# Transcript: 2024 Outlook and investment strategy
# American Century Investments | Renaissance U.S. Equity Income Fund

[CIBC Asset Management logo]

[What is your 2024 outlook for U.S. equities?]

[Brian Woglom
Vice-President, Senior Portfolio Manager
American Century Investments]

Our basic process and philosophy are grounded in the belief that we can achieve superior market returns with less risk over time by owning high quality companies.

[A man sits in a board room overlooking a shipping yard. A man punches in data on a calculator looking over market data. Text is circled on a piece of paper.]

Those are companies that have high returns, clean balance sheets, and sustainable dividends-–buy them when they 're valuations are attractive. I say that because we're entering 2024, coming off of 2023, where we saw a growth led rally, high beta outperformed low beta, low quality outperformed high quality, particularly in the value area.

So that leads us to the start of this year, which we feel is somewhat similar to 2022.

[A jumbo stock ticker on the side of the building switches from green to red and back.]

We had a nice run for the market overall, but we feel it was somewhat overextended. And particularly, we see a big disconnect between the growth-versus-value kind of valuation and back to all time relative highs, with 30-year lows in relative valuation for our high-quality names.

[Aerial view of a large warehouse. Low angle view of a skyscraper. Market data reflected in a persons glasses.]

So, we're seeing a significant amount of opportunities in spaces that we find those high quality potential stocks while the overall market is mixed. We do see overvalued companies, particularly the more economically sensitive areas. It's the very attractive valuation companies, in kind of the more defensive areas of the market.

[Aerial view of a large warehouse parking lot. Timelapse images of a grocery store and a hospital hallway.]

We're seeing significant opportunities in more defensive areas like consumer staples and health care. Now partly it’s driven by just the, you know, the risk-on rally we had last year, that the more defensive areas underperformed.

[A person sets up a semiglutide syringe.]

But we're also seeing a disconnect between the earnings growth and valuations due to the enthusiasm around weight loss drugs, particularly the summer of last year. We think the market is overreacting to the impact that these weight loss drugs will have on both areas of the market. So, we're seeing significant discounted valuations based on that.

[A computer-generated image of a stock ticker.]

And we think as the data continues to come out, the market will realize the impact is a lot less for them.

[Images of a grocery store and a hospital hallway.]

We see significant opportunities in those two spaces consumer staples and health care. On the flip side, we are underweight in the more economically sensitive names areas like consumer discretionary, industrials, technology.

There we’re seeing not only, you know, rich valuations based on current earnings, the market is also pricing in significant earnings growth, which we think is going to be harder to come by than the market thinks, as the economy really starts to feel the impact of the higher interest rate environment that we started last year. We think that will be a headwind to growth, not only for businesses but also the consumer, as they chew through the savings they've had post the pandemic.