

INSTITUTIONAL WISDOM, **ENDURING VALUE.**

American Beacon Small Cap Value Fund



FOR FINANCIAL ADVISOR USE ONLY – NOT FOR USE WITH THE PUBLIC

December 31, 2018

Agenda

Firm Overview

Fund Overview

Fund Performance and Characteristics

Appendix

Firm Overview

A decorative graphic consisting of several horizontal lines of varying lengths and shades of gray, extending from the left edge of the slide towards the right. The lines are slightly curved and overlap, creating a sense of depth and movement.

Corporate Structure

In April 2017, the parent company of American Beacon Advisors was rebranded as **Resolute Investment Managers (“Resolute”)**.

Resolute Investment Managers

INVESTMENT AFFILIATES



Wholly Owned



Majority Owned



Minority Owned



Majority Owned



Majority Owned

As a multi-affiliate investment management company, Resolute wholly owns American Beacon and partners with boutique asset management firms through minority and majority ownership positions alongside the firms' employee owners.

Who We Are

A solutions-based firm offering innovative investment products with enduring value

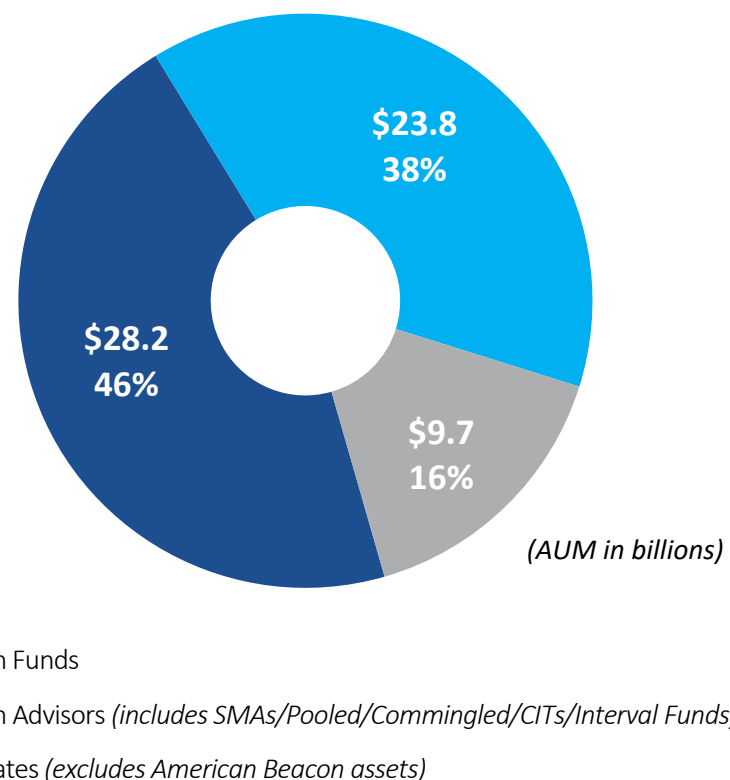
► Since 1986, American Beacon has been delivering institutional-caliber equity, fixed-income and cash management solutions

► Established reputation based on:

- Sub-advisory approach
- Low-cost structure
- Manager access
- Added layer of due diligence
- Fiduciary perspective
- Strong long-term track record

► 121 employees, 15 investment professionals¹

Resolute Investment Managers Total firm AUM: \$61.6 billion¹



¹As of December 31, 2018.

Challenges faced by today's advisors and investors require a clear and easily understood lineup.

EQUITY AND MULTI-ASSET

Our broadest category of strategies runs across a spectrum of potential solutions. **DEFENSIVE** strategies focus on downside protection.

CORE strategies seek market-like returns with alpha beyond their benchmarks. **HIGHER ALPHA** strategies pursue higher alpha levels and potentially have higher tracking-error risk over market cycles.

DEFENSIVE

- ▶ Acadian Emerging Markets Managed Volatility
- ▶ AHL TargetRisk
- ▶ Alpha Quant Dividend
- ▶ Bahl & Gaynor Small Cap Growth
- ▶ Balanced
- ▶ SGA Global Growth
- ▶ The London Company Income Equity

CORE

- ▶ Alpha Quant Core
- ▶ Bridgeway Large Cap Growth
- ▶ Bridgeway Large Cap Value
- ▶ Continuous Capital Emerging Markets
- ▶ International Equity
- ▶ Large Cap Value
- ▶ Mid-Cap Value
- ▶ Small Cap Value
- ▶ Tocqueville International Value
- ▶ Zebra Small Cap Equity

HIGHER ALPHA

- ▶ Alpha Quant Quality
- ▶ Alpha Quant Value
- ▶ ARK Transformational Innovation
- ▶ Shapiro Equity Opportunities
- ▶ Shapiro SMID Cap Equity
- ▶ Stephens Mid-Cap Growth
- ▶ Stephens Small Cap Growth

INCOME

Our fixed-income funds encompass the full credit spectrum, including U.S. high grade, global credit, floating-rate loans, and emerging market and frontier market debt.

LOWER CREDIT RISK

- ▶ Garcia Hamilton Quality Bond
- ▶ TwentyFour Strategic Income

MODERATE CREDIT RISK

- ▶ Crescent Short Duration High Income
- ▶ GLG Total Return
- ▶ Sound Point Floating Rate Income

HIGHER CREDIT RISK

- ▶ Frontier Markets Income
- ▶ SiM High Yield Opportunities

NON-TRADITIONAL

Our non-traditional offerings include interval funds, which provide access to select credit asset classes not available from traditional daily liquidity funds, and liquid alternative funds, which offer a targeted risk spectrum.

INTERVAL

- ▶ Apollo Total Return
- ▶ Sound Point Enhanced Income

LIQUID ALTERNATIVE

- ▶ AHL Managed Futures Strategy
- ▶ Ionic Strategic Arbitrage

Investment Philosophy

We use an innovative, diversified methodology to anticipate client needs and recognize investment opportunities while delivering experienced management and superior service.

What we believe

- ▶ When choosing single or multiple sub-advisors for our funds, we are committed to partnering with those we judge to be “the best of the best.”
- ▶ Offering a variety of equity and fixed-income solutions provides new opportunities for shareholders to achieve their investment objectives.
- ▶ Actively managed strategies can add value.
- ▶ Our style-specific approach and disciplined investment philosophy seek to produce superior results over the long term.

What we do

- ▶ Employ a manager-of-managers structure to diversify manager risk.
- ▶ Maintain a consistent, disciplined style to help minimize the impact of market declines.
- ▶ Search for growing companies at relatively low prices compared to earnings or corporate assets.
- ▶ Take a long-term view and remain true to our process.

Investment Process

Because we take our responsibility for fiduciary oversight very seriously, our manager evaluation and selection process is continuous, selective and highly rigorous.

- ▶ Rigorous process for evaluating, selecting and monitoring investment managers
- ▶ Pursuit of consistent, long-term investment performance
- ▶ Independent thinking, discipline and consistency
- ▶ Experience managing corporate, institutional and individual assets since 1986

Needs Analysis

Our goal is to anticipate our clients' needs. Our experience allows us to recognize the opportunities to combine knowledgeable investment management with superior service.

- ▶ Anticipate client needs
- ▶ Determine capacity constraints
- ▶ Identify market opportunity
- ▶ Accommodate business considerations

Manager Search

Identify potential investment managers

- ▶ Separate account databases
- ▶ Direct / indirect ABA relationships

Screen managers vs. peer universe using separate account database

- ▶ Annualized performance
- ▶ Performance-based volatility / efficiency metrics
- ▶ Philosophy, process, investment team
- ▶ AUM (firm and product)
- ▶ Capacity, fees, minimum separate account size

Manager Search

Narrow the universe to a manageable number of firms

Request for Information (RFI)

- ▶ Candidates will respond to 20- to 25-point questionnaire

Request for Proposal (RFP)

- ▶ Four to six candidates will respond to 80- to 90-point questionnaire

Finalist Presentations

- ▶ Two to three candidates
- ▶ In-person meeting with American Beacon Advisors investment committee

Presentation to Fund Board of Trustees

- ▶ One candidate
- ▶ In-person meeting with investment committee of American Beacon Funds Board

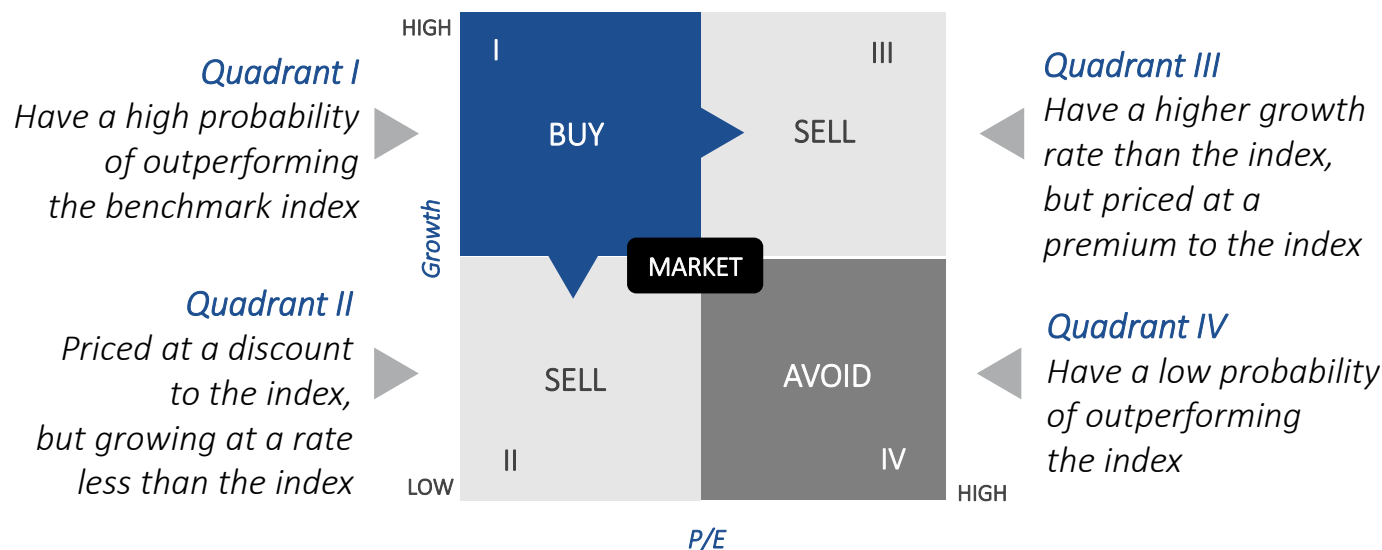
Quadrant Analysis

The Quadrant Analysis approach in valuing equity portfolios compares the price-to-earnings ratio and investment growth rate of each company within the equity portfolio.

American Beacon Advisors selects sub-advisors that employ a value style designed to achieve strong, sustainable returns. The Fund's value style emphasizes securities that the sub-advisors believe have most or all of the following:

- ▶ below-average projected price-to-earnings or price-to-cash flow ratios
- ▶ below-average price-to-book value ratios
- ▶ above-average dividend yields
- ▶ above-average return on equity or earnings growth potential

Our Equity Value Orientation



Portfolio Construction

Diversification Guidelines

- ▶ Position size: 5% at cost, 10% maximum
- ▶ Sector weight: larger of 30% or benchmark weighting
- ▶ Industry weight: generally 15% maximum

Sub-Advisor Allocation

- ▶ Goal is to maintain an equal allocation to each sub-advisor, subject to capacity limits
- ▶ Continuous rebalancing with cash flows; no tactical allocation (seeking to reduce allocation risk)

Equitization of Cash

- ▶ Cash is exposed to the equity markets by purchasing stock index futures

Monitoring

Consistent oversight of sub-advisors

- ▶ Monthly summary reports
- ▶ Quarterly in-person presentations

	Monthly	Quarterly
Portfolio team changes	Requires immediate notification	
Investment process changes	Requires immediate notification	
Economic / market outlook	✓	✓
Portfolio performance	✓	✓
Portfolio attribution	✓	✓
Asset allocation	✓	✓
Portfolio characteristics	✓	✓
Significant changes to positions		✓
Purchases / sales		✓
Best / worst performing stocks		✓
Holdings		✓
Quadrant analysis		✓
Commissions, turnover		✓

This methodical, frequent review allows us to achieve an in-depth understanding of each firm's process and expected performance over time.

In addition to the review performed by the Asset Management group, American Beacon's Compliance team performs frequent reviews to ensure compliance with prospectus and investment guidelines.

Risk Management

Manager-of-managers format

Assets are spread across two or more underlying sub-advisors

Limits applied to each sub-advisor

Adherence to stock, country, sector and industry weighting guidelines

Maximum market capitalization

(at time of purchase)

Large Cap Value: 1.0%

Mid-Cap Value: 1.5%

Small Cap Value: 2.0%

Liquidity

LCV: 7 day

SCV and MCV: 7 day / 85%

Exchanges

Stocks must be traded on U.S. exchanges

Cash allocation

Generally less than 3%

All cash is equitized and receives a cash return and index return

Turnover

Below-average turnover over last five years

Risk Management

Sub-advisor risk management

- ▶ Extensive, ongoing monitoring of people, process and performance
- ▶ Daily compliance checks
- ▶ Quarterly in-person due diligence meetings
- ▶ Quarterly compliance questionnaire signed by portfolio managers
- ▶ Annual compliance review performed by American Beacon compliance personnel
- ▶ On-site inspection of each sub-advisor on a risk-based cycle

Firm risk management

- ▶ Board oversight
- ▶ Separation of duties: investment management, business, compliance, sales/marketing
- ▶ Comprehensive business continuity plan
- ▶ Risk Management Committee comprised of American Beacon key personnel

Striving to Exceed Expectations

Our style may outperform...

...during periods when investors focus on fundamentals, particularly the price paid for businesses, assets and earnings.

Because...

...our disciplined, traditional value approach generally performs well during economic recoveries and expansions, protects the downside in normal down markets and usually outperforms over a full market cycle.

Our style may underperform...

...in momentum-driven markets when investors seek stocks with strong price momentum and/or strong earnings growth history or prospects.

...in narrow markets where performance is driven by only one or two sectors of the market and prices of companies in these sectors become detached from the fundamentals.

Because...

...stock valuation, the price the investor pays for current earnings or asset values, is completely ignored. These environments represent a short-term challenge for our portfolios.

The Advantage

Why we stand apart

- ▶ Manager-of-managers approach
- ▶ Style purity
- ▶ Competitive pricing
- ▶ Manager access
- ▶ Ongoing due diligence
- ▶ Fiduciary perspective
- ▶ Strong long-term track record

Fund Overview



Small Cap Value Fund

Fund Sub-Advisors

- ▶ **Barrow, Hanley, Mewhinney & Strauss, LLC**
[Barrow] (September 2003)
- ▶ **Brandywine Global Investment Management, LLC**
[Brandywine Global] (December 1998)
- ▶ **Foundry Partners, LLC**
[Foundry] (June 2016)
- ▶ **Hillcrest Asset Management, LLC**
[Hillcrest] (August 2014)
- ▶ **Hotchkis and Wiley Capital Management, LLC**
[H&W] (December 1998)
- ▶ **Mellon Investments Corporation**
[Mellon] (September 2004)

Objective

Long-term capital appreciation and current income

Strategy

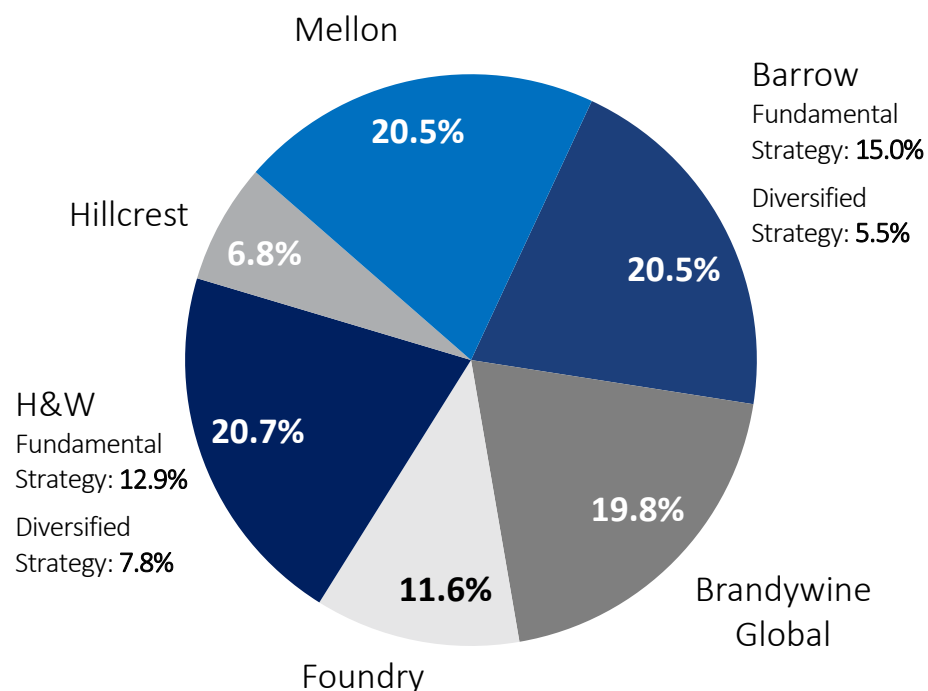
The Fund seeks to achieve its objective primarily through investment in equity securities of small market capitalization companies that have \$5 billion or less at the time of investment.

Investment Style

Primary emphasis on undervalued securities with above-average earnings growth expectations

Data as of December 31, 2018.

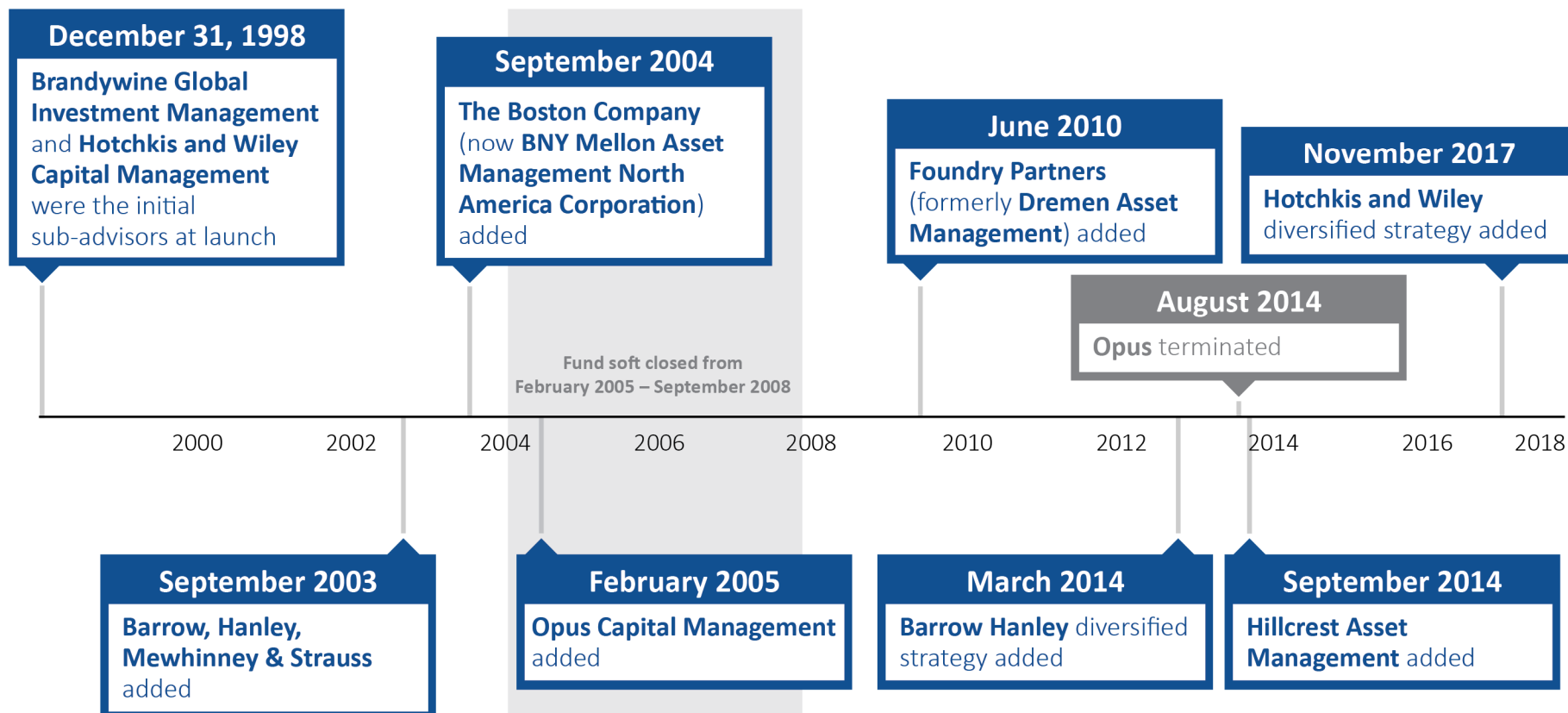
Sub-Advisor Portfolio Distribution



Approaching 20 Years of Success

Sub-Advisor Timeline Since Inception

(December 31, 1998 – December 31, 2018)



Barrow's small-cap value strategy seeks to generate consistently superior returns by employing proprietary, first-hand research in a universe of small capitalization, low-expectation stocks. Their disciplined approach identifies attractive businesses whose earnings potential and cash flows are underpriced in the marketplace. Barrow's research-intensive process identifies companies with a value gap typically indicated by below-average relative valuations, attractive free-cash-flow yields and higher than market levels of internal growth and return on capital, all on normalized earnings power.

Fundamental Strategy

Quantitative Screens

- ▶ **Market capitalization:** \$500 million to \$3 billion
- ▶ Attractive valuations or a material "value gap"
- ▶ High probability of rising returns on capital, revenue trends and margin trends
- ▶ Below-market P/E and price/revenue ratios, above-market free cash flow yield, all on normalized earnings potential

Fundamental Research

- ▶ Meet with senior management, business competitors, clients and suppliers
- ▶ Develop forecasts for profitability, earnings and free cash flow growth
- ▶ Address share ownership of senior management and anticipated use of free cash flow
- ▶ Assumptions and forecasts installed in a cash flow yield and relative return model

Portfolio Construction

- ▶ Stocks that appear undervalued on both models are candidates for purchase
- ▶ Portfolios are constructed solely from the bottom up, one security at a time
- ▶ Holdings will average 30 to 40 stocks with an average weighting of 3% at initial purchase
- ▶ Sell decision monitored by same relative return model employed at purchase

Barrow's diversified small-cap value strategy uses a quantitative multi-factor model that identifies the factors present in its fundamental strategy. Barrow applies those factors and factor weightings to the Russell 2000 Index universe (excluding the companies owned in the fundamental strategy) daily to identify and rank the index constituents displaying factors most similar to the securities in its fundamental strategy. Top-ranked securities (150 to 200) are organized to form a recommended portfolio that is reviewed by the portfolio managers of the fundamental strategy prior to implementation.

Diversified Strategy

Quantitative Screens

- ▶ **Market capitalization:** \$300 million to \$3.5 billion
- ▶ Quantitative methodology systematically screens stocks based on more than 60 fundamental, valuation and price-based factors that exist in Barrow's fundamental strategy that can broadly be organized into categories including:
 - relative valuation
 - economic sensitivity
 - growth potential
 - risk
 - historical returns (price momentum)
 - liquidity

Portfolio Construction

- ▶ Stocks ranked from best to worst and top 150 to 200 stocks are purchased, subject to risk-control criteria and weighted accordingly
- ▶ Stocks held as long as they continue to rank in top three deciles
- ▶ Stocks sold when ranking falls below third decile

Headquartered in Boston, Mellon is a specialist multi-asset investment management firm dedicated to serving sophisticated investors globally. Mellon believes that successful U.S. small-cap value investing is best achieved through a research-driven process focused on companies that have been unfairly devalued by the market with strong fundamentals and a catalyst for change.

Research Driven

- ▶ **Market capitalization:** \$500 million to \$5 billion
- ▶ **Research:**
 - Proprietary quantitative screens
 - Company management meetings
 - Model Financials
 - Peer analysis
 - Thematic research
 - Review technical
 - Ownership analysis
- ▶ Identify companies where underlying business is not reflected in the price

The Three Criteria

- ▶ **Valuation:**
 - Apply correct metric for each company – P/E, P/B, EV/EBITDA, P/S, P/CF, etc.
 - Discount to peers
- ▶ **Fundamentals:**
 - Reliable cash flow
 - Uniqueness
 - Strong balance sheet
 - Sensible capital allocation
- ▶ **Catalyst:**
 - Identifiable controversy
 - Thematic
 - Company specific

Portfolio Construction

- ▶ Purchase candidates must meet all three criteria
- ▶ Portfolio weights determined by:
 - Upside/downside opportunity
 - Liquidity
 - Portfolio risk
- ▶ Stocks are sold when one of the three criteria deteriorates or better risk/reward opportunity is present
- ▶ Portfolio consists of 120 to 150 holdings
- ▶ Monitored daily for risk control and diversification

Brandywine Global selects stocks that fall in the bottom quartile of all the price-to-earnings (P/E) or price-to-book (P/B) ratios in their universe, pass through a disciplined fundamental analysis and exhibit attractive price momentum. The primary focus is to combine the discipline inherent in quantitative analysis with fundamental insights to produce excess returns. All stocks are purchased on a capitalization-weighted basis. While cash is a residual of the investment process, portfolios are managed with the goal of remaining fully invested at all times.

Quantitative Screens

- ▶ **Market capitalization:** must be larger than the lower of the 97th percentile for U.S. equities or the 2,000th largest stock and smaller than lower of the 85th percentile for U.S. equities or \$5.5 billion
- ▶ P/E or P/B ratios must be in the bottom quartile
- ▶ Stocks with adverse price momentum are eliminated

Fundamental Research

- ▶ Check and adjust stated earnings and book value to select only genuinely undervalued companies
- ▶ Review recent company news to eliminate low P/E stocks with pre-announced declines in earnings
- ▶ Review company financial status to eliminate stocks with severe fundamental deterioration

Portfolio Construction

- ▶ Purchase all resulting stocks on a cap-weighted basis
- ▶ Stocks are sold from the portfolio when they no longer represent value (above the 40th percentile on P/E and P/B), they no longer are small cap, momentum has worsened or fundamentals have deteriorated
- ▶ Portfolios are rebalanced monthly; proceeds from the sell discipline are recycled into the basket of names approved for purchase
- ▶ As a policy, the portfolio does not invest in REITs

Foundry is an independent, boutique asset management company that specializes in providing active management to the institutional investment community. Foundry deploys a value-oriented philosophy in selecting small-cap stocks. While small-cap stocks may outperform large-cap stocks (“the small-cap effect”), Foundry’s research has shown the small-cap effect is, in fact, largely a low P/E effect. Thus, they believe that the best way to capture the higher potential returns in small cap is to employ a low P/E value approach.

Quantitative Screens

- ▶ **Market capitalization:** Between \$100 million and \$3.5 billion
- ▶ Screen for stocks with below-market P/E and visibility of earnings, preferably above-market
- ▶ Avoid stocks with negative momentum – this helps avoid value traps

Fundamental Research

- ▶ Bottom-up analysis of individual stocks
- ▶ Focus on financial strength (low debt-to-capital ratio) and value metrics
- ▶ Identify companies with proven track record of earnings growth believed to be sustainable
- ▶ Evaluate pressure on the stock over recent periods
- ▶ Identify potential catalysts that could lead to a rise in valuation

Portfolio Construction

- ▶ Portfolio weighted by liquidity and typically consists of 90 to 150 stocks, diversified across 30 to 50 industries
- ▶ Liquidity weighting allows them to buy/sell entire positions within 7 days without materially impacting stock prices
- ▶ Sell Discipline:
 - Stock valuation exceeds the median of its industry
 - Stock price momentum declines
 - Quality and/or fundamentals decline
 - Market cap exceeds \$5 billion

Hillcrest is a registered investment advisor established in 2007. The strengths of the firm lie in the combination of philosophy, people, process and the resulting performance. Hillcrest believes that a consistent and repeatable pattern of outperformance is achieved by combining the techniques and insights of traditional analysis with concepts related to Behavioral Finance. At the center of the Hillcrest investment philosophy is the belief that company information alone is not the only factor that affects the price of a stock. Instead, investors have behavioral biases that cause irrational price fluctuations, a human element that is often ignored. Hillcrest uses Behavioral Finance in its investment process to take advantage of mispricing opportunities derived from the human element.

Quantitative Screens

- ▶ **Market capitalization:** Less than \$4.0 billion
- ▶ Proprietary behavioral factor ranking process based on Value, Growth and Sentiment indicators:
 - Value:** Book-to-price, sales-to-price, financial momentum, cash flow-to-price, earnings-to-price
 - Growth:** Insider score, long-term sales/EPS growth, long-term sales/price growth, proprietary growth metrics, cash flow financing
 - Sentiment:** Management sentiment, earnings estimate diffusion, price diffusion, earnings surprise

Fundamental Research

- ▶ Fundamental analysis on top 10% of initial universe:
 - Validate earnings and growth revenue
 - Evaluate management and execution of strategy
 - Identify company specific business and financial risk
 - Analyze capital structure and its impact
- ▶ Analyze non-quantifiable information
- ▶ Identify top three to five names within each sector for potential purchase

Portfolio Construction

- ▶ Based on risk profile of benchmark: Russell 2000 Value Index
- ▶ Sector weights within +/- 5% of index
- ▶ Fully invested in 40 to 60 companies
- ▶ Sell discipline based on below conditions:
 - Stock runs full behavioral cycle and is at/above fair value with growth / sentiment scores turning negative
 - Deterioration in proprietary model ranking
 - Stock weight violates risk constraints
 - Investment thesis changes
 - Company fundamentals deteriorate
 - Portfolio characteristics need adjustment

H&W's small-cap value strategy believes that investor psychology can lead to irrational decisions resulting in the mispricing of stocks. Market valuations often reflect current circumstances rather than a more likely reversion to normal or equilibrium conditions. The strategy strives to exploit these opportunities by employing disciplined purchase and sell criteria, rigorous in-house fundamental research and a bottom-up stock selection process with emphasis on tangible valuation support. The portfolio provides consistent, concentrated exposure to approximately 50 to 90 small-cap value stocks.

Fundamental Strategy

Idea Generation

- ▶ Quantitative Screens
 - **Market capitalization:** \$100 million to \$5.5 billion
 - **Valuation:** TEV/EBIT (primary), P/E, P/B
 - Designed to identify candidates for concentrated review
- ▶ H&W analysts and industry contacts

Fundamental Research

- ▶ Independent research performed by H&W industry analysts
- ▶ Focus on “normal” earnings to determine valuation with attention to the economic cycle, return reversion and accounting issues
- ▶ Detailed company reviews and meetings with management

Portfolio Construction

- ▶ **Bottom-up process:** Typically 60 holdings (50 to 90 range)
- ▶ Securities bought based on risk-adjusted return potential and diversification benefit
- ▶ Consistent exposure to small capitalization and value
- ▶ Sells are driven by better opportunities, diversification or impairment of investment thesis

H&W's small-cap diversified value strategy believes that investor psychology can lead to irrational decisions resulting in the mispricing of stocks. Market valuations often reflect current circumstances rather than a more likely reversion to normal or equilibrium conditions. The strategy strives to exploit these opportunities through a combination of proprietary models and fundamental reviews by its experienced research team. The portfolio provides consistent, diversified exposure to approximately 350 to 400 small-cap value stocks.

Diversified Strategy

Idea Generation

- ▶ Proprietary Models
 - **Market capitalization:** \$100 million to \$4 billion
 - **Valuation:** TEV/EBIT (primary), P/E, P/B
 - Adjustments for accounting and normalization
 - Designed to replicate/automate fundamental process, thereby allowing the consideration of more names
- ▶ H&W analysts and industry contacts

Fundamental Research

- ▶ Independent research performed by H&W industry analysts
- ▶ Focus on “normal” earnings to determine valuation with attention to the economic cycle, return reversion and accounting issues
- ▶ Analysts leverage their in-depth industry knowledge to (i) validate the models’ output; (ii) adjust the models’ output to better reflect the forward economics of the business; or (iii) exclude the company from consideration (too risky, too opaque, etc.).

Portfolio Construction

- ▶ **Bottom-up process:** 350 to 400 most attractive stocks after analyst reviews comprise the portfolio
- ▶ Before they trade, the PMs review the portfolio to be sure there are no unintended exposures
- ▶ Portfolio is rebalanced at least monthly
- ▶ Sells are driven by better opportunities, diversification or impairment of investment thesis

Fund Performance and Characteristics

A decorative graphic consisting of a solid light gray horizontal line. Below this line, several gray lines of varying lengths and angles extend from the left side towards the right, creating a sense of perspective and depth.

Fund Performance

Total Returns (%) (as of December 31, 2018)	Expense Ratio (%)							
	Gross	Net	QTR	YTD	1 YR	3 YR	5 YR	10 YR
Institutional Class (AVFIX)	0.83	0.83	-20.85	-15.63	-15.63	5.13	2.94	11.95
R6 (AASRX)	0.81	0.81	-20.82	-15.59	-15.59	5.16	2.95	11.96
Russell 2000 Value Index	—	—	-18.67	-12.86	-12.86	7.37	3.61	10.40
Morningstar category: Small Value	—	—	-19.20	-15.38	-15.38	5.10	2.20	10.66

Periods longer than one year have been annualized.

Calendar-Year Returns (%)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Institutional Class (AVFIX)	-15.63	8.68	26.73	-5.04	4.72	40.06	16.52	-4.05	26.19	35.37
Russell 2000 Value Index	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50	20.57
Morningstar category: Small Value	-15.38	8.54	25.99	-6.71	3.34	36.22	16.00	-4.45	26.17	31.32

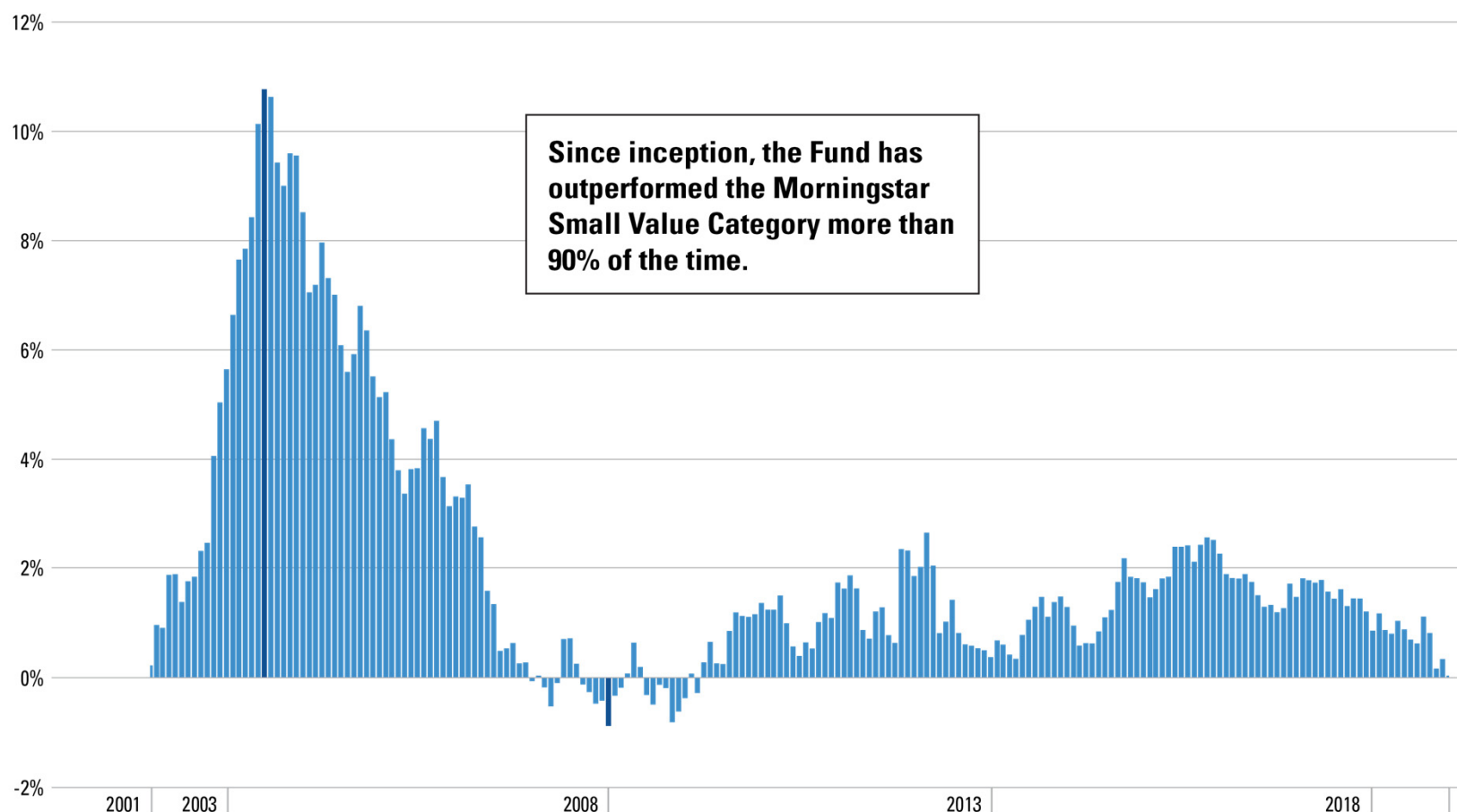
Performance shown is historical and is not indicative of future returns. Investment returns and principal value will vary, and shares may be worth more or less at redemption than at original purchase. Performance shown is as of date indicated, and current performance may be lower or higher than the performance data quoted. To obtain performance as of the most recent month end, please visit americanbeaconfunds.com or call 800.967.9009.

Morningstar Rankings	Total Return % Rank / # Funds in Category			
Morningstar category: Small Value	1 YR	3 YR	5 YR	10 YR
	54 / 417	47 / 373	34 / 327	31 / 228

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Fund Performance

Three-Year Rolling Period Total Returns : Institutional Class (AVFIX) vs. Morningstar Small Value Category (Fund Inception – December 31, 2018)

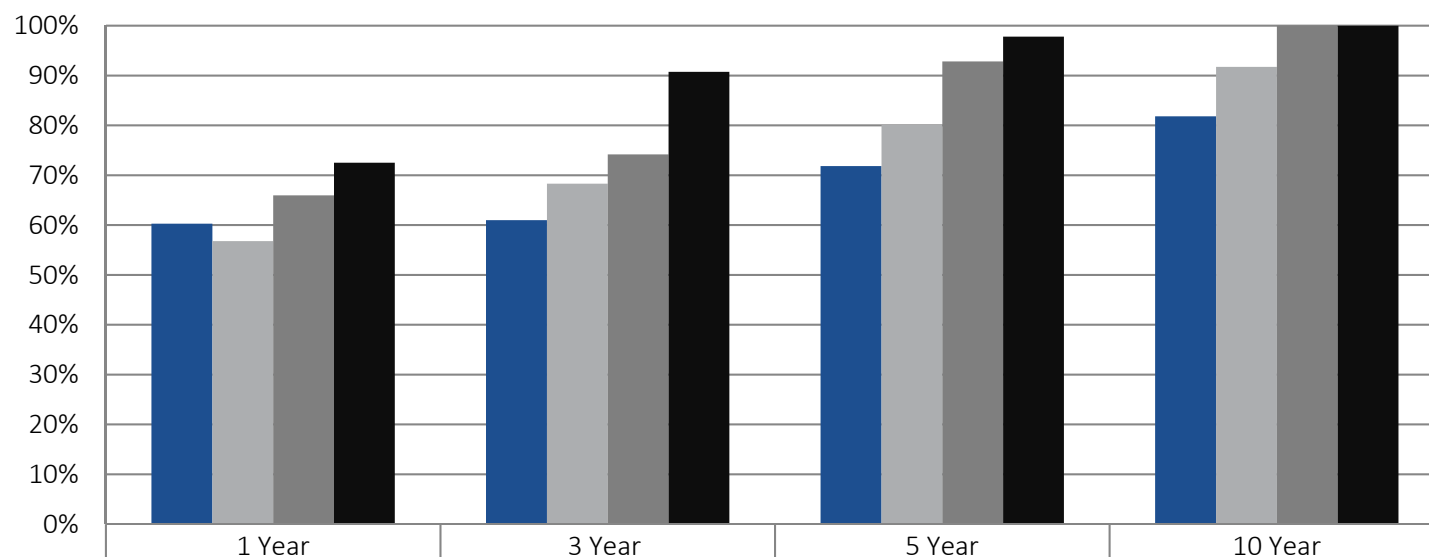


Source: Morningstar

Seeking Consistent Results

Historical Rolling Period Total Returns: Institutional Class (AVFIX) vs. Morningstar Small Value Category and Indexes (Fund Inception – December 31, 2018)

Percent of Periods the Fund Outperformed



■ S&P 500 Index	60.3%	61.0%	71.8%	81.8%
■ Russell 2000 Index	56.8%	68.3%	80.1%	91.7%
■ Russell 2000 Value Index	65.9%	74.2%	92.8%	100.0%
■ Morningstar Small Value Category	72.5%	90.7%	97.8%	100.0%

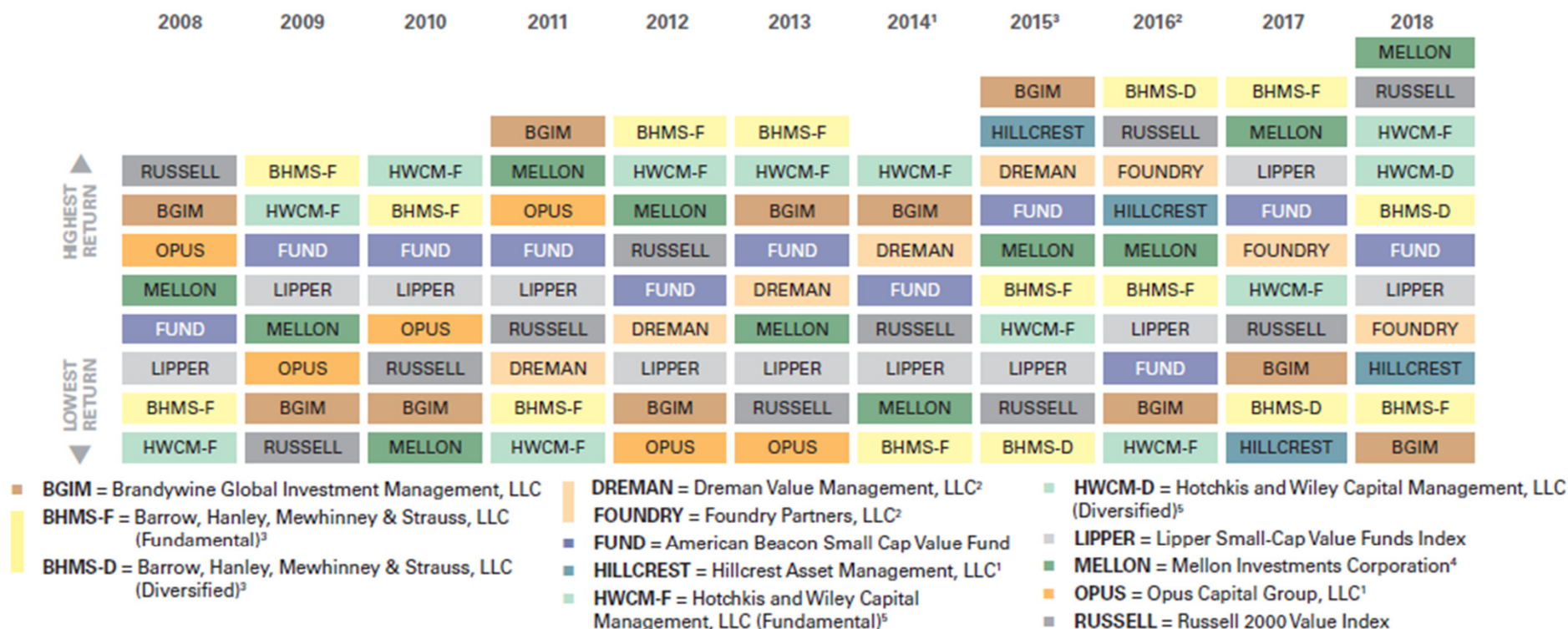
Source: Morningstar

Fund Performance

Institutional Class (AVFIX)

Data as of December 31, 2018

Using multiple sub-advisors within a single fund helps to lessen portfolio volatility long term.



Past performance is no guarantee of future results. In constructing the chart, sub-advisor performance gross of fund fees was used, while fund performance net of fees was used. The position of each block in a column shows only the relative performance of the various components for that year and does not imply that performance was positive. ¹Hillcrest Asset Management replaced Opus Capital Group in August 2014. ²Foundry Partners, LLC replaced Dreman Value Management, LLC in June 2016. No change in the Fund's portfolio managers has occurred. ³In April 2014, assets were allocated to Barrow to be managed pursuant to a diversified strategy pursuant to its fundamental research strategy. ⁴Effective January 2, 2019, BNY Mellon Asset Management North America Corporation was rebranded Mellon Investments Corporation.

⁵In April 2018, assets were allocated to Hotchkis and Wiley to be managed pursuant to a diversified strategy pursuant to its fundamental research strategy.

Securities of the Fund may only be sold by offering the Fund's prospectus and summary prospectus. You should consider the investment objectives, risk, charges and expenses of the Fund carefully before investing. The prospectus and summary prospectus contain this and additional information regarding the Fund. To obtain a prospectus and summary prospectus, visit americanbeaconfunds.com or call 800.967.9009. The prospectus and summary prospectus should be read carefully before investing.

Fund Characteristics

Fund Basics as of December 31, 2018

Inception Date	12/31/98	CUSIP	02368A638
Total Fund Assets (bil)	\$5.6	Investment Minimum	\$250,000
NAV	\$20.06	Index	Russell 2000 Value

Portfolio Statistics	Fund	Index	Sector Weightings (%)	Fund	Index
Forward P/E Ratio	10.7	13.3	Financials	28.8	29.5
P/B Ratio	1.4	1.3	Industrials	19.2	11.8
1-Year ROE	10.4	7.9	Information Technology	12.5	10.7
Weighted Avg. Market Cap (\$ bil)	2.3	1.8	Consumer Discretionary	11.6	9.4
			Energy	6.3	5.4
			Materials	5.2	4.1
			Real Estate	4.6	11.7
			Health Care	3.8	4.3
			Utilities	2.9	7.3
			Consumer Staples	2.7	2.6
			Communication Services	2.4	3.1

3-Year Risk Summary

	Fund
R2	0.98
Alpha	-2.32
Beta	1.01
Sharpe Ratio	0.25
Standard Deviation	16.36

Excludes cash. May not equal 100% due to rounding.

Top 10 Holdings (%)

Fund	
Portland General Electric Co.	1.1
Diodes, Inc.	0.9
Ciena Corp.	0.8
UMB Financial Corp.	0.8
Enstar Group Ltd.	0.7
American Axle & Manufacturing Holdings, Inc.	0.7
Avnet, Inc.	0.7
Brooks Automation, Inc.	0.7
Associated Banc-Corp.	0.7
First Hawaiian, Inc.	0.7

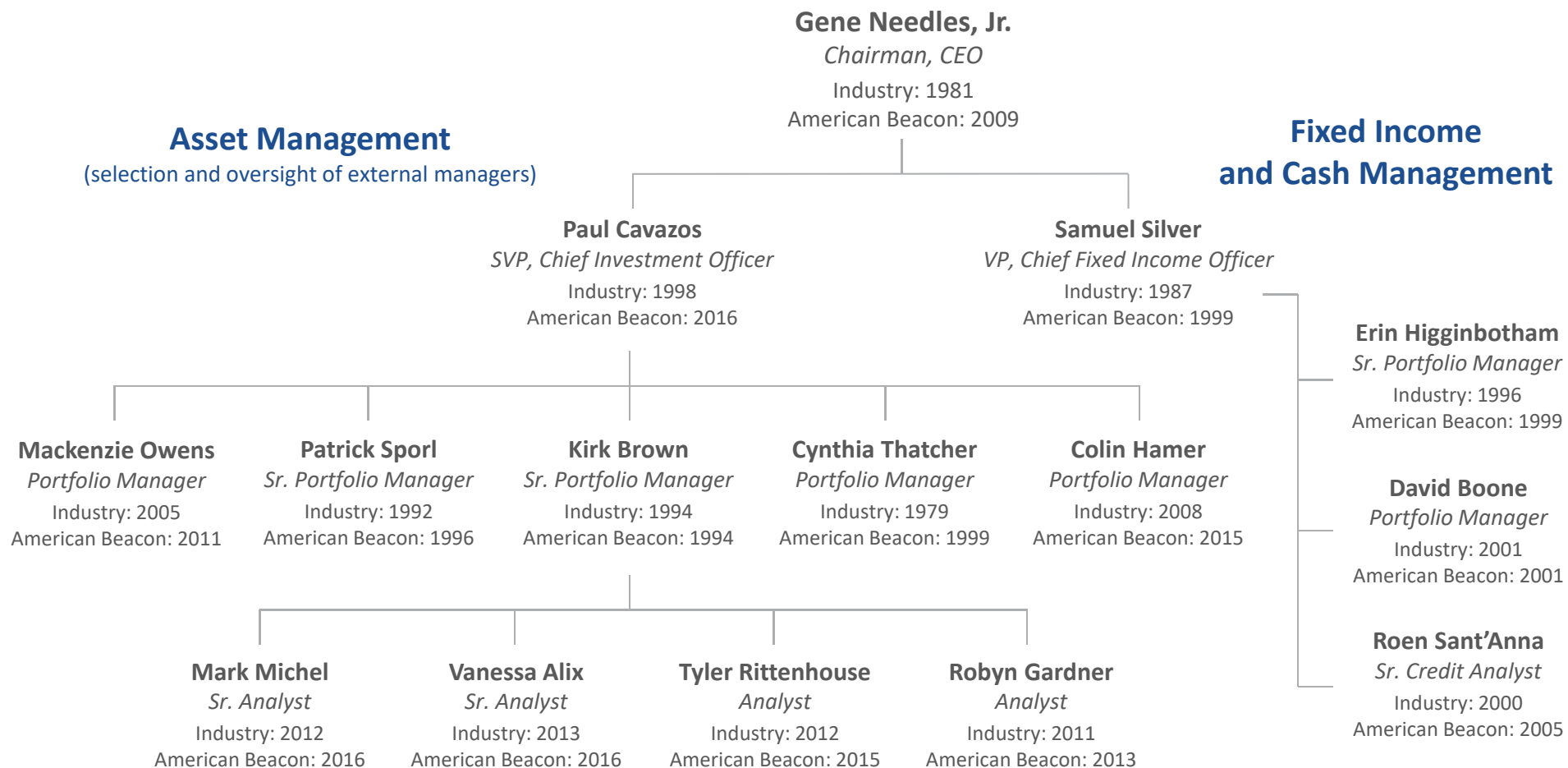
Total Fund Holdings 741

Expense Ratios (%)	Gross	Net
Institutional	0.83	0.83
Investor	1.13	1.13
Advisor	1.31	1.31
Y	0.91	0.91
A	1.21	1.21
C	1.97	1.97
R6	0.81	0.81

Appendix

A decorative graphic consisting of several horizontal lines of varying lengths and shades of gray, extending from the left edge of the page towards the right. The lines are slightly curved and overlap, creating a sense of depth and movement.

Investment Team Structure



Institutional Investment Managers

Our sub-advised approach gives investors access to a variety of investment styles and strategies from highly respected asset-management firms.

Aberdeen Asset Management Ltd	Crescent Capital Group LP	Shapiro Capital Management LLC
Acadian Asset Management LLC	Foundry Partners, LLC	Sound Point Capital Management, LP
AHL Partners LLP	Garcia Hamilton & Associates, LP	Stephens Investment Management Group, LLC
Alpha Quant Advisors, LLC	GLG LLC (“Man GLG”)	Strategic Income Management, LLC (“SiM”)
Apollo Credit Management, LLC	Global Evolution USA, LLC	Sustainable Growth Advisers, LP (“SGA”)
ARK Investment Management LLC	Hillcrest Asset Management, LLC	Templeton Investment Counsel, LLC
Bahl & Gaynor Investment Counsel, Inc.	Hotchkis and Wiley Capital Management, LLC	The London Company of Virginia, LLC
Barrow, Hanley, Mewhinney & Strauss, LLC	Ionic Capital Management LLC	Tocqueville Asset Management LP
Brandywine Global Investment Management, LLC	Lazard Asset Management LLC	TwentyFour Asset Management (US) LP
Bridgeway Capital Management, Inc.	Massachusetts Financial Services Company	WEDGE Capital Management, LLP
Causeway Capital Management LLC	Mellon Investments Corporation	Zebra Capital Management, LLC
Continuous Capital, LLC	Pzena Investment Management, LLC	

Assets Under Management

Total American Beacon Advisors AUM: **\$52.0 billion** as of December 31, 2018

Equity and Multi-Asset Funds	AUM (USD)
Acadian Emerging Markets Managed Volatility	\$33 million
AHL TargetRisk	\$25 million
Alpha Quant Core	\$3 million
Alpha Quant Dividend	\$3 million
Alpha Quant Quality	\$2 million
Alpha Quant Value	\$5 million
ARK Transformational Innovation	\$22 million
Bahl & Gaynor Small Cap Growth	\$39 million
Balanced	\$272 million
Bridgeway Large Cap Growth	\$222 million
Bridgeway Large Cap Value	\$4,134 million
Continuous Capital Emerging Markets	\$3 million
Diversified	\$520 million
International Equity	\$2,606 million
Large Cap Value	\$5,339 million
Mid-Cap Value	\$656 million
SGA Global Growth	\$45 million
Shapiro Equity Opportunities	\$60 million
Shapiro SMID Cap Equity	\$5 million
Small Cap Value	\$5,527 million
Stephens Mid-Cap Growth	\$114 million
Stephens Small Cap Growth	\$353 million
The London Company Income Equity	\$917 million
Zebra Small Cap Equity	\$59 million
Total	\$20.9 billion

Fixed-Income Funds	AUM (USD)
Crescent Short Duration High Income	\$89 million
Frontier Markets Income	\$263 million
Garcia Hamilton Quality Bond	\$289 million
GLG Total Return	\$482 million
SiM High Yield Opportunities	\$1,086 million
Sound Point Floating Rate Income	\$1,942 million
TwentyFour Strategic Income	\$93 million
U.S. Government Money Market Select	\$912 million
Total	\$5.2 billion

Non-Traditional Funds	AUM (USD)
AHL Managed Futures Strategy	\$921 million
Apollo Total Return (Interval Fund)	\$5 million
Ionic Strategic Arbitrage	\$32 million
Sound Point Enhanced Income (Interval Fund)	\$10 million
Total	\$968 million

SMAs/Pooled/Commingled/CITs	AUM (USD)
Fixed-Income SMAs and Employee Benefit Plans	\$23,740 million
Private Equity Partners	\$38 million
Large Cap Value (separate account)	\$438 million
Bridgeway Large Cap Value CIT	\$149 million
International Equity CIT	\$366 million
Small Cap Value CIT	\$118 million
Total	\$24.9 billion

Key Biographies

Gene L. Needles, Jr.

American Beacon Advisors, Inc.
Chairman and Chief Executive Officer

Gene L. Needles, Jr. serves as chairman and CEO of Resolute Investment Managers, the parent company of American Beacon Advisors, Inc. He also serves as chairman and CEO of American Beacon Advisors and president of American Beacon Funds, and holds additional senior leadership positions with other organizations affiliated with the company. Prior to joining American Beacon Advisors in 2009, he served as president of Touchstone Investments, part of the Western & Southern Financial Group. From 1993 through 2007, Mr. Needles was with AIM Investments and subsequently Invesco (through the merger of AIM and Invesco), progressing from regional vice president to president and CEO of Invesco Distributors in 2004. In this role, he was responsible for distributing products that included mutual funds, exchange-traded funds, separate accounts, variable annuities, sub-advised portfolios, collective trusts, offshore funds, retirement plans and college savings plans. In addition, he worked as a vice president at Putnam Investments and MetLife State Street before moving to AIM. Mr. Needles received his B.A. in English from Iowa State University in 1978.

Paul Cavazos

American Beacon Advisors, Inc.
Chief Investment Officer

Paul Cavazos joined American Beacon Advisors as chief investment officer and senior vice president in June 2016. Mr. Cavazos is responsible for overseeing corporate pension plan investments and the investment sub-advisors to the American Beacon Funds. His comprehensive background includes leading defined-benefit plans of varying sizes, conducting investment manager searches, due diligence and risk-control oversight. Before joining American Beacon, Mr. Cavazos served as chief investment officer and assistant treasurer at DTE Energy Company in Detroit. He was responsible for the development of asset allocation strategies, as well as fiduciary oversight for DTE's \$10 billion in retirement trust assets. In 2014, Mr. Cavazos received the prestigious CIO Industry Innovation Award of the Year from Chief Investment Officer magazine. Previously, Mr. Cavazos served as chief investment officer at Navistar, where he was responsible for all investment aspects of the company's \$5 billion in retirement trust assets. His experience also includes investment and finance roles at The Boeing Company and Chrysler Corporation. Mr. Cavazos is a member of the Committee on Investment of Employee Benefit Assets ("CIEBA"), which is a plan sponsor organization representing \$1.5 trillion in retirement assets. He has served on CIEBA's Executive Board and as a working group member. Mr. Cavazos earned a B.S. in Finance from Oakland University in Rochester, Michigan. He also holds an MBA in Finance from The University of Texas at Austin.

Key Biographies

Cynthia M. Thatcher, CFA

American Beacon Advisors, Inc.

Portfolio Manager, Asset Management

Cynthia M. Thatcher joined American Beacon Advisors in December 1999 and serves as a portfolio manager for the firm. Ms. Thatcher is responsible for asset management activities associated with client pension plans, several American Beacon Funds and securities lending for both the American Beacon Funds and client pension plans. Ms. Thatcher's professional experience includes eight years as a financial consultant with Merrill Lynch, Pierce, Fenner and Smith. She received a B.A. in Mathematics from Indiana University and an MBA with honors in Finance from the University of Dallas. She is a CFA® charterholder.

Colin Hamer, CFA

American Beacon Advisors, Inc.

Associate Portfolio Manager, Asset Management

Colin Hamer joined American Beacon in January 2015. He serves as a portfolio manager on the firm's Asset Management team and as an associate portfolio manager for the Fund. Mr. Hamer is responsible for monitoring the sub-advisors of several American Beacon Funds and employee benefit plans sponsored by a large corporation and its affiliates. Prior to joining the firm, Mr. Hamer worked in various capacities for Fidelity Investments from January 2008 to December 2014. Mr. Hamer has a BBA in Entrepreneurial Management from Texas Christian University. He is a CFA® charterholder.

Key Biographies

James S. McClure

Barrow, Hanley, Mewhinney & Strauss, LLC
Portfolio Manager and Managing Director

James S. McClure joined Barrow, Hanley, Mewhinney & Strauss, LLC in 1995 from Goldman Sachs Asset Management, where he had been a vice president and senior portfolio manager, managing the Capital Growth Fund, as well as separate accounts. During his 43-year investment career, he has served as the chief investment officer, and then president and chief operating officer at National Securities and Research Corporation. He also served as the chief investment officer and executive vice president at Oppenheimer & Co., Inc. He managed mutual funds at American Capital Management and Research and was initially a securities analyst at American National Insurance Company. Mr. McClure graduated from the University of Texas where he earned both his B.A. and MBA.

Henry F. Otto

Brandywine Global Investment Management, LLC
Managing Director

Henry F. Otto is the founder and co-lead portfolio manager of the Diversified Value Equity strategies. Prior to joining Brandywine Global Investment Management, LLC in 1988, he was with Dimensional Fund Advisors, Inc. from 1984 to 1987 where he managed and traded small-cap portfolios and developed computer systems to structure portfolios and analyze performance. From 1982 to 1984, Mr. Otto worked at the Chicago Board of Trade as a financial economist developing financial-based futures and options. Mr. Otto is a member of the firm's Executive Board.

John P. Harloe

Barrow, Hanley, Mewhinney & Strauss, LLC
Portfolio Manager and Managing Director

John P. Harloe joined Barrow, Hanley, Mewhinney & Strauss, LLC in 1995 from Sterling Capital Management, where he served as a vice president and equity portfolio manager/analyst for nine years. During the balance of his 39-year investment career, Mr. Harloe worked with James McClure at American National Insurance Company, American Capital Management and Research, and Oppenheimer & Co., Inc. Mr. Harloe graduated from the University of South Carolina with a B.A. and an MBA.

Steven M. Tonkovich

Brandywine Global Investment Management, LLC
Managing Director

Steven M. Tonkovich is co-lead portfolio manager of the Diversified Value Equity strategies. He plays an integral role in the team's continual refinement of the Diversified Value Equity investment process and the firm's ongoing research into value investing. Prior to joining Brandywine Global Investment Management, LLC in 1989, he was with the Wharton School of the University of Pennsylvania from 1987 to 1989 as a research analyst in the Finance Department, and the Moore School of Electrical Engineering of the University of Pennsylvania from 1986 to 1987 as a research assistant. Mr. Tonkovich is a member of the firm's Executive Board.

Key Biographies

Mark Roach

Foundry Partners, LLC
Lead Portfolio Manager

Mark Roach has served as the lead portfolio manager for Foundry's portion of the American Beacon Small Cap Value Fund since 2010. He has been with Foundry since 2016. Prior to joining Foundry, Mr. Roach was a lead portfolio manager at Dreman from 2006 to 2016. He has more than 19 years of investment experience. Prior to joining Dreman, Mr. Roach was a portfolio manager at Vaughan Nelson Investment Management, managing a small-cap product from 2002 to 2006. Mr. Roach served as a security analyst from 1994 to 2001 for various institutions including Fifth Third Bank, Lynch, Jones & Ryan and USAA. Mr. Roach has significant experience in working with institutions, pensions and endowments and he is well-known in the consulting and high-net worth communities. Mr. Roach received an MBA from the University of Chicago's Graduate School of Business and a bachelor's degree from Baldwin Wallace College. In addition, he is a former board member of the Rice University Wright Fund.

Brian R. Bruce

Hillcrest Asset Management, LLC
Chief Investment Officer

Brian R. Bruce has been CEO and chief investment officer with Hillcrest Asset Management, LLC since its inception in July 2007. He oversees all business and investment activities at the firm. Prior to joining the firm, Mr. Bruce was chief investment officer at Putnam/PanAgora Asset Management. He earned an M.S. in Computer Science from DePaul University and an MBA from the University of Chicago.

Mario Tufano

Foundry Partners, LLC
Portfolio Manager

Mario Tufano has been a portfolio manager for Foundry's portion of the American Beacon Small Cap Value Fund since 2010. He has been with Foundry since 2016. Prior to joining Foundry, Mr. Tufano was an associate portfolio manager at Dreman from 2007 to 2016. Previously, Mr. Tufano was an associate director and equity analyst at UBS Investment Bank. He received a bachelor's degree from Pennsylvania State University in 2002 with a major in Finance and a minor in Management Information Systems.

Douglas Stark, CFA

Hillcrest Asset Management, LLC
Managing Director

Douglas Stark is a partner at Hillcrest Asset Management, LLC and focuses on the firm's research and portfolio management. Mr. Stark has been with the firm since January 2008. Prior to joining Hillcrest, Mr. Stark was partner, senior vice president and director of Research at Martingale Asset Management from 1996 to 2007. He earned a B.S. in Business from Arizona State University and his MBA from Columbia University. Mr. Stark is a CFA charterholder.

Key Biographies

Brandon Troegle, CFA

Hillcrest Asset Management, LLC
Portfolio Manager

Brandon Troegle is a partner at Hillcrest Asset Management, LLC and an analyst and portfolio manager focusing on the firm's security selection. Mr. Troegle has been with the firm since its inception in July 2007. Prior to joining Hillcrest, Mr. Troegle was an equity analyst at Morningstar. He earned a B.A. in Business Administration and History from Austin College and an MBA from the Cox School of Business, Southern Methodist University. Mr. Troegle is a CFA charterholder.

Jim Miles

Hotchkis and Wiley Capital Management, LLC
Principal and Portfolio Manager

Jim Miles joined Hotchkis and Wiley Capital Management, LLC in 1995 and became principal in 2001. In his role as portfolio manager, Mr. Miles plays an integral part in the investment research review and decision-making process. He coordinates the day-to-day management of Small Cap Value portfolios, represents all strategies to current and prospective clients, as well as provides expertise and insight into the consumer and technology sectors. Prior to joining the firm, Mr. Miles was a vice president in corporate finance at BT Securities Corporation, an affiliate of Bankers Trust. He specialized in lending to and arranging debt for highly leveraged companies. Mr. Miles received his B.S. in Mechanical Engineering, a M.S. in Engineering from Stanford University and an MBA from the University of California, Los Angeles.

David Green, CFA

Hotchkis and Wiley Capital Management, LLC
Principal and Portfolio Manager

David Green joined Hotchkis and Wiley Capital Management, LLC in 1997, served as the director of Research from 1999 to 2000 and became principal in 2001. In his role as portfolio manager, Mr. Green plays an integral part in the investment research review and decision-making process. Prior to joining the firm, Mr. Green worked as a senior equity analyst with Goldman Sachs Asset Management on the Broad Market Value team. Before joining Goldman Sachs, he worked as an equity analyst with Prudential Investment Corporation where he began his investment career in 1990. Mr. Green's investment experience is focused primarily on analysis of publicly traded equities. Mr. Green, a CFA charterholder, received his B.A. in Economics with honors from the University of California, Berkeley and is a member of Phi Beta Kappa.

Judd Peters, CFA

Hotchkis and Wiley Capital Management, LLC
Portfolio Manager

Judd Peters joined Hotchkis and Wiley Capital Management, LLC in 1999. Mr. Peters led the effort to create the Small Cap Diversified Value strategy in 2005 and plays an integral part in the investment research review and decision-making process as well as coordinates the day-to-day management of the Small Cap Diversified Value portfolios. Prior to joining the firm, Mr. Peters was an analyst in the corporate finance department of Wedbush Morgan Securities. He has a B.A. in Mathematics and a B.S. in Biochemistry from University of California, San Diego and holds the Chartered Financial Analyst® designation.

Key Biographies

Ryan Thomes, CFA

Hotchkis and Wiley Capital Management, LLC
Portfolio Manager

Ryan Thomes joined Hotchkis and Wiley Capital Management, LLC in 2008. Mr. Thomes co-manages the Small Cap Diversified Value along with Mr. Peters. Prior to joining the firm, Mr. Thomes was a global equity senior research associate for Jeffrey Slocum and Associates. He began his investment career as a research analyst at Berthel Schutter LLC. He has a B.S. in Entrepreneurial Management and Finance from the University of Minnesota and holds the Chartered Financial Analyst® designation.

Joseph M. Corrado

Mellon Investments Corporation
Senior Managing Director

Joseph M. Corrado is a senior managing director for Mellon Investments Corporation and is the lead portfolio manager for the U.S. Small Cap Value Equity strategy. Mr. Corrado oversees the U.S. Small Cap Value team. He joined the firm in 1986. Mr. Corrado has managed a portion of the American Beacon Small Cap Value Fund since September 2004.

Edward R. Walter

Mellon Investments Corporation
Managing Director

Edward R. Walter is a managing director for BNY Mellon AMNA and has served as U.S. Small Cap Value Equity portfolio manager since May 2004. Prior to becoming a portfolio manager, Mr. Walter served as a research analyst for the firm and he continues to fulfill certain research responsibilities in conjunction with his portfolio management duties. He focuses on the Health Care, Technology and Industrial sectors. Mr. Walter has managed a portion of the American Beacon Small Cap Value Fund since September 2004.

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