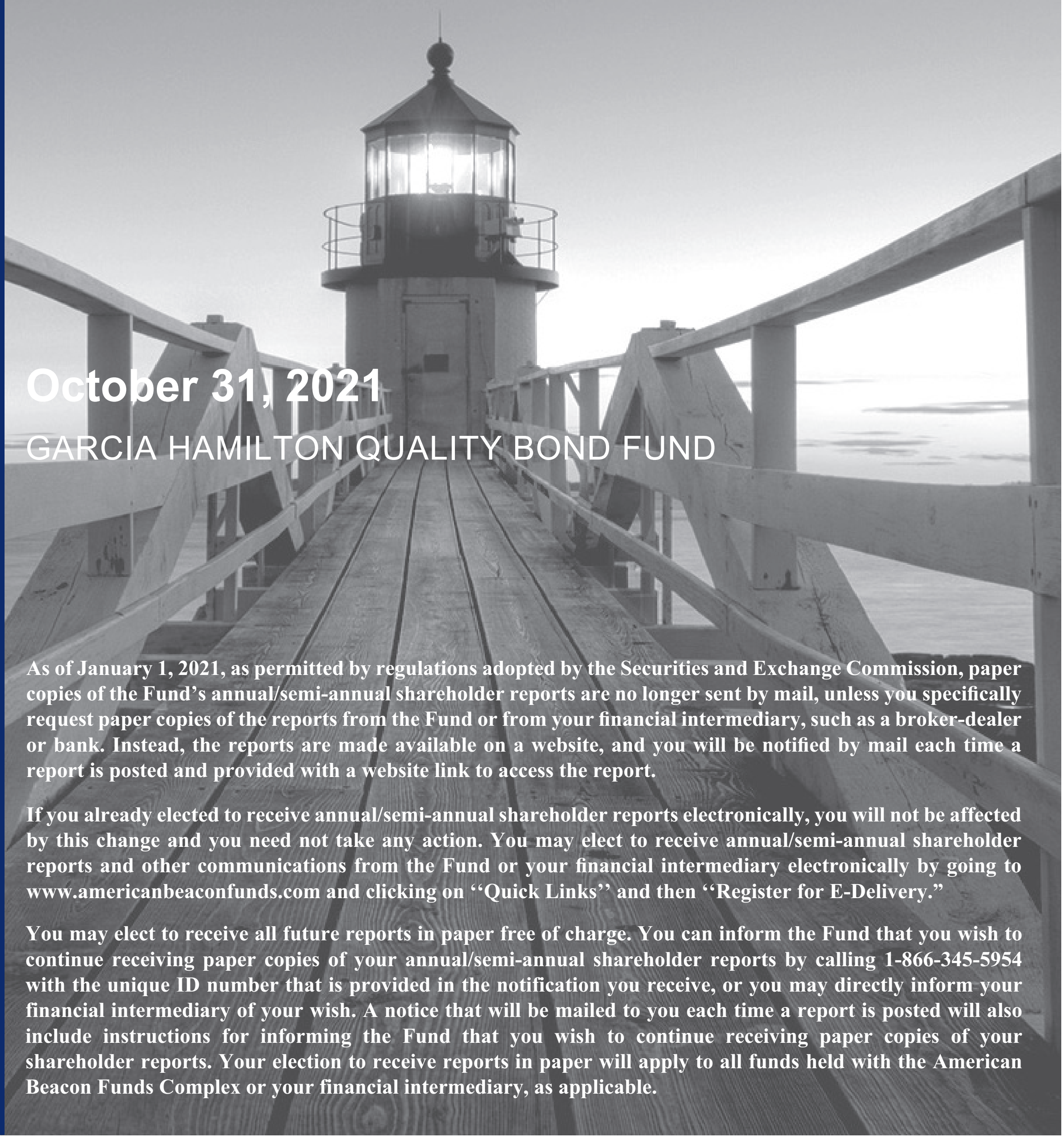
American Beacon® FUNDS

2021 ANNUAL REPORT



October 31, 2021

GARCIA HAMILTON QUALITY BOND FUND

As of January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's annual/semi-annual shareholder reports are no longer sent by mail, unless you specifically request paper copies of the reports from the Fund or from your financial intermediary, such as a broker-dealer or bank. Instead, the reports are made available on a website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already elected to receive annual/semi-annual shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive annual/semi-annual shareholder reports and other communications from the Fund or your financial intermediary electronically by going to www.americanbeaconfunds.com and clicking on ''Quick Links'' and then ''Register for E-Delivery.''

You may elect to receive all future reports in paper free of charge. You can inform the Fund that you wish to continue receiving paper copies of your annual/semi-annual shareholder reports by calling 1-866-345-5954 with the unique ID number that is provided in the notification you receive, or you may directly inform your financial intermediary of your wish. A notice that will be mailed to you each time a report is posted will also include instructions for informing the Fund that you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held with the American Beacon Funds Complex or your financial intermediary, as applicable.

About American Beacon Advisors

Since 1986, American Beacon Advisors, Inc. has offered a variety of products and investment advisory services to numerous institutional and retail clients, including a variety of mutual funds, corporate cash management, and separate account management.

Our clients include defined benefit plans, defined contribution plans, foundations, endowments, corporations, financial planners, and other institutional investors. With American Beacon Advisors, you can put the experience of a multi-billion dollar asset management firm to work for your company.

GARCIA HAMILTON QUALITY BOND FUND RISKS

The use of **fixed-income securities** entails interest rate and credit risks. **Credit risk** is the risk that the issuer of a bond will fail to make timely payment of interest or principal; and the decline in an issuer's credit rating can cause the price of its bonds to go down. The Fund's incorporation of environmental, social and/or governance (**ESG**) considerations in its investment strategy may cause it to underperform funds that do not incorporate these considerations. 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.

Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes and should not be relied on as investment advice.

Any opinions herein, including forecasts, reflect our judgment as of the end of the reporting period and are subject to change. Each advisor's strategies and the Fund's portfolio composition will change depending on economic and market conditions. This report is not a complete analysis of market conditions and therefore, should not be relied upon as investment advice. Although economic and market information has been compiled from reliable sources, American Beacon Advisors, Inc. makes no representation as to the completeness or accuracy of the statements contained herein.

Contents

President's Message

Dear Shareholders,

As Warren E. Buffett, the "Oracle of Omaha" and billionaire chairman and CEO of Berkshire Hathaway, once said, "Someone's sitting in the shade today because someone planted a tree a long time ago."

That is to say, before we can enjoy the fruits of our labor, we must first devote our attention to the careful planning and cultivation of our estates. To achieve a strong yield requires time, diligence and patience – and there are no guarantees the seeds we plant today will thrive or result in a plentiful harvest. This can be said not only about the actions we undertake in our gardening or landscaping, but also those we initiate in our investment portfolios – especially as we take into account the potential for harm caused by natural disasters and other catastrophes, such as the COVID-19 pandemic.

Because none of us – not even the Oracle of Omaha – has a crystal ball, to help give your investment portfolio the greatest chance for success over the long term, we encourage you to work with financial professionals to develop your personal savings plan, conduct annual plan reviews, and make thoughtful, purposeful plan adjustments to help manage your evolving financial needs and goals. By investing in different investment styles and asset classes, you may be able to help mitigate financial risks across your portfolio. By allocating your portfolio according to your risk-tolerance level, you may be better positioned to withstand short-term crises. With continuous nurturing, you will be better positioned to achieve enduring financial success.

Since 1986, American Beacon has endeavored to provide investors with a disciplined approach to realizing long-term financial goals. As a manager of managers, we strive to provide investment products that may enable investors to participate during market upswings while potentially insulating against market downswings. The investment teams behind our mutual funds seek to produce consistent, long-term results rather than focus only on short-term movements in the markets. In managing our investment products, we emphasize identifying opportunities that offer the potential for long-term financial rewards.

Thank you for entrusting your financial success with American Beacon. For additional information about our investment products or to access your account information, please visit our website at www.americanbeaconfunds.com.

Best Regards,

Gene L. Needles, Jr.
President
American Beacon Funds

Domestic Bond Market Overview

October 31, 2021 (Unaudited)

In the U.S. fixed-income markets, the investment-grade Bloomberg U.S. Aggregate Bond Index (the "Index") declined, returning -0.48% for the 12-month period ended October 31, 2021. Within the Index, the credit component returned 1.90%, agency-backed mortgages returned -0.58% and U.S. Treasuries returned -2.45%. Returns in the credit sectors outperformed during the period as spreads continued to narrow following the economic recovery. Treasury yields were higher by period end, causing negative total returns, as investors began to see through the pandemic to more normalized interest rate levels.

Lower quality outperformed with triple-B-rated corporate bonds returning 3.52%, single-A up 0.59% and double-A up 1.22%, according to the Index. The highest-returning sectors included: Energy, up 7.92%; Transportation, up 3.61%; and Capital Goods, up 3.26%. The lowest-returning sectors included: Technology, up 0.45%; Financials, up 1.38%; and Utilities, up 1.40%.

Economic news throughout the year was mostly positive, despite periodic disruptions due to the COVID-19 pandemic. In late 2020, the earlier-than-expected arrival of vaccines led to business reopenings and expectations for strong economic growth. By late 2021, consumer spending was solid, driven primarily by spending on housing and retail sales. The labor market steadily added new jobs, and generous unemployment benefits aided those temporarily out of work.

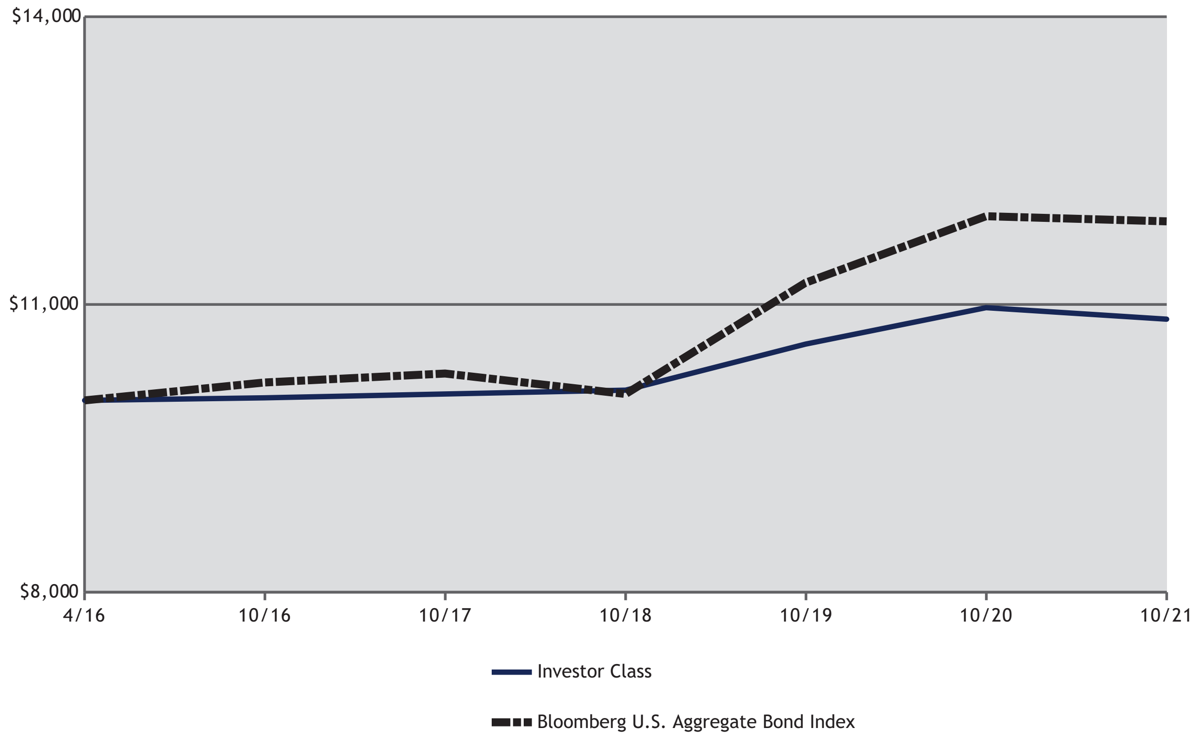
Following the rebounding economy, inflation also picked up during the period, reflecting supply chain disruptions and pent-up consumer demand. While inflation concerns mounted, the Federal Reserve viewed the price increases as transitory and argued that slack in the labor market, low manufacturing capacity utilization rates and an economy still running below potential would keep inflation muted. The 10-year U.S. Treasury yield ended the period at 1.60% (up from 0.9% at the beginning of the period), suggesting that investors were not particularly worried about long-term inflation either.

With regard to monetary policy, the Federal Reserve maintained the federal funds rate in a 0% to 0.25% range during the period and continued to purchase $80 billion in Treasuries and $40 billion in agency mortgage-backed securities each month. As Federal Open Market Committee members began to feel better about the economy, they discussed plans for tapering quantitative easing. At period end, markets were anticipating that the reduction in quantitative easing would likely begin in late 2021 and that the federal funds rate increases would arrive in late 2022 or early 2023.

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Performance Overview
October 31, 2021 (Unaudited)

The Investor Class of the American Beacon Garcia Hamilton Quality Bond Fund (the "Fund") returned -1.11% for the twelve months ended October 31, 2021. The Bloomberg U.S. Aggregate Bond Index (the "Index") returned -0.48% for the same period.

Comparison of Changes in Value of a $10,000 Investment for the period 4/4/2016 through 10/31/2021



Total Returns for the Period ended October 31, 2021

	Ticker	1 Year	3 Year	5 Year	Since Inception 4/4/2016	Value of $10,000 4/4/2016-10/31/2021
R5 Class (1,4)	GHQIX	(0.84)%	2.73%	1.96%	1.82%	$11,059
Y Class (1,4)	GHQYX	(0.81)%	2.67%	1.89%	1.74%	$11,012
Investor Class (1,4)	GHQPX	(1.11)%	2.38%	1.58%	1.46%	$10,841
R6 Class (1,3,4)	GHQRX	(0.70)%	2.77%	1.99%	1.84%	$11,071
Bloomberg U.S. Aggregate Bond Index (2)		(0.48)%	5.63%	3.10%	3.11%	$11,862

1. *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 calculated based on the published end of day net asset values as of the 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 www.americanbeaconfunds.com or call 1-800-967-9009. Fund performance in the table above does not reflect the deduction of taxes a shareholder would pay on distributions or the redemption of shares. Generally accepted accounting principles require adjustments to be made to the net assets of the Fund at period end for financial reporting purposes only; and as such, the total return based on the unadjusted net asset value per share may differ from the total return reported in the financial highlights. A portion of the fees charged to each Class of the Fund has been waived since Fund inception. Performance prior to waiving fees was lower than the actual returns shown since inception.*

2. *The Bloomberg U.S. Aggregate Bond Index is a broad-based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively, "Bloomberg"). Bloomberg or Bloomberg's licensors, own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material, or guarantee the accuracy or completeness of any information herein, or make any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, shall not have any liability or responsibility for injury or damages arising in connection therewith. One cannot directly invest in an index.*

3. *Fund performance for the three-year, five-year and since inception periods represent the returns achieved by the R5 Class from 4/4/16 through 2/28/19, the inception date of the R6 Class, and the returns of the R6 Class since its inception. Expenses of the R6 Class are lower than the R5 Class. As a result, total returns shown may be lower than they would have been had the R6 Class been in existence since 4/4/16.*

4. *The Total Annual Fund Operating Expense ratios set forth in the most recent Fund prospectus for the R5, Y, Investor, and R6 Class shares were 0.68%, 0.74%, 1.20%, and 0.64%, respectively. The expense ratios above may vary from the expense ratios presented in other sections of this report that are based on expenses incurred during the period covered by this report.*

The Fund underperformed due primarily to its underweight exposure to the corporate bond market, which posted the highest returns in the Index during the period as credit spreads continued to narrow. Slightly offsetting this was outperformance from the Fund's low duration of approximately 2.5 years, as compared to over 6 years for the Index, which helped as treasury yields rose during the period.

The Fund's underweight exposure to corporate bonds reflects its high-quality and low-volatility approach to credit investing that avoids securities with maturities over ten years and avoids triple-B rated issuers. During the period, the longest maturity and lowest quality securities in the Index significantly outperformed reflecting strong investor demand for yield in the historic-low interest rate environment. While these securities tend to outperform in strong credit markets, they typically underperform and experience reduced liquidity in volatile markets when the Fund seeks to benefit from its quality advantage.

The Fund's short duration, however, contributed to performance as markets began to prepare for the Federal Reserve Bank's tapering of quantitative easing and, ultimately, a rise in the Federal Funds rate. Increased vaccination rates and consumer spending led to an economic recovery and higher inflation which drove treasury yields higher during the period. The Fund's short duration had been a detractor from performance as interest rates declined following the initial Covid outbreak; however, investors finally began to see through the pandemic and anticipate a normalization of interest rates.

The Fund's overweight position during the period was in agency mortgage-backed securities. As with corporates, the Fund also avoids the longest maturity mortgages as they are the most volatile within their sector. Rather, the Fund invests in high-coupon, low-duration mortgages with 20-years or less to maturity. During the period, these lower-duration mortgages outperformed as they were less exposed to rising yields further out the curve. While the Fund's overweight position in mortgages outperformed treasuries, it underperformed corporates. However, near period end, the Fund's mortgage holdings began to benefit from a slowdown in prepayment activity as interest rates rose.

The primary components of the Fund's strategy are to actively manage duration, sector allocation and yield-curve exposures based on top-down views of the economy. The Fund invests in high-quality, low-volatility securities to provide the benefit of fixed-income investing when investors need it most. No derivatives, leverage, foreign currency or high-yield bonds are used in the Fund's strategy.

Top Ten Holdings (% Net Assets)	
Federal National Mortgage Association, 4.500%, Due 6/1/2039	3.5
U.S. Treasury Notes/Bonds, 2.250%, Due 4/15/2022	3.3
American Express Co., 0.742%, Due 8/1/2022, (3-mo. USD LIBOR + 0.610%)	3.2
Federal Home Loan Mortgage Corp., 3.000%, Due 2/1/2035	3.2
Morgan Stanley, 0.731%, Due 4/5/2024, (SOFR + 0.616%)	2.9
Federal National Mortgage Association, 4.000%, Due 2/1/2034	2.8
Federal National Mortgage Association, 3.000%, Due 7/1/2040	2.8
John Deere Capital Corp., 0.595%, Due 9/8/2022, (3-mo. USD LIBOR + 0.480%)	2.8
Wells Fargo & Co., 4.478%, Due 4/4/2031, (SOFR + 4.032%)	2.8
Federal Home Loan Mortgage Corp., 4.000%, Due 12/1/2034	2.6

Total Fund Holdings	44

Sector Allocation (% Investments)	
U.S. Agency Mortgage-Backed Obligations	57.3
Financial	20.4
U.S. Treasury Obligations	9.6
Industrial	5.2
Technology	3.7
Utilities	1.9
Communications	1.0
U.S. Government Agency Obligations	0.9

Fund Expense Example

As a shareholder of a Fund, you incur two types of costs: (1) transaction costs, including sales charges (loads) on purchase payments and redemption fees, if applicable, and (2) ongoing costs, including management fees, distribution (12b-1) fees, sub-transfer agent fees, and other Fund expenses. The Examples are intended to help you understand the ongoing cost (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The Examples are based on an investment of $1,000 invested at the beginning of the period in each Class and held for the entire period from May 1, 2021 through October 31, 2021.

Actual Expenses

The "Actual" lines of the tables provide information about actual account values and actual expenses. You may use the information on this page, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = $8.60), then multiply the result by the "Expenses Paid During Period" to estimate the expenses you paid on your account during this period. Shareholders of the Investor and R5 Classes that invest in the Fund through an IRA or Roth IRA may be subject to a custodial IRA fee of $15 that is typically deducted each December. If your account was subject to a custodial IRA fee during the period, your costs would have been $15 higher.

Hypothetical Example for Comparison Purposes

The "Hypothetical" lines of the tables provide information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed 5% per year rate of return before expenses (not the Fund's actual return). You may compare the ongoing costs of investing in the Fund with other funds by contrasting this 5% hypothetical example and the 5% hypothetical examples that appear in the shareholder reports of the other funds. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. Shareholders of the Investor and R5 Classes that invest in the Funds through an IRA or Roth IRA may be subject to a custodial IRA fee of $15 that is typically deducted each December. If your account was subject to a custodial IRA fee during the period, your costs would have been $15 higher.

You should also be aware that the expenses shown in the table highlight only your ongoing costs and do not reflect any transaction costs charged by the Fund, such as sales charges (loads) or redemption fees, as applicable. Similarly, the expense examples for other funds do not reflect any transaction costs charged by those funds, such as sales charges (loads), redemption fees or exchange fees. Therefore, the "Hypothetical" lines of the tables are useful in comparing ongoing costs only and will not help you determine the relative total costs of owning different funds. If you were subject to any transaction costs during the period, your costs would have been higher.

American Beacon Garcia Hamilton Quality Bond Fund

	Beginning Account Value 5/1/2021	Ending Account Value 10/31/2021	Expenses Paid During Period 5/1/2021-10/31/2021*
R5 Class			
Actual	$1,000.00	$995.30	$2.26
Hypothetical**	$1,000.00	$1,022.94	$2.29
Y Class			
Actual	$1,000.00	$996.00	$2.57
Hypothetical**	$1,000.00	$1,022.64	$2.60
Investor Class			
Actual	$1,000.00	$994.50	$4.17
Hypothetical**	$1,000.00	$1,021.02	$4.23
R6 Class			
Actual	$1,000.00	$995.50	$2.06
Hypothetical**	$1,000.00	$1,023.14	$2.09

* *Expenses are equal to the Fund's annualized expense ratios for the six-month period of 0.45%, 0.51%, 0.83%, and 0.41% for the R5, Y, Investor, and R6 Classes, respectively, multiplied by the average account value over the period, multiplied by the number derived by dividing the number of days in the most recent fiscal half-year (184) by days in the year (365) to reflect the half-year period.*

** *5% return before expenses.*

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Trustees of American Beacon Garcia Hamilton Quality Bond Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of American Beacon Garcia Hamilton Quality Bond Fund (the “Fund”) (one of the funds constituting American Beacon Funds (the “Trust”)), including the schedule of investments, as of October 31, 2021, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund (one of the funds constituting American Beacon Funds) at October 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and its financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Trust’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Trust in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Trust is not required to have, nor were we engaged to perform, an audit of the Trust’s internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of October 31, 2021, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Ernst & Young LLP

We have served as the auditor of one or more American Beacon investment companies since 1987.

Dallas, Texas
December 30, 2021

American Beacon Garcia Hamilton Quality Bond Fund℠
Schedule of Investments
October 31, 2021

	Principal Amount	Fair Value
CORPORATE OBLIGATIONS - 31.66%		
Communications - 1.02%		
Media - 1.02%		
Walt Disney Co., 7.430%, Due 10/1/2026	$ 3,037,000	$ 3,873,337
Financial - 20.06%		
Banks - 15.81%		
Bank of America Corp., 3.974%, Due 2/7/2030, (3-mo. USD LIBOR + 1.210%)[A]	6,113,000	6,796,410
Citigroup, Inc., 3.980%, Due 3/20/2030, (3-mo. USD LIBOR + 1.338%)[A]	6,030,000	6,726,895
Goldman Sachs Group, Inc.,		
1.124%, Due 7/24/2023, (3-mo. USD LIBOR + 1.000%)[A]	7,840,000	7,878,470
4.223%, Due 5/1/2029, (3-mo. USD LIBOR + 1.301%)[A]	8,600,000	9,634,774
JPMorgan Chase & Co., 2.083%, Due 4/22/2026, (SOFR + 1.850%)[A]	7,450,000	7,599,304
Morgan Stanley, 0.731%, Due 4/5/2024, (SOFR + 0.616%)[A]	11,125,000	11,112,448
Wells Fargo & Co., 4.478%, Due 4/4/2031, (SOFR + 4.032%)[A]	9,125,000	10,554,144
		60,302,445
Diversified Financial Services - 4.25%		
American Express Co., 0.742%, Due 8/1/2022, (3-mo. USD LIBOR + 0.610%)[A]	12,120,000	12,168,939
American Express Credit Corp., 0.819%, Due 3/3/2022, (3-mo. USD LIBOR + 0.700%)[A]	4,029,000	4,035,933
		16,204,872
Total Financial		**76,507,317**
Industrial - 5.08%		
Machinery - Diversified - 2.76%		
John Deere Capital Corp., 0.595%, Due 9/8/2022, (3-mo. USD LIBOR + 0.480%)[A]	10,478,000	10,516,142
Transportation - 2.32%		
United Parcel Service, Inc., 0.581%, Due 4/1/2023, (3-mo. USD LIBOR + 0.450%)[A]	8,849,000	8,875,227
Total Industrial		**19,391,369**
Technology - 3.60%		
Computers - 2.20%		
International Business Machines Corp., 7.000%, Due 10/30/2025	6,860,000	8,380,014
Semiconductors - 1.40%		
Intel Corp., 3.400%, Due 3/25/2025	5,000,000	5,358,560
Total Technology		**13,738,574**
Utilities - 1.90%		
Electric - 1.90%		
Duke Energy Progress LLC, 0.305%, Due 2/18/2022, Series A, (3-mo. USD LIBOR + 0.180%)[A]	7,270,000	7,267,353
Total Corporate Obligations (Cost $121,092,671)		**120,777,950**
U.S. AGENCY MORTGAGE-BACKED OBLIGATIONS - 56.44%		
Federal Home Loan Mortgage Corp.,		
4.000%, Due 12/1/2034	9,287,020	9,848,192
3.000%, Due 2/1/2035	11,746,120	12,339,121
4.000%, Due 2/1/2039	6,678,028	7,189,113
4.000%, Due 4/1/2039	8,928,325	9,653,893
3.500%, Due 8/1/2039	7,758,863	8,252,921
3.500%, Due 10/1/2039	5,882,277	6,243,543
3.000%, Due 1/1/2040	5,652,417	5,922,376
3.500%, Due 8/1/2040	7,303,254	7,747,090

See accompanying notes

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Schedule of Investments
October 31, 2021

	Principal Amount	Fair Value
U.S. AGENCY MORTGAGE-BACKED OBLIGATIONS - 56.44% (continued)		
Federal National Mortgage Association,		
3.500%, Due 9/1/2033	$ 8,164,859	$ 8,670,658
4.000%, Due 2/1/2034[B]	10,133,479	10,736,308
4.000%, Due 6/1/2034[B]	9,010,902	9,601,298
3.500%, Due 5/1/2035[B]	8,757,681	9,285,388
3.500%, Due 3/1/2037	5,954,598	6,369,876
3.500%, Due 4/1/2037	4,099,382	4,380,654
3.000%, Due 10/1/2037	7,830,765	8,265,718
3.500%, Due 5/1/2038[B]	4,265,122	4,554,024
4.000%, Due 5/1/2039	5,287,138	5,697,909
4.500%, Due 6/1/2039[B]	12,355,309	13,470,223
4.000%, Due 9/1/2039	8,713,687	9,423,467
3.500%, Due 10/1/2039	7,260,903	7,680,617
3.500%, Due 11/1/2039[B]	6,180,571	6,530,164
3.500%, Due 3/1/2040[B]	4,248,022	4,499,051
3.500%, Due 4/1/2040[B]	7,528,042	7,965,913
3.000%, Due 7/1/2040[B]	10,230,434	10,669,335
3.000%, Due 8/1/2040[B]	6,756,666	7,067,577
4.000%, Due 8/1/2040[B]	6,402,801	6,886,508
4.000%, Due 6/1/2049[B]	5,904,889	6,310,708
Total U.S. Agency Mortgage-Backed Obligations (Cost $214,860,712)		**215,261,645**
U.S. GOVERNMENT AGENCY OBLIGATIONS - 0.92% (Cost $3,505,000)		
Federal Agricultural Mortgage Corp., 0.024%, Due 1/25/2022, (3-mo. USD LIBOR - 0.100%)[A]	3,505,000	**3,505,287**
SHORT-TERM INVESTMENTS - 9.51%		
U.S. Treasury Obligations - 9.51%		
U.S. Treasury Notes/Bonds,		
2.500%, Due 2/15/2022	8,750,000	8,812,204
2.375%, Due 3/15/2022	5,525,000	5,572,692
2.250%, Due 4/15/2022	12,630,000	12,752,846
1.750%, Due 6/15/2022	9,035,000	9,127,468
Total U.S. Treasury Obligations		**36,265,210**
Total Short-Term Investments (Cost $36,273,468)		**36,265,210**
TOTAL INVESTMENTS - 98.53% (Cost $375,731,851)		**375,810,092**
OTHER ASSETS, NET OF LIABILITIES - 1.47%		**5,601,222**
TOTAL NET ASSETS - 100.00%		**$ 381,411,314**

Percentages are stated as a percent of net assets.

[A] Variable, floating, or adjustable rate securities with an interest rate that changes periodically. Rates are periodically reset with rates that are based on a predetermined benchmark such as a widely followed interest rate such as T-bills, SOFR, LIBOR or PRIME plus a fixed spread. The interest rate disclosed reflects the rate in effect on October 31, 2021.
[B] Coupon rate may change based on changes of the underlying collateral or prepayments of principal. The coupon rate shown represents the rate at period end.

LIBOR - London Interbank Offered Rate.
LLC - Limited Liability Company.
PRIME - A rate, charged by banks, based on the U.S. Federal Funds rate.
SOFR - Secured Overnight Financing Rate.
USD - United States Dollar.

The Fund's investments are summarized by level based on the inputs used to determine their values. As of October 31, 2021, the investments were classified as described below:

Garcia Hamilton Quality Bond Fund	Level 1	Level 2	Level 3	Total
Assets				
Corporate Obligations	$ -	$ 120,777,950	$ -	$ 120,777,950
U.S. Agency Mortgage-Backed Obligations	-	215,261,645	-	215,261,645
U.S. Government Agency Obligations	-	3,505,287	-	3,505,287
Short-Term Investments	-	36,265,210	-	36,265,210
Total Investments in Securities - Assets	$ -	$ 375,810,092	$ -	$ 375,810,092

U.S. GAAP requires transfers between all levels to/from level 3 be disclosed. During the year ended October 31, 2021, there were no transfers into or out of Level 3.

See accompanying notes

American Beacon Garcia Hamilton Quality Bond Fund℠
Statement of Assets and Liabilities
October 31, 2021

Assets:		
Investments in unaffiliated securities, at fair value†	$	375,810,092
Cash		39,404,521
Interest receivable		1,385,127
Receivable for fund shares sold		1,528,418
Receivable for expense reimbursement (Note 2)		84,281
Prepaid expenses		17,448
Total assets		**418,229,887**
Liabilities:		
Payable for investments purchased		36,411,147
Payable for fund shares redeemed		26,199
Dividends payable		90,863
Management and sub-advisory fees payable (Note 2)		177,273
Service fees payable (Note 2)		312
Transfer agent fees payable (Note 2)		9,488
Custody and fund accounting fees payable		36,407
Professional fees payable		53,033
Trustee fees payable (Note 2)		1,944
Payable for prospectus and shareholder reports		10,053
Other liabilities		1,854
Total liabilities		**36,818,573**
Net assets	**$**	**381,411,314**
Analysis of net assets:		
Paid-in-capital	$	386,325,205
Total distributable earnings (deficits)[A]		(4,913,891)
Net assets	**$**	**381,411,314**
Shares outstanding at no par value (unlimited shares authorized):		
R5 Class		19,562,226
Y Class		2,165,066
Investor Class		100,734
R6 Class		16,886,809
Net assets:		
R5 Class	$	192,774,622
Y Class	$	21,340,613
Investor Class	$	991,788
R6 Class	$	166,304,291
Net asset value, offering and redemption price per share:		
R5 Class	$	9.85
Y Class	$	9.86
Investor Class	$	9.85
R6 Class	$	9.85
† Cost of investments in unaffiliated securities	$	375,731,851

[A] The Fund's investments in affiliated securities did not have unrealized appreciation (depreciation) at year end.

See accompanying notes

American Beacon Garcia Hamilton Quality Bond Fund℠
Statement of Operations
For the year ended October 31, 2021

Investment income:	
Interest income	$ 1,296,362
Total investment income	**1,296,362**
Expenses:	
Management and sub-advisory fees (Note 2)	2,000,160
Transfer agent fees:	
R5 Class (Note 2)	66,383
Y Class (Note 2)	20,951
Investor Class	1,237
R6 Class	4,639
Custody and fund accounting fees	63,163
Professional fees	91,972
Registration fees and expenses	61,186
Service fees (Note 2):	
Investor Class	1,645
Prospectus and shareholder report expenses	21,530
Trustee fees (Note 2)	24,340
Loan expense (Note 8)	1,779
Other expenses	44,393
Total expenses	**2,403,378**
Net fees waived and expenses (reimbursed) (Note 2)	(814,374)
Net expenses	**1,589,004**
Net investment (loss)	**(292,642)**
Realized and unrealized gain (loss) from investments:	
Net realized gain from:	
Investments in unaffiliated securities[A]	1,160,239
Change in net unrealized (depreciation) of:	
Investments in unaffiliated securities[B]	(3,726,085)
Net (loss) from investments	**(2,565,846)**
Net (decrease) in net assets resulting from operations	**$ (2,858,488)**

[A] The Fund did not recognize net realized gains (losses) from the sale of investments in affiliated securities.
[B] The Fund's investments in affiliated securities did not have a change in unrealized appreciation (depreciation) at year end.

See accompanying notes

American Beacon Garcia Hamilton Quality Bond Fund℠
Statement of Changes in Net Assets

	Year Ended October 31, 2021	Year Ended October 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	$ (292,642)	$ 5,114,914
Net realized gain from investments in unaffiliated securities	1,160,239	10,350,030
Change in net unrealized (depreciation) of investments in unaffiliated securities	(3,726,085)	(2,386,916)
Net increase (decrease) in net assets resulting from operations	**(2,858,488)**	**13,078,028**
Distributions to shareholders:		
Total retained earnings:		
R5 Class	(5,803,467)	(3,807,202)
Y Class	(627,250)	(287,618)
Investor Class	(11,855)	(72,178)
R6 Class	(5,233,037)	(2,328,652)
Net distributions to shareholders	**(11,675,609)**	**(6,495,650)**
Capital share transactions (Note 9):		
Proceeds from sales of shares	108,964,171	151,802,968
Reinvestment of dividends and distributions	10,629,729	5,321,824
Cost of shares redeemed	(57,610,072)	(309,368,514)
Net increase (decrease) in net assets from capital share transactions	**61,983,828**	**(152,243,722)**
Net increase (decrease) in net assets	**47,449,731**	**(145,661,344)**
Net assets:		
Beginning of year	333,961,583	479,622,927
End of year	**$ 381,411,314**	**$ 333,961,583**

See accompanying notes

1. Organization and Significant Accounting Policies

American Beacon Funds (the "Trust") is organized as a Massachusetts business trust. The Fund, a series within the Trust, is registered under the Investment Company Act of 1940, as amended (the "Act"), as a diversified, open-end management investment company. As of October 31, 2021, the Trust consists of twenty-eight active series, one of which is presented in this filing: American Beacon Garcia Hamilton Quality Bond Fund (the "Fund"). The remaining twenty-seven active series are reported in separate filings.

American Beacon Advisors, Inc. (the "Manager") is a Delaware corporation and a wholly-owned subsidiary of Resolute Investment Managers, Inc. ("RIM") organized in 1986 to provide business management, advisory, administrative, and asset management consulting services to the Trust and other investors. The Manager is registered as an investment advisor under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). RIM is, in turn, a wholly-owned subsidiary of Resolute Acquisition, Inc., which is a wholly-owned subsidiary of Resolute Topco, Inc., a wholly-owned subsidiary of Resolute Investment Holdings, LLC ("RIH"). RIH is owned primarily by Kelso Investment Associates VIII, L.P., KEP VI, LLC and Estancia Capital Partners L.P., investment funds affiliated with Kelso & Company, L.P. ("Kelso") or Estancia Capital Management, LLC ("Estancia"), which are private equity firms.

Recently Adopted Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, which provides optional expedients and exceptions for contracts, hedging relationships and other transactions affected by the transitioning away from the London Interbank Offered Rate ("LIBOR") and other reference rates that are expected to be discontinued. The amendments in this ASU are effective for all entities as of March 12, 2020 through December 31, 2022. At this time, management is evaluating the implications of these changes on the financial statements.

In October 2020, the U.S. Securities and Exchange Commission ("SEC") adopted new regulations governing the use of derivatives by registered investment companies. Rule 18f-4 will impose limits on the amount of derivatives the fund could enter into, eliminate the asset segregation framework currently used by funds to comply with Section 18 of the Act, and require funds whose use of derivatives is more than a limited specified exposure to establish and maintain a derivatives risk management program and appoint a derivatives risk manager. While the new rule became effective February 19, 2021, funds will not be required to fully comply with the new rule until August 19, 2022. It is not currently clear what impact, if any, the new rule will have on the availability, liquidity or performance of derivatives. When fully implemented, the new rule may require changes in how the fund will use derivatives, may adversely affect the fund's performance and may increase costs related to the fund's use of derivatives.

Class Disclosure

The Fund has multiple classes of shares designed to meet the needs of different groups of investors. The following table sets forth the differences amongst the classes:

Class	Eligible Investors	Minimum Initial Investments
R5 Class	Large institutional investors - sold directly or through intermediary channels.	$250,000
Y Class	Large institutional retirement plan investors - sold directly or through intermediary channels.	$100,000
Investor Class	All investors using intermediary organizations, such as broker-dealers or retirement plan sponsors.	$ 2,500
R6 Class	Large institutional retirement plan investors - sold through retirement plan sponsors.	None

Each class offered by the Trust has equal rights as to assets and voting privileges. Income and non-class specific expenses are allocated daily to each class based on the relative net assets. Realized and unrealized capital gains and losses of each class are allocated daily based on the relative net assets of each class of the respective Fund. Class specific expenses, where applicable, currently include service, distribution, transfer agent fees, and sub-transfer agent fees that vary amongst the classes as described more fully in Note 2.

Significant Accounting Policies

The following is a summary of significant accounting policies, consistently followed by the Fund in preparation of the financial statements. The Fund is considered an investment company and accordingly, follows the investment company accounting and reporting guidance of the FASB Accounting Standards Codification Topic 946, *Financial Services – Investment Companies,* a part of Generally Accepted Accounting Principles ("U.S. GAAP").

Security Transactions and Investment Income

Security transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date.

Dividend income, net of foreign taxes, is recorded on the ex-dividend date, except certain dividends from foreign securities which are recorded as soon as the information is available to the Fund. Interest income, net of foreign taxes, is earned from settlement date, recorded on the accrual basis, and adjusted, if necessary, for accretion of discounts and amortization of premiums. Realized gains (losses) from securities sold are determined based on specific lot identification.

Distributions to Shareholders

The Fund distributes most or all of its net earnings and realized gains, if any, each taxable year in the form of dividends from net investment income on a monthly basis and distributions of realized net capital gains and net gains or losses from foreign currency transactions on an annual basis. The Fund does not have a fixed dividend rate and does not guarantee that it will pay any distributions in any particular period. Dividends to shareholders are determined in accordance with federal income tax regulations, which may differ in amount and character from net investment income and realized gains recognized for purposes of U.S. GAAP. To the extent necessary to fully distribute capital gains, the Fund may designate earnings and profits distributed to shareholders on the redemption of shares.

Allocation of Income, Trust Expenses, Gains, and Losses

Investment income, realized and unrealized gains and losses from investments of the Fund is allocated daily to each class of shares based upon the relative proportion of net assets of each class to the total net assets of the Fund. Expenses directly charged or attributable to the Fund will be paid from the assets of the Fund. Generally, expenses of the Trust will be allocated among and charged to the assets of the Fund on a basis that the Trust's Board of Trustees (the "Board") deems fair and equitable, which may be based on the relative net assets of the Fund or nature of the services performed and relative applicability to the Fund.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimated.

Other

Under the Trust's organizational documents, its officers and trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In the normal course of business, the Trust enters into contracts that provide indemnification to the other party or parties against potential costs or liabilities. The Trust's maximum exposure under these arrangements is dependent on claims that may be made in the future and, therefore, cannot be estimated. The Trust has had no prior claims or losses pursuant to any such agreement.

2. Transactions with Affiliates

Management and Investment Sub-Advisory Agreements

The Fund and the Manager are parties to a Management Agreement that obligates the Manager to provide the Fund with investment advisory and administrative services. As compensation for performing the duties under the Management Agreement, the Manager will receive an annualized management fee based on a percentage of the Fund's average daily net assets that is calculated and accrued daily according to the following schedule:

First $5 billion	0.35%
Next $5 billion	0.325%
Next $10 billion	0.30%
Over $20 billion	0.275%

The Trust, on behalf of the Fund, and the Manager have entered into an Investment Advisory Agreement with Garcia Hamilton & Associates, L.P. (the "Sub-Advisor") pursuant to which the Fund has agreed to pay an annualized sub-advisory fee that is calculated and accrued daily based on the Fund's average daily net assets according to the following schedule:

First $1 billion	0.20%
Over $1 billion	0.15%

The Management and Sub-Advisory Fees paid by the Fund for the year ended October 31, 2021 were as follows:

	Effective Fee Rate	Amount of Fees Paid
Management Fees	0.35%	$ 1,272,684
Sub-Advisor Fees	0.20%	727,476
Total	0.55%	$ 2,000,160

Distribution Plans

The Fund has adopted a Distribution Plan (the "Plan") in accordance with Rule 12b-1 under the Act, pursuant to which no separate fees may be charged to the Fund for distribution purposes. However, the Plan authorizes the management fees received by the Manager and/or the investment advisors hired by the Manager to be used for distribution purposes. Under this Plan, the Fund does not intend to compensate the Manager or any other party, either directly or indirectly, for the distribution of Fund shares.

Service Plans

The Manager and the Trust entered into a Service Plan that obligates the Manager to oversee additional shareholder servicing of the Investor Class of the Fund. As compensation for performing the duties required under the Service Plan, the Manager receives an annualized fee up to 0.375% of the average daily net assets of the Investor Class of the Fund.

Sub-Transfer Agent Fees

The Manager has entered into agreements, which include servicing agreements, with financial intermediaries that provide recordkeeping, processing, shareholder communications and other services to customers of the intermediaries that hold positions in the R5 and Y Classes of the Fund and has agreed to compensate the intermediaries for providing these services. Intermediaries transact with the Fund primarily through the use of omnibus accounts on behalf of its customers who hold positions in the Fund. Certain services would have been provided by the Fund's transfer agent and other service providers if the shareholders' accounts were maintained directly by the Fund's transfer agent. Accordingly, the Fund, pursuant to Board approval, has agreed to reimburse the Manager for certain non-distribution shareholder services provided by financial intermediaries for the R5 and Y Classes. The reimbursement amounts (sub-transfer agent fees) paid to the Manager are subject to a fee limit of up to 0.10% of an intermediary's average net assets in the R5 and Y Classes on an annual basis. During the year ended October 31, 2021, the sub-transfer agent fees, as reflected in "Transfer agent fees" on the Statement of Operations, were as follows:

Fund	Sub-Transfer Agent Fees
Garcia Hamilton Quality Bond	$ 81,137

As of October 31, 2021, the Fund owed the Manager the following reimbursement of sub-transfer agent fees, as reflected in "Transfer agent fees payable" on the Statement of Assets and Liabilities:

Fund	Reimbursement Sub-Transfer Agent Fees
Garcia Hamilton Quality Bond	$ 7,339

Interfund Credit Facility

Pursuant to an exemptive order issued by the SEC, the Fund, along with other registered investment companies having management contracts with the Manager, may participate in a credit facility whereby each fund, under certain conditions, is permitted to lend money directly to and borrow directly from other participating funds for temporary purposes. The interfund credit facility is advantageous to the funds because it provides added liquidity and eliminates the need to maintain higher cash balances to meet redemptions. This situation could arise when shareholder redemptions exceed anticipated volumes and certain funds have insufficient cash on hand to satisfy such redemptions or when sales of securities do not settle as expected, resulting in a cash shortfall for the fund. When the fund liquidates portfolio securities to meet redemption requests, they often do not receive payment in settlement for up to two days (or longer for certain foreign transactions). Redemption requests normally are satisfied on the next business day. The credit facility provides a source of immediate, short-term liquidity pending settlement of the sale of portfolio securities. The credit facility is administered by a credit facility team consisting of professionals from the Manager's asset management, compliance, and accounting areas who report the activities of the credit facility to the Board. During the year ended October 31, 2021, the Fund did not utilize the credit facility.

Expense Reimbursement Plan

The Manager contractually agreed to reduce fees and/or reimburse expenses for the classes of the Fund, through February 28, 2022, to the extent that total operating expenses (excluding taxes, interest, brokerage commissions, acquired fund fees and expenses, securities lending fees, expenses associated with securities sold short, litigation, and other extraordinary expenses) exceed the Fund's expense cap. During the year ended October 31, 2021, the Manager waived and/or reimbursed expenses as follows:

		Expense Cap				
Fund	Class	11/1/2020 - 2/28/2021	3/1/2021 - 10/31/2021	Reimbursed Expenses	(Recouped) Expenses	Expiration of Reimbursed Expenses
Garcia Hamilton Quality Bond	R5	0.45%	0.45%	$ 406,052	$ -	2023-2024
Garcia Hamilton Quality Bond	Y	0.55%	0.51%	43,852	-	2023-2024
Garcia Hamilton Quality Bond	Investor	0.83%	0.83%	2,039	-	2023-2024
Garcia Hamilton Quality Bond	R6	0.41%	0.41%	362,431	-	2023-2024

Of the above amounts, $84,281 was disclosed as a Receivable for Expense Reimbursement on the Statement of Assets and Liabilities at October 31, 2021.

The Fund has adopted an Expense Reimbursement Plan whereby the Manager may seek repayment of such fee or voluntary reductions and expense reimbursements. Under the policy, the Manager can be reimbursed by the Fund for any contractual or voluntary fee reductions or expense reimbursements if reimbursement to the Manager (a) occurs within three years from the date of the Manager's waiver/reimbursement and (b) does not cause the Fund's annual operating expenses to exceed the lesser of the contractual percentage limit in effect at the time of the waiver/reimbursement or time of recoupment. The reimbursed expenses listed above will expire in 2023 and 2024. The Fund did not record a liability for potential reimbursement due to the current assessment that a reimbursement is uncertain. The carryover of excess expenses potentially reimbursable to the Manager, but not recorded as a liability are as follows:

Fund	Recouped Expenses	Excess Expense Carryover	Expired Expense Carryover	Expiration of Reimbursed Expenses
Garcia Hamilton Quality Bond	$ -	$ -	$ 410,947	2020-2021
Garcia Hamilton Quality Bond	-	745,393	-	2021-2022
Garcia Hamilton Quality Bond	-	855,336	-	2022-2023

Trustee Fees and Expenses

Effective January 1, 2021, as compensation for their service to the American Beacon Funds Complex, including the Trust (collectively, the "Trusts"), each Trustee is compensated from the Trusts as follows: (1) an annual retainer of $120,000; (2) meeting attendance fee (for attendance in-person or via teleconference) of (a) $12,000 for in person attendance, or $5,000 for telephonic attendance, by Board members for each regularly scheduled or special Board meeting, (b) $2,500 for attendance by Committee members at meetings of the Audit and Compliance Committee and the Investment Committee, (c) $1,000 for attendance by Committee members at meetings of the Nominating and Governance Committee; and (d) $2,500 for attendance by Board members for each special telephonic Board meeting; and (3) reimbursement of reasonable expenses incurred in attending Board meetings, Committee meetings, and relevant educational seminars. For this purpose, the Board considers attendance at regular meetings held by video conference to constitute in-person attendance at a Board meeting. The Trustees also may be compensated for attendance at special Board and/or Committee meetings from time to time. For her service as Board Chair, Ms. Cline receives an additional annual retainer of $50,000. Although she attends several committee meetings at each quarterly Board meeting, she receives only a single $2,500 fee each quarter for her attendance at those meetings. The chairpersons of the Audit and Compliance Committee and the Investment Committee each receive an additional annual retainer of $25,000 and the Chair of the Nominating and Governance Committee receives an additional annual retainer of $10,000.

3. Security Valuation and Fair Value Measurements

The price of the Fund's shares is based on the Fund's Net Asset Value ("NAV"). The NAV of the Fund, or each of its share classes, as applicable, is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to the Fund or class, by the total number of shares outstanding of the Fund or class.

Investments are valued at the close of the New York Stock Exchange (the "Exchange"), normally at 4:00 p.m. Eastern Time, each day that the Exchange is open for business.

Debt securities normally are valued on the basis of prices provided by an independent pricing service and may take into account appropriate factors such as institution-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics, and other market data. Prices of debt securities may be determined using quotes obtained from brokers.

Investments in open-end mutual funds are valued at the closing NAV per share of the mutual fund on the day of valuation.

Securities for which the market prices are not readily available or are not reflective of the fair value of the security, as determined by the Manager, will be priced at fair value following procedures approved by the Board.

Other investments, including restricted securities and those financial instruments for which the above valuation procedures are inappropriate or are deemed not to reflect fair value, are stated at fair value, as determined in good faith by the Manager's Valuation Committee, pursuant to procedures established by the Board.

Valuation Inputs

Various inputs may be used to determine the fair value of the Fund's investments. These inputs are summarized in three broad levels for financial statement purposes. The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Prices determined using other significant observable inputs. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3 - Prices determined using other significant unobservable inputs. Unobservable inputs reflect the Fund's own assumptions about the factors market participants would use in pricing an investment.

Level 1 and Level 2 trading assets and trading liabilities, at fair value

Fixed-income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. Treasury obligations, sovereign issues, bank loans, convertible preferred securities, and non-U.S. bonds are normally valued by pricing service providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models. The service providers' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates, and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy. Fixed-income securities purchased on a delayed delivery basis are marked-to-market daily until settlement at the forward settlement date and are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities ("ABS") are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by pricing service providers that use broker-dealer quotations or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows, and market-based yield spreads for each tranche, and incorporates deal collateral performance, as available. Mortgage-related and ABS that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment management companies will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy.

4. Securities and Other Investments

Agency Mortgage-Backed Securities

Certain mortgage-backed securities ("MBS") may be issued or guaranteed by the U.S. government or a government sponsored entity, such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac"). Although these instruments may be guaranteed by the U.S. government or a government sponsored entity, many such MBS are not backed by the full faith and credit of the United States and are still exposed to the risk of non-payment.

Fixed-Income Investments

The Fund may hold debt, including government and corporate debt, and other fixed-income securities. Typically, the values of fixed-income securities change inversely with prevailing interest rates. Therefore, a fundamental risk of fixed-income securities is interest rate risk, which is the risk that their value will generally decline as prevailing interest rates rise, which may cause the Fund's NAV to likewise decrease, and vice versa. How specific fixed-income securities may react to changes in interest rates will depend on the specific characteristics of each security. For example, while securities with longer maturities tend to produce higher yields, they also tend to be more sensitive to changes in prevailing interest rates and are, therefore, more volatile than shorter-term securities and are subject to greater market fluctuations as a result of changes in interest rates. Fixed-income securities are also subject to credit risk, which is the risk that the credit strength of an issuer of a fixed-income security will weaken and/or that the issuer will be unable to make timely principal and interest payments and that the security may go into default. In addition, there is prepayment risk, which is the risk that during periods of falling interest rates, certain fixed-income securities with higher interest rates, such as mortgage-backed securities ("MBS") and ABS, may be prepaid by their issuers thereby reducing the amount of interest payments. This may result in the Fund having to reinvest its proceeds in lower yielding securities. Securities underlying MBS and ABS, which may include subprime mortgages, also may be subject to a higher degree of credit risk, valuation risk, and liquidity risk.

Mortgage-Backed Securities

MBS often have stated maturities of up to thirty years when they are issued, depending upon the length of the mortgages underlying the securities. In practice however, unscheduled or early payments of principal and interest on the underlying mortgages may make the securities' effective maturity shorter than this, and the prevailing interest rates may be higher or lower than the current yield of the Fund's portfolio at the time resulting in reinvestment risk.

Rising or high interest rates may result in slower than expected principal payments which may tend to extend the duration of MBS, making them more volatile and more sensitive to changes in interest rates. This is known as extension risk.

MBS may have less potential for capital appreciation than comparable fixed-income securities due to the likelihood of increased prepayments of mortgages resulting from foreclosures or declining interest rates. These foreclosed or refinanced mortgages are paid off at face value (par) or less, causing a loss, particularly for any investor who may have purchased the security at a premium or a price above par. In such an environment, this risk limits the potential price appreciation of these securities.

Mortgage-Related and Other Asset-Backed Securities

The Fund may invest in mortgage or other ABS. These securities may include mortgage instruments issued by U.S. government agencies ("agency mortgages") or those issued by private entities ("non-agency mortgages"). Specific types of instruments may include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities and other securities that directly or indirectly represent a participation in, or are secured by a payable from, mortgage loans on real property. The value of the Fund's MBS may be affected by, among other things, changes or perceived changes in interest rates, factors concerning the interests in and structure of the issuer or the originator of the mortgage, or the quality of the underlying assets. The mortgages underlying the securities may default or decline in quality or value. Through its investments in MBS, the Fund has exposure to subprime loans, Alt-A loans and non-conforming loans as well as to the mortgage and credit markets generally. Underlying collateral related to subprime, Alt-A and non-conforming mortgage loans has become increasingly susceptible to defaults and declines in quality or value, especially in a declining residential real estate market. In addition, regulatory or tax changes may adversely affect the mortgage securities markets as a whole.

Other Investment Company Securities and Other Exchange-Traded Products

The Fund at times may invest in shares of other investment companies, including open-end funds, closed-end funds, business development companies ("BDCs"), ETFs, unit investment trusts, and other investment companies of the Trust. The Fund may invest in securities of an investment company advised by the Manager or the Sub-Advisor. Investments in the securities of other investment companies may involve duplication of advisory fees and certain other expenses. By investing in another investment company, the Fund becomes a shareholder of that investment company. As a result, Fund shareholders indirectly will bear the Fund's proportionate share of the fees and expenses paid by shareholders of the other investment company, in addition to the fees and expenses Fund shareholders directly bear in connection with the Fund's own operations. These other fees and expenses, if applicable, are reflected as Acquired Fund Fees and Expenses and are included in the Fees and Expenses Table for the Fund in its Prospectus. Investment in other investment companies may involve the payment of substantial premiums above the value of such issuer's portfolio securities.

U.S. Government Agency Securities

U.S. Government agency securities are issued or guaranteed by the U.S. Government or its agencies or instrumentalities. Some obligations issued by U.S. Government agencies and instrumentalities are supported by the full faith and credit of the U.S. Treasury; others by the right of the issuer to borrow from the U.S. Treasury; others by discretionary authority of the U.S. Government to purchase certain obligations of the agency or instrumentality; and others only by the credit of the agency or instrumentality. U.S. Government securities bear fixed, floating or variable rates of interest. While the U.S. Government currently provides financial support to certain U.S. Government-sponsored agencies or instrumentalities, no assurance can be given that it will always do so, since it is not so obligated by law. U.S. Government securities include U.S. Treasury bills, notes and bonds, Federal Home Loan Bank ("FHLB") obligations, Federal Farm Credit Bank ("FFCB") obligations, U.S. Government agency obligations and repurchase agreements secured thereby. U.S. Government agency securities are subject to credit risk and interest rate risk.

U.S. Treasury Obligations

U.S. Treasury obligations include bills (initial maturities of one year or less), notes (initial maturities between two and ten years), and bonds (initial maturities over ten years) issued by the U.S. Treasury, Separately Traded Registered Interest and Principal component parts of such obligations (known as “STRIPS”) and inflation-indexed securities. The prices of these securities (like all debt securities) change between issuance and maturity in response to fluctuating market interest rates. U.S. Treasury obligations are subject to credit risk and interest rate risk.

5. Principal Risks

Investing in the Fund may involve certain risks including, but not limited to, those described below.

Credit Risk

The Fund is subject to the risk that the issuer or guarantor of a debt security, or the counterparty to a derivatives contract or a loan will fail to make timely payment of interest or principal or otherwise honor its obligations or default completely. A decline in the credit rating of an individual security held by the Fund may have an adverse impact on its price and make it difficult for the Fund to sell it. Ratings represent a rating agency’s opinion regarding the quality of the security and are not a guarantee of quality. Rating agencies might not always change their credit rating on an issuer or security in a timely manner to reflect events that could affect the issuer’s ability to make timely payments on its obligations. Credit risk is typically greater for securities with ratings that are below investment grade. Since the Fund can invest significantly in high-yield investments considered speculative in nature, this risk may be substantial.

Floating Rate Securities Risk

The coupons on certain fixed income securities in which the Fund may invest are not fixed and may fluctuate based upon changes in market rates. The coupon on a floating rate security is generally based on an interest rate such as a money-market index, London Interbank Offered Rate (“LIBOR”), Secured Overnight Financing Rate (“SOFR”), or a Treasury bill rate. Such securities are subject to interest rate risk and may fluctuate in value in response to interest rate changes if there is a delay between changes in market interest rates and the interest reset date for the obligation, or for other reasons. As short-term interest rates decline, the coupons on floating rate securities typically decrease. Alternatively, during periods of rising interest rates, changes in the coupons of floating rate securities may lag behind changes in market rates or may have limits on the maximum increases in the coupon rates. The value of floating rate securities may decline if their coupons do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Floating rate obligations are less effective than fixed rate obligations at locking in a particular yield and are subject to credit risk.

Interest Rate Risk

Generally, the value of investments with interest rate risk, such as fixed income securities or derivatives, will move in the opposite direction to movements in interest rates. The prices of fixed income securities or derivatives are also affected by their durations. Fixed income securities or derivatives with longer durations generally have greater sensitivity to changes in interest rates. For example, if a bond has a duration of eight years, a 1% increase in interest rates could be expected to result in an 8% decrease in the value of the bond. An increase in interest rates can impact markets broadly as well. Extremely low or negative interest rates may become more prevalent among U.S. and foreign issuers. To the extent the Fund holds an investment with a negative interest rate to maturity, the Fund may generate a negative return on that investment. Conversely, in the future, interest rates may rise, perhaps significantly and/or rapidly, potentially resulting in substantial losses to the Fund.

Investment Risk

An investment in the Fund is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. When you sell your shares of the Fund, they could be worth less than what you paid for them. Therefore, you may lose money by investing in the Fund.

LIBOR Risk

Certain of the instruments identified in the Fund's principal investment strategies have variable or floating coupon rates that are based on LIBOR, Euro Interbank Offered Rate and other similar types of reference rates (each, a "Reference Rate"). These Reference Rates are generally intended to represent the rate at which contributing banks may obtain short-term borrowings from each other within certain financial markets. LIBOR is produced daily by averaging the rates reported by a number of banks and may be a significant factor in determining the Fund's payment obligations under a derivative instrument, the cost of financing to the Fund, or an investment's value or return to the Fund, and may be used in other ways that affect the Fund's performance. Arrangements are underway to phase out the use of LIBOR. These arrangements and any additional regulatory or market changes may have an adverse impact on the Fund or its investments, including increased volatility or illiquidity in markets for instruments that rely on LIBOR.

Regulators and market participants are working together to identify or develop successor Reference Rates. Additionally, it is expected that market participants will focus on the transition mechanisms by which the Reference Rates in existing contracts or instruments may be amended, whether through marketwide protocols, fallback contractual provisions, bespoke negotiations or amendments or otherwise. Nonetheless, there remains uncertainty regarding the nature of any replacement rate and the impact of the transition from LIBOR on the Fund and the financial markets generally, and the termination of certain Reference Rates presents risks to the Fund. Financial industry groups have begun planning for a transition to the use of a different Reference Rate or benchmark rate, but there are obstacles to converting certain securities and transactions to a new Reference Rate or benchmark rate. The transition process, or the failure of an industry to transition, could lead to increased volatility and illiquidity in markets for instruments that currently rely on LIBOR to determine interest rates and a reduction in the values of some LIBOR-based investments, all of which would impact the Fund. While some LIBOR-based instruments may contemplate a scenario where LIBOR becomes unavailable by providing for an alternative rate-setting methodology, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such methodologies. In addition, the alternative reference or benchmark rate may be an ineffective substitute, potentially resulting in prolonged adverse market conditions for the Fund. The elimination of a Reference Rate or any other changes or reforms to the determination or supervision of Reference Rates could have an adverse impact on the market for or value of any securities or payments linked to those Reference Rates and other financial obligations held by the Fund or on its overall financial condition or results of operations. Any substitute Reference Rate and any pricing adjustments imposed by a regulator or by counterparties or otherwise may adversely affect the Fund's performance and/or NAV. At this time, it is not possible to completely identify or predict the effect of any such changes, any establishment of alternative Reference Rates or any other reforms to Reference Rates that may be enacted in the UK or elsewhere. Because the usefulness of LIBOR as a benchmark could deteriorate during the transition period, any of the effects described above could occur prior to the official phasing out of LIBOR.

Liquidity Risk

When there is little or no active trading market for a specific type of security it can become more difficult to purchase or sell the securities at or near their perceived value. During such periods, certain investments held by the Fund may be difficult to sell or other investments may be difficult to purchase at favorable times or prices. As a result, the Fund may have to lower the price on certain securities that it is trying to sell, sell other securities instead or forgo an investment opportunity, any of which could have a negative effect on Fund management or performance. Redemptions by a few large investors in the Fund at such times may have a significant adverse effect on the Fund's NAV per share and remaining Fund shareholders. In addition, the market-making capacity of dealers in certain types of securities has been reduced in recent years, in part as a result of structural and regulatory changes, such as fewer proprietary trading desks and increased regulatory capital requirements for broker-dealers. Further, many broker-dealers have reduced their inventory of certain debt securities. This could negatively affect the Fund's ability to buy or sell debt securities and increase the related volatility and trading costs. The Fund may lose money if it is forced to sell certain investments at unfavorable prices to meet redemption requests or other cash needs.

Market Risk

The Fund is subject to the risk that the securities markets will move down, sometimes rapidly and unpredictably, based on overall economic conditions and other factors, which may negatively affect the Fund's performance. Equity securities generally have greater price volatility than fixed income securities, although under certain market conditions fixed income securities may have comparable or greater price volatility. During a general downturn in the securities markets, multiple assets may decline in value simultaneously. In some cases, traditional market participants have been less willing to make a market in some types of debt instruments, which has affected the liquidity of those instruments. During times of market turmoil, investors tend to look to the safety of securities issued or backed by the U.S. Treasury, causing the prices of these securities to rise and the yields to decline. Reduced liquidity in fixed income and credit markets may negatively affect many issuers worldwide. Prices in many financial markets have increased significantly over the last decade, but there have also been periods of adverse market and financial developments and cyclical change during that timeframe, which have resulted in unusually high levels of volatility in domestic and foreign financial markets that has caused losses for investors and may occur again in the future, particularly if markets enter a period of uncertainty or economic weakness. The value of a security may decline due to adverse issuer-specific conditions, general market conditions unrelated to a particular issuer, or factors that affect a particular industry or industries. Changes in the financial condition of a single issuer or market segment also can impact the market as a whole.

Geopolitical and other events, including war, terrorism, economic uncertainty, trade disputes, pandemics, public health crises, natural disasters and related events have led, and in the future may continue to lead, to instability in world economies and markets generally and reduced liquidity in equity, credit and fixed-income markets, which may disrupt economies and markets and adversely affect the value of your investment. Adverse market events may also lead to increased shareholder redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet redemption requests by shareholders and may increase the Fund's portfolio turnover, which will increase the costs that the Fund incurs and lower the Fund's performance. Even when securities markets perform well, there is no assurance that the investments held by the Fund will increase in value along with the broader market.

Policy changes by the U.S. government and/or Federal Reserve and political events within the U.S. and abroad, including the U.S. presidential election, the U.S. government's inability at times to agree on a long-term budget and deficit reduction plan, the threat of a federal government shutdown and threats not to increase the federal government's debt limit, may affect investor and consumer confidence and may adversely impact financial markets and the broader economy, perhaps suddenly and to a significant degree. The severity or duration of adverse economic conditions may also be affected by policy changes made by governments or quasi-governmental organizations. Global economies and financial markets are becoming increasingly interconnected, which increases the possibility of many markets being affected by events in a single country or events affecting a single or small number of issuers.

Markets and market participants are increasingly reliant upon both publicly available and proprietary information data systems. Data imprecision, software or other technology malfunctions, programming inaccuracies, unauthorized use or access, and similar circumstances may impair the performance of these systems and may have an adverse impact upon a single issuer, a group of issuers, or the market at large. In certain cases, an exchange or market may close or issue trading halts on either specific securities or even the entire market, which may result in the Fund being, among other things, unable to buy or sell certain securities or financial instruments or accurately price its investments. These fluctuations in securities prices could be a sustained trend or a drastic movement. The financial markets generally move in cycles, with periods of rising prices followed by periods of declining prices. The value of your investment may reflect these fluctuations.

Mortgage-Backed and Mortgage Related Securities Risk

Investments in mortgage-backed and mortgage-related securities are influenced by the factors affecting the mortgages underlying the securities or the housing market. Investments in mortgage-backed and mortgage-related securities also are subject to market risks for fixed income securities, which include, but are not limited to, credit risk, interest rate risk, prepayment risk, extension risk, callable securities risk, and valuation risk. A decline in the credit quality of the issuers of mortgage-backed and mortgage-related securities or instability in the markets for such securities may affect the value and liquidity of such securities, which could result in losses to the Fund. These securities are also subject to the risk of default on the underlying mortgages, particularly during periods of market downturn, and an unexpectedly high rate of defaults on the underlying assets will adversely affect the security's value.

Other Investment Companies Risk

The Fund may invest in shares of other registered investment companies, including money market funds that are advised by the Manager. To the extent that the Fund invests in shares of other registered investment companies, the Fund will indirectly bear the fees and expenses, including for example advisory and administrative fees, charged by those investment companies in addition to the Fund's direct fees and expenses and will be subject to the risks associated with investments in those companies. For example, the Fund's investments in money market funds are subject to interest rate risk, credit risk, and market risk. The Fund must rely on the investment company in which it invests to achieve its investment objective. If the investment company fails to achieve its investment objective, the value of the Fund's investment will decline, adversely affecting the Fund's performance. To the extent the Fund invests in other investment companies that invest in equity securities, fixed income securities and/or foreign securities, or that track an index, the Fund is subject to the risks associated with the underlying investments held by the investment company or the index fluctuations to which the investment company is subject.

Prepayment and Extension Risk

When interest rates fall, borrowers will generally repay the loans that underlie certain debt securities, especially mortgage-related and other types of ABS, more quickly than expected, causing the issuer of the security to repay the principal prior to the security's expected maturity date. The Fund may need to reinvest the proceeds at a lower interest rate, reducing its income. Securities subject to prepayment risk generally offer less potential for gains when prevailing interest rates fall. If the Fund buys those securities at a premium, accelerated prepayments on those securities could cause the Fund to lose a portion of its principal investment. The impact of prepayments on the price of a security may be difficult to predict and may increase the security's price volatility. Variable and floating rate securities may be less sensitive to prepayment risk. Extension risk is the risk that a decrease in prepayments may, as a result of higher interest rates or other factors, result in the extension of a security's effective maturity, heighten interest rate risk and increase the potential for a decline in its price.

Recent Market Events Risk

An outbreak of infectious respiratory illness caused by a novel coronavirus, known as COVID-19, was first detected in China in December 2019 and has subsequently spread globally. Transmission of COVID-19 and efforts to contain its spread have resulted, and may continue to result, in significant disruptions to business operations, widespread business closures and layoffs, travel restrictions, closed international, national and local borders, prolonged quarantines and stay-at-home orders, disruption of and delays in healthcare service preparation and delivery, service and event cancellations, and lower consumer demand, as well as general concern and uncertainty that has negatively affected the global economy. The impact of the COVID-19 pandemic may last for an extended period of time and may result in a sustained economic downturn or recession. The U.S. Federal Reserve and the U.S. federal government have taken numerous measures to address the economic impact of the COVID-19 pandemic and stimulate the U.S. economy. The ultimate effects of these and other efforts that may be taken may not be known for some time.

The Federal Reserve has spent hundreds of billions of dollars to keep credit flowing through short-term money markets. Amid the Federal Reserve's ongoing efforts, concerns about the markets' dependence on the Federal Reserve's provision of liquidity have grown. Future legislative, regulatory and policy changes may result in more restrictions on international trade, less stringent prudential regulation of certain players in the financial markets, and significant new investments in infrastructure and national defense. High public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty.

A rise in protectionist trade policies, slowing global economic growth, risks associated with the United Kingdom's departure from the European Union on December 31, 2020, commonly referred to as "Brexit," and a trade agreement between the United Kingdom and the European Union, the risks associated with ongoing trade negotiations with China, the possibility of changes to some international trade agreements, tensions or open conflict between nations, or political or economic dysfunction within some nations that are major producers of oil could affect the economies of many nations, including the United States, in ways that cannot necessarily be foreseen at the present time.

Economists and others have expressed increasing concern about the potential effects of global climate change on property and security values. Certain issuers, industries and regions may be adversely affected by the impacts of climate change, including on the demand for and the development of goods and services and related production costs, and the impacts of legislation, regulation and international accords related to climate change, as well as any indirect consequences of regulation or business trends driven by climate change.

Redemption Risk

The Fund may experience periods of high levels of redemptions that could cause the Fund to sell assets at inopportune times or at a loss or depressed value. The sale of assets to meet redemption requests may create net capital gains, which could cause the Fund to have to distribute substantial capital gains. Redemption risk is heightened during periods of declining or illiquid markets. During periods of heavy redemptions, the Fund may borrow funds through the interfund credit facility or from a bank line of credit, which may increase costs. A rise in interest rates or other market developments may cause investors to move out of fixed income securities on a large scale. Heavy redemptions could hurt the Fund's performance.

Sector Risk

Sector risk is the risk associated with the Fund holding a significant amount of investments in similar businesses, which would be similarly affected by particular economic or market events, which may, in certain circumstances, cause the value of the equity and debt securities of companies in a particular sector of the market to change. To the extent the Fund has substantial holdings within a particular sector, the risks to the Fund associated with that sector increase. In addition, when the Fund focuses its investments in certain sectors of the economy, its performance may be driven largely by sector performance and could fluctuate more widely than if the Fund were invested more evenly across sectors. Individual sectors may be more volatile, and may perform differently, than the broader market. The businesses that constitute a sector may all react the same way to economic, political or regulatory events. The Fund's performance could also be affected if the sectors do not perform as expected. The lack of exposure to one or more sectors may adversely affect performance. As the Fund's portfolio changes over time, the Fund's exposure to a particular sector may become higher or lower.

Socially Responsible Investing Risk

The Fund's incorporation of environmental, social and/or governance considerations in its investment strategy may cause it to make different investments than funds that have a similar investment style but do not incorporate such considerations in their strategy. The Fund may under perform funds that do not incorporate these considerations. The Fund may not be able to take advantage of certain investment opportunities due to these considerations, which may adversely affect investment performance.

U.S. Government Securities and Government-Sponsored Enterprises Risk

A security backed by the U.S. Treasury or the full faith and credit of the United States is 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. Additionally, circumstances could arise that would prevent the payment of interest or principal. This could result in losses to the Fund. Investments in government-sponsored enterprises are debt obligations issued by agencies and instrumentalities of the U.S. Government. These obligations vary in the level of support they receive from the U.S. Government. They may be: (i) supported by the full faith and credit of the U.S. Treasury, such as those of the Government National Mortgage Association (''Ginnie Mae''); (ii) supported by the right of the issuer to borrow from the U.S. Treasury, such as those of the Federal Home Loan Bank and the Federal Farm Credit Banks; (iii) supported by the discretionary authority of the U.S. Government to purchase the agency obligations, such as those of Fannie Mae and Freddie Mac or (iv) supported only by the credit of the issuer, such as those of the Federal Farm Credit Bureau. The U.S. Government may choose not to provide financial support to U.S. Government-sponsored agencies or instrumentalities if it is not legally obligated to do so, in which case, if the issuer defaulted, to the extent the Fund held securities of such issuers, it might not be able to recover its investment from the U.S. Government. U.S. government securities and securities of government-sponsored entities are also subject to credit risk, interest rate risk and market risk. The rising U.S. national debt may lead to adverse impacts on the value of U.S. government securities due to potentially higher costs for the U.S. government to obtain new financing.

Variable and Floating Rate Securities Risk

The coupons on certain fixed income securities in which the Fund may invest are not fixed and may fluctuate based upon changes in market rates. The coupon on a floating rate security is generally based on an interest rate such as a money-market index, LIBOR, SOFR, or a Treasury bill rate. Such securities are subject to interest rate risk and may fluctuate in value in response to interest rate changes if there is a delay between changes in market interest rates and the interest reset date for the obligation, or for other reasons. As short-term interest rates decline, the coupons on variable and floating rate securities typically decrease. Alternatively, during periods of rising interest rates, changes in the coupons of variable and floating rate securities may lag behind changes in market rates or may have limits on the maximum increases in the coupon rates. The value of variable and floating rate securities may decline if their coupons do not rise as much, or as quickly, as interest rates in general. Conversely, variable and floating rate securities will not generally increase in value if interest rates decline. Variable and floating rate securities are less effective at locking in a particular yield and are subject to credit risk. Certain types of floating rate instruments may also be subject to greater liquidity risk than other debt securities.

6. Federal Income and Excise Taxes

It is the policy of the Fund to qualify as a regulated investment company ("RIC"), by complying with all applicable provisions of Subchapter M of the Internal Revenue Code, as amended, and to make distributions of taxable income sufficient to relieve it from substantially all federal income and excise taxes. For federal income tax purposes, the Fund is treated as a single entity for the purpose of determining such qualification.

The Fund does not have any unrecorded tax liabilities in the accompanying financial statements. Each of the tax years in the four year period ended October 31, 2021 remain subject to examination by the Internal Revenue Service. If applicable, the Fund recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in "Other expenses" on the Statement of Operations.

The Fund may be subject to taxes imposed by countries in which it invests. Such taxes are generally based on returns of income earned or gains realized or repatriated. Taxes are accrued and applied to net investment income, net realized capital gains and net unrealized appreciation (depreciation), as applicable, as the income is earned or capital gains are recorded.

Dividends are categorized in accordance with income tax regulations which may treat certain transactions differently than U.S. GAAP. Accordingly, the character of distributions and composition of net assets for tax purposes may differ from those reflected in the accompanying financial statements.

The tax character of distributions paid were as follows:

	Year Ended October 31, 2021	Year Ended October 31, 2020
Distributions paid from:		
Ordinary income*		
R5 Class	$ 3,607,524	$ 3,807,202
Y Class	385,179	287,618
Investor Class	6,916	72,178
R6 Class	3,234,538	2,328,652
Long-term capital gains		
R5 Class	2,195,943	-
Y Class	242,071	-
Investor Class	4,939	-
R6 Class	1,998,499	-
Total distributions paid	$ 11,675,609	$ 6,495,650

* For tax purposes, short-term capital gains are considered ordinary income distributions.

As of October 31, 2021, the components of distributable earnings (deficits) on a tax basis were as follows:

Fund	Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation (Depreciation)
Garcia Hamilton Quality Bond	$ 376,302,907	$ 1,272,996	$ (1,765,811)	$ (492,815)

Fund	Net Unrealized Appreciation (Depreciation)	Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Accumulated Capital and Other (Losses)	Other Temporary Differences	Distributable Earnings
Garcia Hamilton Quality Bond	$ (492,815)	$ 87,691	$ -	$ (4,417,904)	$ (90,863)	$ (4,913,891)

Financial reporting records are adjusted for permanent book/tax differences to reflect tax character. Financial records are not adjusted for temporary differences. The temporary differences between financial reporting and tax-basis reporting of unrealized appreciation (depreciation) are attributable primarily to the tax deferral of losses from wash sales, unused capital loss carryforwards, book amortization of premiums, and dividends payable.

Due to inherent differences in the recognition of income, expenses, and realized gains (losses) under U.S. GAAP and federal income tax regulations, permanent differences between book and tax reporting have been identified and appropriately reclassified on the Statement of Assets and Liabilities.

For federal income tax purposes, the Fund measures its capital loss carryforwards annually at October 31, its fiscal year end. Capital loss carryforwards retain their character as short-term and/or long-term and may be carried forward and applied against future realized capital gains with no expiration date.

As of October 31, 2021, the Fund had $3,865,914 short-term and $551,990 long-term capital loss carryforwards.

7. Investment Transactions

The aggregate cost of purchases and proceeds from sales and maturities of investments, other than short-term obligations, for the year ended October 31, 2021 were as follows:

Fund	Purchases (non-U.S. Government Securities)	Purchases of U.S. Government Securities	Sales (non-U.S. Government Securities)	Sales of U.S. Government Securities
Garcia Hamilton Quality Bond	$ 69,766,469	$ 295,111,824	$ 122,300,121	$ 119,067,409

8. Borrowing Arrangements

Effective November 12, 2020 (the "Effective Date"), the Fund, along with certain other funds managed by the Manager ("Participating Funds"), renewed a committed revolving line of credit (the "Committed Line") agreement with State Street Bank and Trust Company (the "Bank") to be used to facilitate portfolio liquidity. The maximum borrowing amount under the Committed Line is $150 million with interest at a rate equal to the higher of (a) Overnight Bank Funding Rate ("OBFR") daily fluctuating rate per annum equal to 1.25% plus the sum of 0.10% or (b) the Federal Funds daily fluctuating rate per annum on amounts borrowed. Each of the Participating Funds paid a proportional amount of a closing fee of $100,000 on the Effective Date and a quarterly commitment fee at a rate of 0.25% per annum on the unused portion of the Committed Line amount. The Committed Line expires November 11, 2021, unless extended by the Bank or terminated by the Participating Funds in accordance with the agreement. Effective November 11, 2021, the Fund's Committed Line was changed to a maximum of $100 million with an expiration of November 10, 2022.

On the Effective Date, the Fund, along with certain other Participating Funds managed by the Manager, also renewed an uncommitted discretionary demand revolving line of credit (the "Uncommitted Line") agreement with the Bank to be used to facilitate portfolio liquidity. The maximum borrowing amount under the Uncommitted Line is $50 million with interest at a rate equal to the higher of (a) Overnight Bank Funding Rate ("OBFR") daily fluctuating rate per annum equal to 1.25% plus the sum of 0.10% or (b) the Federal Funds daily fluctuating rate per annum on amounts borrowed on each outstanding loan. Each of the Participating Funds paid a proportional amount of a closing fee of $35,000 on the Effective Date. The Uncommitted Line expires November 11, 2021 unless extended by the Bank or terminated by the Participating Funds in accordance with the agreement. Effective November 11, 2021, the Fund's Uncommitted Line was changed to a maximum of $100 million with an expiration of November 10, 2022.

The Participating Funds paid administration, legal and arrangement fees, which are recognized as a component of "Loan expense" on the Statement of Operations, along with commitment fees, that have been allocated among the Participating Funds based on average daily net assets.

During the year ended October 31, 2021, the Fund did not utilize this facility.

9. Capital Share Transactions

The tables below summarize the activity in capital shares for each Class of the Fund:

	R5 Class				
	Year Ended October 31,				
	2021		2020		
Garcia Hamilton Quality Bond Fund	Shares	Amount	Shares	Amount	
Shares sold	6,823,749	$ 68,605,815	10,920,910	$ 110,830,535	
Reinvestment of dividends	472,898	4,759,799	260,888	2,639,245	
Shares redeemed	(4,558,386)	(46,119,650)	(25,867,704)	(260,818,722)	
Net increase (decrease) in shares outstanding	2,738,261	$ 27,245,964	(14,685,906)	$ (147,348,942)	

	Y Class			
	Year Ended October 31,			
	2021		2020	
Garcia Hamilton Quality Bond Fund	Shares	Amount	Shares	Amount
Shares sold	1,072,363	$ 10,776,226	1,687,321	$ 16,967,230
Reinvestment of dividends	62,184	625,100	27,949	283,161
Shares redeemed	(812,784)	(8,188,628)	(1,656,596)	(16,761,196)
Net increase in shares outstanding	321,763	$ 3,212,698	58,674	$ 489,195

	Investor Class			
	Year Ended October 31,			
	2021		2020	
Garcia Hamilton Quality Bond Fund	Shares	Amount	Shares	Amount
Shares sold	70,673	$ 700,509	83,368	$ 837,398
Reinvestment of dividends	1,178	11,819	7,035	70,766
Shares redeemed	(6,723)	(67,047)	(1,538,154)	(15,461,294)
Net increase (decrease) in shares outstanding	65,128	$ 645,281	(1,447,751)	$ (14,553,130)

	R6 Class			
	Year Ended October 31,			
	2021		2020	
Garcia Hamilton Quality Bond Fund	Shares	Amount	Shares	Amount
Shares sold	2,863,007	$ 28,881,621	2,293,937	$ 23,167,805
Reinvestment of dividends	520,965	5,233,011	229,895	2,328,652
Shares redeemed	(324,677)	(3,234,747)	(1,663,069)	(16,327,302)
Net increase in shares outstanding	3,059,295	$ 30,879,885	860,763	$ 9,169,155

10. Subsequent Events

Management has evaluated subsequent events for possible recognition or disclosure in the financial statements through the date the financial statements are issued. Management has determined that there are no material events that would require disclosure in the Fund's financial statements through this date.

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Financial Highlights
(For a share outstanding throughout the period)

	R5 Class[A]				
	Year Ended October 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period	$ 10.27	$ 10.05	$ 9.79	$ 9.91	$ 9.98
Income (loss) from investment operations:					
Net investment income (loss)	(0.01)[B]	0.11	0.24	0.20	0.14
Net gains (losses) on investments (both realized and unrealized)	(0.08)	0.28	0.26	(0.13)	(0.05)
Total income (loss) from investment operations	(0.09)	0.39	0.50	0.07	0.09
Less distributions:					
Dividends from net investment income	(0.14)	(0.17)	(0.24)	(0.19)	(0.15)
Distributions from net realized gains	(0.19)	-	-	-	(0.01)
Total distributions	(0.33)	(0.17)	(0.24)	(0.19)	(0.16)
Net asset value, end of period	$ 9.85	$ 10.27	$ 10.05	$ 9.79	$ 9.91
Total return[C]	(0.84)%	3.93%	5.20%	0.74%	0.91%
Ratios and supplemental data:					
Net assets, end of period	$ 192,774,622	$ 172,774,140	$ 316,582,604	$ 234,919,975	$ 132,575,412
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments	0.67%	0.68%	0.66%	0.69%	0.70%
Expenses, net of reimbursements and/or recoupments	0.45%	0.45%	0.45%	0.45%	0.45%
Net investment income (loss), before expense reimbursements and/or recoupments	(0.32)%	1.15%	2.18%	1.68%	1.12%
Net investment income (loss), net of reimbursements and/or recoupments	(0.10)%	1.38%	2.39%	1.92%	1.37%
Portfolio turnover rate	71%	122%	58%	143%	52%

[A] *Prior to February 28, 2020, the R5 Class was known as Institutional Class.*

[B] *Based on average shares outstanding for the period.*

[C] *Based on net asset value, which does not reflect the sales charge, redemption fee, or contingent deferred sales charge, if applicable. May include adjustments in accordance with U.S. GAAP and as such, the net asset value for reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions.*

American Beacon Garcia Hamilton Quality Bond Fund℠
Financial Highlights
(For a share outstanding throughout the period)

	Y Class				
	Year Ended October 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period	$ 10.27	$ 10.05	$ 9.79	$ 9.90	$ 9.98
Income (loss) from investment operations:					
Net investment income	(0.00)[A]	0.13	0.24	0.18	0.13
Net gains (losses) on investments (both realized and unrealized)	(0.08)	0.25	0.25	(0.11)	(0.06)
Total income (loss) from investment operations	(0.08)	0.38	0.49	0.07	0.07
Less distributions:					
Dividends from net investment income	(0.14)	(0.16)	(0.23)	(0.18)	(0.14)
Distributions from net realized gains	(0.19)	-	-	-	(0.01)
Total distributions	(0.33)	(0.16)	(0.23)	(0.18)	(0.15)
Net asset value, end of period	$ 9.86	$ 10.27	$ 10.05	$ 9.79	$ 9.90
Total return[B]	(0.81)%	3.83%	5.09%	0.74%	0.71%
Ratios and supplemental data:					
Net assets, end of period	$ 21,340,613	$ 18,928,869	$ 17,927,537	$ 3,685,857	$ 3,133,476
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments	0.74%	0.74%	0.73%	0.75%	0.77%
Expenses, net of reimbursements and/or recoupments	0.52%[C]	0.55%	0.55%	0.55%	0.55%
Net investment income (loss), before expense reimbursements and/or recoupments	(0.38)%	1.03%	2.14%	1.58%	1.05%
Net investment income (loss), net of reimbursements and/or recoupments	(0.16)%	1.22%	2.32%	1.78%	1.27%
Portfolio turnover rate	71%	122%	58%	143%	52%

[A] *Amount represents less than $0.01 per share.*

[B] *Based on net asset value, which does not reflect the sales charge, redemption fee, or contingent deferred sales charge, if applicable. May include adjustments in accordance with U.S. GAAP and as such, the net asset value for reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions.*

[C] *Expense ratios may exceed stated expense caps in Note 2 due to the change in the contractual expense cap on February 28, 2021.*

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Financial Highlights
(For a share outstanding throughout the period)

	Investor Class				
	Year Ended October 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period	$ 10.26	$ 10.05	$ 9.79	$ 9.91	$ 9.99
Income (loss) from investment operations:					
Net investment income (loss)	(0.04)[A]	0.13[A]	0.21	0.15	0.10
Net gains (losses) on investments (both realized and unrealized)	(0.07)	0.22	0.26	(0.11)	(0.06)
Total income (loss) from investment operations	(0.11)	0.35	0.47	0.04	0.04
Less distributions:					
Dividends from net investment income	(0.11)	(0.14)	(0.21)	(0.16)	(0.11)
Distributions from net realized gains	(0.19)	-	-	-	(0.01)
Total distributions	(0.30)	(0.14)	(0.21)	(0.16)	(0.12)
Net asset value, end of period	$ 9.85	$ 10.26	$ 10.05	$ 9.79	$ 9.91
Total return[B]	(1.11)%	3.54%	4.80%	0.36%	0.43%
Ratios and supplemental data:					
Net assets, end of period	$ 991,788	$ 365,190	$ 14,904,591	$ 10,995,242	$ 9,724,030
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments	1.29%	1.20%	1.04%	0.92%	0.94%
Expenses, net of reimbursements and/or recoupments	0.83%	0.83%	0.83%	0.83%	0.83%
Net investment income (loss), before expense reimbursements and/or recoupments	(0.91)%	0.90%	1.81%	1.41%	0.89%
Net investment income (loss), net of reimbursements and/or recoupments	(0.45)%	1.27%	2.02%	1.50%	0.99%
Portfolio turnover rate	71%	122%	58%	143%	52%

[A] *Based on average shares outstanding for the period.*

[B] *Based on net asset value, which does not reflect the sales charge, redemption fee, or contingent deferred sales charge, if applicable. May include adjustments in accordance with U.S. GAAP and as such, the net asset value for reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions.*

American Beacon Garcia Hamilton Quality Bond Fund[SM]
Financial Highlights
(For a share outstanding throughout the period)

	R6 Class		
	Year Ended October 31,		February 28, 2019[A] to October 31,
	2021	2020	2019
Net asset value, beginning of period	$ 10.26	$ 10.04	$ 9.87
Income (loss) from investment operations:			
Net investment income (loss)	(0.01)[B]	0.14	0.17
Net gains (losses) on investments (both realized and unrealized)	(0.06)	0.25	0.17
Total income (loss) from investment operations	(0.07)	0.39	0.34
Less distributions:			
Dividends from net investment income	(0.15)	(0.17)	(0.17)
Distributions from net realized gains	(0.19)	-	-
Total distributions	(0.34)	(0.17)	(0.17)
Net asset value, end of period	$ 9.85	$ 10.26	$ 10.04
Total return[C]	(0.70)%	3.97%	3.44%[D]
Ratios and supplemental data:			
Net assets, end of period	$ 166,304,291	$ 141,893,384	$ 130,208,195
Ratios to average net assets:			
Expenses, before reimbursements and/or recoupments	0.64%	0.64%	0.66%[E]
Expenses, net of reimbursements and/or recoupments	0.41%	0.41%	0.41%[E]
Net investment income (loss), before expense reimbursements and/or recoupments	(0.28)%	1.13%	1.90%[E]
Net investment income (loss), net of reimbursements and/or recoupments	(0.05)%	1.36%	2.15%[E]
Portfolio turnover rate	71%	122%	58%[F]

[A] *Commencement of operations.*

[B] *Based on average shares outstanding for the period.*

[C] *Based on net asset value, which does not reflect the sales charge, redemption fee, or contingent deferred sales charge, if applicable. May include adjustments in accordance with U.S. GAAP and as such, the net asset value for reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions.*

[D] *Not annualized.*

[E] *Annualized.*

[F] *Portfolio turnover rate is for the period from February 28, 2019 through October 31, 2019 and is not annualized.*

Certain tax information regarding the Funds are required to be provided to shareholders based upon the Funds' income and distributions for the taxable year ended October 31, 2021. The information and distributions reported herein may differ from information and distributions taxable to the shareholders for the calendar year ended December 31, 2021.

The Fund designated the following items with regard to distributions paid during the fiscal year ended October 31, 2021. All designations are based on financial information available as of this annual report and, accordingly, are subject to change. For each item, it is the intention of the Funds to designate the maximum amount permitted under the Internal Revenue Code of 1986, as amended, and the regulations there under.

Corporate Dividends-Received Deduction:

Garcia Hamilton Quality Bond	0.00%

Qualified Dividend Income:

Garcia Hamilton Quality Bond	0.00%

Long-Term Capital Gain Distributions:

Garcia Hamilton Quality Bond	$4,441,452

Short-Term Capital Gain Distributions:

Garcia Hamilton Quality Bond	$1,920,998

Shareholders will receive notification in January 2022 of the applicable tax information necessary to prepare their 2021 income tax returns.

Disclosure Regarding Approval of the Management and Investment Advisory Agreements (Unaudited)

Renewal and Approval of Management Agreement and Investment Advisory Agreement

At meetings held on May 17, 2021 and June 8-9, 2021 (collectively, the "Meetings") via videoconference, the Board of Trustees ("Board" or "Trustees") considered and then, at its June 9, 2021 meeting, approved the renewal of: (1) the Management Agreement between American Beacon Advisors, Inc. ("Manager") and the American Beacon Funds ("Trust"), on behalf of the American Beacon Garcia Hamilton Quality Bond Fund ("Fund"); and (2) the Investment Advisory Agreement among the Manager, the Trust, on behalf of the Fund, and Garcia Hamilton & Associates, LP ("subadvisor"). The Management Agreement and the Investment Advisory Agreement are referred to herein individually as an "Agreement" and collectively as the "Agreements."

In preparation for its consideration of the renewal of the Agreements, the Board undertook steps to gather and consider information furnished by the Manager, the subadvisor, Broadridge, Inc. ("Broadridge") and Morningstar, Inc. ("Morningstar"). The Board, with the assistance of independent legal counsel, requested and received certain relevant information from the Manager and the subadvisor.

In advance of the Meetings, the Board's Investment Committee and/or the Manager coordinated the production of information from Broadridge and Morningstar regarding the performance, fees and expenses of the Fund as well as information from the Manager and the subadvisor. At the Meetings, the Board considered the information provided in connection with the renewal process, as well as information furnished to the Board throughout the year at regular meetings of the Board and its committees. In connection with the Board's consideration of the Agreements, the Trustees received and evaluated such information as they deemed necessary, including the impact of the COVID-19 pandemic on the operations of the Manager and the subadvisor. This information is described below in the section summarizing the factors the Board considered in connection with its renewal and approval of the Agreements, as well as the section describing additional Board considerations with respect to the Fund.

The Board noted that the Manager provides management and administrative services to the Fund pursuant to the Management Agreement. The Board considered that many mutual funds have separate contracts governing each type of service and observed that, with respect to such mutual funds, the actual management fee rates provided by Broadridge for peer group funds reflect the combined advisory and administrative fees, reduced by any fee waivers and/or reimbursements.

A firm may not have been able to, or opted not to, provide information in response to certain information requests, in which case the Board conducted its evaluation of the firm based on information that was provided. In such cases, the Board determined that the omission of any such information was not material to its considerations.

Provided below is an overview of certain factors the Board considered in connection with its decision to approve the renewal of the Agreements. The Board did not identify any particular information that was most relevant to its consideration of whether to approve the renewal of each Agreement, and each Trustee may have afforded different weight to the various factors. Legal counsel to the independent Trustees provided the Board with a memorandum regarding its responsibilities pertaining to the renewal of investment advisory contracts, such as the Agreements, and related regulatory guidelines. Based on its evaluation, the Board unanimously concluded that the terms of each Agreement were reasonable and fair and that the approval of the renewal of each Agreement was in the best interests of the Fund and its shareholders.

Considerations With Respect to the Renewal of the Management Agreement and the Investment Advisory Agreement

In determining whether to approve the renewal of the Agreements, the Board considered the Fund's investment management and subadvisory relationships separately. In each instance, the Board considered, among other things, the following factors: (1) the nature, extent and quality of the services provided; (2) the investment performance of the Fund and the subadvisor for the Fund; (3) the costs incurred by the Manager in rendering services to the Fund and its resulting profits or losses; (4) comparisons of services and fee rates with contracts entered into by the Manager or the subadvisor or their affiliates with other clients (such as pension funds and other institutional clients); (5) the extent to which economies of scale, if any, have been taken into account in setting each fee rate schedule; (6) whether fee rate levels reflect economies of scale, if any, for the benefit of Fund investors; and (7) any other benefits derived or anticipated to be derived by the Manager or the subadvisor from its relationships with the Fund.

Nature, Extent and Quality of Services. With respect to the renewal of the Management Agreement, the Board considered, among other factors: the Fund's performance since its inception on April 4, 2016; the length of service of key investment personnel at the Manager; the cost structure of the Fund; the Manager's culture of compliance and support that reduce risks to the Fund; the Manager's quality of services; the Manager's active role in monitoring and, as appropriate, recommending additional or replacement subadvisors; and the Manager's efforts to retain key employees and maintain staffing levels.

With respect to the renewal of the Investment Advisory Agreement, the Board considered, among other factors: the level of staffing and the size of the subadvisor; the adequacy of the resources committed to the Fund by the subadvisor; the financial stability of the subadvisor; and representations made by the subadvisor regarding its compliance program. Based on the foregoing information, the Board concluded that the nature, extent and quality of the management and advisory services provided by the Manager and the subadvisor were appropriate for the Fund.

Investment Performance. The Board evaluated the comparative information provided by Broadridge and the Manager regarding the performance of the Fund relative to its Broadridge Performance Universe, Morningstar Category, and/or benchmark index, as well as the Fund's Morningstar rating. The Board considered the information provided by Broadridge regarding its independent methodology for selecting the Fund's Broadridge Performance Universe. In addition, the Board considered the performance reports and discussions with management at Board and Committee meetings throughout the year. The Board also evaluated the comparative information provided by the subadvisor regarding the performance of the Fund relative to the performance of a composite of comparable investment accounts managed by the subadvisor and the Fund's benchmark index. In addition, the Board considered the Manager's recommendation to continue to retain the subadvisor. A discussion regarding the Board's considerations with respect to the Fund's performance appears below under "Additional Considerations and Conclusions with Respect to the Fund."

Costs of the Services Provided to the Fund and the Profits Realized by the Manager from its Relationship with the Fund. In analyzing the costs of services and profitability of the Manager, the Board considered the revenues earned and the expenses incurred by the Manager, before and after the payment of distribution-related expenses by the Manager. The profits or losses were noted at both an aggregate level for all funds within the group of mutual funds sponsored by the Manager (the "Fund Complex") and at an individual Fund level, with the Manager earning a profit before the payment of distribution-related expenses and sustaining a loss after the payment of distribution-related expenses by the Manager for the Fund. The Board also considered comparative information provided by the Manager regarding the Manager's overall profitability with respect to the Fund Complex relative to the overall profitability of other firms in the mutual fund industry, as disclosed in publicly available sources. Although the Board noted that, in certain cases, the fee rates paid by other clients of the Manager are lower than the fee rates paid by the Fund, the Manager represented that, among other matters, the difference is attributable to the fact that the Manager does not perform administrative services for non-investment company clients and reflects the greater level of responsibility and regulatory requirements associated with managing the Fund. The Board also noted that, for the Fund and its share classes, the Manager is waiving fees and/or reimbursing expenses.

The Board further considered that, with respect to the Fund, the Management Agreement provides for the Manager to receive a management fee comprised of an annualized fee that is retained by the Manager. The Board also noted that certain share classes of the Fund maintain higher expense ratios in order to compensate third-party financial intermediaries.

In analyzing the fee rates charged by the subadvisor in connection with its investment advisory services to the Fund, the Board considered representations made by the subadvisor that the Fund's subadvisory fee rate schedule generally was favorable compared to other comparable client accounts. The Board did not request profitability data from the subadvisor because the Board did not view this data as imperative to its deliberations given the arm's-length nature of the relationship between the Manager and the subadvisor with respect to the negotiation of subadvisory fee rates. In addition, the Board noted that the subadvisor may not account for its profits on an account-by-account basis and that different firms likely employ different methodologies in connection with these calculations.

Based on the foregoing information, the Board concluded that the profitability levels of the Manager were reasonable in light of the services performed by the Manager. A discussion regarding the Board's considerations with respect to the Fund's fee rates is set forth below under "Additional Considerations and Conclusions with Respect to the Fund."

Economies of Scale. In considering the reasonableness of the management and investment advisory fees rates, the Board considered whether economies of scale will be realized as the Fund grows and whether fee rate levels reflect these economies of scale for the benefit of Fund shareholders. In this regard, the Board considered that the Manager has negotiated breakpoints for the subadvisory fee rate. In this regard, the Board considered that the Fund's current assets did not exceed the threshold necessary to reach the first subadvisory fee rate breakpoint.

In addition, the Board noted the Manager's representation that the Management Agreement contains fee schedule breakpoints at higher asset levels with respect to the Fund. In this regard, the Board considered that the Fund's current assets did not exceed the threshold necessary to reach the first management fee breakpoint. Based on the foregoing information, the Board concluded that the Manager and subadvisor fee rate schedules for the Fund provide for a reasonable sharing of benefits from any economies of scale with the Fund.

Benefits Derived from the Relationship with the Fund. The Board considered the "fall-out" or ancillary benefits that accrue to the Manager and/or the subadvisor as a result of the advisory relationships with the Fund, including greater exposure in the marketplace with respect to the Manager's or the subadvisor's investment process and expanding the level of assets under management by the Manager and the subadvisor. The Board also considered that the Manager may invest the Fund's cash balances and cash collateral provided by the borrowers of the Fund's securities in the American Beacon U.S. Government Money Market Select Fund, which the Manager manages directly, and for which the Manager receives a fee. Based on the foregoing information, the Board concluded that the potential benefits accruing to the Manager and the subadvisor by virtue of their relationships with the Fund appear to be fair and reasonable.

Additional Considerations and Conclusions with Respect to the Fund

The performance comparisons below were made for the Fund's R5 Class shares relative to the Fund's Broadridge Performance Universe and Morningstar Category. With respect to the Broadridge Performance Universe, the 1st Quintile represents the top 20 percent of the universe based on performance and the 5th Quintile represents the bottom 20 percent of the universe based on performance. References to the Fund's Broadridge Performance Universe are to the respective universe of mutual funds with comparable investment classifications and objectives as determined by Broadridge.

In reviewing the performance, the Board viewed longer-term performance over a full market cycle, typically five years or longer, if available, as the most important consideration because relative performance over shorter periods may be significantly impacted by market or economic events and not necessarily reflective of subadvisor skill.

The expense comparisons below were made for the Fund's R5 Class shares relative to the Fund's Broadridge Expense Universe and Broadridge Expense Group and Y Class shares relative to the Fund's Morningstar Fee Level

Universe. The 1st Quintile represents the lowest 20 percent of the universe or group based on lowest total expense, and the 5th Quintile represents the highest 20 percent of the universe or group based on highest total expense. References to the Fund's Expense Group and Expense Universe are to the respective group or universe of comparable mutual funds as determined by Broadridge. A Broadridge Expense Group consists of the Fund and a representative sample of funds with similar operating structures and asset sizes, as selected by Broadridge. A Broadridge Expense Universe includes all funds with a comparable investment classifications/objectives and similar operating structures to that of the share class under review for the Fund, including funds in the Broadridge Expense Group. The Broadridge expense comparisons are based on the most recent audited financial information publicly available for a Fund as of December 31, 2020. References to the Fund's Morningstar Fee Level ranking are to the institutional share class of comparable mutual funds as determined by Morningstar.

The Board considered the Fund's Morningstar fee level category with the 1st Quintile representing the lowest 20 percent of the category constituents and the 5th Quintile representing the highest 20 percent of the category in terms of total expense.

In reviewing expenses, the Board considered the positive impact of the fee waiver and/or expense reimbursement and the Manager's agreement to continue the fee waiver and/or expense reimbursement. The Board also considered that, in connection with the change in the name of the Fund's Institutional Class shares, the share class used for the Fund's Morningstar Fee Level comparisons had changed from the R5 Class shares to the Y Class shares, which may have resulted in a less favorable Morningstar Fee Level Ranking for the Fund than in prior years.

In considering the renewal of the Management Agreement and the Investment Advisory Agreement with Garcia Hamilton for the Fund, the Board considered the following additional factors:

Broadridge Total Expenses Excluding 12b-1 Fees and Morningstar Fee Level Ranking

Compared to Broadridge Expense Group	2nd Quintile
Compared to Broadridge Expense Universe	3rd Quintile
Morningstar Fee Level Ranking	4th Quintile

Broadridge and Morningstar Performance Analysis (three-year period ended December 31, 2020)

Compared to Broadridge Performance Universe	5th Quintile
Compared to Morningstar Category	5th Quintile

The Board also considered: (1) information provided by the subadvisor regarding fee rates charged for managing assets in the same or a similar strategy as the subadvisor manages the Fund; (2) that the one-year and three-year periods of underperformance were due to the subadvisor's duration-management strategy; (3) the potential for improved future relative performance in a rising interest rate environment; and (4) the Manager's recommendation to continue to retain the subadvisor.

Based on these and other considerations, the Board: (1) concluded that the fees paid to the Manager and subadvisor under the Management and Investment Advisory Agreements are fair and reasonable; and (2) determined that the Fund and its shareholders would benefit from the Manager's and subadvisor's continued management of the Fund.

Trustees and Officers of the American Beacon Funds℠ (Unaudited)

The Trustees and officers of the American Beacon Funds (the "Trust") are listed below, together with their principal occupations during the past five years. The address of each person listed below is 220 Las Colinas Boulevard East, Suite 1200, Irving, Texas 75039. Each Trustee oversees thirty funds in the fund complex that includes the Trust, the American Beacon Select Funds, and the American Beacon Institutional Funds Trust. The Trust's Statement of Additional Information contains additional information about the Trustees and is available without charge by calling 1-800-658-5811.

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
INTERESTED TRUSTEES	Term Lifetime of Trust until removal, resignation or retirement*	
Eugene J. Duffy (67)**	Trustee since 2008	Managing Director, Global Investment Management Distribution, Mesirow Financial Administrative Corporation (2016-Present); Managing Director, Institutional Services, Intercontinental Real Estate Corporation (2014-2016); Trustee, American Beacon Select Funds (2008-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
NON-INTERESTED TRUSTEES	Term Lifetime of Trust until removal, resignation or retirement*	
Gilbert G. Alvarado (51)	Trustee since 2015	President, SJVIIF, LLC, Impact Investment Fund (2018-Present); Director, Kura MD, Inc. (local telehealth organization) (2015-2017); Senior Vice President & CFO, Sierra Health Foundation (health conversion private foundation) (2006-Present); Senior Vice President & CFO, Sierra Health Foundation: Center for Health Program Management (California public benefit corporation) (2012-Present); Director, Innovative North State (2012-2015); Director, Sacramento Regional Technology Alliance (2011-2016); Director, Valley Healthcare Staffing (2017-2018); Trustee, American Beacon Select Funds (2015-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
Joseph B. Armes (59)	Trustee since 2015	Director, Switchback Energy Acquisition (2019-2021); Chairman & CEO, CSW Industrials f/k/a Capital Southwest Corporation (investment company) (2015-Present); Chairman of the Board of Capital Southwest Corporation, predecessor to CSW Industrials, Inc. (2014-2017) (investment company); President & CEO, JBA Investment Partners (family investment vehicle) (2010-Present); Director and Chair of Audit Committee, RSP Permian (oil and gas producer) (2013-2018); Trustee, American Beacon Select Funds (2015-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
Gerard J. Arpey (63)	Trustee since 2012	Partner, Emerald Creek Group (private equity firm) (2011-Present); Director, S.C. Johnson & Son, Inc. (privately held company) (2008-present); Director, The Home Depot, Inc. (2015-Present); Trustee, American Beacon Select Funds (2012-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
NON-INTERESTED TRUSTEES (CONT.)	Term Lifetime of Trust until removal, resignation or retirement*	
Brenda A. Cline (60)	Trustee since 2004 Chair since 2019 Vice Chair 2018	Chief Financial Officer, Treasurer and Secretary, Kimbell Art Foundation (1993-Present); Director, Tyler Technologies, Inc. (public sector software solutions company) (2014-Present); Director, Range Resources Corporation (oil and natural gas company) (2015-Present); Trustee, Cushing Closed-End and Open-End Funds (2017-Present); Trustee, American Beacon Select Funds (2004-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
Claudia A. Holz (64)	Trustee since 2018	Partner, KPMG LLP (1990-2017); Independent Director, Blue Owl Capital Inc. (2021-Present); Trustee, American Beacon Select Funds (2018-Present); Trustee, American Beacon Institutional Funds Trust (2018-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
Douglas A. Lindgren (59)	Trustee since 2018	CEO North America, Carne Global Financial Services (2016-2017); Consultant, Carne Financial Services (2017-2019); Managing Director, IPS Investment Management and Global Head, Content Management, UBS Wealth Management (2010-2016); Trustee, American Beacon Select Funds (2018-Present); Trustee, American Beacon Institutional Funds Trust (2018-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).
Barbara J. McKenna, CFA (58)	Trustee since 2012	President/Managing Principal, Longfellow Investment Management Company (2005-Present); Trustee, American Beacon Select Funds (2012-Present); Trustee, American Beacon Institutional Funds Trust (2017-Present); Trustee, American Beacon Sound Point Enhanced Income Fund (2018-2021); Trustee, American Beacon Apollo Total Return Fund (2018-2021).

Trustees and Officers of the American Beacon Funds℠ (Unaudited)

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS	Term One Year	
Gene L. Needles, Jr. (66)	President since 2009	President (2009-2018), CEO and Director (2009-Present), and Chairman (2018-Present), American Beacon Advisors, Inc., President (2015-2018), Director and CEO (2015-Present), and Chairman (2018-Present), Resolute Investment Holdings, LLC; President (2015-2018), Director and CEO (2015-Present), and Chairman (2018-Present),Resolute Topco, Inc.; President (2015-2018); Director, and CEO (2015-Present), and Chairman (2018-Present), Resolute Acquisition, Inc.; President (2015-2018), Director and CEO (2015-Present), Chairman (2018-Present), Resolute Investment Managers, Inc.; Director, Chairman, President and CEO, Resolute Investment Distributors (2017-Present); Director, Chairman, President and CEO; Resolute Investment Services, Inc. (2017-Present); Manager, President and CEO, American Private Equity Management, LLC (2012-Present); Director, Chairman, President and CEO, Alpha Quant Advisors, LLC (2016-2020); Director, ARK Investment Management LLC (2016-2020); Director, Shapiro Capital Management LLC (2017-Present); Director, Chairman and CEO, Continuous Capital, LLC (2018-Present); Director, Green Harvest Asset Management (2019-Present); Director, National Investment Services of America, LLC (2019-Present); Director, RSW Investments Holdings LLC, (2019-Present); Manager, SSI Investment Management, LLC (2019-Present); President, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Director and President, American Beacon Cayman Transformational Innovation Company, LTD., (2017-2018); President, American Beacon Delaware Transformational Innovation Corporation (2017-2018); President American Beacon Cayman TargetRisk Company, Ltd. (2018-Present); Member, Investment Advisory Committee, Employees Retirement System of Texas (2017-Present); Trustee, American Beacon NextShares Trust (2015-2020); President, American Beacon Select Funds (2009-Present); President, American Beacon Institutional Funds Trust (2017-Present); President, American Beacon Sound Point Enhanced Income Fund (2018-2021); President, American Beacon Apollo Total Return Fund (2018-2021).
Rosemary K. Behan (62)	VP, Secretary and Chief Legal Officer since 2006	Senior Vice President (2021-Present), Vice President(2006-2021), Secretary and General Counsel (2006-Present), American Beacon Advisors, Inc.; Secretary, Resolute Investment Holdings, LLC (2015-Present); Secretary, Resolute Topco, Inc. (2015-Present); Secretary, Resolute Acquisition, Inc. (2015-Present); Senior Vice President (2021-Present), Vice President(2015-2021), Secretary and General Counsel (2015-Present), Resolute Investment Managers, Inc.; Secretary, Resolute Investment Distributors, Inc. (2017-Present); Senior Vice President (2021-Present), Vice President(2017-2021), Secretary and General Counsel (2017-Present), Resolute Investment Services, Inc.; Secretary, American Private Equity Management, LLC (2008-Present); Secretary and General Counsel, Alpha Quant Advisors, LLC (2016-2020); Vice President and Secretary, Continuous Capital, LLC (2018-Present); Secretary, Green Harvest Asset Management (2019-2021); Secretary, American Beacon Delaware Transformational Innovation Corporation (2017-2018); Secretary, American Beacon Cayman Transformational Innovation Company, Ltd. (2017-2018); Secretary, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Secretary, American Beacon Cayman TargetRisk Company, Ltd (2018-Present); Chief Legal Officer, Vice President and Secretary, American Beacon Select Funds (2006-Present); Chief Legal Officer, Vice President and Secretary, American Beacon Institutional Funds Trust (2017-Present); Chief Legal Officer, Vice President and Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Chief Legal Officer, Vice President and Secretary American Beacon Apollo Total Return Fund (2018-2021).

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS (CONT.)	Term One Year	
Brian E. Brett (61)	VP since 2004	Senior Vice President, Head of Distribution (2012-Present), American Beacon Advisors, Inc.; Senior Vice President, Resolute Investment Managers, Inc. (2017-Present); Senior Vice President, Resolute Investment Distributors, Inc. (2018-Present); Senior Vice President, Resolute Investment Services, Inc. (2018-Present); Vice President, American Beacon Select Funds (2004-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President American Beacon Apollo Total Return Fund (2018-2021).
Paul B. Cavazos (52)	VP since 2016	Chief Investment Officer and Senior Vice President, American Beacon Advisors, Inc. (2016-Present); Chief Investment Officer, DTE Energy (2007-2016); Vice President, American Private Equity Management, L.L.C. (2017-Present); Vice President, American Beacon Select Funds (2016-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President American Beacon Apollo Total Return Fund (2018-2021).
Erica Duncan (51)	VP since 2011	Vice President, American Beacon Advisors, Inc. (2011-Present); Vice President, Resolute Investment Managers (2018-Present); Vice President, Resolute Investment Services, Inc. (2018-Present); Vice President, American Beacon Select Funds (2011-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President American Beacon Apollo Total Return Fund (2018-2021).
Melinda G. Heika (60)	VP since 2021 Principal Accounting Officer and Treasurer (2010-2021)	Senior Vice President (2021-Present), Treasurer and CFO (2010-Present), American Beacon Advisors, Inc.; Treasurer, Resolute Topco, Inc. (2015-Present); Treasurer, Resolute Investment Holdings, LLC. (2015-Present); Treasurer, Resolute Acquisition, Inc. (2015-Present); Senior Vice President (2021-Present), Treasurer and CFO, Resolute Investment Managers, Inc. (2017-Present); Treasurer, Resolute Investment Distributors, Inc. (2017); Senior Vice President (2021-Present); Treasurer and CFO, Resolute Investment Services, Inc. (2015-Present); Treasurer, American Private Equity Management, LLC (2012-Present); Treasurer and CFO, Alpha Quant Advisors, LLC (2016-2020); Treasurer and CFO, Continuous Capital, LLC (2018-Present); Treasurer, American Beacon Cayman Transformational Innovation, Ltd. (2017-2018); Treasurer, American Beacon Delaware Transformational Innovation Corporation (2017-2018); Director and Treasurer, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Treasurer, American Beacon Cayman TargetRisk Company, Ltd. (2018-Present); Vice President (2021-Present), Principal Accounting Officer (2017-2021) and Treasurer (2010-2021), American Beacon Select Funds; Vice President (2021-Present), Principal Accounting Officer and Treasurer (2017-2021), American Beacon Institutional Funds Trust; Vice President (2021), Principal Accounting Officer and Treasurer (2018-2021), American Beacon Sound Point Enhanced Income Fund; Vice President (2021), Principal Accounting Officer and Treasurer, American Beacon Apollo Total Return Fund (2018-2021).

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS (CONT.)	Term One Year	
Terri L. McKinney (57)	VP since 2010	Senior Vice President (2021-Present), Vice President (2009-2021), American Beacon Advisors, Inc.; Senior Vice President (2021-Present); Vice President (2017-2021), Resolute Investment Managers, Inc.; Senior Vice President (2021-Present), Vice President (2018-Present), Resolute Investment Services, Inc; Vice President, Alpha Quant Advisors, LLC (2016-2020); Vice President, Continuous Capital, LLC (2018-Present); Vice President, American Beacon Select Funds (2010-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President, American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President, American Beacon Apollo Total Return Fund (2018-2021).
Jeffrey K. Ringdahl (46)	VP since 2010	Director (2015-Present), President (2018-Present), Chief Operating Officer (2010-Present), Senior Vice President (2013-2018), American Beacon Advisors, Inc.; Director (2015-Present), President (2018-Present), Senior Vice President (2015-2018), Resolute Investment Holdings, LLC; Director (2015-Present), President (2018-Present), Senior Vice President (2015-2018), Resolute Topco, Inc.; Director (2015-Present), President (2018-Present), Senior Vice President (2015-2018), Resolute Acquisition, Inc.; Director (2015-Present), President & COO (2018-Present), Senior Vice President (2015-2018), Resolute Investment Managers, Inc.; Director and Executive Vice President (2017-Present), Resolute Investment Distributors, Inc.; Director (2017-Present), President & COO (2018-Present), Executive Vice President (2017-2018), Resolute Investment Services, Inc.; Senior Vice President (2017-Present), Vice President (2012-2017), Manager (2015-Present), American Private Equity Management, LLC; Trustee, American Beacon NextShares Trust (2015-2020); Director, Executive Vice President & COO, Alpha Quant Advisors, LLC (2016-2020); Director, Shapiro Capital Management, LLC (2017-Present); Director, Executive Vice President & COO, Continuous Capital, LLC (2018-Present); Director, RSW Investments Holdings LLC, (2019-Present); Manager, SSI Investment Management, LLC (2019-Present); Director, National Investment Services of America, LLC (2019-Present); Director and Vice President, American Beacon Cayman Transformational Innovation Company, Ltd., (2017-Present); Vice President, American Beacon Delaware Transformational Innovation Corporation (2017-2018); Director and Vice President, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2014-Present); Vice President, American Beacon Cayman TargetRisk Company, Ltd (2018-Present); Vice President, American Beacon Select Funds (2010-2018); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President, American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President, American Beacon Apollo Total Return Fund (2018-2021).
Samuel J. Silver (58)	VP since 2011	Vice President (2011-Present), Chief Fixed Income Officer (2016-Present), American Beacon Advisors, Inc. (2011-Present); Vice President, American Beacon Select Funds (2011-Present); Vice President, American Beacon Institutional Funds Trust (2017-Present); Vice President, American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President, American Beacon Apollo Total Return Fund (2018-2021).

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS (CONT.)	**Term** One Year	
Christina E. Sears (50)	Chief Compliance Officer since 2004 and Asst. Secretary since 1999	Vice President, American Beacon Advisors, Inc. (2019-Present); Chief Compliance Officer, American Beacon Advisors, Inc. (2004-Present); Vice President, Resolute Investment Managers, Inc. (2017-Present); Vice President, Resolute Investment Distributors (2017-Present); Vice President, Resolute Investment Services, Inc. (2019-Present); Chief Compliance Officer, American Private Equity Management, LLC (2012-Present); Chief Compliance Officer, Green Harvest Asset Management, LLC (2019-Present); Chief Compliance Officer, RSW Investments Holdings, LLC (2019-Present); Chief Compliance Officer (2016-2019) and Vice President, Alpha Quant Advisors, LLC (2016-2020); Vice President, Continuous Capital, LLC (2018-Present); Chief Compliance Officer (2004-Present) and Assistant Secretary (1999-Present), American Beacon Select Funds; Chief Compliance Officer and Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present); Chief Compliance Officer and Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Chief Compliance Officer and Assistant Secretary, American Beacon Apollo Total Return Fund (2018-2021).
Sonia L. Bates (64)	Principal Accounting Officer and Treasurer since 2021 Assistant Treasurer (2011-2021)	Assistant Treasurer, American Beacon Advisors, Inc. (2011-2018); Assistant Treasurer, American Private Equity Management, LLC (2012-Present); Assistant Treasurer, American Beacon Cayman Transformational Innovation Company, Ltd. (2017-Present); Assistant Treasurer, American Beacon Cayman TargetRisk Company, Ltd. (2018-Present); Principal Accounting Officer and Treasurer (2021-Present), Assistant Treasurer (2011-2021), American Beacon Select Funds; Principal Accounting Officer and Treasurer (2021-Present), Assistant Treasurer (2017-2021), American Beacon Institutional Funds Trust; Principal Accounting Officer and Treasurer (2021), Assistant Treasurer (2018-2021), American Beacon Sound Point Enhanced Income Fund; Principal Accounting Officer and Treasurer (2021), Assistant Treasurer (2018-2021), American Beacon Apollo Total Return Fund.
Shelley L. Dyson (51)	Assistant Treasurer since 2021	Assistant Treasurer, American Beacon Select Funds (2021-Present); Assistant Treasurer, American Beacon Institutional Funds Trust (2021-Present); Assistant Treasurer, American Beacon Sound Point Enhanced Income Fund (2021); Assistant Treasurer, American Beacon Apollo Total Return Fund (2021).
Shelley D. Abrahams (46)	Assistant Secretary since 2008	Assistant Secretary, American Beacon Select Funds (2008-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present); Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Assistant Secretary, American Beacon Apollo Total Return Fund (2018-2021).
Rebecca L. Harris (54)	Assistant Secretary since 2010	Senior Vice President (2021-Present), Vice President (2011-Present), American Beacon Advisors, Inc.; Senior Vice President (2021-Present), Vice President (2017-Present), Resolute Investment Managers, Inc.; Senior Vice President (2021-Present), Vice President (2015-Present), Resolute Investment Services; Vice President, Alpha Quant Advisors, LLC (2016-2020); Vice President, Continuous Capital, LLC (2018-Present); Assistant Secretary, American Beacon Select Funds (2010-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present); Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Assistant Secretary, American Beacon Apollo Total Return Fund (2018-2021).

Name, Age	Position, Term of Office and Length of Time Served with the Trust	Principal Occupation(s) During Past 5 Years and Current Directorships
OFFICERS (CONT.)	Term One Year	
Teresa A. Oxford (63)	Assistant Secretary since 2015	Assistant Secretary, American Beacon Advisors, Inc. (2015-Present); Assistant Secretary, Resolute Investment Distributors (2018-2021); Assistant Secretary, Resolute Investment Managers, Inc. (2017-Present); Assistant Secretary, Resolute Investment Services (2018-Present); Assistant Secretary, Alpha Quant Advisors, LLC (2016-2020); Assistant Secretary, Continuous Capital, LLC (2020-Present); Assistant Secretary, American Beacon Select Funds (2015-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2017-Present); Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Assistant Secretary, American Beacon Apollo Total Return Fund (2018-2021).
Michael D. Jiang (36)	Assistant Secretary since 2021	Assistant Secretary (2021-Present), Resolute Investment Distributors, Inc.; Associate General Counsel (2021-Present), Resolute Investment Services, Inc.; Vice President (2018-2021), The Northern Trust Company; Second Vice President (2015-2018), The Northern Trust Company. Assistant Secretary, American Beacon Select Funds (2021-Present); Assistant Secretary, American Beacon Institutional Funds Trust (2021-Present); Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2021); Assistant Secretary, American Beacon Apollo Total Return Fund (2021).

* As of 11/12/2014, the Board adopted a retirement plan that requires Trustees to retire no later than the last day of the calendar year in which they reach the age of 75.
** Mr. Duffy is being deemed to be an “interested person” of the Trust, as defined by the Investment Company Act of 1940, as amended, by virtue of his position with Mesirow Financial, Inc., a broker-dealer.

The American Beacon Funds recognize and respect the privacy of our shareholders. We are providing this notice to you so you will understand how shareholder information may be collected and used.

We may collect nonpublic personal information about you from one or more of the following sources:

- information we receive from you on applications or other forms;
- information about your transactions with us or our service providers; and
- information we receive from third parties.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

We restrict access to your nonpublic personal information to those employees or service providers who need to know that information to provide products or services to you. To ensure the confidentiality of your nonpublic personal information, we maintain safeguards that comply with federal standards.

Delivery of Documents

Shareholder reports are available online at www.americanbeaconfunds.com/reports. Please be advised that reports are no longer sent by mail. Instead, the reports are made available online, and you will be notified by mail each time a report is posted online. You will be provided with a website link to access the report. You may elect to receive all future reports in paper free of charge. You can request to continue receiving paper copies by calling 1-866-345-5954, or you may directly inform your financial intermediary. Detailed instructions are also included in your report notifications.

If you invest in the Fund through a financial institution, you may be able to receive the Fund's regulatory mailings, such as the Prospectus, Annual Report and Semi-Annual Report, by e-mail. If you are interested in this option, please go to www.icsdelivery.com and search for your financial institution's name or contact your financial institution directly.

To obtain more information about the Fund:

By E-mail:
american_beacon.funds@ambeacon.com

On the Internet:
Visit our website at www.americanbeaconfunds.com

By Telephone:
Call (800) 658-5811

By Mail:
American Beacon Funds
P.O. Box 219643
Kansas City, MO 64121-9643

Availability of Quarterly Portfolio Schedules

In addition to the Schedule of Investments provided in each semi-annual and annual report, the Fund files a complete schedule of its portfolio holdings with the Securities and Exchange Commission ("SEC") on Form N-PORT as of the end of each fiscal quarter. The Fund's Forms N-PORT are available on the SEC's website at www.sec.gov. The Forms N-PORT may also be reviewed and copied at the SEC's Public Reference Section, 100 F Street, NE, Washington, D.C. 20549-2736. Information regarding the operation of the SEC's Public Reference Room may be obtained by calling (800)-SEC-0330. A complete schedule of the Fund's portfolio holdings is also available at www.americanbeaconfunds.com approximately twenty days after the end of each month.

Availability of Proxy Voting Policy and Records

A description of the policies and procedures the Fund uses to determine how to vote proxies relating to portfolio securities is available in the Fund's Statement of Additional Information, is available free of charge on the Fund's website www.americanbeaconfunds.com and by calling 1-800-967-9009 or by accessing the SEC's website at www.sec.gov. The Fund's proxy voting record for the most recent year ended June 30 is filed annually with the SEC on Form N-PX. The Fund's Forms N-PX are available on the SEC's website at www.sec.gov. The Fund's proxy voting record may also be obtained by calling 1-800-967-9009.

Fund Service Providers:

Custodian	Transfer Agent	Independent Registered Public Accounting Firm	Distributor
State Street Bank and Trust Company Boston, Massachusetts	DST Asset Manager Solutions, Inc. Quincy, Massachusetts	Ernst & Young LLP Dallas, Texas	Resolute Investment Distributors, Inc. Irving, Texas

This report is prepared for shareholders of the American Beacon Funds and may be distributed to others only if preceded or accompanied by a current Prospectus or Summary Prospectus.