American Century Investments®

Equity Income Fund

Quarterly Commentary

Portfolio Review

U.S. stocks rallied. During the quarter, broad equity markets surged. Inflation moderated, and optimism that the Federal Reserve (Fed) may soon begin cutting interest rates increased, while the U.S. economy negotiates a soft landing. Against this backdrop, cyclical sectors generally outperformed defensive sectors, but the energy sector lagged the benchmark as oil prices dropped.

Small-cap and growth stocks outperformed. For the quarter, small-cap stocks outperformed mid- and large-cap stocks. Growth stocks rose more than value stocks, except in the small-cap universe, where value outperformed. On a year-to-date basis, large-cap stocks outperformed mid- and small-cap stocks, and growth outperformed value across the market-capitalization spectrum.

Financials pressured performance. Security selection in the financials sector weighed on the portfolio's results. Choice of investments among banks detracted during the period. Not owning some benchmark banks, as well as holding perpetual preferred stocks in others, hindered relative results.

Information technology weighed on results. Investment decisions in the information technology sector, where the portfolio has lighter exposure relative to the benchmark, hurt performance. Lack of exposure to key benchmark names in the semiconductors industry detracted from relative returns.

Energy helped returns. Allocation decisions in the energy sector contributed to results compared to the benchmark. Lack of exposure to several companies in the oil, gas and consumable fuels industry aided relative performance during the period.

Key Contributors

Berkshire Hathaway. Lack of exposure to this conglomerate helped relative performance. Berkshire's shares underperformed as the market rally left this stock behind.

Pfizer. Lack of exposure to this pharmaceutical company aided relative results. Pfizer's shares underperformed after a drug trial for its obesity treatment failed to show positive results. The company also reduced its guidance due to lower expectations for its COVID-19 franchise.

Norfolk Southern. Shares of this transportation company outperformed as investors hoped the company could return to year-over-year growth as they believed volumes may be positioned for recovery.

Key Detractors

Becton Dickinson and Co. This medical device company's guidance for fiscal year 2024 came in below expectations due to foreign exchange headwinds, tax rates, weakness in China, inflation and investments. However, we believe the company remains attractively valued given the general stability of the business.

Johnson & Johnson. This pharmaceutical company underperformed as investors cheered the Fed's decision to hold rates steady and rotated out of more defensive sectors, like health care.

Goal and Strategy

Current income and long-term capital growth by investing in companies of all sizes that are believed to be undervalued.

Portfolio Management Team

	Start Date	
Name	Industry	Company
Brian Woglom, CFA	1998	2005
Paul Howanitz, CFA	2008	2015
Kevin Toney, CFA	1993	1999
Michael Liss, CPA, CFA	1991	1998

Top 10 Holdings (%)

Johnson & Johnson	4.92
Medtronic PLC	4.61
Colgate-Palmolive Co	2.36
Mondelez International Inc	2.27
RTX Corp	2.25
Norfolk Southern Corp	2.22
Exxon Mobil Corp	2.16
Becton Dickinson & Co	2.16
PepsiCo Inc	2.03
Roche Holding AG	2.02

As of 12/31/2023

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 subject to change.

ONE Gas. This utility stock detracted from performance. Rising costs and higher interest rates led ONE Gas to issue 2024 guidance that was below analyst expectations. While we believe these pressures will likely impact short-term earnings, we remain confident in the company's long-term earnings potential.

Notable Trades

Zimmer Biomet Holdings. We started a position in this orthopedics manufacturer following a sell-off in medical technology stocks, which suffered as a consequence of the soaring popularity of certain weight-loss drugs, a CEO change and disappointing profit margins. We think the company is attractively valued and that the orthopedic market remains strong. We also expect margins will continue to improve.

CRH. We initiated a position in this large provider of building materials. CRH manufactures and supplies raw materials such as gravel, crushed stone and sand, cement, ready-mixed concrete and asphalt. It also offers paving and construction services. Our research shows that CRH has benefited from higher infrastructure spending and offers a strong balance sheet.

Citigroup. During the quarter, Citigroup called in this preferred stock.

Emerson Electric. We exited our position in this electrical products company although we think its shares held up relatively well even with weakness in the industrial advanced technology solutions market.

Portfolio Positioning

The portfolio seeks to invest in companies where we believe the valuation and income opportunity do not reflect the quality and normal earnings power of the company. We believe this can result in a portfolio with a higher rate of return and less volatility. Our process is based on individual security selection, but broad themes have emerged.

We believe higher-quality stocks may offer resilience. We believe the Fed may enact small cuts to interest rates if inflation continues to subside, but the economy will still experience the lagging effects of elevated rates over the next year. That, along with continuing geopolitical risks, may contribute to an uncertain economic environment for investors. Against this backdrop, we continue to focus on companies that we view as higher quality with stable revenues and profits, low levels of debt, stable cash flows and predictable business models that are generally less sensitive to economic conditions.

Opportunities in consumer staples and utilities. Even as consumers grapple with economic pressures like inflation, the resumption of student loan obligations and dwindling savings, they still need to buy the essential goods and services sold by companies in the defensive consumer staples sector. We also remain keen on companies in the utilities sector for what we believe are their typically defensive nature and attractive valuations.

Remaining selective in regional banks. While bank valuations have been historically low, regional banks continue to face headwinds from higher deposit costs, while loan growth remains subdued. Also, regulatory requirements for capital and liquidity are rising following the bank failures last year. We expect rising credit provisions as delinquencies increase and losses normalize at higher levels. Despite the challenges to regional banks, we continue our focus on what we believe are attractively valued equities in the financials sector that can generate consistent returns from diverse revenue sources, while maintaining strong financial positions with less debt.

Few opportunities in consumer discretionary and real estate. While we believe consumer activity has provided significant support to the economy, recent economic reports point to a slowdown in spending. This could put pressure on consumer discretionary stocks, a sector where we already find it difficult to identify companies with what we think are durable business models. Within the real estate sector, our metrics continue to show that most equities remain overvalued.

Communication services exposure remains limited. We narrowed our underweight relative to the benchmark in communication services. We find many companies in this sector do not meet our investment criteria as they have what we believe are volatile business models and carry high levels of debt.

Equity Income Fund

TICKERS Investor Class: TWEIX | I Class: ACIIX | A Class: TWEAX | C Class: AEYIX | R Class: AEURX | R5 Class: AEIUX | R6 Class: AEUDX

Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. To obtain performance data current to the most recent month end, please visit www.americancentury.com/performance. Investment return and share value will fluctuate, and redemption value may be more or less than original cost. Data assumes reinvestment of dividends and capital gains. Returns for periods less than one year are not annualized. For information about other share classes available, please consult the prospectus. There is no guarantee that the investment objectives will be met. Dividends and yields represent past performance and there is no guarantee that they will continue to be paid.

Average Annual Total Returns for Period Ended 12/31/2023

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	5.44	3.90	5.53	8.07	8.00	9.83	8/1/94	0.93
I	5.62	4.22	5.78	8.30	8.22	8.29	7/8/98	0.73
R5	5.50	4.11	5.74	8.29	8.20	6.77	4/10/17	0.73
R6	5.53	4.25	5.89	8.46	8.38	8.39	7/26/13	0.58
Russell 3000 Value Index	9.83	11.66	8.81	10.84	8.28	-	-	-

Historical performance for the R5 Class prior to its inception is based on the performance of I Class shares, which have the same expenses as the R5 Class.

Expense ratio is as of the fund's current prospectus. The I Class minimum investment amount is $5 million ($3 million for endowments and foundations) per fund. The R5 Share Class is available only to participants in group employer-sponsored retirement plans where a financial intermediary provides recordkeeping services to plan participants.

Periods greater than one year have been annualized.

You should consider the fund's investment objectives, risks, and charges and expenses carefully before you invest. The fund's prospectus or summary prospectus, which can be obtained at americancentury.com, contains this and other information about the fund, and should be read carefully before investing.

The fund invests in convertible securities, which may be affected by changes in interest rates, the credit of the issuer and the value of the underlying common stock. The fund also may invest in foreign securities, which can be riskier than investing in U.S. securities.

The opinions expressed are those of the portfolio investment team and are no guarantee of the future performance of any American Century Investments portfolio. Statements regarding specific holdings represent personal views and compensation has not been received in connection with such views. This information is for an educational purpose only and is not intended to serve as investment advice.

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The Russell 3000® Value Index measures the performance of those Russell 3000® Index companies (the 3,000 largest U.S. companies based on total market capitalization) with lower price-to-book ratios and lower forecasted growth values. The Russell 3000® Index is a trademark/service mark of the Frank Russell Company. Russell® is trademark of the Frank Russell Company.

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