

**2023** ANNUAL REPORT

**October 31, 2023**

GARCIA HAMILTON QUALITY BOND FUND

## About American Beacon Advisors

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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

The use of **fixed-income securities** entails interest rate and credit risks. **Interest rate risk** is the risk that debt securities will decrease in value with increases in market interest rates. **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. To the extent the Fund invests more heavily in particular sectors, its performance will be sensitive to factors affecting those sectors. **Financial sector** companies are heavily regulated and particularly sensitive to interest rate fluctuations. 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.

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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.

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## President's Message

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Dear Shareholders,

In the words of Theodor Seuss Geisel, the beloved children's author and cartoonist known as Dr. Seuss, "Only you can control your future."

While we as individuals cannot control everything that's happening in the world around us or within the global economy and markets, we can take steps to diversify our risk exposure as we seek to preserve and grow our personal savings. By making prudent adjustments to our investment portfolios with the help of trusted financial professionals, we may be better positioned to withstand the negative financial forces we're likely to encounter in our lifetime - especially during periods like today's geopolitical turmoil and economic uncertainty.

At American Beacon, we endeavor to provide a broad range of disciplined investment strategies to help you potentially collect the fruits of your labor over the fullness of time. We work diligently to cultivate relationships with the investment managers who serve as sub-advisors to our investment products. Since our firm's inception as a pension fiduciary in 1986 and the launch of our first sub-advised, multi-manager mutual funds in 1987, we have continued expanding our innovative product offerings. And we are committed to applying a solutions-based, risk-managed approach in our pursuit of **institutional wisdom** while striving to generate **earned alpha** and **enduring value**.

Thank you for entrusting your financial future with American Beacon. For more information about our investment products or to access your account information, please visit our website at [www.americanbeaconfunds.com](http://www.americanbeaconfunds.com).

Best Regards,

A handwritten signature in black ink, appearing to read "Jeffrey K. Ringdahl".

Jeffrey K. Ringdahl  
President  
American Beacon Funds

# Domestic Bond Market Overview

October 31, 2023 (Unaudited)

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During the 12 months ended October 31, 2023, the economy faced increasing headwinds in the form of sharply higher interest rates and the dissipation of savings that were built up during the COVID-19 pandemic. Additionally, the benign tailwind of healthy supply chains removed one of the primary causes of inflation seen during the period. With the broad increase in interest rates and positive excess return in all investment-grade spread sectors, the bond market posted a small positive total return of 0.36% for the Bloomberg® US Aggregate Bond Index (the “Index”) over the past 12 months. The period’s return qualifies as the eighth worst annual return in the 47-year history of the Index. The Credit sector excess return was a positive 4.07% over the period; within the sector, low-quality credit performed the best, resulting in an excess return of 5.00%. The Mortgage-Backed Securities sector had a small, positive excess return of 0.08%. The Agency and Asset-Backed Securities sectors also followed suit, delivering positive excess returns of 0.73% and 1.17%, respectively. In total, the Index had a positive excess return of 1.21% for the period.

October 2023 marked the third consecutive month in which the Federal Reserve (“Fed”) maintained a pause in its tightening efforts, following a 17-month period of rate hikes. A Fed pause after a tightening cycle has historically been associated with significantly lower bond yields in the future. Despite the Fed’s observation of “resilient” strength in the labor market, there have been increasing signs of weakness. This trend raises concerns about the Fed’s reliance on employment data that tends to lag behind market dynamics, potentially leading to a policy mistake similar to the one witnessed in 2021. (In 2021, the Fed delayed the conclusion of its easing policy, failing to address mounting inflationary pressures that ultimately proved to be more persistent than transitory.) The Fed’s belief in the resilience of the U.S. economy may be misplaced, as both economic growth and inflation are expected to trend lower in the future. Furthermore, the majority of leading economic indicators (including the Conference Board’s Leading Economic Indicator Index®, money supply, supply chains and tightened lending standards) also point toward a significant slowdown in economic growth and inflation. Given this backdrop, interest rates could potentially decline over the coming months.

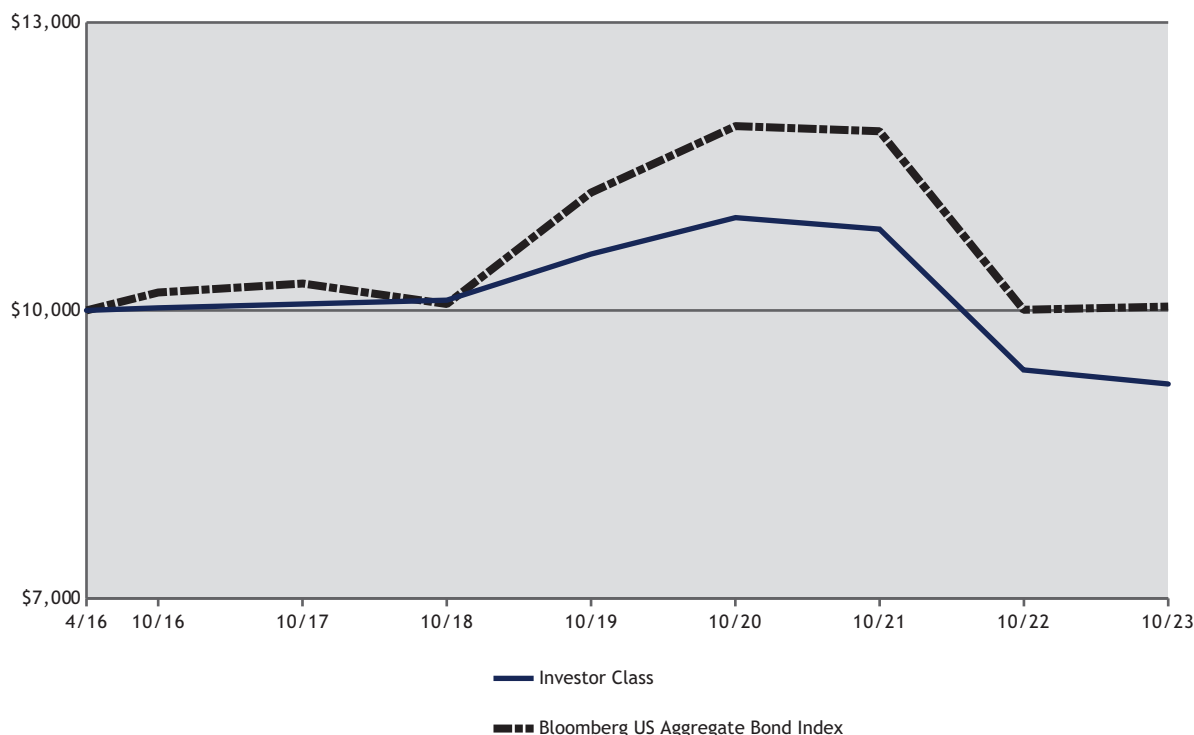
# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Performance Overview

October 31, 2023 (Unaudited)

The Investor Class of the American Beacon Garcia Hamilton Quality Bond Fund (the “Fund”) returned -1.59% for the twelve months ended October 31, 2023. The Bloomberg US Aggregate Bond Index (the “Index”) returned 0.36% for the same period. The Fund’s longer duration impacted returns as interest rates rose to cyclical highs through period end.

Comparison of Changes in Value of a \$10,000 Investment for the period 4/4/2016 through 10/31/2023



### Total Returns for the Period ended Oct 31, 2023

	Ticker	1 Year	3 Years	5 Years	Since Inception 04/04/2016	Value of \$10,000 04/04/2016- 10/31/2023
R5 Class (1,4)	GHQIX	(1.08)%	(5.16)%	(1.39)%	(0.66)%	\$ 9,513
Y Class (1,4)	GHQYX	(1.27)%	(5.29)%	(1.50)%	(0.77)%	\$ 9,433
Investor Class (1,4)	GHQPX	(1.59)%	(5.57)%	(1.79)%	(1.05)%	\$ 9,231
R6 Class (1,3,4)	GHQRX	(1.17)%	(5.17)%	(1.40)%	(0.66)%	\$ 9,508
Bloomberg US Aggregate Bond Index (2)		0.36%	(5.57)%	(0.06)%	0.05%	\$10,037

- 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](http://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.
- The Bloomberg US 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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Performance Overview

October 31, 2023 (Unaudited)

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- Fund performance for the 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.*
- 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 0.66%, 0.73%, 1.13%, and 0.63%, 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.*

While the U.S. Federal Reserve Bank (the “Fed”) paused its rate-hiking campaign in July 2023, interest rates at the longer end of the yield curve continued to rise as the economy and inflation were more resilient than expected. The Fund held a duration of approximately 6.7 years during the period, as compared to 6.2 years for the Index. Within the Index, the 1-3 year maturity segment returned 3.3%, 5-7 year maturities returned 1.0% and 10+ year maturities returned -2.9% for the period. The Fund was positioned for a slowing economy and lower inflation, which would put downward pressure on interest rates.

Among the primary Index sectors, Corporates produced the highest returns, at 2.8%, Treasuries returned -0.6%, and Agency Mortgages returned -0.8%. Additionally, within Corporates, lower-rated issuers outperformed higher quality with “Baa”-rated issuers returning 3.6%, “A”-rated returning 2.2% and “AA”-rated returning 1.3%. The Fund intentionally avoids “Baa”-rated issuers to minimize exposure to lower quality and potentially more volatile issuers.

The Fund was also underweight the Corporate sector overall as narrow credit spreads and the expectation of a slowing economy led the subadvisor to reduce credit exposure. The Fund held approximately half the allocation to Corporates as compared the Index during the period.

Within Agency Mortgage-Backed securities, the Fund held a notable overweight position, offsetting the underweight in Corporates, to take advantage of their attractive carry and high credit quality. Although mortgages underperformed during the period, as investors preferred low quality, they are expected to outperform in upcoming quarters as the economy begins to moderate.

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 interest rates and other macroeconomic variables. The Fund invests in high-quality, low-volatility securities that 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 strategy.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Performance Overview

October 31, 2023 (Unaudited)

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### Top Ten Holdings (% Net Assets)

U.S. Treasury Notes, 1.875%, Due 2/15/2032	10.5
U.S. Treasury Bonds, 2.500%, Due 2/15/2045	5.8
U.S. Treasury Notes, 3.500%, Due 2/15/2033	5.6
U.S. Treasury Bonds, 3.750%, Due 8/15/2041	5.0
Federal Home Loan Mortgage Corp., 2.000%, Due 8/1/2042	3.9
Federal Home Loan Mortgage Corp., 2.500%, Due 4/1/2052	3.9
Federal Home Loan Mortgage Corp., 2.500%, Due 3/1/2052	3.8
Federal Home Loan Mortgage Corp., 4.000%, Due 10/1/2052	3.8
Federal Home Loan Mortgage Corp., 3.000%, Due 5/1/2052	3.7
Federal National Mortgage Association, 3.000%, Due 5/1/2052	3.7

Total Fund Holdings

34

### Sector Allocation (% Investments)

U.S. Agency Mortgage-Backed Obligations	55.8
U.S. Treasury Obligations	31.9
Financial	7.4
Communications	3.4
Technology	1.5

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Expense Examples

October 31, 2023 (Unaudited)

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### 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, 2023 through October 31, 2023.

### 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 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.

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<sup>SM</sup>

## Expense Examples

October 31, 2023 (Unaudited)

### American Beacon Garcia Hamilton Quality Bond Fund

	Beginning Account Value 5/1/2023	Ending Account Value 10/31/2023	Expenses Paid During Period 5/1/2023-10/31/2023*
<b>R5 Class</b>			
Actual	\$1,000.00	\$914.50	\$2.17
Hypothetical**	\$1,000.00	\$1,022.94	\$2.29
<b>Y Class</b>			
Actual	\$1,000.00	\$912.90	\$2.46
Hypothetical**	\$1,000.00	\$1,022.64	\$2.60
<b>Investor Class</b>			
Actual	\$1,000.00	\$910.40	\$4.00
Hypothetical**	\$1,000.00	\$1,021.02	\$4.23
<b>R6 Class</b>			
Actual	\$1,000.00	\$912.40	\$1.98
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<sup>SM</sup>

## Report of Independent Registered Public Accounting Firm

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

### *Opinion on the Financial Statements*

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of American Beacon Garcia Hamilton Quality Bond Fund (one of the funds constituting American Beacon Funds, referred hereafter as the “Fund”) as of October 31, 2023, the related statement of operations for the year ended October 31, 2023, the statement of changes in net assets for each of the two years in the period ended October 31, 2023, including the related notes, and the financial highlights for each of the two years in the period ended October 31, 2023 (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 as of October 31, 2023, 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 ended October 31, 2023 and the financial highlights for each of the two years in the period ended October 31, 2023 in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Fund as of and for the year ended October 31, 2021 and the financial highlights for each of the periods ended on or prior to October 31, 2021 (not presented herein, other than the financial highlights) were audited by other auditors whose report dated December 30, 2021 expressed an unqualified opinion on those financial statements and financial highlights.

### *Basis for Opinion*

These financial statements are the responsibility of the Fund’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 Fund 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 of these financial statements 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.

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 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. Our procedures included confirmation of securities owned as of October 31, 2023 by correspondence with the custodians and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP  
Boston, Massachusetts  
December 27, 2023

We have served as the auditor of one or more investment companies in the American Beacon family of funds since 2016.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Schedule of Investments

October 31, 2023

	Principal Amount	Fair Value
<b>CORPORATE OBLIGATIONS - 12.29%</b>		
Communications - 3.45%		
Media - 3.45%		
Walt Disney Co., 3.800%, Due 3/22/2030	\$10,230,000	\$ 9,136,405
Financial - 7.34%		
Banks - 7.34%		
Bank of America Corp., 3.974%, Due 2/7/2030, (3 mo. USD Term SOFR + 1.472%) <sup>A</sup>	5,546,000	4,907,268
Citigroup, Inc., 3.980%, Due 3/20/2030, (3 mo. USD Term SOFR + 1.600%) <sup>A</sup>	5,680,000	5,028,775
JPMorgan Chase & Co., 2.739%, Due 10/15/2030, (3 mo. USD Term SOFR + 1.510%) <sup>A</sup>	4,885,000	4,015,197
Morgan Stanley, 3.622%, Due 4/1/2031, (Secured Overnight Financing Rate + 3.120%) <sup>A</sup>	2,265,000	1,920,898
Wells Fargo & Co., 4.478%, Due 4/4/2031, (3 mo. USD Term SOFR + 4.032%) <sup>A</sup>	4,030,000	3,581,164
		<b>19,453,302</b>
<b>Total Financial</b>		<b>19,453,302</b>
Technology - 1.50%		
Computers - 1.50%		
International Business Machines Corp., 3.500%, Due 5/15/2029	4,464,000	3,981,206
		<b>32,570,913</b>
<b>Total Corporate Obligations (Cost \$37,921,072)</b>		
<b>U.S. AGENCY MORTGAGE-BACKED OBLIGATIONS - 55.52%</b>		
Federal Home Loan Mortgage Corp.,		
4.000%, Due 2/1/2039	4,108,607	3,787,206
3.000%, Due 1/1/2040	3,788,439	3,232,880
2.000%, Due 8/1/2042	13,178,541	10,306,732
2.500%, Due 9/1/2042	11,896,918	9,553,947
2.500%, Due 3/1/2052	12,968,878	9,972,548
2.500%, Due 4/1/2052	13,322,902	10,246,178
3.000%, Due 5/1/2052	12,141,208	9,743,091
4.000%, Due 10/1/2052	11,783,654	10,198,166
4.000%, Due 11/1/2052	11,202,289	9,686,466
Federal National Mortgage Association,		
4.000%, Due 5/1/2039	7,066,402	6,392,448
4.000%, Due 9/1/2039	3,278,594	2,971,721
3.500%, Due 10/1/2039	5,272,265	4,575,853
3.000%, Due 7/1/2040 <sup>B</sup>	6,737,628	5,716,425
3.000%, Due 8/1/2040 <sup>B</sup>	4,402,071	3,757,325
4.000%, Due 8/1/2040 <sup>B</sup>	3,947,765	3,559,648
4.000%, Due 6/1/2049 <sup>B</sup>	7,037,931	6,191,122
2.500%, Due 11/1/2050	6,491,923	5,018,691
2.500%, Due 5/1/2051	8,209,844	6,346,160
3.000%, Due 5/1/2052	20,538,629	16,482,122
3.500%, Due 10/1/2052	11,257,003	9,399,185
		<b>147,137,914</b>
<b>Total U.S. Agency Mortgage-Backed Obligations (Cost \$164,040,206)</b>		
<b>U.S. TREASURY OBLIGATIONS - 31.75%</b>		
U.S. Treasury Bonds,		
3.750%, Due 8/15/2041	15,960,000	13,274,231
2.500%, Due 2/15/2045	23,500,000	15,263,067
2.500%, Due 5/15/2046	14,025,000	8,952,990
U.S. Treasury Notes,		
2.375%, Due 5/15/2029	4,550,000	4,001,156
1.875%, Due 2/15/2032	34,910,000	27,805,270
3.500%, Due 2/15/2033	16,530,000	14,833,092
		<b>84,129,806</b>
<b>Total U.S. Treasury Obligations (Cost \$96,083,512)</b>		<b>84,129,806</b>
<b>TOTAL INVESTMENTS - 99.56% (Cost \$298,044,790)</b>		<b>263,838,633</b>
<b>OTHER ASSETS, NET OF LIABILITIES - 0.44%</b>		<b>1,172,574</b>
<b>TOTAL NET ASSETS - 100.00%</b>		<b>\$ 265,011,207</b>

See accompanying notes

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Schedule of Investments

October 31, 2023

Percentages are stated as a percent of net assets.

<sup>A</sup> 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, 2023.

<sup>B</sup> 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.

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, 2023, the investments were classified as described below:

Garcia Hamilton Quality Bond Fund	Level 1	Level 2	Level 3	Total
<i>Assets</i>				
Corporate Obligations . . . . .	\$ -	\$ 32,570,913	\$ -	\$ 32,570,913
U.S. Agency Mortgage-Backed Obligations . . . . .	-	147,137,914	-	147,137,914
U.S. Treasury Obligations . . . . .	-	84,129,806	-	84,129,806
Total Investments in Securities - Assets . . . . .	<u>\$ -</u>	<u>\$ 263,838,633</u>	<u>\$ -</u>	<u>\$ 263,838,633</u>

U.S. GAAP requires transfers between all levels to/from level 3 be disclosed. During the year ended October 31, 2023, there were no transfers into or out of Level 3.

*See accompanying notes*

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Statement of Assets and Liabilities

October 31, 2023

### Assets:

Investments in unaffiliated securities, at fair value <sup>†</sup> . . . . .	\$ 263,838,633
Cash . . . . .	681,713
Interest receivable . . . . .	1,404,895
Receivable for fund shares sold . . . . .	212,516
Receivable for expense reimbursement (Note 2) . . . . .	53,536
Prepaid expenses . . . . .	28,149
<b>Total assets</b> . . . . .	<b><u>266,219,442</u></b>

### Liabilities:

Payable for fund shares redeemed . . . . .	967,964
Dividends payable . . . . .	24,600
Management and sub-advisory fees payable (Note 2) . . . . .	125,196
Service fees payable (Note 2) . . . . .	238
Transfer agent fees payable (Note 2) . . . . .	6,779
Custody and fund accounting fees payable . . . . .	13,746
Professional fees payable . . . . .	60,797
Trustee fees payable (Note 2) . . . . .	1,929
Payable for prospectus and shareholder reports . . . . .	6,610
Other liabilities . . . . .	376
<b>Total liabilities</b> . . . . .	<b><u>1,208,235</u></b>

Commitments and contingent liabilities (Note 2) . . . . .	
<b>Net assets</b> . . . . .	<b><u>\$ 265,011,207</u></b>

### Analysis of net assets:

Paid-in-capital . . . . .	\$ 344,852,035
Total distributable earnings (deficits) <sup>A</sup> . . . . .	(79,840,828)

<b>Net assets</b> . . . . .	<b><u>\$ 265,011,207</u></b>
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### Shares outstanding at no par value (unlimited shares authorized):

R5 Class . . . . .	<u>1,886,796</u>
Y Class . . . . .	<u>6,090,191</u>
Investor Class . . . . .	<u>92,668</u>
R6 Class . . . . .	<u>25,080,556</u>

### Net assets:

R5 Class . . . . .	\$ 15,104,966
Y Class . . . . .	\$ 48,666,569
Investor Class . . . . .	\$ 740,628
R6 Class . . . . .	\$ 200,499,044

### Net asset value, offering and redemption price per share:

R5 Class . . . . .	\$ 8.01
Y Class . . . . .	\$ 7.99
Investor Class . . . . .	\$ 7.99
R6 Class . . . . .	\$ 7.99

<sup>†</sup> Cost of investments in unaffiliated securities . . . . .	\$ 298,044,790
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<sup>A</sup> 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<sup>SM</sup>

## Statement of Operations

For the year ended October 31, 2023

<b>Investment income:</b>	
Interest income	\$ 12,253,681
<b>Total investment income</b>	<b>12,253,681</b>
<b>Expenses:</b>	
Management and sub-advisory fees (Note 2)	1,705,011
Transfer agent fees:	
R5 Class (Note 2)	22,452
Y Class (Note 2)	50,443
Investor Class	1,315
R6 Class	7,945
Custody and fund accounting fees	59,970
Professional fees	86,887
Registration fees and expenses	64,216
Service fees (Note 2):	
Investor Class	3,311
Prospectus and shareholder report expenses	22,589
Trustee fees (Note 2)	30,413
Loan expense (Note 8)	1,954
Other expenses	43,458
<b>Total expenses</b>	<b>2,099,964</b>
Net fees waived and expenses (reimbursed) (Note 2)	(753,949)
<b>Net expenses</b>	<b>1,346,015</b>
<b>Net investment income</b>	<b>10,907,666</b>
<b>Realized and unrealized gain (loss) from investments:</b>	
Net realized (loss) from:	
Investments in unaffiliated securities <sup>A</sup>	(13,497,511)
Change in net unrealized appreciation of:	
Investments in unaffiliated securities <sup>B</sup>	2,948,027
<b>Net (loss) from investments</b>	<b>(10,549,484)</b>
<b>Net increase in net assets resulting from operations</b>	<b>\$ 358,182</b>

<sup>A</sup> The Fund did not recognize net realized gains (losses) from the sale of investments in affiliated securities.

<sup>B</sup> 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<sup>SM</sup>

## Statement of Changes in Net Assets

	Year Ended October 31, 2023	Year Ended October 31, 2022
<b>Increase (decrease) in net assets:</b>		
<b>Operations:</b>		
Net investment income . . . . .	\$ 10,907,666	\$ 5,348,425
Net realized (loss) from investments in unaffiliated securities . . . . .	(13,497,511)	(23,878,317)
Change in net unrealized appreciation (depreciation) of investments in unaffiliated securities . . . . .	2,948,027	(37,232,425)
<b>Net increase (decrease) in net assets resulting from operations . . . . .</b>	<b>358,182</b>	<b>(55,762,317)</b>
<b>Distributions to shareholders:</b>		
<b>Total retained earnings:</b>		
R5 Class . . . . .	(1,870,733)	(3,883,600)
Y Class . . . . .	(1,567,482)	(505,181)
Investor Class . . . . .	(25,683)	(18,049)
R6 Class . . . . .	(6,783,410)	(4,868,664)
<b>Net distributions to shareholders . . . . .</b>	<b>(10,247,308)</b>	<b>(9,275,494)</b>
<b>Capital share transactions (Note 9):</b>		
Proceeds from sales of shares . . . . .	82,037,288	138,162,109
Reinvestment of dividends and distributions . . . . .	9,615,714	7,805,071
Cost of shares redeemed . . . . .	(173,589,366)	(105,503,986)
<b>Net increase (decrease) in net assets from capital share transactions . . . . .</b>	<b>(81,936,364)</b>	<b>40,463,194</b>
<b>Net (decrease) in net assets . . . . .</b>	<b>(91,825,490)</b>	<b>(24,574,617)</b>
<b>Net assets:</b>		
Beginning of year . . . . .	356,836,697	381,411,314
<b>End of year . . . . .</b>	<b>\$ 265,011,207</b>	<b>\$ 356,836,697</b>

*See accompanying notes*

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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### 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, 2023, the Trust consists of twenty-four active series, one of which is presented in this filing: American Beacon Garcia Hamilton Quality Bond Fund (the “Fund”). The remaining twenty-three 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.

On July 11, 2023, (i) RIH, RIM and certain of their affiliates, and (ii) the current owners of approximately 93% of RIH (the “Current Ownership Group”) entered into a transaction agreement with certain creditors of RIM (the “Lender Group”) pursuant to which (i) all equity interests in RIH would be cancelled, (ii) new equity interests would be issued to members of the Lender Group, and (iii) the existing credit agreements between RIM and the Lender Group would be terminated and a new credit agreement would be executed (“Transaction”). The Lender Group consists of various institutional investment funds (“New Ownership Group”) that are managed by financial institutions and other investment advisory firms.

Upon the closing of the Transaction, the Manager will be wholly-owned indirectly by the New Ownership Group, rather than the Current Ownership Group. The Transaction is expected to close in the fourth calendar quarter of 2023, subject to the satisfaction of certain closing conditions. The Transaction will result in a change of control of the Manager and the termination of the Fund’s management and investment advisory agreements (the “Current Management Agreement” and “Current Investment Advisory Agreements”, respectively). The Board has approved a new management agreement with the Manager (the “New Management Agreement”) and a new investment advisory agreement among the Manager, the sub-advisor and the Trust, on behalf of the Fund (“New Investment Advisory Agreements”) (collectively, the “Agreements”), that would become effective upon the closing of the Transaction. A special meeting of the shareholders of the Fund as of July 31, 2023 was held on October 27, 2023 to consider the Agreements. The shareholders of the Fund approved the Agreements between the Trust and the Fund. In advance of the meeting, proxy materials were sent to those shareholders regarding the New Management Agreement. There are no anticipated changes in the services provided by the Manager or sub-advisor or in the fee rates charged by the Manager to a Fund. Please see the Results of Shareholder Meeting for more information.

#### *Recently Adopted Accounting Pronouncements*

In March 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2020-04, Reference Rate Reform (Topic 848); Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform. The guidance is applicable to contracts referencing London Inter-bank Offered Rate (“LIBOR”) or another reference rate that is expected to be discontinued due to reference rate reform. The ASU is effective as of March 12, 2020 and generally can be applied through December 31, 2022. In December 2022, the FASB issued ASU No. 2022-06 Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848 which updates and clarifies ASU No. 2020-04. The amendments in this ASU defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024. Management expects these ASUs will not have a material impact on the Fund’s financial statements.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

In June 2022, the FASB issued ASU No. 2022-03, Fair Value Measurement (Topic 820); Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions, which provides clarifying guidance that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Management expects the ASU will not have a material impact on the Fund's financial statements.

### *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:

<u>Class</u>	<u>Eligible Investors</u>	<u>Minimum Initial Investments</u>
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

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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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 and realized and unrealized gains and losses from investments of the Fund are 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%

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

The Management and Sub-Advisory Fees paid by the Fund for the year ended October 31, 2023 were as follows:

	<u>Effective Fee Rate</u>	<u>Amount of Fees Paid</u>
Management Fees .....	0.35%	\$ 1,085,007
Sub-Advisory Fees .....	0.20%	620,004
Total .....	<u>0.55%</u>	<u>\$ 1,705,011</u>

### *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, 2023, the sub-transfer agent fees, as reflected in “Transfer agent fees” on the Statement of Operations, were as follows:

<u>Fund</u>	<u>Sub-Transfer Agent Fees</u>
Garcia Hamilton Quality Bond .....	\$ 68,186

As of October 31, 2023, 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:

<u>Fund</u>	<u>Reimbursement Sub-Transfer Agent Fees</u>
Garcia Hamilton Quality Bond .....	\$ 4,735

### *Interfund Credit Facility*

Pursuant to an exemptive order issued by the U.S. Securities and Exchange Commission (“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

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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, 2023, 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 29, 2024, 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, 2023, the Manager waived and/or reimbursed expenses as follows:

Fund	Class	Expense Cap		Reimbursed Expenses	(Recouped) Expenses	Expiration of Reimbursed Expenses
		11/1/2022 - 2/28/2023	3/1/2023 - 10/31/2023			
Garcia Hamilton Quality Bond . . . . .	R5	0.45%	0.45%	\$ 138,639	\$ -	2025-2026
Garcia Hamilton Quality Bond . . . . .	Y	0.51%	0.51%	117,636	-	2025-2026
Garcia Hamilton Quality Bond . . . . .	Investor	0.83%	0.83%	3,036	-	2025-2026
Garcia Hamilton Quality Bond . . . . .	R6	0.41%	0.41%	494,638	-	2025-2026

Of the above amounts, \$53,536 was disclosed as a Receivable for expense reimbursement on the Statement of Assets and Liabilities at October 31, 2023.

The Fund has adopted an Expense Reimbursement Plan whereby the Manager may seek repayment of contractual or voluntary fee 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 2025 and 2026. The Fund did not record a liability for potential contingent 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 . . . . .	\$ -	\$ -	\$ 855,336	2022-2023
Garcia Hamilton Quality Bond . . . . .	-	814,374	-	2023-2024
Garcia Hamilton Quality Bond . . . . .	-	876,814	-	2024-2025

### Trustee Fees and Expenses

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 \$130,000; (2) meeting attendance fee (for attendance in-person or via teleconference) of (a) \$12,000 for in person

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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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 are valued at bid quotes from broker/dealers or evaluated bid prices from pricing services, who may consider a number of inputs and factors, such as prices of comparable securities, yield curves, spreads, credit ratings, coupon rates, maturity, default rates, and underlying collateral.

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

Rule 2a-5 under the Investment Company Act (the "Valuation Rule") establishes requirements for determining fair value in good faith for purposes of the Investment Company Act, including related oversight and reporting requirements. The Valuation Rule also defines when market quotations are "readily available," which is the threshold for determining whether a Fund must fair value a security. Among other things, the Valuation Rule permits the Board to designate the Manager as Valuation Designee to perform the Fund's fair value determinations subject to board oversight and certain reporting and other requirements intended to ensure that the Board receives the information it needs to oversee the Manager's fair value determinations. Effective September 8, 2022, the Board has designated the Manager as valuation designee to perform fair value functions in accordance with the requirements of the Valuation Rule.

Securities may be valued at fair value, as determined in good faith and pursuant to the Manager's procedures, under certain limited circumstances. For example, fair value pricing will be used for fixed-income securities and when market quotations are not readily available or reliable, as determined by the Manager, such as when (i) trading for a security is restricted or stopped; (ii) a security's trading market is closed (other than customary closings); or (iii) a security has been de-listed from a national exchange. A security with limited market liquidity may require fair value pricing if the Manager determines that the available price does not reflect the security's true market value.

Attempts to determine the fair value of securities introduce an element of subjectivity to the pricing of securities. As a result, the price of a security determined through fair valuation techniques may differ from the price quoted or published by other sources and may not accurately reflect the market value of the security when

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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trading resumes. If a reliable market quotation becomes available for a security formerly valued through fair valuation techniques, the Manager compares the new market quotation to the fair value price to evaluate the effectiveness of the Fund's fair valuation procedures. If any significant discrepancies are found, the Manager may adjust Manager's fair valuation procedures for the Fund.

### *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*

With respect to the Fund's investments that do not have readily available market quotations, the Board has designated the Adviser as its valuation designee to perform fair valuations pursuant to Rule 2a-5 under the Act (the "Valuation Designee"). If market prices are not readily available or are deemed unreliable, the Valuation Designee will use the fair value of the security or other instrument as determined in good faith under policies and procedures established by the Manager and under the oversight of the Board ("Valuation Procedures"). Market prices are considered not readily available where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Fund's portfolio holdings or assets. In addition, market prices are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities or other instruments trade do not open for trading for the entire day and no other market prices are available. Fair value pricing is subjective in nature and the use of fair value pricing by the Valuation Designee may cause the NAV of the Fund's shares to differ significantly from the NAV that would have been calculated using market prices at the close of the exchange on which a portfolio holding is primarily traded. There can be no assurance that the Fund could obtain the fair value assigned to an investment if the Fund were to sell the investment at approximately the time at which the Fund determines its NAV.

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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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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 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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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### *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 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, the 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 the Fund shareholders directly bear in connection with the Fund’s own operations. These other fees and expenses are reflected as Acquired Fund Fees and Expenses and are included in the Fees and Expenses Table for the Fund in its Prospectus, if applicable. Investments 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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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### 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. Factors including central bank monetary policy, rising inflation rates, and changes in general economic conditions may cause interest rates to rise, which could cause the value of the Fund's investments to decline. Interest rates may rise, perhaps significantly and/or rapidly, potentially resulting in substantial losses to the Fund. Interest rate changes may have a more pronounced effect on the market value of fixed-rate instruments than on floating-rate instruments. The value of floating rate and variable securities may decline if their interest rates do not rise as quickly, or as much, as general 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. Rising interest rates may cause the value of the Fund's investments with longer durations and terms to maturity to decline, which may adversely affect the value of the Fund. 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. 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.

#### *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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

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### *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. Changes in value may be temporary or may last for extended periods.

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.

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. 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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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### *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*

Both U.S. and international markets have experienced significant volatility in recent months and years. As a result of such volatility, investment returns may fluctuate significantly. Moreover, the risks discussed herein associated with an investment in the Fund may be increased.

Although interest rates were unusually low in recent years in the U.S. and abroad, in 2022, the Federal Reserve and certain foreign central banks began to raise interest rates as part of their efforts to address rising inflation. It is difficult to accurately predict the pace at which interest rates may continue to increase, the timing, frequency or magnitude of any such increases, or when such increases might stop. Additionally, various economic and political factors could cause the Federal Reserve or another foreign central bank to change their approach in the future and such actions may result in an economic slowdown in the U.S. and abroad. Unexpected increases in interest rates could lead to market volatility or reduce liquidity in certain sectors of the market. Deteriorating

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## Notes to Financial Statements

October 31, 2023

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economic fundamentals may, in turn, increase the risk of default or insolvency of particular issuers, negatively impact market value, cause credit spreads to widen, and reduce bank balance sheets. Any of these could cause an increase in market volatility, reduce liquidity across various markets or decrease confidence in the markets. Additionally, high public debt in the U.S. and other countries creates ongoing systemic and market risks and policymaking uncertainty.

In March 2023, the shutdown of certain financial institutions in the U.S. and questions regarding the viability of other financial institutions raised economic concerns over disruption in the U.S. and global banking systems. There can be no certainty that the actions taken by the U.S. or foreign governments will be effective in mitigating the effects of financial institution failures on the economy and restoring public confidence in the U.S. and global banking systems. Some countries, including the U.S., have in recent years adopted more protectionist trade policies. Slowing global economic growth; risks associated with a trade agreement between the United Kingdom and the European Union; the risks associated with ongoing trade negotiations with China; and the possibility of changes to some international trade agreements; political or economic dysfunction within some nations, including major producers of oil; and dramatic changes in commodity and currency prices could have adverse effects that cannot be foreseen at the present time.

Tensions, war, or open conflict between nations, such as between Russia and Ukraine, in the Middle East or in eastern Asia could affect the economies of many nations, including the United States. The duration of ongoing hostilities in the Middle East and between Russia and Ukraine, and any sanctions and related events cannot be predicted. Those events present material uncertainty and risk with respect to markets globally and the performance of the Fund and its investments or operations could be negatively impacted.

Regulators in the U.S. have proposed and recently adopted a number of changes to regulations involving the markets and issuers, some of which apply to the Fund. The full effect of various newly-adopted regulations is not currently known. Additionally, it is not clear whether the proposed regulations will be adopted. However, due to the broad scope of the new and proposed regulations, certain changes could limit the Fund's ability to pursue its investment strategies or make certain investments, or may make it more costly for the Fund to operate, which may impact performance.

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 a Fund has substantial holdings within a particular sector, the risks to the Fund associated

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## Notes to Financial Statements

October 31, 2023

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with that sector increase. In addition, when a 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.

### *Environmental, Social, and/or Governance Investing Risk*

The use of environmental, social, and/or governance ("ESG") considerations by the sub-advisor may cause the Fund to make different investments than funds that have a similar investment style but do not incorporate such considerations in their strategy. As with the use of any investment considerations involved in investment decisions, there is no guarantee that the use of any ESG investment considerations will result in the selection of issuers that will outperform other issuers or help reduce risk in the Fund. The Fund may choose not to, or may not be able to, take advantage of certain investment opportunities due to these considerations, which may adversely affect performance. The Fund may underperform funds that do not incorporate these considerations.

### *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, SOFR, LIBOR 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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

### 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, 2023 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, 2023	Year Ended October 31, 2022
<b>Distributions paid from:</b>		
<b>Ordinary income*</b>		
R5 Class .....	\$ 1,870,733	\$ 3,883,600
Y Class .....	1,567,482	505,181
Investor Class .....	25,683	18,049
R6 Class .....	6,783,410	4,868,664
<b>Total distributions paid</b> .....	<u>\$ 10,247,308</u>	<u>\$ 9,275,494</u>

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

As of October 31, 2023, components of distributable earnings (deficits) on a tax basis were as follows:

<u>Fund</u>	<u>Tax Cost</u>	<u>Unrealized Appreciation</u>	<u>Unrealized (Depreciation)</u>	<u>Net Unrealized Appreciation (Depreciation)</u>
Garcia Hamilton Quality Bond .....	\$ 300,283,365	\$ -	\$ (36,444,732)	\$ (36,444,732)

<u>Fund</u>	<u>Net Unrealized Appreciation (Depreciation)</u>	<u>Undistributed Ordinary Income</u>	<u>Undistributed Long-Term Capital Gains</u>	<u>Accumulated Capital and Other (Losses)</u>	<u>Other Temporary Differences</u>	<u>Distributable Earnings</u>
Garcia Hamilton Quality Bond .....	\$ (36,444,732)	\$ 1,034,026	\$ -	\$ (44,405,522)	\$ (24,600)	\$ (79,840,828)

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.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

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. The Fund had no permanent differences as of October 31, 2023.

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, 2023, the Fund had \$27,179,271 short-term and \$17,226,251 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, 2023 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 . . . . .	\$ -	\$ 223,125,203	\$ 51,970,340	\$ 238,487,579

### 8. Borrowing Arrangements

Effective November 10, 2023 (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 \$100 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 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 8, 2024, unless extended by the Bank or terminated by the Participating Funds in accordance with the agreement.

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 \$100 million with interest at a rate equal to the higher of (a) 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 8, 2024, unless extended by the Bank or terminated by the Participating Funds in accordance with the agreement.

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, 2023, the Fund did not utilize these facilities.

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Notes to Financial Statements

October 31, 2023

### 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, 2023		Year Ended October 31, 2022	
	Shares	Amount	Shares	Amount
<b>Garcia Hamilton Quality Bond Fund</b>				
Shares sold	2,557,082	\$ 22,072,236	3,829,693	\$ 36,028,161
Reinvestment of dividends	142,894	1,246,251	261,864	2,413,176
Shares redeemed	(16,884,928)	(146,350,750)	(7,582,035)	(69,577,829)
Net (decrease) in shares outstanding	(14,184,952)	\$ (123,032,263)	(3,490,478)	\$ (31,136,492)

	Y Class			
	Year Ended October 31, 2023		Year Ended October 31, 2022	
	Shares	Amount	Shares	Amount
<b>Garcia Hamilton Quality Bond Fund</b>				
Shares sold	4,151,066	\$ 36,683,765	3,216,895	\$ 29,448,381
Reinvestment of dividends	182,068	1,567,034	55,633	505,182
Shares redeemed	(1,769,579)	(14,889,312)	(1,910,958)	(17,632,482)
Net increase in shares outstanding	2,563,555	\$ 23,361,487	1,361,570	\$ 12,321,081

	Investor Class			
	Year Ended October 31, 2023		Year Ended October 31, 2022	
	Shares	Amount	Shares	Amount
<b>Garcia Hamilton Quality Bond Fund</b>				
Shares sold	18,623	\$ 161,268	18,615	\$ 166,288
Reinvestment of dividends	2,973	25,683	1,972	18,049
Shares redeemed	(31,030)	(267,389)	(19,219)	(170,982)
Net increase (decrease) in shares outstanding	(9,434)	\$ (80,438)	1,368	\$ 13,355

	R6 Class			
	Year Ended October 31, 2023		Year Ended October 31, 2022	
	Shares	Amount	Shares	Amount
<b>Garcia Hamilton Quality Bond Fund</b>				
Shares sold	2,709,351	\$ 23,120,019	7,495,674	\$ 72,519,279
Reinvestment of dividends	785,921	6,776,746	531,033	4,868,664
Shares redeemed	(1,381,439)	(12,081,915)	(1,946,793)	(18,122,693)
Net increase in shares outstanding	2,113,833	\$ 17,814,850	6,079,914	\$ 59,265,250

### 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<sup>SM</sup>

## Financial Highlights

(For a share outstanding throughout the period)

	R5 Class <sup>A</sup>				
	Year Ended October 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of period . . . . .	\$ 8.37	\$ 9.85	\$ 10.27	\$ 10.05	\$ 9.79
Income (loss) from investment operations:					
Net investment income (loss) . . . . .	0.30 <sup>B</sup>	0.06	(0.01) <sup>B</sup>	0.11	0.24
Net gains (losses) on investments (both realized and unrealized) . . . . .	(0.37)	(1.33)	(0.08)	0.28	0.26
Total income (loss) from investment operations . . . . .	(0.07)	(1.27)	(0.09)	0.39	0.50
Less distributions:					
Dividends from net investment income . . . . .	(0.29)	(0.21)	(0.14)	(0.17)	(0.24)
Distributions from net realized gains . . . . .	-	-	(0.19)	-	-
Total distributions . . . . .	(0.29)	(0.21)	(0.33)	(0.17)	(0.24)
Net asset value, end of period . . . . .	\$ 8.01	\$ 8.37	\$ 9.85	\$ 10.27	\$ 10.05
Total return <sup>C</sup> . . . . .	(1.08)%	(13.04)%	(0.84)%	3.93%	5.20%
<b>Ratios and supplemental data:</b>					
Net assets, end of period . . . . .	\$ 15,104,966	\$ 134,519,084	\$ 192,774,622	\$ 172,774,140	\$ 316,582,604
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments . . . . .	0.69%	0.66%	0.67%	0.68%	0.66%
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 . . . . .	3.20%	1.06%	(0.32)%	1.15%	2.18%
Net investment income (loss), net of reimbursements and/or recoupments . . . . .	3.44%	1.27%	(0.10)%	1.38%	2.39%
Portfolio turnover rate . . . . .	72%	158%	71%	122%	58%

<sup>A</sup> Prior to February 28, 2020, the R5 Class was known as Institutional Class.

<sup>B</sup> Per share amounts have been calculated using the average shares method.

<sup>C</sup> 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.

See accompanying notes

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Financial Highlights

(For a share outstanding throughout the period)

	Y Class				
	Year Ended October 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of period . . . . .	\$ 8.36	\$ 9.86	\$ 10.27	\$ 10.05	\$ 9.79
Income (loss) from investment operations:					
Net investment income . . . . .	0.37	0.22	(0.00) <sup>A</sup>	0.13	0.24
Net gains (losses) on investments (both realized and unrealized) . . . . .	(0.46)	(1.51)	(0.08)	0.25	0.25
Total income (loss) from investment operations . . . . .	(0.09)	(1.29)	(0.08)	0.38	0.49
Less distributions:					
Dividends from net investment income . . . . .	(0.28)	(0.21)	(0.14)	(0.16)	(0.23)
Distributions from net realized gains . . . . .	-	-	(0.19)	-	-
Total distributions . . . . .	(0.28)	(0.21)	(0.33)	(0.16)	(0.23)
Net asset value, end of period . . . . .	\$ 7.99	\$ 8.36	\$ 9.86	\$ 10.27	\$ 10.05
Total return <sup>B</sup> . . . . .	(1.27)%	(13.24)%	(0.81)%	3.83%	5.09%
<b>Ratios and supplemental data:</b>					
Net assets, end of period . . . . .	\$ 48,666,569	\$ 29,473,503	\$ 21,340,613	\$ 18,928,869	\$ 17,927,537
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments . . . . .	0.75%	0.73%	0.74%	0.74%	0.73%
Expenses, net of reimbursements and/or recoupments . . . . .	0.51%	0.51%	0.52% <sup>C</sup>	0.55%	0.55%
Net investment income (loss), before expense reimbursements and/or recoupments . . . . .	3.23%	1.10%	(0.38)%	1.03%	2.14%
Net investment income (loss), net of reimbursements and/or recoupments . . . . .	3.47%	1.32%	(0.16)%	1.22%	2.32%
Portfolio turnover rate . . . . .	72%	158%	71%	122%	58%

<sup>A</sup> Amount represents less than \$0.01 per share.

<sup>B</sup> 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.

<sup>C</sup> Expense ratios may exceed stated expense caps in Note 2 due to the change in the contractual expense caps on February 28, 2021.

See accompanying notes

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Financial Highlights

(For a share outstanding throughout the period)

	Investor Class				
	Year Ended October 31,				
	2023	2022	2021	2020	2019
Net asset value, beginning of period	\$ 8.36	\$ 9.85	\$ 10.26	\$ 10.05	\$ 9.79
Income (loss) from investment operations:					
Net investment income (loss)	0.21	0.09	(0.04) <sup>A</sup>	0.13 <sup>A</sup>	0.21
Net gains (losses) on investments (both realized and unrealized)	(0.33)	(1.40)	(0.07)	0.22	0.26
Total income (loss) from investment operations	(0.12)	(1.31)	(0.11)	0.35	0.47
Less distributions:					
Dividends from net investment income	(0.25)	(0.18)	(0.11)	(0.14)	(0.21)
Distributions from net realized gains	-	-	(0.19)	-	-
Total distributions	(0.25)	(0.18)	(0.30)	(0.14)	(0.21)
Net asset value, end of period	\$ 7.99	\$ 8.36	\$ 9.85	\$ 10.26	\$ 10.05
Total return <sup>B</sup>	(1.59)%	(13.47)%	(1.11)%	3.54%	4.80%
<b>Ratios and supplemental data:</b>					
Net assets, end of period	\$ 740,628	\$ 853,503	\$ 991,788	\$ 365,190	\$ 14,904,591
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments	1.17%	1.13%	1.29%	1.20%	1.04%
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	2.78%	0.63%	(0.91)%	0.90%	1.81%
Net investment income (loss), net of reimbursements and/or recoupments	3.12%	0.93%	(0.45)%	1.27%	2.02%
Portfolio turnover rate	72%	158%	71%	122%	58%

<sup>A</sup> Based on average shares outstanding for the period.

<sup>B</sup> 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.

See accompanying notes

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Financial Highlights

(For a share outstanding throughout the period)

	R6 Class				
	Year Ended October 31,				February 28, 2019 <sup>A</sup> to October 31, 2019
	2023	2022	2021	2020	
<b>Net asset value, beginning of period</b> . . . . .	\$ 8.36	\$ 9.85	\$ 10.26	\$ 10.04	\$ 9.87
Income from investment operations:					
Net investment income (loss) . . . . .	0.32	0.17	(0.01) <sup>B</sup>	0.14	0.17
Net gains (losses) on investments (both realized and unrealized) . . . . .	(0.40)	(1.44)	(0.06)	0.25	0.17
Total income (loss) from investment operations . . . .	(0.08)	(1.27)	(0.07)	0.39	0.34
Less distributions:					
Dividends from net investment income . . . . .	(0.29)	(0.22)	(0.15)	(0.17)	(0.17)
Distributions from net realized gains . . . . .	-	-	(0.19)	-	-
Total distributions . . . . .	(0.29)	(0.22)	(0.34)	(0.17)	(0.17)
Net asset value, end of period . . . . .	\$ 7.99	\$ 8.36	\$ 9.85	\$ 10.26	\$ 10.04
Total return <sup>C</sup> . . . . .	(1.17)%	(13.11)%	(0.70)%	3.97%	3.44% <sup>D</sup>
<b>Ratios and supplemental data:</b>					
Net assets, end of period . . . . .	\$ 200,499,044	\$ 191,990,607	\$ 166,304,291	\$ 141,893,384	\$ 130,208,195
Ratios to average net assets:					
Expenses, before reimbursements and/or recoupments . . . . .	0.65%	0.63%	0.64%	0.64%	0.66% <sup>E</sup>
Expenses, net of reimbursements and/or recoupments . . . . .	0.41%	0.41%	0.41%	0.41%	0.41% <sup>E</sup>
Net investment income (loss), before expense reimbursements and/or recoupments . . . . .	3.31%	1.14%	(0.28)%	1.13%	1.90% <sup>E</sup>
Net investment income (loss), net of reimbursements and/or recoupments . . . . .	3.55%	1.36%	(0.05)%	1.36%	2.15% <sup>E</sup>
Portfolio turnover rate . . . . .	72%	158%	71%	122%	58% <sup>F</sup>

<sup>A</sup> Commencement of operations.

<sup>B</sup> Based on average shares outstanding for the period.

<sup>C</sup> 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.

<sup>D</sup> Not annualized.

<sup>E</sup> Annualized.

<sup>F</sup> Portfolio turnover rate is for the period from February 28, 2019 through October 31, 2019 and is not annualized.

See accompanying notes

# American Beacon Funds<sup>SM</sup>

## Federal Tax Information

October 31, 2023 (Unaudited)

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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, 2023. The information and distributions reported herein may differ from information and distributions taxable to the shareholders for the calendar year ended December 31, 2023.

The Fund designated the following items with regard to distributions paid during the fiscal year ended October 31, 2023. 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%
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### Qualified Dividend Income:

Garcia Hamilton Quality Bond	0.00%
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### Long-Term Capital Gain Distributions:

Garcia Hamilton Quality Bond	\$ 0
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### Short-Term Capital Gain Distributions:

Garcia Hamilton Quality Bond	\$ 0
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Shareholders will receive notification in January 2024 of the applicable tax information necessary to prepare their 2023 income tax returns.

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

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At meetings held on May 16, 2023 and June 6-7, 2023 (collectively, the “Meetings”), the Board of Trustees (“Board” or “Trustees”) considered and then, at its June 7, 2023 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 and the Trust, on behalf of the Fund, and Garcia Hamilton & Associates, LP (“sub-advisor”).

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 sub-advisor, 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 sub-advisor.

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 sub-advisor. 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. 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.

The Manager or the sub-advisor 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 sub-advisory relationships separately. In each instance, the Board considered, among

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

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other things, the following factors: (1) the nature, extent and quality of the services provided; (2) the investment performance of the Fund and the sub-advisor for the Fund; (3) the profits, if any, earned by the Manager in rendering services to the Fund; (4) comparisons of services and fee rates with contracts entered into by the Manager or the sub-advisor 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 sub-advisor from its relationship 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 long-term performance; the length of service of key investment personnel at the Manager; the cost structure of the Fund; the financial condition of the Manager, including its parent company; 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 sub-advisors; and the Manager's representations regarding its 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 representations made by the sub-advisor regarding the sub-advisor's level of staffing; asset size; the financial stability of the sub-advisor; and its compliance program. Based on the foregoing and other information, the Board concluded that the nature, extent and quality of the management and advisory services provided by the Manager and the sub-advisor 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 meetings of the Board and its committees throughout the year. The Board also evaluated the comparative information provided by the sub-advisor regarding the performance of the Fund relative to the performance of a composite of comparable investment accounts managed by the sub-advisor and the Fund's benchmark index. In addition, the Board considered the Manager's recommendation to continue to retain the sub-advisor. 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 by the Manager and sustaining a loss after the payment of distribution-related expenses by the Manager with respect to 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 the difference is attributable to, among other factors, 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.

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

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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 sub-advisor in connection with its investment advisory services to the Fund, the Board considered the sub-advisor's representation that the sub-advisory fees charged to the Fund are higher than certain other accounts advised by the sub-advisor due to the higher level of servicing that the Fund requires. The Board did not request profitability data from the sub-advisor because the Board did not view this data as imperative to its deliberations given the arms-length nature of the relationship between the Manager and the sub-advisor with respect to the negotiation of sub-advisory fee rates. In addition, the Board noted that the sub-advisor 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 and other 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 in the sub-advisory fee rate schedule for the Fund and that the Fund's asset level did not exceed the threshold necessary to reach the first sub-advisory 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 and other information, the Board concluded that the Manager and sub-advisor 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 Manager's and sub-advisor's responses to inquiries regarding "fall-out" or ancillary benefits that accrue to the Manager and/or the sub-advisor as a result of their advisory relationships with the Fund. For example, the Board considered that the Manager may invest the Fund's cash balances 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 and other information, the Board concluded that the potential benefits accruing to the Manager and the sub-advisor 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 1<sup>st</sup> Quintile represents the top 20 percent of the universe based on performance, and the 5<sup>th</sup> 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, 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 sub-advisor skill.

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

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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 1<sup>st</sup> Quintile represents the lowest 20 percent of the universe or group based on lowest total expense, and the 5<sup>th</sup> 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. Broadridge Expense Groups consist 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 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 the Fund as of December 31, 2022. 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 1<sup>st</sup> Quintile representing the lowest 20 percent of the category constituents and the 5<sup>th</sup> Quintile representing the highest 20 percent of the category in terms of total expense.

In considering the renewal of the Agreements with the sub-advisor 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	3 <sup>rd</sup> Quintile
Compared to Broadridge Expense Universe	4 <sup>th</sup> Quintile
Morningstar Fee Level Ranking	4 <sup>th</sup> Quintile

### Broadridge and Morningstar Performance Analysis (five-year period ended December 31, 2022)

Compared to Broadridge Performance Universe	5 <sup>th</sup> Quintile
Compared to Morningstar Category	4 <sup>th</sup> Quintile

The Board also considered: (1) representations by the Manager and sub-advisor that the periods of underperformance were due primarily to the sub-advisor's duration-management strategy; (2) the recent improvement in relative performance in the rising interest rate environment, resulting in a 1<sup>st</sup> Quintile ranking in the Broadridge Performance Universe for the one-year period ended December 31, 2022; and (3) the Manager's recommendation to continue to retain the sub-advisor.

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

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

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On July 11, 2023, (i) Resolute Investment Holdings, LLC (“RIH”), its indirect wholly-owned subsidiary, Resolute Investment Managers, Inc. (“RIM”), the parent company of American Beacon Advisors, Inc. (“Manager”), the investment manager of American Beacon Funds (“Trust”), and certain of their affiliates, and (ii) the current owners of approximately 93% of RIH (“Current Ownership Group”), entered into a transaction agreement (“Transaction Agreement”) with certain creditors of RIM (“Lender Group”) to strengthen the capital structure of RIH, the indirect 100% owner of RIM and the Manager (together with RIH, “Resolute”). Pursuant to the Transaction Agreement, (i) all equity interests in RIH would be cancelled, (ii) new equity interests would be issued to members of the Lender Group (“New Ownership Group”), and (iii) the existing credit agreements between RIM and the Lender Group would be terminated and a new credit agreement would be executed (“Transaction”).

Upon the closing of the Transaction (“Closing”), the Manager will be wholly owned indirectly by the New Ownership Group, rather than by the Current Ownership Group. This change in control will be deemed to be an “assignment” under the Investment Company Act of 1940 Act, as amended (“1940 Act”), of the Trust’s (i) existing management agreement (“Current Management Agreement”) with the Manager with respect to the American Beacon Garcia Hamilton Quality Bond Fund (“Fund”) and other series of the Trust (“Other Funds”), and (ii) existing investment advisory agreement (“Current Investment Advisory Agreement”) among the Manager, the Trust and Garcia Hamilton & Associates, LP (“Sub-Advisor”) on behalf of the Fund. As required by the 1940 Act, the Current Management Agreement and Current Investment Advisory Agreement (“Current Agreements”) provide for their automatic termination in the event of an assignment, and, therefore, will terminate upon the Closing.

The Board of Trustees (“Trustees” or “Board”) of the Trust met by videoconference on July 7, 2023, and in-person on July 12, 2023 (“July Meetings”), to discuss the Transaction and consider the effect that the Transaction would have on the Fund and the Other Funds. In addition, the Board received various information from the Manager regarding the intended purposes and framework of the Transaction at its meetings in-person on February 28-March 1, 2023 (“March Meeting”) and June 6-7, 2023, and by videoconference on May 16, 2023 (“May-June Meetings”). Following the March Meeting, the Board designated an ad hoc special committee (“Committee”) to meet with representatives of the Manager and receive updates on the negotiations and, as appropriate, to provide input with respect to the process. Throughout this process, the Board and the Committee were advised by independent legal counsel and received guidance concerning, among other matters, the Trustees’ responsibilities in connection with their consideration with respect to the Fund of a new Management Agreement (“New Management Agreement”), and new Investment Advisory Agreement (“New Investment Advisory Agreement”) and, collectively with the New Management Agreement, the “New Agreements”). The Trustees were advised that the New Agreements would replace the Current Agreements, upon the assignment and termination of the Current Agreements upon the Closing.

In advance of the July Meetings, the Board requested and received detailed information from the Manager regarding the Transaction. In connection with the Transaction, the Board reviewed materials furnished by the Manager, which had been reviewed, as applicable, by representatives of the New Ownership Group and met with senior representatives of the Manager. The Board also reviewed the material terms of the Transaction and considered its possible effects on the Fund and its shareholders. During these meetings, representatives of the Manager indicated their belief that the Transaction would not adversely affect the continued operation of the Fund, the capabilities of the key personnel of the Manager who currently manage the Fund to continue to provide services to the Fund at the current levels, or the capabilities of the Sub-Advisor to provide the same level of services to the Fund.

In evaluating the New Management Agreement, the Trustees considered that they generally have been satisfied with the nature and quality of the services provided to the Fund by the Manager, including investment advisory and administrative services, and that the Fund would be best served by an arrangement that appeared likely to maintain the continuity and stability of these services. Accordingly, the Board considered information communicated by the Manager regarding the anticipated benefits of the substantially strengthened capital structure of Resolute that would result from the Transaction, and the related positive anticipated impact on the Manager’s resources available for future staffing, compensation, and staff retention. The Manager’s

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

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representatives also indicated that they believe that the Transaction best facilitates continuity of management and view such continuity as beneficial to the long-term success of the Fund, but noted that there could be no assurance of any particular benefits that may result.

In connection with the Board's determination to approve the New Agreements, the Trustees considered, among other information, the following factors as they relate to the Transaction:

- The manner in which the Fund's assets are managed will not change as a result of the Transaction, and the same people who currently manage the Fund's assets are expected to continue to do so after the Transaction;
- The fee rates payable by the Fund under the New Agreements are the same as the fee rates payable under the Current Agreements;
- The Manager's commitment to maintaining the contractual fee waiver/expense reimbursement agreement that is currently in effect with respect to the Fund for a period of two years following the Closing to ensure that shareholders do not face an increase in expenses;
- The New Agreements are identical in all material respects to the Current Agreements;
- The Manager and the Sub-Advisor would provide the same services to the Fund pursuant to the New Agreements as they had been providing under the Current Agreements;
- The Manager's personnel who will provide management services to the Fund are not expected to change and the commitment of the New Ownership Group to retain key personnel currently employed by the Manager who currently provide services to the Fund;
- The Sub-Advisor personnel who will provide advisory services to the Fund are not expected to change;
- Resolute's substantially strengthened capital structure following the Closing, which would enable Resolute to continue to provide the Manager with the financial resources necessary to continue to operate and grow the Fund;
- The anticipated governance structure to be employed in the management of RIM and that following the Transaction the Manager is expected to maintain continuity of management, a similar degree of operational autonomy and its current culture of compliance;
- The various measures in place and/or prepared to be employed to address any potential impact of the Transaction on the Manager's business, including its day-to-day operations;
- The anticipated absence of any adverse impact of the Transaction on the Fund's Sub-Advisor and other key service providers;
- The alignment of the strategic business objectives of the New Ownership Group with regard to its investment in the Manager and the Manager's activities with respect to the Trust, which objectives are consistent with the Manager's current objectives;
- Fund shareholders will not bear any costs in connection with the Transaction, inasmuch as the Manager and, indirectly, the New Ownership Group will bear the costs, fees and expenses incurred by the Fund in connection with the Transaction, the proxy statement, the fees and expenses of accountants and attorneys relating to the Transaction, and the fees and expenses of the Board and the Committee for meetings held in connection with the Transaction;
- The Fund may realize benefits as a result of the Transaction, including that the Transaction is expected to maintain continuity of management of the Fund and may reduce the potential vulnerability to changes in control of the Manager that could be adverse to the Fund's interests and affect the retention of key employees providing services to the Fund;
- The Manager's representation that there had been no material changes or developments relating to the Manager or the Sub-Advisor since the May-June Meetings, other than the changes or developments subsequently reported to the Board; and

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

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- The Trustees had requested and evaluated information relevant to the renewal of the Current Agreements at their *May-June Meetings*.

In light of the proximity of the Board’s consideration of the renewal or approval of the Current Agreements at the *May-June Meetings*, the Trustees determined that it was not necessary to repeat certain aspects of the review conducted in connection with the approvals made the prior month. Based on the process undertaken and the considerations weighed by the Board with respect to the renewal of the Current Agreements, and the Board’s due diligence review in connection with the Transaction during the July Meetings, the Board approved the New Agreements at the July 12, 2023 meeting, and recommended that, as applicable, the shareholders of the Fund also approve the New Agreements. The factors considered by the Board in connection with the approval of the Current Agreements are described in the section of this report titled “Disclosure Regarding Approval of the Current Management and Investment Advisory Agreements.”

# American Beacon Garcia Hamilton Quality Bond Fund<sup>SM</sup>

## Results of Shareholder Meeting (Unaudited)

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A special meeting of shareholders of each of the portfolios of the American Beacon Funds (the “Trust”) was held on October 27, 2023. The shareholders of the American Beacon Garcia Hamilton Quality Bond Fund (the “Fund”), a portfolio of the Trust, approved a new management agreement between American Beacon Advisors, Inc. (“American Beacon”) and the Trust, with respect to the Fund, that will be effective upon the change in control of American Beacon. Approval of this proposal required a majority of the outstanding voting securities of the Fund.

The following is the result of the shareholder votes for this proposal:

<u>Fund</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Non-Voting</u>
Garcia Hamilton Quality Bond Fund . . . . .	27,044,174.37	13,690.00	40,200.00	8,137,404.28

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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 East Las Colinas Boulevard, Suite 1200, Irving, Texas 75039. Each Trustee oversees twenty-seven 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.

<u>Name, Age</u>	<u>Position, Term of Office and Length of Time Served with the Trust</u>	<u>Principal Occupation(s) During Past 5 Years and Current Directorships</u>
<b>INTERESTED TRUSTEES</b>		
<u>Term</u>		
Lifetime of Trust until removal, resignation or retirement*		
Eugene J. Duffy (1954)**	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).
<b>NON-INTERESTED TRUSTEES</b>		
<u>Term</u>		
Lifetime of Trust until removal, resignation or retirement*		
Gilbert G. Alvarado (1969)	Trustee since 2015	Chief Financial Officer (2022-Present), The Conrad Prebys Foundation; President, SJVIIF, LLC, Impact Investment Fund (2018-2022); Director, Kura MD, Inc. (local telehealth organization) (2015-2017); Senior Vice President & CFO, Sierra Health Foundation (health conversion private foundation) (2006-2022); Senior Vice President & CFO, Sierra Health Foundation: Center for Health Program Management (California public benefit corporation) (2012-2022); 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 (1962)	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 (1958)	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).

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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
<b>NON-INTERESTED TRUSTEES (CONT.)</b>		
	<u>Term</u> Lifetime of Trust until removal, resignation or retirement*	
Brenda A. Cline (1960)	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 (2017-2021); Chair, (2019-Present), Vice Chair (2018), Trustee (2004-Present), American Beacon Select Funds; Chair (2019-Present), Vice Chair (2018), Trustee (2017-Present), American Beacon Institutional Funds Trust; Chair (2019-2021), Vice Chair (2018), Trustee (2018-2021), American Beacon Sound Point Enhanced Income Fund (2018-2021); Chair (2019-2021), Vice Chair (2018), Trustee (2018-2021), American Beacon Apollo Total Return Fund (2018-2021).
Claudia A. Holz (1957)	Trustee since 2018	Independent Director, Blue Owl Capital, Inc. (2021-Present); Partner, KPMG LLP (1990 - 2017); 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 (1961)	Trustee since 2018	Director, JLL Income Property Trust (2022-Present); 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 (1963)	Trustee since 2012	President/Managing Principal, Longfellow Investment Management Company (2005-Present, President since 2009); Member, External Diversity Council of the Federal Reserve Bank of Boston (2021-Present); Member, Federal Reserve Bank of Boston CEO Roundtable (2021-Present); Board Advisor, United States Tennis Association (2021-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<sup>SM</sup> (Unaudited)

<u>Name, Age</u>	<u>Position, Term of Office and Length of Time Served with the Trust</u>	<u>Principal Occupation(s) During Past 5 Years and Current Directorships</u>
<b>OFFICERS</b>	<u>Term</u>	
	One Year	
Jeffrey K. Ringdahl (1975)	President since 2022 Vice President (2010-2022)	<p>Director (2015-Present), President (2018-Present), Chief Executive Officer (2022-Present), Chief Operating Officer (2010-2022), 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 (2018-Present), Chief Executive Officer (2022-Present); Chief Operating Officer (2018-2022), Senior Vice President (2015-2018), Resolute Investment Managers, Inc.; Director (2017-Present), President &amp; Chief Executive Officer (2022-Present), Executive Vice President (2017-2022), Resolute Investment Distributors, Inc.; Director (2017-Present), President (2018-Present), Chief Executive Officer (2022-Present), Chief Operating Officer (2018-2022), Executive Vice President (2017-2018), Resolute Investment Services, Inc.; President (2022-Present), Senior Vice President (2017-2022), Vice President (2012-2017), Manager (2015-Present), American Private Equity Management, L.L.C.; Trustee, American Beacon NextShares Trust (2015-2020); Director, Executive Vice President &amp; Chief Operating Officer, Alpha Quant Advisors, LLC (2016-2020); Director, Shapiro Capital Management, LLC (2017-Present); Director and Executive Vice President, Continuous Capital, LLC (2018-2022); 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. (2017-2018); Vice President, American Beacon Delaware Transformational Innovation Corporation (2017-2018); Director (2014-Present), President (2022-Present), Vice President (2014-2022), American Beacon Cayman Managed Futures Strategy Fund, Ltd.; Director (2018-Present), President (2022-Present), (Vice President (2018-2022), American Beacon Cayman TargetRisk Company, Ltd.; President (2022-Present); Vice President (2010-2022), Director and President, American Beacon Cayman Multi-Alternatives Company, Ltd.; (2023-Present); Director and President, American Beacon Cayman Trend Company, Ltd. (2023-Present); American Beacon Select Funds; President (2022-Present), Vice President (2017-2022), American Beacon Institutional Funds Trust; Vice President, American Beacon Sound Point Enhanced Income Fund (2018-2021); Vice President, American Beacon Apollo Total Return Fund (2018-2021).</p>

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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
<b>OFFICERS (CONT.)</b>		
	<u>Term</u> One Year	
Rosemary K. Behan (1959)	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, L.L.C. (2008-Present); Secretary and General Counsel, Alpha Quant Advisors, LLC (2016-2020); Vice President and Secretary, Continuous Capital, LLC (2018-2022); 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); Secretary, American Beacon Cayman Multi-Alternatives Company, Ltd. (2023-Present); Secretary, American Beacon Cayman Trend Company, Ltd. (2023-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).
Gregory J. Stumm (1981)	VP since 2022	Senior Vice President, American Beacon Advisors, Inc. (2022-Present); Senior Vice President, Resolute Investment Managers, Inc. (2022-Present); Director and Senior Vice President, Resolute Investment Distributors, Inc. (2022-Present); Senior Vice President, Resolute Investment Services, Inc. (2022-Present); Vice President, American Beacon Select Funds (2022-Present); Vice President, American Beacon Institutional Funds Trust (2022-Present).
Paul B. Cavazos (1969)	VP since 2016	Chief Investment Officer and Senior Vice President, American Beacon Advisors, Inc. (2016-Present); 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 (1970)	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).

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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
<b>OFFICERS (CONT.)</b>		
	<u>Term</u> One Year	
Melinda G. Heika (1961)	VP since 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 (2017-Present), Resolute Investment Managers, Inc.; Treasurer, Resolute Investment Distributors, Inc. (2017); Senior Vice President (2021-Present); Treasurer and CFO (2017-Present), Resolute Investment Services, Inc.; Treasurer, American Private Equity Management, L.L.C. (2012-Present); Treasurer and CFO, Alpha Quant Advisors, LLC (2016-2020); Treasurer and CFO, Continuous Capital, LLC (2018-2022); Treasurer, American Beacon Cayman Transformational Innovation, Ltd. (2017-2018); Treasurer, American Beacon Delaware Transformational Innovation Corporation (2017-2018); Director (2014-Present), Vice President (2022-Present) and Treasurer (2014-2022), American Beacon Cayman Managed Futures Strategy Fund, Ltd.; Director and Vice President (2022-Present), and Treasurer(2018-2022), American Beacon Cayman TargetRisk Company, Ltd. (2018-Present); Director and Vice President, American Beacon Cayman Multi-Alternatives Company, Ltd. (2023-Present); Director and Vice President, American Beacon Cayman Trend Company, Ltd. (2023-Present) Principal Accounting Officer and Treasurer (2010-2021); American Beacon Funds; 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).
Terri L. McKinney (1963)	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 (2018-2021), Resolute Investment Services, Inc; Vice President, Alpha Quant Advisors, LLC (2016-2020); Vice President, Continuous Capital, LLC (2018-2022); 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).
Samuel J. Silver (1963)	VP since 2011	Vice President (2011-Present), Chief Fixed Income Officer (2016-Present), American Beacon Advisors, Inc.; 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).

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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
<b>OFFICERS (CONT.)</b>		
	<u>Term</u> One Year	
Christina E. Sears (1971)	Chief Compliance Officer since 2004	Chief Compliance Officer (2004-Present), Vice President (2019-Present); American Beacon Advisors, Inc.; 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, L.L.C. (2012-Present); Chief Compliance Officer, Green Harvest Asset Management, LLC (2019-2021); Chief Compliance Officer, RSW Investments Holdings, LLC (2019-Present); Chief Compliance Officer (2016-2019) and Vice President (2016-2020), Alpha Quant Advisors, LLC ; Chief Compliance Officer (2018-2019), Vice President (2018-2022), Continuous Capital, LLC; Assistant Secretary, American Beacon Funds (1999-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 (1956)	Principal Accounting Officer and Treasurer since 2021	Assistant Treasurer, American Beacon Advisors, Inc. (2011-2018); Vice President, Fund and Tax Reporting (2023-Present), Director, Fund and Tax Reporting (2011-2023), Resolute Investment Services, Inc.; Assistant Treasurer, American Private Equity Management, L.L.C. (2012-Present); Assistant Treasurer, American Beacon Cayman Transformational Innovation Company, Ltd. (2017-2018); Treasurer, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2022-Present); Treasurer (2022-Present), Assistant Treasurer (2018-2022), American Beacon Cayman TargetRisk Company, Ltd.; Treasurer, American Beacon Cayman Multi-Alternatives Company, Ltd. (2023-Present); Treasurer, American Beacon Cayman Trend Company, Ltd. (2023-Present); Assistant Treasurer, American Beacon Funds (2011-2021); 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 (1969)	Assistant Treasurer since 2021	Fund Tax Manager (2020-Present), Manager, Tax (2014-2020), Resolute Investment Services, Inc.; Assistant Treasurer American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2022-Present); Assistant Treasurer, American Beacon Cayman TargetRisk Company, Ltd. (2022-Present); Assistant Treasurer, American Beacon Cayman Multi-Alternatives Company, Ltd. (2023-Present); Assistant Treasurer, American Beacon Cayman Trend Company, Ltd. (2023-Present); 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).

## Trustees and Officers of the American Beacon Funds<sup>SM</sup> (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
<b>OFFICERS (CONT.)</b>		
<u>Term</u>		
One Year		
Shelley D. Abrahams (1974)	Assistant Secretary since 2008	Corporate Governance Manager (2023-Present), Senior Corporate Governance & Regulatory Specialist (2020-2023), Corporate Governance & Regulatory Specialist (2017-2020), Resolute Investment Services, Inc.; Assistant Secretary, American Beacon Cayman Managed Futures Strategy Fund, Ltd. (2022-Present); Assistant Secretary, American Beacon Cayman TargetRisk Company, Ltd. (2022-Present); Assistant Secretary, American Beacon Cayman Multi-Alternatives Company, Ltd. (2023-Present); Assistant Secretary, American Beacon Cayman Trend Company, Ltd. (2023-Present); 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 (1966)	Vice President since 2022	Senior Vice President (2021-Present), Vice President (2011-2021), American Beacon Advisors, Inc.; Senior Vice President (2021-Present), Vice President (2017-2021), Resolute Investment Managers, Inc.; Senior Vice President (2021-Present), Vice President (2015-Present), Resolute Investment Services; Vice President, Alpha Quant Advisors, LLC (2016-2020); Vice President (2018-Present), Director (2022) Continuous Capital, LLC; Director, National Investment Services of American, LLC (2022-Present); Director, RSW Investments Holdings LLC (2022-Present); Director Shapiro Capital Management LLC (2022-Present); Director, SSI Investment Management LLC (2022-Present); Assistant Secretary, American Beacon Funds (2010-2022); Vice President (2022-Present), Assistant Secretary (2010-2022), American Beacon Select Funds; Vice President (2022-Present), Assistant Secretary (2017-2022), American Beacon Institutional Funds Trust; Assistant Secretary, American Beacon Sound Point Enhanced Income Fund (2018-2021); Assistant Secretary, American Beacon Apollo Total Return Fund (2018-2021).
Teresa A. Oxford (1958)	Assistant Secretary since 2015	Assistant Secretary and Associate General Counsel, American Beacon Advisors, Inc. (2015-Present); Assistant Secretary, Resolute Investment Distributors (2018-2021); Assistant Secretary and Associate General Counsel, Resolute Investment Managers, Inc. (2017-Present); Assistant Secretary and Associate General Counsel, Resolute Investment Services (2018-Present); Assistant Secretary, Alpha Quant Advisors, LLC (2016-2020); Assistant Secretary, Continuous Capital, LLC (2020-2022); 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 (1984)	Assistant Secretary since 2021	Assistant Secretary (2022-Present), Associate General Counsel (2021-Present), American Beacon Advisors, Inc.; Assistant Secretary (2021-Present), Resolute Investment Distributors, Inc.; Assistant Secretary (2022-Present), Associate General Counsel (2021-Present), Resolute Investment Managers, Inc.; Assistant Secretary (2022-Present) and Associate General Counsel, (2021-Present), Resolute Investment Services, Inc.; Vice President (2018-2021), 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.

# American Beacon Funds<sup>SM</sup>

## Privacy Policy

October 31, 2023 (Unaudited)

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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](http://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](http://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](mailto:american_beacon.funds@ambeacon.com)



**On the Internet:**

Visit our website at [www.americanbeaconfunds.com](http://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](http://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](http://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](http://www.americanbeaconfunds.com) and by calling 1-800-967-9009 or by accessing the SEC's website at [www.sec.gov](http://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](http://www.sec.gov). The Fund's proxy voting record may also be obtained by calling 1-800-967-9009.

### Fund Service Providers:

**CUSTODIAN**  
State Street Bank and  
Trust Company  
Boston, Massachusetts

**TRANSFER AGENT**  
SS&C GIDS, Inc.  
Quincy, Massachusetts

**INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM**  
PricewaterhouseCoopers  
LLP  
Boston, Massachusetts

**DISTRIBUTOR**  
Resolute Investment  
Distributors, Inc.  
Irving, Texas

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