

ESGA

American Century Sustainable Equity ETF

Analyst Report

The American Century Sustainable Equity ETF is an actively managed fund that blends fundamental financial analysis with a strategy that invests in U.S. companies that compare favorably on environmental, social, and governance criteria, also known as ESG. ESG funds are an increasingly popular segment of the ETF marketplace, but ESGA is one of the rare ESG funds managed by stock pickers rather than an index. ESGA is rarer still in that it is one of a recent wave of non-transparent ETFs. This means the fund's stock pickers don't have to disclose their holdings every day, unlike most ETFs. ESG strategies offer values-driven investors a diverse portfolio of U.S. stocks without compromising their conscience. ESGA, which debuted in July 2020, will use a model to assign ESG scores to evaluate criteria like carbon emissions, board independence, digital privacy, and other issues, and only the highest-scoring companies in their respective sectors will make the cut. ESGA's goal is to generate better returns without taking on additional risk while maintaining a stronger ESG profile than the S&P 500 index. For years, many active managers resisted launching ETFs because of fears that the daily portfolio transparency would give away their trade secrets. The Securities and Exchange Commission finally approved non-transparent funds in 2019. Whether active non-transparent will pay off remains to be seen. While other active money managers can close their funds to new investors if they believe their trade is getting too crowded, ETF managers can't. An active ETF must continue to accept new money, and therefore must be mindful of the capacity constraints of the underlying market. In practice, this may force managers to lean heavily on large cap U.S. equities, an area of the market where active managers struggle to find a persistent edge. Given ESGA's limited real-world track record, it's hard to judge whether the fund's managers will do any better. ESGA also owns a substantially narrower universe of stocks than other U.S. equity ETFs, and the reduced choice to augment a portfolio with other risks...



ESG Themes and Scores

7.17/10 **77.28%** **91.62%**
ESG Rate Global Percentile Peer Percentile

Performance Data

	ESGA	ETF Database Category Average	Factset Segment Average
1 Month	6.29%	4.93%	3.70%
3 Month	8.86%	7.51%	5.88%
YTD Return	24.70%	20.13%	13.16%
1 Year Return	30.85%	25.22%	15.83%
3 Year Return	9.52%	6.90%	4.35%
5 Year Return	N/A	5.98%	3.20%

Top 5 Holdings

Symbol	Holding	% Assets
MSFT	Microsoft Corporation	7.98%
AAPL	Apple Inc.	7.02%
NVDA	NVIDIA Corporation	6.60%
GOOGL	Alphabet Inc. Class A	3.94%
AMZN	Amazon.com, Inc.	3.32%

Vitals

Issuer	American Century Investments
Brand	American Century
Structure	ETF
Expense Ratio	0.39%
Inception	Jul 13, 2020
Index Tracked	N/A

ETF Database Themes

Category	Large Cap Blend Equities
Asset Class	Equity
Asset Class Size	Large-Cap
Asset Class Style	Blend
Region (General)	North America
Region (Specific)	U.S.

FactSet Classifications

Segment	Equity: U.S. - Large Cap
Category	Size and Style
Focus	Large Cap
Niche	Broad-based
Strategy	Active
Weighting	Proprietary