

International Equity Quarterly portfolio review

Highlights

- Series F return: -13.57%
(see page 3 for returns for other periods)
- MSCI All Country World Index ex USA return (net dividends reinvested): -10.90%
- International equities declined as soaring inflation and monetary tightening darkened the economic outlook.
- European equities fell as record-high inflation led to expectations for eurozone interest rate rises for the first time in a decade. Japanese equities fell, weighed down by slowing global growth, a weak yen and ongoing supply chain problems. Emerging markets stocks also lost ground, but China bucked the trend, as stocks advanced on hopes of government stimulus and looser COVID restrictions.
- The Canadian dollar rose against some international currencies and was mixed against reserve currencies.

Commentary

- The mandate posted a negative return, trailing the benchmark primarily due to a greater-than-benchmark exposure to the information technology (IT) sector and company selection within the sector, as well as unfavourable security selection in the consumer discretionary sector.
- In IT, TSMC, Tokyo Electron and ASML were notable detractors as semiconductor-related companies were weighed down by supply chain constraints and deteriorating sentiment for the industry as interest rates rose and recession fears persisted. This comes amid rising concerns about slowing demand in China.
- MercadoLibre, in the consumer discretionary sector, hurt results as shares of the Latin American online e-commerce and auction site lost ground amid worries over a pullback in consumer spending, rising interest rates and weakening macroeconomic outlook, despite reporting strong revenue growth.
- Favourable selection in the financials sector was a bright spot, with AIA Group and Ping An Insurance helping results. Both AIA Group, an Asia-Pacific insurance company, and Ping An Insurance, a China-based financial services provider, were buoyed by hopes for an improvement in revenue over the quarter after coronavirus disruption in China weighed on sales in the first three months of the year.
- AstraZeneca and Novo Nordisk in the health care sector were also additive, with shares of U.K.-based AstraZeneca finding support from good first-quarter results. Shares of Novo Nordisk, a Denmark-based biopharma, rose on double-digit growth in earnings and revenue for the first quarter.
- Notable sector changes were a near-doubling in energy exposure and reductions in the IT and consumer discretionary sectors. Geographically, exposures were reduced in emerging markets, Europe-ex U.K. and Japan.

Investment objective

Long-term growth of capital through investments in a portfolio comprised primarily of securities of large-capitalization issuers located outside North America.

Risk classification

Low	Low to Medium	Medium	Medium to High	High
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Methodology recommended by Canadian securities regulators, as disclosed in the fund's prospectus.

Portfolio managers	Years in profession	Years with Capital
Eu-Gene Cheah	24	24
Michael Cohen	31	22
Akira Horiguchi	28	21
Gerald Du Manoir	32	31
Philip Winston	37	25

A portion of assets is managed by 35 research analysts with a median of 14 years of industry experience.

Years of experience as of December 31, 2021.

Capital Group International Equity Fund (Canada) – Series F

As of June 30, 2022

Top 25 equity holdings¹	% of net assets	Portfolio information	Country diversification⁵	% of net assets	% of net assets		
TSMC	3.8	Assets (\$ mil) ²	France	12.7	Norway	1.2	
ASML	2.7	Number of holdings	Japan	11.9	Singapore	0.9	
AstraZeneca	2.2	Dividend yield ³	United Kingdom	8.5	Italy	0.7	
Vale	2.1	Portfolio turnover rate (2021)	China	8.1	South Africa	0.5	
Evolution	2.1	Trading expense ratio ⁴	Denmark	5.4	Korea, Republic of	0.5	
AIA Group	2.1	Weighted average market cap (\$ bil):	Switzerland	5.3	Israel	0.5	
Novo Nordisk	2.0	International Equity	India	5.2	Belgium	0.5	
Keyence	1.7	MSCI ACWI ex USA	Taiwan	4.3	Australia	0.4	
Genmab	1.7	Price to earnings:	Netherlands	4.0	Iceland	0.3	
LVMH Moët Hennessy Louis Vuitton	1.5	International Equity	Germany	3.7	Mexico	0.2	
NetEase	1.5	MSCI ACWI ex USA	Brazil	3.2	Ireland	0.2	
Airbus	1.4	Price to book:	Canada	3.1	Finland	0.2	
Nestlé	1.3	International Equity	Sweden	3.1	Thailand	0.1	
Ocado Group	1.3	MSCI ACWI ex USA	Hong Kong	2.6	Indonesia	0.1	
Tokyo Electron	1.3		Spain	1.4	Hungary	0.1	
Safran	1.2		United States	1.2			
OBIC	1.2						
Kering SA	1.2						
Tencent	1.1						
London Stock Exchange Group	1.1						
Rheinmetall	1.0						
SAP	0.9						
BeiGene	0.9						
Hermès	0.9						
Hypera SA	0.9						
		Geographic diversification	% of net assets at 6/30/22	% of net assets at 6/30/21	Sector diversification	% of net assets at 6/30/22	% of net assets at 6/30/21
		Europe ex-UK	38.9	38.5	Information technology	19.1	22.7
		Emerging Markets	22.3	28.8	Health care	12.3	12.0
		Japan	11.9	11.4	Industrials	12.1	10.6
		United Kingdom	8.5	7.9	Consumer discretionary	11.3	15.9
		Pacific Basin ex-Japan	3.9	4.0	Financials	10.9	10.5
		Canada	3.1	3.1	Consumer staples	8.5	7.0
		United States	1.2	1.3	Communication services	5.6	7.0
		Other	0.3	0.5	Materials	5.1	4.1
		Cash and cash equivalents ⁶ & other assets less liabilities	9.9	4.5	Energy	2.2	1.2
					Utilities	1.7	2.7
					Real estate	1.3	1.8
					Cash and cash equivalents ⁶ & other assets less liabilities	9.9	4.5

¹ Figures may reflect multiple securities from the same company or issuer. ² For combined series. ³ Income generated by portfolio securities, before expenses; does not reflect unitholder distributions. ⁴ As of December 31, 2021. ⁵ Country figures may include convertible securities. Individual countries with less than a 0.1% weight are not shown. ⁶ Cash and cash equivalents includes short-term investments. The MSCI All Country World Index (ACWI) ex USA is a free float-adjusted market capitalization weighted index that is designed to measure equity market results in the global developed and emerging markets, excluding the United States. The index consists of more than 40 developed and emerging market country indices. This index is unmanaged, and its results include reinvested distributions but do not reflect the effect of sales charges, commissions, account fees, expenses or income taxes. 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. Investors cannot invest directly in an index.

Capital Group International Equity Fund (Canada) – Series F

As of June 30, 2022

Total returns (%) as of June 30, 2022

	Cumulative			Annualized compound returns						Calendar year				
	3 mo	YTD	Since inception [*]	1 yr	3 yr	5 yr	10 yr	15 yr	Since inception [*]	2021	2020	2019	2018	2017
Series F (CIF 826)	-13.57	-28.13	133.33	-28.79	-1.14	3.15	8.12	2.41	4.40	4.76	18.34	24.02	-4.15	27.45
MSCI ACWI ex USA	-10.90	-16.69	169.05	-16.06	0.92	2.36	7.33	2.60 [†]	5.16 [†]	6.91	8.71	15.37	-6.47	18.84

*Series F inception: November 1, 2002. Results vary by series primarily due to differences in the series' fees and expenses. For all series, see capitalgroup.com/ca.

[†]Results reflect MSCI EAFE Index from fund inception to June 30, 2008, and MSCI All Country World (ACWI) ex USA Index thereafter.

Attribution analysis (relative returns)

Q2 2022	Companies	Sectors	Countries
Major contributors	AIA Group	Financials	India
	Netease	Cash	Denmark
	Rheinmetall	Communication services	Korea
Major detractors	Ocado	Information technology	Japan
	ASML	Consumer discretionary	China
	Tokyo Electron	Energy	United Kingdom

Largest holdings changes

Since March 31, 2022	
New:	Eliminated:
Cameco	Silergy
TotalEnergies	Intesa Sanpaolo
Glencore	Alibaba Group

Management expense ratio (MER)

Fund (Series F) ¹	0.95%
Industry avg. ²	1.11%

MERs and FundSERV codes for other series available at capitalgroup.com/ca.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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Unless otherwise indicated, data as of June 30, 2022. The fund is actively managed; holdings will change.

¹Capital Group, at its discretion, currently waives some of its management fees or absorbs some expenses of certain Capital Group funds. Such waivers and absorptions may be terminated at any time, but can be expected to continue for certain portfolios until such time as such funds are of sufficient size to reasonably absorb all management fees and expenses incurred in their operations.

The management expense ratios for the portfolios are based on audited total expenses for the 12-month period ended December 31, 2021, and are expressed as an annualized percentage of daily average net assets during the period. Actual MERs may vary. For the 12-month period ended December 31, 2021, the total net asset value of Series F was of sufficient size to reasonably absorb all management fees and expenses incurred in the operations of the fund attributable to this series, and therefore there were no waivers or absorptions during this period.

²Source: Investor Economics, a division of Strategic Insight. Industry category MER averages for funds similar in size to respective Capital Group funds based on data updated to fiscal year-end 2021, for those funds with a financial year-end of December 31, 2021. Reflects a weighted average of management expense ratios available as of December 31, 2021, for international equity funds Series F with equal to or less than \$863 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2021, of Capital Group International Equity Fund (Canada) is \$863 million.

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