31 MARCH 2025

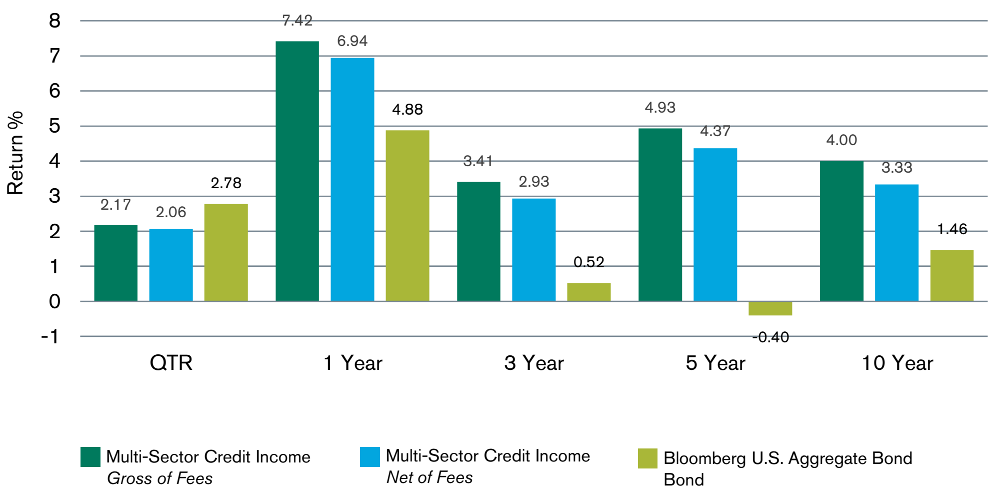
# Multi-Sector Credit Income

American Century Investments®

Quarterly Review

## Composite Performance

Periods Ending 31 March 2025



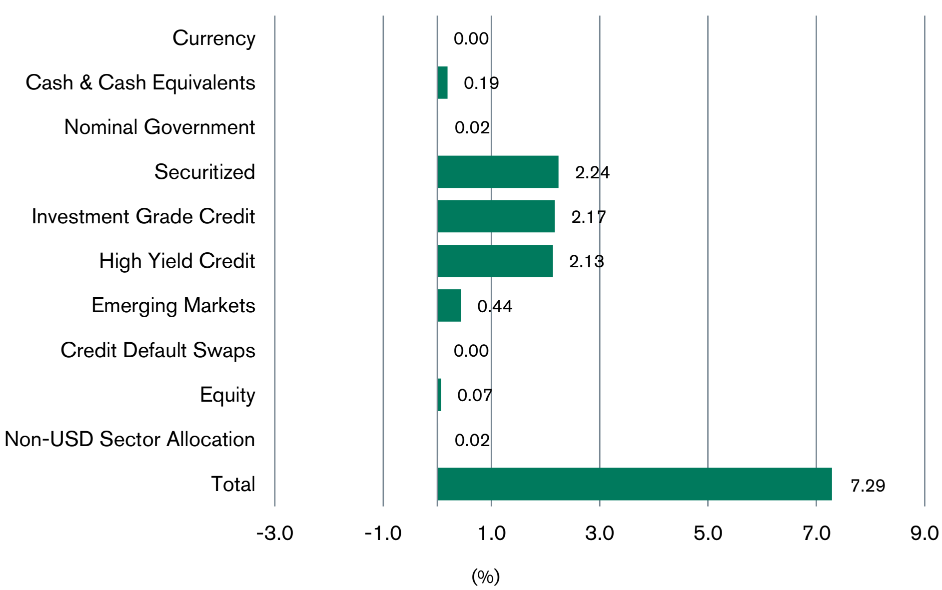

Source: FactSet

The value of investments can fluctuate. Data assumes reinvestment of dividends and capital gains. Data reflects past performa nce. Past performance does not guarantee future results.

Periods greater than one year have been annualized.

## Attribution Analysis

One Year Ending 31 March 2025




Total Effect includes residual securities not reflected in the categories shown above.

## At a Glance

**Inception:** 1 September 2014

**Benchmark:** Bloomberg U.S. Aggregate Bond Bond

**AUM:** $293.73 million

## Portfolio Management Team

| | Start Date | |
|---|---|---|
| Name | Industry | Firm |
| Charles Tan | 1994 | 2018 |
| Jason Greenblath | 2002 | 2019 |
| Joseph Norris | 1992 | 2023 |
| Gavin Fleischman | 2000 | 2008 |

Portfolio team subject to change at any time and without notice.

## Investment Philosophy

Fixed income markets are inefficient and mean-reverting. Dislocations can be exploited by skilled, active managers through a combination of fundamental and quantitative research and rigorous risk analysis.

- We believe the ability to outperform requires the expertise to spot opportunities as well as the agility to act on them.
- We believe in the power of fundamental research – augmented by quantitative methodologies – to seek consistent excess returns over a full market cycle.
- We view relationships with our clients as partnerships and collaborate to customize solutions.

## Goal

Seeks to maximize total return through full credit cycles.

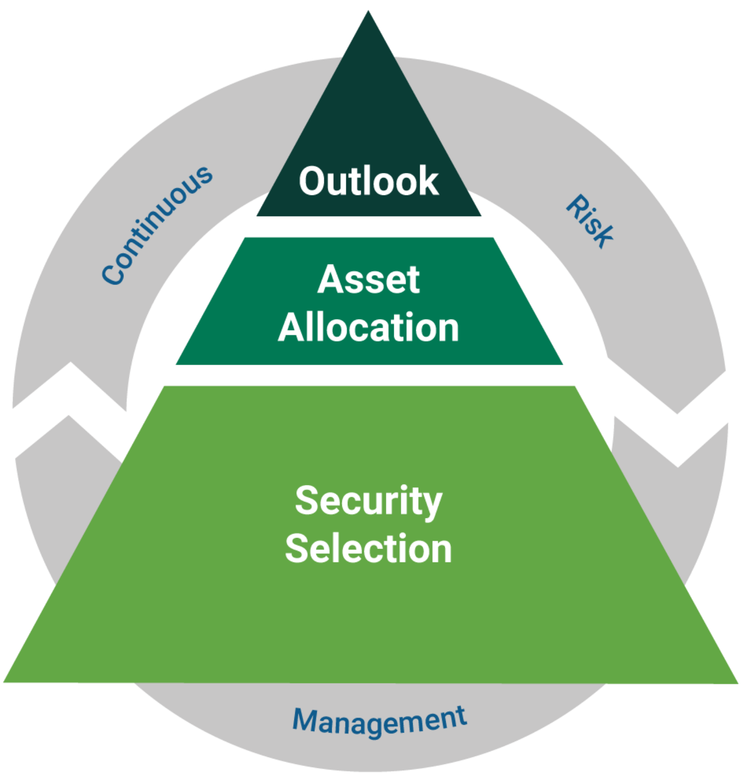
## Risk Guidelines

Duration limits: 3 to 8 years

Maximum 65% allocation to below investment grade

Issuer limits: 5% per issuer at purchase, excluding government securities and government agency mortgages

## Investment Process




**Outlook**

- Integrates analysis of economy, markets and policies to establish top-down views on global economic growth, inflation, central bank policies, and interest rates

**Asset Allocation**

- Considers economic fundamentals and technical rich/cheap sector analysis to determine relative value
- Done by leaders from each sector sharing best ideas, setting investment strategy, and selecting investments

**Security Selection**

- Portfolio managers, analysts and traders collaborate to manage sector exposures, issuer weights and security selection
- Analysts identify attractive issues through deep fundamental research based on sector-specific analytic frameworks

**Risk Management**

- Risk Management team independently reviews portfolio holdings' compliance with risk budgets
- Proprietary tools help test and monitor portfolio exposures, apply scenario analysis and evaluate potential trades

Risk management does not imply low risk. The total return target is aspirational in nature and is not based on any criteria o r assumptions. The target is 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 object ives or targets shown.

## Portfolio Characteristics

| | Portfolio | Benchmark |
|---|---|---|
| Duration | 4.49 Years | 5.89 Years |
| Spread Duration | 3.14 Years | 3.18 Years |
| Weighted Average Life to Maturity | 11.83 Years | 8.38 Years |
| Yield to Maturity | 6.78% | 4.60% |

## Credit Quality

| Credit Quality | Portfolio (%) |
|---|---|
| U.S. Government | 15.77 |
| AAA | 5.28 |
| AA | 2.38 |
| A | 6.34 |
| BBB | 23.61 |
| BB | 26.84 |
| B | 12.69 |
| CCC | 1.67 |
| CC | 0.00 |
| C & Below | 0.00 |
| Non Rated | 5.85 |
| Cash and Cash Equivalents | -0.43 |

## Sector Allocation

| | Portfolio |
|---|---|
| **USD Denominated** | **100.32%** |
| Government | 5.54% |
| Nominal Government | 5.42% |
| Agency | 0.00% |
| Treasury Futures | 0.12% |
| Securitized | 28.82% |
| Agency Mortgage Backed Securities | 8.71% |
| Agency Collateralized Mortgage Obligation | 0.40% |
| Non-Agency Collateralized Mortgage Obligation | 6.07% |
| Agency Commercial Mortgage Backed Security | 0.00% |
| Non-Agency Commercial Mortgage Backed Security | 3.61% |
| Asset Backed Security | 6.25% |
| Collateralized Loan Obligation | 3.78% |
| Credit | 56.58% |
| Investment Grade Credit | 18.64% |
| High Yield Credit | 36.51% |
| Bank Loans | 1.22% |
| Credit Default Swaps | 0.21% |
| Emerging Markets | 9.38% |
| **Non-USD Denominated** | **0.13%** |
| Non-USD Credit | 0.13% |
| **Cash & Cash Equivalents** | **-0.43%** |
| **Currency Derivatives** | **0.00%** |
| **Total** | **100.02%** |

Source: American Century Investments, Bloomberg Index Services Ltd.

# Quarterly Commentary

## Market Review

**Bonds rebounded.** U.S. investment-grade bonds bounced back from a fourth-quarter loss to deliver a solid first-quarter gain. Mounting uncertainty regarding growth, tariffs and inflation helped push yields lower, which helped drive the market's positive performance.

**Economy slowed.** The U.S. economy grew 2.4% (annualized) in the fourth quarter, down from 3.1% in the third quarter. Data released in the first quarter of 2025 were mixed. Private sector activity strengthened, with services and manufacturing expanding. Monthly retail sales improved, but consumer confidence and wage growth declined. Job growth slowed, but the unemployment rate held fairly steady.

**The Fed paused.** After cutting rates 100 bps in 2024, the Fed left its rate target range of 4.25% to 4.5% unchanged in the first quarter. By March, amid growing economic uncertainty, Fed officials lowered their 2025 growth outlook and lifted their inflation forecast. They also reiterated their wait-and-see approach toward additional rate cuts.

**Treasury yields fell.** Treasury yields ended the quarter lower, and the yield curve between two and 10 years steepened slightly. Economic uncertainty stemming from pending tariff policy largely contributed to the yield backdrop. The yield on the 10-year note declined 37 bps to 4.21%, while the two-year Treasury yield fell 35 bps to 3.9%.

**Most inflation measures moderated.** Year-over-year headline CPI eased in February to 2.8%. Core CPI slowed to 3.1% from 3.3% in January. However, annual core personal consumption expenditures, the Fed's preferred inflation gauge, rose to 2.8% in February, up from 2.7% in January and above the Fed's 2% target. Inflation breakeven rates increased, and TIPS outperformed nominal Treasuries.

**All investment-grade bond sectors gained.** MBS and Treasuries were top first-quarter performers, outpacing the broad bond market index. Although credit spreads widened in the quarter, falling yields aided investment-grade corporate bond returns, which advanced but lagged the broad bond market index. High-yield corporates advanced but underperformed their investment-grade peers.

## Portfolio Performance Review

**High-yield credit detracted.** Our high-yield securities hindered results amid growing volatility as the quarter progressed. We took advantage of spread widening to selectively lift our high-yield exposure. We reduced our stake in investment-grade automobile bonds and other cyclicals on weaker fundamentals and tight valuations. Overall, investment-grade corporates slightly contributed to results.

**Duration positioning weighed on results.** The portfolio's duration, which was shorter than the index's duration, detracted from relative performance as yields declined. However, our positioning along the yield curve was positive and helped offset some duration effects.

**Securitized holdings contributed modestly.** Our allocation to the securitized sector, which we modestly decreased during the quarter, slightly contributed to results, largely due to exposure in credit-sensitive subsectors. Elsewhere, a position in emerging markets corporate securities detracted.

## Positioning for the Future

**Economy likely to slow, spreads likely to widen.** We expect below-trend growth to emerge over the next several months. Still-restrictive interest rates, tariffs and persistent inflation will likely pressure spending and economic growth. Accordingly, we have widened our spread targets to reflect higher degrees of uncertainty and higher risk premiums.

**Searching for stories.** With valuations still relatively tight, we favor focusing on story bonds rather than beta positioning. These bonds offer spread-tightening potential due to the issuers' exposure to positive events or catalysts. We will rely on our stringent credit research to uncover these securities. And, as always, we will remain nimble, highly selective and focused on valuations.

**Shorter-maturity focus enables opportunity.** We believe our positioning in shorter-maturity high-yield and callable hybrid securities remains attractive. In addition to delivering solid performance potential, their near-term maturities and callable natures provide opportunities to purchase new corporates at potentially cheaper levels.

## Available Vehicles

| | |
|---|---|
| **Separate Account** | Available in U.S. and certain non-U.S. countries |
| **ETF** | Available only in U.S. |
| **Multisector Income Fund** | |
| **I Share Class - ASIGX** | Available only in U.S. |
| **R5 Share Class - ASIJX** | Available only in U.S. |
| **R6 Share Class - ASIPX** | Available only in U.S. |
| **Investor Share Class - ASIEX** | Available only in U.S. |

*Composite returns are gross of investment management fees. unless otherwise noted. Sector weights, portfolio characteristics and holdings are of a representative account in the composite. Holdings are current as of the date indicated, are subject to change and may not reflect the portfolio's current holdings. Portfolio construction guidelines document operational policies and not necessarily investment restrictions imposed on management of the strategy. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed. Opinions expressed are those of the portfolio investment team and are no guarantee of the future performance of any American Century Investments® portfolio. Nothing in this document should be construed as offering investment advice. Please note that this is for informational purposes only and does not take into account whether an investment is suitable or appropriate for a specific investor. References to specific securities are for illustrative purposes only, and are not intended as recommendations to purchase or sell securities. Opinions and estimates offered constitute our judgment and along with other portfolio data, are subject to change without notice.*

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