

## Broader Market Leadership Marks Year-End Strength

- U.S. stock market indices continued to notch record highs in the fourth quarter, including the S&P 500 which rose 2.70% and ended the year with a 17.90% total return. Market breadth had green shoots in Q4 as the Magnificent 7 gained 3.60% while the so-called “S&P 493” returned a respectable 2.20%. Non-U.S. developed and emerging markets stocks regained strength in Q4 as the MSCI EAFE and MSCI Emerging Markets Indices gained 4.90% and 4.70%, respectively. This ends an impressive year for non-U.S. equities with the MSCI EAFE returning 31.20% and the MSCI Emerging Markets Index ending the year with a 33.60% return. Amid growing dissent, the Fed lowered its benchmark interest rate two more times as Fed Chair Powell cited the balance of risks tilting more toward the softening labor market.
- Retirement Date Hybrid Trust Portfolios posted positive returns in the quarter, ranging from 1.56% for In Retirement to 2.17% for the 2065 vintage. International value, emerging markets, and U.S. large cap growth stocks provided the largest gains across the portfolios. Bond yields fell, particularly in the short end of the curve, boosting fixed income returns.
- With strong results across the underlying holdings, the broad diversification of Retirement Date Hybrid Trust Portfolios performed well on a risk-adjusted basis. Given the outsized returns to equity risk in Q4, including non-U.S. and EM equities, peers with more aggressive allocations outperformed, a not-surprising result in a period marked by continued bullish sentiment.

## Quarter Highlights

- In the U.S., value outperformed growth with the Russell 1000 Value gaining 3.80% against the Russell 1000 Growth Index return of 1.10%. Overall, the Russell 1000 rose 2.40% while the Russell 2000 increased 2.19%. Developed non-U.S. equities strength returned this quarter as the MSCI EAFE Index rose 4.90%. In a similar fashion to the U.S., the MSCI EAFE Value Index gained 7.80% while the MSCI EAFE Growth Index returned 1.90%.
- The Fed cut its policy rate by 50 basis points in the final two FOMC meetings of the year, totaling 75 basis points for 2025. The continued rate-cutting bolstered fixed income returns on the short end of the yield curve, though the U.S. 10-Year Treasury yield ended the quarter virtually unchanged at 4.17%. In turn, the Bloomberg U.S. Aggregate Bond index rose modestly at 1.10% over the quarter, though capping off an impressive year with a 7.30% total return.

## What worked QTD:

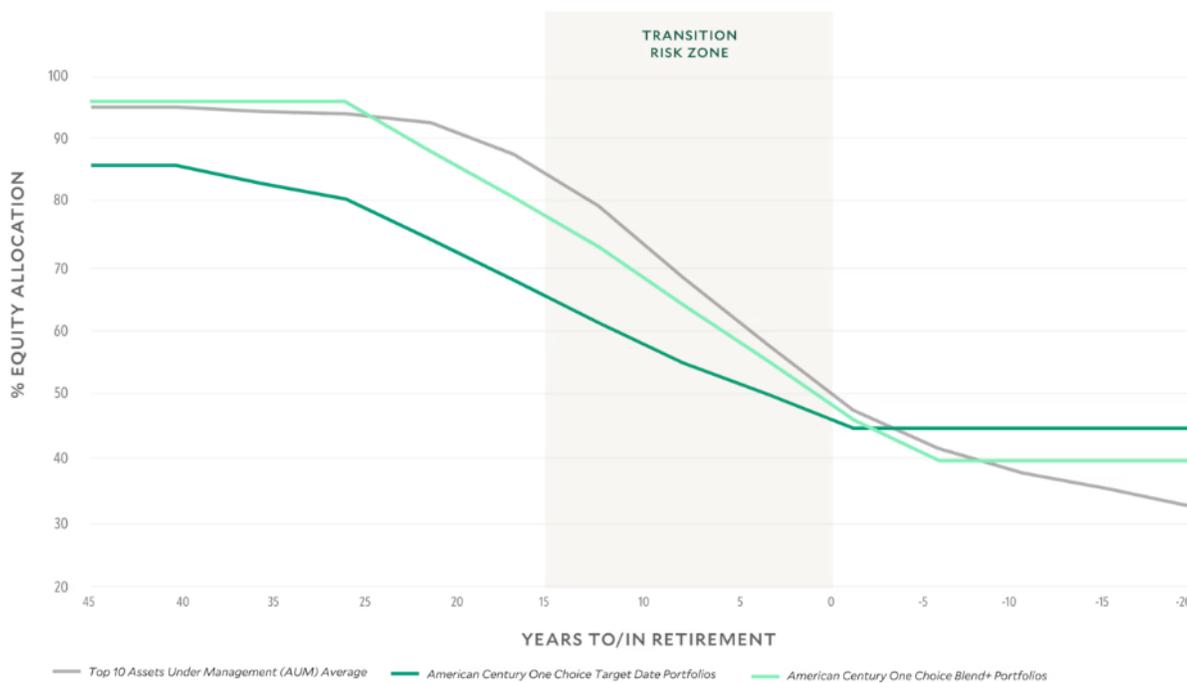
- Non-U.S. Intrinsic Value, International Value, Emerging Markets, and Focused Dynamic Growth produced the highest total returns across the portfolios. Among fixed income holdings, Emerging Markets Debt, High Income, and Diversified Bond were the top performers.
- Manager selection added value in our Focused Dynamic Growth, Small Cap Growth, Emerging Markets, Global Real Estate, and Heritage equities holdings. In fixed income, High Income, Global Bond and Diversified Bond added value beyond benchmarks.

## What hurt QTD:

- Our more moderate equity allocations relative to peers challenged rankings this quarter as equities showed strong performance. Furthermore, Retirement Date Hybrid Trust Portfolio's U.S. equity bias detracted from relative performance as stocks abroad outpaced the U.S.
- Our active value managers in the U.S. struggled against indexes that have more exposure to low-quality non-earning companies benefitting from speculative sentiment.

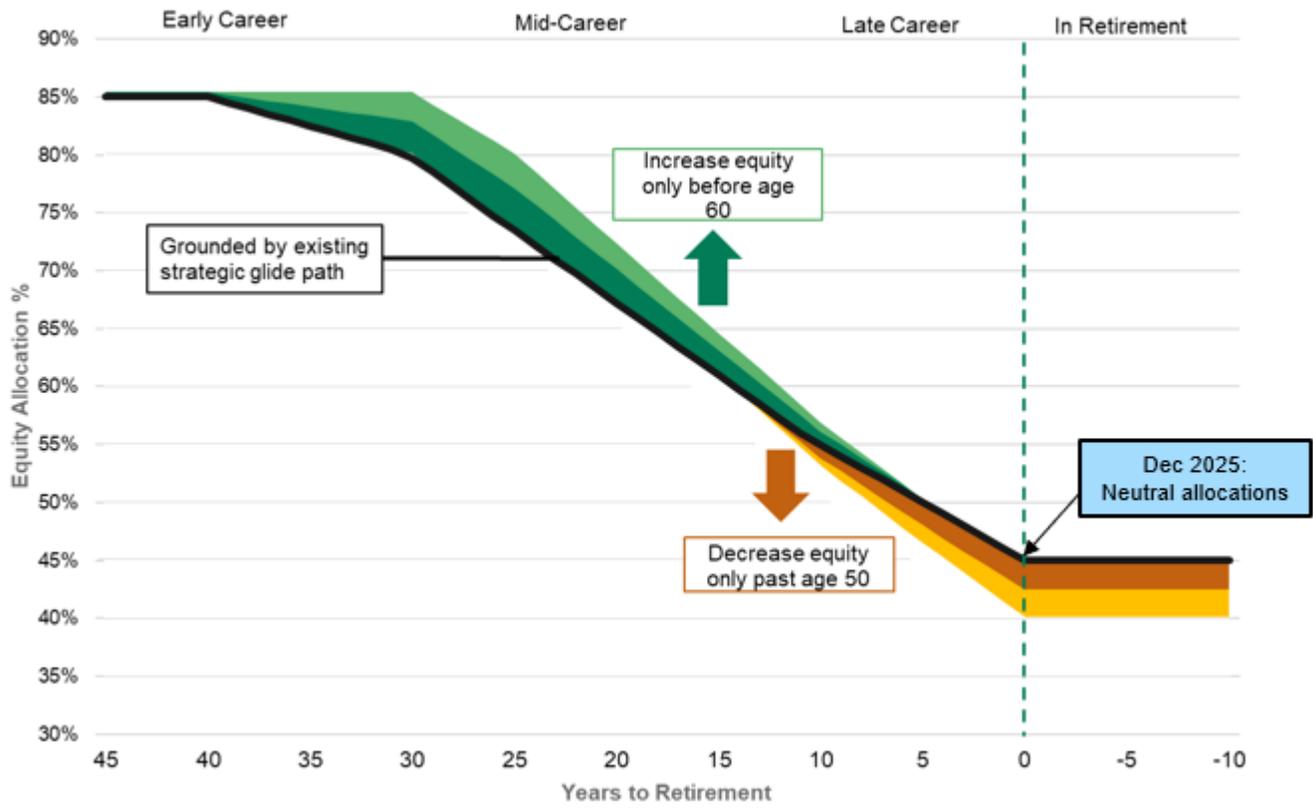
## Outlook and Positioning

- In February 2026 the Retirement Date Hybrid Trust glide path will move from a more moderate positioning following American Century's One Choice equity glide path to one with a growth tilt, following American Century's One Choice Blend+ equity glide path. Equity allocation will start at 95%, up from the current 85%. The glide path will have a final equity allocation of 40% at age 70. Currently the final equity allocation is 45% at age 65. A 2025 vintage will be added to accommodate the additional roll-down past age 65. Updates to underlying holdings will broaden the hybrid nature of the series, adding select strategies from American Century's Avantis Investors lineup of low-cost, diversified active funds. The Empower fixed account allocation will increase across the glide path from 2.5% to 16.0%; currently the allocations range from 3.0% to 9.0%.
- The proposed glidepath enhancement aims to provide higher growth potential to reduce longevity risk without sacrificing overall risk awareness. While increased equity exposure does come with some increased market risk, American Century's flatter glidepath design will continue to emphasize downside protection, especially near retirement.



- Dynamic Risk Management remained neutral in the fourth quarter as stock volatility and momentum remained favoring equities. Other measures continue to strongly favor bonds.
- Diversification and rebalancing remain paramount going into 2026 as market dynamics are unlocking opportunities across sectors, positioning a broader range of companies for growth in a more supportive economic environment. Mid-cap, small-cap and value stocks may be primed to benefit from market broadening in the next year as the AI theme expands into sectors such as energy distribution, healthcare and others. In fixed income, yields have come down from recent highs; however, they remain near historically elevated levels – creating strong income potential. If rates decline further as the Fed proceeds cautiously with cuts, bond prices will rise – adding price appreciation on top of yield.

Dynamic Risk Management remained at neutral position in Q4



## Robust Absolute Returns and Compelling Risk-Adjusted Metrics

Class 1 Morningstar Category (US OE Tgt Date)	American Century Retirement Date Hybrid Trust Portfolios								
	2065	2060	2055	2050	2045	2040	2035	2030	In Ret
	2065+	2060	2055	2050	2045	2040	2035	2030	Ret. Income
<b>Total Returns</b>									
QTD	2.17%	2.14%	2.10%	2.02%	1.94%	1.86%	1.73%	1.66%	1.56%
1-Year	17.02%	16.75%	16.38%	15.61%	14.82%	14.10%	13.15%	12.31%	11.57%
3-Year	16.39%	16.12%	15.79%	15.03%	14.15%	13.31%	12.37%	11.54%	10.67%
5-Year	8.53%	8.40%	8.18%	7.73%	7.18%	6.70%	6.23%	5.80%	5.40%
Since Inception*	9.07%	10.47%	10.25%	9.83%	9.12%	8.58%	7.94%	7.37%	6.94%
<b>Down Capture Percentile Rankings</b>									
Drawdown (2/20-4/8)**	12	5	5	5	5	5	9	26	100
1-Year	58	47	43	27	15	17	32	53	91
3-Year	48	35	26	8	8	8	5	14	82
5-Year	n/a	10	5	5	4	5	6	12	84
Since Inception*	16	13	5	5	5	5	8	14	97
<b>Return Percentile Rankings</b>									
Drawdown (2/20-4/8)**	14	5	5	5	5	5	7	26	100
QTD	94	94	95	95	95	94	90	85	45
1-Year	94	93	94	95	95	95	91	84	31
3-Year	95	93	93	96	97	98	91	82	7
5-Year	n/a	92	95	98	98	98	94	70	1
Since Inception*	93	76	87	90	95	95	88	74	1
<b>Sharpe Ratio Percentile Rankings</b>									
1-Year	84	83	83	81	81	73	74	78	81
3-Year	91	90	90	91	91	87	81	67	12
5-Year	n/a	86	89	93	96	95	86	57	1
Since Inception*	87	54	60	59	75	60	54	32	1
<b># of Funds Ranked</b>									
Drawdown (2/20-4/8)**	251	184	184	187	184	187	189	194	144
QTD	308	184	184	187	184	187	189	194	144
1-Year	247	184	184	187	184	187	189	194	144
3-Year	165	176	176	177	176	177	181	184	136
5-Year	n/a	164	169	170	169	170	169	177	131
Since Inception*	115	151	158	159	158	159	158	159	120

\*Inception date: Retirement Date Hybrid In Retirement Trust, 8/5/2019; 2030-2060, 7/29/2019; 2065, 12/1/2020

Data as of 12/31/2025. Performance in USD, net of fees.

Source: Morningstar, Inc.

\*\*Drawdown period is 2/20/2025-4/8/2025

Past Performance does not guarantee future results.

Legend:

1st - 25th pct  
26th - 50th pct

## Additional Disclosures

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

Capital market assumptions are not meant to reflect any projection or promise of performance. No guarantee or representation is being made that any account will or is likely to achieve the assumptions shown. CMA Methodology can be found here: <https://res.americancentury.com/docs/comprehensive-capital-market-assumptions.pdf>.

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*The Morningstar percentile ranking is based on the fund's total-return relative to all funds in the category.*

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### American Century Investments ®

4500 Main Street  
Kansas City, MO 64111  
1-866-628-8826

330 Madison Avenue  
New York, NY 10017  
1-866-628-8826

3945 Freedom Circle,  
Suite #800  
Santa Clara, CA 95054  
1-866-628-8826

360 East 2<sup>nd</sup> Street, 5<sup>th</sup> Floor  
Los Angeles, CA 90071  
1-866-628-8826

2 Ice House Street  
Hong Kong  
+852 3405 2600

12 Henrietta Street  
London, WC2E 8LH  
+44 20 7024 7080

1 Farrer Place  
Sydney, NSW 2000  
+61 2 8667 3025

Taunusanlage 8  
60329 Frankfurt, Germany  
+49 69 8088 5501