

# American Beacon

## Mid-Cap Value Fund

Quarterly Sub-Advisor Contributions to Fund Performance as of December 31, 2019

American Beacon®  
FUNDS

Institutional Class: AACIX

Total Fund AUM: \$493.4 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>6.63</b>	<b>26.55</b>	<b>26.55</b>	<b>6.15</b>	<b>6.22</b>	<b>11.26</b>
Barrow, Hanley, Mewhinney & Strauss, LLC	33.2	4.86	29.70	29.70	6.91	6.04	11.14
Pzena Investment Management, LLC	33.4	11.87	30.51	30.51	5.71	7.71	12.61
WEDGE Capital Management, LLP	33.4	3.48	19.86	19.86	6.20	—	—
<b>Russell Midcap Value Index</b>		<b>6.36</b>	<b>27.06</b>	<b>27.06</b>	<b>8.10</b>	<b>7.62</b>	<b>12.41</b>
<b>Morningstar category: Mid-Cap Value</b>		<b>7.23</b>	<b>24.83</b>	<b>24.83</b>	<b>7.29</b>	<b>6.62</b>	<b>10.74</b>
<i>Better / (Worse) vs. Russell Midcap Value Index</i>		<i>0.27</i>	<i>(0.51)</i>	<i>(0.51)</i>	<i>(1.95)</i>	<i>(1.40)</i>	<i>(1.15)</i>
<i>Better / (Worse) vs. Morningstar category: Mid-Cap Value</i>		<i>(0.60)</i>	<i>1.72</i>	<i>1.72</i>	<i>(1.14)</i>	<i>(0.40)</i>	<i>0.52</i>

Periods more than one year have been annualized. Expense Ratio: 0.86%

<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. Please note that the recent performance of the securities market has helped produce short-term returns that are not typical and may not continue in the future. 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 Real Estate sector, security selection and an underweight allocation contributed most to performance. In the Consumer Discretionary sector, security selection and an overweight allocation also contributed to performance.
- **Detractors:** In the Industrials sector, security selection detracted most from performance, though the negative effect was mitigated by an overweight allocation. In the Financials and Energy sectors, security selection detracted from performance.

#### Pzena Investment Management, LLC

- **Market Overview:** U.S. markets continued to power ahead on stable economic news and some hope that the administration will conclude its trade war with China. While growth continued to outperform value, the sleeve outperformed in the quarter as cyclical and economically sensitive names did well while the perceived safe havens of low volatility lagged the broader market.
- **Contributors:** In the Industrials, Financials and Energy sectors, security selection made the largest contributions to performance both in absolute and relative terms. In the Real Estate sector, an overall underweight allocation was the leading source of relative performance.
- **Detractor:** Security selection within the Materials sector hurt relative performance.
- **Sleeve Positioning:** The sleeve remains positioned in the economically sensitive and cyclical sectors of the market where, despite the strong performance in the fourth quarter, valuations remain compelling. The perceived safe havens – the REITs, Consumer Staples and Utilities sectors – continue to look expensive and valuations spreads in the market remain wide.

#### WEDGE Capital Management, LLC

- **Contributors:** In the Capital Goods, REITs and Consumer Durables sectors, positive security selection contributed to performance. In the REITs and Utilities sectors, underweight allocations contributed to performance; they were the only negative absolute-return sectors in the benchmark.
- **Detractors:** The sleeve's quarterly relative underperformance was a result of negative security selection, especially in the Retail, Information Technology and Materials sectors. In the Information Technology sector, the sleeve's underweight allocation, most notably in IT Hardware, detracted as the market continued to reward the sector with a doubling of the return of the Russell Midcap Value Index.

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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.

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 was waived from 2005 through 2013 and fully recovered in 2014. Performance prior to waiving fees was lower than actual returns shown from 2005 through 2013. Specific information about any Fund may be found at [americanbeaconfunds.com](http://americanbeaconfunds.com) or in the prospectus.

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