Investment Outlook

Q4 2023

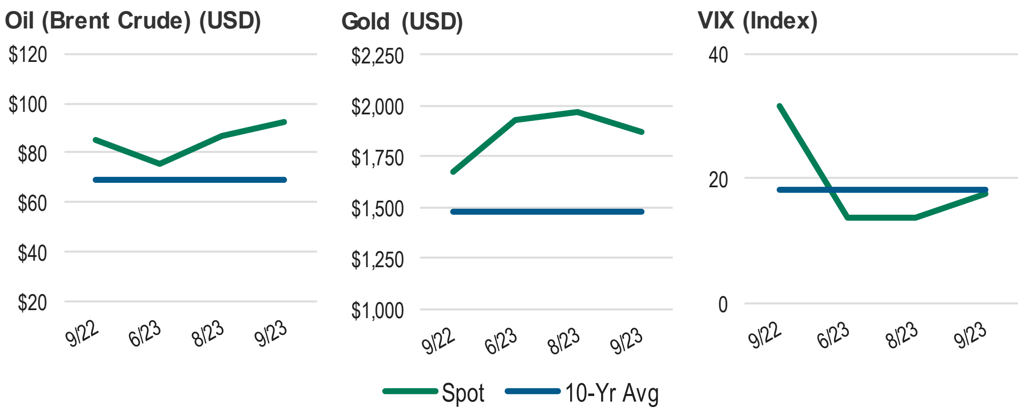
ACI – 3172134

Contents

Quarterly Market Recap | Global Equity

As of 9/30/2023

Indexes	Current and 52-Week Range				Returns (%)		
Equity	**Current**	**Low**	**Range**	**High**	**Quarter**	**YTD**	**1 Year**
S&P 500	4,454	3,577		4,589	-3.27	13.07	21.62
DJIA	34,624	28,726		35,631	-2.10	2.73	19.18
MSCI EAFE	1,361	1,137		1,378	-4.11	7.08	25.65
MSCI Europe	1,846	1,560		1,908	-4.96	7.96	28.85
MSCI Japan	1,484	1,115		1,484	-1.59	11.21	25.92
MSCI Emerging Markets	59,584	52,493		62,769	-2.93	1.82	11.70
Specialty	**Current**	**Low**	**Range**	**High**	**Quarter**	**YTD**	**1 Year**
S&P Goldman Sachs Com	617	527		667	15.98	7.24	10.93
FTSE EPRA/NAREIT Global	1,790	1,714		2,012	-5.63	-5.11	1.76
U.S. Dollar Index	105	100		113	3.22	2.61	-5.26



Data from 9/30/2022 to 9/29/2023. See appendix for index definitions. **Past performance is no guarantee of future results.**
Source: FactSet Spot price is the current market price at which an asset is bought or sold for immediate payment or delivery.

Summary

Stocks fell during the quarter, trimming year-to-date gains amid uneven economic growth. Stronger-than-expected growth in the U.S. raised expectations that the Federal Reserve (Fed) would maintain restrictive monetary policies for an extended period.

U.S. Equity

- U.S. stocks fell as a resilient U.S. economy fueled expectations for interest rates to remain higher for longer than previously expected.
- The U.S. economy expanded at an annualized rate of 2.1% in the second quarter, the weakest growth in four quarters.
- S&P 500® Index companies reported a year-over-year decline in second-quarter earnings, the third straight decrease.
- Large-cap stocks outperformed small-cap stocks for the second consecutive quarter. Growth fared slightly better than value among large-caps but sharply underperformed among small-caps.

Non-U.S. Equity

- European stocks declined and trailed the broader developed markets index as stagflation fears increased.
- Japan's equity market fell but outperformed other developed markets as the country's policymakers accelerated their push to improve corporate governance.
- Emerging markets (EM) stocks declined but outperformed broader global markets.

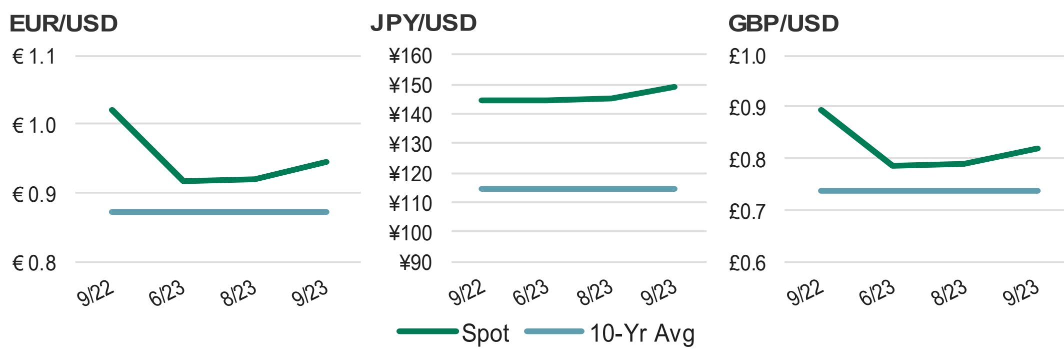
Quarterly Market Recap | Global Fixed Income

As of 9/30/2023

Indexes — **Current and 52-Week Range** — **Returns (%)**

U.S. Fixed Income	Current	Low	Range	High	Quarter	YTD	1 Year
BB U.S. Aggregate	87.79	85.26		92.15	-3.23	-1.21	0.64
BB U.S. Inv Grade Corp	88.60	84.04		93.28	-3.09	0.02	3.65
BB U.S. High Yield Corp	89.20	83.78		90.70	0.46	5.86	10.28
BB U.S. TIPS	91.16	89.48		96.48	-2.60	-0.78	1.25
BB U.S. Municipal	99.41	96.10		103.48	-3.95	-1.38	2.66
Global Fixed Income	**Current**	**Low**	**Range**	**High**	**Quarter**	**YTD**	**1 Year**
BB Glob Agg Unhedged	90.67	89.37		94.12	-3.59	-2.21	2.24
BB Global Tsy ex-U.S. (UH)	93.57	92.61		97.63	-4.70	-4.62	1.92
JPMorgan CEMBI Broad Div	88.40	82.80		91.02	-0.26	3.38	8.25
JPMorgan EMBI Global Div	833.19	722.80		852.33	-2.23	1.76	10.01
JPMorgan GBI-EM Global Div	416.95	375.12		419.55	-3.26	4.28	13.10

BB=Bloomberg; UH=Unhedged



Data from 9/30/2022 to 9/29/2023. See appendix for index definitions. **Past performance is no guarantee of future results.**
Source: FactSet Spot price is the current market price at which an asset is bought or sold for immediate payment or delivery.

Summary

Global bonds declined in U.S. dollar terms. The U.S. dollar increased relative to other global currencies, reducing U.S.-dollar returns from non-U.S. investments.

U.S. Fixed Income

- The Bloomberg U.S. Aggregate Bond Index declined, as U.S. Treasury yields rose. The 10-year U.S. Treasury yield climbed to the highest level in 16 years.
- The U.S. economy expanded faster than expected in the second quarter but posted the weakest growth in four quarters.
- All investment-grade bond sectors declined sharply. High-yield bonds advanced marginally, easily outperforming other fixed-income sectors.

Global Fixed Income

- European bond yields rose during the quarter as stagflation fears increased. The European Central Bank signaled that it was likely finished tightening.
- Bond yields in the U.K. rose slightly. In September, the Bank of England paused its rate hikes for the first time since December 2021.
- Japan's 10-year government bond yield rose to the highest point in a decade, reflecting the Bank of Japan's decision in July to ease the rigid upper limit.
- EM bonds declined but surpassed developed fixed-income markets.

Global Macroeconomic Outlook Snapshot

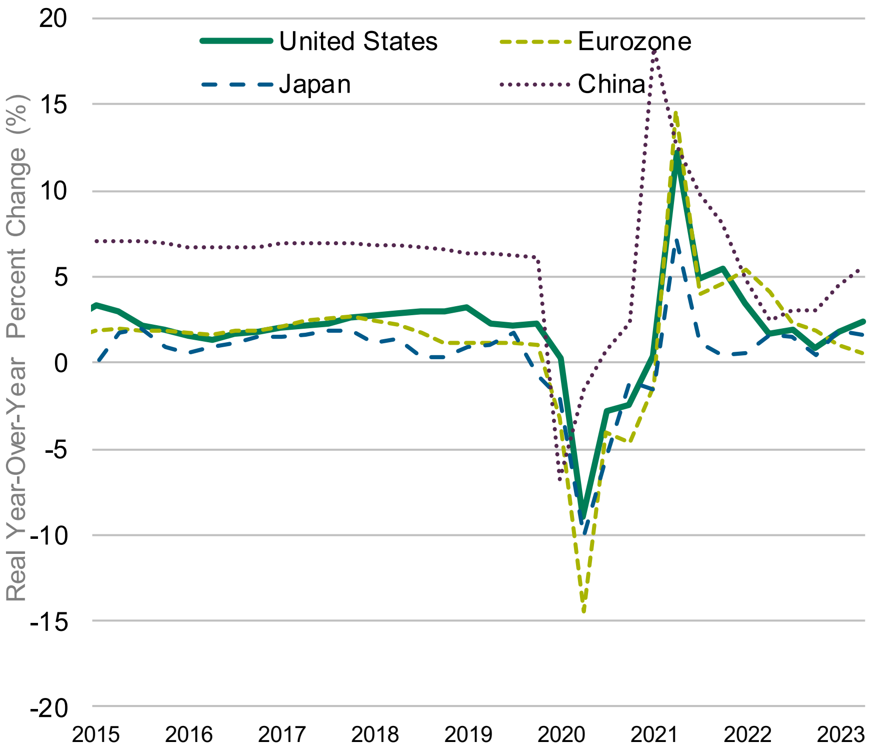
Global Economy	▪ Growth Slowdown Is in Store ▪ European, U.K. Economies Remain Fragile ▪ China's Recovery Is Losing Steam
Inflation	▪ Fed's Inflation Target Remains Elusive ▪ Inflation Stays High in Europe ▪ China Inflation Rate Sinks
Monetary Policy	▪ Fed Is on the Fence ▪ Europe, U.K. Policymakers Face Tough Choices ▪ China Seeks Economic Turnaround
Interest Rates	▪ Rate Outlook Highlights Duration ▪ Yield Curve Opportunities Emerge in Europe, U.K. ▪ EM Yield Advantages Remain but Challenges Surface

Opinions and estimates offered constitute our judgment and along with other portfolio data, are subject to change without notice.
Source: American Century Investments.

Global Economy

Recession remains on the radar.

Global GDP



Data from 6/30/2016 to 6/30/2023.
Source: Bloomberg
Gross domestic product (GDP) is a measure of the total economic output in goods and services for an economy.

Growth Slowdown Is in Store

Despite tighter financial conditions, gross domestic product and corporate earnings have exceeded expectations, the labor market has remained strong, and consumers have continued to spend. However, cracks are emerging. Certain key indicators, including housing and manufacturing, have been struggling, suggesting a slowdown may be imminent. It can take nine to 24 months for the economy to feel the full effects of each Fed rate hike. Accordingly, we believe a recession is still forthcoming and will likely be evident by early 2024.

European, U.K. Economies Remain Fragile

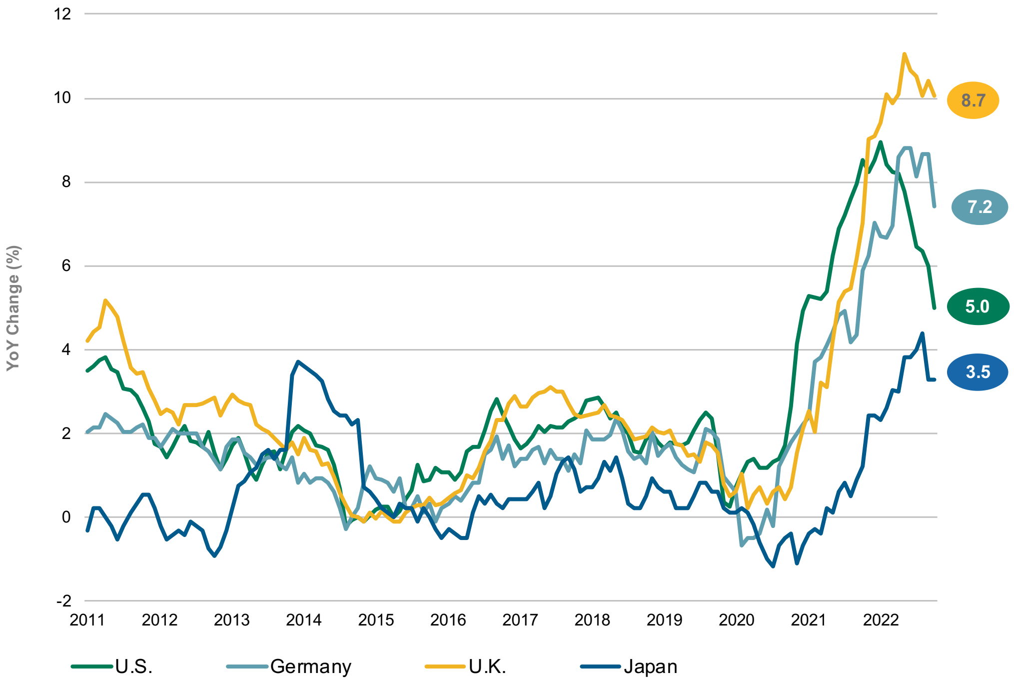
Weakness in the European Union's export-centric countries continues to threaten economic activity in the eurozone. The manufacturing and services sectors have contracted, amplifying recession risk. Rising interest rates and still-high inflation are also stifling growth. A similar situation is unfolding in the U.K., where inflation remains elevated and interest rates recently hit a 15-year high. Economic growth has been modest for several quarters, and hiring has slowed amid a labor shortage. We believe this dynamic exacerbates the risk of stagflation.

China's Recovery Is Losing Steam

China's economy has been disappointing, with mounting concerns that the government will fail to reach its 2023 growth target. All the piecemeal monetary and fiscal stimuli have failed to overcome the headwinds from structural issues. Youth unemployment recently soared to a record 23%, consumer and producer prices declined, and the nation's imports and exports contracted. An anticipated domestic spending rebound following the lifting of COVID-19 lockdowns never fully materialized due to decreasing income, waning confidence and a sinking property market. Real estate sales have plunged, while the financial woes of China's property developers are at risk of spreading.

Inflation

Prices ease, but not enough.



Data from 6/30/2011 to 4/30/2023
Source: FactSet

CPI: The Consumer Price Index measures the change in price paid by consumers for a representative basket of goods and services.

Fed's Inflation Target Remains Elusive

While inflation has slowed considerably from last year's multidecade highs, it remains well above the Fed's target. Persistent wage pressures suggest services inflation may remain resilient. Shelter prices, which are lagging indicators, should slowly ease to historical levels. We believe goods prices will continue to fuel inflation but moderate over time. In this environment, we still favor short-maturity inflation-linked securities given the still-strong pricing momentum in services components and risks from the energy sector.

Inflation Stays High in Europe

Alongside weakening growth, stubbornly high inflation has challenged economies and central banks in the eurozone and the U.K. Year-over-year inflation rates have eased faster in the eurozone than in the U.K. but remain far from central bank targets. Inflation rates in the U.K. and the eurozone have been notably higher than in the U.S. Elevated food, rent and services prices have been key culprits, while falling energy prices have helped slow headline inflation. Additionally, wage growth has pressured a broad range of prices, suggesting inflation may be entrenched, particularly in the U.K. economy.

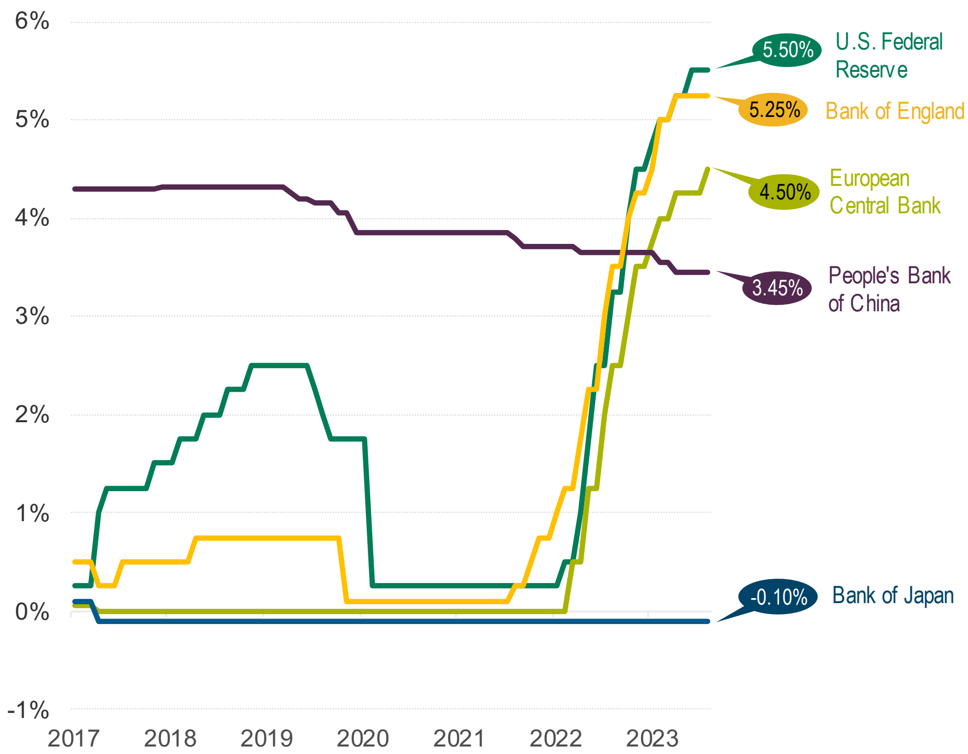
China's Inflation Rate Sinks

As Western nations struggle with persistent above-target inflation, consumer prices in China have fallen. The nation's Consumer Price Index (CPI) recently logged its first year-over-year decline since February 2021. Food prices, the index's largest component, plunged almost 2%, while housing, the second largest component, was nearly flat. Officials insist the decline is temporary and inflation should pick up slowly as the effects of a high base in 2022 fade. Inflation in other emerging markets has generally eased further, allowing some central banks to start cutting rates. We expect inflation in most markets to move toward central bank targets absent of energy or food shocks.

Monetary Policy

Central banks are still in play.

Central Bank Policy Rates



Data from 2/28/2017 to 9/30/2023. Rates shown are the upper-bound of the central banks' policy rates.
Source: FactSet

Fed Is on the Fence

In the fastest series of rate hikes in four decades, the Fed has pushed interest rates to a 22-year high. Yet the central bank hasn't yet officially ended its rate-hike campaign. Inflation still exceeds the Fed's comfort zone, and the economy has remained surprisingly resilient. Some Fed officials worry about the economic fallout of tightening further. Others believe additional rate hikes are needed to keep combating above-target inflation. In our view, the significant tightening to date should slow the economy and eventually trigger a recession. But it's unlikely policymakers will quickly pivot to easing, leaving rates higher for longer.

Europe, U.K. Policymakers Face Tough Choices

Amid its fastest tightening pace in history, the European Central Bank (ECB) committed to keeping rates restrictive until inflation slows to 2%. But policymakers recently acknowledged the marked slowing of growth. The Bank of England remained hawkish after announcing its 14th consecutive rate hike in August. Growth in the eurozone and the U.K. has slowed considerably, bordering on recession, while inflation remains well above central bank targets. Against this backdrop, a recent larger-than-expected decline in eurozone business activity may keep the ECB on the sidelines. In the U.K., wages have soared, fueling expectations for more tightening.

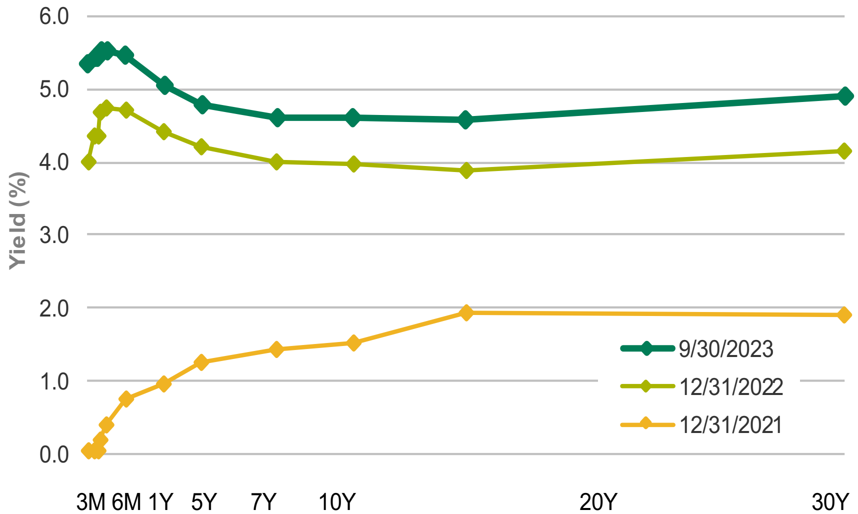
China Seeks Economic Turnaround

To boost China's weakening economy, the People's Bank of China recently cut key lending rates. Policymakers have indicated they seek to boost liquidity, lower financing costs and support the currency amid slowing business activity, deflationary worries and weak trade. They also reiterated the urgency of meeting China's economic goals. Elsewhere, many EM central banks that were aggressive in hiking rates to combat inflation have ended or are close to ending their tightening campaigns. EM central banks must balance the need to support growth amid lower inflation against pressures on currency and financing.

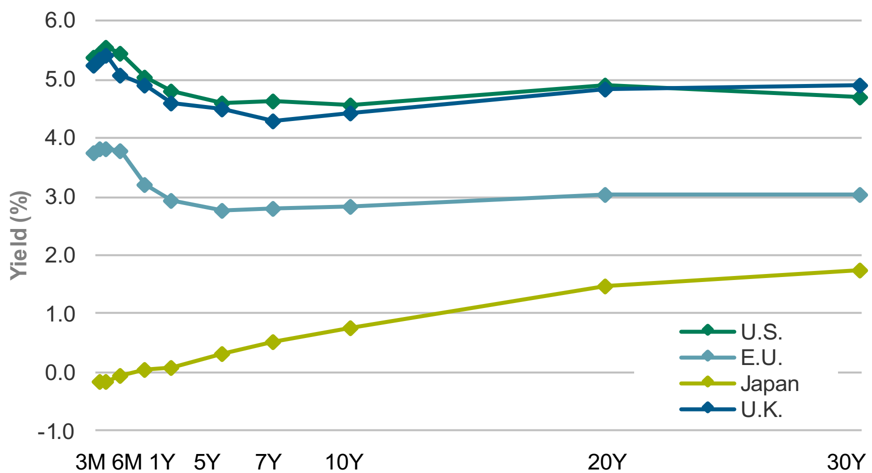
Interest Rates

Yields reach multiyear highs.

U.S. Treasury Yield Curve (%)



Global Yield Curves (%)



Data as of 9/30/2023
Source: Bloomberg

Rate Outlook Highlights Duration

Fed policy, high inflation and better-than-expected economic data have driven U.S. bond yields to multiyear highs. Additionally, the Treasury Department's much larger-than-expected borrowing needs have pushed longer-maturity yields even higher. But we believe the Fed is likely finished tightening, which should help stabilize shorter-maturity Treasury yields. As growth ultimately slows, yields across the curve will likely decline, highlighting the potential advantages of extending portfolio duration. We also believe reinvestment risk is rising for investors with large cash balances, underscoring the potential benefits of shifting into intermediate-maturity bonds before yields head lower.

Yield Curve Opportunities Emerge in Europe, U.K.

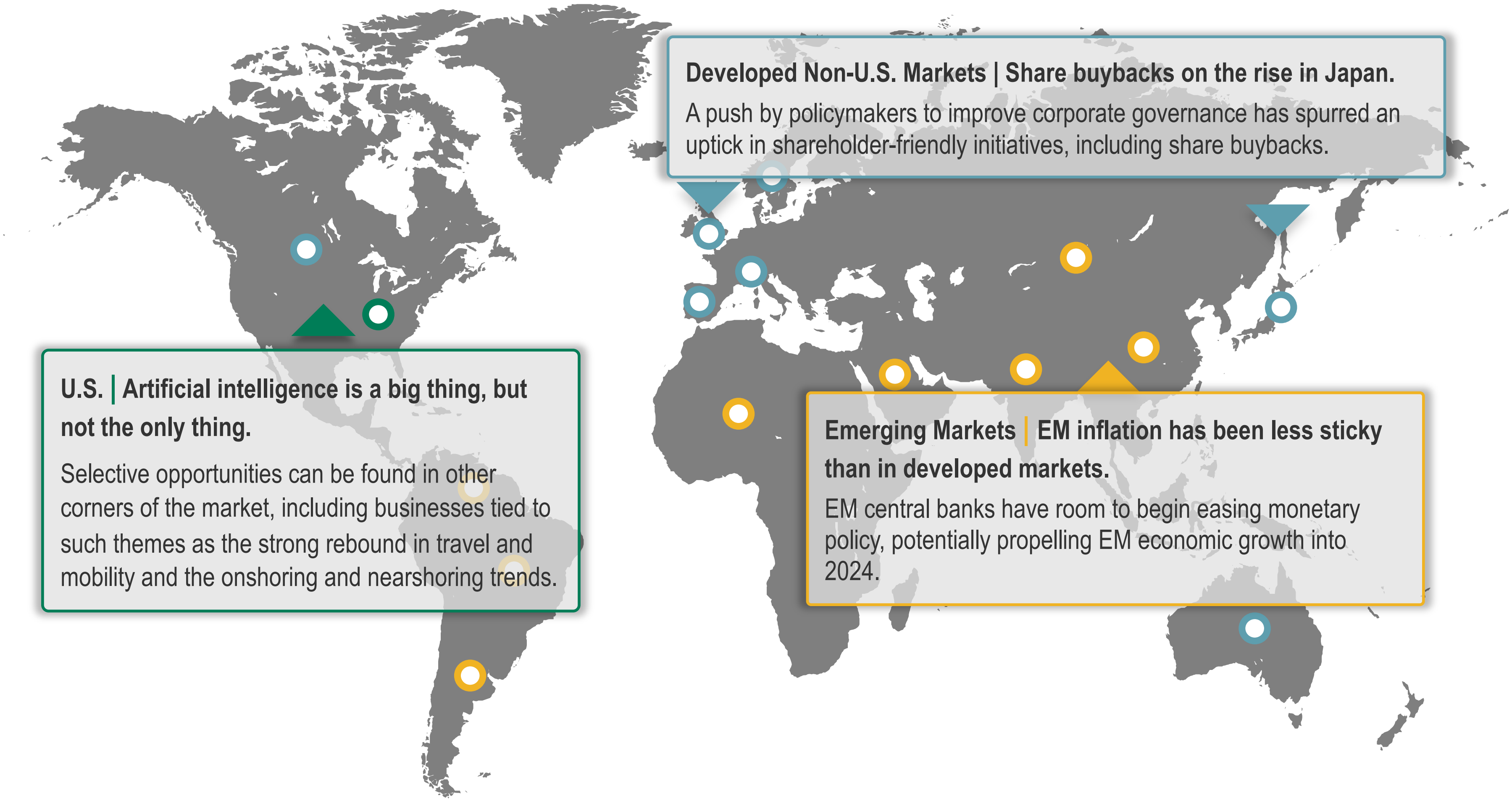
Elevated inflation and additional central bank tightening should continue to pressure shorter-maturity European and U.K. government bond yields, even as recession risk escalates. Longer-maturity bonds should begin to stabilize and may continue to outperform U.S. Treasuries as investors factor in a likely recession and an eventual pause in central bank policy. Yields in semicore countries, such as Finland and Ireland, have been attractive versus core countries, while peripheral countries may underperform as quantitative tightening support fades. We expect eurozone and U.K. rates to peak in 2023's second half as growth slows and rate-hike campaigns conclude.

EM Yield Advantages Remain but Challenges Surface

We continue to see a much better environment for local currency EM bonds. EM inflation has trended in the right direction, allowing for more policy easing. EM yield advantages and peak repricing of global risk-free rates have provided further tailwinds. We expect countries with high real yields, steep yield curves and low betas to outperform China, where we expect further fiscal stimulus. Rate cuts, weaker Chinese data and the risk of a major slowdown in developed markets, together with higher volatility and low liquidity, will challenge EM currencies.

Investment Outlook: Global Equity

We still think a modest recession is likely given the inverted yield curve, weakening housing market, declining manufacturing activity and the delayed impact of aggressive interest rate hikes.



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Source: American Century Investments.

Investment Outlook: U.S. Fixed Income

Spreads

Spreads vs. 10-Year U.S. Treasury (in bps)
Trailing 5-Year Range

Sector	LOW	CURRENT				HIGH
U.S. Investment Grade Corporates	80	121				373
U.S. High Yield Corporates	262	394				1100
U.S. Securitized	11		70			135

10-Year U.S. Breakeven Inflation Rate (in bps)
Trailing 5-Year Range

Sector	LOW	CURRENT				HIGH
U.S. TIPS	55			234		304

Yield Ratio to 10-Year U.S. Treasury (in bps)
Trailing 5-Year Range

Sector	LOW	CURRENT				HIGH
U.S. Municipals (10-Yr Ratio)	54	75				365

Data from 9/30/2018 to 9/30/2023
Source: Bloomberg, FactSet

Sectors represented as follows. Investment-Grade Corporates: Bloomberg U.S. Aggregate Corporate Index; U.S. High-Yield Corporates: Bloomberg U.S. Corporate High-Yield Bond Index; U.S. Securitized: Bloomberg U.S. Securitized Bond Index; U.S. Municipals: Bloomberg Municipal Bond Index; U.S. TIPS: Bloomberg U.S. Treasury Inflation Protected Securities (TIPS) Index. See glossary for definitions.

U.S. Credit

We remain defensively positioned as the credit cycle shifts to lower growth. We don't think the risk of tighter lending conditions is reflected in valuations. We remain neutral toward banking as higher rates pressure margins. We favor high-quality credits in the electric, construction and machinery, food and beverage, and consumer products industries. Overall, with spreads likely to widen, we're seeking opportunities offering risk management, low event risk and less cyclical exposure.

U.S. Securitized

We continue to favor short-maturity, senior securitized credit issues offering strong relative value and risk/reward profiles. While we are mitigating exposure to office and retail subsectors of the commercial mortgage-backed securities (CMBS) market, we continue to see value in multifamily housing and select industrial properties. We're avoiding consumer-driven asset-backed securities (ABS) in favor of aircraft and data infrastructure assets.

U.S. Treasury Inflation-Protected Securities (TIPS)

Fed policy, inflation and robust economic data have driven Treasury yields to multiyear highs. But with an economic slowdown likely unfolding in the coming months, these yields should follow suit. In particular, intermediate-maturity Treasury yields appear close to peak levels. Therefore, we see value in extending duration. With inflation likely to remain above target, we also believe short-maturity TIPS offer value.

U.S. Municipals

Given the higher quality and longer duration of this asset class, we believe U.S. municipal bonds should weather the late-cycle economic slowdown. We expect municipal credit fundamentals to remain durable amid the economic slowdown, supported by strong reserve fund balances and conservative budgeting practices. In terms of portfolio positioning, we're maintaining a close-to-neutral duration and expect to extend interest rate risk as valuations improve.

Investment Outlook: Global Fixed Income

Yields and Spreads

	Treasury Yields (bps)	Latest Mo. End	Change 1 Mo.	Change 3 Mos.	Change 1 Yr	Average 5 Yr	Average 10 Yr
2-Year	U.S.	505	17	15	85	194	150
2-Year	E.U.	320	21	1	141	13	-13
2-Year	Japan	4	3	12	9	-12	-10
2-Year	U.K.	489	-27	-37	55	127	88
10-Year	U.S.	457	39	73	78	220	227
10-Year	E.U.	284	29	45	66	42	52
10-Year	Japan	76	13	37	51	11	17
10-Year	U.K.	444	1	5	30	152	161
	2's - 10's Spread	-47	23	59	-7	26	77
	10 Year TIPS	223	31	61	63	13	29
	10 Year Breakeven Infl Rate	234	8	11	16	207	197
	Credit Spreads (bps)						
	US Investment Grade	112	2	-2	-39	116	118
	US High Yield	394	28	4	-167	414	426
	Euro Investment Grade	149	-5	-12	-68	130	120
	EMD Sovereign ($)	186	8	8	-41	191	194
	EMD Corporate ($)	339	-1	-6	-57	330	344
	Municipal Data						
	10-Yr Muni/Treasury Ratio (%)	75	7	9	-11	85	89
	30-Yr Muni/Treasury Ratio (%)	94	3	2	-12	97	100
	AAA vs BAA Spread (bps)	104	-7	-23	-8	114	136

Data from 12/31/2011 – 9/30/2023. Source: Bloomberg, FactSet.

Non-U.S. Developed Markets

We believe European inflation is peaking and therefore see value in long-maturity euro-denominated yields in core countries. We expect the European Central Bank to pause its rate hike campaign due to cooling inflation data. Therefore, we recently initiated a moderate duration overweight via German bunds while maintaining our overweight in semicore countries. The region's growth outlook remains weak, and we believe recession is likely. Elsewhere, we have increased our duration overweight in New Zealand, expecting inflation to peak and the central bank to end its hiking campaign.

Emerging Markets

Given heightened global uncertainties, we're keeping risk exposure at the lower end of our target range. Overall, EM inflation is easing, which provides further tailwinds for renewed EM allocations. We still expect a better environment for local currency EM bonds versus external bonds. We believe some low-beta countries and those with high real yields may outperform. In our view, they will have higher correlation to U.S. duration and more space to ease once markets price in a U.S. recession. We prefer countries with steep curves and real rate cushions, such as Mexico, Indonesia, Brazil and South Africa. We are underweighting China due to expectations for additional fiscal support.

Investment Outlook: Multi-Asset Strategies

Asset Class

We maintain a strong preference for cash relative to bonds and some stocks. An inverted yield curve necessarily means that cash and shorter-term investments offer attractive yields relative to longer-term bonds. Cash yields also look compelling relative to stock earnings yields. In addition, stock market momentum stalled in August, further reducing equities' appeal. Qualitatively, negative leading economic indicators also cloud the outlook for stocks relative to alternative, safer investments, like cash. Within equities, we are emphasizing an underweight to real estate investment trusts (REITs).

Equity Region

We recently closed out our beneficial overweight to non-U.S. developed market equities relative to U.S. stocks. Our momentum metrics favor the U.S. over European equities, while relative interest rates favor Europe. Real rates in the EU are negative, which supports risk assets. But in the U.S., real rates are flat or positive, depending on which measure of inflation you use. The net effect of these factors is that we're neutral for now.

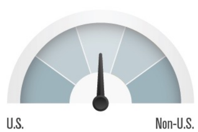
We have returned to neutral on emerging markets after benefiting from an overweight to U.S. equities in recent months. In our view, macro conditions favor U.S. equity while credit and company fundamentals favor emerging markets at the margin, rendering a neutral reading. China remains a question mark. Growth there is disappointing, but the country's leaders appear to want to strike a balance between doing too little and unleashing another huge wave of stimulus.

U.S. Equity Size & Style

Our small/large model is close to neutral on every dimension we measure, from relative valuations, earnings and sentiment to a range of macroeconomic indicators. From a qualitative point of view, it's hard to favor small-cap stocks when we believe a recession is likely. In such a scenario, large multinationals would be more attractive for their diversified markets and lines of business.

We recently removed our value overweight, which was beneficial in 2022 but detracted in 2023. This environment points up the importance of individual security selection. From a growth point of view, the dominance of the "magnificent seven" have distorted the performance picture for growth stocks more broadly. Value, too, has had performance challenges resulting from a single sector — banks. These conditions create opportunities in less-appreciated businesses across both growth and value.

Fixed Income



Recession remains the most likely outcome in our view, and we expect this will eventually weigh on corporate bonds. In most scenarios, we see inflation remaining above historical trend levels. As a result, we still see the best value in the short end of the inflation curve. The Fed is likely nearing the end of its tightening cycle. After rate hikes are complete, we expect an extended pause unless a new crisis emerges. The market will likely factor in rate cuts once it becomes confident the Fed has reached its peak rate.

Alternatives

Within equities, our highest conviction position is an underweight to REITs. Our global REITs managers continue to find relative value opportunities by region and sector and from security to security. But broadly speaking, economic uncertainty presents fundamental challenges for REITs at a time when cash yields, in particular, are so compelling. Our long-running REITs underweight has been a significant contributor over time.

Glossary

Asset-backed securities (ABS) are a form of securitized debt, ABS are structured like mortgage-backed securities (MBS). But instead of mortgage loans or interest in mortgage loans, the underlying assets may include such items as auto loans, home equity loans, student loans, small business loans, and credit card debt. The value of an ABS is affected by changes in the market's perception of the assets backing the security, the creditworthiness of the servicing agent for the loan pool, the originator of the loans, or the financial institution providing any credit enhancement.

Beta is a standard measurement of potential investment risk and return. It shows how volatile a security's or an investment portfolio's returns have been compared with their respective indices.

Bloomberg (BB) Global Aggregate Index (unhedged) is a broad-based measure of the global investment-grade fixed income markets and includes the U.S. Aggregate, Pan-European Aggregate, and Asian-Pacific Aggregate indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities, and USD investment grade 144A securities.

Bloomberg (BB) Global Treasury Bond Index (unhedged) is composed of those securities included in the Bloomberg Global Aggregate Bond Index that are Treasury securities, with the U.S. excluded.

Bloomberg (BB) Municipal Bond Index is a rules-based, market-value-weighted index engineered for the tax-exempt bond market.

Bloomberg (BB) U.S. Aggregate Bond Index represents securities that are taxable, registered with the Securities and Exchange Commission, and U.S. dollar-denominated. The index covers the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

Bloomberg (BB) U.S. Aggregate Corporate Index is an unmanaged index considered representative of the U.S. investment-grade, fixed-rate bond market.

Bloomberg (BB) U.S. Corporate High-Yield Bond Index is an unmanaged index that covers the USD-denominated, non-investment-grade, fixed-rate, taxable corporate bond market.

Bloomberg (BB) U.S. Corporate Investment-Grade Bond Index consists of publicly issued U.S. corporate and specified foreign debentures that are registered with the Securities and Exchange Commission and meet specific maturity, liquidity and quality requirements.

Bloomberg (BB) U.S. Securitized Bond Index is an unmanaged index of asset-backed securities, collateralized mortgage-backed securities, and fixed-rate mortgage-backed securities.

Bloomberg (BB) U.S. Treasury Inflation-Protected Securities (TIPS) Index consists of TIPS with a remaining maturity of one year or more.

Breakeven inflation rate is the difference between the nominal yield on a fixed-income investment and the real yield on an inflation-linked investment of similar maturity and credit quality.

Chicago Board Options Exchange (CBOE) VIX Index tracks the expected 30-day future volatility of the S&P 500 Index and is a widely used measure of market volatility and risk.

Commodities are raw materials or primary agricultural products that can be bought or sold on an exchange or market. Examples include grains such as corn, foods such as coffee, and metals such as copper.

Corporate bonds are a type of debt instrument issued by corporations, as distinct from those issued by governments, government agencies or municipalities. Corporate securities typically have the following features: 1) they are taxable 2) they tend to have more credit (default) risk than government or municipal securities, so they tend to have higher yields than comparable-maturity securities in those sectors; and 3) they are traded on major exchanges, with prices published in newspapers.

Credit ratings indicate the creditworthiness of the underlying bonds in the portfolio and generally range from AAA (highest) to D (lowest).

Dow Jones Industrial Average (DJIA) is made up of 30 blue chip stocks that trade daily on the New York Stock Exchange.

Duration is measure of the price sensitivity of a fixed income investment to changes in interest rates. The longer the duration, the more a fixed income investment's price will change when interest rates change. The shorter the duration, the less a fixed income investment's price will change when interest rates change.

European Central Bank (ECB), together with the national central banks of the European Union member states whose currency is the Euro (€), defines and implements the monetary policy for the Euro area.

Floating-rate bonds are bonds that are typically backed by pools of corporate loans and their payments. They pay an adjustable rate of interest tied to a representative interest rate such as the London Interbank Offered Rate (LIBOR).

FTSE EPRA/NAREIT Global Index tracks the performance of listed real estate companies and REITs in both developed and emerging markets.

Futures are contracts that agree to buy or sell a specific amount of a commodity or financial security at a particular price on a stipulated future date. Futures contracts are typically used as a hedging/risk management tool in portfolio management.

Gold spot price is the price of an ounce of gold, denominated in U.S. dollars.

High-yield bonds are fixed income securities with lower credit quality and lower credit ratings. High-yield securities are those rated below BBB- by Standard & Poor's.

Inflation, sometimes referred to as headline inflation, reflects rising prices for consumer goods and services, or equivalently, a declining value of money. Core inflation excludes food and energy prices, which tend to be volatile.

Glossary

Investment-grade is typically used in reference to fixed income securities that possess relatively high credit quality and have credit ratings in the upper ranges of those provided by credit rating services. Using Standard & Poor's ratings as the benchmark, investment-grade securities are those rated from AAA at the highest end to BBB- at the lowest. To earn these ratings, securities, in the judgment of the rating agency, are projected to have relatively low default risk.

J.P. Morgan CEMBI Broad Diversified Index is a global, liquid corporate emerging markets benchmark that tracks U.S.-denominated corporate bonds issued by EM entities.

J.P. Morgan EMBI Global Diversified Index tracks U.S.-denominated sovereign bonds issued by emerging market countries.

J.P Morgan GBI-EM Global Diversified Index measures the performance of fixed-rate, investment-grade local currency debt securities.

Long position is what most people think of as "normal" ownership of an asset or investment, giving the owner the right to transfer ownership, the right to any income generated by the asset, and the right to any profits or losses due to value changes. Generally, investors take long positions under the assumption that the value of what they own will increase and/or generate a significant amount of income.

Mortgage-backed securities (MBS) are debt instruments that represent ownership in pools of mortgage loans and their payments.

MSCI EAFE (Europe, Australasia, Far East) Index is a widely followed group of stocks from 20 developed market countries.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index designed to measure equity market performance of emerging markets.

MSCI Europe Index is designed to measure equity market performance in Europe.

MSCI Japan Index is designed to measure equity market performance in Japan.

Municipal yield ratio is used to determine the relative value of municipal securities compared with U.S. Treasury securities. The ratio consists of the yield of a municipal security of a certain maturity divided by the yield of a U.S. Treasury security of the same maturity.

Oil (Brent Crude) is a type of sweet crude oil that is used as a major benchmark price for purchases of oil worldwide.

Real estate investment trusts (REITs) are securities that trade like stocks and invest in real estate through properties or mortgages.

S&P 500® Index is composed of 500 selected common stocks, most of which are listed on the New York Stock Exchange. It is not an investment product available for purchase.

S&P Goldman Sachs Commodity Index is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

Securitized debt is the debt resulting from the process of aggregating debt instruments into a pool of similar debts, then issuing new securities backed by the pool (securitizing the debt). ABS, MBS and collateralized mortgage obligations are common forms of securitized debt. The credit quality of securitized debt can vary significantly, depending on the underwriting standards of the original debt issuers, the credit quality of the issuers, economic or financial conditions that might affect payments, the existence of credit backing or guarantees, etc.

Short position refers to the sale of a security not owned by the seller (the seller borrows it for delivery at the time of the short sale). If the seller can buy the security or contract later (to return what was borrowed) at a lower price, a profit results. If the price rises, the borrower/seller suffers a loss. It's a technique used to 1) take advantage of anticipated price declines or 2) to protect a profit in a long position (see long position).

Spread compression or contraction refers to the narrowing of measured differences between two interest rates or yields.

Spreads are measured differences or gaps that exist between two interest rates or yields that are being compared with each other.

Treasury inflation-protected securities (TIPS) are a special type of U.S. Treasury security that makes upward or downward changes to both principal and coupon interest rates based on inflation.

U.S. Dollar Index is a measure of the value of the U.S. dollar relative to a basket of foreign currencies.

U.S. Treasuries are debt securities issued by the U.S. Treasury and backed by the direct "full faith and credit" pledge of the U.S. government. Treasury securities include bills (maturing in one year or less), notes (maturing in two to 10 years) and bonds (maturing in more than 10 years). They are generally considered among the highest quality and most liquid securities in the world.

VIX Index tracks the expected 30-day future volatility of the S&P 500 Index.

Yield is the rate of return on bonds and other fixed-income securities.

Yield curve is a line graph showing the yields of fixed-income securities from a single sector (such as Treasuries or municipals), but from a range of different maturities (typically three months to 30 years), at a single point in time (often at month-, quarter- or year-end). Maturities are plotted on the x-axis of the graph, and yields are plotted on the y-axis. The resulting line is a key bond market benchmark and a leading economic indicator.

American Century Investments

Glossary Sources: Standard & Poor's, MSCI, FTSE International Limited, Bloomberg Index Services, Inc. and J.P. Morgan.

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Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.