

# Focused International Growth Fund

## Quarterly Commentary

### Market Review

**Markets becoming more company focused.** After a period dominated by high-level economic concerns, markets have begun to differentiate among stocks based on the underlying strength of individual companies. For example, companies that reported strong earnings during the first quarter were clearly rewarded compared to the broad market.

**The growth outlook remains steady.** It is now clear that economies have avoided recession and have entered a period of more steady growth, albeit at a lower rate than investors may prefer. Generally, the underpinnings for growth appear stable with some areas seeing acceleration.

**Information technology positions were strong performers.** Investor interest in companies related to artificial intelligence gave a boost to positions in the semiconductors industry compared with the benchmark, including ARM Holdings and Taiwan Semiconductor Manufacturing Co. Data center operator NEXTDC performed well as AI is expected to drive higher demand for cloud storage. SAP also benefited from investor interest in cloud computing and AI applications.

**Selection in the consumer discretionary sector contributed.** Luxury sports car manufacturer Ferrari was a strong performer during the period compared with the benchmark as the company continues to see strong demand and success with the launch of its SUV model. Specialty retailer Fast Retailing and Indian online travel company MakeMyTrip were also notable contributors.

**Financials sector positions detracted.** HDFC Bank weighed on performance within the sector compared with the benchmark after the company issued a weaker-than-expected earnings report. Hong Kong-based insurer AIA Group was also a notable detractor as China's sluggish economy has impacted the stock. We exited that position. Payments company Edenred underperformed due to news that the company's Italian operation had come under an investigation regarding meal vouchers.

### Key Contributors

**ARM Holdings.** The semiconductor and software design company's stock jumped nearly 100% after it reported earnings as the company continued to benefit from the semiconductor purchasing cycle and increased investment in artificial intelligence. We sold the position with the valuation at more than 70 times 2026 earnings potential.

**Novo Nordisk.** Guidance was raised for the pharmaceuticals manufacturer as its popular weight-loss drugs, Ozempic and Wegovy, both beat expectations. Outperformance has primarily been driven by earnings-per-share upgrades stemming from the success of these two drugs.

**SAP.** The company's stock advanced after it reported earnings that were in line with and, in some cases, better than analysts' expectations. Management also announced a restructuring, gave positive 2024 guidance and reiterated revenue expectations.

### Key Detractors

**BayCurrent Consulting.** The company's quarterly earnings report was worse than expected. Top-line growth slowed with gross profit margin pressured by aggressive hiring and the wind down of a large-scale project in October. Investors reacted negatively to the report although hiring is often a sign of demand expectations.

### Goal and Strategy

Long-term capital growth by investing primarily in large companies in developed countries outside the U.S.

### Portfolio Management Team

Name	Start Date	
	Industry	Company
Rajesh Gandhi, CFA	1993	2002
Jim Zhao, CFA	1999	2009

### Top 10 Holdings (%)

Taiwan Semiconductor Manufacturing Co Ltd	5.36
Novo Nordisk A/S	5.22
ASML Holding NV	4.62
SAP SE	3.96
LVMH Moet Hennessy Louis Vuitton SE	3.66
Air Liquide SA	3.19
ICON PLC	3.18
Keyence Corp	3.01
RELX PLC	2.98
London Stock Exchange Group PLC	2.89

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.*

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**Infineon Technologies.** Shares of the company traded down after it issued a statement regarding its legal dispute with the insolvency administrator of Qimonda, a company split out of Infineon. This issue has been pending for years, and its significance is unknown. It represents less of a concern, in our view.

**HUGO BOSS.** The German premium fashion designer announced fourth-quarter sales and revenue results, which came in lower than expected. Management conservatively guided toward the middle of their prior guidance range. The company has seen weaker-than-expected consumer activity, leading to more promotional activity.

### Notable Trades

**ASML Holding.** With 80% of the global market share, this company is a leading supplier of lithography machines used in semiconductor manufacturing, including specialized chips required for artificial intelligence applications. Its new orders have increased significantly, and we expect further sustainable growth.

**Adyen.** We initiated a position in this Dutch payments company. Adyen's organic growth rate accelerated in the fourth quarter after disappointing results in the previous two quarters, indicating to us that the company is regaining sales momentum. Its cost increase has also slowed, resulting in profit growth.

**AstraZeneca.** Shares of the pharmaceutical company traded down following its fourth-quarter earnings report. Lingering concerns over the company's margin outlook were not alleviated as fourth-quarter operating profit missed expectations and 2024 guidance remained the same. We have exited the position.

**AIA Group.** We sold the Hong Kong-based insurer as we expect the slowdown in China's economy to result in lower demand for AIA insurance products. The underperformance of the Chinese equity market also presents a risk to AIA's investment portfolio.

### Top Holdings

The portfolio continues to invest in companies we believe are strong and improving and have improvement that is sustainable. Our process is based on individual security selection. Some of the portfolio's key holdings are highlighted below.

**Taiwan Semiconductor Manufacturing Co.** The firm continues to benefit from growing global semiconductor demand. The company's confidence in its capacity plans is backed up by customer demand related to long-term megatrends, in our view.

**Novo Nordisk.** We believe the pharmaceutical company should continue to see accelerating growth trends due to the launch of Rybelsus, which is used to treat Type 2 diabetes, the approval of semaglutide (the chemical name of Rybelsus) to treat obesity and a full phase 3 product pipeline.

**ASML Holding.** This company is a leading supplier of lithography machines used in semiconductor manufacturing, including specialized chips required for artificial intelligence applications. Its new orders have increased significantly, and we expect further improvement to provide sustainable growth for the next couple of years.

**SAP.** The enterprise application software company stands to benefit from strong momentum in its cloud computing business and the secular artificial intelligence theme, which management believes will be transformative for the company.

**LVMH Moët Hennessy Louis Vuitton.** The company is a global leader in luxury and premium brands due to its diverse product portfolio and geographic reach. Demand is relatively resilient for luxury fashion and leather goods, premium spirits and jewelry.

**Air Liquide.** This gas supply company stands to benefit from the energy transition secular growth theme. Higher infrastructure, nonresidential construction and capital investment bode well for construction-related names in materials and industrials, particularly those exposed to sustainability trends, including renewable energy.

**ICON.** ICON provides outsourced clinical trial and commercialization services to the pharmaceuticals industry. We expect the company's profit trends to accelerate given its recent strength in new business and ICON's acquisition of PRA Health Sciences.

**Keyence.** Keyence is Japan's leading domestic supplier of sensors, measuring equipment, vision systems and programmable logic controllers. We believe Keyence is well positioned to benefit from a broad range of manufacturing trends such as increased quality control, traceability and machine guidance.

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**RELX.** The company provides information and analytics solutions for professional and business customers across industries. RELX has started a multiyear product reorientation in its risk and legal business, driving a small upgrade to organic growth.

**London Stock Exchange Group.** The financial exchange has a strong balance sheet and is growing business in an area of financials we believe is more shielded from the impact of declining interest rates compared to banks and other financial institutions.

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TICKERS Investor Class: AFCNX | I Class: AFCSX | A Class: AFCLX | C Class: AFCHX | R Class: AFCWX | R6 Class: AFCMX

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](http://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	7.99	7.09	-2.63	7.28	-	7.92	3/29/16	1.10
I	8.06	7.31	-2.43	7.50	-	8.13	3/29/16	0.90
R6	8.08	7.42	-2.29	7.65	-	8.29	3/29/16	0.75
MSCI ACWI ex-US Index	4.69	13.26	1.94	5.97	-	-	-	-

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 R and R6 Share Classes are 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](http://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.

International investing involves special risk considerations, including economic and political conditions, inflation rates and currency fluctuations.

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