

# Real Estate Income SMA

## Investment Strategy

Invests in income-producing real estate investment trusts (REITs) and real estate securities.

## Key Differentiators

- Top-down, bottom-up approach
- High income objective
- Tenured team

## Portfolio Management Team

Name	Start Date	
	Industry	Company
Steven Rodriguez	2003	2009
Steven Brown	1987	2008

## Performance (%)

	Qtr	1 Yr	3 Yr	5 Yr	10 Yr	Since Inception	Inception Date
Real Estate Income SMA (Gross)	3.37	-33.88	-	-	-	-33.88	10/1/19
Real Estate Income SMA (Net)	2.60	-35.83	-	-	-	-35.83	-
MSCI U.S. REIT	1.63	-17.76	-	-	-	-17.72	-

**Data presented reflects past performance. Past performance is no guarantee of future results. Current performance may be higher or lower than the performance shown. 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.**

*DUE TO MARKET VOLATILITY, CURRENT PERFORMANCE MAY BE DIFFERENT THAN THE FIGURES SHOWN.*

Real Estate Income SMA net of fee shown is equal to the highest anticipated wrap fee charged by a program sponsor (3.00% annually which is inclusive of up to a maximum investment advisory fee of 0.70%). This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size.

## Investment Philosophy

### We believe

- Global real estate investment trusts and real estate-related companies can provide superior yield for investors.
- By combining in-depth fundamental analysis, bottom-up security selection, and top-down property sector and regional views, we can create a portfolio with consistently above average income, opportunity for dividend growth, and attractive total return potential.

### Key Tenets

- Investing in companies with attractive relative valuations, above average dividend yield, and potential for dividend growth provides broader opportunities to generate excess return.
- Top-down analysis requires evaluating a broad range of macro factors in order to effectively and accurately assess opportunities.
- Ability to invest in preferred securities provides opportunity to further boost yield.
- Sustained experience and access within real estate industry enhances company-level research.

## Investment Process

### STEP 1

**Public Real Estate Universe**  
Approx. 120 investable companies

**Top-Down Regional /Property Sector Analysis**

- Real Estate-Specific
- Valuation assessment
  - Real Estate Market Fundamentals
- Macro-Economics
- Economic Outlook
  - Policy Expectations

### STEP 2

**Bottom-Up Company Research**

- Asset quality
- Management quality & ESG considerations
- Analyze dividend safety & stability
- Balance sheet strength
- Earnings power
- Valuation

### STEP 3

**Portfolio Construction**

- 15-30 Holdings

## Portfolio Characteristics

	Portfolio	Index
Wtd Avg Market Cap	\$11.4B	\$23.4B
Price/Earnings Ratio	37.27x	28.83x
Price/Book Ratio	1.61x	1.98x
Price to Cash Flow	9.55x	13.27x
Number of Holdings	20	141

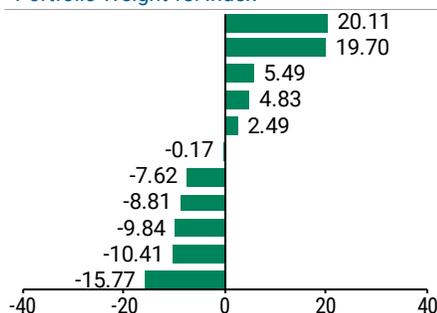
## Top 10 Holdings (%)

AGNC Investment Corp	9.32
MGM Growth Properties LLC	8.43
STORE Capital Corp	6.67
Rayonier Inc	6.31
Gaming and Leisure Properties Inc	5.89
VICI Properties Inc	5.79
Crown Castle International Corp	5.63
QTS Realty Trust Inc (conv)	5.04
PennyMac Mortgage Investment Trust	4.95
Healthpeak Properties Inc	4.64
<b>Total Percent in Top 10 Holdings</b>	<b>62.67</b>

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.

## Sector Weights (%)

## Portfolio Weight vs. Index



Sector	Portfolio	Index
Specialty	23.97	3.85
Diversified	24.22	4.52
Lodging/Resorts	8.56	3.07
Retail	16.84	12.01
Health Care	13.97	11.48
Industrial/Office Mixed	0.00	0.17
Self Storage	0.00	7.62
Office	0.00	8.81
Data Centers	5.12	14.95
Residential	7.33	17.74
Industrial	0.00	15.77

## A Note About Risk

Due to the limited focus of this fund, it may experience greater volatility than funds with a broader investment strategy. It is not intended to serve as a complete investment program by itself. This fund may be subject to many of the same risks as a direct investment in real estate. These risks include changes in economic conditions, interest rates, property values, property tax increases, overbuilding and increased competition, environmental contamination, zoning and natural disasters. This is due to the fact that the value of the fund's investments may be affected by the value of the real estate owned by the companies in which it invests. To the extent the fund invests in companies that make loans to real estate companies, the fund also may be subject to interest rate risk and credit risk. The fund is classified as non-diversified. Because it is non-diversified, it may hold large positions in a small number of securities. To the extent it maintains such positions; a price change in any one of those securities may have a greater impact on the fund's share price than if it were diversified. 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. 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.

Separately Managed Accounts (SMAs) are investment services provided by American Century Investment Management, Inc. (ACIM) a federally registered investment advisor. SMAs are not available for purchase directly through ACIM. Client portfolios are managed based on investment instructions or advice provided by the client's advisor or program sponsor. Management and performance of individual accounts may differ from those of the model portfolio as a result of advice or instruction by the client's advisor, account size, client-imposed restrictions, different implementation practices, the timing of client investments, market conditions, contributions, withdrawals and other factors.

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This strategy may not be suitable for all investors.

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Portfolio holdings and allocations are as of the date indicated, and subject to change without notice. Data provided by American Century Investments and FactSet, unless otherwise noted. Material presented has been derived from industry sources considered to be reliable, but their accuracy and completeness cannot be guaranteed.

A strategy or emphasis on environmental, social and governance factors ("ESG") may limit the investment opportunities available to a portfolio. Therefore, the portfolio may underperform or perform differently than other portfolios that do not have an ESG investment focus. A portfolio's ESG investment focus may also result in the portfolio investing in securities or industry sectors that perform differently or maintain a different risk profile than the market generally or compared to underlying holdings that are not screened for ESG standards.

The MSCI U.S. REIT Index is a market capitalization-weighted total-return index of real estate investment trusts (REITs) that meet certain liquidity requirements. It is not an investment product available for purchase. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI.

**Key Terms:** **Weighted Average Market Capitalization:** The average of the weighted capitalizations of a portfolio's holdings. **Price/Earnings Ratio (P/E):** The price of stock divided by its annual earnings per share. **Price/Book Ratio (P/B):** The ratio of a stock's price to its book value per share. **Price/Cash Flow Ratio:** The ratio of a stock's price to its cash flow per share. **Standard Deviation:** Defines how widely returns varied from an average over a given period of time. A higher standard deviation means a more volatile portfolio. For example, a portfolio with a standard deviation of 6 and an average annual return of 10% saw annualized monthly returns fall within 6 percentage points of that average (or between 4% and 16%) two-thirds of the time. **Dispersion:** A measure of the amount of uncertainty and risk associated with a portfolio.

## Performance Disclosures

Year	Gross Total Return (%)	Net Total Return (%)	Benchmark Return (%)	Composite Annualized 3-Year Standard Deviation (%)	Benchmark Annualized 3-Year Standard Deviation (%)	Number of Portfolios	Non-Fee Paying Portfolios (%)	Composite Dispersion (%)	Managed Accounts (%)	Composite Assets (USD in 000s)	Total Firm Assets (USD in 000s)
2019	4.38*	3.60*	-0.78*	N/A**	N/A**	Five or Fewer	100.00	N/A	100.00	\$261	\$178,050,055

\*Return is for the period October 1, 2019, inception of the composite, through December 31, 2019.

\*\*The 3-year standard deviation is not presented because 36 monthly composite returns were not available.

The standard management fee schedule is 300 bps, all assets.

For purposes of compliance with the Global Investment Performance Standards ("GIPS®"), the Firm is defined as American Century Investment Management, Inc. ("ACIM" or "the Firm").

American Century Investment Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ACIM has been independently verified for the periods January 1, 1992 to December 31, 2019. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. The verification report is available upon request.

The Real Estate Income SMA strategy seeks to provide income that exceeds the benchmark (MSCI U.S. REIT Index) by 1.0% to 2.0% annually with a secondary objective of providing a total return that exceeds the benchmark by 1.0% to 2.0% annually over a market cycle by investing primarily in real estate investment trusts and companies engaged in the real estate industry through U.S.-listed securities. The composite includes all fully discretionary, separately-managed (wrap) portfolios as well as a proprietary account used as the SMA model portfolio.

Performance shown represents total returns that include accrued interest and dividend income, realized and unrealized gains and losses. The performance for this composite is net of foreign income tax withholding and includes the effect of foreign currency where applicable.

Gross-of-fee returns are net of all trading costs and are calculated before management fees, administrative fees, custody fees and distribution and service fees, as applicable. Net-of-fee returns reflect the deduction of the highest anticipated wrap fee charged by a program sponsor (3.00% annually, which is inclusive of up to a maximum investment advisory fee of 0.70%). This total wrap fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual management fees may differ from the standard management fee schedule presented on the accompanying Composite Performance and Fee Schedule. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

The composite's dispersion of annual returns is measured by the asset-weighted standard deviation of individual portfolio annual returns. Only portfolios that have been managed within the composite for the full year are included in the asset-weighted standard deviation calculation. Dispersion is not calculated for composites that have five or fewer portfolios for the full calendar year.

The MSCI U.S. REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs).

The Firm established a \$250,000 minimum portfolio size for inclusion in the composite.

The creation date for this composite is October 1, 2019. The inception date for this composite is October 1, 2019.

A complete list of the Firm's composite descriptions is available upon request.

Past performance may not be indicative of future returns. The value of any investment may rise or fall over time. Principal is not guaranteed, and investors may receive less than the full amount of principal invested at the time of redemption if asset values have declined.

Source: FactSet Research Systems, Inc.

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