

AMERICAN CENTURY®

# CALIFORNIA MUNICIPAL BOND ETF

## Pursuing Tax-Advantaged Income Across the Market Cycle for California Investors

Many California investors turn to municipal bonds (munis) when searching for attractive taxable equivalent yields—especially important given the high federal and state income tax rates of 14.4% and 37% respectively. California also has one of the largest and most fragmented muni markets in the U.S., with the state and issuers including 58 counties, 483 incorporated cities and more than 2,235 school districts and charter schools, exceeding \$657 billion.\*

A market-weighted passive index approach may not fully capture the opportunities California munis have to offer. The market's fragmentation makes replicating market-weighted indices challenging. Municipal indices also often overweight highly indebted projects or sectors. Moreover, investment-grade indices exclude unrated issues that could offer the potential for capital appreciation.

Finally, passive indices don't offer the opportunity to add value through security selection, sector exposures or duration positioning or to identify opportunities across the quality spectrum.

California Municipal Bond ETF (CATF) seeks to capitalize on these inefficiencies by drawing on the expertise of American Century's dedicated muni team. The team's research-driven approach pursues attractive issues with low default risk, while the portfolio opportunistically allocates between 5% and 35% to below investment-grade bonds based on market trends and economic conditions.

### FUND INFORMATION

Ticker	CATF
Intraday NAV Ticker	CATF-IV
Inception Date	7/16/2024
Exchange	NYSE ARCA
Gross Expense Ratio	0.28%
Benchmark	S&P California AMT-Free Municipal Bond Index
Distribution Frequency	Monthly
Morningstar Category	Muni California Intermediate

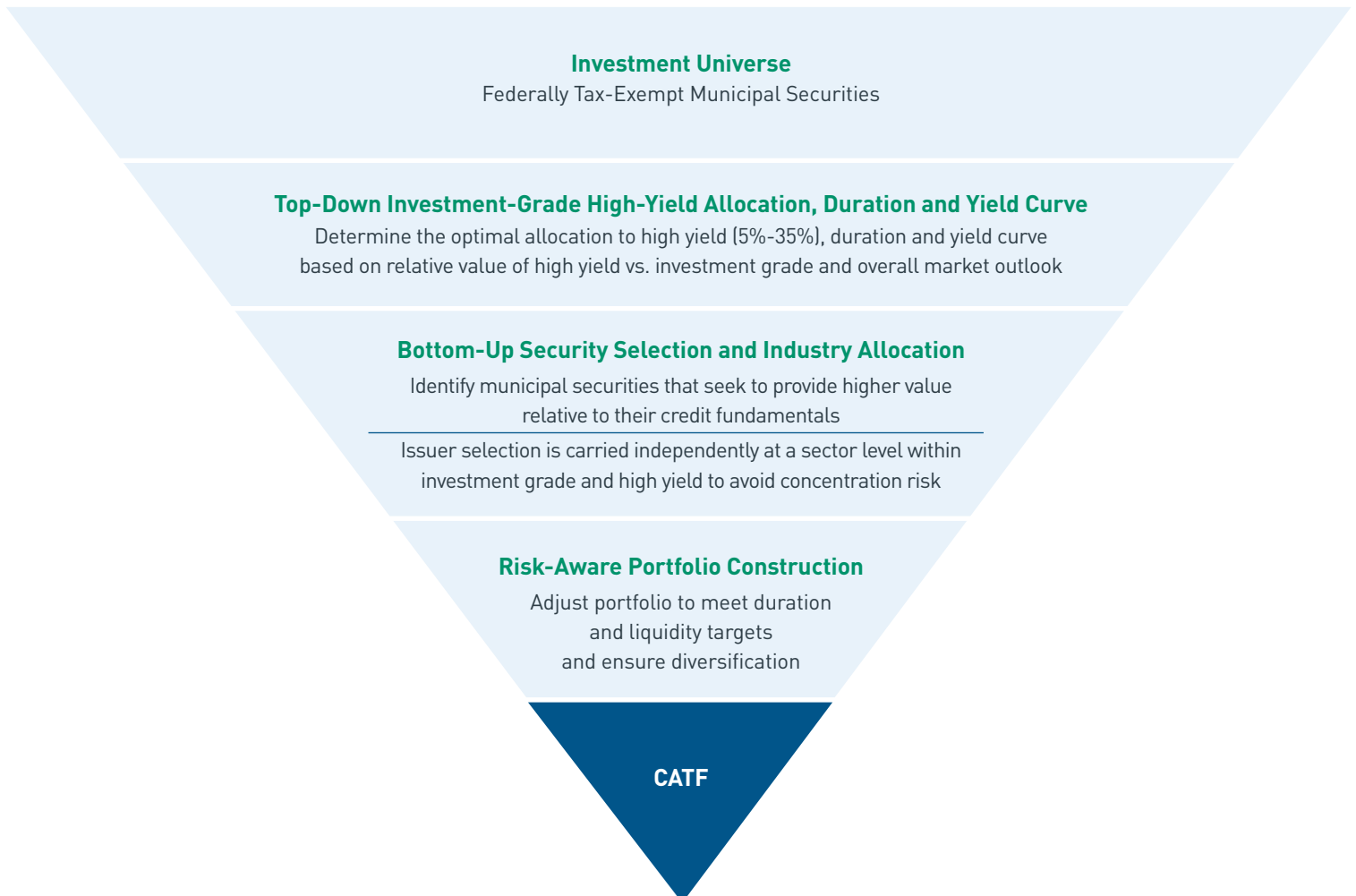
\*Bloomberg, April 2023

## A Dynamic Approach to Municipal Bond Investing

American Century's municipal bond team believes that combining top-down analysis with bottom-up research offers the best opportunity and potential for attractive income and risk-adjusted returns.

The California-based portfolio management team conducts top-down analysis to help determine the optimal allocations to high yield and investment grade, as well as duration and yield curve positioning. The team then performs in-depth, bottom-up analysis of each bond to identify those it believes offer low default risk and potential for credit upgrades. The result is a portfolio designed to be diversified by sector, credit quality and interest rate sensitivity, offering enhanced income potential.

### A Process Proven Over Multiple Market Cycles



\*Bloomberg, April 2023

# INVESTOR PROFILE



- California investors seeking enhanced income and risk-adjusted return potential from their municipal bond portfolio.
- California investors looking to enhance tax efficiency of investment returns.
- California investors concerned that a cap-weighted index approach to municipal bonds does not emphasize the most attractive issues.
- California investors who would like a municipal bond solution that aims to adjust to changing market conditions and allocates opportunistically to investment grade and high yield.

## The Fund's Role in Your Portfolio

- Investors seeking a high level of current income that is exempt from California state and federal income taxes.
- Investors seeking to diversify their portfolios with a high-quality asset class that has a low correlation to equities.
- Investors averse to indexed strategies looking for actively managed positions in investment grade.

## Bringing New Meaning to Healthy Returns

Twenty years ago, our founder had an audacious idea. Use profits from his investment firm to end diseases that touch everyone. Like cancer. And Alzheimer's.

That's why over 40% of our profits go to the Stowers Institute for Medical Research, a world-class biomedical research organization dedicated to defeating life-threatening diseases.

Investing with us means investing in a healthier world for everyone.

[americancentury.com/purpose](https://americancentury.com/purpose)

### CLEAR AND ENDURING MANAGEMENT STYLE:

California Municipal Bond ETF is managed by a team of municipal bond market veterans, including 14 seasoned professionals who average more than 21 years of experience. The portfolio management team is based in California, giving them lived-in knowledge of the state's municipal markets.

**American Century Investments®** has been managing municipal portfolios for more than 30 years and today manages more than \$8 billion in assets.

\*As of 12/31/2024



### INNOVATIVE

Variety of investment approaches that offer proactive solutions.



### UPSIDE POTENTIAL

Alpha-seeking portfolios based on manager research and insights.



### LOWER COST

Opportunity to add value in a lower-cost, tax-efficient vehicle.

**Exchange-Traded Funds (ETF) are bought and sold through an exchange trading at market price (not NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. ETFs trade like stocks, fluctuate in market value and may trade at prices above or below the ETF's net asset value. Brokerage commissions and ETF expenses will reduce returns.**

The fund is actively managed and does not seek to replicate the performance of a specified index. To determine whether to buy or sell a security, the portfolio managers consider, among other things, various fund requirements and standards, along with economic conditions, alternative investments, interest rates and various credit metrics. If the portfolio managers' considerations are inaccurate or misapplied, the fund's performance may suffer.

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.

Generally, as interest rates rise, the value of the securities held in the fund will decline. The opposite is true when interest rates decline.

Because the fund invests primarily in California municipal securities, its yield and share price will be affected by political and economic developments within the State of California.

There is no guarantee that all of the fund's income will be exempt from federal, California state or local income taxes. The portfolio managers are permitted to invest the fund's assets in debt securities with interest payments that are subject to federal income tax, California state tax, local income tax and/or the federal alternative minimum tax. Capital gains are not exempt from state and federal income tax.

The lower rated securities in which the fund may invest in are subject to greater credit risk, default risk and liquidity risk.

This information is for educational purposes only and is not intended as tax advice. Please consult your tax advisor for more detailed information or for advice regarding your individual situation.

IRS Circular 230 Disclosure: American Century Companies, Inc. and its affiliates do not provide tax advice. Accordingly, any discussion of U.S. tax matters contained herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone unaffiliated with American Century Companies, Inc. of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

**S&P® California National AMT-Free Municipal Bond Index:** is a broad market value-weighted index designed to measure the performance of the investment-grade tax-exempt U.S. municipal bond market. Bonds issued by U.S. territories, including Puerto Rico, are excluded from this index. It is not possible to invest directly in an index.

***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.***

**Alpha:** Alpha is typically used to represent the value added or subtracted by active investment management strategies. It shows how an actively managed investment portfolio performed compared with the expected portfolio returns produced simply by benchmark volatility (beta) and market changes. A positive alpha shows that an investment manager has been able to capture more of the upside movement in the benchmark while softening the downswings. A negative alpha means that the manager's strategies have caught more benchmark downside than upside.

**Duration:** Duration is an important indicator of potential price volatility and interest rate risk in fixed income investments. It measures the price sensitivity of a fixed income investment to changes in interest rates. The longer the duration, the more a fixed income investment's price will change when interest rates change. Duration also reflects the effect caused by receiving fixed income cash flows sooner instead of later. Fixed income investments structured to potentially pay more to investors earlier (such as high-yield, mortgage, and callable securities) typically have shorter durations than those that return most of their capital at maturity (such as zero-coupon or low-yielding noncallable Treasury securities), assuming that they have similar maturities.

**Yield curve:** A line graph showing the yields of fixed income securities from a single sector (such as Treasuries or municipals), but from a range of different maturities (typically three months to 30 years), at a single point in time (often at month-, quarter- or year-end). Maturities are plotted on the x-axis of the graph, and yields are plotted on the y-axis. The resulting line is a key bond market benchmark and a leading economic indicator.

**High-yield bonds:** High-yield bonds are fixed income securities with lower credit quality and lower credit ratings. High-yield securities are those rated below BBB- by Standard & Poor's.

**Investment-grade:** Typically used in reference to fixed income securities that possess relatively high credit quality and have 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 from AAA at the highest end to BBB- at the lowest. To earn these ratings, securities, in the judgment of the rating agency, are projected to have relatively low default risk.