

Small Cap Value Fund

Quarterly Commentary

Portfolio Review

Equity markets declined during the first quarter. The war in Iran weighed heavily on markets. The Strait of Hormuz closure caused crude oil prices to soar, which ignited fears of slower economic growth, rising unemployment and higher inflation in turn lowered expectations for a Federal Reserve (Fed) interest rate cut. Before the war, U.S. stocks had faced headwinds due to concerns that artificial intelligence (AI) could disrupt traditional business models, potentially leading to layoffs. Tariff policy uncertainty also added to volatility during the quarter.

Fed holds interest rates steady. The Fed kept its benchmark rate unchanged in the first quarter amid surging oil prices and uncertainty surrounding the war in Iran. Annual headline inflation held steady at 2.4% in January and February, while the annual core personal consumption expenditure price index climbed to 3.1% in January, above the Fed's 2% target. These key inflation indicators track price fluctuations in consumer goods throughout the U.S. economy. The U.S. unemployment rate rose to 4.4% in February.

Industrials weighed on relative performance. Holdings in the professional services and trading companies and distributors industries led to underperformance in the sector. EquipmentShare lagged after strong performance following its public offering earlier in the year, despite strong 2025 operating results. Professional services industry positions suffered from what we believed were unwarranted concerns about AI disruption.

Materials holdings were a source of weakness. The primary driver of underperformance in the sector was our position in sustainable packaging manufacturer Graphic Packaging Holding. Continued long-term structural weakness and concerns about its levered balance sheet weighed on the stock during the quarter.

Energy exposure contributed to relative performance. We hold a significant overweight allocation to the energy sector relative to the benchmark. The ongoing turmoil in the Middle East and resultant closure of the Strait of Hormuz have driven oil prices materially higher, and energy sector holdings have moved sharply higher on these events.

Key Contributors

Crescent Energy. The Houston-based independent oil and gas company saw its shares move higher during the quarter primarily due to the spike in oil prices. Implications of the Strait of Hormuz remaining partially closed also supported the higher share price.

Permian Resources. Shares of the Denver-based oil and gas company traded higher as the energy sector rallied. Oil prices moved sharply higher in March due to the war in Iran and supply disruptions caused by the partial closure of the Strait of Hormuz.

Magnolia Oil & Gas. The Houston-based oil and gas company benefited as the energy sector rallied during the quarter. The stock jumped higher in March as oil prices spiked and investors weighed the implications of continued supply disruptions caused by the war in Iran.

Key Detractors

Graphic Packaging Holding. The company manufactures sustainable paper-based packaging for food, beverages and consumer goods. We believe it has struggled as packaging demand has been impacted by a weaker low-end consumer. The company reported a weak fourth quarter, and full-year guidance was below expectations.

Goal and Strategy

Long-term capital growth and income by investing in the stocks of small-sized companies that are believed to be undervalued.

Portfolio Management Team

Name	Start Date	
	Industry	Company
Jeff John, CFA	1991	2008
Ryan Cope, CFA	2009	2009

Top 10 Holdings (%)

SOUTHSTATE BANK CORP	2.85
Old National Bancorp/IN	2.58
Columbia Banking System Inc	2.53
EVERTEC Inc	2.46
UMB Financial Corp	2.20
Home BancShares Inc/AR	2.17
Magnolia Oil & Gas Corp	2.02
Axis Capital Holdings Ltd	2.01
Euronet Worldwide Inc	1.95
Northern Oil & Gas Inc	1.92

As of 3/31/2026

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.

TriNet Group. This provider of outsourced human resources services underperformed amid declining worksite employees and elevated insurance costs. The company reported quarterly results in line with expectations, though guidance for 2026 was weaker than investors expected. We believe fears of artificial intelligence disintermediation have also weighed on TriNet and its peers.

Enovis. This company is a leading manufacturer of orthopedic implants and equipment used for injury prevention and recovery. Enovis preannounced fourth-quarter earnings that missed investor expectations and forecast decelerating growth in 2026. We believe Enovis has shown above-market growth potential and a discounted valuation relative to peers.

Notable Trades

EquipmentShare. We initiated a position in this construction equipment and tools rental company, which provides a proprietary digital platform for managing construction sites. The company went public in late January and reported strong operating results for 2025.

Haymaker Acquisition Corp 4. This special purpose acquisition company was acquired by Tulsa-headquartered Suncrete, a vertically integrated, ready-mix concrete company serving a diverse customer base across public and private sectors. It is poised to benefit from reindustrialization, urbanization, and migration to the Sunbelt.

Webster Financial. We exited our position in the Connecticut-headquartered regional bank following the announcement that it would be acquired by Banco Santander.

Boyd Gaming. The company is an owner and operator of regional casinos. We sold the position following strong performance in 2025 to fund other ideas that we thought offered more attractive risk/reward profiles.

Portfolio Positioning

The portfolio seeks to invest in small-cap companies where we believe the valuation 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.

Significant overweight to financials. The heaviest overweight industries within the sector relative to the benchmark included banking, financial services and insurance. While our overweight in banking has moderated a bit, our positive stance remains, anchored by our analysis showing a continued positive inflection in net interest income and what we believed were overstated fears by the market of an extended negative debt cycle. We remain positive on the higher-quality banks we hold as we believe many of our positions remain meaningfully undervalued.

Exposure to high-end consumers. We hold an overweight in the consumer discretionary sector relative to the benchmark with our exposures heavily tilted toward what we believe are higher-quality, unique businesses targeting a more durable, high-end consumer. We own positions in global consumer brands, and we believe our specialty retail exposure is pointed toward more economically stable, wealthy consumers with positions in marine dealers and a retailer of highly consumable personal care and household products. We also have exposure to what we think are higher-quality, dividend-paying homebuilders. While that industry has struggled with affordability issues and higher interest rates, we believe it is positioned to benefit from pent-up demand among entry-level buyers.

Company-specific opportunities in industrials. We hold an overweight in the sector relative to the benchmark, driven by attractive individual stock-specific opportunities. We have continued to find what we believe are higher-quality companies within the machinery, distribution and commercial services industries. We believe many of these companies have been able to exert strong pricing power during the recent inflationary environment. This pricing power, coupled with strong structural, long-term unit demand and prudent cost control efforts, has led to significant excess cash flow, in our view. Companies in this sector have accelerated their efforts to return value to shareholders via increased dividends, share buybacks and debt reduction.

Few opportunities in health care. We continue to be significantly underweight in health care relative to the benchmark as we believe valuations in the space generally have not presented attractive risk/reward opportunities. A significant portion of our underweight continues to be driven by our lack of exposure to small-cap biotechnology, pharmaceuticals and life sciences tools companies. Our research indicates that as a group, these do not offer the strong cash flow, high returns on capital or attractive valuation characteristics that we typically require from our investments. We will likely remain materially underweight health care as we believe these industry groups generally do not fit our investment process on quality and operational strength.

No exposure to utilities. We currently hold no positions in this sector. After underperforming the benchmark in 2023 and again in 2024, the utility sector snapped back in 2025. We believe much of that recent strength could be attributed to more nontraditional power-related companies that were swept up as artificial intelligence-related power plays, none of which aligned with our view of quality investments in the utilities space. We continue to look for opportunities to gain exposure in this sector, but we believe there have been better risk/reward opportunities in more cyclical corners of the market.

Small Cap Value Fund

TICKERS Investor Class: ASVIX | I Class: ACVIX | A Class: ACSCX | C Class: ASVNX | R Class: ASVRX | R5 Class: ASVGX | R6 Class: ASVDX

Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. To obtain performance data current to the most recent month end, please visit www.americancentury.com/performance. 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. For information about other share classes available, please consult the prospectus. 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.

Average Annual Total Returns for Period Ended 3/31/2026

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	3.85	7.15	6.82	3.20	9.41	10.33	7/31/98	1.08
I	4.01	7.32	7.03	3.41	9.63	10.78	10/26/98	0.88
R5	3.90	7.19	6.98	3.39	9.62	7.64	4/10/17	0.88
R6	3.90	7.44	7.18	3.56	9.78	8.66	7/26/13	0.73
Russell 2000 Value Index	4.96	28.09	13.80	5.79	9.61	-	-	-

Historical performance for the R5 Class prior to its inception is based on the performance of I Class shares, which have the same expenses as the R5 Class.

Pre-inception differences in R5 Class and I Class performance are based on rounding.

Expense ratio is as of the fund's current prospectus. The I Class minimum investment amount is \$5 million (\$3 million for endowments and foundations) per fund. The R5 Share Class is available only to participants in group employer-sponsored retirement plans where a financial intermediary provides recordkeeping services to plan participants.

Periods greater than one year have been annualized.

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, contains this and other information about the fund, and should be read carefully before investing.

The opinions expressed are those of the portfolio investment 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 for an educational purpose only and is not intended to serve as investment advice.

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.

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.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000® Value Index measures the performance of those Russell 2000® companies with lower price-to-book ratios and lower forecasted growth values. Created by Frank Russell Company, it is not an investment product available for purchase.

