

# American Beacon

## Mid-Cap Value Fund

Quarterly Sub-Advisor Contributions to Fund Performance as of June 30, 2018

American Beacon®  
FUNDS

Institutional Class: AACIX

Total Fund AUM: \$845.7 million

	Sub-Advisors (%)	QTR	YTD	Total Net Return <sup>1</sup>			
				1 YR	3 YR	5 YR	10 YR
<b>American Beacon Mid-Cap Value Fund</b>		<b>0.84</b>	<b>-3.28</b>	<b>6.33</b>	<b>7.65</b>	<b>10.39</b>	<b>11.05</b>
Barrow, Hanley, Mewhinney & Strauss, LLC	33.6	1.00	-5.37	3.97	5.41	9.69	9.85
Pzena Investment Management, LLC	32.8	-1.72	-4.11	6.93	9.89	11.45	12.33
WEDGE Capital Management, LLP	33.6	2.94	-0.71	7.68	7.99	—	—
<b>Russell Midcap Value Index</b>		<b>2.41</b>	<b>-0.16</b>	<b>7.60</b>	<b>8.80</b>	<b>11.27</b>	<b>10.06</b>
<b>Morningstar category: Mid-Cap Value</b>		<b>2.55</b>	<b>0.30</b>	<b>8.94</b>	<b>7.72</b>	<b>10.08</b>	<b>9.02</b>
<i>Better / (Worse) vs. Russell Midcap Value Index</i>		<i>(1.57)</i>	<i>(3.12)</i>	<i>(1.27)</i>	<i>(1.15)</i>	<i>(0.88)</i>	<i>0.99</i>
<i>Better / (Worse) vs. Morningstar category: Mid-Cap Value</i>		<i>(1.71)</i>	<i>(3.58)</i>	<i>(2.61)</i>	<i>(0.07)</i>	<i>0.31</i>	<i>2.03</i>

Periods more than one year have been annualized. Expense Ratio: 0.90%

<sup>1</sup>Sub-advisor returns are net of investment management fees only. Fund returns are net of all fees.

**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.**

### SUB-ADVISOR COMMENTARIES

#### Barrow, Hanley, Mewhinney & Strauss, LLC

- **Contributors:** In the Energy sector, security selection and a slight overweight allocation contributed most to performance. In the Materials sector, security selection and an underweight allocation also contributed to performance.
- **Detractors:** In the Industrials sector, security selection and an overweight allocation detracted most from performance. In the Health Care sector, security selection detracted from performance. In the Utilities sector, security selection and an underweight allocation detracted from performance. In the Information Technology sector, security selection through an overweight allocation to Technology slightly mitigated the negative impact.

#### Pzena Investment Management, LLC

- This quarter marked a return of volatility due to trade war fears and continued European political turmoil, as well as investor sentiment continuing to favor growth stocks over value.
- The Energy and Producer Durables sectors were the top contributors in Pzena's sleeve. Health Care and Technology were the top detractors.
- The sub-advisor continues to see significant valuation dispersion in the marketplace, and the Pzena sleeve remains exposed to sectors and industries where some degree of uncertainty has created opportunity. Financials, Producer Durables and Consumer Discretionary continue to be the largest exposures in the Pzena sleeve. The sub-advisor continues to see limited opportunities in REITs and Utilities.

#### WEDGE Capital Management, LLC

- All the quarterly outperformance was generated through positive security selection.
- The WEDGE sleeve's Energy sector securities, having been a drag on relative performance over the past two quarters, rallied significantly. The sector was one of the largest contributors to outperformance.
- While the dominance of growth securities lessened in comparison to value securities for the period, the WEDGE sleeve's relative performance benefited from positive contributions from Technology sector holdings.
- The only significant negative security selection resulted from one Consumer Discretionary position in the Health Care sector and one position in the Basic Materials sector.

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Investing in **medium-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 may participate 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 Fund was waived from 2007 through 2013 and fully recovered in 2014. Performance prior to waiving fees was lower than actual returns shown from 2007 through 2013. Specific information about any Fund may be found at [americanbeaconfunds.com](http://americanbeaconfunds.com) or in the prospectus.

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