

A Total Return Approach With a Focus on Quality



American Beacon The London Company Income Equity Fund

Investing like a business owner with a focus on downside protection can help clients stay invested through periods of market volatility. For those seeking dividend income and long-term capital appreciation in this manner, we offer the **American Beacon The London Company Income Equity Fund**.

Investment Approach

The London Company takes a long-term approach and believes that markets are much less efficient at assessing risk than reward. This leads to an investment process focused on protecting client assets in down markets. By losing less in down markets, the Fund can potentially deliver meaningful excess returns, with lower levels of volatility, and compelling risk-adjusted performance over full market cycles.

— Seek sustainably high return-on-capital businesses over full market cycles

The investment team identifies companies with durable competitive advantages and the potential to generate high and improving returns on capital over time. The investment team evaluates the drivers of high returns and the sustainability of those returns. Companies delivering higher returns on capital are generally more predictable and the investment team believes that these companies may consistently generate free cash flow with less economic sensitivity. Issues are selected with long-term commitments, which may contribute to the Fund's growth over time through capital appreciation and dividend income. The Fund, which is not managed against traditional market benchmarks, seeks alpha through diversification and helps mitigate interest-rate risk by investing broadly across global fixed-income markets.

— Reduce speculation by seeking quality

Once the investment team is comfortable with a company's ability to generate consistent cash flow, they determine intrinsic value using a proprietary balance sheet optimization model. The subsequent result may yield a portfolio of high-quality businesses, with sustainable competitive advantages and balance sheet flexibility, trading at reasonable valuations. The investment team believes these factors are key drivers of downside protection. The Fund aims to maximize risk-adjusted returns, meaning that certain securities may be acquired on a "buy-and-hold" basis while others may be traded opportunistically.

— Construct a high-conviction portfolio

The investment team constructs the Fund by identifying businesses with proven shareholder-oriented management. The Fund, which is a fully diversified, high-conviction portfolio, typically holds 25 to 35 of the most attractive investment opportunities. In addition to holding common stocks, the Fund also has the flexibility to hold other yield-enhancing securities such as preferred stocks and real estate investment trusts. Income-oriented investments allow the investment team to pursue common stocks with compelling total-return opportunities while trying to not endanger the Fund's dividend-based return prospects.

INVESTMENT MANAGER

American Beacon Advisors, Inc.

SUB-ADVISOR

The London Company of
Virginia, LLC

FUND SYMBOLS

R5 Class: ABCIX
Investor Class: ABCVX
Y Class: ABCYX
A Class: ABCAX
C Class: ABECX
R6 Class: ABCRX

WHY AMERICAN BEACON

- Experienced manager-of-managers.
- Access to highly regarded sub-advisors in each asset class.
- Rigorous selection and monitoring process.

To learn more about the American Beacon The London Company Income Equity Fund, call **800.679.7759** today.

Investment Process

Active management drives the investment process through idea sourcing and fundamental research.

Step 1: Fundamental Analysis

- Systematic screen
- Balance sheet optimization
- Private market value
- Management actions and governance

Step 2: Portfolio Construction

- Team-based decision-making process
- Avoid over-diversification
- High-conviction position weights
- Sector and position size risk controls

Step 3: Sell Discipline

- Management misallocation of capital
- Fundamental deterioration
- More attractive candidates
- Significant insider selling
- Soft stop-loss

A History of Delivering Results

The London Company – founded in 1994 by Stephen M. Goddard as the dedicated equity advisor to First Colony Corporation, a publicly traded insurance company – provides portfolio management services to institutional and individual investors. The majority employee-owned firm is headquartered in Richmond, Virginia, and is dedicated to pursuing superior, consistent returns with lower downside risk. The Fund's portfolio managers have more than three decades of experience managing a focused, conservative investment process. It's a singular investment process that has produced consistent results.

Alpha: A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a fund and compares its risk-adjusted performance to a benchmark index. The excess return of the fund relative to the return of the benchmark is a fund's alpha.

Diversification: Diversification does not assure a profit nor protect against loss.

Interest rate risk: Interest rate risk is the risk that debt securities will decrease in value with increases in market interest rates.

Intrinsic Value: Is an estimation of a company's actual value, irrespective of the stock price of the company.

Valuation: The process of determining the value of an asset or company. Stock analysts determine the value of a company based on current and future earnings, the market value of the company's assets and the balance sheet. A company with a high price-to-earnings ratio is said to have a high valuation or be highly valued. Bond analysts determine the value of a bond based on projections of future interest rates, and they use their valuation to determine whether a bond should be bought or sold at its current price.

Volatility: A statistical measure of risk. Volatility can either be measured by using the standard deviation or variance between returns from that same security or market index. Commonly, the higher the volatility, the riskier the security.

Investing in **medium-capitalization stocks** may involve greater volatility and lower liquidity than larger company stocks. Investing in **dividend-paying stocks** may result in less

earnings growth or capital appreciation than investing in non-dividend paying stocks. Because the Fund may invest in **fewer issuers** than a more diversified portfolio, the fluctuating value of a single holding may have a greater effect on the value of the Fund. To the extent the Fund invests more heavily in particular sectors, its performance will be sensitive to factors affecting those sectors. **Information Technology sector** companies may face intense competition and rapid product obsolescence, have limited product lines, markets, financial resources or personnel, and lose patent, copyright and trademark protections. 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 the possible loss of principal.

American Beacon is a registered service mark of American Beacon Advisors, Inc. American Beacon Funds and American Beacon The London Company Income Equity Fund are service marks of American Beacon Advisors, Inc.

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. The prospectus and summary prospectus should be read carefully before investing.