

# Small Cap Value Fund

## Quarterly Commentary

### Portfolio Review

**Stocks advanced.** The U.S. government shutdown that began in October and dragged into November did not deter investors, even as it delayed or eliminated the release of key economic data. U.S. stocks rose during the quarter. Large-cap stocks slightly outperformed small-cap stocks, and both outperformed mid-cap stocks. Value style stocks outperformed growth-style stocks across the market-capitalization spectrum.

**Both the economy and corporate earnings surged.** The economy advanced at an annualized rate of 4.3% in the third quarter, compared with 3.8% in the second quarter. Corporate earnings also advanced. Inflation moderated, but unemployment rose to 4.6% in November, the highest since September 2021. The Federal Reserve lowered its benchmark rate by 0.25% twice in response to the weakness in the labor market.

**Health care lagged.** Our relative underperformance was due to both allocation decisions and stock selection. Biotechnology, pharmaceuticals and life sciences tools and services stocks rallied near the end of the quarter, and our lack of exposure to these outperforming industries hindered results as many of these companies are not yet profitable and we believe they don't meet our requirements for investment. Positions in Embecta and Enovis also underperformed.

**Materials underperformed.** Metals and mining companies outperformed due to strong base metals prices. As a result, our lack of exposure to companies in this industry hampered results compared to the benchmark. A large position in Graphic Packaging Holding also detracted due to weaker-than-expected unit volumes and an abrupt change in its CEO.

**Information technology contributed.** While the sector's outperformance was mostly due to avoidance of bitcoin miners, stock selection also contributed. Strong results from Amkor Technology and Kulicke & Soffa Industries more than offset weakness in Axcelis Technologies, which declined following the announcement of an acquisition and as investor sentiment on the electric vehicle industry soured.

### Key Contributors

**Amkor Technology.** This provider of assembly and testing services to chipmakers has benefited from signs of recovery in end markets and from its growing focus on artificial intelligence packaging solutions. We believe the push to make chips domestically has been beneficial to Amkor as it is one of two companies in the U.S. capable of providing large-scale advanced packaging solutions.

**MARA Holdings.** Shares of this bitcoin miner and data center power solutions provider underperformed during the quarter as cryptocurrency-related plays sold off amid weakness in bitcoin prices. As a result, our lack of exposure to MARA was beneficial to relative returns.

**Oklo.** Avoiding this development-stage manufacturer of small-cell nuclear power systems contributed. Shares of Oklo declined as investors rotated from high-volatility companies into more cyclical holdings.

### Key Detractors

**Graphic Packaging Holding.** We believe Graphic Packaging Holding continues to face headwinds as consumer packaged-food and foodservice volumes have been weak. We also think executive turnover has likely hindered shares.

**Bath & Body Works.** This leading maker and retailer of home fragrance products and personal care products detracted from results. While we believe the company's new management can solve its growth issues, we think recovery may take longer than expected.

**EVERTEC.** This software company continued to decline despite reporting solid earnings results. We took advantage of the weak share price and added to our position as we believed the company was well positioned for 2026.

### 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	2.76
Axis Capital Holdings Ltd	2.69
Old National Bancorp/IN	2.65
Graphic Packaging Holding Co	2.43
EVERTEC Inc	2.35
Enovis Corp	2.25
UMB Financial Corp	2.22
Euronet Worldwide Inc	2.17
Columbia Banking System Inc	2.17
Timken Co/The	2.09

As of 12/31/2025

*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.*

## Notable Trades

**Arrow Electronics.** We initiated a position in this electronics wholesaler. We believe Arrow is a higher-quality distributor and more attractively valued than Avnet, which we sold.

**ArcBest.** We initiated a position in this integrated logistics company that provides comprehensive supply chain solutions worldwide. ArcBest offers less-than-truckload freight services, truckload brokerage, expedited shipping, international air and ocean transport, warehousing and managed transportation.

**Avnet.** We exited our position in this electronics distribution company to fund our new position in Arrow Electronics, which we believe had a better risk/reward profile.

**Patrick Industries.** Although this provider of components for recreational vehicle and housing end markets gained market share and performed well in late 2024 and 2025, we exited our position as shares rose above their long-term average.

## 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 exposure to financials.** We remain significantly overweight in the financials sector relative to the benchmark. We've maintained large positions in banks, financial services companies (e.g., payment processors, holding companies and metals brokers) and insurers but have avoided mortgage real estate investment trusts and consumer finance. While we have trimmed our overweight exposure to banks, we remain constructive on the industry as our analysis indicated a continued positive inflection in net interest income and as we believe fears of an extended negative credit cycle were overstated. We remain positively predisposed to what we think are higher-quality banks, with many of our holdings still trading meaningfully below historical multiples.

**Overweight in consumer discretionary.** Our overweight in this sector relative to the benchmark is heavily tilted toward what our research has indicated are higher-quality, unique businesses targeting high-end consumers. Examples of what we believe are high-quality, global consumer brands include Brunswick and Birkenstock. We believe our specialty retail exposure, including positions in marine dealers (MarineMax and OneWater Marine) and Bath & Body Works (a retailer of highly consumable personal care and household products), has provided us with exposure to this market. We also have positions in homebuilders, which we think should benefit from a lower interest rate environment and a market that is undersupplied with new, affordable housing inventory.

**Opportunities in industrials.** We believe industrials remains attractive and continue to be overweight in the sector relative to the benchmark. We have found what our research has indicated are higher-quality industrials (machinery, distribution, commercial services), many of which have been able to exert strong pricing power during the recent inflationary environment. We think this pricing power, coupled with strong unit demand and prudent cost control efforts, has helped many of our industrials holdings to return cash to shareholders via increased dividends, buy back shares and reduce debt.

**Few opportunities in health care.** We remain significantly underweight in this sector relative to the benchmark as we believe valuations 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. We will likely remain materially underweight in this sector as we believe companies in these industries typically do not fit our investment process regarding quality and financial strength.

**Cautious on utilities.** We have no exposure to utilities. After underperforming the benchmark in 2023 and again in 2024, the utility sector snapped back in 2025, though much of that strength could be attributed to nontraditional power-related names, which were swept up as artificial intelligence-related power plays, none of which aligned with our view of quality investments in this space. We have continued to look for opportunities to gain exposure in this sector, though at this point, we believe we have found better 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](http://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 12/31/2025

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date	Gross Expense Ratio (%)
Investor	-1.06	-3.27	6.38	7.04	8.94	10.28	7/31/98	1.08
I	-1.10	-3.14	6.57	7.23	9.16	10.72	10/26/98	0.88
R5	-1.10	-3.14	6.57	7.22	9.16	7.40	4/10/17	0.88
R6	-1.05	-2.98	6.77	7.41	9.33	8.51	7/26/13	0.73
Russell 2000 Value Index	3.26	12.59	11.73	8.88	9.27	-	-	-

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](http://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.

