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[front cover]

MAY 31, 1999

SEMIANNUAL REPORT
AMERICAN CENTURY

[graphic of stairs]

INTERNATIONAL GROWTH
INTERNATIONAL DISCOVERY
EMERGING MARKETS
GLOBAL GROWTH

[american century logo(reg.sm)]
American
Century

[inside front cover]

Y2K TESTING EFFORTS PAY DIVIDENDS IN PREPAREDNESS

Y2K, short for the year 2000, refers more specifically to the date change from December 31, 1999 to January 1, 2000. This date change is significant for computers because many were originally programmed to process dates with two-character years -- 99 instead of 1999.

When the calendar rolls to 2000, this can create problems for computers programmed this way because they will read the date as "00," and may interpret it as 1900. Most companies have been working to reprogram their computer systems with four-digit years. Reprogramming is very labor-intensive and requires testing to ensure that there are no errors and that all lines of code were successfully changed.

Recognizing the possible impact of the Y2K issue, our senior-level Steering Committee, programmers, business partners and Y2K team have been working diligently to make January 1, 2000 a non-event for American Century investors.

Currently, all of our computer systems have been modified, tested and returned to production. We have an ongoing commitment to testing our systems with our vendors and business partners and within the industry throughout the rest of the year.

In March and April of this year, we participated in the Security Industry Association's (SIA) industry-wide test and successfully processed transactions for dates up to and beyond 2000. American Century transactions with our partner firms were processed free of Y2K bugs. We also participated in the Market Data Test conducted by the SIA and Financial Information Forum in May. Again, the computer scripts were executed successfully with no Y2K-related errors.

In addition to our testing schedule, our Y2K team has developed contingency plans. These plans will minimize the impact on our investors and help us maintain operations in the event of any Y2K-related incidents. We will conduct practice drills of contingency scenarios during the rest of 1999 and refine those plans to respond quickly and effectively so that the date change is as seamless as possible for investors. We expect the year 2000 to be business as usual at American Century.

Year 2000 Readiness Disclosure

MINIMIZE YOUR MUTUAL FUND TAX HIT

American Century's newest equity fund, Tax-Managed Value, is designed for long-term growth and to minimize the tax hit you take on your mutual fund investments each year. The fund is managed to keep taxable distributions to a minimum by using the following strategies:

* BUY AND HOLD --Low portfolio turnover helps limit realized capital gains and takes advantage of long-term capital gains tax rates.

* OFFSET GAINS --When gains are realized in the portfolio, they are offset with capital losses from securities sold in that tax year or losses carried over from previous years.

* SELL HIGHER-COST SHARES FIRST --Selling shares that cost the most first helps minimize the taxable gains incurred from a sale.

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INTERNATIONAL GROWTH

(TWIEX)

INTERNATIONAL DISCOVERY
(TWEGX)

EMERGING MARKETS
(TWMIX)

GLOBAL GROWTH
(TWGGX)

TURN TO THE INSIDE BACK COVER OF THIS REPORT TO SEE A LIST OF AMERICAN CENTURY FUNDS CLASSIFIED BY OBJECTIVE AND RISK.

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Our Message to You

[photo of James E. Stowers III and James E. Stowers, Jr.]

James E. Stowers III, seated, with James E. Stowers, Jr.

The six months ended May 31, 1999, saw investment capital leave Europe and move to developing economies, particularly in Asia, Russia and Latin America, amid signs that those regions might be in the early stages of an economic recovery. Emerging markets, which were hardest hit by the economic slowdown and resulting financial crises that began in fall 1997, appeared to be poised for a snap-back. At present, we believe growth companies in these regions are selling at very attractive prices.

Against this backdrop, American Century's quartet of international funds turned in strong results. The International Discovery, Emerging Markets, and Global Growth funds posted double-digit returns. Although International Growth's results trailed those of its sister funds, the fund still outperformed its benchmark, and its long-term returns remain very robust.

We are especially pleased with the performance of our newest global fund, Global Growth, which was introduced on December 1. As a global fund, Global Growth has no geographical restraints and can invest anywhere in the world. The fund's ability to capitalize on the success of U.S. companies powered its return for the period.

On the corporate front, our focus continues to be on making it easier to do business with us and on helping investors reach their financial goals. In March, we consolidated all our funds under the American Century name. We believe the American Century nameplate makes it simpler for you to identify your funds.

We have also reclassified our entire family of 71 funds, based on investment goals and risk levels, so you can more easily choose the funds that are right for you. A complete list of American Century funds arranged by their new classifications is on the inside back cover of this report.

We also continue to expand the American Century international investment team, which has doubled over the past three years. Our portfolio teams have excellent depth, with an array of experienced managers and analysts. We remain committed to building and maintaining a talented management group.

Finally, we redesigned and enhanced our Web site, www.americancentury.com. There you'll find daily fund information, including price and performance data, market and national news, and a forms center with access to the most-requested investor forms and applications. You can also sign up to receive fund prospectuses and shareholder reports electronically.

As always, we appreciate your continued confidence in American Century.

Sincerely,

/signature/
James E. Stowers, Jr.
Chairman of the Board and Founder

/signature/
James E. Stowers III
Vice Chairman of the Board and Chief Executive Officer

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Report Highlights

MARKET PERSPECTIVE

- * For the six months ended May 31, 1999, the once-moribund economies of Asia and Latin America outpaced Europe, whose economies showed signs of slowing.
- * Europe was negatively impacted by the euro's swoon. The euro was hurt by a sluggish Germany, declining European interest rates, and a flight of money from European growth stocks to cyclical and commodity stocks, as well as to Asia and Latin America.
- * The outlook for Europe remains bright because corporate restructurings continue at a rapid pace.
- * Asia, especially South Korea and Singapore, was bolstered by lower interest rates, reduced debt, and export-driven growth; even Japan began a turnaround.
- * Mexico's resurgence was fueled by higher oil prices, lower interest rates, and a robust U.S. economy. Brazil rebounded after the government devalued the real.

INTERNATIONAL GROWTH

- * International Growth's Investor Class shares had a healthy return for the six months and outperformed its benchmark, the Morgan Stanley Capital

International EAFE Index.

- * International Growth's top contributors were technology-related companies, including telecommunications firms--cellular service and cellular communications equipment providers.
- * Holdings in pharmaceutical companies dampened performance, as did the fund's stake in banks, automobiles and auto parts manufacturers.

INTERNATIONAL DISCOVERY

- * International Discovery posted impressive gains, and outpaced its benchmark. The decision not to sell several strong growth stocks in the third quarter of 1998 was rewarded when the markets roared back.
- * Fund performance was boosted by the dynamic performance of several Asian economies, including South Korea, Singapore, and Japan.
- * Telephone communications, contract manufacturers and cable television operators were among the fund's largest holdings and also its top contributors to performance.

EMERGING MARKETS

- * Emerging Markets had a strong return and outperformed its benchmark as emerging markets roared back.
- * Fund returns were boosted by strong earnings growth in companies from a variety of sectors in South Korea, Singapore, Mexico and India.
- * Holdings in banks, telecommunications, and electronic component manufacturers in many developing markets helped performance.

GLOBAL GROWTH

- * Global Growth opened December 1, 1998, and performed well during its first months in operation. It's life-of-fund return as of May 31, 1999, compares favorably to the gain posted by its benchmark, the MSCI World Free Index.
- * Global Growth's 50% stake in fast-growing U.S. companies helped performance. U.S. holdings that contributed the most to results were found in the telecommunications, Internet, media and pharmaceutical industries. In Europe, telecommunications companies, retailers, and financial services companies added to returns.

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INTERNATIONAL GROWTH(1)
(TWIEX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	7.03%(2)
1 Year	-2.85%
INCEPTION DATE:	5/9/91
NET ASSETS:	\$2.8 billion(3)

INTERNATIONAL DISCOVERY(1)
(TWEGX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	16.23%(2)
1 Year	-0.37%
INCEPTION DATE:	4/1/94
NET ASSETS:	\$985.0 million(3)

EMERGING MARKETS(1)
(TWMIX)

TOTAL RETURNS:	AS OF 5/31/99
6 Months	24.07%(2)
1 Year	1.88%
INCEPTION DATE:	9/30/97
NET ASSETS:	\$54.5 million(3)

GLOBAL GROWTH(1)
(TWGGX)

TOTAL RETURNS:	AS OF 5/31/99
Since Inception	18.60%(2)
INCEPTION DATE:	12/1/98
NET ASSETS:	\$118.0 million(3)

- (1) Investor Class.
- (2) Not annualized.
- (3) Includes Investor, Advisor, and Institutional classes.

Investment terms are defined in the Glossary on page 62.

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Market Perspective from Henrik Strabo

[photo of Henrik Strabo]

Henrik Strabo, Chief Investment Officer of international investments at American Century

ASSETS EXIT EUROPE

The most significant dynamic affecting the international markets for the six months ended May 31, 1999, was the dramatic exodus of investment assets out of Europe and into Japan and the emerging markets of Southeast Asia and Latin America. Perhaps the most important cause of this rapid migration was the less-than-successful launch of the euro, the new currency of the Economic and Monetary Union (EMU). The euro faltered when EMU economies showed signs of slowing. Germany, which accounts for one-third of EMU output, is currently growing at less than 2% annually, and, with the exception of Italy, is the Union's least impressive growth story. European interest rates also declined, further undermining the euro, which had to compete with rising rates in the U.S., where the economic boom continued virtually unabated. Finally, fears of returning global inflation led to a flight from growth stocks to economically sensitive cyclical and commodity stocks--and to the recovering markets of emerging Asia and Latin America.

REGIONS ON THE MEND

Inflation concerns and the subsequent flight from growth stocks were largely driven by the turnaround in Asia and Latin America. As these economies bottomed out, investors feared that their revival would cause increased global demand for commodities and infrastructure--resulting in higher prices. The initial beneficiaries of economic rebounds are usually the commodity producers and heavy industrials, traditional value stocks.

In Asia, South Korea and Singapore both strengthened, helped by lower interest rates. South Korean businesses rebounded via export-led growth, a lower overall cost structure and a reduction of heavy debt burdens. In the more developed economy of Singapore, which did not suffer from many of the financial excesses of its neighbors, export growth--namely in electronics--was robust. Even Japan, after years of economic stagnation, was on the mend. Foreigners recognized the Japanese recovery early in the year. Foreign purchases of Japanese shares hit record volumes during the first calendar quarter of 1999.

In Latin America, Mexico surged ahead, helped along by the rise in oil prices, lower interest rates, and the strong pull of the resilient U.S. economy. Brazilian financial markets also rebounded sharply after the government devalued the real. Brazil drastically reduced interest rates, and stepped back from the brink of financial collapse to an equilibrium that the equity markets are rewarding.

A HEALTHY GLOBAL ECONOMY

The current global economy gives investors many more opportunities from which to choose. Temporary setbacks aside, many constructive trends are in place, especially in Europe, where corporate restructurings continue at a phenomenal pace. In the long run, the euro should act as a catalyst for Europe's burgeoning American-style equity culture and encourage the growth of the Continent's capital markets.

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"THE CURRENT GLOBAL ECONOMY GIVES INVESTORS MANY MORE OPPORTUNITIES FROM WHICH TO CHOOSE."

MARKET RETURNS

FOR THE SIX MONTHS ENDED MAY 31, 1999

MSCI EUROPE	0.16%
MSCI FAR EAST	15.51%
MSCI EMERGING LATIN AMERICA	17.77%

Source: Lipper Inc.

MARKET PERFORMANCE (GROWTH OF \$1.00)
FOR THE SIX MONTHS ENDED MAY 31, 1999

[data shown in line chart]

	MSCI Emerging Latin America Index	MSCI Europe Index	MSCI Far East Index
11/30/98	\$1.00	\$1.00	\$1.00
12/31/98	\$0.92	\$1.04	\$1.03
1/31/99	\$0.82	\$1.04	\$1.03
2/28/99	\$0.87	\$1.01	\$1.01
3/31/99	\$1.07	\$1.02	\$1.15
4/30/99	\$1.22	\$1.05	\$1.22
5/31/99	\$1.18	\$1.00	\$1.16

Value on 5/31/99

MSCI Emerging Latin America	\$1.18
MSCI Europe Index	\$1.00
MSCI Far East Index	\$1.16

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International Growth--Performance

<TABLE>

TOTAL RETURNS AS OF MAY 31, 1999

	INVESTOR CLASS (INCEPTION 5/9/91)		ADVISOR CLASS (INCEPTION 10/2/96)		INSTITUTIONAL CLASS (INCEPTION 11/20/97)	
	INTERNATIONAL GROWTH	MSCI EAFE (reg.tm)	INTERNATIONAL GROWTH	MSCI EAFE (reg.tm)	INTERNATIONAL GROWTH	MSCI EAFE (reg.tm)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
6 MONTHS (1)	7.03%	4.01%	6.90%	4.01%	7.03%	4.01%
1 YEAR	-2.85%	4.36%	-2.97%	4.36%	-2.63%	4.36%

AVERAGE ANNUAL RETURNS						
3 YEARS	16.07%	7.63%	--	--	--	--
5 YEARS	12.20%	7.69%	--	--	--	--
LIFE OF FUND	14.17%	8.05% (2)	17.23%	8.45% (3)	15.73%	13.63% (4)

(1) Returns for periods less than one year are not annualized.

(2) Since 4/30/91, the date nearest the class's inception for which data are available.

(3) Since 9/30/96, the date nearest the class's inception for which data are available.

(4) Since 11/30/97, the date nearest the class's inception for which data are available.

See pages 59-62 for information about share classes, the MSCI EAFE Index, and returns.

GROWTH OF \$10,000 OVER LIFE OF FUND

Value on 5/31/99

International Growth	\$29,069
MSCI EAFE	\$18,691

\$10,000 investment made 5/9/91

[data shown in mountain chart]

Date	International Growth Value	MSCI EAFE Value
5/9/91	\$10,000	\$10,000
6/30/91	\$9,784	\$9,362
9/30/91	\$10,431	\$10,164
12/31/91	\$11,014	\$10,335
3/31/92	\$11,642	\$9,108
6/30/92	\$12,348	\$9,300
9/30/92	\$11,838	\$9,441
12/31/92	\$11,547	\$9,077
3/31/93	\$12,541	\$10,165
6/30/93	\$13,069	\$11,187
9/30/93	\$13,921	\$11,929
12/31/93	\$16,472	\$12,032
3/31/94	\$15,872	\$12,453
6/30/94	\$16,086	\$13,089
9/30/94	\$16,664	\$13,102

12/31/94	\$15,687	\$12,969
3/31/95	\$15,170	\$13,210
6/30/95	\$16,048	\$13,306
9/30/95	\$16,905	\$13,861
12/31/95	\$17,552	\$14,422
3/31/96	\$17,958	\$14,839
6/30/96	\$18,815	\$15,074
9/30/96	\$18,860	\$15,054
12/31/96	\$20,084	\$15,293
3/31/97	\$21,194	\$15,053
6/30/97	\$24,070	\$17,007
9/30/97	\$24,978	\$16,888
12/31/97	\$24,044	\$15,566
3/31/98	\$28,360	\$17,856
6/30/98	\$30,268	\$18,045
9/30/98	\$24,838	\$15,481
12/31/98	\$28,616	\$18,679
3/31/99	\$28,976	\$18,939
5/31/99	\$29,069	\$18,691

The graph at left shows the growth of a \$10,000 investment over the life of the fund, while the chart below shows the fund's year-by-year performance. The MSCI EAFE Index is provided for comparison in each graph. International Growth's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the MSCI EAFE Index do not. The graphs are based on Investor Class shares only; performance for other classes will vary due to differences in fee structures (see the Total Returns table above). Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

ONE-YEAR RETURNS OVER LIFE OF FUND (PERIODS ENDING MAY 31)

[data shown in bar chart]

Date	International Growth Return	MSCI EAFE Index Return
5/31/91*	1.96%	1.05%
5/31/92	23.43%	-3.37%
5/31/93	5.79%	16.40%
5/31/94	22.72%	13.57%
5/31/95	-2.89%	4.93%
5/31/96	17.13%	10.67%
5/31/97	23.36%	7.54%
5/31/98	30.30%	11.11%
5/31/99	-2.85%	4.36%

*From 5/9/91 to 5/31/91.

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International Growth--Q&A

[photo of Mark Kopinski and Henrik Strabo]

An interview with Mark Kopinski (left) and Henrik Strabo, portfolio managers on the International Growth team.

HOW DID INTERNATIONAL GROWTH PERFORM DURING THE FIRST HALF OF ITS FISCAL YEAR?

International Growth posted a healthy 7.03%* return for the six months ended May 31, 1999. It outperformed its benchmark, the Morgan Stanley Capital International EAFE Index (EAFE), which gained 4.01%. International Growth also outpaced most foreign stock funds. According to Lipper, a mutual fund research firm, the average international fund returned 4.98% for the period.

WHAT WERE THE MAJOR FACTORS INFLUENCING INTERNATIONAL GROWTH'S PERFORMANCE?

Perhaps the dominant factor was the reallocation of investment assets away from Europe and into Asia and Latin America. In both Europe and the United States, investors also shifted away from the high-priced growth stocks that have been in favor for the last few years and put money in value-oriented or cyclical stocks. This market rotation was particularly pronounced on the Continent. Although much of Europe showed excellent promise throughout most of last year, growth tapered off significantly in early 1999, and that impacted International Growth's performance.

In Japan, large capitalization stocks demonstrated some early signs of recovery during the first quarter of 1999. The restructuring bug seemed to bite many companies and there were flurries of announcements. We remained somewhat cautious, treating many of these announcements with a healthy skepticism. We did

identify a few growth and restructuring strategies that were credible, but on the whole International Growth entered the period underweighted in Japan relative to its benchmark index, and therefore was unable to benefit fully from the Japanese resurgence. We continue to conduct fundamental research on a company-by-company basis in Japan and will add exposure to firms that are repositioning themselves for significant future growth.

WHICH INDUSTRIES OR STOCKS CONTRIBUTED THE MOST TO RETURNS?

Almost without exception, International Growth's top contributors were technology-related companies, including telecommunications firms, and cellular service and cellular communications equipment providers. Telecommunications companies represented the largest sector weighting. As the major broadband carriers of electronic data, telecommunication companies have benefited enormously from increasing Internet and data traffic. In the United Kingdom, telecommunications giant Colt Telecom Group, one of the largest competitive local exchange network carriers in Europe, was the fund's best-performing stock. Colt carries data for many financial service firms and recently underwent an aggressive expansion campaign that resulted in greatly increased market penetration. Six months ago, Colt was operating in six competitive local exchange networks in three European countries; it now

*All fund returns referenced in this interview are for Investor Class shares.

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"ALMOST WITHOUT EXCEPTION, INTERNATIONAL GROWTH'S TOP CONTRIBUTORS WERE TECHNOLOGY-RELATED COMPANIES, INCLUDING TELECOMMUNICATIONS FIRMS, AND CELLULAR SERVICE AND CELLULAR COMMUNICATIONS EQUIPMENT PROVIDERS."

PORTFOLIO AT A GLANCE

	5/31/99	11/30/98
NO. OF COMPANIES	143	155
MEDIAN MARKET CAPITALIZATION	\$9.58 BILLION	\$6.31 BILLION
PORTFOLIO TURNOVER	60%(1)	190%(2)
EXPENSE RATIO (FOR INVESTOR CLASS)	1.28%(3)	1.33%

- (1) Six months ended 5/31/99.
- (2) Year ended 11/30/98.
- (3) Annualized.

Investment terms are defined in the Glossary on page 62.

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International Growth--Q&A

(Continued)

operates in 13 networks in eight European countries.

Mannesman AG, International Growth's largest holding, also benefited from growth in the cellular telecommunications arena. Mannesman is a German engineering firm that has rebuilt itself into a telecommunications powerhouse, offering both cellular and data services. The company, known mostly for its cellular service network in Germany, continues to expand its pan-European reach, either through acquisition or by establishing strategic alliances. It has also aggressively grown its electronic commerce services and high-speed data communications division. Mannesman's telecommunications unit grew over 30% in the first four months of 1999.

WHAT OTHER COMMUNICATIONS FIRMS CONTRIBUTED TO RESULTS DURING THE SIX MONTHS?

Nokia, a Finnish company that develops and manufactures mobile phones and systems for cellular networks worldwide, and Vodafone Group plc, the largest mobile telecommunications service provider in Britain, added significantly to returns. Nokia's net revenues jumped 55% in the first quarter of 1999 alone, driven in part by aggressive sales in Europe, the United States, and parts of Asia, where demand for Nokia's innovative wireless communication handsets and telecom infrastructure equipment has been robust. Vodafone has enjoyed rapid growth in the United Kingdom, its home market, and also internationally, particularly in the Netherlands, France and Germany. Vodafone recently announced it would merge with Airtouch Communications (another fund holding). The merger will give Vodafone access to the U.S. wireless market and add an extremely important piece as the company expands into a global wireless network leader. News of the proposed merger lifted stock prices for both Vodafone and Airtouch.

WHAT WERE SOME OF THE OTHER SECTORS OR INDUSTRIES THAT PERFORMED WELL?

Outside of the technology sector, industrial machinery manufacturers and European retailers turned in strong performances. An example of the former is Sidel, which makes machinery and molds for the production of specialized polyethylene (plastic) containers for carbonated beverages, water, oil, juices, alcohol, and detergents. Sidel's sales have been robust in the United States as well as in markets in Asia and, to a lesser degree, South America. The company recently developed new machinery that significantly lowers raw material cost and can also be used for making plastic bottles for beer. Sidel stands to profit nicely on the sale of its machinery, and, in an innovative marketing effort, will also garner a percentage on each bottled beverage sold.

Hennes & Mauritz, a European clothing retailer, is one of the most successful chains in Europe. It has a similar profile to the Gap in the United States. The company possesses a phenomenal track record, continues to grow aggressively, and consistently beats earnings estimates. The stock contributed significantly to returns and we increased the position as earnings continued to rise.

WHICH SECTORS OR HOLDINGS WERE DISAPPOINTING DURING THE FIRST HALF?

International Growth's three worst performing sectors were pharmaceuticals, banks, and auto and auto parts manufacturers. However, problems in these areas were stock- or company- specific rather than the result of fundamental industry weakness.

At the beginning of the period, pharmaceutical companies represented just

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TOP TEN HOLDINGS

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
MANNESMANN AG	2.9%	2.3%
VIVENDI	2.0%	1.7%
TELEFONICA S.A.	1.8%	1.4%
NOKIA CORP. CL A ADR	1.7%	1.4%
BRITISH TELECOMMUNICATIONS PLC	1.6%	1.0%
VADAFONE GROUP PLC	1.6%	1.3%
SONY CORP.	1.5%	0.5%
KAO CORP.	1.5%	1.1%
ABB AG	1.5%	--
HENNES & MAURITZ AB CL B	1.4%	1.1%

TOP FIVE INDUSTRIES

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
TELEPHONE COMMUNICATIONS	14.9%	13.2%*
BANKING	9.2%	7.0%
FINANCIAL SERVICES	7.3%	11.7%
ELECTRICAL & ELECTRONIC COMPONENTS	5.2%	3.8%*
PRINTING & PUBLISHING	4.4%	2.9%

*Percentages have been adjusted to reflect security industry reclassification.

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International Growth--Q&A

(Continued)

over 5% of investments. Novartis was one of the largest holdings in the fund for quite some time, but we began to cut our weighting in response to slowing growth. Another significant pharmaceutical/foods holding, Unilever, dampened returns due to sluggish growth in its main European markets.

A disappointment within the banking and financial services sector was

Newcourt Credit Group, a Toronto-based business lender that originates, manages, and sells asset-based loans (loans backed by assets such as commercial buildings or property). The company was preparing to be acquired by CIT Group in a proposed \$4.12 billion takeover. However, unexpectedly poor first-quarter earnings raised the possibility that the merger would not be completed, and that took the stock down. We began to reduce our position in September 1998 and completely eliminated the stock during the first quarter of 1999.

Volkswagen was disappointing as well. This is a classic example of a company whose good product doesn't translate into a strong stock price. Although the VW's automobile models are very popular in the United States and other markets, the stock has suffered from a lack of management credibility after executives issued a statement warning of a looming crisis in global auto demand and sales.

WHAT CHANGES DID YOU MAKE TO THE PORTFOLIO DURING THE SIX MONTHS?

In terms of geographical changes, we increased holdings in Asia--particularly Singapore and Korea--where earnings growth has accelerated and we believe the potential for further growth is strong. We added to our Japanese holdings somewhat; however, that increase was primarily the result of augmenting the position in Sony, which has demonstrated a firm commitment to restructure its business. We built a small position in Mexico, which is a petroleum exporter, and whose economy was helped along by the rise in oil prices and by the resolution of problems in the country's banking infrastructure. We also beefed up our stake in Hong Kong and slightly trimmed holdings in both Germany and France.

Our largest industry shift was in pharmaceuticals, which we discussed earlier. We shaved our stake in food and beverage companies as well--earnings have tapered off in recent months--and in retail grocery stores, an industry that has also suffered a general slowdown.

WHAT IS YOUR OUTLOOK FOR INTERNATIONAL INVESTING IN THE SECOND HALF OF THE YEAR?

We are bullish on the long-term opportunities we're seeing in many foreign markets. Europe continues to benefit from privatizations, corporate restructurings, the introduction of a common currency (the euro), and structural changes in European economies. Signs of recovery in Asia are also encouraging. Since we believe this to be the very early stages of the rebound, we're adding investments there very selectively. Japan must continue to move forward and show significant progress in restructuring in order not to impede recovery in the rest of Asia. Regardless of regional issues, we believe our bottom-up approach and earnings growth focus should continue to lead us toward companies with good long-term potential.

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TYPES OF INVESTMENTS IN THE PORTFOLIO

AS OF MAY 31, 1999

[data shown in pie chart]

Preferred Stocks	1.3%
Temporary Cash Investments	3.9%
Common Stocks & Rights	94.8%

AS OF NOVEMBER 30, 1998

[data shown in pie chart]

Preferred Stocks	1.0%
Temporary Cash Investments	0.9%
Common Stocks & Rights	98.1%

INTERNATIONAL GROWTH'S INVESTMENTS BY COUNTRY

[data shown in bar chart]

	5/31/99	11/30/98
U.K.	18.0%	18.0%
Japan	12.8%	10.3%
France	12.2%	13.2%
Netherlands	7.4%	8.7%
Switzerland	7.1%	8.0%
Germany	5.7%	9.5%
Italy	4.2%	5.3%
Canada	4.1%	3.5%
Other	28.5%	23.5%

[end right margin]

This schedule lists all investments owned by the fund, as well as each security's market value, as of the last day of the reporting period. The securities are grouped by asset class (such as common stocks, corporate bonds, temporary cash investments, as applicable), and some asset classes are further broken down by industry or country.

NOTE: For securities denominated in foreign currencies, the market value is translated into U.S. dollars based on exchange rates as of the last day of the reporting period.

MAY 31, 1999 (UNAUDITED)

Shares		Value

COMMON STOCKS & RIGHTS-94.8%		
AUSTRALIA--1.7%		
1,372,000	Australia & New Zealand Banking Group Ltd. (banking)	\$ 9,952,038
553,000	Brambles Industries Limited (diversified companies)	14,741,574
1,592,000	Broken Hill Proprietary Co. Ltd. (metals & mining)	16,331,672
3,727,363	Cable & Wireless Optus Limited(1) (telephone communications)	7,123,335
		----- 48,148,619 -----
AUSTRIA(2)		
8,300	Bank Austria AG (banking)	424,707

BELGIUM--0.9%		
420,000	Fortis AG (insurance)	13,459,367
282,000	UCB SA (pharmaceuticals)	12,134,565
		----- 25,593,932 -----
BRAZIL--0.4%		
556,000	Telesp Participacoes S.A. ADR (telephone communications)	12,162,500

CANADA--4.1%		
924,000	Bombardier Inc. Cl B (aerospace & defense)	14,354,737
133,000	Canadian National Railway Company (railroad)	8,508,463
371,000	JDS Fitel Inc.(1) (communications equipment)	25,143,584
333,000	Nortel Networks Corp. (communications equipment)	24,975,000
726,000	Rogers Communications, Inc. Cl B(1) (broadcasting & media)	14,972,626
173,000	Seagram Co. Ltd. (The) (food & beverage)	8,985,188
219,000	Teleglobe Inc. (telephone communications)	6,626,234
169,000	Toronto-Dominion Bank (The) (banking)	8,919,779
		----- 112,485,611 -----
Shares		Value

DENMARK--0.5%		
138,900	Tele Danmark A/S (telephone communications)	\$ 14,166,321

FINLAND--2.1%		
645,400	Nokia Corp. Cl A ADR (communications equipment)	45,823,400
156,000	Sampo Insurance Co. plc Cl A (insurance)	4,714,687
369,682	Sonera Group Oyj	7,223,702

(wireless communications)

57,761,789

FRANCE--12.2%

51,000	Accor SA (leisure)	12,500,798
67,000	Altran Technologies SA (business services & supplies)	15,158,801
281,623	Axa-UAP (insurance)	32,431,022
159,851	Cap Gemini SA (computer software & services)	23,005,902
132,000	Carrefour SA (retail-general merchandise)	17,305,526
131,000	Compagnie Francaise d'Etudes et de Construction Technip (chemicals & resins)	14,198,252
167,000	Elf Aquitaine SA (energy-production & marketing)	24,156,620
319,000	Equant NV New York Shares(1) (telephone communications)	26,457,062
77,000	Groupe Danone (food & beverage)	21,184,825
160,000	Pinault-Printemps-Redoute SA (retail-general merchandise)	27,229,295
140,000	Sidel SA (machinery & equipment)	19,404,833
174,400	Societe Generale Cl A (banking)	31,661,017
78,300	Societe Television Francaise 1 (broadcasting & media)	18,768,079
730,927	Vivendi (diversified companies)	54,083,226

337,545,258

See Notes to Financial Statements

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International Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares	Value
--------	-------

GERMANY--5.7%

34,076	Allianz AG (insurance)	\$ 9,304,223
190,449	DaimlerChrysler AG (automobiles & auto parts)	16,423,924
335,730	Deutsche Pfandbrief-und Hypotheckenbank AG (banking)	29,040,125
207,200	Douglas Holding AG (retail-general merchandise)	8,853,273
587,680	Mannesmann AG (industrial equipment & machinery)	80,223,062
207,000	Siemens AG (electrical & electronic components)	13,914,266

157,758,873

HONG KONG--1.9%

868,000	Cheung Kong (Holdings) Ltd. (real estate)	7,051,678
1,148,000	Henderson Land Development Company Ltd. (real estate)	5,788,297
214,000	HSBC Holdings plc (banking)	7,009,381
2,165,000	Swire Pacific Ltd. Cl A (diversified companies)	10,329,798
212,000	Tommy Hilfiger Corp. (1) (textiles & apparel)	15,913,250
2,304,000	Wharf (Holdings) Ltd.	5,867,887

	(diversified companies)	51,960,291
INDONESIA--0.3%		
16,421,000	PT Telekomunikasi Indonesia (telephone communications)	7,634,147
IRELAND--1.2%		
1,204,926	Bank of Ireland (banking)	22,314,763
595,027	CRH plc (construction & property development)	10,157,344
		32,472,107
ITALY--4.2%		
534,500	Assicurazioni Generali (insurance)	18,994,695
1,703,777	Banca Intesa S.p.A. (financial services)	8,664,885
1,152,000	Mediaset SpA (broadcasting & media)	9,328,326
2,516,000	Mediolanum SpA (insurance)	17,121,983
1,417,300	Mondadori (Arnoldo) Editore SpA (printing & publishing)	24,592,703
6,516,000	Seat Pagine Gialle SpA (printing & publishing)	8,861,797
Shares		Value
2,839,600	Telecom Italia SpA (telephone communications)	\$ 29,237,777
		116,802,166
JAPAN--12.8%		
662,000	Eisai Company, Ltd. (pharmaceuticals)	12,284,985
3,338,000	Fuji Heavy Industries Ltd. (automobiles & auto parts)	21,701,189
1,908,000	Fujitsu Ltd. (electrical & electronic components)	31,717,566
622	Japan Telecom Co. Ltd. (telephone communications)	7,575,690
1,524,000	Kao Corp. (consumer products)	41,638,316
1,084,000	Kirin Brewery Company, Ltd. (food & beverage)	12,390,865
2,920	Nippon Telegraph & Telephone (telephone communications)	28,355,347
700	NTT Data Corp. (business services & supplies)	4,631,527
440	NTT Mobile Communication Network, Inc. (wireless communications)	23,934,494
33,900	Ryohin Keikaku Co. Limited (retail-general merchandise)	6,636,884
2,065,000	Shiseido Co., Ltd. (consumer products)	30,418,878
19,000	Shohkoh Fund & Co., Ltd. (financial services)	10,569,888
451,000	Sony Corp. (electrical & electronic components)	42,162,367
939,000	Sumitomo Bank, Ltd. (The) (banking)	11,305,246
647,000	Takeda Chemical Inds. (pharmaceuticals)	28,592,273
526,000	Tokyo Electron Ltd. (electrical & electronic components)	28,872,320
500,000	Toppan Forms Co., Ltd. (printing & publishing)	9,422,705
		352,210,540
MEXICO--2.2%		
550,000	Grupo Televisa S.A. GDR(1)	22,996,875

	(broadcasting & media)		
356,000	Panamerican Beverages Inc. Cl A (food & beverage)	8,254,750	
359,000	Telefonos de Mexico, S.A. Cl L ADR (telephone communications)	28,697,562	

		59,949,187	-----

NETHERLANDS--7.4%

251,277	ASR Verzekeringsgroep N.V. (insurance)	17,296,403	
256,500	Getronics N.V. (computer software & services)	9,890,525	

See Notes to Financial Statements

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International Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value	
233,000	Gucci Group N.V. New York Shares (retail-apparel)	\$ 15,407,125	
371,000	Heineken NV (food & beverage)	20,607,787	
576,516	ING Groep N.V. (financial services)	30,791,828	
510,828	Koninklijke Ahold NV (retail-food & drug)	17,807,422	
196,000	Philips Electronics N.V. New York Shares(1) (electrical & electronic components)	16,856,000	
193,750	Unilever N.V. New York Shares (diversified companies)	12,654,297	
328,000	United Pan-Europe Communications NV(1) (broadcasting & media)	20,082,230	
528,400	VNU N.V. (printing & publishing)	22,412,353	
480,212	Wolters Kluwer NV (printing & publishing)	19,292,461	

		203,098,431	-----
PHILIPPINES--0.3%			
4,070,000	San Miguel Corporation Cl B (food & beverage)	9,145,466	-----
SINGAPORE--1.8%			
1,860,900	City Developments Limited (real estate)	11,111,461	
3,675,000	DBS Land Limited (real estate)	6,519,130	
1,154,300	Singapore Press Holdings Ltd. (printing & publishing)	15,792,162	
14,070,000	Singapore Technologies Engineering Ltd. (business services & supplies)	15,334,261	

		48,757,014	-----
SOUTH KOREA--1.8%			
201,000	Korea Electric Power Corp. (utilities)	6,152,802	
483,310	Korea Telecom Corporation (telephone communications)	27,555,007	
142,872	Samsung Electronics (electrical & electronic components)	9,939,655	
14,557	Samsung Electronics Rights(1) (electrical & electronic components)	165,720	
335,000	Shinhan Bank GDR(1) (banking)	6,373,375	

12,900	SK Telecom Co. Ltd. ADR (wireless communications)	183,825
		50,370,384
Shares		Value

SPAIN--2.4%		
809,000	Argentaria SA (banking)	\$ 18,118,205
1,034,871	Telefonica S.A.(1) (telephone communications)	49,589,008
		67,707,213

SWEDEN--3.3%		
1,113,300	Europolitan Holdings AB (wireless communications)	9,639,241
1,731,600	Hennes & Mauritz AB Cl B (retail-apparel)	38,840,002
413,000	Securitas AB Cl B (business services & supplies)	5,879,772
2,122,900	Skandia Forsakrings AB (financial services)	36,391,162
		90,750,177

SWITZERLAND--7.1%		
29,000	ABB AG(1) (machinery & equipment)	41,069,172
149,000	Credit Suisse Group (financial services)	25,851,966
12,477	Julius Baer Holding AG (financial services)	37,741,015
12,300	Nestle S.A. (food & beverage)	22,105,935
14,755	Novartis AG (pharmaceuticals)	21,407,719
31,798	Swisscom AG(1) (telephone communications)	11,450,486
130,000	UBS AG (banking)	37,620,716
		197,247,009

UNITED KINGDOM--18.0%		
2,818,238	Amvescap Plc (financial services)	25,724,017
431,000	AstraZeneca Group plc (pharmaceuticals)	17,123,412
649,000	Barclays PLC (banking)	19,673,498
2,285,000	BBA Group plc (diversified companies)	16,136,564
2,656,250	British Telecommunications plc (telephone communications)	44,279,830
2,504,000	Cable & Wireless Communications plc(1) (telephone communications)	23,777,998
1,037,300	Capita Group Plc (business services & supplies)	10,257,171
1,715,716	COLT Telecom Group plc(1) (telephone communications)	36,211,547
765,000	Diageo plc (food & beverage)	8,042,340
787,776	Dixons Group plc (retail-specialty)	14,141,472

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International Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares	Value

681,319	Energis plc(1) (telephone communications)	\$ 16,430,915
469,000	Glaxo Wellcome plc (pharmaceuticals)	13,158,101
1,360,000	Imperial Tobacco Group plc (tobacco)	15,288,409
4,411,000	Invensys plc (industrial)	20,095,814
1,464,200	Lloyds TSB Group plc (financial services)	19,343,748
986,715	Logica plc (computer software & services)	9,148,640
773,000	National Westminster Bank PLC (banking)	17,725,920
998,000	Next Plc (retail-general merchandise)	11,594,559
816,514	Orange plc(1) (wireless communications)	11,297,013
1,045,000	Pearson plc (printing & publishing)	19,913,588
446,754	Provident Financial plc (financial services)	6,624,692
2,280,000	Standard Chartered plc (banking)	34,484,432
5,639,000	TeleWest Communications plc(1) (broadcasting & media)	24,223,009
2,277,200	Vodafone Group plc (wireless communications)	43,358,005
2,242,200	WPP Group plc (business services & supplies)	18,096,357

		496,151,051

UNITED STATES--2.5%		
228,000	AirTouch Communications, Inc.(1) (wireless communications)	22,914,000
145,500	Comverse Technology, Inc.(1) (communications equipment)	9,825,797
334,500	Global TeleSystems Group, Inc.(1) (telephone communications)	25,390,641
160,000	Schlumberger Ltd. (energy-services)	9,630,000

		67,760,438

TOTAL COMMON STOCKS & RIGHTS (Cost \$2,070,504,971)		2,618,063,231

Shares		Value

PREFERRED STOCKS-1.3%		
BRAZIL		
590,270,000	Centrais Electricas Brasileiras S.A. Cl B (utilities)	\$ 12,371,132
553,600,000	Embratel Participacoes S.A. (telephone communications)	7,671,132
107,680,000	Petroleo Brasileiro S.A. (energy-production & marketing)	15,169,700

TOTAL PREFERRED STOCKS (Cost \$40,354,251)		35,211,964

TEMPORARY CASH INVESTMENTS-3.9%		
	Repurchase Agreement, Morgan Stanley Group, Inc., (U.S. Treasury obligations), in a joint trading account at 4.77%, dated 5/28/99, due 6/1/99 (Delivery value \$4,202,226)	4,200,000
	Repurchase Agreement, State Street Boston Corp., (U.S. Treasury obligations), in a joint trading account at 4.77%, dated 5/28/99, due 6/1/99 (Delivery value \$104,355,279)	104,300,000

TOTAL TEMPORARY CASH INVESTMENTS (Cost \$108,500,000)		108,500,000

TOTAL INVESTMENT SECURITIES-100.0%		\$2,761,775,195

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Contracts to Sell	Settlement Date	Value	Unrealized Gain/ (Loss)
15,359,047 CHF	6/30/99	\$ 10,086,832	\$ 60,396
186,518,101 EURO	6/30/99	194,736,648	1,330,774
33,987,010 GBP	6/30/99	54,408,139	(114,740)
7,446,429,601 JPY	6/30/99	61,510,240	(58,376)
39,533,677 SEK	6/30/99	4,601,036	24,734
		\$325,342,895	\$ 1,242,788

(Value on Settlement Date \$326,585,683)

NOTES TO SCHEDULE OF INVESTMENTS

ADR = American Depositary Receipt

CHF = Swiss Franc

GBP = British Pound

GDR = Global Depositary Receipt

JPY = Japanese Yen

SEK = Swedish Krona

(1) Non-income producing.

(2) Investments in country were less than 0.05% of the total investment securities.

See Notes to Financial Statements

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International Discovery--Performance

<TABLE>

TOTAL RETURNS AS OF MAY 31, 1999

	INVESTOR CLASS (INCEPTION 4/1/94)		ADVISOR CLASS (INCEPTION 4/28/98)		INSTITUTIONAL CLASS (INCEPTION 1/2/98)	
	INTERNATIONAL	MSCI EAFE (reg.tm)	INTERNATIONAL	MSCI EAFE (reg.tm)	INTERNATIONAL	MSCI EAFE (reg.tm)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
6 MONTHS (1)	16.23%	4.01%	16.16%	4.01%	16.32%	4.01%
1 YEAR	-0.37%	4.36%	-0.65%	4.36%	-0.28%	4.36%

AVERAGE ANNUAL RETURNS						
3 YEARS	19.04%	7.63%	--	--	--	--
5 YEARS	16.97%	7.69%	--	--	--	--
LIFE OF FUND	18.55%	8.18%	5.57%	3.86% (2)	21.63%	13.79% (3)

</TABLE>

(1) Returns for periods less than one year are not annualized.

(2) Since 4/30/98, the date nearest the class's inception for which data are available.

(3) Since 12/31/97, the date nearest the class's inception for which data are available.

See pages 59-62 for information about share classes, the MSCI EAFE Index, and returns.

GROWTH OF \$10,000 OVER LIFE OF FUND

Value on 5/31/99

International Discovery \$24,014

MSCI EAFE \$15,009

\$10,000 investment made 4/1/94

[data shown in mountain chart]

Date	International Discovery Value	MSCI EAFE Value
4/1/94	\$10,000	\$10,000
6/30/94	\$10,760	\$10,511
9/30/94	\$11,420	\$10,522
12/31/94	\$10,760	\$10,414
3/31/95	\$10,100	\$10,608
6/30/95	\$11,020	\$10,685
9/30/95	\$11,800	\$11,131
12/31/95	\$11,825	\$11,582
3/31/96	\$12,931	\$11,916
6/30/96	\$14,480	\$12,105
9/30/96	\$14,561	\$12,089
12/31/96	\$15,513	\$12,281
3/31/97	\$16,714	\$12,088
6/30/97	\$18,295	\$13,657
9/30/97	\$19,792	\$13,562
12/31/97	\$18,224	\$12,500
3/31/98	\$21,958	\$14,339
6/30/98	\$23,590	\$14,491
9/30/98	\$18,893	\$12,432
12/31/98	\$21,478	\$15,000
3/31/99	\$22,713	\$15,208
5/31/99	\$24,014	\$15,009

The graph at left shows the growth of a \$10,000 investment over the life of the fund, while the chart below shows the fund's year-by-year performance. The MSCI EAFE Index is provided for comparison in each graph. International Discovery's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the MSCI EAFE Index do not. The graphs are based on Investor Class shares only; performance for other classes will vary due to differences in fee structures (see the Total Returns table above). Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

ONE-YEAR RETURNS OVER LIFE OF FUND (PERIODS ENDING MAY 31)

[data shown in bar chart]

Date	International Discovery Return	MSCI EAFE Index Return
5/31/94*	9.80%	3.64%
5/31/95	-2.37%	4.93%
5/31/96	33.00%	10.67%
5/31/97	23.42%	7.54%
5/31/98	36.97%	11.11%
5/31/99	-0.37%	4.36%

*From 4/1/94 to 5/31/94.

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International Discovery--Q&A

[photo of Brian Brady, Henrik Strabo and Mark Kopinski]

An interview with Brian Brady (left), Henrik Strabo, and Mark Kopinski, portfolio managers on the International Discovery team.

HOW DID THE FUND PERFORM FOR THE SIX MONTHS ENDED MAY 31, 1999?

International Discovery posted a very healthy 16.23%* return, compared to the much smaller 4.01% posted by its benchmark, the Morgan Stanley Capital International EAFE Index.

One important factor to note is that the EAFE Index is comprised primarily of large capitalization stocks, while International Discovery invests in much smaller companies. As a result, the fund's performance will frequently differ from that of the index.

WHICH FACTORS HAD THE GREATEST IMPACT ON PERFORMANCE OVER THE LAST SIX MONTHS?

Our decision not to sell several strong growth companies during the tumultuous third quarter of 1998 --which was roiled by global upheaval--was rewarded after the Federal Reserve lowered interest rates three times later in the year. These growth companies were the first to roar back when the world

economy began to stabilize and improve later in the year. We also began to see a turnaround in the fundamentals of companies in Asia and increased our weightings there. Since we invest in smaller capitalization companies that are highly dependent on local economies--few small-cap names are world-class exporters--it's crucial that we ascertain the strength of local demand before we invest in a company. Holdings were increased in South Korea, Singapore, and even Japan, whose specialty retail sector showed the first signs of recovery.

After the Asian financial meltdown in 1997, Korea was one of the first countries to focus on restructuring its economy. We saw statistical evidence of this restructuring as Korea's industrial productivity picked up and the country's interest rates began declining. Although corporate Korea, as a whole, has yet to fully embrace significant reform, small- and medium-sized businesses have been the first to restructure and create new growth.

We found opportunities in Singapore as well, where lower interest rates gave a boost to the interest rate-sensitive financial services and real estate sectors. Singapore also has a number of high-quality, high-tech companies such as Datacraft Asia Ltd. and Natsteel Electronics.

We started to see a slowdown in European earnings growth, especially in Germany, and we reduced some of our holdings. International-Mueller NV and Sartorius AG are companies that posted slower growth. However, more than 53% of the fund is still invested in European growth stocks.

WERE THERE SPECIFIC INVESTMENT THEMES THAT PROPELLED THE BEST PERFORMING STOCKS OR SECTORS?

Since the European telecommunications industry was deregulated in 1998, the sector has attracted several entrepreneurial companies, which have spent

*All fund returns referenced in this interview are for Investor Class shares.

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"SINCE WE INVEST IN SMALLER CAPITALIZATION COMPANIES THAT ARE HIGHLY DEPENDENT ON LOCAL ECONOMIES-- FEW SMALL-CAP NAMES ARE WORLD-CLASS EXPORTERS--IT'S CRUCIAL THAT WE ALSO ASCERTAIN THE STRENGTH OF LOCAL DEMAND BEFORE WE INVEST IN A COMPANY."

PORTFOLIO AT A GLANCE

	5/31/99	11/30/98
NO. OF COMPANIES	159	176
MEDIAN MARKET CAPITALIZATION	\$899 MILLION	\$593 MILLION
PORTFOLIO TURNOVER	55%(1)	178%(2)
EXPENSE RATIO (FOR INVESTOR CLASS)	1.59%(3)	1.64%

- (1) Six months ended 5/31/99.
- (2) Year ended 11/30/98.
- (3) Annualized.

Investment terms are defined in the Glossary on page 62.

[end right margin]

International Discovery--Q&A

(Continued)

the last few years investing in the requisite hardware and optical fiber networks. This is enabling them to compete directly with the old telephone monopolies, such as Deutsche Telekom AG. Three fund holdings--Viatel, Omnicom, and Global TeleSystems--are now offering voice and data services at very competitive prices in rapidly expanding markets. Growing Internet usage is also helping to further expand demand for these services. Our top performer, Viatel, has one of the largest pan-European data networks. The company's fortunes are growing as evidenced by revenues which rose 190% to \$61.6 million in the first quarter of 1999.

Another theme boosting sales and earnings among our holdings is the effort of major corporations to reduce costs by outsourcing manufacturing of telecommunications and electronic components to contract manufacturers such as Canadian-based Celestica and Singapore-based Natsteel Electronics. After a firm designs a high-tech product, it often subcontracts the manufacturing to an outsourcing company that can achieve economies of scale by building parts for many companies, and that in turn, lowers the product's cost. For example, Celestica recently was selected to provide most of Cabletron Systems'

electronics manufacturing. Cabletron is a provider of computer networking solutions to companies worldwide. On the strength of new contracts and acquisitions, Celestica's first quarter sales jumped 46% to \$1.08 billion. Outsourcing also is driving sales and earnings at India-based Satyam Computer Services, which does computer programming and Y2K computer glitch fixes for companies around the globe.

Another theme that contributed to returns was the expanding market for cable television. Cable television operators in Europe now realize that they can upgrade their existing networks to offer customers additional services, such as Internet and local and long-distance telephone services. One of our best performers, United International Holdings, owns several cable and telephone companies worldwide. One of its subsidiaries, publicly traded UPC, operates the largest group of cable networks in Europe. These networks provide cable television, phone service, high-speed Internet access, and programming services in 10 European countries and Israel. In the first quarter, UPC announced it was expanding into new markets through the purchase of cable companies in the Netherlands, France, and Slovakia.

WHICH STOCKS DID NOT LIVE UP TO YOUR EXPECTATIONS?

Our largest holding, German financial services company Marschollek, Lautenschlaeger und Partner, had disappointing stock price performance. Nothing has changed fundamentally, however. In fact, earnings have been strong and well above expectations. Thus we are willing to wait out short-term underperformance. Also, we believe there's still potential upside in both Marschollek's life insurance and asset management segments.

Netherlands-based information technology consultant Simac Techniek--a strong performer for many years--was hurt by unexpected losses at the company's German and British subsidiaries.

Another disappointment was British-based pharmaceutical company Skyepharma, which uses proprietary technology to develop controlled-release

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TOP TEN HOLDINGS

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
MARSCHOLLEK, LAUTENSCHLAEGER UND PARTNER AG	3.4%	4.5%
CGI GROUP, INC.	2.4%	2.1%
VIATEL, INC.	2.2%	0.6%
ESAT TELECOM GROUP PLC ADR	2.0%	1.8%
UNITED INTERNATIONAL HOLDINGS, INC. CL A	2.0%	--
HAVAS ADVERTISING SA	1.9%	1.7%
GLOBAL TELESYSTEMS GROUP, INC.	1.8%	1.0%
DATA CRAFT ASIA LIMITED	1.6%	0.4%
KEMPEN & COMPANY NV	1.5%	1.4%
NH HOTELES, S.A.	1.5%	--

TOP FIVE INDUSTRIES

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
COMPUTER SOFTWARE & SERVICES	14.4%	8.9%*
BANKING	10.4%	9.0%*
TELEPHONE COMMUNICATIONS	8.6%	4.5%
FINANCIAL SERVICES	8.3%	13.0%*
BUSINESS SERVICES & SUPPLIES	7.5%	9.3%

*Percentage has been adjusted to reflect security industry reclassification.

[end left margin]

versions of existing drugs for major pharmaceutical companies. Skyepharma's earnings were hurt by the delay in its version of SmithKline Beecham's Paxil, the world's second-best-selling antidepressant. Some investors have grown impatient, but we still have confidence in management and are willing to wait until the proposed fourth quarter launch because the new drug's potential is great. Paxil's annual sales are more than \$1 billion.

Besides disappointments in individual stocks, our European holdings as a whole were hurt by the 9% decline in the value of the euro since its introduction in January.

WHAT CHANGES DID YOU MAKE IN THE PORTFOLIO DURING THE PERIOD?

A major purchase was Kookmin Bank, Korea's largest retail bank. Kookmin weathered the economic crisis well because of its conservative mortgage lending practices and is recovering strongly with the economy. Kookmin acquired Korea Long Term Credit Bank in 1988, assuming its troubled loan book, but gaining access to a very large corporate client base. We also invested in Sembcorp Logistics, a company that has sold off a number of unprofitable subsidiaries in order to focus on its expanding outsourcing business. Earnings growth is beginning to expand and the company is in discussions on a number of other contracts.

Another new holding is software developer Open Text. The company's main product, Livelink, is a software application similar to LotusNotes, but Livelink also gives users the ability to communicate across intranets, extranets, and the Internet. Livelink software has an installed base of three million users worldwide at 3,600 companies. Open Text is growing at a rapid clip. For its third fiscal quarter ended March 31, 1999, license revenues were up 87% to \$14.3 million.

WHAT IS YOUR OUTLOOK FOR INTERNATIONAL INVESTING GOING FORWARD?

We continue to be positive on the global outlook, especially with Asia now entering a recovery phase. The world markets are stable, economic growth is healthy, and inflation is benign. We feel this is a great environment to search the globe for smaller, fast-growing companies that are well positioned for tomorrow's opportunities and challenges. With companies in both Asia and Latin America beginning to show signs of earnings growth, we expect to further broaden the portfolio as we uncover new and exciting investment ideas.

[right margin]

TYPES OF INVESTMENTS IN THE PORTFOLIO

AS OF MAY 31, 1999

[data shown in pie chart]

Preferred Stocks	5.4%
Temporary Cash Investments	8.0%
Common Stocks & Rights	86.6%

AS OF NOVEMBER 30, 1998

[data shown in pie chart]

Preferred Stocks	8.0%
Temporary Cash Investments	7.7%
Common Stocks & Rights	84.3%

INTERNATIONAL DISCOVERY'S INVESTMENTS BY COUNTRY

[data shown in bar chart]

	5/31/99	11/30/98
United States*	16.3%	11.8%
U.K.	9.0%	11.3%
Germany	7.5%	8.3%
Japan	6.5%	5.4%
Canada	6.4%	4.9%
Netherlands	6.3%	10.5%
Singapore	5.4%	1.4%
France	5.1%	7.3%
Switzerland	4.3%	6.8%
Italy	4.1%	4.1%
Other	29.1%	28.2%

*Includes temporary cash investments.

[end right margin]

International Discovery--Schedule of Investments

This schedule lists all investments owned by the fund, as well as each security's market value, as of the last day of the reporting period. The securities are grouped by asset class (such as common stocks, corporate bonds, temporary cash investments, as applicable), and some asset classes are further broken down by industry or country.

NOTE: For securities denominated in foreign currencies, the market value is translated into U.S. dollars based on exchange rates as of the last day of the reporting period.

MAY 31, 1999 (UNAUDITED)

Shares		Value
COMMON STOCKS & RIGHTS-86.6%		
AUSTRALIA--1.1%		
1,619,000	AAPT Limited(1) (telephone communications)	\$ 5,850,200
322,000	Computershare Limited(1) (computer software & services)	2,941,393
55,162	International Contract Manufacturing Limited(1) (communications equipment)	48,212
3,287,000	LibertyOne Limited(1) (computer software & services)	1,843,793
		----- 10,683,598 -----
AUSTRIA--0.4%		
52,000	VA Technologie AG (business services & supplies)	4,362,440
BELGIUM--1.0%		
76,261	Telinfo NV (telephone communications)	9,584,733
7,626	Telinfo NV-STRIPS(1) (telephone communications)	159
		----- 9,584,892 -----
BERMUDA--0.2%		
106,000	RSL Communications, Ltd. Cl A(1) (telephone communications)	2,391,625
BRAZIL--0.6%		
264,000	Unibanco-Uniao de Bancos Brasileiros S.A. GDR(1) (banking)	5,956,500
CANADA--6.4%		
1,059,700	CGI Group, Inc.(1) (business services & supplies)	23,040,864
93,700	Cogeco Cable, Inc. (broadcasting & media)	1,926,061
265,166	Dorel Industries Inc. Cl B(1) (furniture & furnishings)	5,936,351
401,600	Open Text Corp.(1) (computer software & services)	12,135,850
231,000	QLT PhotoTherapeutics Inc.(1) (pharmaceuticals)	10,162,715
42,000	QLT PhotoTherapeutics Inc. ADR(1) (pharmaceuticals)	1,836,188
167,000	TLC The Laser Center Inc.(1) (healthcare)	7,327,125
		----- 62,365,154 -----
Shares		Value
CROATIA--0.4%		
248,072	Pliva d.d. GDR (pharmaceuticals)	\$ 4,018,766
DENMARK--0.6%		
91,595	Vestas Wind Systems A/S(1) (utilities)	6,287,693

EGYPT--0.8%			
534,938	Egyptian Mobile Phone Network(1) (wireless communications)	8,017,616	-----
FINLAND--1.1%			
34,000	Pohjola Group Insurance Corp. Cl B (insurance)	1,559,056	
255,160	Tieto Corp. Cl B (computer software & services)	8,908,152	-----
		10,467,208	-----
FRANCE--5.1%			
23,000	Altran Technologies SA (business services & supplies)	5,203,768	
25,494	Belvedere S.A. (1) (food & beverage)	1,972,716	
7,411	Clarins (consumer products)	637,178	
9,800	Galleries Lafayette (retail-general merchandise)	14,196,167	
43,482	GFI Informatique(1) (financial services)	5,301,828	
94,619	Havas Advertising SA (broadcasting & media)	18,488,848	
16,000	NRJ SA (broadcasting & media)	3,418,252	-----
		49,218,757	-----
GERMANY--2.7%			
12,000	Aixtron AG (machinery & equipment)	2,626,218	
70,411	DIS Deutscher Industrie Service AG (business services & supplies)	3,522,184	
118,000	FortuneCity.com, Inc. (1) (computer software & services)	2,176,634	
120,000	PrimaCom AG(1) (broadcasting & media)	4,877,262	
118,500	SGL CARBON Aktiengesellschaft(1) (electrical & electronic components)	8,274,150	
55,000	Sixt AG (business services & supplies)	4,040,937	-----
		25,517,385	-----

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International Discovery--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value	
-----		-----	
GREECE--2.1%			
118,705	Delta Informatics S.A. (computer software & services)	\$ 5,519,038	
136,130	Ethniki General Insurance Co.(1) (insurance)	8,249,774	
54,271	National Bank of Greece S.A. (banking)	3,784,892	
57,336	Panafon SA(1) (wireless communications)	1,424,805	
63,500	Piraeus Bank S.A. (banking)	1,863,036	-----
		20,841,545	-----
HONG KONG--0.9%			
1,700,000	Dao Heng Bank Group Ltd. (banking)	6,598,536	
695,000	Wing Hang Bank Ltd. (banking)	1,962,733	-----
		8,561,269	-----

INDIA--1.7%		
10,000	Corporation Bank (banking)	18,583
218,036	Hero Honda Motors Ltd. (leisure)	4,938,098
550	Indian Hotels Company Limited (leisure)	4,222
266	Larsen & Toubro Ltd. (diversified companies)	1,399
49,275	NIIT Limited (computer software & services)	2,077,448
96,000	Pentafour Software & Exports Ltd. (computer software & services)	2,285,714
242,000	Satyam Computer (computer software & services)	7,560,743

		16,886,207

IRELAND--3.4%		
3,762,556	Anglo Irish Bank Corp. plc (banking)	10,333,165
355,000	DCC plc (diversified companies)	2,885,713
526,900	Esat Telecom Group PLC ADR(1) (telephone communications)	19,462,369

		32,681,247

ISRAEL--1.3%		
142,100	Fundtech Ltd.(1) (computer software & services)	4,591,606
99,000	Gilat Satellite Networks Ltd.(1) (communications equipment)	5,234,625
71,000	Orbotech Ltd.(1) (control & measurement)	3,053,000

		12,879,231

Shares		Value

ITALY--4.1%		
522,174	Banca Popolare Commercio e Industria (banking)	\$ 11,890,412
326,341	Banca Popolare di Brescia (banking)	12,872,644
179,000	Banca Popolare di Lodi (banking)	1,949,394
560,000	Gruppo Editoriale L'Espresso (printing & publishing)	9,220,943
5,447,600	Premafin Finanziaria S.p.A.(1) (insurance)	3,451,748

		39,385,141

JAPAN--6.5%		
10,200	Bellsystem 24, Inc. (business services & supplies)	3,491,915
56,000	Benesse Corporation (education)	4,820,475
114,000	Data Communication System Co. (computer software & services)	4,080,978
319,000	DeoDeo Corporation (retail-specialty)	3,150,228
8,000	Don Quijote Co., Ltd.(1) (retail-general merchandise)	2,304,242
17,512	Fancl Corp. (consumer products)	2,060,829
48,000	Fast Retailing Co. Ltd. (retail-apparel)	2,330,576
29,000	Fuji Seal, Inc. (packaging & containers)	2,625,190
131,000	Fujicco Co., Ltd. (food & beverage)	2,253,137
159,500	Homac Corp. (retail-general merchandise)	3,307,740
75,000	Meitec (computer software & services)	2,296,013
39,000	Nippon System Development (computer software & services)	1,794,099
259,000	Skylark Co., Ltd.	4,838,333

	(restaurants)	
83,000	Sumisho Computer Systems Corp. (computer software & services)	2,773,156
78,400	Tomy Company, Ltd. (consumer products)	5,238,925
95,000	Toyo Information Systems Co., Ltd. (business services & supplies)	2,572,110
57,000	UNION TOOL CO. (machinery & equipment)	3,611,900
68,700	World Co., Ltd. (retail-apparel)	4,144,106
138,000	Yamada Denki (retail-specialty)	5,712,381

		63,406,333

See Notes to Financial Statements

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International Discovery--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value

LIECHTENSTEIN--0.6%		
1,470	Verwaltungs-und Privat-Bank AG (banking)	\$ 6,236,684

MEXICO--1.0%		
703,000	Corporacion GEO, S.A. de C.V. Series B(1) (real estate)	2,725,844
315,000	Grupo Elektra, S.A. de C.V. GDR (retail-general merchandise)	1,712,812
2,925,000	Grupo Financiero Banorte S.A. de C.V. Cl O(1) (financial services)	3,723,275
765,800	Hylsamex S.A.(1) (steel)	1,687,757

		9,849,688

NETHERLANDS--6.3%		
366,581	Aalberts Industries N.V. (metals & mining)	8,022,680
91,200	Airspray NV(1) (packaging & containers)	2,262,049
317,000	Athlon Groep N.V. (business services & supplies)	8,060,822
172,200	IHC Caland N.V. (energy-services)	6,774,548
278,968	Kempen & Company NV (financial services)	14,943,342
254,110	Ordina N.V.(1) (computer software & services)	6,435,144
80,000	QIAGEN N.V.(1) (biotechnology)	5,645,000
178,553	Unique International NV (business services & supplies)	4,075,130
87,037	Unit 4(1) (computer software & services)	1,773,295
43,566	Van der Moolen Holding N.V. (financial services)	2,833,104

		60,825,114

NORWAY--0.5%		
358,000	Tandberg ASA(1) (communications equipment)	4,799,777

PHILIPPINES--0.4%		
1,442,240	Equitable Banking Corp.(1) (banking)	3,619,814

POLAND--0.3%		
100,392	Softbank S.A. GDR	3,237,642

(computer software & services)

Shares		Value
PORTUGAL--1.5%		
534,604	Banco Mello, S.A. (banking)	\$ 4,930,667
337,000	Companhia de Seguros Mundial Confianca, SA(1) (insurance)	9,686,221
		----- 14,616,888 -----
SINGAPORE--5.4%		
4,280,000	Datacraft Asia Limited (computer software & services)	15,236,800
4,523,800	Keppel Bank (banking)	9,913,023
3,309,000	Keppel Land Ltd. (1) (real estate)	5,620,504
3,695,000	Keppel Telecommunications & Transportation Ltd. (telephone communications)	5,055,188
1,616,000	Natsteel Electronics Ltd. (electrical & electronic components)	5,386,667
1,693,000	Sembcorp Logistics Limited(1) (transportation)	5,005,391
1,653,000	Singapore Land Limited (real estate)	4,542,157
1,613,000	Wing Tai Holdings Ltd. (real estate)	1,814,041
		----- 52,573,771 -----
SOUTH KOREA--3.1%		
30,700	Dacom Corp. (telephone communications)	2,216,064
6,598	Dacom Corp. Rights (1) (telephone communications)	144,662
57,410	Daehan City Gas Co. (energy-services)	1,752,534
286,000	Housing & Commercial Bank, Korea (1) (banking)	7,838,259
351,000	Kookmin Bank (banking)	5,313,024
83,630	Seoul City Gas Co., Ltd. (energy-services)	2,743,355
171,000	Shinsegae Department Store Co. (retail-general merchandise)	7,642,619
60,000	Sindo Ricoh Co. (office equipment & supplies)	2,529,831
		----- 30,180,348 -----
SPAIN--1.5%		
1,103,600	NH Hoteles, S.A. (1) (leisure)	14,088,930
SWEDEN--2.8%		
84,000	Enea Data AB (computer software & services)	1,396,014
223,000	IBS AB(1) (computer software & services)	4,354,001

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International Discovery--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value
195,820	Icon Medialab International AB(1)	\$ 7,282,515

	(computer software & services)		
897,158	Mandator AB	6,151,702	
	(computer software & services)		
311,000	Modern Times Group MTG AB Cl B(1)	6,831,193	
	(broadcasting & media)		
155,216	Sigma AB Cl B	1,208,609	
	(computer software & services)		

		27,224,034	-----

SWITZERLAND--4.3%			
3,750	Bank Sarasin & Cie Cl B	6,334,501	
	(banking)		
9,125	Georg Fischer AG	2,975,251	
	(machinery & equipment)		
1,030	Kudelski SA	3,877,631	
	(electrical & electronic components)		
1,460	Moevenpick Holding AG Bearer	669,133	
	(leisure)		
15,590	PubliGroupe S.A.	9,492,716	
	(business services & supplies)		
37,000	Swisslog Holding AG	4,360,494	
	(machinery & equipment)		
30,000	TAG Heuer International SA(1)	2,779,324	
	(retail-specialty)		
6,630	Vontobel Holding AG Cl B	10,852,130	
	(financial services)		

		41,341,180	-----

THAILAND--1.2%			
687,000	BEC World Public Co., Limited	3,701,509	
	(broadcasting & media)		
5,963,900	Cogeneration Public Co., Ltd.(1)	4,498,631	
	(utilities)		
5,126,000	National Finance and Securities Public Co., Ltd. Cl F(1)	2,968,992	
	(financial services)		

		11,169,132	-----

UNITED KINGDOM--9.0%			
416,400	Ashtead Group plc	1,060,215	
	(industrial equipment & machinery)		
153,000	Baltimore Technologies plc(1)	2,125,432	
	(computer software & services)		
338,491	Bodycote International plc	4,553,158	
	(diversified companies)		
206,000	Capital Radio plc	2,893,031	
	(broadcasting & media)		
250,300	Close Brothers Group plc	2,755,623	
	(financial services)		
306,000	Cobham PLC	4,532,621	
	(aerospace & defense)		
123,000	Eidos plc(1)	4,096,894	
	(computer software & services)		
522,591	Fibernet Group plc(1)	3,903,910	
	(computer software & services)		
Shares		Value	

634,400	Go-Ahead Group PLC (The)	\$ 8,955,127	
	(transportation)		
2,624,000	J.D. Wetherspoon plc	13,131,070	
	(food & beverage)		
177,941	London Bridge Software Holdings plc	4,673,111	
	(computer software & services)		
723,000	Man (E D & F) Group plc	3,768,561	
	(financial services)		
147,966	Matalan PLC(1)	1,976,124	
	(retail-apparel)		
406,250	Parity plc	3,932,565	
	(business services & supplies)		
265,000	PizzaExpress plc	3,946,527	
	(restaurants)		
567,100	Psion plc	7,083,380	
	(computer peripherals)		
190,000	Sage Group plc (The)	6,564,334	
	(computer software & services)		

286,600	Shire Pharmaceuticals Group PLC(1) (pharmaceuticals)	2,255,724
4,430,600	SkyePharma plc(1) (pharmaceuticals)	3,973,167
150,700	Triad Group PLC (business services & supplies)	1,037,691

		87,218,265

UNITED STATES--8.3%		
459,000	Amdocs Ltd.(1) (computer software & services)	10,528,312
308,200	Celestica Inc.(1) (electrical & electronic components)	12,212,425
226,200	Global TeleSystems Group, Inc.(1) (telephone communications)	17,169,994
270,000	United International Holdings, Inc. Cl A(1) (broadcasting & media)	19,338,750
474,000	Viatel, Inc.(1) (telephone communications)	21,270,750

		80,520,231

TOTAL COMMON STOCKS & RIGHTS (Cost \$597,066,215)		841,014,105

See Notes to Financial Statements

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International Discovery--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value

PREFERRED STOCKS-5.4%		
BRAZIL--0.6%		
1,204,700,000	Tele Sudeste Celular Participacoes S.A. (wireless communications)	\$ 5,710,501

GERMANY--4.8%		
119,006	Fielmann AG (retail-specialty)	4,638,427
63,711	Marschollek, Lautenschlaeger und Partner AG (financial services)	33,197,624
4,000	Porsche AG (automobiles & auto parts)	9,108,391

		46,944,442

TOTAL PREFERRED STOCKS (Cost \$18,754,283)		52,654,943

TEMPORARY CASH INVESTMENTS-8.0%		
	Repurchase Agreement, Morgan Stanley Group, Inc., (U.S. Treasury obligations), in a joint trading account at 4.77%, dated 5/28/99, due 6/1/99 (Delivery value \$49,226,076)	49,200,000
	Repurchase Agreement, State Street Boston Corp., (U.S. Treasury obligations), in a joint trading account at 4.77%, dated 5/28/99, due 6/1/99 (Delivery value \$28,515,105)	28,500,000

TOTAL TEMPORARY CASH INVESTMENTS (Cost \$77,700,000)		77,700,000

TOTAL INVESTMENT SECURITIES-100.0% (Cost \$693,520,498)		\$971,369,048
		=====

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Contracts to Sell	Settlement Date	Value	Unrealized Gain/ (Loss)
3,630,764 CHF	6/30/99	\$ 2,384,452	\$ 14,277
58,051,673 EURO	6/30/99	60,609,604	414,188
5,951,234 GBP	6/30/99	9,527,039	(20,091)
1,543,149,240 JPY	6/30/99	12,746,979	(12,098)
11,050,855 SEK	6/30/99	1,286,128	6,914
		\$86,554,202	\$403,190

(Value on Settlement Date \$86,957,392)

NOTES TO SCHEDULE OF INVESTMENTS

ADR = American Depositary Receipt

CHF = Swiss Franc

GBP = British Pound

GDR = Global Depositary Receipt

JPY = Japanese Yen

SEK = Swedish Krona

(1) Non-income producing.

See Notes to Financial Statements

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Emerging Markets--Performance

<TABLE>

TOTAL RETURNS AS OF MAY 31, 1999

	INVESTOR CLASS (INCEPTION 9/30/97)		ADVISOR CLASS (INCEPTION 5/12/99)		INSTITUTIONAL CLASS (INCEPTION 1/2/98)	
	EMERGING MARKETS	MSCI EMF	EMERGING MARKETS	MSCI EMF	EMERGING MARKETS	MSCI EMF
<S>	<C>	<C>	<C>	<C>	<C>	<C>
6 MONTHS (1)	24.07%	23.79%	--	--	--	--
1 YEAR	1.88%	3.46%	--	--	--	--
AVERAGE ANNUAL RETURNS						
LIFE OF FUND	-8.31%	-14.28%	-2.48%	N/A	27.73%	27.67% (2)

(1) Returns for periods less than one year are not annualized.

(2) Since 1/31/99, the date nearest the class's inception for which data are available.

See pages 59-62 for information about share classes, the MSCI Emerging Markets Free Index, and returns.

PERFORMANCE OF \$10,000 OVER LIFE OF FUND

Value on 5/31/99

Emerging Markets \$8,660

MSCI EMF Index \$7,736

\$10,000 investment made 9/30/97

[data shown in mountain chart]

Date	Emerging Markets	MSCI EMF Index
	Value	Value
9/30/97	\$10,000	\$10,000
10/31/97	\$8,480	\$8,359
11/30/97	\$8,300	\$8,054
12/31/97	\$8,360	\$8,248

1/31/98	\$7,800	\$7,601
2/28/98	\$8,700	\$8,395
3/31/98	\$9,060	\$8,759
4/30/98	\$9,400	\$8,664
5/31/98	\$8,500	\$7,477
6/30/98	\$7,800	\$6,693
7/31/98	\$8,320	\$6,905
8/31/98	\$6,001	\$4,909
9/30/98	\$5,880	\$5,220
10/31/98	\$6,500	\$5,769
11/30/98	\$6,980	\$6,249
12/31/98	\$6,780	\$6,159
1/31/99	\$6,799	\$6,060
2/28/99	\$6,640	\$6,118
3/31/99	\$7,440	\$6,925
4/30/99	\$8,539	\$7,781
5/31/99	\$8,660	\$7,736

The graph at left shows the performance of a \$10,000 investment over the life of the fund. The MSCI Emerging Markets Free Index is provided for comparison. Emerging Markets' total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the MSCI Emerging Markets Free Index do not. The graph is based on Investor Class shares only; performance for other classes will vary due to differences in fee structures (see the Total Returns table above). Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

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Emerging Markets--Q&A

[photo of Mark Kopinski and Michael Donnelly]

An interview with Mark Kopinski (left) and Michael Donnelly, portfolio managers on the Emerging Markets team.

HOW DID EMERGING MARKETS PERFORM FOR THE SIX-MONTH PERIOD ENDED MAY 31, 1999?

Emerging Markets posted a 24.07%* return, compared to 23.79% for its benchmark, the Morgan Stanley Capital International Emerging Markets Free Index.

WHICH COUNTRIES OR SECTORS HELPED YOU OUTPERFORM YOUR BENCHMARK?

Asia has been one of the most dynamic regions of late and we were able to find good growth stocks in both South Korea and Singapore. South Korea has really been the star of Asia with respect to the resurgence of its corporate sector. Since September 1998, we have been adding to and expanding the number of our holdings in South Korea, whose government has put specific initiatives in place in order to guide companies to restructure quickly and help rebuild the economy. Many of the South Korean companies we have researched or met in one-on-one meetings have been keen on restructuring their business and reducing their debt burdens to more effectively compete in increasingly competitive domestic and global markets.

In Latin America, we found surprisingly strong earnings performance in Mexico, which has been the best performing Latin American economy so far in 1999. Interest rates have declined and consumer demand has increased, despite the turmoil in the rest of Latin America. In addition, strong demand for loans helped the banking sector, and bankers reduced provisions for non-performing loans, which directly feeds to the bottom line. Moreover, several sectors of the Mexican economy, such as telecommunications and cement manufacturing, have been buoyed by rising prices.

Mexico is an oil exporter, and they received a boost from higher oil prices in 1999. That revenue flows directly into the country's reserve base, which in turn allows the government to reduce interest rates and halt the extreme downward pressure on the overall budget. The robust U.S. economy also helped fuel growth in Mexico. Spending on infrastructure boosted cement companies and other construction-related industries. We purchased Cemex SA, the world's third-largest cement producer. The company's first-quarter sales rose 10% on strong cement sales in both the United States and Mexico.

We also maintained a lower cash position than the fund's historical average. After a very rough 1998 --when many markets corrected 50% or more--1999 has given us a much larger menu of companies with good earnings growth. As we took advantage of these opportunities, we kept cash in the 2%-3% range, compared to a 4%-6% historical average.

*All fund returns referenced in this interview are for Investor Class shares.

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"ASIA HAS BEEN ONE OF THE MOST DYNAMIC REGIONS OF LATE AND WE WERE ABLE TO FIND GOOD GROWTH STOCKS IN BOTH SOUTH KOREA AND SINGAPORE. SOUTH KOREA HAS REALLY BEEN THE STAR OF ASIA WITH RESPECT TO THE RESURGENCE OF ITS CORPORATE SECTOR."

PORTFOLIO AT A GLANCE

	5/31/99	11/30/98
NO. OF COMPANIES	129	121
MEDIAN MARKET CAPITALIZATION	\$1.16 BILLION	\$658 MILLION
PORTFOLIO TURNOVER	102%(1)	270%(2)
EXPENSE RATIO (FOR INVESTOR CLASS)	2.00%(3)	2.00%

- (1) Six months ended 5/31/99.
- (2) Year ended 11/30/98.
- (3) Annualized.

Investment terms are defined in the Glossary on page 62.

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Emerging Markets--Q&A

(Continued)

WHICH STOCKS OR SECTORS CONTRIBUTED MOST TO RETURNS?

We discovered growing earnings in banks, telecommunications, electronic component manufacturers, and computer software companies in many developing markets.

Two of Emerging Markets' top-performing stocks were Mexican banks Grupo Financiero Bancomer and Grupo Financiero Banorte, both large and liquid stocks. These banks began to lend again after lower interest rates spurred demand for commercial loans. Profit margins were aided by reducing provisions for non-performing loans after government legislation reduced the risk of bad debt exposure resulting from the 1995 devaluation of the peso. More specifically, Grupo Financiero Banorte has benefited from having a high concentration of clients who run businesses that export to the United States.

Another top contributor, cellular phone operator Egyptian Mobile Phone Network, experienced strong subscriber growth in the first quarter. That growth should continue for several years because the demand for cellular services is huge in Egypt, which has very low teledensity and is very populous. Egyptian Mobile began 1999 with 157,000 customers and grew that 44% to 226,000 by the end of the first quarter. As in many other emerging markets where local phone companies are inefficient, cellular phones are in great demand because customers must wait years to get a phone line hooked up to their homes.

Just as in U.S. stock markets, the Internet has also ignited stock performance in many overseas markets. Companies that benefited from the trend included Pacific Internet Ltd., a pan-Asia Internet service provider, and Singapore-based Datacraft Asia Ltd, which designs, builds, and services data communication systems throughout Asia and other regions. Computer and peripherals retailer GES International also got a boost from the Internet when it began selling hardware and parts via its Web site.

Two Indian software companies--Infosys Technologies, Ltd. and Wipro Ltd.--continued their record of strong growth. Both companies benefit from their client relationships in the United States and Europe and the lower cost of operating in India. Also, because they are located in different time zones than their Western customers, Wipro and Infosys operate during European and American non-business hours, thereby enabling them to offer many specialized value added services and faster turnaround time.

WHY WERE THERE SO MANY BRAZILIAN STOCKS THAT HURT PERFORMANCE?

The short answer is our returns--calculated in U.S. dollars--were negatively impacted by the devaluation of the Brazilian real in January. Consequently, seven out of the portfolio's eight worst performing stocks were Brazilian. These included Celesc, Tele Sudeste Cellular, Banespa, Banco Itau, Sabesp, Electrobras, and Embratel. Although the local operations of the companies, for the most part, performed as well as could be expected in a difficult environment, the sharp currency devaluation contributed to weak performance when measured in U.S. dollars. We lowered our Brazilian holdings

somewhat during the devaluation and were underweight in the region. Therefore, the fund did not get a large boost when the Brazilian stock market rebounded sharply after inflation failed to materialize.

Our position in Petroleo Brasileiro, Brazil's largest oil refiner, demonstrates what would have happened if we had

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TOP TEN HOLDINGS

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
EGYPTIAN MOBILE PHONE NETWORK	2.1%	1.5%
PETROLEO BRASILEIRO S.A.	1.9%	1.3%
KOREA DATA SYSTEM	1.6%	--
TELEFONOS DE MEXICO, S.A. CL L ADR	2.3%	--
PLIVA D.D. GDR	1.6%	1.4%
SURGUTNEFTEGAZ ADR	1.5%	--
GRUPO TELEFISA S.A. GDR	1.5%	--
TAIWAN SEMICONDUCTOR MANUFACTURING CO. LTD. ADR	1.5%	--
ANHUI CONCH CEMENT CO. LTD CL H	1.5%	0.9%
YAPI VE KREDI BANKASI A.S.	1.4%	--

TOP FIVE INDUSTRIES

	% OF FUND INVESTMENTS	
	AS OF 5/31/99	AS OF 11/30/98
TELEPHONE COMMUNICATIONS	9.5%	8.7%*
BANKING	9.3%	11.0%
FOOD & BEVERAGE WIRELESS COMMUNICATIONS	8.6%	7.7%
ELECTRICAL & ELECTRONIC COMMUNICATIONS	6.5%	12.1%*
	4.0%	5.3%*

*Percentage has been adjusted to reflect security industry reclassification.

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Emerging Markets--Q&A

(Continued)

increased our Brazilian exposure in the month following devaluation. Rather than sell Petroleo Brasileiro during the devaluation, we built the position further and it is now one of our best performing stocks.

WHAT CHANGES DID YOU MAKE TO THE PORTFOLIO IN THE PAST SIX MONTHS?

We found several good growth opportunities in South Korea. For example, auto parts supplier Halla Climate Controls received several large contracts from Ford to supply auto parts. These orders coincided with a pick up in demand for automobiles in Korea. Another contributor was Shinsegae Department Stores, which operates both a discount chain and mainline department stores. After the economic collapse in Asia, the discount chain was able to maintain sales because consumers cut back on luxury items and moved their purchases to discount shops. Recently there has been a revival in the fortunes of its mainline department stores as well. In addition, the company is reducing its debt burden.

We also were able to find growing companies in Singapore and established or built positions in several technology-related companies.

WHAT IS YOUR OUTLOOK FOR EMERGING MARKETS?

Overall, we are optimistic because we do not currently see a major currency collapse or economic upheaval on the horizon. During most of 1998, many companies cut export prices dramatically in an effort to liquefy and stabilize their balance sheets. In effect, inventory was being dumped on global markets, severely impacting the profitability of export sales. The dumping peaked during the latter part of 1998, easing the pressure on the global economy. Most of the excesses generated by overvalued currencies are now gone, commodity prices appear to have bottomed, and producers are selling at competitive prices once again. South Korea was perhaps the first country to lead the way. Now, in stark contrast to the situation in 1998, economic growth has returned to many of the countries that suffered currency devaluations, and GDP estimates are being revised up on a consistent basis.

It's important, though, to monitor the progress of the reform programs implemented by the International Monetary Fund (IMF). We believe that economies that accept the program--i.e., adopt fundamental changes in the way in which fiscal budgets are balanced and corporations are governed--should be able to foster economic and financial growth. Those that only implement reform on a piece-meal basis risk the likelihood of stagnation.

We would also like to emphasize the breadth and quality of the companies we are finding daily in the emerging markets. Exciting finds run the gamut from a local beverage producer (La Tondenda) to the maker of world-class pharmaceuticals (Pliva). We intend to continue to search for the best companies to add to the portfolio in this robust environment.

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TYPES OF INVESTMENTS IN THE PORTFOLIO

AS OF MAY 31, 1999

[data shown in pie chart]

Preferred Stocks	9.5%
Common Stocks, Rights & Warrants	90.5%

AS OF NOVEMBER 30, 1998

[data shown in pie chart]

Preferred Stocks	13.2%
Temporary Cash Investments	4.7%
Common Stocks, Rights & Warrants	82.1%

EMERGING MARKETS' INVESTMENTS BY COUNTRY

[data shown in bar chart]

	5/31/99	11/30/98
Mexico	12.3%	4.1%
Brazil	12.2%	15.9%
South Korea	10.3%	4.2%
Taiwan (People's Republic of China)	6.5%	2.3%
Singapore	5.6%	5.1%
South Africa	5.5%	6.8%
Turkey	5.0%	0%
Greece	4.5%	7.5%
Russian Federation	4.3%	3.0%
India	4.1%	3.3%
Other	29.7%	47.8%

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Emerging Markets--Schedule of Investments

This schedule lists all investments owned by the fund, as well as each security's market value, as of the last day of the reporting period. The securities are grouped by asset class (such as common stocks, corporate bonds, temporary cash investments, as applicable), and some asset classes are further broken down by industry or country.

NOTE: For securities denominated in foreign currencies, the market value is translated into U.S. dollars based on exchange rates as of the last day of the reporting period.

MAY 31, 1999 (UNAUDITED)

Shares	Value
--------	-------

COMMON STOCKS, RIGHTS & WARRANTS-90.5%

BRAZIL--3.1%			
14,000	Companhia Brasileira de Distribuicao Grupo Pao de Acucar ADR(1) (retail-general merchandise)	\$	253,750
3,500,000	Companhia de Saneamento Basico do Estado de Sao Paulo (utilities)		262,702
31,000	Unibanco-Uniao de Bancos Brasileiros S.A. GDR(1) (banking)		699,438
15,000,000	Votorantim Celulose e Papel S.A. (paper & forest products)		398,383

			1,614,273

CANADA(2)			
29,297	Sedna Geotech, Inc. Warrants(1) (metals & mining)		--

CHINA--1.2%			
4,000,000	Shanghai Petrochemical Co., Ltd. Cl H (chemicals & resins)		613,817

CROATIA--1.6%			
50,206	Pliva d.d. GDR (pharmaceuticals)		813,337

CZECH REPUBLIC--2.4%			
8,000	Ceske Radiokomunikace(1) (business services & supplies)		295,656
32,000	Komerčni Banka a.s.(1) (banking)		584,125
16,000	SPT Telecom a.s.(1) (telephone communications)		265,003
1,668	Stredoceska Energetika a.s.(1) (utilities)		80,327

			1,225,111

EGYPT--3.6%			
18,000	A-Ahram Beverages Co. GDR(1) (food & beverage)		542,700
70,969	Egyptian Mobile Phone Network(1) (wireless communications)		1,063,679
19,000	Orascom Construction Industries(1) (construction & property development)		272,801

			1,879,180

Shares		Value	

ENGLAND--0.4%			
50,000	Antofagasta Holdings plc (diversified companies)	\$	216,983

ESTONIA--0.4%			
20,000	Hansabank Ltd.(1) (banking)		111,093
20,000	Hansabank Ltd.(1) (banking)		112,671

			223,764

FINLAND--1.1%			
38,000	Hartwall Oyj Abp (food & beverage)		546,503

FRANCE--0.4%			
2,772	Belvedere S.A.(1) (food & beverage)		214,496

GREECE--4.5%			
11,500	Chipita International S.A. (food & beverage)		272,870
2,250	Commercial Bank of Greece, S.A. (banking)		406,179
4,000	Delta Informatics S.A. (computer software & services)		185,975
6,000	EFG Eurobank(1) (banking)		285,696

15,000	Folli-Follie Abee (retail-general merchandise)	308,542
260	National Bank of Greece S.A. (banking)	18,133
20,995	Panafon SA(1) (wireless communications)	521,728
1,500	Piraeus Bank S.A. (banking)	44,009
3,000	Titan Cement Company S.A. (construction & property development)	277,039
		----- 2,320,171 -----

HONG KONG--3.1%

6,500,000	Anhui Conch Cement Co. LTD Cl H (construction & property development)	779,522
250,000	China Resources Enterprise Limited (diversified companies)	364,293
120,000	Johnson Electric Holdings Limited (electrical & electronic components)	442,567
		----- 1,586,382 -----

See Notes to Financial Statements

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Emerging Markets--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value

HUNGARY--1.0%		
6,500	OTP Bank Rt. (banking)	\$ 286,202
17,000	Synergon Information Systems Ltd. GDR(1) (computer software & services)	212,500
		----- 498,702 -----
INDIA--4.1%		
24,117	Hero Honda Motors Ltd. (leisure)	546,204
5,000	Housing Development Finance Corp. Ltd. (financial services)	243,438
6,000	Infosys Technologies Ltd. (computer software & services)	443,066
2,005	Larsen & Toubro Ltd. (diversified companies)	10,544
3,000	NIIT Limited (computer software & services)	126,481
6,000	Pentafour Software & Exports Ltd. (computer software & services)	142,857
4,000	Wipro Limited (computer peripherals)	371,475
7,000	Zee Telefilms Ltd. (1) (broadcasting & media)	235,285
		----- 2,119,350 -----
INDONESIA--2.4%		
25,000	PT Indosat (Persero) Tbk ADR(1) (telephone communications)	495,312
249,500	PT Tambang Timah Tbk (metals & mining)	273,467
53,000	PT Telekomunikasi Indonesia ADR (telephone communications)	493,562
		----- 1,262,341 -----
ISRAEL--1.5%		
9,000	AudioCodes Ltd. (1) (communications equipment)	154,406
12,300	Fundtech Ltd. (1)	397,444

	(computer software & services)		
23,000	Point of Sale Ltd.(1)		227,125
	(computer software & services)		-----
			778,975

MEXICO--12.3%			
100,000	Cemex SA de CV Cl B		449,022
	(building & home improvements)		
125,000	Corporacion Interamericana		
	de Entretenimiento S.A. Cl B(1)		399,073
	(leisure)		
180,000	Fomento Economico Mexica UBD		594,130
	(food & beverage)		
600,000	Grupo Cementos de Chihuahua,		
	S.A. de C.V. Cl B		463,440
	(construction & property		
	development)		
Shares		Value	
-----		-----	
38,000	Grupo Elektra, S.A. de C.V. GDR	\$	206,625
	(retail-general merchandise)		
1,880,000	Grupo Financiero Bancomer,		
	S.A. de C.V. Cl O		640,865
	(financial services)		
452,000	Grupo Financiero Banorte		
	S.A. de C.V. Cl O(1)		575,357
	(financial services)		
60,000	Grupo Iusacell S.A. de		
	C.V. Series L ADR(1)		742,500
	(wireless communications)		
19,000	Grupo Televisa S.A. GDR(1)		794,438
	(broadcasting & media)		
150,600	Hylsamex S.A.(1)		331,909
	(steel)		
15,000	Telefonos de Mexico, S.A. Cl L ADR		1,199,069
	(telephone communications)		-----
			6,396,428

PHILIPPINES--3.4%			
2,000,000	International Container		
	Terminal Services, Inc.(1)		202,365
	(transportation)		
450,000	La Tondena Distillers Inc.(1)		520,368
	(food & beverage)		
35,000	Metropolitan Bank & Trust Co.		338,042
	(banking)		
2,000,000	Music Corporation(1)		147,175
	(computer peripherals)		
245,000	San Miguel Corporation Cl B		550,526
	(food & beverage)		-----
			1,758,476

POLAND--2.2%			
30,000	Agora SA GDR(1)		327,000
	(broadcasting & media)		
3,000	Bank Przemyslowo-Handlowy S.A.		147,627
	(banking)		
4,000	Prokom Software SA(1)		131,559
	(computer software & services)		
17,000	Softbank S.A. GDR		548,250
	(computer software & services)		-----
			1,154,436

RUSSIAN FEDERATION--4.3%			
17,000	Lukoil Holding ADR		620,500
	(energy-services)		
70,000	SUN Brewing Ltd. GDR(1)		412,170
	(food & beverage)		
105,000	Surgutneftegaz ADR		800,625
	(energy-production & marketing)		
60,000	Unified Energy Systems ADR		393,750
	(utilities)		-----
			2,227,045

SINGAPORE--5.6%			
137,000	Allgreen Properties Limited(1)		130,249

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Emerging Markets--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value
64,000	Asia Pulp & Paper Company Ltd. ADR(1) (paper & forest products)	\$ 572,000
53,000	City Developments Limited (real estate)	316,464
160,000	Datacraft Asia Limited (computer software & services)	569,600
800,000	GES International Limited(1) (computer peripherals)	695,652
200,000	Keppel Telecommunications & Transportation Ltd. (telephone communications)	273,623
110,000	Natsteel Electronics Ltd. (electrical & electronic components)	366,667
		----- 2,924,255 -----
SOUTH AFRICA--5.5%		
28,000	Anglo American Platinum Corp. Limited (metals & mining)	514,231
180,000	BOE Limited (financial services)	170,192
31,000	DataTec Limited (computer peripherals)	417,804
23,000	De Beers (metals & mining)	493,173
20,000	Fedsure Holdings Limited (insurance)	172,436
200,000	Foschini Limited(1) (retail-general merchandise)	357,372
12,000	Impala Platinum Holdings Limited (metals & mining)	287,308
60,000	Ixchange Technology Holdings Limited(1) (computer software & services)	152,404
36,000	South African Breweries Ltd. (food & beverage)	289,038
		----- 2,853,958 -----
SOUTH KOREA--10.3%		
13,000	Dongwon Securities Co. (financial services)	281,191
16,000	Halla Climate Control Co. (automobile & auto parts)	536,999
20,000	Hite Brewery Co. Ltd.(1) (food & beverage)	495,847
2,743	Hite Brewery Co. Ltd. Rights(1) (food & beverage)	27,757
5,000	Housing & Commercial Bank, Korea(1) (banking)	137,033
22,000	Kookmin Bank (banking)	333,010
23,771	Korea Data System (computer peripherals)	824,874
5,000	Korea Electric Power Corp. (utilities)	153,055

Shares

Value

11,450	Korea Telecom Corporation (business services & supplies)	\$ 652,800
48,000	Medison Co.	611,207

	(medical equipment & supplies)	
6,000	Pohang Iron & Steel Co., Ltd. (steel)	554,602
2,975	Samsung Electronics (electrical & electronic components)	206,972
398	Samsung Electronics Rights(1) (electrical & electronic components)	4,531
11,000	Shinsegae Department Store Co. (retail-general merchandise)	491,630
450	SK Telecom Co. Ltd. ADR (wireless communications)	6,412

		5,317,920

TAIWAN (PEOPLE'S REPUBLIC OF CHINA)--6.5%		
12,000	Asustek Computer Inc.(1) (computer peripherals)	139,083
17,000	Asustek Computer Inc. GDR(1) (computer peripherals)	262,225
145,000	China Development Industrial Bank(1) (financial services)	281,575
766,500	China Steel Corp. (steel)	525,064
625,000	Delpha Construction Co., Ltd.(1) (construction & property development)	330,657
36,000	Hon Hai Precision Industry(1) (electrical & electronic components)	211,376
245,000	Lee Chi Enterprises Co., Ltd.(1) (leisure)	524,465
70,000	President Chain Store Corp. (retail-general merchandise)	221,560
60,000	Shin Kong Life Insurance Co., Ltd. (insurance)	101,835
30,000	Taiwan Semiconductor Manufacturing Co. Ltd. ADR(1) (electrical & electronic components)	785,625

		3,383,465

THAILAND--2.2%		
20,000	Advanced Info Service Public Co. Limited(1) (wireless communications)	243,534
150,000	Cogeneration Public Co., Ltd.(1) (utilities)	113,147
125,000	Italian-Thai Development Public Co., Limited(1) (construction & property development)	314,857
209,000	Land & House Public Co. Limited(1) (real estate)	258,998

See Notes to Financial Statements

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Emerging Markets--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value

6,000	Siam Cement Public Co. Limited (The) (1) (construction & property development)	\$ 155,819
174,000	Siam Commercial Bank Public Co. Limited Warrants(1) (banking)	60,938

		1,147,293

TURKEY--5.0%

15,000,000	Aksigorta A.S. (insurance)	478,803
45,000,000	Dogan Sirketler Grubu Holding A.S. (printing & publishing)	629,810
15,000,000	Haci Omer Sabanci Holding AS (diversified companies)	368,310
8,500,000	Turkiye Garanti Bankasi A.S.(1) (banking)	349,588
58,500,000	Yapi ve Kredi Bankasi A.S. (banking)	746,933

		2,573,444

UNITED STATES--2.4%		
7,800	Comverse Technology, Inc.(1) (communications equipment)	526,744
12,000	StarMedia Network, Inc.(1) (broadcasting & media)	705,750

		1,232,494

TOTAL COMMON STOCKS, RIGHTS & WARRANTS (Cost \$37,724,412)		
		46,882,599

Shares		Value

PREFERRED STOCKS-9.5%		
BRAZIL--9.1%		
28,500,000	Centrais Electricas Brasileiras S.A. Cl B (utilities)	\$ 597,315
18,000,000	Companhia Paranaense de Energia-Copel (utilities)	136,143
36,000,000	Embratel Participacoes S.A. (telephone communications)	498,845
7,000,000	Petroleo Brasileiro S.A. (energy-production & marketing)	986,143
300,000,000	Tele Celular Sul Participacoes S.A. (wireless communications)	554,273
32,000,000	Tele Centro Sul Participacoes S.A. (telephone communications)	339,954
43,000,000	Tele Norte Leste Participacoes S.A. (telephone communications)	712,529
53,000,000	Tele Sudeste Celular Participacoes S.A. (wireless communications)	251,230
30,000,000	Telesp Participacoes S.A. (telephone communications)	646,074

		4,722,506

THAILAND--0.4%		
174,000	Siam Commercial Bank Public Co. Limited(1) (banking)	178,125

TOTAL PREFERRED STOCKS (Cost \$4,778,874)		
		4,900,631

TOTAL INVESTMENT SECURITIES-100.0% (Cost \$42,503,286)		
		\$51,783,230
		=====

NOTES TO SCHEDULE OF INVESTMENTS

ADR = American Depositary Receipt

GDR = Global Depositary Receipt

(1) Non-income producing.

(2) Investments in country were less than 0.05% of the total investment securities.

See Notes to Financial Statements

TOTAL RETURNS AS OF MAY 31,1999

	INVESTOR CLASS (INCEPTION 12/1/98)		ADVISOR CLASS (INCEPTION 2/5/99)	
	GLOBAL	MSCI	GLOBAL	MSCI
	GROWTH	WORLD FREE	GROWTH	WORLD FREE
LIFE OF FUND(1)	18.60%	8.04%	6.27%	3.92%(2)

(1) Returns for periods less than one year are not annualized.

(2) Since 2/28/99, the date nearest the class's inception for which data are available.

See pages 59-62 for information about share classes, the MSCI World Free Index, and returns.

GROWTH OF \$10,000 OVER LIFE OF FUND

Value on 5/31/99	
Global Growth	\$11,860
MSCI World Free Index	\$10,804

\$10,000 investment made 12/1/98

[data shown in mountain chart]

Date	Global Growth	MSCI World Free Index
	Value	Value
11/30/98	\$10,000	\$10,000
12/31/98	\$10,860	\$10,477
1/31/99	\$11,540	\$10,693
2/28/99	\$11,120	\$10,397
3/31/99	\$11,720	\$10,816
4/30/99	\$12,140	\$11,232
5/31/99	\$11,860	\$10,804

The graph at left shows the growth of a \$10,000 investment over the life of the fund. The MSCI World Free Index is provided for comparison. Global Growth's total returns include operating expenses (such as transaction costs and management fees) that reduce returns, while the total returns of the MSCI World Free Index do not. The graph is based on Investor Class shares only; performance for other classes will vary due to differences in fee structures (see the Total Returns table above). Past performance does not guarantee future results. Investment return and principal value will fluctuate, and redemption value may be more or less than original cost.

Global Growth--Q&A

[photo of Bradley Amoils and Henrik Strabo]

An interview with Bradley Amoils (left) and Henrik Strabo, portfolio managers on the Global Growth team.

GLOBAL GROWTH OPENED ON DECEMBER 1, 1998. SINCE THIS IS THE FIRST REPORT TO INVESTORS, WILL YOU TELL US ABOUT GLOBAL GROWTH'S OBJECTIVES AND HOW IT IS MANAGED?

Certainly, but first we'd like to take this opportunity to welcome investors to the fund. We're excited about Global Growth's potential, and the range of opportunities in which the fund is allowed to invest.

Global Growth's charter is similar to American Century's other foreign-stock funds. The funds share a common objective of long-term growth through investments in companies that demonstrate accelerating earnings and revenue growth. However, unlike its sibling funds, which have significant exposure primarily in foreign stocks, Global Growth has the opportunity to invest in the United States. Because it has no geographical constraints, Global Growth can buy the fastest-growing companies, no matter where they are located.

To find stocks for the portfolio, we employ American Century's proprietary database of more than 15,000 foreign and domestic companies. We are not restricted by region, market sector, or industry. We also rely on extensive research provided by our team of investment analysts. They research stocks individually, but each analyst has expertise in a particular region. Our team travels frequently, looking for opportunities that fit our growth investment

style. We visit regularly with key executives, government officials, and central bankers, as well as customers and competitors of the companies we are considering for investment.

HOW HAS GLOBAL GROWTH PERFORMED SINCE ITS INCEPTION?

It has performed very well in the few months it has been in operation. Global Growth's life-of-fund return as of May 31, 1999, was 18.60%*. It more than doubled the return of its benchmark, the MSCI World Free Index, which gained 8.04% in the same time frame.

WHAT FACTORS INFLUENCED OVERALL PERFORMANCE?

Clearly, the decision to focus investments in the United States and selectively add companies in Asia was an important factor. Given the uncertainties surrounding global capital markets after the Asian crisis, we focused our investments in the United States, which offered the clearest earnings visibility. Large-capitalization U.S. stocks that are benefiting from increasing efficiencies through mergers and restructurings provided the most attractive investment opportunities. Furthermore, U.S. dominance and innovative leadership in telecommunications, the Internet, media, pharmaceutical, financial services, and biotechnology compelled us to concentrate our investments in these arenas. As a result, approximately 50% of the fund was invested in U.S. companies.

*All fund returns referenced in this interview are for Investor Class shares.

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"TO FIND STOCKS FOR THE PORTFOLIO, WE EMPLOY AMERICAN CENTURY'S PROPRIETARY DATABASE OF MORE THAN 15,000 FOREIGN AND DOMESTIC COMPANIES. WE ARE NOT RESTRICTED BY REGION, MARKET SECTOR, OR INDUSTRY."

PORTFOLIO AT A GLANCE

	5/31/99
NO. OF COMPANIES	197
MEDIAN MARKET CAPITALIZATION	\$16.5 BILLION
PORTFOLIO TURNOVER	65%(1)
EXPENSE RATIO (FOR INVESTOR CLASS)	1.30%(2)

(1) From 12/1/98 through 5/31/99.

(2) Annualized.

Investment terms are defined in the Glossary on page 62.

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Global Growth--Q&A

(Continued)

In Europe, the portfolio benefited from a focus on telecommunications, outsourcing, retailing, and financial services--industries that demonstrated strong underlying growth in their basic business. However, performance in Europe was offset by the depreciation of the euro (the new European common currency), slower than expected economic growth, and negative money flows as investors concentrated on the United States and Asia. We continued to be cautious in Japan, where we saw few investment opportunities. Accordingly, we purchased companies that stood to benefit the most from a formalized restructuring plan or that were poised to take advantage of an increasingly deregulated Japanese economy. As stability returned to the world's emerging markets, we put money to work selectively in Hong Kong, South Korea, and Singapore. We also found opportunities in Brazil, where corporations began to show signs of earnings re-acceleration.

WHICH SECTORS OR COMPANIES CONTRIBUTED THE MOST TO RETURNS?

As we mentioned earlier, investors maintained--and perhaps even intensified--their preference for a handful of U.S. companies for much of the period. These companies also represented a significant portion of Global Growth's portfolio.

Several industry groups, particularly in the technology sector, that were good performers in the United States also fared well abroad. Continued robust growth in the Internet was the catalyst driving earnings for many of our technology companies. Internet-related technology holdings that posted strong

gains included Cisco Systems, a maker of Internet routers and equipment, and software giant Microsoft.

Telecommunications companies, Global Growth's largest industry weighting, were also among the portfolio's strongest contributors. These companies formed three groups within the telecommunications area: carriers of electronic voice and data, cellular service and equipment providers, and cable TV firms. Companies exhibiting strong growth in one or more of these areas included AT&T and MCI WorldCom in the United States, UPC and Mannesman in Europe, Nokia in Finland, and Japan's NTT Data.

DID YOU FIND GROWTH IN MANY SECTORS OUTSIDE THE TECHNOLOGY ARENA?

Global Growth's financial services holdings were helpful. Firms such as Standard Chartered and the American International Group (AIG) performed exceptionally well after the U.S. Federal Reserve began to cut interest rate in what proved to be a successful effort to stabilize world markets. Strong revenue growth from insurance annuity sales in the United States continued to buoy the earnings of Sweden's Skandia Holdings.

WHICH SECTORS OR HOLDINGS WERE DISAPPOINTING?

The portfolio's worst-performing holding was American tobacco giant Philip Morris. Ongoing lawsuits against tobacco manufacturers and recent adverse court rulings have increased investors' concerns about the future of big tobacco, and that drove tobacco stocks down across the board. Philip Morris was no exception. We eliminated the position.

The German retailer, Douglas Holding, also disappointed. Douglas markets a broad range of high-end retail products, including perfume, jewelry, personal care products, and books. The

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TOP TEN HOLDINGS

% OF FUND INVESTMENTS
AS OF
5/31/99

MCI WORLDCOM INC.	2.2%
TIME WARNER INC.	2.1%
MANNESMANN AG	1.8%
MICROSOFT CORP.	1.7%
GENERAL ELECTRIC CO. (U.S.)	1.6%
UNITED PAN-EUROPE COMMUNICATIONS NV	1.6%
VIVENDI	1.5%
AMERICAN INTERNATIONAL GROUP, INC.	1.2%
AMERICAN EXPRESS CO.	1.2%
COMCAST CORP. CL A	1.2%

TOP FIVE INDUSTRIES

% OF FUND INVESTMENTS
AS OF
5/31/99

TELEPHONE COMMUNICATIONS	10.9%
BROADCASTING & MEDIA	9.4%
BANKING	7.0%
FINANCIAL SERVICES	5.0%
DIVERSIFIED COMPANIES	4.8%

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Global Growth--Q&A

(Continued)

healthy economies in Europe and the United States helped drive growth in recent years. However, sales in Germany, the company's primary market, began to lag in April when warmer weather pulled people away from shopping and toward outdoor activities. This shift impacted earnings and ultimately share price, but we're confident these problems are temporary and are holding Douglas.

WHAT'S YOUR OUTLOOK FOR GLOBAL INVESTING?

We continue to find tremendous opportunities for investing in interesting and fast-growing companies in almost every corner of the world. We now live in

exciting times as information, capital, goods, and services move freely around the globe with unprecedented ease. The rapid acceptance of new technologies--witness the thousands of new Internet users each day--is only accelerating this incredible trend. The world has truly become a global village and we want to own those companies that are positioned to take advantage of major growth opportunities.

After the worldwide economic upheaval last year, the global economy appears to be on the mend. With this as a backdrop, we feel the outlook for corporate earnings is healthy. Our focus on fast-growing, highly successful companies will continue to lead us to areas such as telecommunications, technology, financial services, and retailing.

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"AFTER THE WORLDWIDE ECONOMIC UPHEAVAL LAST YEAR, THE GLOBAL ECONOMY APPEARS TO BE ON THE MEND. WITH THIS AS A BACKDROP, WE FEEL THE OUTLOOK FOR CORPORATE EARNINGS IS HEALTHY."

TYPES OF INVESTMENTS IN THE PORTFOLIO

AS OF MAY 31, 1999

[data shown in pie chart]

Preferred Stocks	1.0%
Temporary Cash Investments	7.2%
Common Stocks	91.8%

GLOBAL GROWTH'S INVESTMENTS BY COUNTRY

[data shown in bar chart]

	5/31/99
United States	48.5%
U.K.	9.6%
Japan	7.2%
France	6.5%
Germany	4.3%
Netherlands	4.2%
Other	19.7%

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Global Growth--Schedule of Investments

 This schedule lists all investments owned by the fund, as well as each security's market value, as of the last day of the reporting period. The securities are grouped by asset class (such as common stocks, corporate bonds, temporary cash investments, as applicable), and some asset classes are further broken down by industry or country.

NOTE: For securities denominated in foreign currencies, the market value is translated into U.S. dollars based on exchange rates as of the last day of the reporting period.

MAY 31, 1999 (UNAUDITED)

Shares		Value

COMMON STOCKS-91.8%		
AUSTRALIA--0.8%		
11,400	Brambles Industries Limited (diversified companies)	\$ 303,895
36,800	Broken Hill Proprietary Co. Ltd. (metals & mining)	377,516
146,810	Cable & Wireless Optus Limited(1) (telephone communications)	280,567

		961,978

AUSTRIA--0.2%		
200	Bank Austria AG (banking)	10,234
2,400	VA Technologie AG (business services & supplies)	201,343

		211,577

BELGIUM--0.4%		
10,200	Fortis AG (insurance)	326,870
4,400	UCB SA (pharmaceuticals)	189,334

		516,204

BRAZIL--0.5%		
20,000	Telesp Participacoes S.A. ADR (telephone communications)	437,500
8,200	Unibanco-Uniao de Bancos Brasileiros S.A. GDR(1) (banking)	185,012

		622,512

CANADA--2.1%		
15,400	Bombardier Inc. Cl B (aerospace & defense)	239,246
3,000	Canadian National Railway Company (railroad)	191,920
10,800	JDS Fitel Inc.(1) (communications equipment)	731,943
6,000	QLT PhotoTherapeutics, Inc.(1) (biotechnology)	263,967
11,000	Rogers Communications, Inc. Cl B(1) (broadcasting & media)	226,858
6,000	Seagram Co. Ltd. (The) (food & beverage)	311,625
7,000	Teleglobe Inc. (telephone communications)	211,797
6,000	TLC The Laser Center Inc.(1) (healthcare)	263,250

		2,440,606

Shares		Value
-----		-----
FINLAND--0.9%		
15,000	Nokia Corp. Cl A ADR (communications equipment)	\$ 1,065,000

FRANCE--6.5%		
1,709	Altran Technologies SA (business services & supplies)	386,663
5,226	Axa-UAP (insurance)	601,813
2,555	Cap Gemini SA (computer software & services)	367,718
3,460	Carrefour SA (retail-general merchandise)	453,615
4,000	Compagnie Francaise d'Etudes et de Construction Technip (chemicals & resins)	433,534
6,300	Elf Aquitaine SA (energy-production & marketing)	911,298
7,600	Equant NV New York Shares(1) (telephone communications)	630,325
1,800	Groupe Danone (food & beverage)	495,230
2,000	Pinault-Printemps-Redoute SA (retail-general merchandise)	340,366
3,500	Societe Generale Cl A (banking)	635,399
2,500	Societe Television Francaise 1 (broadcasting & media)	599,236
22,945	Vivendi (diversified companies)	1,697,761

		7,552,958

GERMANY--4.3%		
500	Allianz AG (insurance)	136,522
4,342	DaimlerChrysler AG (automobiles & auto parts)	374,445
6,600	Deutsche Pfandbrief-und Hypotheckenbank AG (banking)	570,890
6,400	Douglas Holding AG	273,460

	(retail-general merchandise)	
15,160	Mannesmann AG (industrial equipment & machinery)	2,069,670
1,600	Marschollek, Lautenschlaeger und Partner AG (financial services)	833,720
10,000	PrimaCom AG(1) (broadcasting & media)	406,438

See Notes to Financial Statements

Global Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value
5,000	Siemens AG (electrical & electronic components)	\$ 336,093 ----- 5,001,238 -----
HONG KONG--1.1%		
14,000	Cheung Kong (Holdings) Ltd. (real estate)	113,737
44,000	Henderson Land Development Company Ltd. (real estate)	221,851
3,600	HSBC Holdings plc (banking)	117,915
54,500	Swire Pacific Ltd. Cl A (diversified companies)	260,034
4,000	Tommy Hilfiger Corp. (1) (textiles & apparel)	300,250
111,000	Wharf (Holdings) Ltd. (diversified companies)	282,698 ----- 1,296,485 -----
INDONESIA--0.2%		
497,000	PT Telekomunikasi Indonesia (telephone communications)	231,056 -----
IRELAND--0.2%		
12,400	Bank of Ireland (banking)	229,643 -----
ITALY--2.0%		
10,500	Assicurazioni Generali (insurance)	373,142
24,700	Mediaset SpA (broadcasting & media)	200,008
60,000	Mediolanum SpA (insurance)	408,314
35,200	Mondadori (Arnoldo) Editore SpA (printing & publishing)	610,783
169,000	Seat Pagine Gialle SpA (printing & publishing)	229,841
44,200	Telecom Italia SpA (telephone communications)	455,103 ----- 2,277,191 -----
JAPAN--7.2%		
10,000	Eisai Company, Ltd. (pharmaceuticals)	185,574
65,000	Fuji Heavy Industries Ltd. (automobiles & auto parts)	422,582
56,000	Fujitsu Ltd. (electrical & electronic components)	930,914
14	Japan Telecom Co. Ltd. (telephone communications)	170,514
41,000	Kao Corporation (consumer products)	1,120,191

Shares		Value
42	NTT Data Corp. (business services & supplies)	\$ 277,892
10	NTT Mobile Communication Network, Inc. (wireless communications)	543,966
1,200	Ryohin Keikaku Co. Limited (retail-general merchandise)	234,934
59,000	Shiseido Co., Ltd. (consumer products)	869,111
700	Shohkoh Fund & Co., Ltd. (financial services)	389,417
14,000	Sony Corp. (electrical & electronic components)	1,308,810
24,000	Sumitomo Bank, Ltd. (The) (banking)	288,952
13,000	Takeda Chemical Inds. (pharmaceuticals)	574,497
16,000	Toppan Forms Co., Ltd. (printing & publishing)	301,527
		----- 8,395,740 -----
MEXICO--1.5%		
16,000	Grupo Televisa S.A. GDR(1) (broadcasting & media)	669,000
14,000	Panamerican Beverages Inc. Cl A (food & beverage)	324,625
9,000	Telefonos de Mexico, S.A. Cl L ADR (telephone communications)	719,438
		----- 1,713,063 -----
NETHERLANDS--4.2%		
4,100	Getronics N.V. (computer software & services)	158,094
4,400	Gucci Group N.V. New York Shares (retail-apparel)	290,950
6,800	Heineken NV (food & beverage)	377,717
17,000	IHC Caland N.V. (energy-services)	668,800
8,296	ING Groep N.V. (financial services)	443,091
5,000	Phillips Electronics N.V. New York Shares(1) (electrical & electronic components)	430,000
29,700	United Pan-Europe Communications NV(1) (broadcasting & media)	1,818,421
5,500	VNU N.V. (printing & publishing)	233,285
11,508	Wolters Kluwer NV (printing & publishing)	462,333
		----- 4,882,691 -----
PHILIPPINES--0.3%		
128,000	San Miguel Corporation Cl B (food & beverage)	287,622

See Notes to Financial Statements

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Global Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares	Value
-----	-----

SINGAPORE--1.2%			
37,000	City Developments Limited (real estate)	\$	220,928
215,000	Keppel Telecommunications & Transportation Ltd. (diversified companies)		294,145
27,000	Singapore Press Holdings Ltd. (printing & publishing)		369,391
434,000	Singapore Technologies Engineering Ltd. (business services & supplies)		472,997

			1,357,461

SOUTH KOREA--0.6%			
13,500	Kookmin Bank (banking)		204,347
8,000	Korea Electric Power Corp. (utilities)		244,888
11,600	Shinhan Bank GDR(1) (banking)		220,690
750	SK Telecom Co. Ltd. ADR (telephone communications)		10,688

			680,613

SPAIN--1.1%			
15,500	Argentaria SA (banking)		347,135
19,839	Telefonica S.A.(1) (telephone communications)		950,646

			1,297,781

SWEDEN--2.1%			
27,000	Europolitan Holdings AB (wireless communications)		233,773
26,000	Hennes & Mauritz AB Cl B (retail-apparel)		583,183
33,000	Modern Times Group MTG AB Cl B(1) (broadcasting & media)		724,853
14,000	Securitas AB Cl B (business services & supplies)		199,314
36,700	Skandia Forsakrings AB (financial services)		629,118

			2,370,241

SWITZERLAND--3.1%			
970	ABB AG(1) (machinery & equipment)		1,373,693
2,100	Credit Suisse Group (financial services)		364,357
232	Julius Baer Holding AG (financial services)		701,764
178	Nestle S.A. (food & beverage)		319,907
140	Novartis AG (pharmaceuticals)		203,123
Shares			Value

2,186	UBS AG (banking)	\$	632,607

			3,595,451

THAILAND--0.4%			
102,000	Bangkok Bank Public Co., Limited(1) (banking)		316,002
142,000	Land & House Public Co. Limited(1) (real estate)		175,970

			491,972

UNITED KINGDOM--9.6%			
47,600	Amvescap Plc (financial services)		434,478
11,600	AstraZeneca Group plc (pharmaceuticals)		460,862

17,000	Barclays PLC (banking)	515,330
33,000	BBA Group plc (diversified companies)	233,044
76,015	British Telecommunications plc (telephone communications)	1,267,174
36,293	Cable & Wireless Communications plc(1) (telephone communications)	344,639
22,000	Capita Group Plc (business services & supplies)	217,543
30,496	COLT Telecom Group plc(1) (telephone communications)	643,642
16,124	Dixons Group plc (retail-specialty)	289,444
9,886	Energis plc(1) (telephone communications)	238,414
10,700	Glaxo Wellcome plc (pharmaceuticals)	300,195
24,900	Imperial Tobacco Group plc (tobacco)	279,913
105,000	Invensys plc (industrial)	478,363
24,900	Lloyds TSB Group plc (financial services)	328,957
31,200	Logica plc (computer software & services)	289,281
20,000	National Westminster Bank PLC (banking)	458,627
30,300	Next Plc (retail-general merchandise)	352,019
12,900	Orange plc(1) (wireless communications)	178,480
38,500	Pearson plc (printing & publishing)	733,658
63,700	Standard Chartered plc (banking)	963,447
114,000	TeleWest Communications plc(1) (broadcasting & media)	489,701
65,156	Vodafone Group plc (wireless communications)	1,240,574

See Notes to Financial Statements

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Global Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value
52,100	WPP Group plc (business services & supplies)	\$ 420,489
		11,158,274

UNITED STATES--41.3%

4,500	Allergan, Inc. (pharmaceuticals)	418,500
8,000	AlliedSignal Inc. (aerospace & defense)	464,500
7,000	America Online Inc. (computer software & services)	835,625
11,500	American Express Co. (financial services)	1,393,656
12,500	American International Group, Inc. (insurance)	1,428,906
6,000	American Standard Companies Inc.(1) (building & home improvements)	277,500
6,200	Ameritech Corp. (telephone communications)	408,038
11,000	Amgen Inc.(1) (biotechnology)	696,094
10,500	Anheuser-Busch Companies, Inc. (food & beverage)	767,156
23,000	AT&T Corp. (telephone communications)	1,276,500

6,300	Banc One Corp. (banking)	356,344
12,000	BellSouth Corp. (telephone communications)	566,250
5,000	Biogen, Inc.(1) (biotechnology)	545,312
6,000	Block (H & R), Inc. (personal services)	289,125
7,300	Cablevision Systems Corp. Cl A(1) (broadcasting & media)	575,788
5,300	Carnival Corp. Cl A (leisure)	217,300
8,000	Chase Manhattan Corp. (banking)	580,000
7,500	Cisco Systems Inc.(1) (computer peripherals)	817,266
13,000	Citigroup Inc. (banking)	861,250
9,000	Coca-Cola Company (The) (food & beverage)	614,812
7,000	Colgate-Palmolive Co. (consumer products)	699,125
36,000	Comcast Corp. Cl A (broadcasting & media)	1,388,250
3,600	EMC Corp. (Mass.)(1) (computer peripherals)	358,650
10,000	Enron Corp. (energy-production & marketing)	713,750
5,000	Equitable Companies Inc. (financial services)	350,938
6,000	Estee Lauder Companies, Inc. (consumer products)	547,500

Shares

Value

Shares	Company	Value
14,000	FDX Corporation(1) (transportation)	\$ 770,875
5,800	Gap, Inc. (The) (retail-apparel)	362,862
18,500	General Electric Co. (U.S.) (diversified companies)	1,881,219
20,000	General Instrument Corp.(1) (communications equipment)	773,750
8,500	Gillette Company (consumer products)	433,500
12,000	Harley-Davidson, Inc. (leisure)	612,750
6,900	Hartford Financial Services Group Inc. (The) (insurance)	436,425
4,000	Hewlett-Packard Co. (computer systems)	377,250
6,600	Home Depot, Inc. (retail-specialty)	375,375
6,200	Household International, Inc. (financial services)	268,925
22,000	Infinity Broadcasting Corp. Cl A(1) (broadcasting & media)	562,375
4,600	Intel Corp. (electrical & electronic components)	249,262
9,000	International Business Machines Corp. (computer systems)	1,046,812
10,000	Johnson & Johnson (pharmaceuticals)	926,250
9,000	Kimberly-Clark Corp. (paper & forest products)	528,188
9,000	Lucent Technologies Inc. (communications equipment)	511,875
18,000	McDonald's Corp. (restaurants)	693,000
30,000	MCI WorldCom, Inc.(1) (telephone communications)	2,590,312
7,000	Medtronic, Inc. (medical equipment & supplies)	497,000
18,000	Mellon Bank Corp. (banking)	642,375
7,000	Merck & Co., Inc. (pharmaceuticals)	472,500
25,000	Microsoft Corp.(1) (computer software & services)	2,017,969

8,000	Morgan Stanley Dean Witter, Discover & Co. (financial services)	772,000
5,000	Motorola, Inc. (communications equipment)	414,062
11,000	Pfizer, Inc. (pharmaceuticals)	1,177,000
11,000	Pitney Bowes Inc. (office equipment & supplies)	701,250
4,000	Procter & Gamble Co. (The) (consumer products)	373,500

See Notes to Financial Statements

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Global Growth--Schedule of Investments

(Continued)

MAY 31, 1999 (UNAUDITED)

Shares		Value
5,000	QUALCOMM Inc.(1) (communications equipment)	\$ 486,094
17,400	Qwest Communications International Inc.(1) (telephone communications)	742,219
6,000	Schlumberger Ltd. (energy-services)	361,125
8,300	StarMedia Network, Inc.(1) (broadcasting & media)	488,144
6,000	State Street Corp. (financial services)	457,500
10,400	Sun Microsystems, Inc.(1) (computer systems)	621,075
6,800	Tellabs, Inc.(1) (communications equipment)	398,012
6,000	Tiffany & Co. (retail-specialty)	497,250
36,000	Time Warner Inc. (broadcasting & media)	2,450,250
7,000	Tyco International Ltd. (diversified companies)	611,625
14,000	Union Pacific Corp. (railroad)	798,875
4,000	United Technologies Corp. (aerospace & defense)	248,250
6,000	Univision Communications Inc. Cl A(1) (broadcasting & media)	355,875
30,000	Wal-Mart Stores, Inc. (retail-general merchandise)	1,278,750
4,000	Warner-Lambert Co. (pharmaceuticals)	248,000
		----- 47,959,840 -----

TOTAL COMMON STOCKS (Cost \$95,968,775)	106,597,197
--	-------------

PREFERRED STOCKS-1.0%

BRAZIL

23,270,000	Centrais Electricas Brasileiras S.A. Cl B (utilities)	487,703
21,200,000	Embratel Participacoes S.A. (telephone communications)	293,764
2,380,000	Petroleo Brasileiro S.A. (energy-production & marketing)	335,289

TOTAL PREFERRED STOCKS (Cost \$2,189,214)	1,116,756
--	-----------

Principal Amount	Value
------------------	-------

TEMPORARY CASH INVESTMENTS-7.2%

\$2,600,000 FHLB Discount Notes,
4.68%, 6/1/99 \$ 2,600,000

Repurchase Agreement, Merrill Lynch & Co., Inc.
(U.S. Treasury obligations), in a joint trading
account at 4.75%, dated 5/28/99,
due 6/1/99 (Delivery value \$5,803,061) 5,800,000

TOTAL TEMPORARY CASH INVESTMENTS 8,400,000
(Cost \$8,400,000)

TOTAL INVESTMENT SECURITIES-100.0% \$116,113,953
(Cost \$106,557,989)

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS

Contracts to Sell	Settlement Date	Value	Unrealized Gain/ (Loss)
4,285,875 EURO	6/30/99	\$4,474,724	\$30,579
172,414,000 JPY	6/30/99	1,424,203	(1,352)
		\$5,898,927	\$29,227

(Value on Settlement Date \$5,928,154)

NOTES TO SCHEDULE OF INVESTMENTS

ADR = American Depositary Receipt

FHLB = Federal Home Loan Bank

GDR = Global Depositary Receipt

JPY = Japanese Yen

(1) Non-income producing.

See Notes to Financial Statements

Statements of Assets and Liabilities

Also known as a balance sheet, this statement breaks down the fund's ASSETS (such as securities, cash, and other receivables) and LIABILITIES (money owed for management fees and other expenses) as of the last day of the reporting period. Subtracting the liabilities from the assets results in the fund's NET ASSETS. For each class of shares, the net assets divided by the total number of shares outstanding is the share price, or NET ASSET VALUE PER SHARE.

This statement also breaks down the fund's net assets into capital (shareholder investments) and performance (investment income and gains/losses).

<TABLE>
<CAPTION>
MAY 31, 1999 (UNAUDITED)

	INTERNATIONAL GROWTH	INTERNATIONAL DISCOVERY	EMERGING MARKETS	GLOBAL GROWTH
ASSETS				
<S>	<C>	<C>	<C>	<C>
Investment securities, at value (identified cost of \$2,219,359,222, \$693,520,498, \$42,503,286 and \$106,557,989, respectively) (Note 3)	\$2,761,775,195	\$ 971,369,048	\$ 51,783,230	\$116,113,953
Foreign currency holdings, at value (identified cost of \$24,743,633, \$29,949,727, \$2,994,829 and \$1,368,819, respectively)	24,799,292	29,991,619	2,996,043	1,373,033
Cash	9,596,214	--	--	1,805,781
Receivable for forward foreign currency exchange contracts ..	1,415,904	435,379	--	30,579
Receivable for investments sold	16,544,135	12,237,592	2,536,679	1,745,052
Dividends and interest receivable	11,535,494	2,076,561	261,323	237,033
	2,825,666,234	1,016,110,199	57,577,275	121,305,431

LIABILITIES

Disbursements in excess of demand deposit cash	--	761,186	780,539	--
Payable for forward foreign currency exchange contracts	173,116	32,189	--	1,352
Payable for investments purchased	8,979,558	29,031,896	2,174,388	3,192,575
Accrued management fees (Note 2)	3,105,534	1,315,097	93,042	127,830
Distribution fees payable (Note 2)	6,743	4	3	11
Service fees payable (Note 2)	6,743	4	3	11
Accrued directors' fees and expenses	1,343	455	25	53
	12,273,037	31,140,831	3,048,000	3,321,832
Net Assets	\$2,813,393,197	\$ 984,969,368	\$ 54,529,275	\$117,983,599

NET ASSETS CONSIST OF:

Capital (par value and paid in surplus)	\$2,214,753,863	\$ 688,225,141	\$ 50,840,227	\$104,791,490
Undistributed net investment income (loss)	5,392,048	(3,102,721)	(96,475)	92,182
Accumulated undistributed net realized gain (loss) on investment and foreign currency transactions	49,536,635	21,552,490	(5,480,612)	3,506,457
Net unrealized appreciation on investments and translation of assets and liabilities in foreign currencies (Note 3)	543,710,651	278,294,458	9,266,135	9,593,470
	\$2,813,393,197	\$ 984,969,368	\$ 54,529,275	\$117,983,599

Investor Class, \$0.01 Par Value

Net assets	\$2,748,411,044	\$ 866,310,212	\$ 41,800,176	\$117,919,981
Shares outstanding	282,430,446	80,943,784	9,646,643	19,872,704
Net asset value per share	\$ 9.73	\$ 10.70	\$ 4.33	\$ 5.93

Advisor Class, \$0.01 Par Value

Net assets	\$ 31,492,125	\$ 18,713	\$ 16,949	\$ 63,618
Shares outstanding	3,238,586	1,754	3,912	10,720
Net asset value per share	\$ 9.72	\$ 10.67	\$ 4.33	\$ 5.93

Institutional Class, \$0.01 Par Value

Net assets	\$ 33,490,028	\$ 118,640,443	\$ 12,712,150	N/A
Shares outstanding	3,436,649	11,069,870	2,933,696	N/A
Net asset value per share	\$ 9.74	\$ 10.72	\$ 4.33	N/A

</TABLE>

See Notes to Financial Statements

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Statements of Operations

This statement shows how the fund's net assets changed during the reporting period as a result of the fund's operations. In other words, it shows how much money the fund made or lost as a result of dividend and interest income, fees and expenses, and investment gains or losses. It does not include shareholder transactions and distributions.

<TABLE>

<CAPTION>

FOR THE SIX MONTHS ENDED
MAY 31, 1999 (UNAUDITED)

	INTERNATIONAL GROWTH	INTERNATIONAL DISCOVERY	EMERGING MARKETS	GLOBAL GROWTH
INVESTMENT INCOME (LOSS)				
Income:				
<S>	<C>	<C>	<C>	<C>
Dividends (net of foreign taxes withheld of \$3,078,585, \$702,121, \$33,499 and \$59,357, respectively)	\$ 20,832,476	\$ 3,226,242	\$ 231,737	\$ 545,867
Interest	2,243,491	958,570	30,733	148,457

	23,075,967	4,184,812	262,470	694,324
Expenses (Note 2):				
Management fees	17,733,214	7,141,286	317,006	601,756
Distribution fees -- Advisor Class	34,544	17	3	18
Service fees -- Advisor Class	34,544	17	3	18
Directors' fees and expenses	10,445	3,341	120	350
	17,812,747	7,144,661	317,132	602,142
Net investment income (loss)	5,263,220	(2,959,849)	(54,662)	92,182
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCY (NOTE 3)				
Net realized gain (loss) on:				
Investments	98,295,406	31,874,408	2,505,896	4,069,518
Foreign currency transactions	(3,809,384)	(582,760)	(836,170)	(563,061)
	94,486,022	31,291,648	1,669,726	3,506,457
Change in net unrealized appreciation (depreciation) on:				
Investments	169,846,800	129,218,618	7,377,105	11,708,614
Translation of assets and liabilities in foreign currencies	(83,858,190)	(23,159,291)	(684,910)	(2,115,144)
	85,988,610	106,059,327	6,692,195	9,593,470
Net realized and unrealized gain on investments and foreign currency	180,474,632	137,350,975	8,361,921	13,099,927
Net Increase in Net Assets Resulting from Operations	\$ 185,737,852	\$ 134,391,126	\$ 8,307,259	\$ 13,192,109

</TABLE>

See Notes to Financial Statements

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Statements of Changes in Net Assets

This statement shows how the fund's net assets changed over the past two reporting periods. It details how much the fund grew or shrank as a result of operations (as detailed on the previous page), income and capital gain distributions, and shareholder investments and redemptions.

<TABLE>

<CAPTION>

SIX MONTHS ENDED MAY 31, 1999 (UNAUDITED) AND YEAR ENDED NOVEMBER 30, 1998

Increase in Net Assets	INTERNATIONAL GROWTH		INTERNATIONAL DISCOVERY	
	1999	1998	1999	1998
OPERATIONS				
<S>	<C>	<C>	<C>	<C>
Net investment income (loss)	\$ 5,263,220	\$ 7,275,076	\$ (2,959,849)	\$ (2,736,864)
Net realized gain (loss) on investments and foreign currency transactions	94,486,022	9,916,493	31,291,648	(3,456,660)
Change in net unrealized appreciation (depreciation) on investments and translation of assets and				

liabilities in foreign currencies	85,988,610	289,105,638	106,059,327	77,131,758
Net increase (decrease) in net assets resulting from operations	185,737,852	306,297,207	134,391,126	70,938,234
DISTRIBUTIONS TO SHAREHOLDERS				
From net investment income:				
Investor Class	(4,441,369)	(5,227,590)	--	(1,491,376)
Advisor Class	(11,642)	(5,388)	--	--
Institutional Class	(57,931)	(57,980)	--	--
From net realized gains on investment transactions:				
Investor Class	(38,835,562)	(237,083,658)	(2,870,478)	(33,708,327)
Advisor Class	(345,866)	(1,325,086)	(40)	--
Institutional Class	(225,320)	(2,488,279)	(229,210)	--
Decrease in net assets from distributions	(43,917,690)	(246,187,981)	(3,099,728)	(35,199,703)
CAPITAL SHARE TRANSACTIONS (NOTE 4)				
Net increase in net assets from capital share transactions	188,214,132	666,675,328	11,197,423	180,415,416
Net increase in net assets	330,034,294	726,784,554	142,488,821	216,153,947
NET ASSETS				
Beginning of period	2,483,358,903	1,756,574,349	842,480,547	626,326,600
End of period	\$ 2,813,393,197	\$ 2,483,358,903	\$ 984,969,368	\$ 842,480,547
Undistributed net investment income (loss)	\$ 5,392,048	\$ 4,639,770	\$ (3,102,721)	\$ (142,872)

</TABLE>

See Notes to Financial Statements

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Statements of Changes in Net Assets

(Continued)

This statement shows how the fund's net assets changed over the past two reporting periods. It details how much the fund grew or shrank as a result of operations (as detailed on the previous page), income and capital gain distributions, and shareholder investments and redemptions.

<TABLE>

<CAPTION>

SIX MONTHS ENDED MAY 31, 1999 (UNAUDITED) AND YEAR ENDED NOVEMBER 30, 1998

Increase in Net Assets	EMERGING MARKETS		GLOBAL GROWTH
	1999	1998	1999
OPERATIONS			
Net investment income (loss)	\$ (54,662)	\$ (6,575)	\$ 92,182
Net realized gain (loss) on investments and foreign currency transactions	1,669,726	(6,498,850)	3,506,457
Change in net unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	6,692,195	3,572,630	9,593,470
Net increase (decrease) in net assets resulting from operations	8,307,259	(2,932,795)	13,192,109

DISTRIBUTIONS TO SHAREHOLDERS

From net investment income:			
Investor Class	--	--	--

Advisor Class	--	--	--
Institutional Class	--	--	--
From net realized gains on investment transactions:			
Investor Class	--	--	--
Advisor Class	--	--	--
Institutional Class	--	--	--
	-----	-----	-----
Decrease in net assets from distributions	--	--	--
	-----	-----	-----
CAPITAL SHARE TRANSACTIONS (NOTE 4)			
Net increase in net assets from capital share transactions	25,097,893	12,227,403	104,791,490
	-----	-----	-----
Net increase in net assets	33,405,152	9,294,608	117,983,599
NET ASSETS			
Beginning of period	21,124,123	11,829,515	--
	-----	-----	-----
End of period	\$ 54,529,275	\$ 21,124,123	\$117,983,599
	=====	=====	=====
Undistributed net investment income (loss)	\$ (96,475)	\$ (41,813)	\$ 92,182
	=====	=====	=====

</TABLE>

See Notes to Financial Statements

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Notes to Financial Statements

MAY 31, 1999 (UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION -- American Century World Mutual Funds, Inc. (the corporation) is registered under the Investment Company Act of 1940 as an open-end diversified management company. International Growth Fund (International Growth), International Discovery Fund (International Discovery), Emerging Markets Fund (Emerging Markets) and Global Growth Fund (Global Growth) (the funds) are the funds currently issued by the corporation. The funds' investment objective is to seek capital growth by investing primarily in equity securities. International Growth seeks to achieve its investment objective by investing in securities of issuers in developed markets. International Discovery seeks to achieve its investment objective by investing in issuers having comparatively smaller market capitalizations. Emerging Markets seeks to achieve its investment objective by investing in issuers in emerging market countries. Global Growth seeks to achieve its investment objective by investing in U.S. and foreign equity securities of issuers in developed countries. Each fund is authorized to issue three classes of shares: the Investor Class, the Advisor Class and the Institutional Class. The three classes of shares differ principally in their respective shareholder servicing and distribution expenses and arrangements. All shares of each fund represent an equal pro rata interest in the net assets of the class to which such shares belong, and have identical voting, dividend, liquidation and other rights and the same terms and conditions, except for class specific expenses and exclusive rights to vote on matters affecting only individual classes. Sale of the Institutional Class and Advisor Class for Emerging Markets commenced on January 28, 1999 and May 12, 1999, respectively. Global Growth's inception date and commencement of the Investor Class was December 1, 1998. Sale of the Advisor Class for Global Growth commenced on February 5, 1999. Sale of the Institutional Class for Global Growth had not commenced as of May 31, 1999. The following significant accounting policies are in accordance with generally accepted accounting principles; these principles may require the use of estimates by fund management.

SECURITY VALUATIONS -- Portfolio securities traded primarily on a principal securities exchange are valued at the last reported sales price, or the mean of the latest bid and asked prices where no last sales price is available. Securities traded over-the-counter are valued at the mean of the latest bid and asked prices or, in the case of certain foreign securities, at the last reported sales price, depending on local convention or regulation. When valuations are not readily available, securities are valued at fair value as determined in accordance with procedures adopted by the Board of Directors.

SECURITY TRANSACTIONS -- Security transactions are accounted for as of the trade. Net realized gains and losses are determined on the identified cost

basis, which is also used for federal income tax purposes.

INVESTMENT INCOME -- Dividend income less foreign taxes withheld (if any) is recorded as of the ex-dividend date. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums.

FOREIGN CURRENCY TRANSACTIONS -- All assets and liabilities initially expressed in foreign currencies are translated into U.S. dollars at prevailing exchange rates at period end. Purchases and sales of investment securities, dividend and interest income, and certain expenses are translated at the rates of exchange prevailing on the respective dates of such transactions. Realized and unrealized gains and losses from foreign currency translations arise from changes in currency exchange rates.

Net realized and unrealized foreign currency exchange gains or losses occurring during the holding period of investment securities are a component of realized gain (loss) on foreign currency transactions and unrealized appreciation (depreciation) on translation of assets and liabilities in foreign currencies, respectively.

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS -- The funds may enter into forward foreign currency exchange contracts to facilitate transactions of securities denominated in a foreign currency or to hedge the fund's exposure to foreign currency exchange rate fluctuations. The net U.S. dollar value of foreign currency underlying all contractual commitments held by the funds and the resulting unrealized appreciation or depreciation are determined daily using prevailing exchange rates. The funds bear the risk of an unfavorable change in the foreign currency exchange rate underlying the forward contract. Additionally, losses may arise if the counterparties do not perform under the contract terms.

REPURCHASE AGREEMENTS -- The funds may enter into repurchase agreements with institutions that the funds' investment manager, American Century Investment Management, Inc. (ACIM), has determined are creditworthy pursuant to criteria adopted by the Board of Directors. Each repurchase agreement is recorded at cost. The funds require that the collateral, represented by securities, purchased in a repurchase transaction be transferred to the custodian in a manner sufficient to enable the funds to obtain those securities in the event of a default under the repurchase agreement. ACIM monitors, on a daily basis, the securities transferred to ensure the value, including accrued interest, of the securities under each repurchase agreement is greater than amounts owed to the funds under each repurchase agreement.

JOINT TRADING ACCOUNT -- Pursuant to an Exemptive Order issued by the Securities and Exchange Commission, each fund along with other registered investment companies having management agreements with ACIM, may transfer uninvested cash balances into a joint trading account. These balances are invested in one or more repurchase agreements that are collateralized by U.S. Treasury or Agency obligations.

INCOME TAX STATUS -- It is the funds' policy to distribute all net investment income and net realized gains to shareholders and to otherwise qualify as a regulated investment company under the provisions of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

DISTRIBUTIONS TO SHAREHOLDERS -- Distributions to shareholders are recorded on the ex-dividend date. Distributions from net investment income and net realized gains are declared and paid annually.

The character of distributions made during the year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. These differences reflect the differing character of certain income items and net realized gains and losses for financial statement and tax purposes and may result in reclassification among certain capital accounts.

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Notes to Financial Statements

(Continued)

MAY 31, 1999 (UNAUDITED)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At November 30, 1998, Emerging Markets had accumulated net realized capital loss carryovers for federal income tax purposes of \$6,440,968 (expiring 2005 through 2006) which may be used to offset future taxable gains.

ADDITIONAL INFORMATION -- Funds Distributor, Inc. (FDI) is the corporation's distributor. Certain officers of FDI are also officers of the corporation.

 2. TRANSACTIONS WITH RELATED PARTIES

The corporation has entered into a Management Agreement with ACIM that provides each fund with investment advisory and management services in exchange for a single, unified management fee per class. The Agreement provides that all expenses of the funds, except brokerage commissions, taxes, interest, fees and expenses of those directors who are not considered "interested persons" as defined in the Investment Company Act of 1940 (including counsel fees) and extraordinary expenses, will be paid by ACIM. The fee is computed daily and paid monthly based on each class's average daily closing net assets during the previous month.

The annual management fee for each class of International Growth is as follows:

	INVESTOR CLASS	ADVISOR CLASS	INSTITUTIONAL CLASS
AVERAGE NET ASSETS			
First \$1 billion	1.50%	1.25%	1.30%
Of the next \$1 billion	1.20%	0.95%	1.00%
Over \$2 billion	1.10%	0.85%	0.90%

The annual management fee for each class of International Discovery is as follows:

	INVESTOR CLASS	ADVISOR CLASS	INSTITUTIONAL CLASS
AVERAGE NET ASSETS			
First \$500 million	1.75%	1.50%	1.55%
Of the next \$500 million	1.40%	1.15%	1.20%
Over \$1 billion	1.20%	0.95%	1.00%

The annual management fee for each class of Emerging Markets is as follows:

	INVESTOR CLASS	ADVISOR CLASS	INSTITUTIONAL CLASS
AVERAGE NET ASSETS			
First \$500 million	2.00%	1.75%	1.80%
Of the next \$500 million	1.50%	1.25%	1.30%
Over \$1 billion	1.25%	1.00%	1.05%

Notes to Financial Statements

(Continued)

MAY 31, 1999 (UNAUDITED)

 2. TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The annual management fee for each class of Global Growth is as follows:

	INVESTOR CLASS	ADVISOR CLASS	INSTITUTIONAL CLASS
AVERAGE NET ASSETS			
First \$1 billion	1.30%	1.05%	1.10%
Of the next \$1 billion	1.15%	0.90%	0.95%
Over \$2 billion	1.05%	0.80%	0.85%

The Board of Directors has adopted the Advisor Class Master Distribution and Shareholder Services Plan (the plan), pursuant to Rule 12b-1 of the Investment Company Act of 1940. The plan provides that the funds will pay ACIM an annual distribution fee equal to 0.25% and service fee equal to 0.25%. The fees are computed daily and paid monthly based on the Advisor Class's average daily closing net assets during the previous month. The distribution fee provides compensation for distribution expenses incurred by financial intermediaries in connection with distributing shares of the Advisor Class including, but not limited to, payments to brokers, dealers, and financial institutions that have entered into sales agreements with respect to shares of the funds. The service fee provides compensation for shareholder and administrative services rendered by ACIM, its affiliates or independent third party providers. Fees incurred under the plan during the period ended May 31, 1999, were \$69,088, \$34, \$6 and \$36 for International Growth, International

Discovery, Emerging Markets and Global Growth, respectively.

Certain officers and directors of the corporation are also officers and/or directors, and, as a group, controlling stockholders of American Century Companies, Inc., the parent of the corporation's investment manager, ACIM, and the corporation's transfer agent, American Century Services Corporation.

 3. INVESTMENT TRANSACTIONS

Investment transactions, excluding short-term investments, for the six months ended May 31, 1999, were as follows:

<TABLE>

	INTERNATIONAL GROWTH	INTERNATIONAL DISCOVERY	EMERGING MARKETS	GLOBAL GROWTH
<S>	<C>	<C>	<C>	<C>
Purchases	\$1,619,930,401	\$472,253,441	\$54,998,110	\$155,780,977
Proceeds from sales	\$1,614,631,091	\$493,263,708	\$31,804,957	\$61,015,081

On May 31, 1999, the composition of unrealized appreciation and depreciation of investment securities based on the aggregate cost of investments for federal income tax purposes was as follows:

	INTERNATIONAL GROWTH	INTERNATIONAL DISCOVERY	EMERGING MARKETS	GLOBAL GROWTH
Appreciation	\$546,133,636	\$282,808,739	\$10,051,071	\$12,056,910
Depreciation	(47,987,111)	(14,674,111)	(1,480,498)	(2,500,946)
Net	\$498,146,525	\$268,134,628	\$ 8,570,573	\$ 9,555,964
Federal Tax Cost	\$2,263,628,670	\$703,234,420	\$43,212,657	\$106,557,989

</TABLE>

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Notes to Financial Statements

 (Continued)

MAY 31, 1999 (UNAUDITED)

4. CAPITAL SHARE TRANSACTIONS

Transactions in shares of the funds were as follows:

<TABLE>

<CAPTION>

INVESTOR CLASS	INTERNATIONAL GROWTH		INTERNATIONAL DISCOVERY	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Authorized shares	400,000,000		220,000,000	
Six months ended May 31, 1999				
Sold	167,288,286	\$1,620,348,339	13,691,484	\$137,650,724
Issued in reinvestment of distributions	4,146,307	38,365,844	292,629	2,684,217
Redeemed	(153,568,391)	(1,499,393,041)	(17,607,639)	(174,548,909)
Net increase (decrease)	17,866,202	\$ 159,321,142	(3,623,526)	\$ (34,213,968)
Year ended November 30, 1998				
Sold	338,695,442	\$3,150,048,946	39,468,455	\$378,281,301
Issued in reinvestment of distributions	29,659,031	237,081,794	4,246,933	33,877,525
Redeemed	(291,295,313)	(2,728,685,938)	(32,494,579)	(295,297,992)
Net increase	77,059,160	\$ 658,444,802	11,220,809	\$116,860,834
ADVISOR CLASS				
Authorized shares	50,000,000		10,000,000	
Six months ended May 31, 1999				
Sold	1,928,030	\$ 18,852,829	588	\$6,116
Issued in reinvestment of distributions	38,171	353,152	4	40
Redeemed	(1,069,541)	(10,507,885)	--	--
Net increase	896,660	\$ 8,698,096	592	\$6,156

Year ended November 30, 1998(1)				
Sold	1,970,051	\$18,561,418	1,162	\$11,728
Issued in reinvestment of distributions	166,517	1,330,469	--	6
Redeemed	(785,223)	(7,325,105)	--	--
Net increase	1,351,345	\$12,566,782	1,162	\$11,734
INSTITUTIONAL CLASS				
Authorized shares	50,000,000		25,000,000	
Six months ended May 31, 1999				
Sold	3,820,579	\$38,241,225	5,138,927	\$51,949,788
Issued in reinvestment of distributions	28,963	267,978	24,968	229,210
Redeemed	(1,875,075)	(18,314,309)	(683,277)	(6,773,763)
Net increase	1,974,467	\$20,194,894	4,480,618	\$45,405,235
Year ended November 30, 1998(2)				
Sold	4,437,498	\$42,547,908	8,496,060	\$81,509,088
Issued in reinvestment of distributions	318,681	2,546,259	--	--
Redeemed	(5,337,650)	(49,430,423)	(1,906,808)	(17,966,240)
Net increase (decrease)	(581,471)	\$ (4,336,256)	6,589,252	\$63,542,848

</TABLE>

(1) April 28, 1998 (commencement of sale) through November 30, 1998 for International Discovery.

(2) January 2, 1998 (commencement of sale) through November 30, 1998 for International Discovery.

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Notes to Financial Statements

(Continued)

MAY 31, 1999 (UNAUDITED)

4. CAPITAL SHARE TRANSACTIONS (CONTINUED)

Transactions in shares of the funds were as follows:

INVESTOR CLASS	EMERGING MARKETS		GLOBAL GROWTH	
	SHARES	AMOUNT	SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>
Authorized shares	50,000,000		220,000,000	
Six months ended May 31, 1999				
Sold	8,643,964	\$34,130,992	24,281,849	\$129,841,386
Redeemed	(5,046,921)	(19,057,346)	(4,409,145)	(25,115,295)
Net increase	3,597,043	\$15,073,646	19,872,704	\$104,726,091
Year ended November 30, 1998				
Sold	11,437,641	\$43,805,177		
Redeemed	(8,239,183)	(31,577,774)		
Net increase	3,198,458	\$12,227,403		
ADVISOR CLASS				
Authorized shares	12,500,000		25,000,000	
Period ended May 31, 1999(1)				
Sold	20,643	\$ 91,116	11,940	\$72,533
Redeemed	(16,731)	(73,281)	(1,220)	(7,134)
Net increase	3,912	\$ 17,835	10,720	\$65,399
INSTITUTIONAL CLASS				
Authorized shares	12,500,000			

Period ended May 31, 1999(2)		
Sold	2,933,696	\$10,006,412
	-----	-----
Net increase	2,933,696	\$10,006,412
	=====	=====

</TABLE>

- (1) May 12, 1999 (commencement of sale) through May 31, 1999 for Emerging Markets and February 5, 1999 (commencement of sale) through May 31, 1999 for Global Growth.
- (2) January 28, 1999 (commencement of sale) through May 31, 1999.

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Notes to Financial Statements

(Continued)

MAY 31, 1999 (UNAUDITED)

5. BANK LOANS

Effective December 18, 1998, the funds, along with certain other funds managed by ACIM, entered into an unsecured \$570,000,000 bank line of credit agreement with Chase Manhattan Bank. Borrowings under the agreement bear interest at the Federal Funds rate plus 0.40%. The funds may borrow money for temporary or emergency purposes to fund shareholder redemptions. The funds did not borrow from the line during the period December 18, 1998 through May 31, 1999.

6. FUND EVENTS

The following name changes became effective March 1, 1999:

	NEW NAME	FORMER NAME
FUND:	International Growth Fund	American Century - Twentieth Century International Growth Fund
	International Discovery Fund	American Century - Twentieth Century International Discovery Fund
	Emerging Markets Fund	American Century - Twentieth Century Emerging Markets Fund
	Global Growth Fund	American Century - Twentieth Century Global Growth Fund

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International Growth--Financial Highlights

This table itemizes investment results and distributions on a per-share basis to illustrate share price changes for each of the last five fiscal years (or less, if the share class is not five years old). It also includes several key statistics for each reporting period, including TOTAL RETURN, INCOME RATIO (net income as a percentage of average net assets), EXPENSE RATIO (operating expenses as a percentage of average net assets), and PORTFOLIO TURNOVER (a gauge of the fund's trading activity).

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED NOVEMBER 30 (EXCEPT AS NOTED)

	Investor Class					
PER-SHARE DATA	1999(1)	1998	1997	1996	1995	1994
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Asset Value, Beginning of Period	\$9.25	\$9.22	\$8.73	\$7.51	\$7.47	\$7.34
	-----	-----	-----	-----	-----	-----
Income From Investment Operations						
Net Investment Income (Loss)	0.02(2)	0.03(2)	--	(0.01)(2)	0.01	(0.04)

Net Realized and Unrealized Gain on Investment Transactions	0.63	1.31	1.41	1.24	0.40	0.57
Total From Investment Operations	0.65	1.34	1.41	1.23	0.41	0.53

Distributions

From Net Investment Income	(0.02)	(0.03)	--	(0.01)	--	--
In Excess of Net Investment Income	--	--	--	--	--	--
From Net Realized Gains on Investment Transactions	(0.15)	(1.28)	(0.92)	--	(0.37)	(0.40)
Total Distributions	(0.17)	(1.31)	(0.92)	(0.01)	(0.37)	(0.40)
Net Asset Value, End of Period	\$9.73	\$9.25	\$9.22	\$8.73	\$7.51	\$7.47
Total Return(3)	7.03%	16.74%	18.12%	16.35%	5.93%	7.28%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.28%(4)	1.33%	1.38%(5)	1.65%(5)	1.77%	1.84%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.38%(4)	0.33%	0.04%	(0.07)%	0.25%	(0.53)%
Portfolio Turnover Rate	60%	190%	163%	158%	169%	242%
Net Assets, End of Period (in thousands) ...	\$2,748,411	\$2,448,162	\$1,728,617	\$1,342,608	\$1,210,442	\$1,316,642

(1) Six months ended May 31, 1999 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(4) Annualized.

(5) American Century Investment Management, Inc. voluntarily waived a portion of its management fee effective August 1, 1996 through July 30, 1997. In absence of the management fee waiver, the ratio of operating expenses to average net assets would have been 1.56% and 1.76% for the years ended November 30, 1997 and November 30, 1996, respectively.

See Notes to Financial Statements

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International Growth--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED NOVEMBER 30 (EXCEPT AS NOTED)

<TABLE>

<CAPTION>

	Advisor Class			
	1999 (1)	1998	1997	1996 (2)
PER-SHARE DATA				
Net Asset Value, Beginning of Period ...	\$ 9.24	\$ 9.20	\$ 8.72	\$ 8.41
Income From Investment Operations				
Net Investment Income (Loss)	0.01 (3)	--	(0.03)	(0.01) (3)
Net Realized and Unrealized Gain on Investment Transactions ...	0.63	1.33	1.43	0.32
Total From Investment Operations	0.64	1.33	1.40	0.31

Distributions

From Net Investment Income	(0.01)	(0.01)	--	--
From Net Realized Gains on Investment Transactions	(0.15)	(1.28)	(0.92)	--
	-----	-----	-----	-----
Total Distributions	(0.16)	(1.29)	(0.92)	--
	-----	-----	-----	-----
Net Asset Value, End of Period	\$ 9.72	\$ 9.24	\$ 9.20	\$ 8.72
	=====	=====	=====	=====
Total Return(4)	6.90%	16.58%	17.97%	3.69%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.53%(5)	1.58%	1.63%	1.67%(5)
Ratio of Net Investment Income (Loss) to Average Net Assets	0.13%(5)	0.08%	(0.21)%	(0.76)%(5)
Portfolio Turnover Rate	60%	190%	163%	158%
Net Assets, End of Period (in thousands)	\$ 31,492	\$ 21,635	\$ 9,111	\$ 3,803

(1) Six months ended May 31, 1999 (unaudited).

(2) October 2, 1996 (commencement of sale) through November 30, 1996.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(5) Annualized.

See Notes to Financial Statements

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International Growth--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED NOVEMBER 30 (EXCEPT AS NOTED)

<TABLE>
<CAPTION>

	1999(1)	Institutional Class 1998	1997(2)
PER-SHARE DATA			
<S>	<C>	<C>	<C>
Net Asset Value, Beginning of Period	\$ 9.28	\$ 9.22	\$ 9.26
	-----	-----	-----
Income From Investment Operations			
Net Investment Income	0.04(3)	0.05(3)	--
Net Realized and Unrealized Gain (Loss) on Investment Transactions ..	0.61	1.32	(0.04)
	-----	-----	-----
Total From Investment Operations	0.65	1.37	(0.04)
	-----	-----	-----
Distributions			
From Net Investment Income	(0.04)	(0.03)	--
From Net Realized Gains on Investment Transactions	(0.15)	(1.28)	--
	-----	-----	-----
Total Distributions	(0.19)	(1.31)	--
	-----	-----	-----
Net Asset Value, End of Period	\$ 9.74	\$ 9.28	\$ 9.22
	=====	=====	=====
Total Return(4)	7.03%	17.14%	(0.43)%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.08%(5)	1.13%	1.18%(5)
Ratio of Net Investment Income (Loss) to Average Net Assets	0.58%(5)	0.53%	(0.53)%(5)

Portfolio Turnover Rate	60%	190%	163%
Net Assets, End of Period (in thousands)	\$ 33,490	\$ 13,562	\$ 18,846

- (1) Six months ended May 31, 1999 (unaudited).
- (2) November 20, 1997 (commencement of sale) through November 30, 1997.
- (3) Computed using average shares outstanding throughout the period.
- (4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.
- (5) Annualized.

See Notes to Financial Statements

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International Discovery--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED NOVEMBER 30 (EXCEPT AS NOTED)

<TABLE>
<CAPTION>

	1999(1)	1998	Investor Class		1995	1994(2)
			1997	1996		
PER-SHARE DATA						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Asset Value, Beginning of Period	\$9.24	\$8.54	\$7.60	\$5.70	\$5.39	\$5.00
Income From Investment Operations						
Net Investment Income (Loss)	(0.03) (3)	(0.03) (3)	(0.03)	(0.02) (3)	0.03	(0.02)
Net Realized and Unrealized Gain on Investment Transactions	1.52	1.22	1.31	1.95	0.28	0.41
Total From Investment Operations	1.49	1.19	1.28	1.93	0.31	0.39
Distributions						
From Net Investment Income	--	(0.02)	(0.02)	(0.01)	--	--
In Excess of Net Investment Income	--	--	--	(0.02)	--	--
From Net Realized Gains on Investment Transactions	(0.03)	(0.47)	(0.32)	--	--	--
Total Distributions	(0.03)	(0.49)	(0.34)	(0.03)	--	--
Net Asset Value, End of Period	\$10.70	\$9.24	\$8.54	\$7.60	\$5.70	\$5.39
Total Return(4)	16.23%	14.79%	17.76%	34.06%	5.75%	7.80%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.59%(5)	1.64%	1.70%(6)	1.88%(6)	2.00%	2.00%(5)
Ratio of Net Investment Income (Loss) to Average Net Assets	(0.67)%(5)	(0.36)%	(0.37)%	(0.31)%	0.27%	(0.48)%(5)
Portfolio Turnover Rate	55%	178%	146%	130%	168%	56%
Net Assets, End of Period (in thousands) ...	\$866,310	\$781,551	\$626,327	\$377,128	\$114,579	\$111,202

- (1) Six months ended May 31, 1999 (unaudited).
- (2) April 1, 1994 (inception) through November 30, 1994.
- (3) Computed using average shares outstanding throughout the period.
- (4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

annualized.

(5) Annualized.

(6) American Century Investment Management, Inc. voluntarily waived a portion of its management fee effective August 1, 1996 through July 30, 1997. In absence of the management fee waiver, the ratio of operating expenses to average net assets would have been 1.87% and 1.99% for the years ended November 30, 1997 and November 30, 1996, respectively.

See Notes to Financial Statements

International Discovery--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIODS INDICATED

<TABLE>

<CAPTION>

	Advisor Class	
	1999(1)	1998(2)
PER-SHARE DATA		
<S>	<C>	<C>
Net Asset Value, Beginning of Period	\$ 9.22	\$ 10.10
Income From Investment Operations		
Net Investment Loss(3)	(0.04)	(0.02)
Net Realized and Unrealized Gain (Loss) on Investment Transactions	1.52	(0.86)
Total From Investment Operations	1.48	(0.88)
Distributions		
From Net Investment Income	--	--
From Net Realized Gains on Investment Transactions	(0.03)	--
Total Distributions	(0.03)	--
Net Asset Value, End of Period	\$ 10.67	\$ 9.22
Total Return(4)	16.16%	(8.71)%
RATIOS/SUPPLEMENTAL DATA		
Ratio of Operating Expenses to Average Net Assets	1.84%(5)	1.89%(5)
Ratio of Net Investment Loss to Average Net Assets	(0.92)%(5)	(0.60)%(5)
Portfolio Turnover Rate	55%	178%
Net Assets, End of Period	\$ 18,713	\$ 10,708

</TABLE>

(1) Six months ended May 31, 1999 (unaudited).

(2) April 28, 1998 (commencement of sale) through November 30, 1998.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(5) Annualized.

See Notes to Financial Statements

International Discovery--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIODS INDICATED

<TABLE>
<CAPTION>

PER-SHARE DATA	Institutional Class	
	1999(1)	1998(2)
<S>	<C>	<C>
Net Asset Value, Beginning of Period	\$ 9.25	\$ 8.18
Income From Investment Operations		
Net Investment Loss(3)	(0.01)	--
Net Realized and Unrealized Gain on Investment Transactions	1.51	1.07
Total From Investment Operations	1.50	1.07
Distributions		
From Net Investment Income	--	--
From Net Realized Gains on Investment Transactions	(0.03)	--
Total Distributions	(0.03)	--
Net Asset Value, End of Period	\$ 10.72	\$ 9.25
Total Return(4)	16.32%	13.08%
RATIOS/SUPPLEMENTAL DATA		
Ratio of Operating Expenses to Average Net Assets	1.39%(5)	1.44%(5)
Ratio of Net Investment Loss to Average Net Assets	(0.47)%(5)	(0.00)%(5)
Portfolio Turnover Rate	55%	178%
Net Assets, End of Period (in thousands)	\$ 118,640	\$ 60,918

(1) Six months ended May 31, 1999 (unaudited).

(2) January 2, 1998 (commencement of sale) through November 30, 1998.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(5) Annualized.

See Notes to Financial Statements

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Emerging Markets--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE YEARS ENDED NOVEMBER 30 (EXCEPT AS NOTED)

<TABLE>
<CAPTION>

PER-SHARE DATA	1999(1)	Investor Class 1998	1997(2)
	<S>	<C>	<C>
Net Asset Value, Beginning of Period	\$ 3.49	\$ 4.15	\$ 5.00
Income From Investment Operations			
Net Investment Loss(3)	(0.01)	--	(0.01)
Net Realized and Unrealized Gain (Loss) on Investment Transactions	0.85	(0.66)	(0.84)
Total From Investment Operations	0.84	(0.66)	(0.85)

Net Asset Value, End of Period	\$ 4.33	\$ 3.49	\$ 4.15
	=====	=====	=====
Total Return(4)	24.07%	(15.90)%	(17.00)%
RATIOS/SUPPLEMENTAL DATA			
Ratio of Operating Expenses to Average Net Assets	2.00%(5)	2.00%	2.00%(5)
Ratio of Net Investment Loss to Average Net Assets	(0.61)%(5)	(0.03)%	(0.74)%(5)
Portfolio Turnover Rate	102%	270%	36%
Net Assets, End of Period (in thousands)	\$ 41,800	\$ 21,124	\$ 11,830

</TABLE>

(1) Six months ended May 31, 1999 (unaudited).

(2) September 30, 1997 (inception) through November 30, 1997.

(3) Computed using average shares outstanding throughout the period.

(4) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(5) Annualized.

See Notes to Financial Statements

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Emerging Markets--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD INDICATED

PER-SHARE DATA	Advisor Class 1999(1)
Net Asset Value, Beginning of Period	\$ 4.44
Income From Investment Operations	-----
Net Investment Income(2)	0.01
Net Realized and Unrealized Loss on Investment Transactions ..	(0.12)
Total From Investment Operations	(0.11)
Net Asset Value, End of Period	\$ 4.33
Total Return(3)	=====
	(2.48)%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	2.25%(4)
Ratio of Net Investment Income to Average Net Assets	6.60%(4)
Portfolio Turnover Rate	102%
Net Assets, End of Period	\$ 16,949

(1) May 12, 1999 (commencement of sale) through May 31, 1999 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(4) Annualized.

See Notes to Financial Statements

Emerging Markets--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD INDICATED

	Institutional Class 1999(1)
PER-SHARE DATA	
Net Asset Value, Beginning of Period	\$3.39
Income From Investment Operations	
Net Investment Income(2)	0.01
Net Realized and Unrealized Gain on Investment Transactions	0.93
Total From Investment Operations	0.94
Net Asset Value, End of Period	\$4.33
Total Return(3)	27.73%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.80%(4)
Ratio of Net Investment Income to Average Net Assets	0.61%(4)
Portfolio Turnover Rate	102%
Net Assets, End of Period (in thousands)	\$12,712

(1) January 28, 1999 (commencement of sale) through May 31, 1999 (unaudited).

(2) Computed using average shares outstanding throughout the period.

(3) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.

(4) Annualized.

See Notes to Financial Statements

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Global Growth--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD INDICATED

	Investor Class 1999(1)
PER-SHARE DATA	
Net Asset Value, Beginning of Period	\$5.00
Income From Investment Operations	
Net Investment Income(2)	0.01
Net Realized and Unrealized Gain on Investment Transactions	0.92
Total From Investment Operations	0.93
Net Asset Value, End of Period	\$5.93
Total Return(3)	18.60%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.30%(4)
Ratio of Net Investment Income to Average Net Assets	0.20%(4)
Portfolio Turnover Rate	65%
Net Assets, End of Period (in thousands)	\$117,920

- (1) Six months ended May 31, 1999 (unaudited).
- (2) Computed using average shares outstanding throughout the period.
- (3) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.
- (4) Annualized.

See Notes to Financial Statements

Global Growth--Financial Highlights

FOR A SHARE OUTSTANDING THROUGHOUT THE PERIOD INDICATED

	Advisor Class 1999(1)
PER-SHARE DATA	
Net Asset Value, Beginning of Period	\$5.58
Income From Investment Operations	
Net Investment Income(2)	0.01
Net Realized and Unrealized Gain on Investment Transactions ...	0.34
Total From Investment Operations	0.35
Net Asset Value, End of Period	\$5.93
Total Return(3)	6.27%

RATIOS/SUPPLEMENTAL DATA

Ratio of Operating Expenses to Average Net Assets	1.55%(4)
Ratio of Net Investment Income to Average Net Assets	0.43%(4)
Portfolio Turnover Rate	65%
Net Assets, End of Period	\$63,618

- (1) February 5, 1999 (commencement of sale) through May 31, 1999 (unaudited).
- (2) Computed using average shares outstanding throughout the period.
- (3) Total return assumes reinvestment of dividends and capital gains distributions, if any. Total returns for periods less than one year are not annualized.
- (4) Annualized.

See Notes to Financial Statements

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Share Class and Retirement Account Information

SHARE CLASSES

Three classes of shares are authorized for sale by the funds: Investor Class, Advisor Class and Institutional Class.

INVESTOR CLASS shareholders do not pay any commissions or other fees for purchase of fund shares directly from American Century. Investors who buy Investor Class shares through a broker-dealer may be required to pay the broker-dealer a transaction fee.

ADVISOR CLASS shares are sold through banks, broker-dealers, insurance companies and financial advisors. Advisor Class shares are subject to a 0.50%

Rule 12b-1 service and distribution fee. Half of that fee is available to pay for recordkeeping and administrative services, and half is available to pay for distribution services provided by the financial intermediary through which the Advisor Class shares are purchased. The total expense ratio of the Advisor Class shares is 0.25% higher than the total expense ratio of the Investor Class shares.

INSTITUTIONAL CLASS shares are available to endowments, foundations, defined benefit pension plans or financial intermediaries serving these investors. This class recognizes the relatively lower cost of serving institutional customers and others who invest at least \$5 million in an American Century fund or at least \$10 million in multiple funds. In recognition of the larger investments and account balances and comparatively lower transaction costs, the total expense ratio of the Institutional Class shares is 0.20% less than the total expense ratio of the Investor Class shares.

All classes of shares represent a pro rata interest in the funds and generally have the same rights and preferences.

RETIREMENT ACCOUNT INFORMATION

As required by law, any distributions you receive from an IRA and certain 403(b) distributions [not eligible for rollover to an IRA or to another 403(b) account] are subject to federal income tax withholding at the rate of 10% of the total amount withdrawn, unless you elect not to have withholding apply. If you don't want us to withhold on this amount, you may send us a written notice not to have the federal income tax withheld. Your written notice is valid from the date of receipt at American Century. Even if you plan to roll over the amount you withdraw to another tax-deferred account, the withholding rate still applies to the withdrawn amount unless we have received a written notice not to withhold federal income prior to the withdrawal.

When you plan to withdraw, you may make your election by completing our Exchange/Redemption form or an IRS Form W-4P. Call American Century for either form. Your written election is valid from the date of receipt at American Century. You may revoke your election at any time by sending a written notice to us.

Remember, even if you elect not to have income tax withheld, you are liable for paying income tax on the taxable portion of your withdrawal. If you elect not to have income tax withheld or you don't have enough income tax withheld, you may be responsible for payment of estimated tax. You may incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Background Information

PORTFOLIO MANAGERS

International Growth

HENRIK STRABO
MARK KOPINSKI

International Discovery

HENRIK STRABO
MARK KOPINSKI
BRIAN BRADY

Emerging Markets

MARK KOPINSKI
MIKE DONNELLY, CFA

Global Growth

HENRIK STRABO
BRADLEY AMOILS

INVESTMENT PHILOSOPHY AND POLICIES

American Century offers 13 growth funds including domestic equity, specialty, international, and global. The philosophy behind these growth funds focuses on three important principles. First, the funds seek to own successful companies, which we define as those with growing earnings and revenues. Second, we attempt to keep the funds fully invested, regardless of short-term market activity. Experience has shown that market gains can occur in unpredictable spurts and that missing those opportunities can significantly limit the potential for gain. Third, the funds are managed by teams, rather than by one "star." We believe this allows us to make better, more consistent management

decisions.

In addition to these principles, each fund has its own investment policies:

INTERNATIONAL GROWTH invests primarily in the equity securities of foreign companies. These companies will be located primarily in developed countries.

INTERNATIONAL DISCOVERY invests primarily in the equity securities of smaller foreign companies. The fund may experience greater share price fluctuation and short-term risk than International Growth.

EMERGING MARKETS invests primarily in the equity securities of companies in emerging market countries. The companies may be located or principally traded in emerging market countries, and also may derive a significant portion of their business from emerging market countries. This fund may experience greater share price fluctuation and short-term risk than either International Growth or International Discovery.

GLOBAL GROWTH invests primarily in equity securities of both U.S. and foreign companies. These companies will be primarily located in developed countries.

International investing involves special risks, including political instability and economic risk. Investing in emerging markets may accentuate these risks. Historically, share prices of small companies have been more volatile than those of large companies.

HOW CURRENCY RETURNS AFFECT FUND PERFORMANCE

For U.S. investors, the total return from international stocks includes the effects of currency fluctuations--the movement of international currency values in relation to the value of the U.S. dollar. Currency exchange rates come into play when international stock income, gains and losses are converted into U.S. dollars.

Changing currency values may have a significant impact on the total returns of international stock funds. The value of the foreign investments held by international stock funds may be reduced or increased by changes in currency exchange rates. As a result, the value of your investment could change based solely upon changes in the exchange rates between foreign currencies and the U.S. dollar. The dollar value of a foreign security generally decreases when the value of the dollar rises against the foreign currency in which the security is denominated. (The weakened foreign currency buys fewer dollars.) Conversely, the dollar value of a foreign security tends to increase when the value of the dollar falls against the foreign currency. (The stronger foreign currency buys more dollars.) In addition, the value of fund assets may be affected by losses and other expenses incurred in converting between various currencies in order to purchase and sell foreign

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Background Information

(Continued)

securities and by currency restrictions, exchange control regulations, currency devaluations and political developments.

COMPARATIVE INDICES

The following indices are used in the report to serve as fund performance comparisons. They are not investment products available for purchase.

The S&P 500 is a capitalization-weighted index of the stocks of 500 publicly traded U.S. companies that are considered to be leading firms in dominant industries. Created by Standard & Poor's Corporation, it is considered to be a broad measure of U.S. stock market performance.

MORGAN STANLEY CAPITAL INTERNATIONAL (MSCI) has developed several indices that measure the performance of foreign stock markets. The best known is the EUROPE, AUSTRALASIA, FAR EAST INDEX (EAFE(reg.tm)), which is a widely followed group of stocks from 20 countries. Within this index are two narrower indices, MSCI EUROPE and MSCI FAR EAST, which measure stock performance in 14 European countries and four Asian countries, respectively.

The MSCI EMERGING MARKETS FREE INDEX (EMF(reg.tm)) represents the performance of stocks in 26 emerging market countries in Europe, Latin America and the Pacific Basin. Within this index is a narrower index, MSCI EMERGING LATIN AMERICA, which measures the performance of stocks in seven Latin American countries.

The MSCI WORLD FREE INDEX is an index of approximately 1600 companies listed on stock exchanges in 22 developed market countries--in order of their index weightings as of 3-31-99: USA, Japan, United Kingdom, Germany, France, Switzerland, Netherlands, Italy, Canada, Spain, Australia, Sweden, Hong Kong, Finland, Belgium, Singapore, Denmark, Portugal, Ireland, Austria, Norway, New Zealand.

Glossary

RETURNS

* TOTAL RETURN figures show the overall percentage change in the value of a hypothetical investment in the fund and assume that all of the fund's distributions are reinvested.

* AVERAGE ANNUAL RETURNS illustrate the annually compounded returns that would have produced the fund's cumulative total returns if the fund's performance had been constant over the entire period. Average annual returns smooth out variations in a fund's return; they are not the same as fiscal year-by-year results. For fiscal year-by-year total returns, please refer to the "Financial Highlights" on pages 48-58.

INVESTMENT TERMS

* EXPENSE RATIO -- the operating expenses of the fund, expressed as a percentage of average net assets. Shareholders pay an annual fee to the investment manager for investment advisory and management services. The expenses and fees are deducted from fund income, not from each shareholder account. (See Note 2 in the Notes to Financial Statements.)

* MEDIAN MARKET CAPITALIZATION -- Market capitalization (market cap) is the total value of a company's stock and is calculated by multiplying the number of outstanding common shares by the current share price. The company whose market cap is in the middle of the portfolio is the median market cap. Half the companies in the portfolio have values greater than the median, and half have values that are less. If there is an even number of companies, then the median is the average of the two companies in the middle.

* NUMBER OF COMPANIES -- the number of different companies held by a fund on a given date.

* PORTFOLIO TURNOVER -- the percentage of a fund's investment portfolio that is replaced during a given time period, usually a year. Actively managed portfolios tend to have higher turnover than passively managed portfolios such as index funds.

FUND CLASSIFICATIONS

INVESTMENT OBJECTIVE

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

* CAPITAL PRESERVATION -- offers taxable and tax-free money market funds for relative stability of principal and liquidity.

* INCOME -- offers funds that can provide current income and competitive yields, as well as a strong and stable foundation and generally lower volatility levels than stock funds.

* GROWTH & INCOME -- offers funds that emphasize both growth and income, provided by either dividend-paying equities or a combination of equity and fixed-income securities.

* GROWTH -- offers funds with a focus on capital appreciation and long-term growth, generally providing high return potential with corresponding high price fluctuation risk.

RISK

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that the fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund

profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

* CONSERVATIVE -- these funds generally provide lower return potential with either low or minimal price fluctuation risk.

* MODERATE -- these funds generally provide moderate return potential with moderate price fluctuation risk.

* AGGRESSIVE -- these funds generally provide high return potential with corresponding high price fluctuation risk.

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INVESTMENT OBJECTIVE - CAPITAL PRESERVATION

RISK LEVEL - CONSERVATIVE

TAXABLE MONEY MARKETS	TAX-FREE MONEY MARKETS
Premium Capital Reserve	FL Municipal Money Market
Prime Money Market	CA Municipal Money Market
Premium Government Reserve	CA Tax-Free Money Market
Government Agency	Tax-Free Money Market
Money Market	
Capital Preservation	

INVESTMENT OBJECTIVE - INCOME

RISK LEVEL - AGGRESSIVE

TAXABLE BONDS	TAX-FREE BONDS
Target 2025*	CA High-Yield Municipal
Target 2020*	High-Yield Municipal
Target 2015*	
Target 2010*	
High-Yield	
International Bond	

RISK LEVEL - MODERATE

TAXABLE BONDS	TAX-FREE BONDS
Long-Term Treasury	CA Long-Term Tax-Free
Target 2005*	Long-Term Tax-Free
Bond	CA Insured Tax-Free
Premium Bond	

RISK LEVEL - CONSERVATIVE

TAXABLE BONDS	TAX-FREE BONDS
Intermediate-Term Bond	CA Intermediate-Term Tax-Free
Intermediate-Term Treasury	AZ Intermediate-Term Municipal
GNMA	FL Intermediate-Term Municipal
Inflation-Adjusted Treasury	Intermediate-Term Tax-Free
Limited-Term Bond	CA Limited-Term Tax-Free
Target 2000*	Limited-Term Tax-Free
Short-Term Government	
Short-Term Treasury	

INVESTMENT OBJECTIVE - GROWTH AND INCOME

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

Small Cap Quantitative
Small Cap Value

RISK LEVEL - MODERATE

ASSET ALLOCATION/BALANCED

Strategic Allocation:
Aggressive

Balanced

Strategic Allocation:
Moderate

Strategic Allocation:
Conservative

DOMESTIC EQUITY

Equity Growth

Equity Index

Tax-Managed Value

Income & Growth

Value

Equity Income

SPECIALTY

Utilities

Real Estate

INVESTMENT OBJECTIVE - GROWTH

RISK LEVEL - AGGRESSIVE

DOMESTIC EQUITY

New Opportunities

Giftrust(reg.tm)

Vista

Heritage

Growth

Ultra(reg.tm)

Select

SPECIALTY

Global Gold

INTERNATIONAL

Emerging Markets

International Discovery

International Growth

Global Growth

RISK LEVEL - MODERATE

SPECIALTY

Global Natural Resources

The investment objective may be based on the fund's objective as stated in its prospectus or fund profile, or the fund's categorization by independent rating organizations based on its management style.

The classification of funds by risk category is based on quantitative historical measures as well as qualitative prospective measures. It is not intended to be a precise indicator of future risk or return levels. The degree of risk within each category can vary significantly, and some fund returns have historically been higher than more aggressive funds or lower than more conservative funds. Please be aware that a fund's category may change over time. Therefore, it is important that you read a fund's prospectus or fund profile carefully before investing to ensure its objectives, policies and risk potential are consistent with your needs.

For a definition of fund categories, see the Glossary.

* While listed within the Income investment objective, the Target funds do not pay current dividend income. Income dividends are distributed once a year in December. The Target funds are listed in all three risk categories due to the dramatic price volatility investors may experience during certain market conditions. If held to their target dates, however, they can offer a conservative, dependable way to invest for a specific time horizon.

Please call 1-800-345-2021 for a prospectus or profile on any American Century fund. These documents contain important information including charges and expenses, and you should read them carefully before you invest or send money.

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KANSAS CITY, MISSOURI

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