

# U.S. Small Cap Growth SMA

## Investment Strategy

Seeks long-term capital growth by investing primarily in U.S. smaller companies exhibiting both sustainable accelerating earnings growth and positive price momentum.

## Key Differentiators

- Differentiated growth philosophy
- Focused, experienced, collaborative team culture
- Seeks alpha through stock selection

## Portfolio Management Team

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

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
U.S. Small Cap Growth SMA (Gross)	7.51	17.88	-0.68	12.12	11.66	10.89	7/1/01
U.S. Small Cap Growth SMA (Net)	6.72	14.44	-3.57	8.85	8.40	7.66	-
Russell 2000 Growth Index	7.58	20.35	-2.68	7.38	7.89	7.29	-

## Calendar Year Returns (%)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
U.S. Small Cap Growth SMA (Gross)	-2.67	12.27	27.54	-3.66	38.50	52.84	7.21	-26.74	18.30	7.51
U.S. Small Cap Growth SMA (Net)	-5.51	8.99	23.83	-6.47	34.47	48.38	4.09	-28.88	14.85	6.72

**Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. 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.**

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

U.S. Small Cap Growth Equity SMA net of fee shown is equal to the highest anticipated wrap fee charged by a program sponsor (3.00% annually, which is inclusive of up to a maximum investment advisory fee of 0.90%). This total wrap fee includes all charges for trading costs, portfolio management, custody, and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

Prior to 5/1/2021, the composite's gross performance is that of the Firm's U.S. Small Cap Growth Equity composite. Net performance is derived by taking the monthly gross composite return and applying the 3% annualized wrap fee.

## Investment Process

**Investment Universe:** U.S. small cap stocks in the Russell 2000 Growth Index  
Our process employs well-defined criteria leading to focused, disciplined, and repeatable stock selection.



### INFLECTION

- Is there a change in fundamentals?
- What is driving the change?
- Is it early in company's growth cycle?



### SUSTAINABILITY

- Is the inflection in fundamentals sustainable?
- What are the key risks to the durability of growth?



### EARNINGS GAP

- Does consensus fully reflect acceleration in fundamentals?
- Are out-year consensus estimates beatable?



### VALUATION/RISK-REWARD

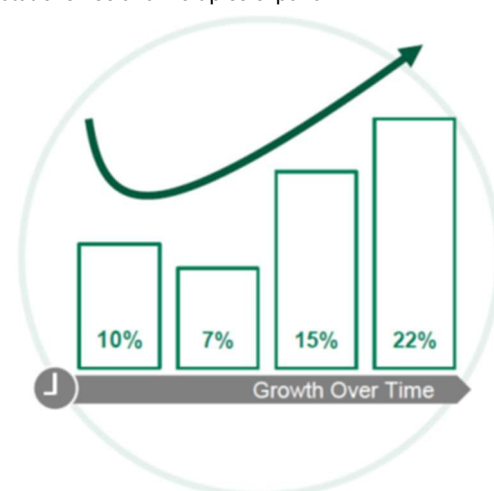
- Is valuation reasonable given the growth opportunity?
- What is downside risk?

## Investment Philosophy

We believe that accelerating, sustainable growth in revenues and earnings, driven by an inflection in business fundamentals, results in stock price outperformance.

- We focus on inflection points in companies' fundamentals because we believe markets are inefficient at identifying these changes.
- Our process is designed to uncover stocks that outperform as earnings growth accelerates, market expectations rise and multiples expand.

**We believe the direction of earnings growth is a more powerful predictor of stock price performance than the absolute level of growth.**



## Portfolio Characteristics

	Portfolio	Index
Wtd Avg Market Cap	\$5.6B	\$6.5B
Price/Earnings Ratio	29.61x	23.04x
Price/Book Ratio	3.71x	4.10x
Price to Cash Flow	16.60x	13.91x
Number of Holdings	130	1,064

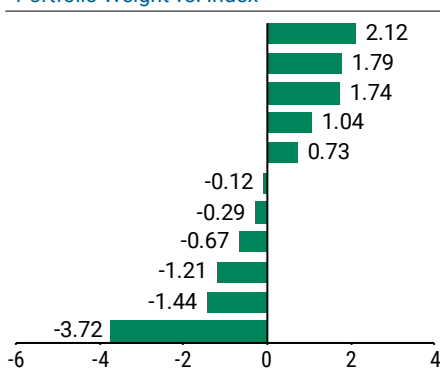
## Top 10 Holdings (%)

Expro Group Holdings NV	2.21
AZEK Co Inc/The	2.03
Natera Inc	1.61
Kosmos Energy Ltd	1.57
Onto Innovation Inc	1.50
Applied Industrial Technologies Inc	1.43
JELD-WEN Holding Inc	1.34
SPS Commerce Inc	1.34
Summit Materials Inc	1.25
FirstService Corp	1.20
<b>Total Percent in Top 10 Holdings</b>	<b>15.48</b>

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. Portfolio holdings subject to change.

## Sector Weights (%)

## Portfolio Weight vs. Index



Sector	Portfolio	Index
Health Care	23.40	21.28
Real Estate	3.31	1.52
Financials	7.83	6.09
Materials	5.11	4.07
Consumer Discretionary	11.39	10.66
Energy	4.45	4.57
Consumer Staples	4.09	4.38
Utilities	0.60	1.27
Communication Services	0.69	1.90
Industrials	18.91	20.35
Information Technology	20.21	23.93

## A Note About Risk

The value and/or returns of a portfolio will fluctuate with market and economic conditions. Different investment styles tend to shift in and out of favor depending upon market and economic conditions, as well as investor sentiment. A portfolio may outperform or underperform other portfolios that employ a different investment style, and the stocks selected by the portfolio manager may not increase in value as predicted. Because this portfolio may, at times, concentrate its investments in a specific area, during such times it may be subject to greater risks and market fluctuations than when the portfolio represents a broader range of securities. 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. 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. 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.

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This strategy may not be suitable for all investors.

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Portfolio holdings and allocations 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.

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-value ratios and higher forecasted growth values. Created by Frank Russell Company, indices are not investment products available for purchase.

**Key Terms:** **Alpha:** Typically used to represent the value added or subtracted by active investment management strategies. It shows how an actively managed investment portfolio performed compared with the expected portfolio returns produced simply by benchmark volatility (beta) and market changes. A positive alpha shows that an investment manager has been able to capture more of the upside movement in the benchmark while softening the downswings. A negative alpha means that the manager's strategies have caught more benchmark downside than upside. **Weighted Average Market Capitalization:** The average of the weighted capitalizations of a portfolio's holdings. **Price/Earnings Ratio (P/E):** The price of stock divided by its annual earnings per share. **Price/Book Ratio (P/B):** The ratio of a stock's price to its book value per share. **Price/Cash Flow Ratio:** The ratio of a stock's price to its cash flow per share. **Standard Deviation:** Defines how widely returns varied from an average over a given period of time. A higher standard deviation means a more volatile portfolio. For example, a portfolio with a standard deviation of 6 and an average annual return of 10% saw annualized monthly returns fall within 6 percentage points of that average (or between 4% and 16%) two-thirds of the time. **Dispersion:** A measure of the amount of uncertainty and risk associated with a portfolio.