

Mid Cap Value Fund

Quarterly Commentary

Portfolio Review

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

Consumer discretionary detracted from performance compared with the benchmark. Security selection in the consumer discretionary sector, where the portfolio is underweight relative to the benchmark, weighed on results. The portfolio did not own several benchmark stocks in the household durables industry, which hurt performance. The portfolio is overweight in automobile components, where a holding in automotive supplier BorgWarner detracted due to slowing electric vehicle demand.

Consumer staples weighed on results. Allocation among names in the consumer staples sector detracted from performance compared with the benchmark. Overweight positions in the household products industry hurt results. Additionally, grocery company Koninklijke Ahold Delhaize reported weaker-than-expected quarterly results and was a key detractor during the period.

Financials was an area of strength. Choices of investments in the financials sector gave the portfolio a boost compared with the benchmark. The portfolio maintains an overweight in the insurance industry, which propelled performance. An overweight holding in The Allstate Corp. was fortuitous as the property and casualty insurer's shares rallied during the period, thanks in part to the company announcing it would sell a noncore unit.

Key Contributors

The Allstate Corp. Shares of this insurance company outperformed as the company's profitability moved closer to historical levels. In addition, an activist investor took a stake in the company, and Allstate announced its plan to sell a noncore business unit.

Dollar Tree. Although quarterly earnings were slightly below expectations, this discount retailer showed improvements, providing increased confidence in Dollar Tree's transformation efforts. The stock was further aided by improving investor sentiment on discretionary retail.

Northern Trust. This is an asset servicing and wealth management firm. Its shares benefited from higher market values and changes in interest rates during the quarter. Also, at a conference, the company increased its net interest income guidance on less-than-feared deposit attrition.

Goal and Strategy

Long-term capital growth and income by investing in the stocks of mid-sized companies that are believed to be undervalued.

Portfolio Management Team

Name	Start Date	
	Industry	Company
Kevin Toney, CFA	1993	1999
Nathan Rawlins, CFA	2009	2015
Brian Woglom, CFA	1998	2005
Michael Liss, CPA, CFA	1991	1998

Top 10 Holdings (%)

Zimmer Biomet Holdings Inc	3.09
Conagra Brands Inc	2.43
Allstate Corp/The	2.27
Henry Schein Inc	2.26
Bank of New York Mellon Corp/The	2.19
Northern Trust Corp	2.15
Quest Diagnostics Inc	1.92
Enterprise Products Partners LP	1.87
Koninklijke Ahold Delhaize NV	1.85
Norfolk Southern Corp	1.82

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

Koninklijke Ahold Delhaize. This grocery company reported slightly weaker-than-expected quarterly earnings and reduced its full-year earnings guidance accordingly. However, it raised its free cash flow guidance, and we think its favorable risk/reward profile remains intact.

Enterprise Products Partners. Along with many other energy names, this oil and gas master limited partnership underperformed as the warmer winter kept gas prices low and recession fears pressured crude oil prices.

BorgWarner. Shares of this automotive supplier were pressured by concerns about electric vehicle product demand. We think BorgWarner remains a higher-quality company with a solid business strategy.

Notable Trades

Johnson Controls International. This is a building automation and heating, ventilation and air conditioning (HVAC) company. We purchased the stock after it underperformed its HVAC peers due to its disappointing quarterly results, driven by channel destocking and a cybersecurity breach. We think these issues are transitory.

Commerce Bancshares. We initiated a position in this regional bank. In our view, this bank is higher quality with above-average capital levels, diversified fee income streams and a long-tenured and conservative management team.

The J.M. Smucker Co. We previously trimmed our position in this food products company due to its relative year-to-date outperformance. We sold the remainder of the position during the quarter after an acquisition led us to view Smucker's risk/reward profile as less attractive.

Smith & Nephew. We exited our position in this England-based medical equipment company and added to our position in Zimmer Biomet Holdings. Zimmer Biomet's shares sold off to a more attractive level due to a CEO change and market concerns that new weight-loss treatments could impact its business.

Portfolio Positioning

The portfolio seeks to invest in companies where we believe the valuation does not reflect the quality and normal earnings power of the company. Our process is based on individual security selection, but broad themes have emerged.

Higher-quality stocks may offer resilience. We believe that while central banks may enact small cuts to interest rates if inflation continues to subside, the economy will still experience 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 indebtedness, stable cash flows and predictable business models that are less sensitive to economic conditions.

Attractive valuations in health care. Our research has led us to several health care stocks that we think offer compelling valuations and risk/reward profiles. We consider health care less cyclical because the economy's performance tends to have less impact on demand. We also believe health care utilization rates will continue to normalize after the COVID-19 pandemic caused patients to delay services and procedures. We also believe that shares of companies affected by sell-offs from so-called weight-loss drugs will continue to recover.

Opportunities in consumer staples. With slowing global growth, we have identified select opportunities in the relatively defensive consumer staples sector. Despite a challenging cost inflation environment, many consumer staples companies are generating strong returns on capital, buying back stock and growing dividends. Moreover, industry consolidation has enabled companies to pass higher costs to consumers. We believe actions to offset inflation, including fewer discounts and more price hikes, should support earnings and margins.

Navigating the financials sector. Regional banks continue to face pressure on net interest income from paying higher deposit costs while loan growth remains subdued. Bank failures from last year led to increased regulatory requirements for capital and liquidity, posing another headwind to regional banks. Insurance companies, which suffered last year due to larger payouts from catastrophes, have emerged with improved pricing power resulting from easing regulations on rates and competitors withdrawing from certain disaster-prone markets.

Limited opportunities in consumer discretionary. Our portfolio remains underweight in the consumer discretionary sector. We have identified few high-quality companies with durable business models. Also, with consumers facing economic pressures like inflation and diminishing personal savings, we expect a decline in discretionary spending.

Mid Cap Value Fund

TICKERS	Investor Class: ACMVX	I Class: AVUAX	A Class: ACLAX	C Class: ACCLX	R Class: AMVRX	R5 Class: AMVGX	R6 Class: AMDVX
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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	10.45	6.15	8.80	11.02	8.70	9.65	3/31/04	0.98
I	10.57	6.35	9.01	11.25	8.92	9.99	8/2/04	0.78
R5	10.57	6.42	9.03	11.26	8.92	7.31	4/10/17	0.78
R6	10.55	6.52	9.17	11.40	9.08	9.46	7/26/13	0.63
Russell Midcap Value Index	12.11	12.71	8.36	11.16	8.26	-	-	-

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 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.

The fund is generally closed to new investors other than those who (i) invest directly with American Century (where American Century is listed as the dealer of record); (ii) invest through certain financial intermediaries selected by American Century; or (iii) otherwise qualify for an exemption under American Century's closed fund policy.

Historically, small- and/or mid-cap stocks have been more volatile than the stocks of larger, more established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than those of larger companies.

The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index. The Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000® Value Index. Created by Frank Russell Company, indices are not investment products available for purchase.

