

International Equity Quarterly portfolio review

Highlights

- Series F return: -16.85% (see page 3 for returns for other periods)
- MSCI All Country World Index ex USA return (net dividends reinvested): -6.50%
- International stocks declined during a volatile quarter in which eight out of 11 benchmark sectors fell as Russia invaded Ukraine, inflation surged and a fresh wave of COVID-19 cases hit Asia and China.
- All European sectors, excluding energy, declined in the MSCI Europe Index as worries about a war-induced recession hit the continent. Japanese equities also weakened as the economy struggled under renewed pandemic restrictions while emerging markets also slumped after COVID-19 lockdowns in China.
- The Canadian dollar appreciated against most international currencies and all reserve currencies, which includes the U.S. dollar.

Commentary

- The mandate posted a negative return trailing its benchmark primarily due to unfavourable information technology (IT) sector exposure and stock selection in it.
- In IT, Keyence and ASML were notable detractors. Japan-based Keyence, a factory automation device maker, was hurt by rising omicron cases in Japan, rising input costs and supply chain challenges. ASML, a Netherlands semiconductor equipment supplier, was hurt by supply chain issues, as well as a fire at its Berlin plant raising the risk of a guidance miss. While both companies face headwinds, the portfolio management team's long-term conviction remains strong with Keyence and ASML among top-10 holdings.
- Also detracting was China-based biopharmaceutical company Hutchmed. Shares fell after the U.S. Securities and Exchange Commission signaled the company could be delisted because it had been unable to inspect auditor's records due to prohibitions on the part of China. Evolution, a Sweden-based gaming company, also hurt relative performance as did Ocado Group, a U.K. consumer products distributor.
- Providing a measure of ballast were Vale and AstraZeneca. Shares of AstraZeneca rose after it beat fourth-quarter 2021 estimates and hiked dividends. Brazil-based Vale, an iron ore and nickel miner, benefited from surging prices for the two commodities and plans to raise 2022 capacity.
- Notable sector changes were an increase to materials and a decrease to IT. Geographically, exposures were reduced in emerging markets and Japan and increased in the U.K. and Canada.

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 March 31, 2022

Total returns (%) as of March 31, 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)	-16.85	-16.85	169.94	-13.29	4.28	7.13	9.10	3.23	5.25	4.76	18.34	24.02	-4.15	27.45
MSCI ACWI ex USA	-6.50	-6.50	201.98	-2.10	5.13	5.37	7.93	3.26 [†]	5.85 [†]	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)

Q1 2022	Companies	Sectors	Countries
Major contributors	Vale	Cash	Brazil
	Rheinmetall	Materials	Germany
	Hypera	Industrials	Korea
Major detractors	Yandex	Information technology	Russia
	Evolution	Communication services	Japan
	Ocado Group	Financials	Canada

Largest holdings changes

Since December 31, 2021	
New:	Eliminated:
Givaudan	Nexi
Cameco	Alibaba Health Information Technology
Altus Group	AbCellera Biologics

Management expense ratio (MER)

Fund (Series F) ¹	0.95%
Industry avg. ²	1.30%

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 March 31, 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 2020, for those funds with a financial year-end of December 31, 2020. Reflects a weighted average of management expense ratios available as of December 31, 2020, for international equity funds Series F with equal to or less than \$470 million in AUM; restricted sponsors (certain industry participants) have not been captured. The total net assets as of December 31, 2020, of Capital Group International Equity Fund (Canada) is \$469 million.

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