AC Alternatives
From American Century Investments

AC ALTERNATIVES® Market Neutral Value

TICKERS Inv Class: ACVVX > I Class: ACVKX > A Class: ACVQX > C Class: ACVHX > R Class: ACVWX

AC Alternatives Market Neutral Value posted a negative return during the first quarter of 2019 and underperformed its benchmark, the Bloomberg Barclays U.S. 1-3 Month Treasury Bill Index.

The portfolio is constructed of pairs that consist of one long and one short position. We hold long positions that we believe are undervalued, and we hold short positions that we believe are overvalued. A long position consists of typical ownership of an asset or investment that gives the owner the right to transfer ownership, the right to any income generated by the asset and the right to any profits or losses due to value changes. A short position refers to the sale of an asset borrowed, not owned, by the seller in anticipation of a price decline. If the seller can buy the asset later (to return what was borrowed) at a lower price, a profit results. If the price rises, the borrower/seller suffers a loss.

Value underperformed growth during the quarter. Additionally, higher-quality stocks generally underperformed lower-quality stocks. These factors acted as headwinds for our portfolio.

Top Detractors

A pair consisting of a long position in Cheesecake Factory and a short position in Chipotle Mexican Grill detracted from relative performance. Chipotle's stock rose significantly after the company reported strong quarterly earnings and on optimism that the company can continue its turnaround. As of quarter-end, we continue to hold this pair because our metrics show a wide valuation spread between the two companies.

Another top detractor was a pair comprised of a long position in Walmart and a short position in Costco Wholesale. Costco's stock rose during the quarter, causing our short position to detract from performance. Relative to Costco, we consider Walmart to be a higher-quality stock with superior cash flow generation and a more attractive valuation.

Top Contributors

During the quarter, a top-performing pair consisted of a long position in Lear and a short position in Tesla. Tesla's stock declined due to concerns over demand, production and potentially lower pricing going forward. We believe this pair continues to offer an attractive valuation spread as of quarter-end. Additionally, our metrics show Tesla has higher leverage and lower returns on capital relative to Lear.

Another key contributor was a pair comprised of a long position in Southwest Airlines and a short position in Spirit Airlines. Spirit's stock fell due to questions around the company's ability to maintain earnings momentum. We view Southwest as the highest quality airline with a solid balance sheet, improved margins and returns, and cost advantages versus other U.S. carriers. Conversely, our analysis shows that Spirit Airlines is highly levered with lower returns on capital and lower free cash flow yield.

Positioning for the Future

We continue to follow our disciplined, bottom-up process, selecting securities one at a time for the portfolio. We look for securities of companies that we believe are misvalued on both the long and short side of the market with consideration for both upside potential and downside risk. The portfolio's current positioning reflects the individual opportunities that we have identified.

OBJECTIVE

Long-term capital growth, independent of equity market conditions.

PORTFOLIO MANAGEMENT TEAM

	Start Date	
	Industry	Company
Phil Davidson, CFA	1980	1993
Michael Liss, CFA, CPA	1991	1998
Kevin Toney, CFA	1993	1999
Brian Woglom, CFA	1998	2005
Dan Gruemmer, CFA	2004	2009

TOP 10 EQUITY HOLDINGS (%)

Consumer Discretionary Select Sector SPDR Fund	4.08
Walmart Inc	3.85
Crane Co	3.62
MSC Industrial Direct Co Inc	3.03
Zimmer Biomet Holdings Inc	2.84
Atlas Copco AB	2.54
iShares U.S. Real Estate ETF	2.52
Lear Corp	2.47
L Brands Inc	2.46
Capri Holdings Ltd	2.14

As of 3/31/2019

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.

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. 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 3/31/2019 (%)

Class	Qtr (%)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)	Inception Date
Investor	-2.28	-3.04	-0.84	1.17	-	1.80	10/31/2011
I	-2.24	-2.90	-0.64	1.35	-	2.00	10/31/2011
Bloomberg Barclays U.S. 1-3 Month Treasury Bill Index	0.59	2.09	1.14	0.71	-	-	-

Performance less than one year, when quoted, is not annualized.

EXPENSES & SALES CHARGES (%)	Investor	I
Gross Expense Ratio	3.84	3.64

The total expense ratio (excluding dividends and interest expense on securities sold short) was **1.67%** for Investor Class and **1.47%** for I Class. This fund's total expense ratio excludes dividends on short sales. These are the dividends paid to the lenders of the borrowed securities. The expense relating to dividends on short sales will vary depending on whether the securities the fund sells short pay dividends and on the size of any such dividends.

The gross expense ratio is the fund's total annual operating costs, expressed as a percentage of the fund's average net assets for a given time period. It is gross of any fee waivers or expense reimbursement. The net expense ratio is the expense ratio after the application of any waivers or reimbursement. This is the actual ratio that investors paid during the fund's most recent fiscal year. Please see the prospectus for more information.

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.

Returns or yields for the fund would have been lower if a portion of the management fee had not been waived. Review the annual or semiannual report for the most current information.

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.

Alternative mutual funds often hold a variety of non-traditional investments, and also often employ more complex trading strategies than traditional mutual funds. Each of these different alternative asset classes and investment strategies have unique risks making them more suitable for investors with an above average tolerance for risk.

Fund shown may take short positions. A short position arises when the fund sells stock that it does not own but was borrowed in anticipation that the market price of the stock will decline. If the market price declines, the fund can replace the borrowed stock at a lower price and capture the value represented by the difference between the higher sale price and the lower replacement price. Conversely, if the price of the stock goes up after the fund borrows the stock, the fund will lose money because it will have to pay more to replace the borrowed stock than it received when it sold the stock short. Any loss will be increased by the amount of compensation, interest or dividends, and transaction costs the fund must pay to the lender of the borrowed security. In addition, because the fund's loss on a short sale stems from increases in the value of the stock sold short, the extent of such loss, like the price of the stock sold short, is theoretically unlimited. By contrast, a fund's loss on a long position arises from decreases in the value of the stock and therefore is limited by the fact that a stock's value cannot drop below zero. In addition, the fund may not be able to close out a short position at a particular time or price advantageous to the fund and there is some risk the lender of the stock sold short will terminate the loan at an inopportune time.

Under normal circumstances the fund's security selection process may result in the managers taking long positions in a market sector or industry that is not offset, or not offset to the same extent, by corresponding short positions in the same market sector or industry, and vice versa. This may result in increased risk and opportunity for loss should the securities in a particular market sector or industry not perform as predicted by our security selection process. The fund's portfolio turnover may be very high which could result in relatively high transaction costs which could hurt the fund's performance and cause capital gains tax liabilities.

Source: Bloomberg Index Services Ltd. Bloomberg Barclays U.S. 1-3 Month Treasury Bill Index is the 1- to 3-month component of the U.S. Treasury Bill Index, which includes U.S. Treasury bills with a remaining maturity from 1 up to 12 months and excludes zero coupon strips.