

U.S. Small Cap Growth 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 (Fed’s) interest rate policy.

Value 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.

Industrials benefited performance. Stock choices in the trading companies and distributors industry helped drive sector outperformance. Aerospace and defense stocks also aided performance.

Consumer discretionary was a top contributor. The hotels, restaurants and leisure industry aided performance. Life Time Group Holdings and Planet Fitness were significant industry contributors.

Energy detracted. Stock choices in the oil, gas and consumable fuels industry hampered performance in the sector. Kosmos Energy was a key detractor. The energy equipment and services industry also lagged due to stock selection.

Key Contributors

H&E Equipment Services. The construction equipment leasing company outperformed due to its acquisition by industry peer Herc Rentals.

Key Detractors

Corcept Therapeutics. Not owning this pharmaceutical company detracted. Management reported clinical trial results for its ovarian cancer drug that showed statistically significant improvements in overall survival and progression-free survival.

Portfolio Positioning

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

A high level of uncertainty. We believe that, between the disruptive actions of the Department of Government Efficiency and the on-again, off-again tariff/reciprocal tariff threats and implementations, the major concern is whether demand destruction will occur with higher pricing. An elevated level of uncertainty has come with a healthy employment backdrop, while inflation remains stubbornly high. As tariffs have ushered in an additional inflationary element amid a slowing economy, we believe the Fed’s job has become much more difficult. At the close of the first quarter, the promise and hope for tax cuts and deregulation have been outweighed by policy uncertainty and tariff impacts, and we have begun to see the effect of the uncertainty creep into economic data reports.

Goal and Strategy

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

Portfolio Management Team

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

Top 10 Holdings (%)

Casella Waste Systems Inc	1.88
Hayward Holdings Inc	1.55
Talen Energy Corp	1.47
Insmed Inc	1.45
Hexcel Corp	1.38
ACI Worldwide Inc	1.38
Guidewire Software Inc	1.38
Trex Co Inc	1.35
Carpenter Technology Corp	1.34
Stride Inc	1.33

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.

U.S. Small Cap Growth SMA

Straddling the line between cyclical and defensive positioning. Given the evolving macroeconomic backdrop, we have maintained a relatively neutral posture compared to the benchmark.

Our sector overweights and underweights remain close to the benchmark. We remain overweight utilities relative to the benchmark with our artificial intelligence-related independent power producer holdings, as well as overweight real estate and materials. We've maintained an underweight in information technology.

Our process is ongoing. We continue to evaluate our positioning regularly, while applying our bottom-up process to find what we believe are the best opportunities.

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 the model portfolio as a result of advice or instruction by 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.

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

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.

