

U.S. Sustainable Large Cap Core SMA

Quarterly Commentary

Portfolio Review

Stocks declined. U.S. stocks fell, largely driven by uncertainty over President Donald Trump’s tariff agenda, which dominated the daily news. Investors grew cautious as they considered the impact of proposed tariffs on global growth, inflation and the Federal Reserve’s interest rate policy.

Value stocks outperformed. Large-cap value was the only U.S. stock category to post a quarterly gain. Mid-cap stocks outperformed large-cap stocks, which surpassed substantial declines for small caps, and value stocks outperformed growth stocks across the capitalization spectrum.

Financial services hampered performance. Stock selection in the industry was negative, weighing on performance in the financials sector. Stock choices among capital markets firms were also detrimental.

IT services hampered performance. Stock selection in the industry was negative and detracted from information technology performance. Stock choices in the semiconductors and semiconductor equipment industry were also detrimental.

Materials benefited performance. Positioning in the sector was helpful. Chemical companies Linde and Ecolab were key contributors in the sector.

Key Contributors

Vertex Pharmaceuticals. After underperforming at the end of 2024 due to mixed chronic pain data, Journavx, the company’s non-opioid treatment for acute pain, was approved at the end of January. Prescription orders were strong in the product’s first four weeks on the market.

Key Detractors

Berkshire Hathaway. Warren Buffett’s insurance and holding company outperformed as investors became more concerned about economic growth and rising recession risks. As a result, our lack of exposure detracted.

Portfolio Positioning

Our process uses bottom-up financial analysis aimed at identifying what we believe are growing large-cap companies that have demonstrated strong sustainable corporate behaviors. Rather than screen out certain industries or sectors for exclusion, we seek to identify companies that, based on our research, have the strongest growth and sustainability characteristics in each sector. As a result of this approach, our sector and industry allocations reflect areas of the market where we believe we are finding opportunities at a given time.

There were no major sector weight changes. Our sector weightings remained fairly close to the benchmark, reflecting our preference for generating returns through individual security selection.

Goal and Strategy

Invests in large-cap stocks with improving business fundamentals and sustainable corporate behaviors.

Portfolio Management Team

Name	Start Date	
	Industry	Company
Joe Reiland, CFA	1995	2000
Justin Brown, CFA	1993	2000
Rob Bove, CPA	1994	2005

Top 10 Holdings (%)

Microsoft Corp	7.68
NVIDIA Corp	5.15
Apple Inc	5.13
Mastercard Inc	4.01
Alphabet Inc	3.71
Amazon.com Inc	3.71
JPMorgan Chase & Co	3.04
UnitedHealth Group Inc	2.85
Home Depot Inc/The	2.75
TJX Cos Inc/The	2.63

As of 3/31/2025

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.

We continue to favor health care. We believe the health care sector remains attractive for its historically dependable earnings growth and comparatively attractive valuations as we think it is positioned to benefit from the current golden age of innovation. While life sciences tools and services has been a top-weighted industry in the sector, the health care providers and services industry has become more attractive, in our view, as the transition through a period of elevated health care utilization has negatively impacted health insurance companies. In addition, we think these companies could be attractive given tariff concerns and their mostly exclusive domestic exposures.

We like consumer discretionary. Positioning within the specialty retail industry, specifically with holdings such as home improvement retailer The Home Depot and off-price retailer The TJX Cos., which have driven the sector overweight relative to the benchmark. We see consumers increasingly shopping for value and believe these retailers are positioned to benefit from higher demand and increased availability of goods from excess inventory at traditional retailers.

We see opportunities in information technology. The emergence of generative artificial intelligence (AI) as a theme has sparked increased investor interest in industries such as semiconductors and software. We believe that, although AI tools have not been broadly deployed today, companies have been preparing by investing in solutions that can help them better capture and organize data. Simultaneously, we've seen large public cloud providers investing significant resources to grow their data center capacity as we believe AI will need both increased data storage and advanced computational capabilities. We have also found what we believe are attractive opportunities in information technology security.

The portfolio managers use a variety of analytical research tools and techniques to help them make decisions about buying or holding issuers that meet their investment criteria and selling issuers that do not. In addition to fundamental financial metrics, the portfolio managers may also consider environmental, social, and/or governance (ESG) data to evaluate an issuer's sustainability characteristics. However, the portfolio managers may not consider ESG data with respect to every investment decision and, even when such data is considered, they may conclude that other attributes of an investment outweigh sustainability-related considerations when making decisions. Sustainability-related characteristics may or may not impact the performance of an issuer or the strategy, and the strategy may perform differently if it did not consider ESG data. Issuers with strong sustainability-related characteristics may or may not outperform issuers with weak sustainability-related characteristics. ESG data used by the portfolio managers often lacks standardization, consistency, and transparency, and may not be available, complete, or accurate. Not all American Century investment strategies incorporate ESG data into the process.

Sustainability focuses on meeting the needs of the present without compromising the ability of future generations to meet their needs. There are many different approaches to Sustainability, with motives varying from positive societal impact, to wanting to achieve competitive financial results, or both. Methods of sustainable investing include active share ownership, integration of ESG factors, thematic investing, impact investing and exclusion among others.

Separately Managed Accounts (SMAs) are investment services provided by American Century Investment Management, Inc. (ACIM) a federally registered investment advisor. SMAs are not available for purchase directly through ACIM. Client Portfolios are managed based on investment instructions or advice provided by client's advisor or Program sponsor. Management and performance of individual accounts may differ from those of model portfolio as a result of advice or instruction by the client's advisor, account size, client-imposed restrictions, different implementation practices, the timing of client investments, market conditions, contributions, withdrawals and other factors.

This material has been prepared for informational purposes only. The opinions expressed are those of the investment portfolio 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 not intended to serve as investment advice. References to specific securities are for illustrative purposes only and are not intended as recommendations to purchase or sell securities. No offer of any security is made hereby.

Portfolio holdings are as of the date indicated, and subject to change without notice. Data provided by American Century Investments and FactSet, unless otherwise noted. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed.

©2025 Standard & Poor's Financial Services LLC. The S&P 500® Index is composed of 500 selected common stocks, most of which are listed on the New York Stock Exchange. It is not an investment product available for purchase.

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.