American Century Investments®

Small Cap Value Fund

Quarterly Commentary

Portfolio Review

U.S. equities declined. Stocks weakened as the threat of tariffs on a wide range of imported goods sparked fears of higher inflation and slower growth. The Federal Reserve (Fed) kept its benchmark interest rate steady, while lowering its economic growth forecast and raising its inflation projections. After cutting interest rates three times in late 2024, the Fed maintained its expectations for two rate cuts in 2025.

Economic growth forecasts lowered. In the fourth quarter of 2024, the U.S. economy expanded at an annualized rate of 2.4%, primarily due to strong consumer spending. However, GDPNow, the Atlanta Fed's real-time model for economic growth, has predicted a contraction for the first quarter of 2025.

Industrials added to results. Investment decisions across multiple industries led to outperformance in the industrials sector. Both Beacon Roofing Supply and Titan Machinery, a farm equipment dealer, posted substantial returns. Several holdings in the professional services industry also performed well.

Energy contributed. While energy stocks underperformed within the benchmark, strong stock selection in the sector more than offset the drag on returns from the portfolio's large overweight in the sector relative to the benchmark. ChampionX, a production chemicals company that is being acquired by Schlumberger, and Magnolia Oil & Gas helped drive results.

Utilities holdings lagged. Utilities was among the top-performing sectors within the benchmark. As a result, our below-benchmark sector exposure hindered performance.

Key Contributors

Axis Capital Holdings. Shares of this property and casualty insurer outperformed, benefiting from what we believed were its solid execution, strong profitability and investment returns.

Beacon Roofing Supply. Shares of this building supply company outperformed as QXO expressed interest in buying Beacon in a cash offer for $124.35 per share.

EVERTEC. This leading provider of payments and merchant processing solutions in Puerto Rico and Latin America reported strong 2024 earnings results. In addition, management's upbeat revenue and profitability outlook helped propel shares.

Key Detractors

Embecta. Shares of this maker of insulin needles lagged on concerns about GLP-1 drugs and the impact of tariffs on the European Union and potential cuts to federal health care programs in the U.S. However, we think many of these threats have been overstated and that the company's cash position should improve as we expect a tapering of the cost burden from spinning off from Becton Dickinson & Co.

Axcelis Technologies. This maker of ion implantation systems for semiconductor chipmakers was hurt by weak demand among automotive customers in the power device market. Restrictions on exports to China and the potential effect of tariffs also hurt the stock.

Goal and Strategy

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

Portfolio Management Team

	Start Date	
Name	Industry	Company
Jeff John, CFA	1991	2008
Ryan Cope, CFA	2009	2009

Top 10 Holdings (%)

Axis Capital Holdings Ltd	3.41
Old National Bancorp/IN	3.10
Graphic Packaging Holding Co	2.78
Timken Co/The	2.60
EVERTEC Inc	2.56
SouthState Corp	2.45
Webster Financial Corp	2.38
FNB Corp/PA	2.29
Enovis Corp	2.14
Brink's Co/The	2.07

As of 3/31/2025

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.

Crescent Energy. Despite what we believed were Crescent Energy's solid operating results, a healthy balance sheet and strong fiscal management, this Texas-based oil and gas producer underperformed amid weakness in the broader energy complex.

Notable Trades

Flowco Holdings. We initiated a position in Flowco, a leading provider of advanced artificial lift solutions for oil and gas wells, as our research indicated it has taken significant share from traditional vendors. We also believe the company has the potential to meaningfully grow revenues and margins.

Blue Bird. This leading maker of school buses is one of three players in a highly concentrated market. We believe its investments in manufacturing and pricing adjustments could lead to higher margins. Our research also indicated that the company could be positioned to benefit from an aging U.S. school bus fleet and from demand for propane-fueled alternatives.

Beacon Roofing Supply. Shares of Beacon outperformed on the news that QXO had expressed interest in buying the company in a cash offer. We exited our position as shares traded close to the takeover price, and as we believed the risk/reward profile had become less attractive than some of our other portfolio holdings.

Tapestry. This company is a provider of luxury goods under various brand names. We exited our position as the company's market capitalization grew to nearly $20 billion, well above the portfolio's target range.

Portfolio Positioning

The portfolio seeks to invest in small-cap 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.

Overweight financials relative to the benchmark. We have maintained a significant overweight in banks and financial services companies (e.g., payment processors, holding companies and metals brokers) and a lesser overweight in insurers. We avoided mortgage real estate investment trusts (REITs) and consumer finance. Our positive stance on banks is anchored by our analysis that showed an impending positive inflection in net interest income and what we believed were overstated fears by the market. Despite recent volatility, we remain positively predisposed to what in our opinion are higher-quality banks, with many of our holdings still trading meaningfully below historical multiples.

Attractive opportunities in industrials. We hold a significant overweight in the sector relative to the benchmark, driven by what our research indicated were attractive stock-specific opportunities. We believe we have found higher-quality industrials (e.g., machinery, distribution and commercial services), many of which were able to exert strong pricing power during the recent inflationary environment. This pricing power, coupled with strong unit demand and prudent cost control efforts, has helped many of our holdings generate significant excess cash flow, which has allowed them to accelerate their efforts to return value to shareholders via increased dividends, share buybacks and debt reduction.

More weight in materials. We increased our allocation in this sector, where we've been favoring specialized containers and packaging and specialty chemical companies. We believe these companies tend to have attractive free cash flow characteristics, which could lead to more stable business outcomes.

Eliminated exposure to utilities. After underperforming the benchmark in 2023 and again in 2024, utilities have outperformed thus far in 2025. We believe valuations of utilities stocks, which are often viewed as bond proxies for the income they generate, have returned to more normalized levels relative to their historical averages.

Underweight real estate. We remain significantly underweight in this sector relative to the benchmark as companies in this space tend to carry higher levels of debt than we prefer. In addition, we think valuations for higher-quality REITs remain rich relative to other opportunities in the small-cap value space, leaving us with few opportunities in the sector. That said, we have recently consolidated our REIT positions into a smaller number of names in the hotel, industrial and health care industries, where we believe our portfolio will experience better-than-average returns.

Small Cap Value Fund

TICKERS Investor Class: ASVIX | I Class: ACVIX | A Class: ACSCX | C Class: ASVNX | R Class: ASVRX | R5 Class: ASVGX | R6 Class: ASVDX

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 3/31/2025

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	-6.25	-4.19	1.51	17.80	7.96	10.45	7/31/98	1.09
I	-6.12	-3.94	1.73	18.05	8.19	10.91	10/26/98	0.89
R5	-6.12	-3.94	1.72	18.07	8.19	7.70	4/10/17	0.89
R6	-6.18	-3.88	1.88	18.24	8.34	8.77	7/26/13	0.74
Russell 2000 Value Index	-7.74	-3.12	0.05	15.31	6.07	-	-	-

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.

Pre-inception differences in R5 Class and I Class performance are based on rounding.

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.

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 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. Created by Frank Russell Company, it is not an investment product available for purchase.

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