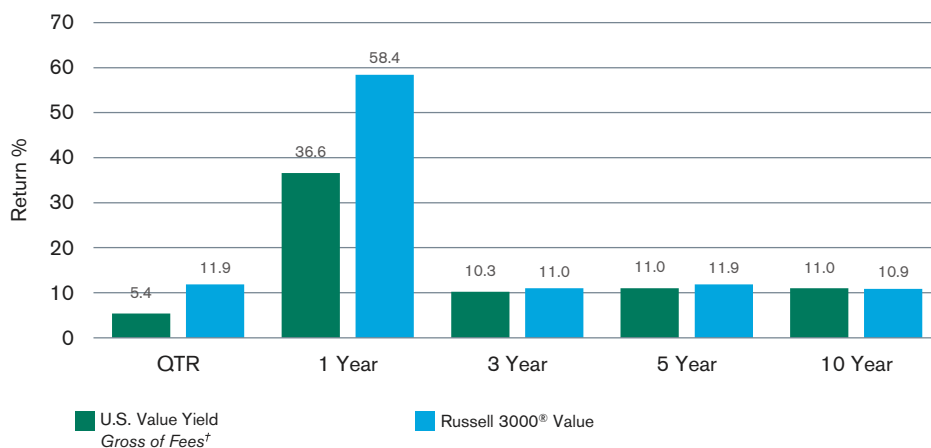


## Quarterly Review

## Composite Performance

Periods Ending 31 March 2021



Source: FactSet

Returns calculated in U.S. Dollars. The value of investments can fluctuate. Data assumes reinvestment of dividends and capital gains. Data reflects past performance. Past performance does not guarantee future results.

Periods greater than one year have been annualized.

## At a Glance

**Inception:** 1 September 1994**Benchmark:** Russell 3000® Value**AUM:** \$15.23 billion USD

## Portfolio Management Team

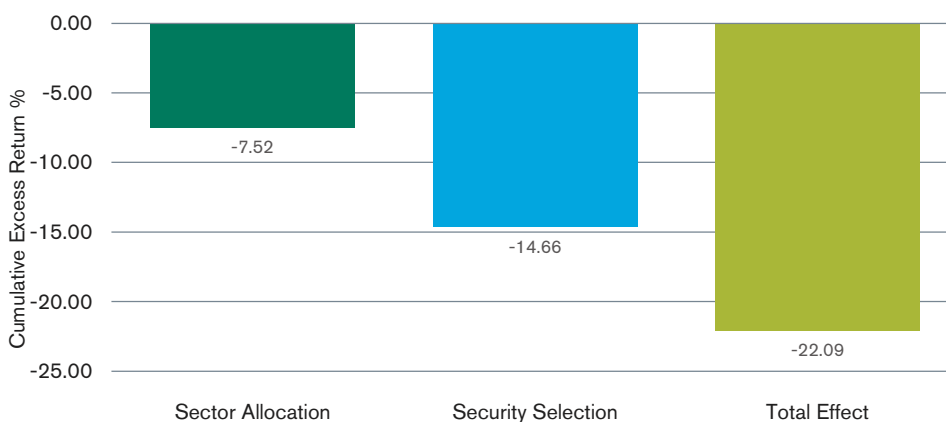
Name	Start Date	
	Industry	Firm
Phil Davidson, CFA	1980	1993
Kevin Toney, CFA	1993	1999
Michael Liss, CPA, CFA	1991	1998
Brian Woglom, CFA	1998	2005

## Quarterly Top Relative Contributors and Detractors

Contributor	(%)	Detractor	(%)
Walt Disney Co/The	0.16	Roche Holding AG	-0.50
Pfizer Inc	0.13	Medtronic PLC	-0.38
Hubbell Inc	0.11	Colgate-Palmolive Co	-0.38
NextEra Energy Inc	0.11	Unilever PLC	-0.34
Comcast Corp	0.10	Walmart Inc	-0.32

## Attribution Analysis

One Year Ending 31 March 2021



Source: FactSet

## Investment Philosophy

- We believe investing in high-quality businesses selling at a discount to fair value will generate superior risk-adjusted returns over time.
- We believe downside protection is critical to producing long-term outperformance.

## Investment Process

### Global Stock Universe

- Stocks with market caps greater than \$500 million

### Identification of Quality Companies

Identify companies that meet our definition of quality and have:

- 1
  - Higher and more stable returns on capital
  - Sustainable returns on capital
  - Lower degrees of leverage

Deselection of broken or impaired companies

### Fundamental Research and Valuation Assessment

- 2
  - Company Analysis
  - Risk/Reward Profile
  - Proprietary High Quality Universe

Universe is monitored on an ongoing basis

### Portfolio Construction

- 3
  - Selection is driven by the best relative risk/return opportunities within our universe
  - Position sizing is dynamic
  - Monitor risk controls and portfolio guidelines

- 4 **Build Diversified Portfolio**

## Portfolio

## Goal

Seeks to outperform the Russell 3000 Value Index by 2% to 3% annualized over a market cycle.

## Risk Guidelines

Sector allocation: +/- 10% relative to the benchmark

Security allocation: +/- 5% relative to the benchmark

Portfolio concentration: Top 10 holdings typically represent 25% to 35% of portfolio

Non-U.S. exposure: < 10%

Cash exposure: < 3%

There are no guarantees that objectives or targets will be achieved. Risk management does not imply low risk.

## Portfolio Characteristics

Characteristics	Portfolio	Benchmark
Weighted Average Market Capitalization	\$183.6 B	\$135.4 B
Median Market Capitalization	\$61.7 B	\$2.3 B
Price to Cash Flow Ratio, Historical 1-Year	13.0 x	12.1 x
P/E Ratio, Historical 1-Year	23.2 x	23.1 x
Price to Book Ratio	2.8 x	2.4 x
Dividend Yield	2.52%	1.96%
% in Cash and Cash Equivalents	3.0%	0.0%
Turnover, 1-Year	51%	6%
Number of Holdings	103	2367

Source: FactSet

Forecasts are not a reliable indicator of future performance.

## Top 10 Holdings

Holding	Industry	Assets (%)
Johnson & Johnson	Pharmaceuticals	4.92
Medtronic PLC	Health Care Equipment & Supplies	4.33
Verizon Communications Inc	Diversified Telecommunication Services	2.90
Emerson Electric Co	Electrical Equipment	2.74
Walmart Inc	Food & Staples Retailing	2.71
Roche Holding AG	Pharmaceuticals	2.70
Colgate-Palmolive Co	Household Products	2.29
Marsh & McLennan Cos Inc	Insurance	2.13
ONE Gas Inc	Gas Utilities	1.98
Microsoft Corp	Software	1.96
<b>Total</b>		<b>28.66%</b>

Source: FactSet

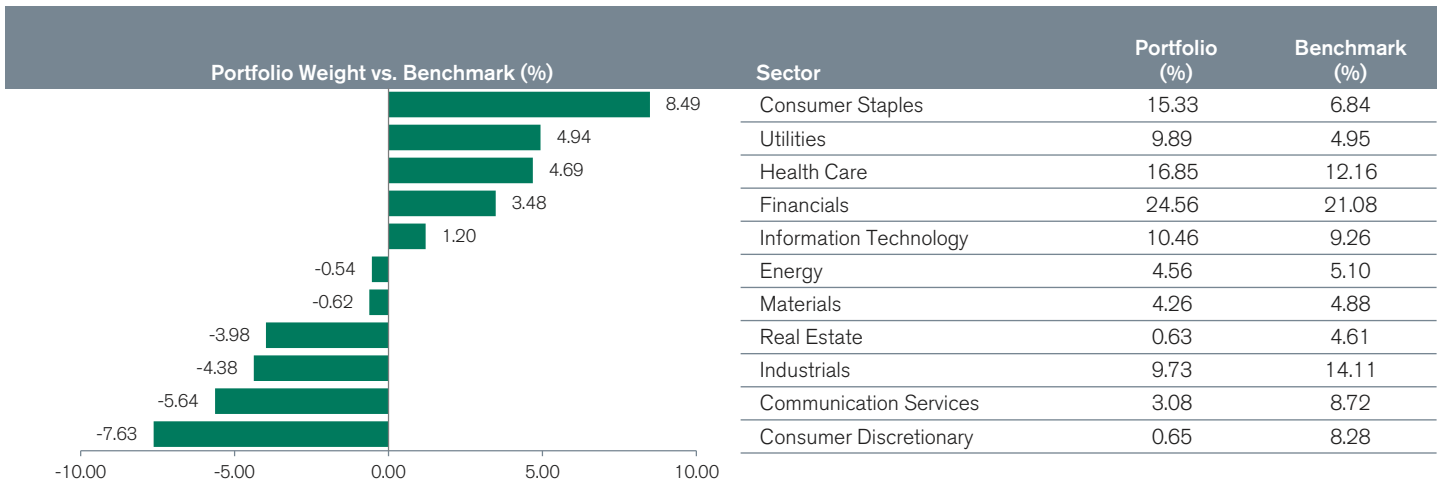
## Top 10 Overweights

Holding	Portfolio Weight (%)	Benchmark Weight (%)	Overweight (%)
Medtronic PLC	4.33	0.77	3.56
Johnson & Johnson	4.92	1.83	3.09
Roche Holding AG	2.70	0.00	2.70
Emerson Electric Co	2.74	0.26	2.48
Marsh & McLennan Cos Inc	2.13	0.07	2.06
Colgate-Palmolive Co	2.29	0.32	1.97
ONE Gas Inc	1.98	0.02	1.96
Microsoft Corp	1.96	0.00	1.96
Unilever PLC	1.86	0.00	1.86
Walmart Inc	2.71	0.93	1.78

Source: FactSet

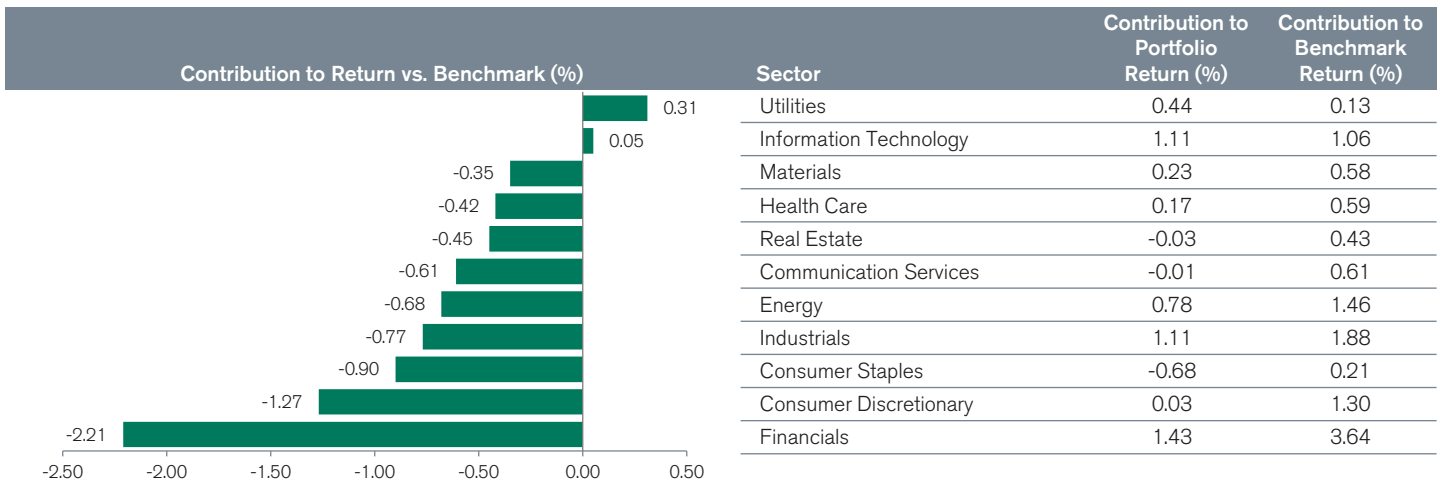
The holdings listed should not be considered recommendations to purchase or sell a particular security. Equity holdings are grouped to include common shares, depository receipts, rights and warrants issued by the same company. Portfolio holdings subject to change without notice.

### Sector Allocation



Source: FactSet

### Quarterly Sector Performance

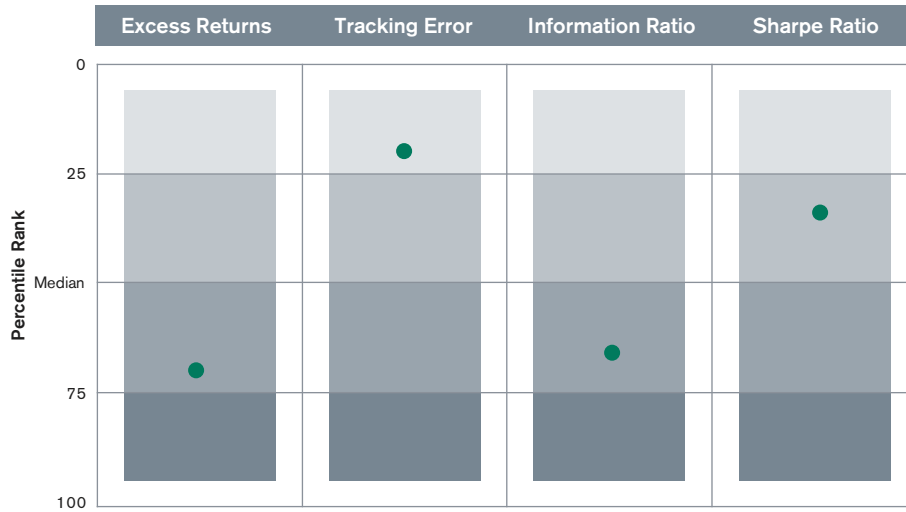


Source: FactSet

When shown, "Diversified" includes portfolio holdings that cannot be attributed to a specific GICS sector.

### Risk-Adjusted Performance

Three-Year Risk-Adjusted Performance vs. eVestment US Large Cap Value Equity vs. Russell 3000 Value, Citigroup 3-Month T-Bill



● American Century Investments U.S. Value Yield

	Excess Returns	Tracking Error	Information Ratio	Sharpe Ratio
<b>Manager</b>	-0.73	6.29	-0.12	0.58
<b>Percentile Rank</b>	70	20	66	34
<b>Median</b>	0.60	4.43	0.15	0.51

Source: eVestment Analytics  
 Excess returns are gross of fees.  
 Number of products in the universe was 368.

## Quarterly Commentary

### Portfolio Review

**Equity markets moved higher.** Broad U.S. equity markets rose during the quarter, fueled by increased growth expectations, positive earnings reports, additional fiscal stimulus and optimism around accelerating vaccine distributions. In addition, economic data released during the quarter were generally positive, and President Joe Biden proposed a \$2.25 trillion infrastructure spending plan.

**Small cap and value outperformed.** Small-cap stocks outperformed mid and large caps, and value stocks outperformed growth stocks across the market-capitalization spectrum. While lower-quality stocks outperformed higher-quality stocks in January, higher-quality stocks rotated back into favor later in the quarter.

**Financials detracted.** Our conservative security selection led to significant relative underperformance in the sector. Specifically, our exposure to fixed-to-floating preferred stocks within the banking industry and an underweight to the common stocks of mega-cap banks were the largest detractors.

**Consumer staples was an area of weakness.** The combination of security selection and our overweight resulted in material underperformance in the sector. Our holdings in the food and staples retailing and food products industries underperformed as investors favored more cyclical companies benefiting from economic reopening.

**Communication services and information technology contributed.** We benefited from not owning select benchmark names in the communication services and information technology sectors. During the period, investors anticipated an economic recovery and gravitated to economically sensitive sectors.

**Rotation to quality.** Typical of recoveries, battered lower-quality stocks led the market's rally off its pandemic lows. Looking ahead, however, we're seeing indications the market is shifting back toward higher-quality companies. We view this as a positive given our focus on companies with strong balance sheets, low levels of debt, leading market positions and forward-thinking management teams.

### Key Contributors

**The Walt Disney Co.** Lack of exposure to this diversified global entertainment company contributed positively to returns. Following significant outperformance toward the end of 2020, Disney underperformed as the company provided new guidance for its direct-to-consumer platform and investors flocked to more cyclical industries.

**Pfizer.** Lack of exposure to this pharmaceuticals stock positively impacted returns. Pfizer's stock has experienced weakness since its COVID-19 vaccine was approved and investors began to rotate out of the stock. Concerns about possible drug pricing reform also weighed on the stock.

**Hubbell.** Despite continued softness in the nonresidential construction market, Hubbell's utility solutions business remained resilient, supported by grid modernization and a renewable energy trend. In addition, Hubbell benefited from a general industrial recovery and a recovery in the electrical market.

### Key Detractors

**Roche Holding.** This pharmaceutical company weighed on performance after it provided guidance for its 2021 fiscal year that was more conservative than anticipated. Some investors also had concerns regarding the company's future growth. Additionally, the pharmaceuticals industry was pressured by concerns over possible drug pricing reform.

**Medtronic.** Like many of its peers, this medical device maker underperformed during the quarter. COVID-19 variants and a spike in cases from November through February led to a decline in elective procedures. This also pushed the timeline out for the return to normal levels for these procedures.

**Colgate-Palmolive.** The stock of this household and personal goods company lagged as investors continued to price the benefits of a COVID-19 vaccine into the equity markets. Colgate is likely to benefit less from economic reopening compared to other companies that are more cyclical in nature.

### Notable Trades

**Oracle.** This software stock is a new position in the portfolio. We believe Oracle offers an attractive valuation and risk/reward profile as well as a narrow range of earnings outcomes. In addition, Oracle provides highly recurring revenue with opportunities to expand into cloud and grow enterprise resource planning revenues.

**Corning.** We initiated a position in this specialty glass, ceramics and optics company due to its attractive relative valuation and risk/reward profile. We believe Corning should benefit from secular drivers in optics, life sciences and consumer electronics glass in televisions and phones.

**Stanley Black & Decker.** We exited our position in this convertible security in favor of other securities that offered more attractive risk/reward profiles.

**Kellogg.** We exited our position in this food company due to its moderate market share underperformance and continued pandemic-related uncertainty. In our opinion, these factors caused Kellogg to become less attractive.

### Positioning for the Future

The portfolio seeks to invest in companies where we believe the valuation and relative yield does not reflect the quality and normal earnings power of the company. Our process is based on individual security selection, but broad themes have emerged.

**We maintain a significant exposure to consumer staples.** Companies in the consumer staples sector generally offer defensive characteristics, which were less valued by investors in the rally since successful vaccines were announced in November of last year. Higher interest rates and inflation concerns also weighed on consumer staples companies. We believe select consumer staples stocks, with their relatively strong balance sheets, growing dividend streams and access to large numbers of consumers, are well-suited for our portfolio. We used the temporary weakness in consumer staples stocks to build positions in several higher-quality companies.

**Notable exposure to utilities.** Companies in the utilities sector provide essential services and consequently are viewed as stable and reliable dividend-paying investments through economic turmoil. Additionally, declining technology costs and growing environmental concerns have created opportunities for utilities to transition power generation from coal and natural gas to renewable sources such as solar and wind.

**Value opportunities in health care.** Through our bottom-up process, we are finding quality companies with attractive risk/reward profiles, particularly in the pharmaceuticals and health care equipment and supplies industries. Our analysis indicates that pharmaceuticals are very attractive, partially due to their insulation from COVID-19 economic issues. Medical equipment companies should benefit as the demand for elective procedures normalizes after experiencing volatility since the onset of the pandemic.

**Broad exposure to financials.** Within the financials sector, we've identified many higher-quality companies that fit our process. Within the banking industry, we have exposure to banks via a mix of fixed-to-floating preferred stocks and common stock holdings. We think the preferred stocks offer relatively high and safe dividend yields. The vaccine rollout, additional fiscal stimulus and an improving economy led to investors being less risk adverse. Our more conservative preferred stocks underperformed. Positive vaccine news late in 2020 raised expectations that the billions of dollars banks set aside for potentially bad loans could become profits in 2021. During the quarter, we trimmed some of our stronger performing common stocks of capital markets companies.

**We remain committed to quality stocks.** We invest in higher-quality, dividend-paying companies while they are trading at attractive prices relative to their normalized fair value and downside value. Low volatility and downside protection are additional hallmarks of our fundamental, bottom-up process. We believe our process leads to outperformance over time and wealth creation for our investors.

## Available Vehicles

Separate Account	Available in U.S. and certain non-U.S. countries
Collective Investment Fund	Available only in U.S.
<b>Equity Income Fund</b>	
I Share Class - ACIIX	Available only in U.S.
Investor Share Class - TWEIX	Available only in U.S.
A Share Class - TWEAX	Available only in U.S.
C Share Class - AEYIX	Available only in U.S.
R Share Class - AEURX	Available only in U.S.
R5 Share Class - AEIUX	Available only in U.S.
R6 Share Class - AEUDX	Available only in U.S.
Y Share Class - AEIYX	Available only in U.S.

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Sector weights, portfolio characteristics and holdings are of a representative account in the composite. Holdings are current as of the date indicated, are subject to change and may not reflect the portfolio's current holdings. Portfolio construction guidelines document operational policies and not necessarily investment restrictions imposed on management of the strategy. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed. Opinions expressed are those of the portfolio investment team and are no guarantee of the future performance of any American Century Investments® portfolio. Nothing in this document should be construed as offering investment advice. Please note that this is for informational purposes only and does not take into account whether an investment is suitable or appropriate for a specific investor.

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To receive a complete list of composite descriptions and/or a GIPS® compliant presentation, contact:

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