

# American Beacon

## SSI Alternative Income Fund

Portfolio Information as of December 31, 2021

American Beacon®  
FUNDS

### INVESTMENT OBJECTIVE

The Fund's investment objectives are to seek income and, secondarily, absolute returns.

### A DEFENSIVE COMPLEMENT TO A FIXED-INCOME ALLOCATION

SSI Investment Management, a boutique, institutional asset management firm founded in 1973, seeks to add value by delivering competitive, risk-adjusted returns for its clients while focusing on safety, consistency and preservation of capital. SSI offers investment solutions using a mix of convertible and equity strategies that may appeal to investors seeking growth while limiting downside risk, especially during volatile and rapidly changing market conditions. The firm applies quantitative disciplines and fundamental research in its management of alternative and traditional portfolios for institutional and high net worth investors.

**Firm inception:** 1973

**Portfolio managers:**

- George M. Douglas; industry since 1977
- Alexander W. Volz; industry since 1996
- Dagney Maseda; industry since 2001

### INCOME AND RISK-MANAGED CAPITAL APPRECIATION

Multiple sources of return:

- Interest or dividend income on long, convertible positions (either bond or preferred)
- Interest income on short positions
- Alpha generated by sub-advisor's skill in identifying mispricing and arbitrage opportunities in capital markets
- Monetizing volatility by hedging the embedded option in the convertible bond

### INVESTMENT STRATEGY

- **Market-Neutral:** An absolute-return strategy designed to capture returns from security selection rather than broad market moves
- **Risk Management:** Mitigating risk without the use of leverage through position sizing and hedge ratios
- **Low Interest-Rate Sensitivity:** The relatively short duration of convertibles, combined with a short equity position, limits the effect of interest-rate moves

**TOTAL FUND ASSETS** **\$150.1 million**

### SUB-ADVISOR (%)

SSI Investment Management LLC 100.0

### MORNINGSTAR RATING

As of April 30, 2021, Morningstar assigned the Fund to a new category, Relative Value Arbitrage. Due to its small peer set, this category is not assigned a star rating by Morningstar.

CLASS	SYMBOL
R5	SSIJX
Investor	PSCAX
Y Shares	PSCIX

SEC 30-Day YIELD (%)	Unsubsidized
R5	0.70
Investor	0.34
Y	0.67

### Distribution Frequency

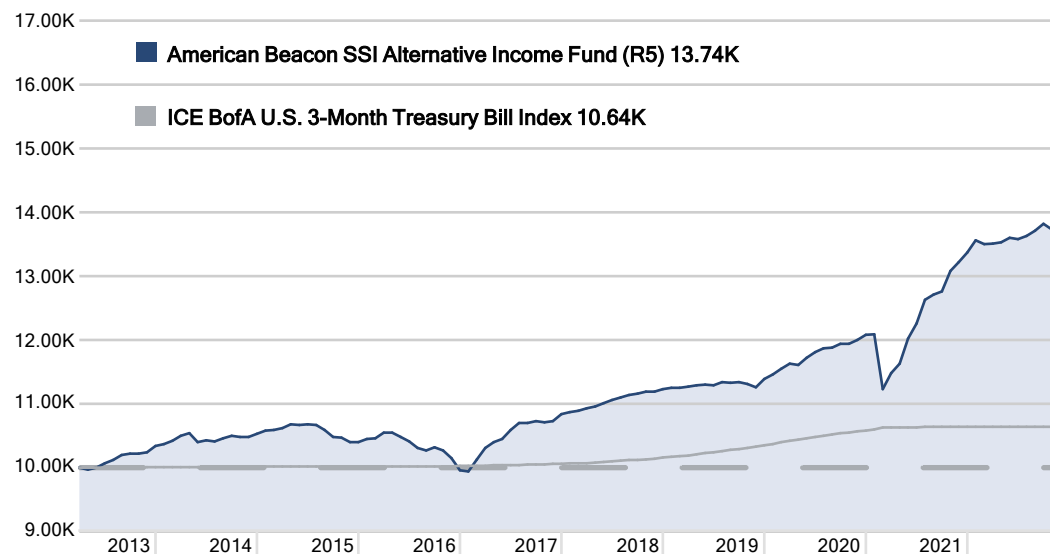
Semi-Annual

The SEC 30-day yield is shown with and without (Unsubsidized) the effect of any waivers/reimbursements during the period.

EXPENSE RATIOS (%)	Gross	Net <sup>1</sup>
R5	1.95	1.91
Investor	2.34	2.22
Y	2.02	1.98

<sup>1</sup>American Beacon Advisors has contractually agreed to waive fees and/or reimburse expenses of the Fund's R5 Class, Investor Class and Y Class shares, as applicable, through October 31, 2022 to the extent that Total Annual Fund Operating Expenses exceed **1.49% for the R5 Class, 1.81% for the Investor Class and 1.56% for the Y Class** (excluding taxes, interest, brokerage commissions, acquired fund fees and expenses, securities lending fees, expenses associated with securities sold short, litigation, and other extraordinary expenses). See the prospectus for additional details.

### GROWTH OF \$10,000 (May 25, 2012 – December 31, 2021)



This chart is for illustrative purposes only. Please note that the minimum contribution for the R5 Class is \$250,000.

### TOTAL RETURNS (%) (as of 12/31/2021)

Share Class (Inception)	Prior Class (Inception)	NAV	QTR	YTD	1 YR	3 YR*	5 YR*	Since Incept.*
R5 (5/17/19)	Y (5/25/12)	9.98	0.39	4.04	4.04	6.96	5.13	3.39
Investor (5/25/12)		9.99	0.22	3.64	3.64	6.61	4.80	3.12
Y (5/25/12)		9.97	0.25	3.93	3.93	6.87	5.08	3.36
ICE BofA U.S. 3-Month Treasury Bill Index			0.01	0.05	0.05	0.99	1.14	0.65

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.

Net asset value (NAV) is the value of one share of the portfolio excluding any sales charges.

\*Annualized. See the performance notes on the next page for more information.

TOP 10 INDUSTRY WEIGHTINGS (%)	FUND	ASSET ALLOCATION (%)	FUND	TOP 10 HOLDINGS (%)	FUND
Real Estate Investment Trusts	20.0	Convertible Bond	66.1	PennyMac Corp., 5.500%, Due 11/1/24	2.3
Software	13.7	Equity	-21.9	MFA Financial, Inc., 6.250%, Due 6/15/24	2.3
Diversified Financial Services	7.0	Equity Option	-0.1	Apollo Commercial Real Estate Finance, Inc., 5.375%, Due 10/15/23	1.9
Biotechnology	6.9	Preferred Stock	9.2	Granite Point Mortgage Trust, Inc., 5.625%, Due 12/1/22	1.7
Internet	6.3	Cash Associated with Shorts	23.1	Vocera Communications, Inc., 0.500%, Due 9/15/26	1.6
Commercial Services	4.6	Cash	23.6	MGIC Investment Corp., 9.000%, Due 4/1/63	1.5
Computers	3.7			Fluor Corp., 6.500%	1.4
Leisure Time	3.0			Magnite, Inc., 0.250%, Due 3/15/26	1.3
Energy-Alternate Sources	3.0			Centennial Resource Production LLC, 3.250%, Due 4/1/28	1.2
Pharmaceuticals	2.4			New York Community Capital Trust, 6.000%, Due 11/1/51	1.2
Includes long convertible bond and preferred stock holdings only. Excludes equity short positions and cash.				<b>Total Fund Holdings</b>	<b>138</b>
MATURITY DISTRIBUTION (%)	FUND	COUNTRY WEIGHTINGS (%)	FUND	Includes long positions only.	
0 to 1 Year	4.4	United States	96.9		
1 to 3 Years	24.4	Ireland	1.2		
3 to 5 Years	45.5	Sweden	0.9		
5 to 7 Years	14.3	Norway	0.6		
15+ Years	11.4	United Kingdom	0.5		
Includes long convertible bond and preferred stock holdings only. Excludes equity short positions and cash.		Includes long convertible bond and preferred stock holdings only. Excludes equity short positions and cash.			
CURRENCY WEIGHTINGS (%)	FUND	PORTFOLIO STATISTICS	FUND		
U.S. dollar	100.0	Average Hedge Ratio	44%		
		Average Conversion Premium	55%		
		Median Issue Size	\$350MM		
		Average Bond Quality	B+		
		Avg % Below Theoretical (Fair) Value	1.1%		
		Source: SSI Investment Management LLC			

The use of **fixed-income securities, including convertible securities**, entails interest rate and credit risks. In addition, the value of a **convertible security** could fluctuate based on the value of the underlying stock. Investing in **derivative instruments** involves liquidity, credit, interest rate and market risks. **Short sales** involve special risks, including greater reliance on the sub-advisor's ability to accurately anticipate the future value of a security or instrument; the Fund's losses are potentially unlimited in a short sale. Investing in **foreign and emerging market securities** may involve heightened risk due to currency fluctuations and economic and political risks. Investing in **small- or medium-capitalization stocks** may involve greater volatility and lower liquidity than larger company stocks. 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.

For any Class of the Fund that began operating within the 10-year/since inception period shown, the performance shown prior to the inception date of the Class is that of a class (or series of classes) previously in operation. The combined returns have not been adjusted for any difference between the fees and expenses of the Class and the historical fees and expenses of the included previous class (or classes). If the previous class(es) had lower expenses, the resulting performance would be better than the Class would have realized during the same period. If the previous class(es) had higher expenses, the resulting performance would be lower than the Class would have realized during the same period. A portion of fees charged to the R5 Class has been waived since Fund inception. Performance prior to waiving fees was lower than actual returns shown since inception. A portion of fees charged to the Investor Class was waived from Fund inception to 2014; recovered in 2015; and waived in 2016, 2019 and 2020. Performance prior to waiving fees was lower than actual returns shown for Fund inception to 2014 and for 2016, 2019 and 2020. A portion of fees charged to the Y Class was waived from Fund inception to 2014; recovered in 2015; and waived in 2016, 2019 and 2020. Performance prior to waiving fees was lower than actual returns shown for Fund inception to 2014 and for 2016, 2019 and 2020. Specific information about any Fund may be found at [americanbeaconfunds.com](http://americanbeaconfunds.com) or in the prospectus.

The ICE BofA U.S. 3-Month Treasury Bill Index is designed to measure the total return on cash, including price and interest income, based on short-term government Treasury bills of about 90-day maturity.

S&P credit ratings for long-term obligations (or issuers thereof) are AAA, AA, A, BBB, BB, B, CCC, CC, C and D in decreasing order. For example, obligations rated AAA are judged to be of the highest quality, BBB to be of medium grade, CCC are judged to be speculative and obligations rated D are in default. Obligations rated in one of the four highest categories are considered to be investment grade while all other ratings are considered non-investment grade.

The Growth of \$10,000 graph shows a fund's performance based on how \$10,000 invested in the fund would have grown over time with dividends reinvested.

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*Securities of the Fund may only be sold by offering the Fund's prospectus and summary prospectus. 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, please contact your financial advisor, call 800.967.9009 or visit [americanbeaconfunds.com](http://americanbeaconfunds.com). The prospectus and summary prospectus should be read carefully before investing.*

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