

AMERICAN CENTURY®

# U.S. QUALITY VALUE ETF

## Pursue Value No Matter Where Markets Are Headed

History has shown that value investing has delivered strong risk-adjusted returns over time. Today, many investors choose cap-weighted index portfolios to gain exposure to this attractive segment. Yet there are some downsides to this approach:

**Value trap** — Value indices often include low-quality companies that are at risk of further deterioration.<sup>1</sup>

**Cyclicality** — Value investing has historically moved in and out of favor, exposing investors to cyclical ups and downs.<sup>2</sup>

**Sector concentrations** — Cap-weighted value indices can leave investors over-exposed to certain sectors, particularly those in decline.<sup>3</sup>

VALQ offers access to the potential benefits of value investing while seeking to dampen market cyclicality. Its rules-based methodology analyzes a wide range of company attributes to select individual securities and eliminate those that may deteriorate further. It also dynamically adjusts allocations to take advantage of prevailing market conditions. The result is a core value portfolio emphasizing quality stocks with attractive valuations and sustainable dividends that is designed to adapt to changing markets.

<sup>1,2,3</sup> Russell 1000 Value Index, FactSet.

## FUND INFORMATION

Ticker	VALQ
Intraday NAV Ticker	VALQ-.IV
Inception Date	1/11/2018
Exchange	NYSE ARCA
Gross Expense Ratio	0.29%
Benchmark	Russell 1000 Value
Index	American Century U.S. Quality Value Index
Bloomberg Ticker	ISXUQVGV
Number of Holdings	200-300
Distribution Frequency	Monthly


As of May 31, 2023 the fund's benchmark changed from the iSTOXX American Century USA Quality Value Index to the American Century U.S. Quality Value Index. STOXX and iSTOXX are registered trademarks of STOXX Ltd.

## Designed To Endure Changing Markets

American Century Investments' rules-based methodology applies three key tenets as it seeks to respond to changing markets without overreacting.



**1** Eliminate low-quality companies

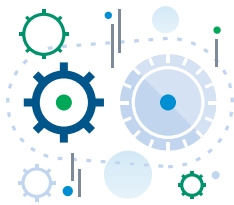


**2** Reduce cyclicality by combining value and income



**3** Allocate dynamically to respond to market changes

This initial screen incorporates nearly 20 different fundamental metrics to assess each company's quality.



In addition to ETFs, we offer expertise through a variety of investment products such as mutual funds, separate accounts and collective investment trusts, which are designed to meet the needs of individuals, financial advisors and institutions around the world.

## ELIMINATE LOW-QUALITY COMPANIES

VALQ's emphasis on quality seeks to eliminate low-quality companies from the investment universe and build the portfolio from companies offering sound fundamentals.

The VALQ methodology is not based on a traditional value index. Rather, it begins with a broad-based market index of the largest 900 stocks. This approach helps ensure diversification and minimize the sector concentrations typically seen in value indices.

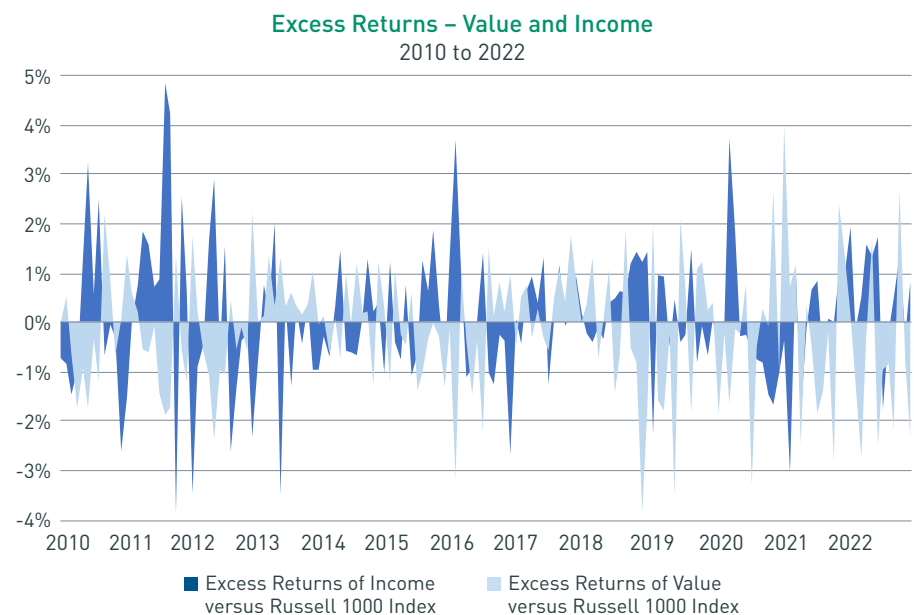
The initial quality screen focuses on a comprehensive set of attributes that we believe many good businesses possess. This approach helps ensure that the portfolio removes low-quality companies from consideration.

### Screen Universe To Identify High-Quality Businesses

Assess Company Fundamentals			Improve Purchase Timing	Avoid Empire Builders
Profitability	Earnings Quality	Leverage	Earnings Revisions	Management Quality
Assess productivity of assets	Avoid companies managing earnings	Control for risk in low-rate environment	Infer market's forward views	Identify efficient sourcing and use of capital

## REDUCE CYCLICALITY BY COMBINING VALUE AND INCOME

The value universe historically has included stocks that offer attractive valuations as well as those that provide dividend income. Interestingly, as illustrated in the chart below, value stocks have responded more dramatically to market changes than income stocks. We believe including allocations to both helps improve consistency of returns.




Source: American Century and Bloomberg

Income-oriented stocks are represented by a simulation of 50% Morningstar U.S. Dividend Growth Total Return Index / 50% Morningstar Dividend Yield Focus Total Return Index; Value stocks are represented by the MSCI Enhanced Value Index.


## Identify Value and Income Stocks

To express these insights, the VALQ methodology applies fundamental metrics to identify value and income stocks from among the high-quality stocks identified in the initial screen. It selects securities from across all market sectors, not just traditional value sectors, while the portfolio construction process incorporates constraints to help manage risks.

Attractively Valued Stocks	Income-Oriented Stocks
Value	Dividend Yield
Earnings Yield	Dividend Growth
Cash Flow	Dividend Coverage



**Pursue Capital Appreciation**

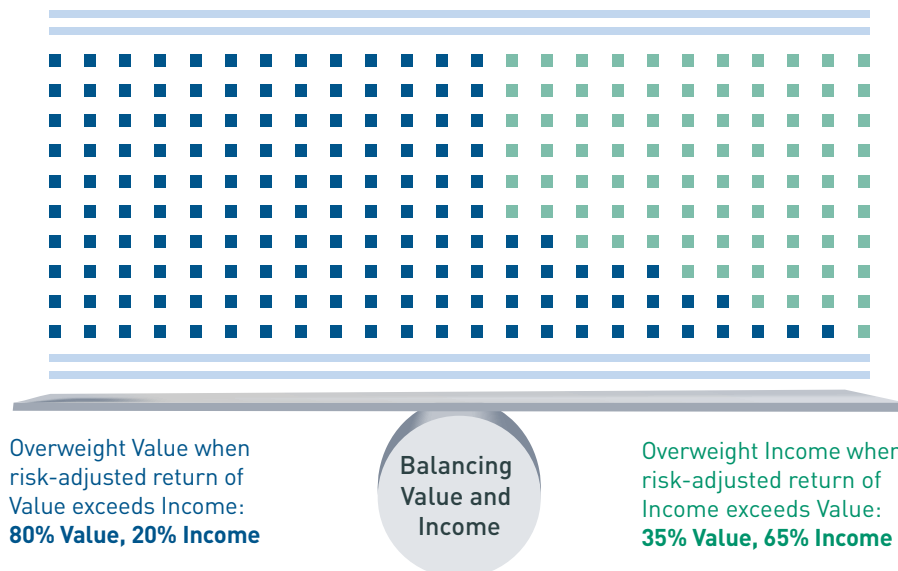


**Offer Diversification**

## ALLOCATE DYNAMICALLY TO RESPOND TO MARKET CHANGES

Adjustments to value and income allocations seek to take advantage of prevailing market conditions. Allocation changes are based on analysis of risk-adjusted returns rather than pure price momentum, which helps the portfolio respond—but not overreact—to changing markets. The result is a core value holding designed to stand up to market changes and pursue more consistent returns across the market cycle.

### Dynamic Portfolio Construction Responds to Changing Markets



VALQ incorporates value and income stocks from across all market sectors, not just traditional value sectors.



#### INNOVATIVE

Variety of investment approaches that offer proactive solutions.



#### UPSIDE POTENTIAL

Alpha-seeking portfolios based on manager research and insights.



#### LOWER COST

Benefits of active management in a lower-cost, tax-efficient vehicle.

# INVESTOR PROFILE



- Investors pursuing a more attractive risk/reward profile by complementing or replacing a cap-weighted large value portfolio.
- Investors searching for a core portfolio component that offers exposure to U.S. large-cap stocks.
- Investors seeking a complement to a more concentrated, actively managed value portfolio.

## Investing With Purpose

American Century Investments® is an asset manager known for industry-leading client care, stewardship and stability. Founded more than 60 years ago, the firm boasts an institutional-quality investment management platform with more than \$202 billion in AUM.\* Through American Century's relationship with the Stowers Institute for Medical Research, your investments help support research that can improve human health and save lives. Since 2000, American Century's dividends distributed to the Institute have totaled \$1.9 billion.

\*As of 12/31/2022.

## Role of VALQ in a Portfolio

**As a strategic allocation:** to provide concentrated high-quality value stocks that dampen market cyclicality.

**As a tactical allocation:** to provide dynamically adjusted allocations to take advantage of prevailing market conditions.



**Exchange Traded Funds (ETF) are bought and sold through an 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.**

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. 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.

Alpha is 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.

The **iSTOXX® American Century® USA Quality Value Index** (underlying index) is a systematic, rules-based proprietary index that is owned and calculated by STOXX based on the STOXX 900 Index. The underlying index aims to dynamically allocate to both quality companies with sound fundamentals and attractive valuations and companies with sustainable income. The Stoxx 900 Index covers the 900 largest U.S. companies by market capitalization. It is not possible to invest directly in an index.

**iSTOXX® American Century® USA Quality Value Index** is the intellectual property (including registered trademarks) of STOXX Limited, Zurich, Switzerland ("STOXX"), Deutsche Börse Group or their licensors, which is used under license. American Century® STOXX® U.S. Quality Value ETF is neither sponsored nor promoted, distributed or in any other manner supported by STOXX, Deutsche Börse Group or their licensors, research partners or data providers and STOXX, Deutsche Börse Group and their licensors, research partners or data providers do not give any warranty, and exclude any liability (whether in negligence or otherwise) with respect thereto generally or specifically in relation to any errors, omissions or interruptions in the iSTOXX® American Century® USA Quality Value Index or its data.

Russell 1000® Index is a market-capitalization weighted, large-cap index that measures the performance of the 1,000 largest publicly traded U.S. companies, based on total market capitalization. Russell 1000® Value Index Measures the performance of the 1,000 largest publicly traded U.S. companies based on total market capitalization with lower price-to-book ratios and lower forecasted growth values.

**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](http://americancentury.com), contains this and other information about the fund, and should be read carefully before investing.**