

QUARTERLY COMMENTARY

American Century®

QUALITY DIVERSIFIED INTERNATIONAL ETF

Designed to enhance core international exposure by applying a systematic methodology that emphasizes high-quality value and growth companies, primarily in developed markets.

Dynamic changes to growth and value allocations help reduce style risk while capturing opportunities in the prevailing market environment. Adjustments are based on analysis of risk-adjusted returns rather than pure price momentum – overweight value when return exceeds growth (65% value, 35% growth) and overweight growth when return exceeds value (65% growth, 35% value). Monthly rebalancing in 10 percent increments also aims to keep risk in check. The result is a core international equity holding that’s designed to stand up to changes across the market cycle.

Strategy Highlights

Emphasis on what we believe are quality investments. QINT seeks to deliver investment results that closely correspond, before fees and expenses, to the performance of the American Century Quality Diversified International Equity Index (the underlying index). The underlying index is designed to dynamically allocate to large and midsize companies outside the U.S. with what we’ve identified as attractive growth, valuation and quality financial characteristics.

We seek to deliver consistent international core exposure. QINT follows what we believe is a systematic, rules-based approach to investing that focuses on a company’s financial strength and attributes. The portfolio aims to provide what we believe is core international exposure by distinguishing between what our research has indicated are high-quality value and growth companies, primarily in developed markets, and dynamically allocating to each category depending on our analysis of the market environment.

Managed exposure to risk. The team seeks to manage exposure to risk by limiting individual position size and emphasizing what we believe are larger-cap and less volatile securities.

Portfolio Review

Non-U.S. developed markets stocks surged. Inflation pressures cooled at a rapid pace through the fourth quarter, causing investors to believe that central banks will end their interest rate hiking cycles. This led to a broad-based rally in equities, including areas that had not participated in previous market rallies such as cyclicals, real estate and utilities.

Macroeconomic data have driven valuations. Our research indicated that while economic growth has slowed, it has not caused a rise in unemployment. As a result, investors around the world have expected interest rates to remain steady or decrease. Growth stocks outperformed value in non-U.S. developed markets, and large caps outperformed mid-cap stocks for the period.

Consumer staples positions added to relative performance. Positioning within the food products industry relative to the benchmark contributed to the portfolio’s results, primarily by avoiding exposure to underperforming benchmark constituent Nestle. Holdings in the tobacco industry also added to relative returns, including Imperial Brands and Japan Tobacco. Within personal care products, Unilever and L’Oreal were notable contributors.

Consumer discretionary holdings contributed. Positioning within the automobiles industry relative to the benchmark helped drive results in the sector, including a position in Stellantis and avoidance of Toyota Motor. Hotels, restaurants and leisure names also helped, and within the broadband retail industry, PDD Holdings was a notable individual contributor for the period.

GOAL & STRATEGY:

Tracks the American Century Quality Diversified International Equity Index.

PORTFOLIO MANAGEMENT TEAM

Name	Start Date	
	Industry	Company
Rene Casis	1997	2018
William Enderle	2017	2019

TOP HOLDINGS (%)

HSBC Holdings PLC	2.30
Novo Nordisk A/S	2.00
Novartis AG	1.39
Shin-Etsu Chemical Co Ltd	1.39
L’Oreal SA	1.31
Constellation Software Inc/Canada	1.20
Fairfax Financial Holdings Ltd	1.16
Shell PLC	1.15
Hermes International SCA	1.14
Sanofi SA	1.13

Top Ten Holdings Total 14.17

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.

Industrials positions weighed on relative returns. Industrial conglomerates Jardine Cycle & Carriage and Siemens were notable detractors. Positions in the trading companies and distributors industry, including Mitsubishi, weighed on performance, while lack of exposure to key benchmark names in the electrical equipment industry also detracted.

Allocation finished the quarter with a growth tilt. Our model began the fourth quarter with a neutral 50% growth/50% value positioning within the developed markets allocation. In November, relative returns and market volatility led the model to reposition to a 45% value allocation and 55% growth allocation, where it remained through December.

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QINT

Data as of 12.31.2023

PERFORMANCE (%)	1 Mo.	QTR	1 Year	3 Year	5 Year	Since	Inception	Gross
						Inception	Date	Expense
								Ratio %
NAV	4.46	9.97	20.81	1.76	9.00	5.55	9/10/18	0.39
Market Price	4.35	9.83	20.68	1.92	8.98	5.53	9/10/18	-
Spliced Quality Diversified International Equity	4.58	9.78	21.64	2.36	9.70	6.22	-	-
MSCI World ex-U.S. Index	5.47	10.51	17.94	4.42	8.45	5.85	-	-

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.

On 9/9/2022, QINT began to track the American Century Quality Diversified International Equity Index. Historical index data prior to 9/9/2022, is for the Alpha Vee American Century Diversified International Equity Index. Combined index data on and after 9/9/2022, is for Spliced Quality Diversified International Equity Index.

A Note About Risk:

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.

Historically, mid cap stocks have been more volatile than the stock of larger, more-established companies. Smaller companies may have limited resources, product lines and markets, and their securities may trade less frequently and in more limited volumes than the securities of larger companies.

International investing involves special risks, such as political instability and currency fluctuations. Investing in emerging markets may accentuate these risks.

This fund is not actively managed and the portfolio managers do not attempt to take defensive positions under any market conditions, including declining markets. The portfolio managers also do not generally add or remove a security from the fund until such security is similarly added or removed from the underlying index. Therefore, the fund may hold an underperforming security or not hold an outperforming security until the underlying index reacts. This may result in underperformance compared to the market generally.

In addition, there is no assurance that the underlying index will be determined, composed or calculated accurately. While the index provider provides descriptions of what the underlying index is designed to achieve, the index provider does not guarantee the quality, accuracy or completeness of data in respect of its indices, and does not guarantee that the underlying index will be in line with the described index methodology. Gains, losses or costs to the fund caused by errors in the underlying index may therefore be borne by the fund and its shareholders.

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, contains this and other information about the fund, and should be read carefully before investing.

Alpha Vee American Century Quality Diversified International Equity Index (underlying index) is a systematic, rules-based proprietary index that aims to dynamically allocate to companies with attractive growth, valuation, and quality fundamentals. The universe of the Index is comprised of large- and mid-capitalization equity securities of global issuers, primarily in developed markets excluding the United States. It is not possible to invest directly in an index.

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American Century Quality Diversified International Equity Index seeks to capture the performance of large- and mid-capitalization companies outside the U.S. that possess attractive quality, growth and valuation fundamentals. It is not possible to invest directly in an index.

MSCI World Ex-US Index is designed to measure large- and mid-cap companies across 22 developed markets outside the U.S. It is not an investment product available for purchase. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

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