

## QUARTERLY COMMENTARY

# American Century® MID CAP GROWTH IMPACT ETF

An actively managed environmental, social and government (ESG) portfolio of mid-cap companies with the potential to generate attractive returns and benefit society.

### This ETF is different from traditional ETFs.

Traditional ETFs tell the public what assets they hold each day. This ETF will not. **This may create additional risks for your investment.** Specifically:

- You may have to pay more money to trade the ETF's shares. This ETF will provide less information to traders, who tend to charge more for trades when they have less information.
- The price you pay to buy ETF shares on an exchange may not match the value of the ETF's portfolio. The same is true when you sell shares. These price differences may be greater for this ETF compared to other ETFs because it provides less information to traders.
- These additional risks may be even greater in bad or uncertain market conditions.
- The ETF will publish on its website each day a "Proxy Portfolio" designed to help trading in shares of the ETF. While the Proxy Portfolio includes some of the ETF's holdings, it is not the ETF's actual portfolio.

The differences between this ETF and other ETFs may also have advantages. By keeping certain information about the ETF secret, this ETF may face less risk that other traders can predict or copy its investment strategy. This may improve the ETF's performance. If other traders are able to copy or predict the ETF's investment strategy, however, this may hurt the ETF's performance.

For additional information regarding the unique attributes and risks of this ETF, see the additional risk discussion at the end of this material.

### Strategy Highlights

**Dedicated to performance and impact.** The portfolio offers dedication to investment performance and an opportunity to affect positive change in the world. We believe we can make a measurable, positive impact by investing in companies that drive positive change.

**Thematic approach focused on inflection.** Our approach highlights areas of opportunity that are driving positive social change. At the same time, an inflection in business strength may indicate an underappreciated secular shift in the company's growth trajectory.

### GOAL & STRATEGY:

Long-term capital growth.

### PORTFOLIO MANAGEMENT TEAM

Name	Start Date	
	Industry	Company
Robert Brookby	1994	2018
Nalin Yogasundram	1996	2013
Rene Casis	1997	2018

### TOP HOLDINGS (%)

Enphase Energy Inc	8.20
Cadence Design Systems Inc	7.03
Chipotle Mexican Grill Inc	5.66
Keysight Technologies Inc	5.41
Manhattan Associates Inc	5.22
Palo Alto Networks Inc	4.48
Trane Technologies PLC	4.22
Airbnb Inc	3.82
Element Solutions Inc	3.79
MSCI Inc	3.70

**Top Ten Holdings Total** 51.53

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.

**Actively managed, concentrated portfolio.** We invest in a concentrated number of midsize holdings that represent our best investment opportunities. The managers believe companies with enduring growth characteristics backed by impactful thematic drivers should outperform over time.

## Portfolio Review

**Stocks continued their slide.** Stocks began the quarter strong, rallying more than 9% in July on hopes for a pivot by the Federal Reserve (Fed). That sentiment quickly faded on concerns that inflation may prove more entrenched than expected, requiring a more sustained and aggressive pace of Fed rate hikes.

**Growth stocks outperformed.** While market declines were widespread, small-cap stocks outperformed mid- and large-cap stocks. Growth stocks outperformed value stocks across market capitalizations.

**Semiconductor stocks helped drive outperformance.** Stock selection in the semiconductors and semiconductor equipment industry along with an overweight allocation relative to the benchmark benefited performance. Enphase Energy was a top contributor. Stock choices in the software industry were also helpful, led by Manhattan Associates.

**Hotels, restaurants and leisure stocks were top contributors.** Stock choices in the industry aided consumer discretionary performance compared with the benchmark, led by Airbnb. Consumers continued to favor experiences over goods, resulting in strong lodging trends.

**Industrials detracted.** Aerospace and defense stocks weighed on performance relative to the benchmark. CAE, which provides civil and defense aviation simulation equipment and services, revealed profitability problems with two sizable contracts. We expect long-term opportunities in defense and commercial aviation to ultimately restore confidence in a solid growth forecast.

**The portfolio is positioned for impact.** We see longer-term opportunities in companies helping to achieve the U.N. Sustainable Development Goals\* with key impact themes of a greener planet; innovation, efficiency and education driven by technology; and improving health care outcomes across various sectors of our portfolio.

\*To see a complete list of the U.N. Sustainable Development Goals, please visit [sdgs.un.org](https://sdgs.un.org).

# MID CAP GROWTH IMPACT ETF

MID

Data as of 9.30.2022

PERFORMANCE (%)	1 Mo.	QTR	1 Year	3 Year	Since Inception	Inception Date	Expense Ratio %
NAV	-9.08	1.68	-29.54	-	1.84	7/13/20	0.45
Market Price	-9.04	1.73	-29.57	-	1.85	7/13/20	-
Russell Midcap Growth	-8.49	-0.65	-29.50	-	0.01	-	-

Performance data quoted represents past performance and is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. NAV prices are used to calculate market price performance prior to the date when the Fund first traded on the New York Stock Exchange. Market performance is determined using the bid/ask midpoint at 4:00 p.m. Eastern time, when the NAV is typically calculated. Market performance does not represent the returns you would receive if you traded shares at other times. To obtain performance data current to the most recent month end, please visit <https://ipro.americancentury.com/etf-performance>. Index performance does not represent the fund's performance. It is not possible to invest directly in an index.

*DUE TO MARKET VOLATILITY, CURRENT PERFORMANCE MAY BE DIFFERENT THAN THE FIGURES SHOWN.*

Exchange Traded Funds (ETF) are bought and sold through 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.

***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.***

## Key Terms:

**Weighted Average Market Cap:** The average of the weighted capitalizations of all holdings in a portfolio.

**Price to Earnings Ratio:** The price of stock divided by its annual earnings per share.

**Price to Book Ratio:** The ratio of a stock's price to its book value per share.

**EPS Growth:** The growth of earnings per share over time.

**Return on Equity** Return on equity (ROE) is net income divided by shareholder's equity and is a measure of a corporate management team's ability to generate profits with the capital at its disposal.

**30 Day SEC Yield:** Represents net investment income earned by a fund over a 30-day period, expressed as an annual percentage rate based on the fund's share price at the end of the 30-day period. The SEC Yield should be regarded as an estimate of the fund's rate of investment income, and it may not equal the fund's actual income distribution rate, the income paid to a shareholder's account, or the income reported in the fund's financial statements.



# MID CAP GROWTH IMPACT ETF

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.

The fund is an actively managed ETF that does not seek to replicate the performance of a specified index.

**MID** is classified as non-diversified. Because it is non-diversified, it may hold large positions in a small number of securities. To the extent it maintains such positions; a price change in any one of those securities may have a greater impact on the fund's share price than if it were diversified.

Many of American Century's investment strategies incorporate the consideration of environmental, social, and/or governance (ESG) factors into their investment processes in addition to traditional financial analysis. However, when doing so, the portfolio managers may not consider ESG factors with respect to every investment decision and, even when such factors are considered, they may conclude that other attributes of an investment outweigh ESG considerations when making decisions for the portfolio. The consideration of ESG factors may limit the investment opportunities available to a portfolio, and the portfolio may perform differently than those that do not incorporate ESG considerations. ESG data used by the portfolio managers often lacks standardization, consistency, and transparency, and for certain companies such data may not be available, complete, or accurate.

## ESG Definitions

- **ESG Integrated:** An investment strategy that integrates ESG factors aims to make investment decisions through the analysis of ESG factors alongside other financial variables in an effort to deliver superior, long-term, risk-adjusted returns. Therefore, ESG factors may limit the investment opportunities available, and the portfolio may perform differently than those that do not incorporate ESG factors. Portfolio managers have ultimate discretion in how ESG issues may impact a portfolio's holdings, and depending on their analysis, investment decisions may not be affected by ESG factors.
- **ESG Focused:** An investment strategy that focuses on ESG factors seeks to invest, under normal market conditions, in securities that meet certain ESG criteria or standards in an effort to promote sustainable characteristics, in addition to seeking superior, long-term, risk-adjusted returns. This investment focus may limit the investment opportunities available to a portfolio. Therefore, the portfolio may underperform or perform differently than other portfolios that do not have an ESG investment focus. ESG-focused investment strategies include but are not limited to impact, best-in-class, positive screening, exclusionary, and thematic approaches.

**Proxy Portfolio Risk:** The goal of the Proxy Portfolio is to track closely the daily performance of the Actual Portfolio. The Proxy Portfolio is designed to reflect the economic exposures and the risk characteristics of the Actual Portfolio on any given trading day.

- ETFs trading on the basis of a published Proxy Portfolio may exhibit wider premiums and discounts, bid/ask spreads, and tracking error than other ETFs using the same investment strategies that publish their portfolios on a daily basis, especially during periods of market disruption or volatility. Therefore, shares of the fund may cost investors more to trade than shares of a traditional ETF.
- Each day the fund calculates the overlap between the holdings of the prior Business Day's Proxy Portfolio compared to the Actual Portfolio (Proxy Overlap) and the difference, in percentage terms, between the Proxy Portfolio per share NAV and that of the Actual Portfolio (Tracking Error).
- Although the fund seeks to benefit from keeping its portfolio information secret, market participants may attempt to use the Proxy Portfolio to identify a fund's trading strategy, which if successful, could result in such market participants engaging in certain predatory trading practices that may have the potential to harm the fund and its shareholders.

**Premium/Discount Risk:** Although the Proxy Portfolio is intended to provide investors with enough information to allow for an effective arbitrage mechanism that will keep the market price of the fund at or close to the underlying net asset value (NAV) per share of the fund, there is a risk (which may increase during periods of market disruption or volatility) that market prices will vary significantly from the underlying NAV of the fund.

**Trading Issues Risk:** Trading halts may have a greater impact on this fund compared to other ETFs due to the fund's nontransparent structure.

**Authorized Participant / Authorized Participant Representative Concentration Risk:** Only an authorized participant may engage in creation or redemption transactions directly with the fund. The fund may have a limited number of institutions that act as authorized participants. The fact that the fund is offering a novel and unique structure may affect the number of entities willing to act as Authorized Participants. During times of market stress, Authorized Participants may be more likely to step away from this type of ETF than a traditional ETF.

The Russell Midcap<sup>®</sup> Index measures the performance of the 800 smallest companies in the Russell 1000<sup>®</sup> Index. The Russell Midcap<sup>®</sup> Growth Index measures the performance of those Russell Midcap<sup>®</sup> companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000<sup>®</sup> Growth Index. Created by Frank Russell Company, indices are not investment products available for purchase.

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