American Century Investments®

Small Cap Value Fund

Quarterly Commentary

Portfolio Review

U.S. stocks rallied. Equity markets performed well in the first quarter as recession fears faded and central banks moved closer to easing restrictive monetary policies. Growth stocks outperformed value stocks across the board. Large-cap stocks outperformed their mid- and small-cap peers.

The Fed kept its benchmark interest rate steady. Despite persistently high inflation and generally upbeat economic data, policymakers continued to forecast three rate cuts this year. The Federal Reserve (Fed) suggested easing will begin when it has confidence that inflation is on track to reach its 2% target rate.

Industrials contributed. Broad-based stock selection and a larger footprint in industrials stocks relative to the benchmark contributed to results. Of particular note, our holdings in the aerospace and defense and building products industries performed well, driven by strong performance across their varied business lines.

Real estate added to performance. Sector performance was driven by stock selection in health care and hotel and resort real estate investment trusts (REITs). An underweight allocation relative to the benchmark was also beneficial as the portfolio lacked exposure to real estate management and development companies and office REITs.

Health care detracted. Stock selection in the sector hindered results. This was largely due to a position in Embecta, a maker of products for diabetics, as investors were concerned about the impact of new weight-loss drugs. Our underweight sector exposure relative to the benchmark also detracted as the portfolio had no exposure to the biotechnology, pharmaceuticals and life sciences tools and services industries. We find that companies in these industries often do not meet our standards for investment.

Key Contributors

Coherent. This company is a leader in engineered materials and components for optical communication and industrial technology systems. It outperformed relative to the benchmark as revenues from artificial intelligence applications increased in the most recent quarter. We believe Coherent's revenues could continue to grow in the second half of the year.

Tapestry. This is a luxury goods company marketing the Coach, Kate Spade and Stuart Weitzman brands. Tapestry benefited from robust holiday sales in 2023, especially in its Coach division. This was despite an overhang from the acquisition of Capri Holdings as some investors were concerned about the industry's poor track record with such deals.

Gates Industrial. This maker of power transmission belts and fluid power products contributed. Gates reported quarterly results that were in line with analyst expectations. Investors were also optimistic for the company's financial outlook.

Key Detractors

Columbia Banking System. This holding company offers banking services on the West Coast. Shares underperformed during the quarter as the company reported lower profitability due to higher funding costs.

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 (%)

Graphic Packaging Holding Co	2.79
ChampionX Corp	2.53
Old National Bancorp/IN	2.51
FNB Corp/PA	2.30
EVERTEC Inc	2.18
Timken Co/The	2.18
Axis Capital Holdings Ltd	2.08
Magnolia Oil & Gas Corp	2.01
Tapestry Inc	1.99
Brink's Co/The	1.95

As of 3/31/2024

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.

Cable One. Shares of this provider of broadband services to rural and small urban markets lagged as our research indicated increased competition from rivals. However, we believe the company remains attractively valued, given the essential and recurring nature of its service, data use trends and higher transmission speeds.

Entravision Communications. This provider of digital advertising and broadcasting services for the Hispanic community detracted. Shares plunged as Meta Platforms said it would no longer partner with the company for Facebook's advertising efforts. However, we anticipate a recovery in political spending and have maintained a small allocation.

Notable Trades

BRP. We initiated a position in this leader in recreational vehicles (e.g., side by sides, all-terrain vehicles, personal watercraft). We believe the company has grown its market share through innovation and affordable pricing. We are confident in BRP's management team and the company's ability to handle a cyclical downturn.

Sensata Technologies Holding. This maker of sensors and software for automobiles, heavy vehicles and off-road vehicles was a new addition to the portfolio. We believe Sensata is poised to capitalize on the shift to electric vehicles.

Vizio Holding. We exited our position in Vizio because the company is being acquired by Walmart. As the closing is not expected until summer 2024, we felt better opportunities were available.

Vontier. We exited this industrial technology company as shares rose above our price target for the company. We deployed the proceeds from the sale to other opportunities that we believed were more attractive.

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.

Above-benchmark exposure to financials. We've maintained an overweight in this sector, especially in banks and financial services companies (payment processors, holding companies and metals brokers), while we have avoided mortgage REITs and consumer finance. In addition, although investor concerns of persistently high inflation and tight lending conditions have hindered banks, we remain constructive on what we believe are our higher-quality bank holdings.

Opportunities in industrials. We continue to find what we think of as attractive higher-quality opportunities in industrials, especially in the machinery, trading companies and distributors, and commercial services industries. Our research indicates that many of these companies have been able to pass on higher prices to consumers. We believe this pricing power, coupled with strong demand and prudent cost-control efforts, has enabled many of our sector holdings to create shareholder value via higher dividends, share buybacks and debt reduction.

Shifting to an overweight in energy relative to the benchmark. We believe recent market volatility has provided opportunities to increase our weight in this sector. We have added to what our research indicated were higher-quality positions in both the oil field services and exploration and production industries. In oil field services, we've favored companies with less exposure to oil and gas prices and/or with ties to well production rather than exploration. In exploration and production, we have identified companies that we believe have conservative management teams with strong capital allocation track records.

Few opportunities in health care. We believe valuations in the sector have not been attractive. A large portion of our underweight relative to the benchmark is driven by a lack of exposure in the biotechnology, pharmaceuticals and life sciences tools and services industries. We have found that companies in these industries typically do not meet our quality and financial strength standards for investment.

Underweight in real estate. We remain significantly underweight in real estate relative to the benchmark because our research indicates that companies in this sector generally carry more debt than we typically prefer for our investments. In addition, we believe valuations for higher-quality REITs remain rich relative to other opportunities in the small-cap value space. As a result, we recently consolidated our REIT positioning into what we believed were a smaller number of higher-quality names in the hotel, industrial, retail and health care verticals.

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 3/31/2024

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	4.90	18.72	4.47	12.34	9.08	11.06	7/31/98	1.09
I	4.98	18.93	4.69	12.56	9.29	11.54	10/26/98	0.89
R5	4.97	18.91	4.68	12.55	9.29	9.48	4/10/17	0.89
R6	5.01	19.21	4.87	12.76	9.47	10.04	7/26/13	0.74
Russell 2000 Value Index	2.90	18.75	2.22	8.17	6.87	-	-	-

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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