

American Beacon

Small Cap Value Fund

12-Month Performance Attribution as of December 31, 2018

American Beacon®
FUNDS

Institutional Class: AVFIX

Total Fund AUM: \$5.6 billion

TOTAL RETURNS (%) & MORNINGSTAR RANKINGS

	Expense Ratios (%) Gross	Net	NAV	QTR	YTD	1YR	3YR	5YR	10YR
American Beacon Small Cap Value Fund	0.83	0.83	20.06	-20.85	-15.63	-15.63	5.13	2.94	11.95
Russell 2000 Value Index				-18.67	-12.86	-12.86	7.37	3.61	10.40
% Rank / # of funds in category: Small Value						54 / 417	47 / 373	34 / 327	31 / 228

Class Inception: 12/31/98. Periods more than one year have been annualized.

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.

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

SECTOR WEIGHTINGS (%)

Fund	Index ¹
Financials	28.8 29.5
Industrials	19.2 11.8
Information Technology	12.5 10.7
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

Ending weights as of 12/31/18. May not equal 100% due to rounding.

SUB-ADVISORS (%)

Fund	
Hotchkis and Wiley Capital Management, LLC	20.7
Barrow, Hanley, Mewhinney & Strauss, LLC	20.5
Mellon Investments Corporation	20.5
Brandywine Global Investment Mgmt., LLC	19.8
Foundry Partners, LLC	11.6
Hillcrest Asset Management, LLC	6.8

PORTFOLIO STATISTICS

	Fund	Index ¹
Forward P/E Ratio	10.7	13.3
P/B Ratio	1.4	1.3
1-Year ROE	10.4	7.9
Weighted Avg. Market Cap (\$ bil)	2.3	1.8

TOP CONTRIBUTORS

Return (%)	Contribution to Fund ²
Ciena Corp.	56.8 18 bps
ARRIS International PLC	18.8 16 bps
Boston Beer Co., Inc., Class A	27.2 14 bps
Amedisys, Inc.	123.3 12 bps
Esterline Technologies Corp.	59.0 12 bps

TOP DETRACTORS

Return (%)	Contribution to Fund ²
Ferroglobe PLC	-90.0 -48 bps
Callon Petroleum Co.	-45.6 -37 bps
American Axle & Manufacturing Holdings, Inc.	-34.1 -28 bps
Texas Capital Bancshares, Inc.	-41.6 -25 bps
United Natural Foods, Inc.	-77.6 -23 bps

SECURITY-LEVEL ATTRIBUTION (INSTITUTIONAL CLASS)

Performance Commentary for the 12 Months Ended December 31, 2018 (Attribution vs. Russell 2000 Value Index)

- The Fund underperformed its benchmark (Russell 2000 Value Index) by 2.77% for the 12-month period.

Sector: Security selection – negative / Sector allocation – negative

- Security selection within the Fund's Financials and Consumer Discretionary sectors detracted from performance relative to the benchmark. In the Financials sector, the top detractors were **Texas Capital Bancshares, Inc.** (down 41.6%), **Federated Investors, Inc., Class B** (down 25.2%) and **SLM Corp.** (down 27.7%). In the Consumer Discretionary sector, the top detractors were **American Axle & Manufacturing Holdings, Inc.** (down 34.1%), **Tenneco Inc., Class A** (down 50.7%) and **Big Lots, Inc.** (down 49.0%).
- The aforementioned underperformance was slightly offset by security selection in the Information Technology sector. Contributors included **Diodes, Inc.** (up 13.7%), **ARRIS International PLC** (up 18.8%), **Brooks Automation, Inc.** (up 12.0%), **Ciena Corp.** (up 56.8%) and **Fabrinet** (up 62.1%).
- From a sector allocation perspective, a significant underweight allocation to the Utilities sector, the best-performing sector in the benchmark, detracted from relative performance. In the Energy sector, the worst-performing sector, a slight overweight allocation also detracted from relative performance to the benchmark. In the Industrials sector, a significant overweight allocation contributed positively to relative performance.

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Any opinions herein, including forecasts, reflect our judgment as of the end of the quarter and are subject to change. This report is not a complete analysis of market conditions and therefore, should not be relied upon as investment advice.

Institutional Class: AVFIX

Performance Attribution as of December 31, 2018

THREE-YEAR RISK SUMMARY	Fund
R2	0.98
Alpha	-2.32
Beta	1.01
Sharpe Ratio	0.25
Standard Deviation	16.36

MARKET-CAP EXPOSURE (%)	Fund	Index ¹
Less than \$400 million	2.5	8.1
\$400 million to \$750 million	8.0	11.7
\$750 million to \$1.5 billion	24.1	24.6
\$1.5 billion to \$7.5 billion	65.4	55.5
Unclassified	0.0	0.1

May not equal 100% due to rounding.

12-MONTH ATTRIBUTION – ECONOMIC SECTOR (December 31, 2017 – December 31, 2018)

	Average Weights			Base Returns			Value Added		
	Fund	Index ¹	Difference	Fund	Index ¹	Difference	Allocation	Selection	Total ³
Financials	26.68	29.76	-3.08	-14.20	-10.57	-3.63	-0.01	-1.09	-1.10
Industrials	19.85	12.03	7.82	-15.92	-12.39	-3.53	0.07	-0.81	-0.74
Consumer Discretionary	13.20	9.48	3.72	-17.38	-11.99	-5.39	0.05	-0.88	-0.84
Information Technology	12.61	9.34	3.27	-3.31	-11.27	7.96	0.02	1.15	1.17
Energy	7.36	6.99	0.37	-33.40	-36.80	3.40	-0.32	0.35	0.02
Materials	5.78	4.37	1.41	-32.14	-25.70	-6.44	-0.24	-0.52	-0.76
Health Care	4.14	5.78	-1.64	-4.48	-11.48	7.00	-0.10	0.25	0.15
Real Estate	4.08	10.93	-6.84	-12.34	-10.82	-1.52	-0.20	-0.06	-0.26
Consumer Staples	2.43	2.53	-0.10	-16.64	-20.61	3.97	0.04	0.11	0.15
Utilities	2.38	6.19	-3.82	0.99	3.55	-2.56	-0.67	-0.07	-0.74
Communication Services	1.41	2.59	-1.19	4.76	-5.56	10.32	0.03	0.17	0.20

May not equal 100% due to rounding.

Effective January 2, 2019, BNY Mellon Asset Management North America Corporation was rebranded Mellon Investments Corporation.

Investing in **small-capitalization stocks** may involve greater volatility and lower liquidity than larger company stocks. Investing in **value stocks** may limit downside risk over time; however, the Fund may produce more modest gains than riskier stock funds as a trade-off for this potentially lower risk. Investing in **foreign securities** may involve heightened risk due to currency fluctuations and economic and political risks. The use of **futures contracts** for cash management may subject the Fund to losing more money than invested. The Fund participates in a **securities lending** program. Please see the prospectus for a complete discussion of the Fund's risks. There can be no assurances that the investment objectives of this Fund will be met.

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²Contribution in basis points to the Fund's absolute return on a gross basis.

³Contribution to the Fund's relative return on a gross basis.

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