

# American Beacon International Equity Fund

Quarterly Performance Attribution as of December 31, 2018

American Beacon®  
FUNDS

Institutional Class: AAIEX

Total Fund AUM: \$2.6 billion

## TOTAL RETURNS (%) & MORNINGSTAR RANKINGS

TOTAL RETURNS (%) & MORNINGSTAR RANKINGS	Expense Ratios (%)								
	Gross	Net	NAV	QTR	YTD	1YR	3YR	5YR	10YR
American Beacon International Equity Fund	0.73	0.73	15.91	-14.07	-16.37	-16.37	1.54	-0.89	5.90
MSCI EAFE Index				-12.54	-13.79	-13.79	2.87	0.53	6.32
% Rank / # of funds in category: Foreign Large Value						58 / 313	70 / 271	53 / 225	32 / 149
Class Inception: 8/7/91. 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](http://americanbeaconfunds.com) or call 800.967.9009.*

## TOP 10 HOLDINGS (%)

Fund	
Royal Dutch Shell PLC	2.9
Novartis AG	2.7
Prudential PLC	2.2
Volkswagen AG	2.0
BP PLC	1.7
SAP SE	1.6
Samsung Electronics Co., Ltd.	1.6
BNP Paribas S.A.	1.4
UniCredit SpA	1.3
Akzo Nobel N.V.	1.3
<b>Total Fund Holdings</b>	<b>155</b>

## SECTOR WEIGHTINGS (%)

Fund	Index <sup>1</sup>
Financials	21.2 19.5
Industrials	15.5 14.1
Health Care	11.9 11.2
Communication Services	9.2 5.6
Materials	8.9 7.4
Energy	8.6 5.9
Consumer Discretionary	8.5 11.2
Consumer Staples	5.8 11.6
Information Technology	5.6 6.0
Utilities	2.8 3.8
Real Estate	2.0 3.7

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

## SUB-ADVISORS (%)

Fund	
Causeway Capital Management LLC	33.6
Lazard Asset Management LLC	33.2
Templeton Investment Counsel, LLC	33.2

## PORTFOLIO STATISTICS

Fund	Index <sup>1</sup>
Forward P/E Ratio	10.7 11.9
P/B Ratio	1.3 1.5
1-Year ROE	16.4 17.0
Weighted Avg. Market Cap (\$ bil)	47.8 52.6

## TOP CONTRIBUTORS

Return (%)	Contribution to Fund <sup>2</sup>
Don Quijote Holdings Co., Ltd.	26.0 23 bps
Linde PLC	8.2 9 bps
Vestas Wind Systems A/S	12.3 7 bps
Daiwa House Industry Co., Ltd.	7.2 6 bps
Wheaton Precious Metals Corp.	12.1 5 bps

## TOP DETRACTORS

Return (%)	Contribution to Fund <sup>2</sup>
Prudential PLC	-21.9 -52 bps
Aryzta AG	-79.2 -51 bps
British American Tobacco PLC	-31.2 -50 bps
Encana Corp.	-55.8 -43 bps
BNP Paribas S.A.	-26.4 -40 bps

## SECURITY-LEVEL ATTRIBUTION (INSTITUTIONAL CLASS)

### Performance Commentary for the Quarter Ended December 31, 2018 (Attribution vs. MSCI EAFE Index)

- The Fund underperformed the benchmark (MSCI EAFE Index) by 1.53% for the quarter.

### Country: Security selection – negative / Country allocation – negative

- The Fund's security selection in the United Kingdom (**Ferguson PLC**, down 23.1%; **HSBC Holdings PLC**, down 4.9%), Italy (**UniCredit SpA**, down 24.4%) and France (**BNP Paribas S.A.**, down 26.4%; **Compagnie de Saint-Gobain ADR**, down 22.8%) detracted most from performance. Security selection in Japan (**Don Quijote Holdings Co. Ltd.**, up 26.0%; **Daiwa House Industry Co., Ltd.**, up 7.2%) helped the Fund's relative performance.
- From an allocation perspective, overweight allocations to Canada and Ireland hurt the Fund's performance. Meanwhile an underweight allocation to Japan and an overweight allocation to the United Kingdom partially offset the relative underperformance.

### Sector: Security selection – negative / Sector allocation – negative

- The Fund's security selection detracted from relative performance, particularly in the Financials (**Prudential PLC**, down 21.9%; **UniCredit SpA**, down 24.4%; **BNP Paribas S.A.**, down 26.4%), Energy (**Encana Corp.**, down 55.8%; **Husky Energy, Inc.**, down 40.7%) and Consumer Staples sectors (**Aryzta AG**, down 79.2%; **British American Tobacco PLC**, down 31.2%). Security selection in the Consumer Discretionary (**Don Quijote Holdings Co., Ltd.**, up 26.0%) and Materials sectors (**Wheaton Precious Metals Corp.**, up 12.1%) helped the Fund's relative performance.
- From a sector allocation perspective, an underweight allocation to the Consumer Staples sector hurt the Fund's relative performance, while an overweight allocation to the Communication Services sector partially offset the relative underperformance.

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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: AAIEX

## Performance Attribution as of December 31, 2018

## THREE-YEAR RISK SUMMARY

## Fund

R2	0.95
Alpha	-1.82
Beta	0.99
Sharpe Ratio	0.04
Standard Deviation	11.59

## TOP FIVE COUNTRY WEIGHTINGS (%)

Fund Index<sup>1</sup>

United Kingdom	25.4	15.5
Japan	13.8	24.6
France	10.2	10.4
Germany	10.0	8.7
Switzerland	7.6	9.0

Endings weights as of 12/31/18. Excludes cash.

## THREE-MONTH ATTRIBUTION – ECONOMIC SECTOR (September 30, 2018 – December 31, 2018)

	Average Weights			Base Returns			Value Added		
	Fund	Index <sup>1</sup>	Difference	Fund	Index <sup>1</sup>	Difference	Allocation	Selection	Total <sup>3</sup>
Financials	20.85	19.69	1.15	-18.60	-13.66	-4.94	-0.02	-1.17	-1.19
Industrials	15.42	14.18	1.24	-14.22	-14.56	0.34	-0.02	0.06	0.04
Health Care	12.35	11.34	1.01	-10.04	-10.16	0.12	0.04	0.03	0.07
Communication Services	9.26	5.51	3.74	-9.19	-9.62	0.43	0.13	0.04	0.17
Materials	8.93	7.67	1.25	-12.14	-15.55	3.42	-0.03	0.34	0.30
Energy	8.90	6.05	2.85	-22.24	-17.37	-4.87	-0.15	-0.51	-0.67
Consumer Discretionary	8.24	11.13	-2.88	-10.55	-14.62	4.06	0.07	0.36	0.43
Consumer Staples	6.32	11.30	-4.98	-14.09	-8.19	-5.90	-0.24	-0.43	-0.67
Information Technology	5.43	6.06	-0.63	-16.96	-16.47	-0.49	0.04	-0.03	0.01
Utilities	2.48	3.38	-0.90	-1.26	-0.01	-1.26	-0.13	-0.04	-0.17
Real Estate	1.81	3.48	-1.66	1.23	-5.25	6.48	-0.14	0.12	-0.02

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 <sup>1</sup>	Difference	Fund	Index <sup>1</sup>	Difference	Allocation	Selection	Total <sup>3</sup>
Financials	19.91	20.41	-0.50	-24.63	-19.67	-4.96	0.10	-1.23	-1.14
Industrials	15.75	14.35	1.40	-15.62	-15.20	-0.42	0.03	-0.10	-0.07
Health Care	12.24	10.62	1.62	-6.20	-3.66	-2.54	0.28	-0.29	-0.02
Consumer Discretionary	9.28	11.74	-2.46	-13.74	-16.62	2.88	0.15	0.23	0.38
Energy	9.18	5.73	3.45	-12.86	-6.56	-6.31	0.43	-0.60	-0.17
Materials	8.98	8.02	0.96	-14.38	-17.65	3.27	0.01	0.34	0.35
Communication Services	8.05	4.79	3.26	-11.22	-15.21	3.99	0.02	0.40	0.42
Consumer Staples	6.70	11.12	-4.42	-25.88	-10.34	-15.55	-0.16	-1.26	-1.43
Information Technology	5.48	6.29	-0.81	-20.29	-14.45	-5.84	0.07	-0.39	-0.33
Utilities	2.57	3.26	-0.69	-7.47	1.71	-9.18	-0.10	-0.25	-0.35
Real Estate	1.85	3.51	-1.66	-11.63	-9.44	-2.19	-0.07	-0.04	-0.11

May not equal 100% due to rounding.

**You should consider the investment objectives, risks, 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, call 800.967.9009 or visit [americanbeaconfunds.com](http://americanbeaconfunds.com). The prospectus and summary prospectus should be read carefully before investing.**

Investing in **foreign securities** may involve heightened risk due to currency fluctuations and economic and political risks. 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. 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.

**Important Information:** All investing involves risk, including possible loss of principal. Indexes are unmanaged and one cannot invest directly in an index.

A portion of fees charged to the Institutional Class of the Fund was waived from 2013 through 2015. Performance prior to waiving fees was lower than actual returns shown for 2013 through 2015. Specific information about any Fund may be found at [americanbeaconfunds.com](http://americanbeaconfunds.com) or in the prospectus.

<sup>1</sup>The MSCI® EAFE Index is a market capitalization weighted index of international stock performance composed of equities from developed markets excluding the U.S. and Canada. The MSCI information contained herein: (1) is provided "as is," (2) is proprietary to MSCI and/or its content providers, (3) may not be used to create any financial instruments or products or any indexes and (4) may not be copied or distributed without MSCI's express written consent. MSCI disclaims all warranties with respect to the information. Neither MSCI nor its content providers are responsible for any damages or losses arising from any use of this information.

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

<sup>3</sup>Contribution to the Fund's relative return on a gross basis.

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