

American Beacon

# Ionic Inflation Protection ETF (CPII)

Data as of December 31, 2025

## Inflation Protection in a Strategic Asset Allocation

Inflation fuels market volatility by creating interest rate uncertainty, weakening earnings, and depressing bond values – *shaking investors confidence and driving financial instability.*

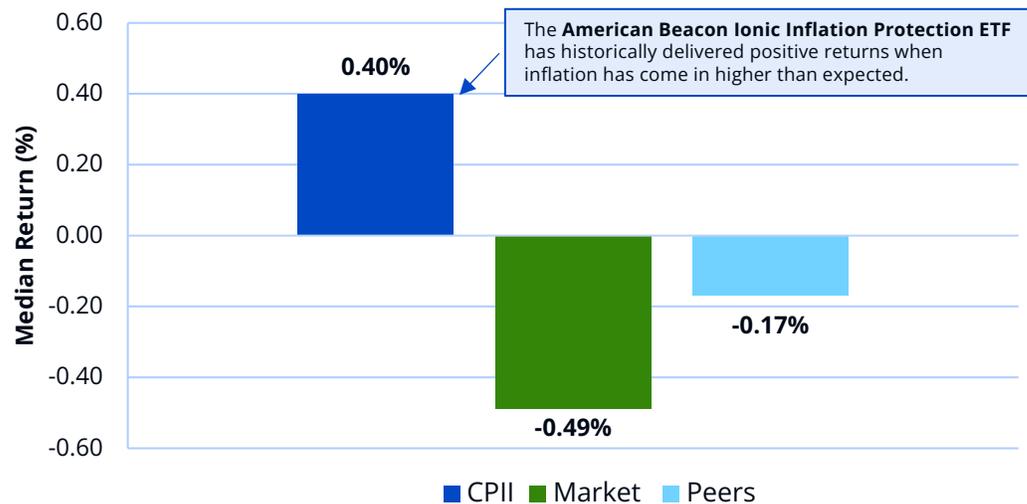
## Pure Play Inflation Protection

Rising inflation often hurts fixed-income portfolios through higher interest rates and duration risk. An inflation protection strategy may help improve efficiency and maintain purchasing power.

## Many Inflation Protection Strategies Fall Short

Market reactions to CPI surprises can be volatile, with core bonds and most “Inflation protection” funds declining when inflation exceeds expectations.

Median Daily Return Core CPI Surprise Days (July 2022 to December 2025)



Sources: FactSet, Morningstar.

Note: The “Market” is represented by the Bloomberg U.S. Aggregate Bond Index and “Peers” represent the Morningstar Inflation-Protection Bond Category.

**OVERALL  
MORNINGSTAR RATING™**  
as of December 31, 2025



**ETF shares among 138 Inflation-Protected Bond funds**

Morningstar ratings may vary among share classes and are based on 3-, 5- and 10-year (when applicable) risk-adjusted total returns, which are not indicative of future results.

## FUND PERFORMANCE

Total Return (%)

	NAV	Market Price
QTR	-0.79	-0.69
YTD	2.23	2.77
1 YR	2.23	2.77
3 YR	3.56	3.53
5 YR	—	—
Since Incept.	3.34	3.39

Inception Date: 6/28/22. Expense ratio: 0.70%.

## SEC 30-DAY YIELD (%)

as of December 31, 2025

	Actual
Distribution Frequency	Monthly

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 833.471.3562.

## An Alternative Income Solution to Fight Inflation

### Portfolio Overview

### Scenario Analysis

<b>Zero Coupon 5-Year Inflation Swaps</b>	<ul style="list-style-type: none"> <li>• Receive payments based on U.S. CPI inflation while paying a fixed rate</li> <li>• Strives to make money when inflation exceeds expectations</li> <li>• Think of it as <b>a call option on inflation</b></li> </ul>	<b>Inflation Expectations Increase</b>	<b>Inflation Expectations Decrease</b>	<b>Expected Carry</b>
		+	-	+
<b>2-Year Payer Swaptions on 5-Year U.S. Rates</b>	<ul style="list-style-type: none"> <li>• Payer swaptions let you pay a fixed rate on interest rate swaps</li> <li>• Can profit when interest rates rise.</li> <li>• Think of it as <b>floating rate</b></li> </ul>	<b>Interest Rates Increase</b>	<b>Interest Rates Decrease</b>	<b>Expected Carry</b>
		+	-	-
<b>Treasury Inflation-Protected Securities (TIPS)</b>	<ul style="list-style-type: none"> <li>• TIPS are U.S. government bonds that adjust for inflation, guaranteeing the higher of the inflation-adjusted value or the original principal at maturity</li> <li>• Intended to preserve purchasing power based on actual inflation</li> <li>• Think of it as <b>short-term bond exposure</b></li> </ul>	<b>Bond Prices Increase</b>	<b>Bond Prices Decrease</b>	<b>Expected Carry</b>
		+	-	+

Source: Ionic Capital Management LLC.

+ Indicates the potential for a positive return of the designated instrument; - Indicates a negative return of the designated instrument. Expected Carry – for the: (i) swaps, assumes realized inflation remains above the fixed leg of the swaps; (ii) swaptions, represents the decrease in value solely through the passage of time; and (iii) TIPS, assumes CPI plus real rates remains greater than zero.

This strategy seeks to safeguard returns by aligning them with inflation through zero-coupon swaps and TIPS, while payer swaptions hedge against rising interest rates. Together, these instruments provide inflation-linked gains, rate protection and stable income, offering a more resilient alternative to nominal bonds.

## Ionic Capital Management

Ionic Capital Management was founded in 2006 by Bart Baum and Daniel Stone, both of whom have extensive experience in volatility, credit and arbitrage strategies. The firm was established to leverage expertise in relative value arbitrage and derivative-based strategies across global asset classes. Their approach combines quantitative research, macroeconomic analysis and risk management, making them a leader in derivatives and volatility-focused investment strategies.

- Assets Under Management: \$7.8 billion\*
- Location: New York
- Employees: 34\* (including 15 investment professionals)

\*Data as of December 31, 2025 and assets are inclusive of notionally funded mandates.

## Is a Traditional 60/40 Portfolio Prepared?

During past inflation shocks, bond yields typically rose as investors demanded higher returns, while stock valuations declined due to higher interest rates and economic uncertainty.

### Dynamics of Stocks and Bonds During Inflation Shocks

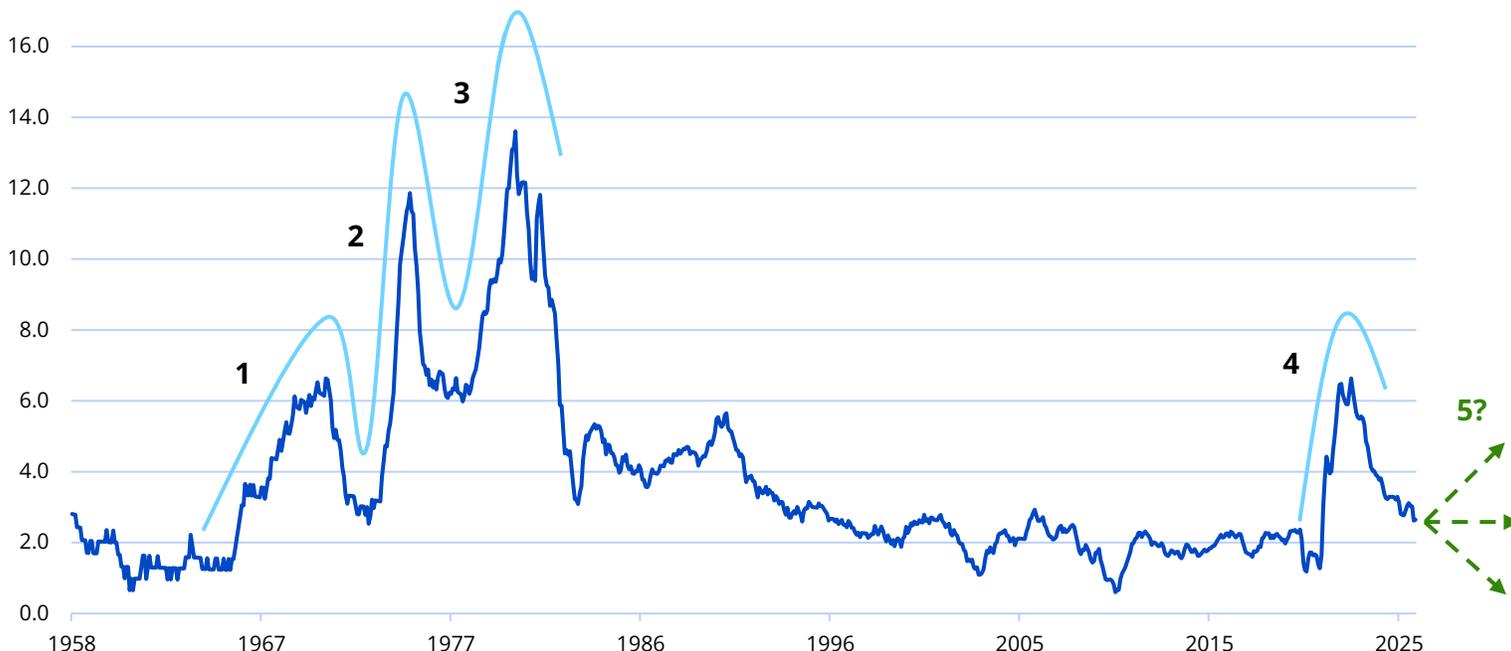
Bonds						Stocks		
Period	Dates	Cumulative CPI % Change	10-Yr Treasury Starting Yield	10-Yr Treasury Ending Yield	% Change In Yield	Starting Multiple	Ending Multiple	% Change In Multiple
1	1/66 – 11/70	27.7%	4.69%	6.49%	38%	23.7	15.9	-32.9%
2	1/73 – 2/75	17.5%	6.54%	7.46%	14%	17.9	10.2	-43.0%
3	10/77 – 6/80	30.7%	7.62%	10.09%	32%	9.8	8.9	-9.2%
4	6/20 – 9/22	11.6%	0.65%	3.80%	480%	29.6	27.1	-8.5%

Sources: FactSet, shillerdata.com.  
 Note: Equity multiples are represented by the Shiller P/E Ratio.

## Inflation has Historically Come in Waves

With inflation proving more persistent than expected and historically occurring in waves, reassessing portfolio resilience is crucial. Now is the time to explore strategies that can better withstand inflationary pressures moving forward.

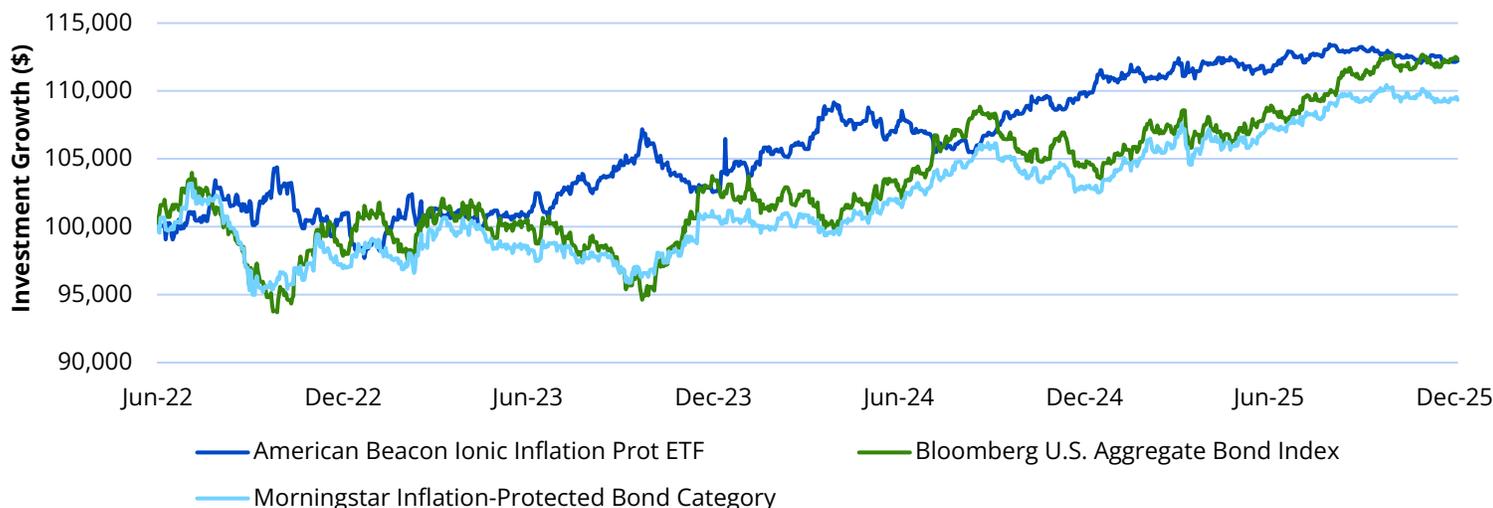
### Core CPI (Year-Over-Year) (January 1958 – December 2025)



Source: FactSet.

## A Diversified Alternative to Traditional Fixed Income

Growth of \$100k (from June 29, 2022 to December 31, 2025)



### MPT Statistics

(Since Common Inception: 6/28/22)

	Return	Standard Deviation	Correlation to Bonds	Correlation to Stocks
<b>American Beacon Ionic Inflation Protection ETF (NAV)</b>	<b>3.33</b>	<b>5.80</b>	<b>-0.43</b>	<b>0.03</b>
Bloomberg U.S. Aggregate Bond Index	3.37	7.38	1.00	0.18
Morningstar Inflation-Protected Bond category	2.57	6.34	0.86	0.24

Source: Morningstar. Data as of December 31, 2025.

**All investing involves risk, including possible loss of principal.** The Fund is **actively managed**, and there can be no assurances that its investment objectives will be met. **Derivative instruments**, including swaps and swaptions, may be highly sensitive to market factors, have less liquidity than other investments and involve the potential for losses to exceed the amount invested. The use of **fixed-income securities and derivatives** entails interest rate and credit risks. **Interest rate risk** is the risk that investments will decrease in value with increases in market interest rates. **Credit risk** is the risk that an issuer will fail to make timely payment of interest or principal. **U.S. Treasury securities** are guaranteed only as to the timely payment of interest and principal when held to maturity. The market prices for such securities are not guaranteed and will fluctuate. In **deflationary periods**, the Fund may suffer a loss. The Fund may **have high portfolio turnover risk**, which could increase the Fund's transaction costs and possibly have a negative impact on performance. 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. Please see the prospectus for a complete discussion of the Fund's risks.

The Fund is new and has a limited operating history. To see Fund performance, once available, please visit [www.americanbeaconfunds.com](http://www.americanbeaconfunds.com).

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For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in

each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within the scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating metrics. In the U.S.-domiciled Inflation-Protected Bond category, the American Beacon Ionic Inflation Protection ETF was rated 2 stars out of 138 funds overall. The Fund was rated 2 stars out of 138 funds for the three-year period. Past performance is no guarantee of future results.

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