

# One Choice® Target Date Portfolios

## Quarterly Commentary

One Choice Portfolios posted positive returns in the fourth quarter.

### Market Environment

**Optimism on Federal Reserve (Fed) policy lifted financial markets.** After a year and a half of rising interest rates, choppy equity markets and surging bond yields, global asset prices rallied to close out 2023 on a high note as the Fed rate-hike cycle appeared to be ending. Almost all broad stock and bond indices ended the year with positive returns. Domestic and global equity markets rose similarly in the fourth quarter, with double-digit advances for both.

**Technology stocks drove equity gains.** For the full year of 2023, market returns were distorted by very narrow leadership related to a handful of artificial intelligence (AI) and AI-related companies. The vast majority of the U.S. equity market's gains for the year were attributable to the newly dubbed Magnificent Seven (Apple, Amazon, Alphabet, Microsoft, Meta Platforms, NVIDIA and Tesla), though the distribution of returns began to broaden somewhat in the fourth quarter.

**A strong quarter for global bonds.** Long-term yields fell in the fourth quarter as investors priced in three rate cuts for the first half of 2024, and fourth-quarter gains pushed bond returns into positive territory for the year. High-yield bonds outperformed the broader fixed-income market, while non-U.S. and emerging markets bonds were top performers in the quarter as the U.S. dollar declined against a broad basket of currencies.

### Key Contributors

**Every underlying holding contributed.** U.S. large growth, small value and global real estate stocks were strong-performing segments among equity holdings. On the fixed-income side, emerging markets and core U.S. bond holdings outperformed U.S. high yield, but all segments added to a strong quarter.

### Portfolio Management Team

Name	Start Date	
	Industry	Company
Rich Weiss	1984	2010
Radu Gabudean, PHD	2001	2013
Scott Wilson, CFA	1992	1992
Vidya Rajappa, CFA	1994	2018

### Neutral Asset Mix

	Stocks	Bonds	Short-Term Investments
One Choice® 2065 Portfolio	85.00%	15.00%	0.00%
One Choice® 2060 Portfolio	83.00%	17.00%	0.00%
One Choice® 2055 Portfolio	80.50%	19.50%	0.00%
One Choice® 2050 Portfolio	75.00%	25.00%	0.00%
One Choice® 2045 Portfolio	68.75%	31.25%	0.00%
One Choice® 2040 Portfolio	62.50%	36.59%	0.91%
One Choice® 2035 Portfolio	56.25%	41.37%	2.38%
One Choice® 2030 Portfolio	51.00%	44.61%	4.39%
One Choice® 2025 Portfolio	46.00%	46.91%	7.09%
One Choice® In Retirement Portfolio	45.00%	47.30%	7.70%

*Allocations are as of the most recent prospectus and are subject to change.*

*The portfolios are funds of funds, investing in American Century Investments mutual funds to provide well diversified (by asset class and date is the approximate year when investors plan to retire or start withdrawing their money). The principal value of the investment is not guaranteed at any time, including at the target date.*

*Each target-date portfolio seeks the highest total return consistent with its asset mix. In general, as allocation becomes more conservative by decreasing the allocation to stock funds and increasing the allocation to bond and money market funds. By the time each portfolio reaches its target year, its target asset mix will become fixed and match that of the In Retirement Portfolio, which seeks current income and capital appreciation.*

## Key Detractors

**No holdings detracted in absolute terms.** During the quarter, all underlying equity and fixed-income holdings generated positive returns as stock and bond markets rallied to end the year.

## Dynamic Risk Management Process

As the lagged effects of the Fed's tightening regime continue to weave through the U.S. economy, our outlook over the next six months calls for an 80% likelihood of an economic slowdown, with below-trend growth for multiple quarters, moderate inflation and a pause in rate hikes followed by cuts in 2024. With equity markets pricing in a soft or no landing at the end of a long Fed rate-hike cycle, we remain cautious about a potentially volatile period for equities going into 2024. After two years of falling bond prices and rising bond yields, we believe high-quality bonds offer an attractive mix of return potential and the ability to offset equity risk.

**Dynamic risk management remains cautiously positioned.** The multiasset team kept a slight underweight to equity relative to the benchmark in the vintages nearest retirement. One Choice In Retirement Portfolio and One Choice 2025 Portfolio received the largest adjustment, at a 2.5% underweight to equity. Our forecast is beginning to show indications of an economy moving back into balance, while technical signals remain cautious on the outlook for equities. Our team continues to monitor the environment and the forecast on an ongoing basis.

# One Choice<sup>®</sup> Target Date Portfolios

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

One Choice Target Date Portfolio	Class	Qtr %	1 Yr %	3 Yr %	5 Yr %	10 Yr %	Since Inception %	Inception Date	Ticker	Gross Expense Ratio %	Net Expense Ratio %
2065 Portfolio	Inv	10.17	16.23	3.08	-	-	7.74	9/23/20	ARHVX	0.99	0.92
2065 Portfolio	I	10.19	16.47	3.23	-	-	7.92	9/23/20	ARHUX	0.79	0.72
2060 Portfolio	Inv	10.02	16.05	2.95	9.98	-	8.58	9/30/15	ARGVX	0.96	0.90
2060 Portfolio	I	10.06	16.27	3.18	10.21	-	8.81	9/30/15	ARGNX	0.76	0.70
2055 Portfolio	Inv	9.91	15.76	2.79	9.78	7.23	8.05	3/31/11	AREVX	0.95	0.90
2055 Portfolio	I	9.99	15.91	2.99	9.99	7.45	8.26	3/31/11	ARENX	0.75	0.70
2050 Portfolio	Inv	9.76	15.14	2.54	9.46	7.03	6.56	5/30/08	ARFVX	0.93	0.90
2050 Portfolio	I	9.79	15.35	2.75	9.68	7.25	6.78	5/30/08	ARFSX	0.74	0.70
2045 Portfolio	Inv	9.50	14.31	2.13	8.76	6.64	7.30	8/31/04	AROIX	0.91	0.88
2045 Portfolio	I	9.56	14.59	2.35	8.99	6.86	7.52	8/31/04	AOOIX	0.72	0.68
2040 Portfolio	Inv	9.11	13.64	1.93	8.14	6.21	6.12	5/30/08	ARDVX	0.89	0.85
2040 Portfolio	I	9.24	13.87	2.13	8.36	6.42	6.33	5/30/08	ARDSX	0.69	0.65
2035 Portfolio	Inv	8.80	12.86	1.81	7.59	5.80	6.69	8/31/04	ARYIX	0.86	0.83
2035 Portfolio	I	8.86	13.08	2.01	7.80	6.01	6.90	8/31/04	ARLIX	0.67	0.63
2030 Portfolio	Inv	8.43	12.07	1.71	7.03	5.42	5.44	5/30/08	ARCVX	0.82	0.79
2030 Portfolio	I	8.56	12.31	1.91	7.26	5.63	5.65	5/30/08	ARCSX	0.63	0.59
2025 Portfolio	Inv	7.99	11.25	1.60	6.52	5.04	6.04	8/31/04	ARWIX	0.80	0.77
2025 Portfolio	I	8.04	11.47	1.83	6.73	5.25	6.25	8/31/04	ARWFX	0.61	0.57
In Retirement Portfolio	Inv	7.86	11.07	1.63	6.13	4.63	5.31	8/31/04	ARTOX	0.80	0.75
In Retirement Portfolio	I	7.92	11.29	1.83	6.34	4.84	5.52	8/31/04	ATTIX	0.61	0.55

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. Returns or yields for any portfolio containing the American Century U.S. Government Money Market and/or High-Yield funds would have been lower if a portion of the management fee had not been waived beginning August 1, 2008.

The gross expense ratio is the fund's total annual operating costs, expressed as a percentage as a percentage of the funds average net assets for a given time period. It is gross of any fee waivers or expense reimbursement. The net expense ratio is the expense ratio after the application of any waivers or reimbursement. This is the actual ratio that investors paid during the fund's most recent fiscal year. Please see the prospectus for more information.

Returns or yields for the fund would be lower if a portion of the management fee had not been waived. The advisor expects this waiver to continue until November 30, 2024, and cannot terminate it prior to such date without the approval of the Board of Directors. Review the prospectus report for the most current information.

**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.**

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.

Diversification does not assure a profit nor does it protect against loss of principal.

The opinions expressed are those of the portfolio investment team and are no guarantee of the future performance of any American Century Investments portfolio.

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 performance of the portfolios is dependent on the performance of the underlying American Century funds and will assume the risks associated with those funds. The risks will vary according to each portfolio's asset allocation, and a fund with a later target date is expected to be more volatile than one with an earlier target date.

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.



# Commentary Glossary

**Adjustable-Rate Mortgages (ARMs):** Mortgages in which the interest rate is adjusted periodically according to a specific index.

**Agency Securities (Agencies):** Debt securities issued by U.S. government agencies.

**Agency MBS:** Mortgage-backed securities issued by U.S. government agencies.

**Alternative Minimum Tax (AMT):** A parallel tax system that was created to keep high income individuals from avoiding taxes through various deductions and exemptions.

**Asset-Backed Securities (ABS):** A form of securitized debt backed by loan assets such as auto loans, student loans, and credit card debt.

**Basis Points (BPS):** Used to express percentage values that are carried out to two decimal places. One basis point equals 0.01%.

**Breakeven Rate:** Yield difference between nominal Treasury notes and TIPS; indicates the market's expectations for inflation.

**Carry-Oriented Currencies:** Higher-yielding currencies of countries where interest rates are generally higher than those of countries with lower-yielding currencies. These higher-yielding currencies are targeted for "carry trades," where investors borrow money in a low-interest rate currency and invest in a higher yielding currency, potentially profiting from the difference in interest rates.

**Collateralized Loan Obligations (CLOs):** A form of securitized debt, typically backed by pools of corporate loans and their payments.

**Collateralized Mortgage Obligations (CMOs):** A form of structured, securitized debt derived from mortgage-backed securities, typically backed by pools of residential mortgages and their payments.

**Commercial Mortgage-Backed Securities (CMBS):** Securities representing ownership in pools of commercial real estate loans used to finance the construction and improvement of income-producing properties such as hotels, shopping centers, and office buildings.

**Commercial Paper:** Short-term debt issued by corporations to raise cash and to cover current expenses in anticipation of future revenues.

**Commodity:** Basic raw materials such as precious metals and natural resources.

**Consumer Price Index (CPI):** Published by the U.S. government, CPI is the most commonly used statistic to measure inflation in the U.S. economy. Core CPI excludes food and energy prices, which tend to be volatile.

**Contribution to Duration (CTD):** A measure of bond portfolio risk that reflects a bond sector's contribution to the overall duration of the portfolio.

**Corporate Debt:** Debt instruments issued by private corporations.

**Covered Bonds:** Debt securities backed by cash flows from pools of mortgages or public sector loans. The asset pools help secure or "cover" these bonds if the originating financial institution becomes insolvent.

**Coupon Interest Rate:** The interest rate that is assigned to an interest-paying fixed income security when it is issued.

**Credit Analysis:** An analysis of the financial strength of the issuer of a security, and the ability of that issuer to provide timely payment of interest and principal.

**Credit Default Swap:** Credit derivative contracts between two counterparties that can be used to hedge credit risk or speculate on the changes in the credit quality of a corporation or government entity.

**Credit Quality:** Measures (usually in terms of high or low) the ability of issuers of debt securities to make timely interest and principal payments.

**Credit Risk:** The risk that the inability of the issuers of debt securities to make payments will cause these securities to decline in value.

**Currency Overlay:** A financial trading strategy used to separate the management of currency risk from other portfolio strategies. A currency

overlay manager can seek to hedge the risk from adverse movements in exchange rates, and/or attempt to profit from tactical currency views.

**Debt Service:** The amount of money required within a given period to keep current on required/scheduled repayments of outstanding debt, including interest and principal.

**Deflation:** A decline in prices for goods, assets and services.

**Derivatives:** Securities whose performance and/or structure is derived from the performance and/or structure of other assets, interest rates or indexes.

**Duration:** A measure of the price sensitivity of a fixed income investment to changes in interest rates. The longer the duration, expressed in years, the more a fixed income investment's price will change when interest rates change.

**Emerging Markets (EM) Debt:** Debt issued by countries whose economies are considered to be developing or emerging from underdevelopment.

**Excess Return:** The return of an investment portfolio minus the return of what is considered to be a relatively risk-free asset, such as a U.S. Treasury bill.

**Exchange-Traded Fund (ETF):** Represents a group of securities but is traded on an exchange like an individual stock.

**Federal Funds Rate:** An overnight interest rate banks charge each other for loans.

**Federal Open Market Committee (FOMC):** The committee that sets interest rate and credit policies for the Federal Reserve System, the U.S. central bank.

**Federal Reserve (Fed):** The U.S. central bank, responsible for monetary policies affecting the U.S. financial system and the economy.

**Fundamental Factors:** Economic or financial data used in determining asset value.

**Futures Contracts (Futures):** Agreements to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date.

**General Obligation (GO) Bonds:** Municipal bonds that are secured by the full faith and credit of the issuer, including its taxing power.

**Gross Domestic Product (GDP):** A measure of the total economic output in goods and services for an economy.

**Government-Sponsored Enterprises (GSEs):** Privately owned corporations created by Congress to provide funding and help to reduce the cost of capital for certain borrowing sectors of the economy such as homeowners, students and farmers.

**Headline Risk:** Refers to the risk that a negative news media headline about one security issuer, incident or sector could affect the demand for and pricing of a much wider swath of securities.

**Hedge:** An investment designed to reduce the risk of an adverse price move in another investment. Often a hedge consists of taking an offsetting position in a related investment, such as a futures contract.

**High-Yield (HY) Debt:** Fixed income securities with lower credit quality and lower credit ratings. High-yield securities are rated below BBB-.

**Hybrid Adjustable-Rate Mortgages (ARMs):** Combine the characteristics of fixed-rate and adjustable-rate mortgages, with rates remaining fixed for a set period of time and then adjusting periodically according to a specific index.

**Inflation:** An economic condition of rising prices for goods, services and assets, or equivalently, a declining value of money. Core inflation excludes food and energy prices, which tend to be volatile. It is the opposite of Deflation.

**Inflation-Indexed Securities:** Debt securities that offer returns adjusted for inflation. Typically, the principal of inflation-indexed securities is indexed to a widely used inflation measure and adjusted accordingly. Interest payments can be adjusted as well.

**Interest Rate Risk:** The risk that a fixed income investment's value will change due to changes in interest rates.

**Investment-Grade (IG) Debt:** Fixed income securities with relatively high credit quality and 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 BBB- or higher.

**Leverage:** The use of financial instruments and/or borrowed capital to increase potential returns or to increase purchasing power.

**Long Position:** Typical ownership of an asset or investment that gives 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.

**Long/Short Position:** A "market neutral" investing strategy that involves taking long positions in assets that are expected to increase in value and short positions in assets that are expected to decrease in value.

**Master Limited Partnerships (MLPs):** Publicly traded, generally higher-yielding securities of enterprises that engage in certain businesses, usually pertaining to the use of natural resources.

**MSCI ACWI (All Country World Index):** A free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

**Municipal Securities:** Debt securities typically issued by or on behalf of U.S. state and local governments, their agencies or authorities to raise money for a variety of public purposes, including financing for state and local governments as well as financing for specific projects and public facilities.

**Nominal Yield:** The interest rate to par value that the bond issuer promises to pay bond purchasers.

**Non-Agency Mortgage-Backed Securities (MBS):** MBS are groups of home mortgages that are sold by the issuing banks and then packaged together into "pools" and sold as a single security. Non-agency MBS are issued by private entities, such as financial institutions.

**Mortgage-Backed Securities (MBS):** A form of securitized debt that represents ownership in pools of mortgage loans and their payments.

**Personal Consumption Expenditures (PCE):** This price deflator which comes from the Bureau of Economic Analysis' quarterly report on U.S. gross domestic product is based on a survey of businesses and is intended to capture the price changes in all final goods, no matter the purchaser. Because of its broader scope and certain differences in the methodology used to calculate the PCE price index, the Federal Reserve holds the PCE deflator as its preferred, consistent measure of inflation over time.

**Quantitative Easing (QE):** A form of monetary policy used by central banks to stimulate economic growth by purchasing domestic government securities to increase the domestic money supply, lower interest rates and encourage investors to make investments in riskier assets such as stocks and high-yield securities.

**Real Estate Investment Trusts (REITs):** Securities that trade like stocks and invest in real estate through properties or mortgages.

**Real Yield:** A yield that has been adjusted to remove the effects of inflation.

**Revenue Bonds:** Municipal bonds that are secured by the net revenues from the project or facility being financed.

**S&P 500 Index:** The 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.

**Secondary Market:** A market where investors make purchases from other investors, rather than from the initial issuers.

**Securitized Debt:** Debt resulting from aggregating debt instruments into a pool of similar debts, then issuing new securities backed by the pool. ABS, MBS, and CMOs are common forms of securitized debt.

**Short Position:** Refers to the sale of an asset borrowed, not owned, by the seller in anticipation of a price decline. If the seller can buy the asset later (to return what was borrowed) at a lower price, a profit results. If the price rises, the borrower/seller suffers a loss.

**Sovereign Debt:** A country's government-issued debt, priced in its native currency, which can be sold to investors in other countries.

**Spreads, Maturity Spreads, Credit Spreads:** Measured differences between two interest rates or yields that are being compared with each other. Spreads typically are measured between fixed income securities of the same credit quality, but different maturities (maturity spreads), or of the same maturity, but different credit quality (credit spreads).

**Spread Sectors:** Non-Treasury debt sectors with securities that usually trade at higher yields than comparable-maturity U.S. Treasury securities. These sectors typically trade at higher yields than Treasuries because they usually have relatively higher credit risk and/or more risk of prepayment.

**Spread Widening, Tightening:** Changes in spreads that reflect changes in relative value, with spread widening usually indicating relative price depreciation and spread tightening indicating relative price appreciation.

**Swaps:** Two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments.

**Treasury Inflation-Protected Securities (TIPS):** Inflation-linked debt securities issued by the U.S. Treasury.

**Technical Factors:** Market price behavior, trends, volume, and momentum data used in determining asset value.

**U.S. Treasury securities:** 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.

**Variable-Rate Demand Notes (VRDNs):** Short-term debt securities that track market interest rates using periodic (daily, weekly, monthly, or quarterly) interest rate adjustments.

**Weighted Average Life to Maturity:** The average time in years to receive the principal repayments.

**Yield:** A rate of return for bonds and other fixed-income securities. There are several types of yields and yield calculations.

**Yield Curve:** A line graph showing the yields of fixed income securities from a single sector from a range of different maturities at a single point in time.

**Yield to Maturity:** A common performance calculation for fixed income securities, which takes into account total annual interest payments, the purchase price, the redemption value, and the amount of time remaining until maturity.

**Real Yield to Maturity:** Yield to maturity minus any "inflation premium" that had been added/priced in.

**Zero-Coupon Securities:** Debt securities that are sold at a deep discount then redeemed for their full face value at maturity.

