

# International Growth Fund

## Quarterly Commentary

### Portfolio Review

**Non-U.S. developed markets stocks surged as bond returns plunged.** Inflation pressures decelerated at a rapid pace through the fourth quarter, causing investors to believe that central banks will end their interest rate hiking cycles. This led to a broad-based rally in equities, including areas that had not participated in previous market rallies such as cyclicals, real estate and utilities.

**Macroeconomic data driving multiple expansion.** Economic growth has slowed but has not caused a rise in unemployment, and investors around the world expect interest rates to remain steady or decrease. This creates an environment where price/earnings multiples may continue to expand for stocks with longer-term growth potential.

**Health care holdings added to returns.** Within the health care equipment and supplies industry, Terumo was a key sector performer compared with the benchmark after the company announced earnings that beat expectations and continued strong global demand after price increases. Biotechnology firms Grifols and CSL also contributed, along with positioning within the pharmaceuticals industry.

**Information technology positions contributed.** Portfolio holdings related to the semiconductors industry were key drivers of outperformance compared with the benchmark in the information technology sector as demand for chips has increased along with capital expenditure by businesses. These positions included ASML Holding, ARM Holdings and Infineon Technologies. Electronic equipment, instruments and components manufacturer Keyence also contributed notably.

**Industrials sector positions detracted from performance.** Rentokil Initial was the primary driver of underperformance in the industrials sector compared with the benchmark. The business services company's stock declined after it announced a surprise slowdown in its U.S. pest control business. We exited that position. BayCurrent Consulting also detracted notably, and not holding benchmark constituent Siemens was a drag on relative performance.

### Key Contributors

**ASML Holding.** During its quarterly earnings announcement, this semiconductor manufacturing equipment company reported that management expects 2024 to be a transition year followed by "very significant growth" in 2025. We anticipate the company will benefit from increasing semiconductor demand and capital expenditures.

**James Hardie Industries.** This construction materials company continues to see positive volume growth through price increases. The company reported strong performance in its quarterly earnings, and management is confident in its near-term outlook based on order trends.

**Sika.** The Swiss specialty chemical company that supplies the building industry introduced new five-year targets during the period, and they included faster growth and higher margins. It also acquired 30% of a Finnish startup company that developed a new technology for concrete flooring.

### Goal and Strategy

Long-term capital growth by investing primarily in large companies in developed countries outside the U.S.

### Portfolio Management Team

Name	Start Date	
	Industry	Company
Rajesh Gandhi, CFA	1993	2002
Jim Zhao, CFA	1999	2009

### Top 10 Holdings (%)

Novo Nordisk A/S	4.82
ASML Holding NV	3.47
AstraZeneca PLC	2.91
Air Liquide SA	2.55
SAP SE	2.54
LVMH Moët Hennessy Louis Vuitton SE	2.41
London Stock Exchange Group PLC	2.27
Keyence Corp	2.03
AIA Group Ltd	1.97
Ferrari NV	1.94

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.*

## Key Detractors

**First Quantum Minerals.** The company saw downgrades at the end of the month due to political uncertainty as Panama's president called for a referendum on the country's contract with the Cobre Panama copper mine, which was an abrupt change in attitude from that government.

**Lonza Group.** The company's stock price has pulled back since its CEO abruptly announced his departure in September. Revenue growth will likely be pressured in 2024 given the challenging biotechnology funding environment, reduced COVID-19 vaccine volume and a customer's phase 3 drug test failure. We exited the position.

**Rentokil Initial.** Investors reacted negatively as the company's U.S. pest control business showed a surprise slowdown. This brought questions about the company's ability to turn around the Terminix brand, which it bought in 2022. We exited the position.

## Notable Trades

**UBS Group.** As central banks have signaled an end to their rate-hiking cycles, we see earnings growth opportunities in the firm's wealth management business as well as the investment bank, which is poised to benefit from increased dealmaking.

**Dassault Systemes.** This automation software company's recent large win with automaker Jaguar Land Rover boosts our confidence that several other large deals in its pipeline may close in 2024. We believe the company's medical data business should also reaccelerate as financial conditions have improved.

**Lonza Group.** We sold the position believing that revenue growth will likely be pressured in 2024 given the challenging biotechnology funding environment, reduced COVID-19 vaccine volume and a customer's phase 3 drug test failure.

**Julius Baer Group.** We exited the position as hiring and new money into the firm decelerated in the company's latest results. This indicates to us that the benefit from Credit Suisse Group's disruption has become less positive for the firm.

## Portfolio Positioning

The portfolio continues to invest in companies we believe are strong and improving but whose share price performance does not fully reflect these factors. Our process is based on individual security selection, but broad themes have emerged.

**Earnings visibility is key in a challenging environment.** The growth outlook is weakening, and the risks to earnings expectations are rising. Against this backdrop, our conviction lies in stocks whose long-term growth drivers are underpinned by structural or secular factors that offer visibility on earnings growth potential.

**Digital transformation supports information technology positioning.** The acceleration of digitalization and artificial intelligence is benefiting technology holdings exposed to cloud computing, automation, digital payments and the equipment enabling IT services growth.

**We see opportunities in automation trends.** Wage inflation and shifting supply chain dynamics, including plans for nearshoring and onshoring, are driving sustained investment in new and more efficient production capacity.

**New product innovation is driving opportunities.** We are finding innovative companies across sectors in industries like automobiles and pharmaceuticals that are successfully developing and introducing transformational products while utilizing new technology, equipment and outsourcing in their businesses, which we believe can help provide improved cost and delivery efficiencies.

**Revived market interest in conventional oil and gas.** As a result of several years of underinvestment in the production of conventional oil and gas, the market is starting to see an uptick in investment, which is benefiting companies involved in oil services.

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TICKERS Investor Class: TWIEX | I Class: TGRIX | A Class: TWGAX | C Class: AIWCX | R Class: ATGRX | R5 Class: ATGGX | R6 Class: ATGDx

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](http://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	10.68	12.31	-2.98	8.05	3.87	7.02	5/9/91	1.36
I	10.75	12.51	-2.77	8.26	4.09	5.58	11/20/97	1.16
R5	10.74	12.50	-2.76	8.27	4.09	6.49	4/10/17	1.16
R6	10.84	12.70	-2.62	8.43	4.25	5.19	7/26/13	1.01
MSCI EAFE Index	10.42	18.24	4.02	8.16	4.28	-	-	-

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](http://americancentury.com), contains this and other information about the fund, and should be read carefully before investing.**

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.

The information is not intended as a personalized recommendation or fiduciary advice and should not be relied upon for investment, accounting, legal or tax advice.

International investing involves special risk considerations, including economic and political conditions, inflation rates and currency fluctuations.

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