

Small Cap Growth Fund

Quarterly Commentary

Portfolio Review

Stocks posted strong gains. U.S. stock indices were broadly higher as investors grew increasingly optimistic that the Federal Reserve (Fed) had engineered a soft landing amid cooling inflation and continued economic growth. As the Fed paused interest rate hikes, signs pointed to possible rate cuts in 2024.

Small-cap stocks outperformed. Small-cap issues outperformed their mid- and large-cap peers. Returns for growth stocks exceeded those for value stocks during the quarter, except in the small-cap universe, where value outperformed. Year to date, growth outperformed value across the capitalization spectrum.

Consumer discretionary detracted. Stock selection in the sector was detrimental, especially among diversified consumer services and specialty retail stocks.

Beverages stocks weighed on performance. Stock choices in the industry detracted from performance in the consumer staples sector. The consumer staples distribution and retail and food products industries also hampered sector performance.

Biotechnology benefited performance. Positioning in the industry relative to the benchmark contributed to outperformance in the health care sector. Health care technology also aided performance.

Key Contributors

Wingstop. This franchise operator of Buffalo-style chicken wing fast-casual restaurants reported quarterly results that were much better than analysts expected, driven by robust same-store sales growth. Our research indicates the company has seen continued strength in new customer acquisition and retention and increasing frequency of usage among new and core guests.

TopBuild. Quarterly results for this installer and distributor of insulation and other building accessories beat market expectations, driven by strong commercial and industrial volume growth and sustained pricing power. We believe new homebuilding is bottoming and builders' sentiment has improved as interest rates have started to come down.

Natera. This provider of advanced diagnostics for prenatal and oncology testing reported robust revenue growth along with rapidly improving gross margins and cash flow. Natera also benefited from positive clinical data on a renal transplant diagnostic and won a preliminary injunction on an up-and-coming competitor in oncology testing.

Key Detractors

Expro Group Holdings. Operating results slowed for this oil field services company with an offshore focus and lower activity in some key markets. We think performance was exacerbated by a third-party contractor dropping some of Expro's equipment onto the sea floor, resulting in incremental costs and write-downs.

R1 RCM. This health care technology company is focused on hospital financial systems. The company was subject to a report by a short seller, and although the report was shown to be incorrect, the stock did not recover with the robust market move at year-end.

Goal and Strategy

Long-term capital growth by investing primarily in smaller U.S. companies.

Portfolio Management Team

Name	Start Date	
	Industry	Company
Jackie Wagner	2005	2005
Jeff Hoernemann, CFA	2005	2014

Top 10 Holdings (%)

Weatherford International PLC	2.00
AZEK Co Inc/The	1.73
SPS Commerce Inc	1.56
Ryman Hospitality Properties Inc	1.38
Five9 Inc	1.32
Wingstop Inc	1.30
MACOM Technology Solutions Holdings Inc	1.30
Guidewire Software Inc	1.25
Natera Inc	1.25
JELD-WEN Holding Inc	1.23

As of 12/31/2023

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.

Kinsale Capital Group. Quarterly results were mixed for this excess and surplus insurance provider. Our research indicated underperformance for the quarter was primarily due to the market rotation amid a lower interest rate environment, which we believe favored lower-quality stocks as opposed to high-quality, solidly profitable companies, such as Kinsale.

Notable Trades

NEXTracker. We established a position in this maker of systems used in solar energy utility projects. Solar is a large market, and large government resources are being allocated into the industry. We believe NEXTracker stands to benefit from the coming deluge of green infrastructure spending.

Knight-Swift Transportation Holdings. We initiated a new position in this trucking company. The trucking industry saw lower load factors and weaker pricing through most of 2023, but with an improvement in supply chains and excess inventories drawn down, we expect load factors to improve and have a positive impact on prices.

National Instruments. Emerson Electric completed its acquisition of National Instruments, a supplier of automated test and instrumentation equipment and software, and we exited our position.

CAE. We eliminated this provider of flight simulator systems and services as our research indicated ongoing pressure on defense margins and a slowing environment for commercial customers.

Portfolio Positioning

Our process uses bottom-up financial analysis aimed at identifying companies we think are capable of producing attractive, long-term earnings growth. We seek to reduce what we've determined are unintended, nonfinancial risks and instead align the portfolio with company-specific risks that we believe will be rewarded over time. As a result of this approach, our sector and industry allocations reflect areas of the market where we think we are finding opportunities at a given time.

We have maintained a cautious outlook. Recession remains a risk as manufacturing activity has continued to contract. Inflation could also reaccelerate due to ongoing geopolitical risks, which could prompt the Fed to revert to a tightening cycle, which we believe could lead to earnings growth coming in below expectations.

The portfolio's sector allocation is neutral. Given the difficult macroeconomic backdrop from decelerating economic growth amid global headwinds and our bottom-up stock selection process, our sector weightings remain roughly neutral compared to the benchmark.

Our sector positioning relative to the benchmark remains narrow. While we have selectively added more cyclicity back to the portfolio, we have maintained underweights relative to the benchmark in the historically more cyclically exposed sectors such as industrials and consumer discretionary. We have remained neutral on typically defensive sectors such as energy and materials.

Our process is ongoing. While the uncertain environment has led us to a roughly neutral positioning compared to the benchmark, we continue to evaluate our positioning regularly while applying our bottom-up process to find what we believe are the best opportunities.

Small Cap Growth Fund

TICKERS	Investor Class: ANOIX	I Class: ANONX	A Class: ANOAX	C Class: ANOCX	R Class: ANORX	R5 Class: ANOGX	R6 Class: ANODX
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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. 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 12/31/2023

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	11.00	17.13	-2.63	13.75	9.84	9.38	6/1/01	1.17
I	11.09	17.33	-2.43	13.98	10.06	8.84	5/18/07	0.97
R5	11.02	17.32	-2.44	13.98	10.06	12.38	4/10/17	0.97
R6	11.07	17.52	-2.30	14.15	10.22	11.09	7/26/13	0.82
Russell 2000 Growth Index	12.75	18.66	-3.50	9.22	7.16	-	-	-

Historical performance for the R5 Class prior to its inception is based on the performance of I Class shares, which have the same expenses as the R5 Class. 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 R5 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, 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.

Historically, small- and/or mid-cap stocks have been more volatile than the stocks 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 those of larger companies.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values. Created by Frank Russell Company, indices are not investment products available for purchase.

