

Ultra Fund

Quarterly Commentary

Portfolio Review

Stocks posted strong gains. U.S. stock indices were broadly higher as investors grew increasingly optimistic that the Federal Reserve (Fed) had engineered a soft landing amid cooling inflation and continued economic growth. As the Fed paused interest rate hikes, signs pointed to possible rate cuts in 2024.

Growth stocks continued their strong performance. Returns for growth stocks exceeded those for value stocks during the quarter, except in the small-cap universe, where value outperformed. Small-cap issues outperformed their mid- and large-cap counterparts. Year to date, growth outperformed value across the capitalization spectrum.

Professional services weighed on performance. Stock selection in the industry hampered industrials performance, led by Paycom Software. Ground transportation also detracted. Our lack of exposure to Uber Technologies relative to the benchmark was a significant detractor. We believe Uber’s accelerating gains in users and bookings in the mobility and delivery segments were indicative of the company’s strong execution of its growth strategy.

Energy hampered performance. Declining oil and gas prices weighed on the energy sector. Oil field services company Schlumberger and energy producer EOG Resources were key underperformers.

Consumer discretionary contributed. Stock selection in the sector was positive, especially in the hotels, restaurants and leisure industry, where chicken wing restaurant Wingstop was a top contributor. Athletic apparel retailer Lululemon Athletica was another key sector contributor.

Key Contributors

Lululemon Athletica. This athletic apparel retailer’s stock continued to rally after the company reported earnings ahead of expectations. Investors cheered the results, which were strong across the board, and we remain optimistic for its emphasis on the continued growth opportunity outside the U.S.

Wingstop. This restaurant chain that primarily sells chicken wings reported much better-than-expected revenue and earnings and raised same-store sales guidance. The company has continued to expand sales, margins and earnings as a result of an ongoing digital transformation.

Fair Isaac. This data analytics firm, known for its FICO score, reported solid results. We’ve been pleased with the direction of the business and maintain an overweight position relative to the benchmark.

Key Detractors

Paycom Software. The provider of human resources management software lagged on weak quarterly revenue and disappointing sales guidance for 2024. The sell-off reflected a decision to focus on retention in one product line. Despite the near-term drag, we believe this will actually benefit the company in the long term.

Goal and Strategy

Long-term capital appreciation by investing primarily in quality, large-cap U.S. growth companies.

Portfolio Management Team

| Name | Start Date | |
|------------------|------------|---------|
| | Industry | Company |
| Keith Lee, CFA | 1996 | 1998 |
| Michael Li, Ph.D | 2002 | 2002 |
| Jeff Bourke, CFA | 2003 | 2007 |

Top 10 Holdings (%)

| | |
|------------------------|-------|
| Apple Inc | 13.18 |
| Alphabet Inc | 7.98 |
| Microsoft Corp | 7.23 |
| Amazon.com Inc | 6.10 |
| NVIDIA Corp | 6.09 |
| Mastercard Inc | 3.86 |
| Tesla Inc | 3.19 |
| Visa Inc | 2.74 |
| UnitedHealth Group Inc | 2.72 |
| lululemon athletica | 2.45 |

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.

Broadcom. This semiconductor chipmaker benefited from a strong earnings report and the completion of its acquisition of VMware. Our research indicates that Broadcom, like other semiconductor companies, is being valued for its potential to benefit from artificial intelligence. We preferred other semiconductor companies, and our lack of exposure to Broadcom detracted.

Microsoft. This software maker reported better-than-expected revenue and earnings and offered upbeat guidance as a result of lower expenses and improved performance of its cloud unit. We have some exposure to the stock, but it is less than the benchmark because we were concerned about its valuation.

Notable Trades

Lattice Semiconductor. We built a position in Lattice, a fabless semiconductor company that has been experiencing a turnaround under new management, which has emphasized innovation and financial discipline. We believe the renewed focus has resulted in high and sustainable revenue growth and a strong financial position.

Synopsys. Synopsys sells electronic design automation tools essential to the design and manufacture of semiconductors. This company is in a market with just one other competitor and has enjoyed high recurring revenues, excellent margins and strong long-term customer relationships.

The Estee Lauder Cos. We exited this position completely after having trimmed it to a minor position. We decided to close out our stake after the company issued another cut to future guidance because of ongoing weakness in China and Estee Lauder's retail travel business.

Portfolio Positioning

Our process uses bottom-up financial analysis aimed at identifying large-cap companies that we believe can produce attractive long-term earnings growth. We seek to reduce unintended, financial risks and instead align the portfolio with company-specific risks that we believe will be rewarded over time. As a result of this approach, our sector and industry allocations reflect areas of the market where we believe we are finding opportunities at a given time.

We think several secular trends remain in place. Our research indicates market volatility will likely remain high as investors shift their focus from inflation and Fed interest rate policy to other drivers of the market such as the pace of economic growth and corporate earnings. Consensus earnings forecasts for 2024 predict solid year-over-year growth. However, we think this may be optimistic given the interest rate environment and the current level of economic growth. This has led us to search for companies that we believe have the financial strength to navigate an extended period of economic weakness, in addition to those that can benefit from enduring growth trends. Examples include digital advertising and business transformation, the reliance on the cloud and mobile, process automation and electric vehicle adoption, among others.

We believe digital payments will continue to flourish. Many of the benefits offered by digital payments should persist, in our view. These include fraud protection, working capital efficiency and lower transaction friction. While much of the initial adoption was driven by direct-to-consumer businesses during the pandemic, we see this transition expanding, notably in business to business. Prominent examples of digital payment companies whose stocks we favor include Mastercard and Visa.

Democratization of technology is an ongoing theme. While we recognize the near-term uncertainty about interest rates, corporate earnings and the state of the broader economy, we believe it's preferable to focus on companies whose earnings growth is driven by innovation and industry disruption rather than those that depend on the economic cycle. For example, our research indicates a number of examples of technology infrastructure, software and tools, which were previously only available to the largest enterprises but are now being made available to smaller businesses and even micro-merchants. Good examples are Block (formerly Square) and Paycom Software. We believe these companies have enabled a technology transformation for a previously neglected customer segment.

We continue to focus on individual security selection. There's a tendency to think about the possibility of recession, Fed rate cuts and market implications in black-and-white terms. But we would argue that individual companies will respond differently to the ebbs and flows of the economy. Indeed, we believe we have found opportunities in diverse companies developing new products and technologies that are transforming entire sectors and industries. We don't focus on top-down analysis. Rather, we believe the best approach is to rely on bottom-up, financial research to identify individual companies that we think have the potential to innovate and reimagine the competitive landscapes. This is why we believe the companies we invest in are dynamic, innovative growth companies with healthy balance sheets and cash flows that can improve throughout the economic cycle.

| | | | | | | | |
|---------|-----------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|
| TICKERS | Investor Class: TWCUX | I Class: TWUIX | A Class: TWUAX | C Class: TWCCX | R Class: AULRX | R5 Class: AULGX | R6 Class: AULDX |
|---------|-----------------------|----------------|----------------|----------------|----------------|-----------------|-----------------|

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 (%) | Net Expense Ratio (%) |
|---------------------------|---------|------------|------------|------------|-------------|---------------------|----------------|-------------------------|-----------------------|
| Investor | 14.13 | 43.31 | 6.04 | 19.18 | 14.54 | 12.34 | 11/2/81 | 0.95 | 0.91 |
| I | 14.18 | 43.59 | 6.25 | 19.42 | 14.77 | 9.55 | 11/14/96 | 0.75 | 0.71 |
| R5 | 14.19 | 43.61 | 6.26 | 19.42 | 14.77 | 17.46 | 4/10/17 | 0.75 | 0.71 |
| R6 | 14.24 | 43.82 | 6.42 | 19.60 | 14.94 | 15.92 | 7/26/13 | 0.60 | 0.56 |
| Russell 1000 Growth Index | 14.16 | 42.68 | 8.86 | 19.50 | 14.86 | - | - | - | - |

Expense ratio as of the most current prospectus.

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.

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.

The gross expense ratio is the fund's total annual operating costs, expressed as a percentage of the fund's 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.

The advisor has agreed to waive a portion of the fund's management fee such that the management fee does not exceed 0.91% for Investor, A, C and R Classes, 0.71% for I and R5 Classes, and 0.56% for Y and R6 Classes. The advisor expects this waiver arrangement to continue until February 29, 2024, and cannot terminate it prior to such date without the approval of the Board of Directors.

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 Russell 1000® Index measures the performance of the 1,000 largest companies in the Russell 3000® Index (the 3,000 largest publicly traded U.S. companies based on total market capitalization). The Russell 1000® Growth Index measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. Created by Frank Russell Company, indices are not investment products available for purchase.

