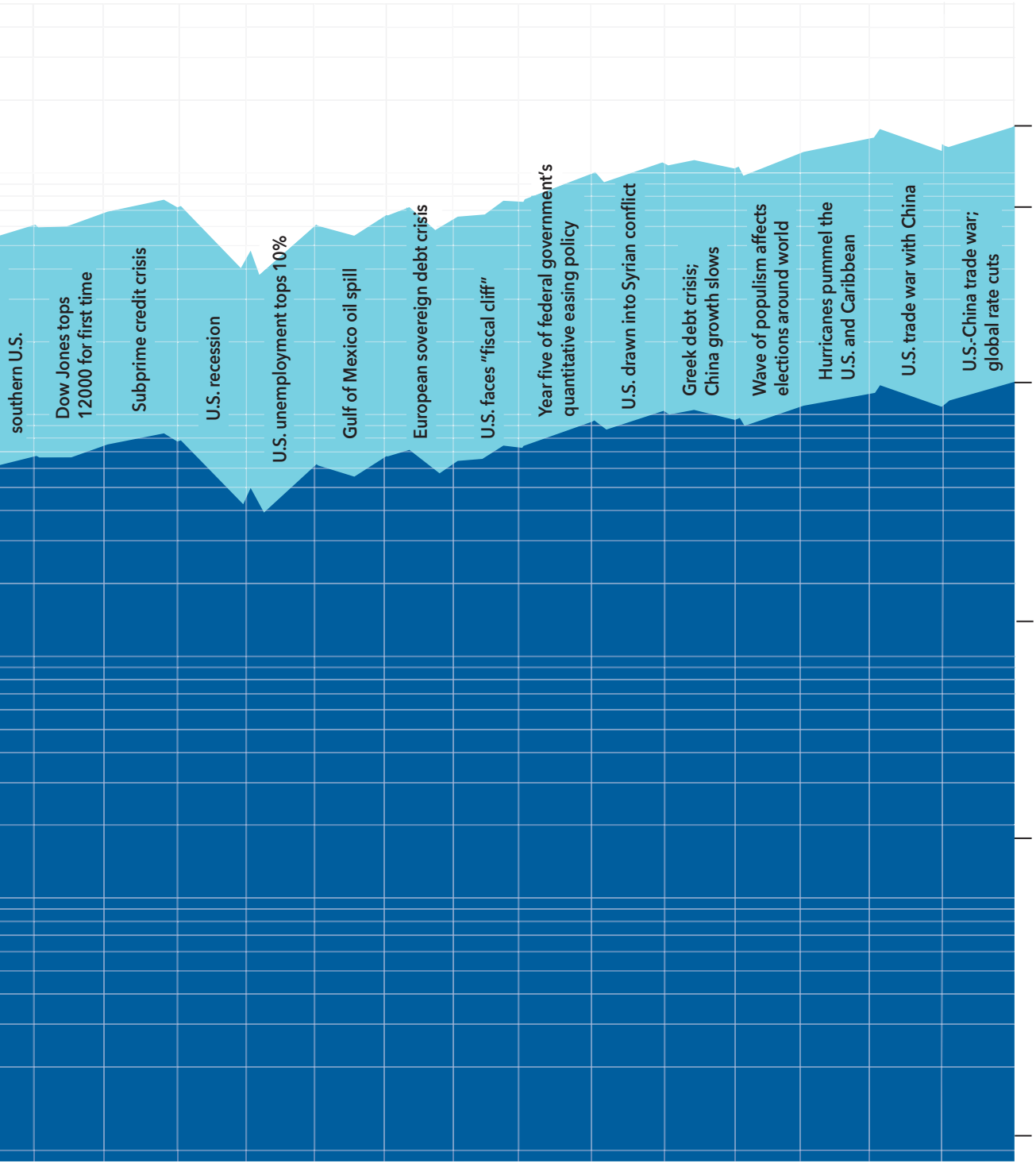
spectus available at time

The stock market is represented by Standard & Poor's 500 Index, a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. The index is unmanaged and, therefore, has no expenses.



1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
54.4	60.7	64.1	48.7	53.0	54.0	57.3	61.7	64.3	67.0	75.4	82.8	93.0	99.0	100.7	102.3	103.0	136.3	152.1
1,327.4	1,652.8	1,598.8	1,969.9	2,052.2	2,234.2	2,180.6	2,779.7	3,247.9	4,142.7	5,008.2	5,748.5	5,875.5	5,507.5	4,616.9	5,713.5	6,163.0	6,446.5	7,313.
318.7	370.8	406.3	320.4	357.8	374.4	407.2	450.1	480.1	510.3	584.1	651.8	743.4	804.1	833.3	864.3	887.4	1,196.3	1,364.
7,989.3	10,338.6	10,409.0	13,171.9	14,092.3	15,729.4	15,753.9	20,578.7	24,560.6	31,881.2	39,193.5	45,682.2	47,435.2	45,258.6	38,709.1	48,891.6	53,674.5	57,361.4	66,504
+13.3	+29.4	+0.7	+26.5	+7.0	+11.6	+0.2	+30.6	+19.3	+29.8	+22.9	+16.6	+3.8	-4.6	-14.5	+26.3	+9.8	+6.9	+15.

[1]Includes dividends of $38,017,150, and capital gain distributions totaling $87,313,067, reinvested in the years 1936–2019.
[2]Includes reinvested capital gain distributions of $9,70,651, but not income dividends totaling $4,282,221 taken in cash.



05	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
36.3	152.1	144.0	156.9	131.5	129.2	133.8	166.1	147.4	181.3	169.9	200.9	206.5	237.6	267.7
46.5	7,313.2	7,601.9	4,835.7	5,986.9	6,496.8	6,249.9	7,055.0	9,179.2	10,102.3	9,787.1	11,004.3	12,954.9	11,888.3	14,519.4
96.3	1,364.6	1,319.3	1,466.7	1,264.7	1,272.4	1,345.5	1,707.1	1,548.6	1,939.3	1,849.1	2,227.2	2,331.8	2,728.7	3,133.7
361.4	66,504.4	70,456.8	45,983.8	58,481.1	64,830.6	63,692.5	73,628.5	97,503.5	109,291.9	107,719.6	123,437.5	147,789.6	138,166.2	172,074.2
6.9	+15.9	+5.9	-34.7	+27.2	+10.9	-1.8	+15.6	+32.4	+12.1	-1.4	+14.6	+19.7	-6.5	+24.5

Average annual total return for 86 years: +12.01%

Not drawn to scale

This chart is based on a logarithmic scale, so it uses smaller and smaller increments for larger numbers. If the scale were arithmetic – with, say, one inch representing every $10,000 – the dark blue area (indicating results if dividends had been excluded) would be 99 feet tall, which is about as tall as most 10-story buildings. The lighter blue section, which shows how the investment would have done if dividends had been reinvested in more shares, would be 1,151 feet tall – nearly eight times the height of the Statue of Liberty. This illustrates the difference reinvesting your dividends can make.

Time, not timing, is what matters

Louie the Loser never times anything right. Every year, for the past 20 years, he's invested $10,000 in ICA on the worst possible day to invest – the day the stock market peaked.[1] So why is he smiling? Because Louie's investment has done almost as well as it would have if he had picked the best day to invest each year.

Worst-day investments (market highs)			Best-day investments (market lows)		
Date of market high	Cumulative investment[2]	Value on 12/31	Date of market low	Cumulative investment[2]	Value on 12/31
1/14/00	$ 10,000	$ 9,760	3/7/00	10,000	10,219
5/21/01	20,000	18,004	9/21/01	20,000	20,504
3/19/02	30,000	23,191	10/9/02	30,000	28,234
12/31/03	40,000	38,795	3/11/03	40,000	48,744
12/28/04	50,000	52,085	10/25/04	50,000	63,888
3/4/05	60,000	65,705	4/20/05	60,000	78,973
12/27/06	70,000	85,702	1/20/06	70,000	102,472
10/9/07	80,000	99,829	3/5/07	80,000	119,047
5/2/08	90,000	71,622	11/20/08	90,000	88,927
12/30/09	100,000	100,550	3/9/09	100,000	128,308
12/29/10	110,000	121,114	7/2/10	110,000	153,997
4/29/11	120,000	127,826	10/3/11	120,000	162,247
10/5/12	130,000	157,376	6/4/12	130,000	198,533
12/31/13	140,000	218,141	1/8/13	140,000	275,540
12/26/14	150,000	253,965	2/3/14	150,000	320,296
5/19/15	160,000	259,553	8/25/15	160,000	326,201
12/20/16	170,000	307,220	2/11/16	170,000	386,189
12/28/17	180,000	377,684	1/19/17	180,000	474,009
10/3/18	190,000	361,404	12/24/18	190,000	453,236
12/27/19	200,000	459,845	1/3/19	200,000	576,906
Average annual total return (1/14/00–12/31/19): 7.79%			**Average annual total return (3/7/00–12/31/19): 9.59%**		

A program of regular investing neither ensures a profit nor protects against loss, and investors should consider their willingness to keep investing when share prices are declining.

[1] As measured by the unmanaged Dow Jones Industrial Average, a price-weighted average of 30 actively traded industrial and service-oriented blue chip stocks.

[2] Cumulative volume discount applied when appropriate.

The average annual total returns shown take into account subsequent investments.

What if the stock market doesn't go up?

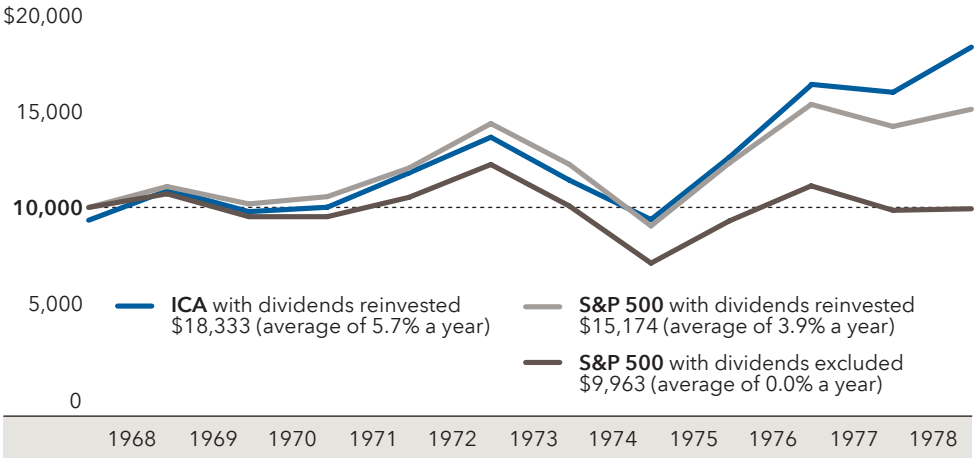
ICA's professional management has frequently enabled the fund to do better than the market. The charts below show how ICA compared to the S&P 500 during two past periods when the stock market was relatively flat.

The S&P 500 began 1968 with an index value of 96.47. More than a decade later, at the end of 1978, it stood at 96.11 – right back where it had started. But an investor still could have benefited. A hypothetical investment of $10,000 in the S&P 500, with reinvested dividends, would have grown to $15,174. That $10,000 invested in ICA would have grown to $18,333.

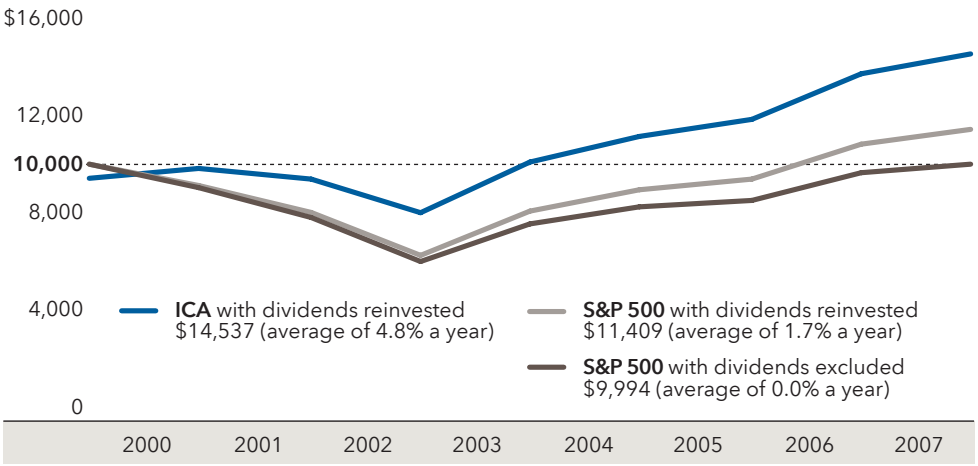
Before the 2007–2009 decline, the market had been relatively flat for the previous eight-year period. At the beginning of 2000, the S&P 500 index value was 1,469.25, and 2007 ended with a value of 1,468.36. However, a hypothetical investment in ICA, with dividends reinvested, would have seen an average annual total return of 4.8% during that period, while the S&P 500, with reinvested dividends, averaged only 1.7%.

Growth of a hypothetical $10,000 investment in periods when the stock market was flat

December 31, 1967–December 31, 1978



December 31, 1999–December 31, 2007



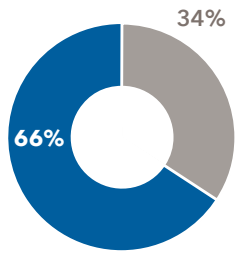
The S&P 500 is unmanaged and, therefore, has no expenses. Investors cannot invest directly in an index.

The benefit of time

Investors who have stayed in the fund through occasional (and inevitable) periods of declining stock prices historically have been rewarded for their long-term outlook.

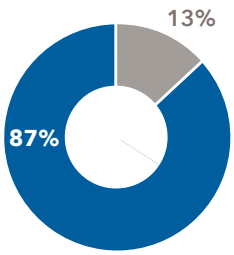
Here is ICA's record of positive results over calendar periods from January 1, 1934, through December 31, 2019. As you can see, one-year investments are more likely to experience negative results than are investments held for longer periods. If those short-term investors had held on for just two more years, they would have seen fewer than half as many negative periods. Note that every 10-year period has shown positive results.

One-year periods



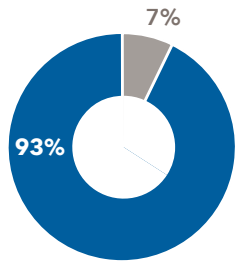
Positive periods: 57
Negative periods: 29

Three-year periods



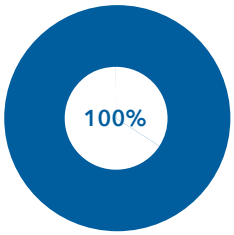
Positive periods: 73
Negative periods: 11

Five-year periods



Positive periods: 76
Negative periods: 6

10-year periods



Positive periods: 77
Negative periods: 0

It's important to stay invested through highs and lows.

Dividends have made the difference

Reinvested regular dividends can contribute significantly to a fund's returns; in fact, they account for 33% of ICA's total return over its lifetime.

Why are dividends so important?

- Dividends are a good indicator of a company's strength. The balance sheet and management's confidence in the company are factors in how investors value its stock.
- Dividends can provide a cushion during stock market declines. Investments that pay income have tended to be more stable, so dividends play a critical role in helping ICA balance risk and return.
- ICA has increased its dividends in 72 of the past 83 calendar years. The long-term view integral to ICA's investment philosophy also extends to dividends. The managers do not simply look for current dividends, but also at the ability of a company to grow its dividends over time.

The chart at right illustrates, by decade, the actual value added by the reinvestment of dividends in ICA.

Figures shown are past results for Class A shares and are not predictive of results in future periods. Current and future results may be lower or higher than those shown. Share prices and returns will vary, so investors may lose money. Investing for short periods makes losses more likely. Unless otherwise indicated, results shown are at the 5.75% maximum sales charge for Class A shares (3.50% for investments of $100,000 or more) with all distributions reinvested. For current information and month-end results, visit capitalgroup.com.

Based on a hypothetical $1,000 investment in 1934, ICA would have generated $428,222 in cash dividends. However, reinvesting all distributions would have added $15.3 million to the account value.

Value of $1,000 invested on 1/1/34

As of 12/31	Value (dividends reinvested)	–	Value (excluding dividends)	+	Dividend amount taken in cash	=	Value added by reinvesting dividends
1940	$ 2,438		$ 2,146		$ 285		$ 7
1950	7,661		4,519		1,592		1,550
1960	33,598		14,560		4,217		14,821
1970	90,797		30,742		10,211		49,844
1980	238,005		55,224		24,179		158,602
1990	1,040,843		159,883		65,885		815,075
2000	4,743,241		587,546		131,608		4,024,087
2010	6,482,680		649,678		257,101		5,575,901
2019	**$17,206,410**		**$1,451,937**		**$428,222**		**$15,326,251**

Account values and dividends taken in cash are rounded to the nearest dollar.

Growth over a wide variety of periods

ICA has persevered through market highs and lows, world conflicts and the ever-changing scope of technology.

What does "long term" mean to you? Ten years? Twenty? Fifty? ICA's 86-year history can be used to illustrate the fund's results over a variety of meaningful periods through December 31, 2019, starting with a hypothetical $1,000 investment.

Over any calendar period this long	Here's the best you would have done	Here's the worst you would have done	And here's the median
5 years	**$2,733** +22.3% a year (1995–1999)	**$675** –7.6% a year (1937–1941)	**$1,737** +11.7% a year (1997–2001)
10 years	**$5,169** +17.9% a year (1982–1991)	**$1,106** +1.0% a year (1999–2008)	**$3,041** +11.8% a year (1955-1964)
15 years	**$11,602** +17.8% a year (1975–1989)	**$2,141** +5.2% a year (2001–2015)	**$5,249** +11.7% a year (1955-1969)
20 years	**$22,427** +16.8% a year (1979–1998)	**$3,322** +6.2% a year (1999-2018)	**$9,847** +12.1% a year (1986-2005)
25 years	**$51,263** +17.1% a year (1975–1999)	**$8,280** +8.8% a year (1994-2018)	**$16,519** +11.9% a year (1949-1973)
30 years	**$60,232** +14.6% a year (1975–2004)	**$15,687** +9.6% a year (1990-2019)	**$29,285** +11.9% a year (1951-1980)
40 years	**$154,588** +13.4% a year (1958–1997)	**$43,750** +9.9% a year (1969–2008)	**$96,941** +12.1% a year (1978-2017)
50 years	**$673,050** +13.9% a year (1950–1999)	**$131,454** +10.2% a year (1969-2018)	**$328,231** +12.3% a year (1946-1995)

Investing for retirement

Bob and Cathy Quan began preparing for retirement 15 years ago with their first investment of $1,000 a month in ICA. Their financial advisor set up an Automatic Investment Plan to move money directly from their checking account into the fund.

Now looking ahead to 20 years in retirement, and aiming to preserve their principal, the Quans plan to make monthly withdrawals at an annual rate of 5% of their account value at each year-end, reinvesting their dividends and capital gain distributions.

It's impossible to predict how much money they will withdraw over the next 20 years, of course. But this chart shows how the plan would have worked if they had invested $1,000 a month from 1985 through 1999, and then withdrew 5% a year over a 20-year period ended December 31, 2019. They would have taken a total of $660,556 in withdrawals – and would still have $966,707 left.

Regular investing does not ensure a profit or protect against loss. Investors should consider their willingness to keep investing when share prices are declining.

For illustrations of higher or lower withdrawal rates, please ask your financial advisor.

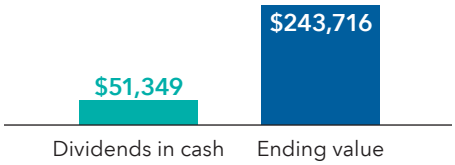
* Cumulative volume discount applied when appropriate.

Year	Cumulative investment*	Value of account	Withdrawals
1985	$ 12,000	$ 14,397	–
1986	24,000	29,367	–
1987	36,000	41,372	–
1988	48,000	58,865	–
1989	60,000	88,724	–
1990	72,000	101,153	–
1991	84,000	140,726	–
1992	96,000	162,733	–
1993	108,000	193,872	–
1994	120,000	205,752	–
1995	132,000	281,868	–
1996	144,000	349,240	–
1997	156,000	466,366	–
1998	168,000	586,451	–
1999	180,000	695,290	–
2000		686,443	$ 34,765
2001		620,877	34,322
2002		501,943	31,044
2003		604,711	25,097
2004		631,470	30,236
2005		641,659	31,573
2006		709,425	32,083
2007		716,086	35,471
2008		439,077	35,804
2009		532,140	21,954
2010		560,405	26,607
2011		523,164	28,020
2012		577,452	26,158
2013		731,770	28,873
2014		781,842	36,588
2015		732,059	39,092
2016		799,540	36,603
2017		913,697	39,977
2018		812,074	45,685
2019		966,707	40,604
		Total withdrawals:	**$660,556**

Customizing withdrawals

Over time, your income needs will probably vary, so you should develop a plan that fits your circumstances. Here are a few ways to set up withdrawals, based on a hypothetical investment of $100,000 over the 20-year period ended December 31, 2019:

Dividends in cash



Year	Dividends in cash	Ending value
2000	$1,561	$ 98,623
2001	1,661	92,446
2002	1,690	77,497
2003	1,716	95,904
2004	1,729	103,449
2005	2,288	108,208
2006	2,553	122,757
2007	2,418	127,602
2008	2,633	81,170
2009	2,207	100,494
2010	2,169	109,052
2011	2,246	104,909
2012	2,788	118,422
2013	2,474	154,078
2014	3,044	169,572
2015	2,851	164,282
2016	3,372	184,713
2017	3,467	217,456
2018	3,989	199,551
2019	4,493	$243,716
Total dividends in cash: $51,349		

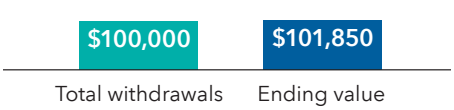
Self-adjusting withdrawals

(Assumes monthly withdrawals at an annual rate of 5% of the previous year's account value.)

Year	Withdrawals	Ending value
2000	$5,000	$ 95,093
2001	4,755	86,010
2002	4,301	69,534
2003	3,477	83,771
2004	4,189	87,478
2005	4,374	88,889
2006	4,444	98,277
2007	4,914	99,200
2008	4,960	60,825
2009	3,041	73,718
2010	3,686	77,633
2011	3,882	72,474
2012	3,624	79,995
2013	4,000	101,372
2014	5,069	108,309
2015	5,415	101,412
2016	5,071	110,761
2017	5,538	126,575
2018	6,329	112,497
2019	5,625	$133,918
Total withdrawals: $91,691		

Fixed-amount withdrawals

(Assumes monthly withdrawals at an annual rate of 5% of the initial $100,000 investment.)



Year	Withdrawals	Ending value
2000	$5,000	$ 95,093
2001	5,000	85,767
2002	5,000	68,670
2003	5,000	80,900
2004	5,000	83,456
2005	5,000	83,933
2006	5,000	91,934
2007	5,000	92,393
2008	5,000	56,352
2009	5,000	65,686
2010	5,000	67,271
2011	5,000	61,199
2012	5,000	65,522
2013	5,000	81,064
2014	5,000	85,618
2015	5,000	79,457
2016	5,000	85,678
2017	5,000	97,130
2018	5,000	86,195
2019	5,000	$101,850
Total withdrawals: $100,000		

An 86-year history of investment success

Year	ICA's total return	Stock market	Consumer prices
1934	**+25.4%**	-1.5%	+1.5%
1935	**+83.1**	+47.7	+3.0
1936	**+45.8**	+33.8	+1.4
1937	-38.5	-35.0	**+2.9**
1938	+27.6	**+31.0**	-2.8
1939	**+0.8**	-0.4	0.0
1940	-2.4	-9.8	**+0.7**
1941	-7.4	-11.6	**+9.9**
1942	+16.8	**+20.4**	+9.0
1943	**+32.8**	+25.8	+3.0
1944	**+23.3**	+19.7	+2.3
1945	**+36.8**	+36.4	+2.2
1946	-2.4	-8.1	**+18.1**
1947	+0.9	+5.7	**+8.8**
1948	+0.4	**+5.4**	+3.0
1949	+9.4	**+18.8**	-2.1
1950	+19.8	**+31.7**	+5.9
1951	+17.8	**+24.0**	+6.0
1952	+12.2	**+18.3**	+0.8
1953	+0.4	-1.0	**+0.7**
1954	**+56.1**	+52.6	-0.7
1955	+25.4	**+31.5**	+0.4
1956	**+10.8**	+6.5	+3.0
1957	-11.9	-10.8	**+2.9**
1958	**+44.8**	+43.3	+1.8
1959	**+14.2**	+12.0	+1.7
1960	**+4.5**	+0.5	+1.4
1961	+23.1	**+26.9**	+0.7
1962	-13.2	-8.7	**+1.3**
1963	**+22.9**	+22.8	+1.6
1964	+16.3	**+16.5**	+1.0
1965	**+26.9**	+12.5	+1.9
1966	+1.0	-10.1	**+3.5**
1967	**+28.9**	+24.0	+3.0
1968	**+17.0**	+11.1	+4.7
1969	-10.7	-8.4	**+6.2**
1970	+2.6	+3.9	**+5.6**
1971	**+17.0**	+14.3	+3.3
1972	+15.9	**+19.0**	+3.4
1973	-16.8	-14.7	**+8.7**
1974	-17.9	-26.5	**+12.3**
1975	+35.4	**+37.2**	+6.9
1976	**+29.6**	+23.9	+4.9
1977	-2.6	-7.2	**+6.7**
1978	**+14.7**	+6.6	+9.0
1979	**+19.2%**	+18.6%	+13.3%
1980	+21.2	**+32.5**	+12.5
1981	+0.9	-4.9	**+8.9**
1982	**+33.8**	+21.5	+3.8
1983	+20.2	**+22.6**	+3.8
1984	**+6.7**	+6.3	+3.9
1985	**+33.4**	+31.7	+3.8
1986	**+21.7**	+18.7	+1.1
1987	**+5.4**	+5.3	+4.4
1988	+13.3	**+16.6**	+4.4
1989	+29.4	**+31.7**	+4.6
1990	+0.7	-3.1	**+6.1**
1991	+26.5	**+30.5**	+3.1
1992	+7.0	**+7.6**	+2.9
1993	**+11.6**	+10.1	+2.7
1994	+0.2	+1.3	**+2.7**
1995	+30.6	**+37.6**	+2.5
1996	+19.3	**+23.0**	+3.3
1997	+29.8	**+33.4**	+1.7
1998	+22.9	**+28.6**	+1.6
1999	+16.6	**+21.0**	+2.7
2000	**+3.8**	-9.1	+3.4
2001	-4.6	-11.9	**+1.6**
2002	-14.5	-22.1	**+2.4**
2003	+26.3	**+28.7**	+1.9
2004	+9.8	**+10.9**	+3.3
2005	**+6.9**	+4.9	+3.4
2006	**+15.9**	+15.8	+2.5
2007	**+5.9**	+5.5	+4.1
2008	-34.7	-37.0	**+0.1**
2009	**+27.2**	+26.5	+2.7
2010	+10.9	**+15.1**	+1.5
2011	-1.8	+2.1	**+3.0**
2012	+15.6	**+16.0**	+1.7
2013	**+32.4**	+32.4	+1.5
2014	+12.1	**+13.7**	+0.8
2015	-1.4	**+1.4**	+0.7
2016	**+14.6**	+12.0	+2.1
2017	+19.7	**+21.8**	+2.1
2018	-6.5	-4.4	**+1.9**
2019	+24.5	+31.5	**+2.3**
86-year average annual total returns through 12/31/19	**+12.1%**	**+11.0%**	**+3.5%**
Number of best years	**33**	**31**	**22**

Sources – Stock market: S&P 500, with reinvestment of dividends; consumer prices: Consumer Price Index as measured by the U.S. Department of Labor, Bureau of Labor Statistics.

Results for ICA are shown at net asset value with all distributions reinvested.

What makes ICA a rare opportunity

This growth-and-income fund has outshone many individual stocks, and it would be difficult to find a company that could match its statistics:

in the same business for **86 years**

net assets of approximately **$103 billion,** with $5.2 billion in reserves of cash or cash equivalents

invested in such diverse industries as oil, gas & consumable fuels, interactive media & services, semiconductors & semiconductor equipment, software and aerospace & defense

a management team of **eight portfolio managers** with a median 10 years of experience with the fund

research offices located throughout the United States, Europe and Asia

paid a dividend every year since **1936**

increased regular dividends in 72 of the past 83 calendar years (if dividends were taken in cash and capital gains were reinvested, not including special dividends)

All figures are as of December 31, 2019, except for portfolio manager information, which is as of the fund's prospectus dated March 1, 2020.

The Capital Advantage®

Since 1931, Capital Group, home of American Funds, has helped investors pursue long-term investment success. Our consistent approach – in combination with The Capital System℠ – has resulted in superior outcomes.

Aligned with investor success

We base our decisions on a long-term perspective, which we believe aligns our goals with the interests of our clients. Our portfolio managers average 28 years of investment industry experience, including 22 years at our company, reflecting a career commitment to our long-term approach.[1]

The Capital System

The Capital System combines individual accountability with teamwork. Funds using The Capital System are divided into portions that are managed independently by investment professionals with diverse backgrounds, ages and investment approaches. An extensive global research effort is the backbone of our system.

American Funds' superior outcomes

Equity funds have beaten their Lipper peer indexes in 88% of 10-year periods and 96% of 20-year periods.[2] Fixed income funds have helped investors achieve diversification through attention to correlation between bonds and equities.[3] Fund management fees have been among the lowest in the industry.[4]

[1]Investment industry experience as of December 31, 2019.

[2]Based on Class A share results for rolling periods through December 31, 2019. Periods covered are the shorter of the fund's lifetime or since the comparable Lipper index inception date (except Capital Income Builder and SMALLCAP World Fund, for which the Lipper average was used). Expenses differ for each share class, so results will vary.

[3]Based on Class A share results, as of December 31, 2019. Fifteen of our 17 American Funds fixed income funds that have been in existence for the three-year period showed a three-year correlation below 0.2. Standard & Poor's 500 Composite Index was used as an equity market proxy. Correlation based on monthly total returns. Correlation is a statistical measure of how two securities move in relation to each other. A correlation ranges from –1 to 1. A positive correlation close to 1 implies that as one security moves, either up or down, the other security will move in "lockstep," in the same direction. A negative correlation close to –1 indicates that the securities have moved in the opposite direction.

[4]On average, our management fees were in the lowest quintile 65% of the time, based on the 20-year period ended December 31, 2019, versus comparable Lipper categories, excluding funds of funds.

Bloomberg Barclays U.S. Aggregate Index represents the U.S. investment-grade fixed-rate bond market. This index is unmanaged, and its results include reinvested dividends and/or distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or U.S. federal income taxes. The S&P 500 Index is a market capitalization-weighted index based on the results of approximately 500 widely held common stocks. The indexes are unmanaged and, therefore, have no expenses.

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. If used after June 30, 2020, this brochure must be accompanied by a current American Funds quarterly statistical update.

Investment results assume all distributions are reinvested and reflect applicable fees and expenses. The expense ratio (shown on the mountain chart) is as of the fund's prospectus available at the time of publication. When applicable, investment results reflect fee waivers and/or expense reimbursements, without which results would have been lower. Please see **capitalgroup.com** for more information.

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