



# Emerging Markets Sustainable Impact

2021  
IMPACT REPORT



“

Impact investing has become vitally important to investors, especially in emerging markets. Many emerging markets face large discrepancies in standard of living — including education, health care and employment opportunities — relative to developed markets. Our goal is to identify attractive impact investment opportunities in emerging markets aligned with the U.N. SDGs.

**Patricia Ribeiro**  
Senior Portfolio Manager

”



# Letter to Shareholders

Investing for positive impact by aligning financial and societal objectives continues to gain favor around the world. We are pleased to provide this Impact Report that describes how your investment capital supports companies in emerging markets that seek to improve lives while offering competitive returns to investors.

At American Century, we see no conflict between having an impact and generating attractive investment returns. In fact, the two can be mutually supportive. Over the years, we have observed that companies that are committed to sustainable business practices are often better at responding to risks and new opportunities, more efficient and foster greater loyalty among stakeholders. Identifying such companies aligns with our investment and impact criteria and is at the core of our process.

Our approach offers a way to invest in emerging market companies that support the United Nations Sustainable Development Goals (U.N. SDGs)\* and demonstrate solid environmental, social and governance (ESG) practices.

Providing investment solutions that focus on the SDGs is a natural extension of the impact our firm creates through its unique business model. We distribute more than 40% of our dividends to the Stowers Institute for Medical Research.

Therefore, our clients directly support lifesaving research and contribute to the global fight against cancer and other diseases. In this way, we join with our clients to become a powerful force for positive impact.

This Impact Report shows how we work to achieve both impact and returns by investing in emerging markets. We highlight the impact theses of several companies we believe illustrate this process and demonstrate how they contribute to the portfolio's five main impact themes:

- Health care.
- Empowerment.
- Sustainable living.
- Environment.
- Digital infrastructure.

We also show how these companies contribute directly to the SDGs.

We believe ESG investing is crucial to achieving the fundamental changes embodied in the SDGs, changes that are needed for a healthier, more equitable and sustainable future. This portfolio offers the opportunity to support efforts to achieve these goals by investing in firms we believe can generate a financial return *and* drive positive change.

**Thank you for partnering with us in this important undertaking.**

**Patricia Ribeiro**  
Senior Portfolio Manager

**Sherwin Soo, CFA**  
Portfolio Manager

**Sarah Bratton Hughes**  
Head of ESG and Sustainable Investing

**4** HOW WE INVEST  
FOR IMPACT

**7** IMPACT  
RESULTS

**20** ACTIVE  
OWNERSHIP

**25** MEET OUR  
PEOPLE

**27** EVERY CLIENT  
MAKES AN IMPACT

\* Developed by a global team of industry and government leaders and adopted by all 193 U.N. member states, the SDGs include 17 goals and 169 attendant targets aimed at solving some of the world's most pressing problems by 2030. The goals include eradicating poverty, protecting environmental resources, and achieving gender and income equality.

## HOW WE INVEST FOR IMPACT

Businesses with the resources and expertise to innovate and provide creative solutions to social issues can help bring about positive systemic change. By investing in these companies, we, too, can play a role in societal transformation.

## The Challenge

The U.N. has estimated that the world would have to invest a staggering \$5 trillion to \$7 trillion annually between 2015 and 2030 to attain the 17 SDGs set forth in its Agenda for Sustainable Development. Achieving or even coming close to these goals will require a substantial commitment of human, technical and financial resources from governments at all levels and the business sector.

Emerging market (EM) countries have a greater need for infrastructure investment, technological innovation and improvements in education than developed markets. Many EM countries suffer from profound socioeconomic and gender inequalities, and some represent the lowest standards of living in the world. As a result, EM countries are particularly vulnerable to environmental and health-related problems, including limited access to clean water and a high incidence of rare diseases. This makes investing in emerging markets with an SDG focus especially significant.

We believe that attaining the SDGs could drive economic growth that would benefit revenues and earnings for EM companies. In turn, this could drive returns to investors who hold EM equities and other assets. While transforming society will demand a committed collaboration among diverse stakeholder groups, we believe this collaboration would be supported by a virtuous cycle of societal improvement and progress toward economic prosperity.



# Accepting the Challenge: How We Invest for Impact

The Emerging Markets Sustainable Impact strategy seeks investments in companies striving for positive societal changes without sacrificing attractive return potential.

Our expertise extends back to 1997 when we first applied our differentiated investment philosophy and approach to emerging markets. We seek to invest in companies that demonstrate an accelerating trend in earnings growth. Over time, we believe these ideas represent the best investment opportunities to deliver on client objectives.

In managing our Emerging Markets Sustainable Impact strategy, we apply our Impact Generation Framework in an effort to ensure every investment we make exhibits both a demonstrable financial business case and a quantifiable impact on society or the environment.

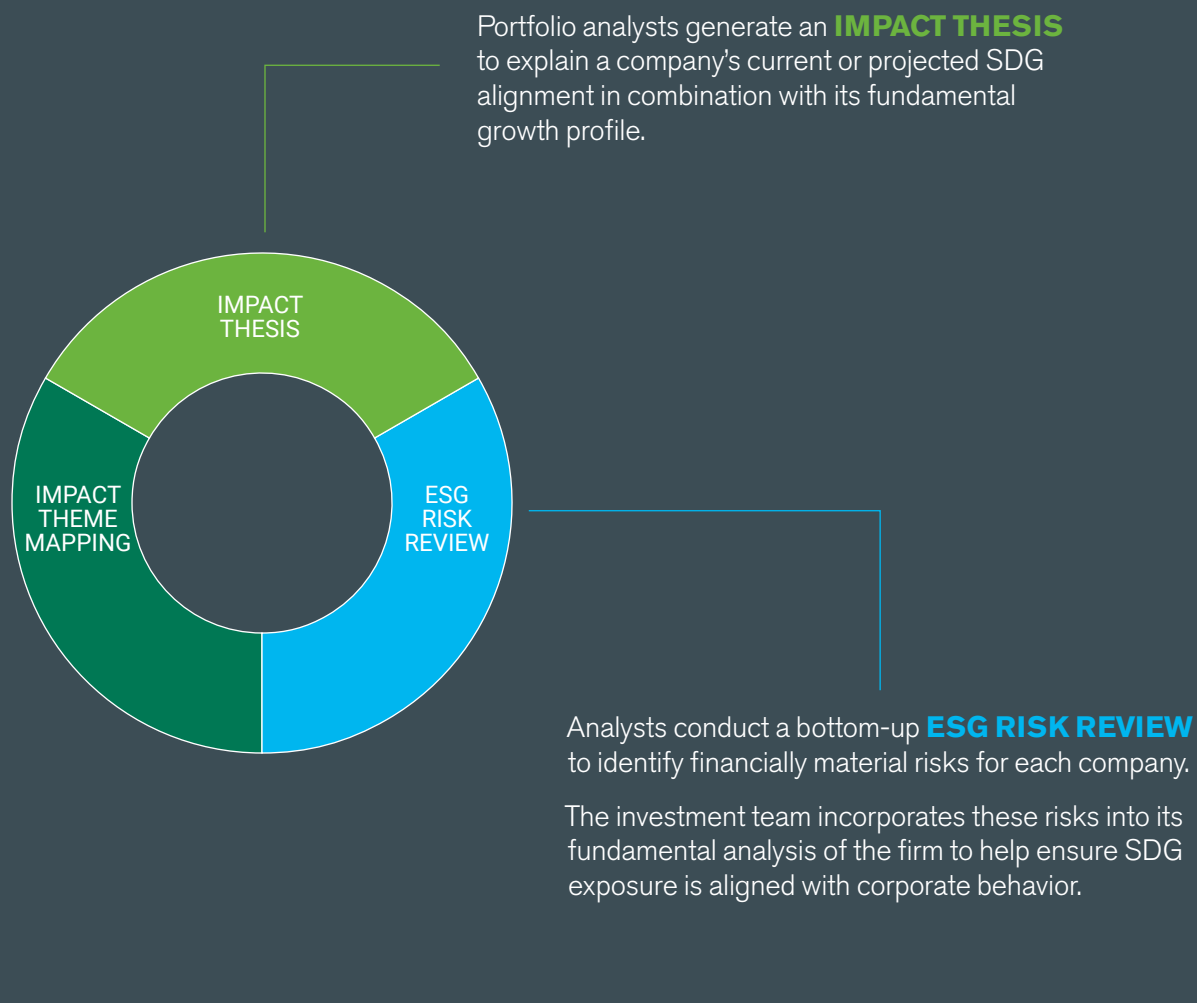
The framework also consists of five impact themes. The SDGs align to one or more themes and enable investors to recognize how an individual company links to sustainability. Investment candidates must exhibit accelerating growth characteristics alongside current or projected revenue stream alignment with one or more SDG goals underpinning the themes. Each company is then evaluated to ensure potential risks to impact are identified and adequately managed, using a proprietary ESG scoring system.

To ensure proper SDG alignment, our analysts utilize industry-recognized tools that provide guidance for determining whether a company addresses one or more of the SDGs. Additionally, our analysts may utilize a variety of resources, including mapping tools and direct company engagement, to further validate SDG alignment.

Our process culminates in an impact thesis for each company that explains current or projected SDG alignment in combination with the company's fundamental growth profile.

- |   |                        |
|---|------------------------|
| 1 | HEALTH CARE            |
| 2 | EMPOWERMENT            |
| 3 | SUSTAINABLE LIVING     |
| 4 | ENVIRONMENT            |
| 5 | DIGITAL INFRASTRUCTURE |

# Impact Generation Framework





# IMPACT RESULTS

We believe companies can generate a financial return and fuel positive societal change.

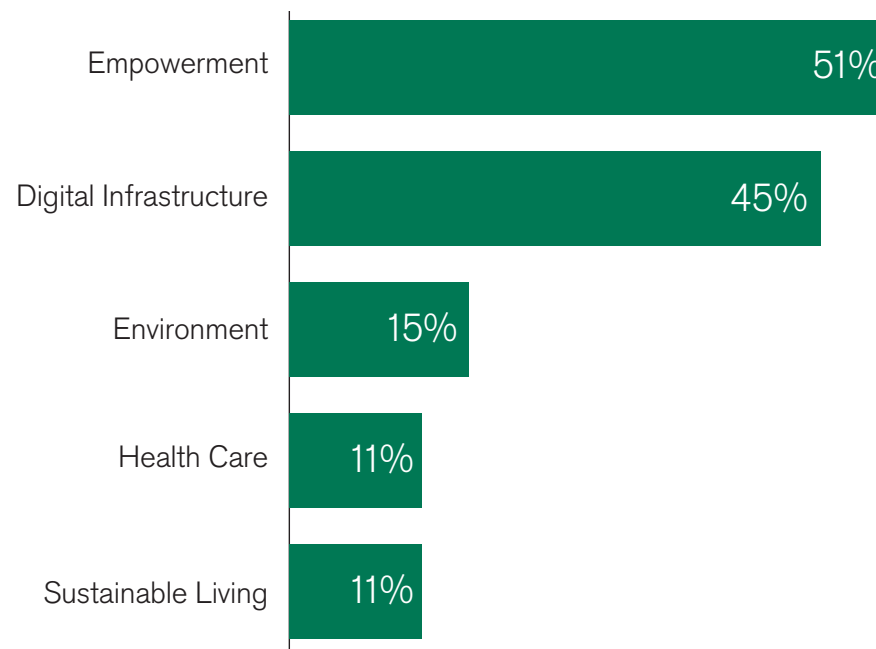
## Total Portfolio Impact

By investing with the intention of helping advance the SDGs, our investors have played a critical role in creating a more inclusive society in emerging markets.

Here is a breakdown of how the portfolio holdings align with each of our impact themes. Many of the portfolio holdings impact more than one SDG, so numbers will add up to more than 100%.

### How the Portfolio Impacts Each Theme

Based on portfolio allocation to each company and its primary impact theme



Data as of 12/31/2021. Source: American Century Investments, FactSet.



## HEALTH CARE

Good health is critical to living a satisfying, productive life. Health care is a natural area of focus for American Century as 40% of our firm's profits support medical research.

In accordance with U.N. SDG 3 — ensuring healthy lives and well-being — we have identified four health care themes that can benefit EM countries.

- New or innovative treatments for diseases and neurological disorders.
- More productive medical equipment, services and software.
- Greater access to medicine and health care services.
- New solutions for lowering health care costs.

### CRITICAL CHALLENGES

- By 2030, up to 5 billion people may lack access to health care.<sup>1</sup>
- Heart disease and stroke are increasing in emerging markets and can drain the resources of poorer households.<sup>2,3</sup>
- About one-third of the world's population lacks access to medicines, vaccines, diagnostic tools and other essential health products.<sup>3</sup>



# Samsung Biologics

The company is a contract manufacturer of commercial-stage innovative biologics for clients.

## MAPPING



### Goal 3 (Good Health and Well-Being)

The company helps improve access to safe, effective, affordable and essential medicines and vaccines.

## IMPACT THESIS

The company facilitates the manufacture and process development of innovative biologics for small- and medium-sized pharmaceutical companies that may not have that capacity. Its operations help bring tested biologics to the public in a faster and more reliable manner.

The firm is certified per best practices for Health and Safety Management System, Standard Information Protection and Corporate Practices (cGMP) in line with U.S. Food and Drug Administration, European Medicines Agency and Prescription Drug Manufacturing Act guidelines.

Source: Company publications and American Century Investments. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.



## EMPOWERMENT

Empowerment encompasses human rights, labor rights, worker safety, modern slavery, access to financial services and the importance of an educated workforce.

Societies benefit when wage earners whose incomes support families work in a safe environment.

Here are just a few of the benefits of worker empowerment in EM countries.

- Workers who earn a living wage are likely to be more productive and less likely to leave their jobs.
- People with access to financial services can build savings, access credit and pay for basic needs like sanitation and housing.

### CRITICAL CHALLENGES

- Small and medium enterprises create 70% to 95% of new jobs in emerging economies, but their access to financial services is often severely constrained, restricting growth.<sup>4</sup>
- Although financial inclusion is on the rise globally, 37% of the population in emerging markets does not have an account with a financial institution.<sup>5</sup>



# HDFC Bank

HDFC Bank provides loans to the middle section of society, expanding access to India's underserved rural population.

## MAPPING



### Goal 1 (No Poverty)

The bank expands access to financial services to previously underserved segments of society, thus providing opportunities to build savings, access credit and create small businesses.



### Goal 8 (Decent Work and Economic Growth)

By providing access to capital, credit and financial services, the bank helps facilitate the creation and maintenance of dependable, well-paying jobs.



### Goal 9 (Industry, Innovation and Infrastructure)

By providing access to capital, the bank promotes innovation and upgrades to infrastructure.



### Goal 10 (Reducing Inequalities)

The bank helps reduce inequality by increasing access to financial services to previously underserved segments, including the poor and women.

## IMPACT THESIS

Through dedicated business channels, HDFC Bank has capacity to serve small- and mid-sized businesses (SMEs). It has exhibited strong efforts to improve access to underbanked and underprivileged rural populations. The bank has solid mechanisms in place to assist customers facing financial difficulty, making it a leader in product safety.

Source: Company publications and American Century Investments. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.



## SUSTAINABLE LIVING

We believe that achieving sustainable living requires responsible growth and development that improves quality of life. This theme focuses on the future of urban living, where smart cities are connected by technology and are in harmony with the environment.

This includes:

- Electric vehicles, with robust power-storing infrastructures and pooling services.
- More efficient industrial processes that use environmentally sustainable construction materials and smart grids.
- Better food supply chain management, clean agritech and organic food production to sustainably expand access to nutritious food.

### CRITICAL CHALLENGES

- Growth in the middle class in emerging markets leads to changes in dietary habits that increase demand for resource-intensive foods, pressuring local supply chains.<sup>6</sup>
- Pollution linked to road transport causes 285,000 deaths per year in energy-poor emerging markets.<sup>7</sup>



# NIO

NIO is the leading electric vehicle (EV) manufacturer in China.

## MAPPING



### Goal 7 (Affordable and Clean Energy)

NIO is a leader in the fast-growing EV market, contributing to increased adoption of affordable, clean energy usage through EVs.



### Goal 9 (Industry, Innovation and Infrastructure)/Subgoal 9.1 (Develop sustainable and resilient infrastructure)

Increased EV adoption should shift reliance on gasoline-based infrastructure toward more sustainable EV-based infrastructure, including charging stations.



### Goal 11 (Sustainable Cities and Communities)/Subgoal 11.6 (Reduce adverse environmental impact—air quality)

By helping to increase the ratio of EVs to internal combustion engine vehicles (ICEs) on the road, NIO's expansion of EV market share should help reduce greenhouse gas emissions.

## IMPACT THESIS

EV penetration in China is projected to grow to 20% by 2025, as consumers and the government look for ways to reduce reliance on ICEs. NIO is an emerging leader in China's EV market, which has projected compound annual growth of 30% for 2021-25. NIO is on track to achieve approximately 6% market share by 2025.

Source: Company publications and American Century Investments. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.





## ENVIRONMENT

Climate change and renewable energy sources often dominate discussions about investing and the environment. While we continue to emphasize these issues in our sustainable investing practices, this theme also focuses on other ways investors can support the environment, such as:

- Protecting and restoring biodiversity.
- Improving water management and related technology.
- Investing in reducing/capturing emissions and bio-based products to replace plastics.

### CRITICAL CHALLENGES

- Roughly \$44 trillion of economic value generation, more than half of the world's total GDP, is exposed to declining biodiversity.<sup>8</sup>
- Many EM countries rely heavily on oil and gas exports to finance a shift toward a more diversified economy and sustainable energy mix.
- Crops and food prices are increasingly affected by climate change. This significantly impacts countries where agriculture is a main source of export revenues or countries that spend a disproportionate amount of income on food imports.



# China Suntien Green Energy

China Suntien Green Energy stores and conveys natural gas through its pipeline and liquid natural gas (LNG) storage assets. The company generates and sells electricity through its wind farm and solar assets.

## MAPPING



### Goal 7 (Affordable and Clean Energy)

Natural gas, wind and solar account for 100% of company sales. By aiding in the adoption of renewables (e.g., wind and solar), the company promotes the shift toward affordable, cleaner energy choices.



### Goal 9 (Industry, Innovation and Infrastructure)

Increased usage of the company's wind farm and solar energy infrastructure should help increase the ratio of infrastructure for more renewable sources relative to fossil-fuel-based sources.



### Goal 11 (Sustainable Cities and Communities)

Adoption of China Suntien Green Energy's wind farms and solar assets can help increase the sustainable energy usage of the cities and communities it serves.



### Goal 13 (Climate Action)

Increased options for wind and solar energy can help reduce greenhouse gas emissions and lessen the effects of fossil fuel-driven climate change.

## IMPACT THESIS

China's government has set renewable installation targets and reiterated that the country will be carbon-neutral by 2060. The government aims to raise China's non-fossil fuel consumption 20% (from 15%) by 2030 and 50% by 2050. This shift should benefit companies involved in natural gas production and distribution.

Source: Company publications and American Century Investments. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.



## DIGITAL INFRASTRUCTURE

Digital infrastructure plays a role in all our impact themes and is essential to achieving many of the U.N. SDGs.

We believe technological innovation is the backbone of economic growth, driving costs lower, improving financial inclusion and helping small businesses that are the backbone of emerging economies.

EM tech companies are active in hardware, software, cloud computing and services, social media, artificial intelligence, cybersecurity and more. Here we focus on companies with the ability to commercialize impact-driven technology solutions.

### CRITICAL CHALLENGES

- An estimated 37% of the world's population — 2.9 billion people — have never used the internet; 96% of them live in developing countries.<sup>9</sup>
- Although technology could help to expand food production in emerging markets, farms usually lack power or internet connectivity.
- Digital transformation can create barriers to employment — programs are needed to train emerging economies' workers in tech skills.<sup>10</sup>



# GDS Holdings

GDS is the leading operator of high-performance, carrier-neutral data centers in China.

## MAPPING



### Goal 9 (Industry, Innovation and Infrastructure)

GDS is a leader in providing reliable, highly efficient, large-scale data centers. Its infrastructure is strategically placed and scalable to meet the growing data needs of industry and individuals.

## IMPACT THESIS

GDS data centers are cloud- and carrier-neutral, allowing customers to access all major telecommunications networks and cloud systems.

The firm utilizes high power density and optimizes power usage efficiency (PUE), which enables power efficiency and reduces operating costs.

Source: Company publications and American Century Investments. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and, along with other portfolio data, are subject to change without notice.

# CLIMATE CHANGE

While several key issues related to sustainability themes are important to investors, climate change remains at the forefront. In addition to having enormous, potentially catastrophic effects on communities globally, addressing climate change impacts many aspects of sustainable investing. We expect a rapidly growing number of asset owners to embrace the view that climate change poses risks to the global economy, corporate profitability and their portfolios.

## A Closer Look at Carbon Emissions

Asset managers are under increasing pressure to demonstrate how they assess and integrate the impacts of climate change into their investment processes — both physical risks (e.g., rising sea levels, more frequent and severe storms and wildfires) and risks arising from the transition to a low-carbon economy.

While developing and expanding alternative energy sources may help to mitigate climate change risk, the world continues to rely heavily on fossil fuels to meet much of its energy needs. Though many asset owners pursue fossil fuel divestment to reduce climate change-related investment risk, our approach focuses on decarbonization rather than full-fledged divestment. We favor energy players that are working toward carbon neutrality and are making solutions-driven investments in clean tech (e.g., negative-emissions technologies and bioenergy) to combat climate change.

Per our Active Ownership Policy, climate change is an important topic for engagement and proxy voting; therefore, we dialogue with firms that still have room for improvement. We believe that emphasizing clean tech as well as engagement will contribute to better-informed investment decisions relating to specific companies and the relative attractiveness of the overall energy sector over time.

### OUR AFFILIATIONS

#### **Carbon Disclosure Project (CDP)**

The firm is a member of CDP, a global disclosure system that encourages companies and local, state and regional governments to measure and manage their environmental impacts. Investors and purchasers may use this environmental information in their financial decision-making.

#### **Task Force on Climate-Related Financial Disclosures (TCFD)**

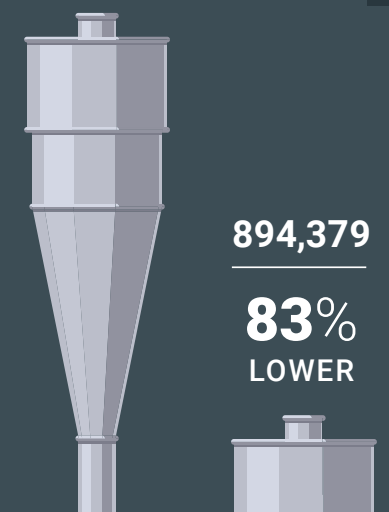
American Century is a supporter of TCFD, a global organization that develops voluntary, consistent climate-related financial risk disclosures that companies, banks and investors use to share such information with stakeholders.



# Portfolio Carbon Footprint Results

Our portfolio carbon footprint tool measures the portfolio's carbon exposure in four key dimensions and compares these measures to the index.

5,340,843



MSCI Emerging Markets Index

Portfolio

## CARBON EMISSIONS

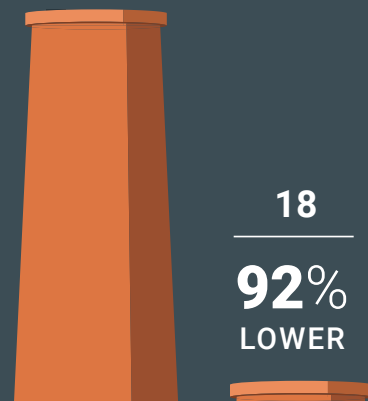
tCO2e

The three-year simple average carbon emissions for all the holdings in the portfolio (unweighted).

Data as of 12/31/2021.

Source: FactSet and American Century Investments.

237



MSCI Emerging Markets Index

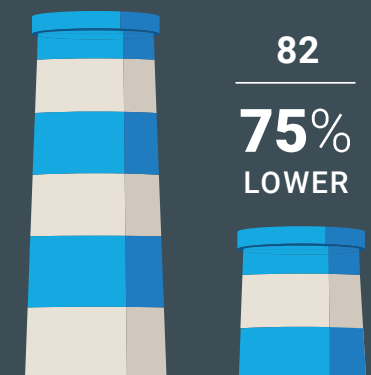
Portfolio

## PER \$ OF INVESTMENT

tCO2e / \$M Invested

The sum of the portfolio's share of holdings' three-year average carbon emissions based on participation rights, divided by the total current market value of the portfolio, per million dollars invested.

331



MSCI Emerging Markets Index

Portfolio

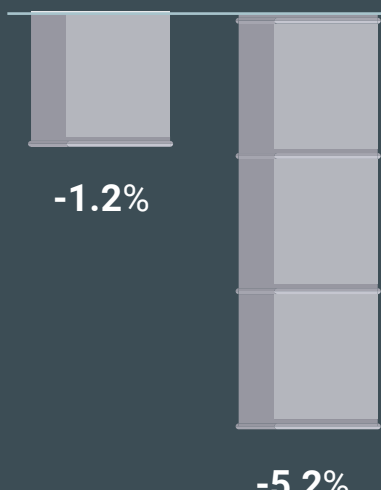
## CARBON INTENSITY

tCO2e / \$M Sales

Ratio of the portfolio's weighted-average three-year carbon emissions per \$1 million of sales.

MSCI Emerging Markets Index

Portfolio



## CARBON INTENSITY TREND

CAGR of tCO2e / \$M Sales (%)

Compound annual growth rate of portfolio holdings' three-year average carbon emissions per \$1 million of sales, unweighted.

## ACTIVE OWNERSHIP

Building relationships with the companies in which we invest helps us gain insight and promote changes that benefit investors.

## Engagement

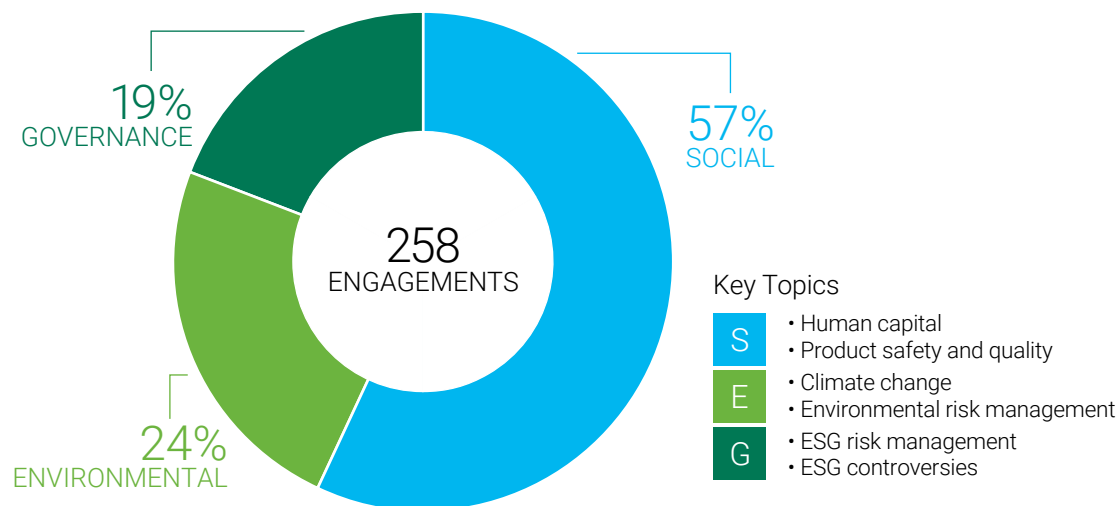
As a firm, we engage with company management to dig deeper on ESG-related issues we believe could affect a company's long-term value. We use in-person meetings, conference calls, written communication and industry forums to:

- Understand a company's approach to ESG risk management, including controversies and associated remedial actions.
- Encourage transparency around material ESG issues.
- Promote best sustainable practices and industry standards.
- Establish expectations intended to facilitate a positive change in a company's practices.
- Engage for alignment on shareholder proposals.

Through these interactions, we gain insights into a company's ESG risks and opportunities that may not be apparent in routine disclosure documents or company literature.

This information is a key input for decisions to maintain, increase, decrease or divest our position in a company.

### 2021 American Century Engagement Activities



Data as of 12/31/2021. Source: American Century Investments.



# PT Telkom Indonesia (Persero)

## COMPANY

The largest telecommunications company in Indonesia, with 95% coverage of the population, Telkom Indonesia has collaborated with PT Bank Rakyat to provide digital financial services to 5 million people via its telecom infrastructure.

## OBJECTIVE

Clarify the company's practices around material ESG issues.

## TOPICS

Asset integrity, commitment to underserved segments and small- and medium-sized businesses.

## OUTCOME

We engaged with the company on issues related to market segmentation and other topics. We were encouraged by the company's plans (through collaboration with PT Bank Rakyat) to maintain asset quality and provide financial services to underbanked segments in Indonesia and Southeast Asia. We will continue to engage with management and monitor these issues.

## KEY RISKS

**Asset Quality:** We will continue to monitor the company's commitment to ensuring quality and asset integrity to its customer base. The firm has stated its intent to deliver value and reliable service as the preferred digital telecom offering. Helping to increase access to financial services is expected to help empower users to become more prosperous.

**Customer Segmentation:** We noted the company's response about its specific practices to target lower-income segments of the market and rural communities. While the company stated it does not currently break down its customer base by income level, it related that the government requires telecoms to provide network access and equal broadband service to customers regardless of where they live, which directly benefits rural areas.

Telkom Indonesia also provides free computers, Wi-Fi equipment and internet access to underserved communities.

The company counts approximately 340,000 micro-, small- and medium-sized enterprises among its current customer base.

As long-term investors, actively engaging with our investee companies and voting shares in the best interests of clients are integral components of our investment process and commitment to serving clients.

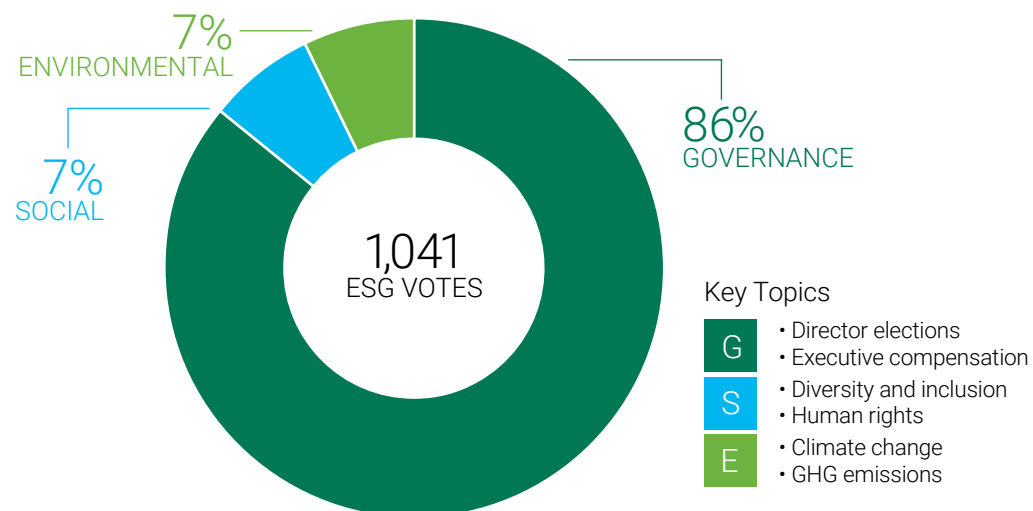
## Proxy Voting

Our ESG integration process extends to our proxy voting practices. With a range of inputs, including the Institutional Shareholder Services Socially Responsible Investment (ISS SRI) proxy recommendations, the ESG Proxy team assesses the financial materiality of ESG issues underpinning proposals. Based on this analysis, the team then makes voting recommendations to portfolio managers who review and approve the recommendations.

The ESG Proxy team generally recommends support for well-targeted ESG proposals if it believes there is a rational link between a proposal, its economic impact and its potential to maximize long-term shareholder value.

The following chart includes examples of our ESG proxy votes in support of ESG shareholder resolutions and votes against management. We voted in support of a range of topics including, but not limited to, climate change action, environmental disclosures, board diversity and best practices related to governance.

2021 American Century ESG Proxy Votes



Data as of 12/31/2021. Source: American Century Investments.



# Our Affiliations and Collaborative Initiatives

## **United Nations Principles of Responsible Investing (UNPRI)**

As a signatory to UNPRI, the world's leading proponent of responsible investing, we publicly demonstrate our commitment to including ESG factors into investment decisions and asset ownership.

## **Investor Stewardship Group (ISG)**

As a signatory to the ISG, we commit to the six stewardship principles for institutional investors as outlined by the ISG framework.

## **International Corporate Governance Network (ICGN)**

We are a member of ICGN's global initiative and network that promotes effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economies worldwide.

## **Responsible Investment Association Australasia (RIAA)**

The firm is a member of RIAA, whose mission is to promote, advocate and support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy.

## **Investors Against Slavery and Trafficking Asia-Pacific (IAST APAC)**

American Century is a founding member of IAST APAC, an investor-led initiative that engages with companies in the APAC region to help "find, fix and prevent modern slavery, labor exploitation and human trafficking in their value chains."

## **Access to Medicine Foundation**

The firm is a signatory to the Access to Medicine Index Investor Statement, working with investors to improve the knowledge of how pharmaceutical companies manage risks and opportunities related to access-to-medicine and antimicrobial resistance (AMR) and utilizing Access to Medicine Foundation research in investment analysis and engagements with companies.

## **Carbon Disclosure Project (CDP)**

The firm is a member of CDP, a global disclosure system that encourages companies and local, state and regional governments to measure and manage their environmental impacts.

## **Task Force on Climate-Related Financial Disclosures (TCFD)**

American Century is a supporter of TCFD, a global organization that develops voluntary, consistent climate-related financial risk disclosures that companies, banks and investors use to share such information with stakeholders.

## **Task Force on Nature-Related Financial Disclosures (TNFD)**

American Century is a supporter of TNFD, a coalition aimed at developing and delivering a risk management and disclosure framework for organizations to report and act on evolving nature-related risks.

## **CFA Institute**

We are a signatory to the CFA Institute Asset Manager Code of Professional Conduct and involved with the CFA Institute Center for Financial Market Integrity.

## **Pensions for Purpose**

As an Influencer in this UK-based global initiative, we are committed to helping raise the profile of impact investment issues through original research, case studies, thought leadership and participation in ESG/sustainability-related events.

## **Nordic Sustainable Investment Platform (NordSIP)**

As a member of NordSIP, we contribute thought leadership about our sustainable and impact investment strategies to help apprise institutional investors in the Nordics of the potential impacts their investments can make toward solving global issues.

## **ESG Clarity**

We contribute thought leadership and other content to ESGclarity.com, an editorially led website for funds that incorporate ESG thinking into their investment analyses.

## **Global Fund Search**

This Denmark-based search platform helps institutional asset owners find the best asset managers for their investment mandates. Global Fund Search has highlighted American Century as an ESG Leader dedicated to sustainable investing.

# Emerging Markets Sustainable Impact Strategy Exclusions

To maintain consistency with our objective of achieving positive societal impact, the strategy seeks to avoid certain sectors or companies whose activities may be considered harmful to the environment or society through multiple exclusionary screens. These screens include companies whose business activities involve or are in violation of:

- Controversial weapons.
- Cluster munitions.
- Tobacco or tobacco alternatives.
- United Nations Global Compact (UNGC).
- Council on Ethics of the Norwegian Government Pension Fund Global (Norges Bank).

Exclusion screens are run independently, and specific company names may intersect multiple exclusion lists. Restricted security and country lists are maintained in American Century's compliance system. The automated compliance system includes certain pre-trade rules designed to prevent trades that would result in a compliance exception. The restricted lists are provided by third-party vendors on a periodic basis, generally monthly or quarterly.

Clients may be notified, as applicable, in instances where a security that was previously held is added to the exclusionary list. Compliance personnel periodically review the rules for accuracy and completeness.



# MEET OUR PEOPLE

We strive to build portfolios that align with your investment, ESG and impact objectives.

## Investment Team

### PORTFOLIO MANAGERS



**Patricia Ribeiro**  
Senior Portfolio Manager



**Sherwin Soo, CFA**  
Portfolio Manager

### INVESTMENT ANALYSTS



**Emily Killion**  
Senior Investment Analyst  
*China | Korea | Indonesia |  
Philippines | Turkey | Russia*



**Nikhil Malpani, CFA**  
Senior Investment Analyst  
*South Africa | Pakistan | India*



**Carla Cantreva-Baessler**  
Senior Investment Analyst  
*Latin America | Middle East*



**Evelyn Yeow, CFA**  
Senior Investment Analyst  
*China | Thailand | Malaysia*

### CLIENT PORTFOLIO MANAGERS



**Nathan Chaudoin**  
Senior Client Portfolio Manager



**Jim Shore, CFA**  
Senior Client Portfolio Manager

# ESG and Sustainable Investing Team

The ESG and Sustainable Investing team supports portfolio managers and analysts with in-depth research, tools and insights that augment fundamentally driven research. This group gathers deeper insights into ESG issues that investment teams may integrate into their investment processes. It also works closely with investment teams in managing American Century's ESG engagement and proxy voting practices.



**Sara Bratton Hughes**  
Head of ESG and Sustainable Investing  
*Health Care, Technological Advancement*



**Hannah Herold**  
Director of ESG Research  
*Empowerment*



**Johanna Woldai**  
ESG Analyst  
*Active Ownership*



**Aditi Pai**  
ESG Analyst  
*Sustainable Living*



**Sharvari Johari**  
ESG Analyst  
*Climate*



## EVERY CLIENT MAKES AN IMPACT

Every client that invests with us is part of a truly unique endeavor to support breakthroughs in biomedical research.

### Stowers Institute for Medical Research

## Our Unique Ownership Structure Impacts Society in a Meaningful Way

Investing in health care innovation has been ingrained into American Century's DNA. Our founder James E. Stowers Jr. and his wife Virginia dedicated much of their net worth to creating a nonprofit biomedical research organization focused on investigating gene-based diseases.

This led to an ownership structure for American Century by which more than 40% of our annual dividends are devoted to funding the work of the Stowers Institute for Medical Research. Since 2000, dividend distributions to the Institute have exceeded \$1.8 billion, all aimed at enhancing our basic understanding of disease causes and mechanisms.

To complement the work of the Institute, James and Virginia Stowers also established BioMed Valley Discoveries (BVD), a for-profit clinical-stage biotechnology company to focus on unmet patient needs across different therapeutic and diagnostic areas, including cancer, inflammation and infectious disease. BVD is wholly owned by a supporting organization of the Institute, and 100% of its profits accrue to the Institute.

These strategic relationships enable our investors to directly support crucial research and contribute to the global fight against cancer and other gene-based diseases.



# Stowers Institute for Medical Research

## Research News

Last spring as most news was focused on the COVID-19 pandemic, a group of Stowers scientists were instead reporting their findings from a research project that may provide a promising new strategy to overcome drug resistance in leukemia using targeted doses of the widely used chemotherapy drug doxorubicin. The findings are the result of a decade-spanning collaborative effort among researchers at the Stowers Institute for Medical Research, Children's Mercy, the University of Kansas Cancer Center, and other institutions, evolving from studies in Linheng Li's laboratory at Stowers where first author John Perry, Ph.D., completed his postdoctoral fellowship.

The researchers found that low doses of doxorubicin, a standard treatment for several types of cancer, including leukemia, inhibit two molecular pathways that work closely together to promote tumor growth and resistance to therapy. The team also found that low-dose, but not high-dose, doxorubicin activated anticancer immunity against therapy-resistant leukemia stem cells, an unexpected and novel discovery.

The research holds promise as a more effective strategy to overcome cancer therapy resistance and stimulate immunity that can be used in combination with other cancer therapies, including chemotherapy, radiation and immunotherapy for patients with leukemia and other types of cancer. Low-dose doxorubicin also avoids the harsh side effects of high-dose doxorubicin, potentially offering patients a better quality of life.

When done right, responsible investing has the potential to yield financial success and positively impact society. Through our unique ownership structure, generating results for clients also supports research that can improve health and save lives.

### Jonathan Thomas

President

Chief Executive Officer

American Century Investments



“

As stewards of our clients' capital, American Century strives to make a positive difference through asset management. Today, we offer many solutions that incorporate ESG considerations because we believe that doing so can lead to better decisions and investment outcomes for our clients.

**Victor Zhang**  
Chief Investment Officer

”



---

# End Notes

## Health Care

<sup>1</sup> United Nations, "With 5 billion set to miss out on health care, UN holds landmark summit to boost coverage," UN News, September 22, 2019.

<sup>2</sup> World Health Organization, "The top 10 causes of death," Fact Sheet, December 9, 2020.

<sup>3</sup> World Health Organization, "Urgent health challenges for the next decade," January 13, 2020.

## Empowerment

<sup>4</sup> International Finance Corporation, "SME Finance," accessed June 3, 2022.

<sup>5</sup> World Bank, Global Financial Inclusion Database 2021, accessed June 3, 2022.

## Sustainable Living

<sup>6</sup> Deloitte, "The food value chain: A challenge for the next century," 2013.

<sup>7</sup> Carbon Tracker, "Shift to electric vehicles in emerging markets will 'end oil era,'" November 20, 2020.

## Environment

<sup>8</sup> World Economic Forum, "Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy," January 19, 2020.

## Digital Infrastructure

<sup>9</sup> International Telecommunication Union, "Facts and Figures 2021: 2.9 billion people still offline," November 29, 2021.

<sup>10</sup> OECD Emerging Markets Network Working Group, "Key Messages: Digital Transformation in Emerging Markets," Virtual Meeting, May 26, 2021.



Many of American Century's investment strategies are subject to the incorporation of ESG factors into the investment process employed by each strategy's portfolio managers. When portfolio managers incorporate Environmental, Social and Governance (ESG) factors into an investment strategy, they consider those issues in conjunction with traditional financial analysis. When selecting investments, portfolio managers incorporate ESG factors into the portfolio's existing asset class, time horizon, and objectives. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.

## ESG Definition

**ESG Integrated:** An investment strategy that integrates Environmental, Social and Governance ("ESG") factors aims to make investment decisions through the analysis of ESG factors alongside other financial variables in an effort to deliver superior, long-term, risk-adjusted returns. The degree to which ESG integration impacts a portfolio's holdings may vary based on the portfolio manager's materiality assessment. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.

**ESG Focused:** An investment strategy that focuses on Environmental, Social and Governance factors (ESG) seeks to invest, under normal market conditions, in securities that meet certain ESG criteria or standards in an effort to promote sustainable characteristics, in addition to seeking superior, long-term, risk-adjusted returns. This investment focus may limit the investment opportunities available to a portfolio. Therefore, the portfolio may underperform or perform differently than other portfolios that do not have an ESG investment focus. ESG-focused investment strategies include but are not limited to impact, best-in-class, positive screening, exclusionary, and thematic approaches.

The opinions expressed are those of American Century Investments (or the portfolio manager) and are no guarantee of the future performance of any American Century Investments' portfolio. This material has been prepared for educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

This information is not intended as a personalized recommendation or fiduciary advice and should not be relied upon for investment, accounting, legal or tax advice. No offer of any security is made hereby. This material is provided for informational purposes only and does not constitute a recommendation of any investment strategy or product described herein. This material is directed to professional/ institutional clients only and should not be relied upon by retail investors or the public. The content of this document has not been reviewed by any regulatory authority.

This promotion has been approved with limitations, in accordance with Section 21 of the Financial Services and Markets Act, by American Century Investment Management (UK) Limited, which is authorized and regulated by the Financial Conduct Authority. This promotion is directed at persons having professional experience of participating in unregulated schemes and units to which the communication relates are available only

to such persons. Persons who do not have professional experience in participation in unregulated schemes should not rely on it.

American Century Investment Management (UK) Limited is registered in England and Wales. Registered number: 06520426. Registered office: 12 Henrietta Street, 4th Floor, London, WC2E 8LH.

American Century Investment Management (Asia Pacific) Limited currently holds Type 1 and Type 4 registrations from the Securities and Futures Commission (SFC). American Century Investment Management, Inc. is not registered with the SFC.

The material in this document is published for general informational purposes only. This document is not designed for the purpose of providing financial product or investment advice. The information contained in this document does not take into account your particular investment objectives, financial situation or investment needs. You should seek personal financial product or investment advice and consider whether the information contained in this document is appropriate to your particular investment objectives, financial situation and investment needs before making an investment decision.

American Century Investment Management, Inc. is exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 (Cth) (Australian Corporations Act) in respect of the financial services it provides to "wholesale clients" for the purposes of the Australian Corporations Act and does not hold such a licence.

American Century Investment Management, Inc. is regulated by the Securities and Exchange Commission under United States laws which differ from Australian laws. Any financial services given to any person by American Century Investment Management, Inc. in Australia are provided pursuant to ASIC Class Order [CO 03/1100].

American Century Investment Management, Inc. is not authorised by is the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)).

American Century Investments (EU) GmbH is registered with the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin)).

## Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co Ltd	8.35	Alibaba Group Holding Ltd	3.17
Tencent Holdings Ltd	5.18	BYD Co Ltd	3.01
Samsung Electronics Co Ltd	4.65	Wuxi Biologics Cayman Inc	2.96
Al Rajhi Bank	3.76	ICICI Bank Ltd	2.51
Genera SAB de CV	3.28	Capitec Bank Holdings Ltd	2.35

## Total Portfolio Weight in Top Ten Holdings

**39.23**

*Data as of June 30, 2022. Source: FactSet.*

*The holdings listed should not be considered recommendations to purchase or sell a particular security. Equity holdings are grouped to include common shares, depository receipts, rights and warrants issued by the same company. Fund holdings are subject to change.*



Signatory of:



[americancentury.com](https://www.americancentury.com)

4500 Main Street  
Kansas City, MO 64111  
1-866-628-8826

330 Madison Avenue  
New York, NY 10017  
1-866-628-8826

70 Main Street  
New Canaan, CT 06840  
1-866-628-8826

360 East 2nd Street  
Los Angeles, CA 90071  
1-866-628-8826

2 Ice House Street  
Hong Kong  
+852 3405 2600

12 Henrietta Street  
London, WC2E 8LH  
+44 20 7024 7080

1 Farrer Place  
Sydney, NSW, 2000  
+61 2 8823 3403

Taunusanlage 8  
60329 Frankfurt, Germany  
+49 69 8088 5501